



**Ventura County Medi-Cal Managed  
Care Commission (VCMCC) dba  
Gold Coast Health Plan  
Special Commission Meeting**

2240 E. Gonzales, Suite 200, Oxnard, CA 93036  
**Monday, September 29, 2014**  
**3:00 p.m.**

**AGENDA**

**CALL TO ORDER / ROLL CALL**

**PUBLIC COMMENT** A Speaker Card must be completed and submitted to the Clerk of the Board by anyone wishing to comment on an item that has yet to be discussed.

- **Special Meeting Public Comment** – Public Comments at Special Commission Meetings are limited to items listed on the Agenda

**1. APPROVAL ITEMS**

- a. Representation Agreement with the County of Ventura for Legal Services

**2. APPROVE MINUTES**

- a. [Regular Meeting of August 25, 2014](#)

**1. APPROVAL ITEMS (continued)**

- b. [Conflict of Interest Code](#)
- c. [Business Property & Liability Insurance Policy](#)
- d. [Approval of Recommended Search Firm for CEO Position](#)
- e. [Waive General Counsel Attorney-Client and Closed Session Privileges and Work Product Protection – Special Investigation Ad Hoc Committee Consultants](#)

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

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**ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.**

**IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT (805) 437-5509. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.**

**Ventura County Medi-Cal Managed Care Commission (VCMCC) dba  
Gold Coast Health Plan September 29, 2014 Special Commission Meeting Agenda (continued)**

**PLACE:** 2240 E. Gonzalez, Room 200, Oxnard, CA

**TIME:** 3:00 p.m.

**PAGE:** Page 2 of 2

**3. ACCEPT AND FILE ITEMS**

- a. [Special Investigation Ad Hoc Committee Report](#)
- b. [CEO Update](#)
- c. [July Financials](#)
- d. [CIO Update](#)
- e. [Behavioral Health Benefit for Autism Spectrum Disorder](#)
- f. [COO Update](#)
- g. [Health Services Update](#)

**CLOSED SESSION**

- a. **Public Employee Release Pursuant to Government Code Section 54954(e)**
- b. **Public Employee Appointment Pursuant to Government Code Section 54957(b)**  
**Title:** General Legal Counsel
- c. **Conference with Legal Counsel - Anticipated Litigation - Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b) – (One Case)**

**ADJOURNMENT**

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on October 27, 2014 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

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

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**ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.**

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

**August 25, 2014**

*(Not official until approved)*

**CALL TO ORDER**

Chair Araujo called the meeting to order at 3:02 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

**Lanyard Dial, MD**, Ventura County Medical Association

**Barry Fisher**, Ventura County Health Care Agency

**Peter Foy**, Ventura County Board of Supervisors (arrived 3:04 p.m.)

**David Glycer**, Private Hospitals / Healthcare System

**Michelle Laba, MD**, Ventura County Medical Center Executive Committee

**Gagan Pawar, MD**, Clinicas del Camino Real, Inc.

**Dee Pupa**, Ventura County Health Care Agency

**Robert Wardwell**, Private Hospitals / Healthcare System

**EXCUSED / ABSENT COMMISSION MEMBERS**

**Antonio Alatorre**, Clinicas del Camino Real, Inc.

*Vacant*, Medi-Cal Beneficiary Advocate

**STAFF IN ATTENDANCE`**

**Michael Engelhard**, Chief Executive Officer

**Nancy Kierstyn Schreiner**, Legal Counsel

**Michelle Raleigh**, Chief Financial Officer

**Traci R. McGinley**, Clerk of the Board

**Brandy Armenta**, Compliance Director

**Stacy Diaz**, Human Resources Director

**Mike Foord**, IT Infrastructure Manager

**Anne Freese**, Pharmacy Director

**Guillermo Gonzalez**, Government Relations Director

**Steven Lalich**, Communications Director

**Vickie Lemmon**, Health Services Director

**Tami Lewis**, Operations Director

**Allen Maithel**, Controller

**Al Reeves, MD**, Chief Medical Officer

**Melissa Scrymgeour**, Chief Information Officer

**Lyndon Turner**, Financial Analysis Director

**Ruth Watson**, Chief Operations Officer

**Nancy Wharfield, MD**, Associate Chief Medical Officer

The Pledge of Allegiance was recited.

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

## **PUBLIC COMMENT**

None.

### **1. APPROVE MINUTES**

#### **a. Regular Meeting of July 28, 2014**

Commissioner Pupa moved to approve the Regular Meeting Minutes of July 28, 2014. Commissioner Glycer seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar and Pupa.  
NAY: None.  
ABSTAIN: Wardwell.  
ABSENT: Alatorre.

### **2. CONSENT ITEMS**

#### **a. June Financials**

Commissioner Pupa asked if the budget would typically be updated since the membership growth due to the Affordable Care Act exceeded the estimates. CFO Raleigh responded that when necessary (e.g., mid-year for the prior fiscal year) the budget is updated.

Commissioner Fisher moved to approve the June Financials. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre.

### **3. APPROVAL ITEMS**

#### **a. Resolution Reflecting Action at May 19, 2014 Meeting Amending / Revising and Ratifying Personnel Rules, Regulations and Policies for Dress Code, Vacation Buy-Back, Bereavement and SPOT Award**

Chair Araujo explained that this was merely procedural to reflect the changes made to the Vacation Buy-Back Policy and SPOT Award by Commission at the May 19, 2014 Commission Meeting.

Chair Araujo moved to approve the Resolution reflecting the changes made to the Vacation Buy-Back Policy and SPOT Award by Commission at the May 19, 2014 Commission Meeting. Commissioner Wardwell seconded.

Legal Counsel Kierstyn Schreiner reported that at the May 19, 2014 Commission Meeting a resolution amending the Personnel Rules, Regulations and Policies was brought before the Commission. The Commission made changes to the Vacation Buy-Back Policy and SPOT Award at the meeting and therefore a revised resolution was required. The resolution was brought back to the Commission at the last meeting and then pulled from the Agenda. CEO Engelhard added that the policies were being brought to the Commission for information only.

Chair Araujo moved to withdraw the motion. Commissioner Wardwell seconded.

**b. Rescind and / or Amend Vacation Buy-Back and SPOT Award Policies**

Commissioner Fisher stated that it was his belief that the amounts for the SPOT Award were too large. CEO Engelhard stated this policy will be revised and be brought back as amended.

The Commission requested that updated Personnel Rules, Regulations and Policies be brought back, with the new policies included, in 60-90 days for Commission review. After further discussion it was agreed that the item will be presented at the November Commission Meeting.

**c. ACA 1202 Payment Approach**

CFO Raleigh reported that some of the additional information requested at the last Commission meeting was contained in the last paragraph of the agenda report. The State changed the methodology on how the payments should be calculated (after the first batch of payments were made to providers). The Plan has not yet received the details; therefore, no action is needed from the Commission at this time. CEO Engelhard added that the Plan has not received additional funding from the State.

**d. DHCS Amendments A01 and A12**

CEO Engelhard presented two amendments to the Department of Health Care Services (DHCS) contract. Amendment A01 corrects the contract expiration date which was inadvertently changed by the State in error. Both contracts should extend to June 30, 2016. Amendment A12 includes the Intergovernmental Transfer funds for the FY 2012-13 time period.

Commissioner Glycer moved to authorize the CEO to execute the DHCS contract amendments. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre.

**e. Quality Improvement Committee Report – 2<sup>nd</sup> Quarter 2014**

CMO Dr. Reeves presented the 2014 Second Quarter Quality Improvement Committee Report.

Commissioner Glycer moved to approve the Quality Improvement Committee Report. Commissioner Pupa seconded. The motion carried (with Commissioner Laba out of the room) with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre and Laba.

**g. Worker's Compensation Insurance**

CFO Raleigh reviewed the Hartford Insurance Company Worker's Compensation Insurance policy expiring August 31, 2014. Due to the Plan having more employees the premium is increasing; however, it is recommended that the Plan continue with the Hartford Insurance Company. HR Director Diaz added that a new safety program will be rolled out in September.

Commissioner Foy moved to approve the contract with Hartford Insurance for Worker's Compensation. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre.

**h. Consumer Advisory Committee (CAC) Membership**

COO Watson reviewed the Consumer Advisory Committee (CAC) agenda report requesting appointments to the CAC.

Commissioner Fisher moved to approve the update of the Consumer Advisory Committee Membership. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre.

**4. ACCEPT AND FILE ITEMS**

**a. Accept Resignation of CEO**

The Commissioners commented on the great job that CEO Engelhard has done in turning the Plan's financials around and leading the Plan.

**b. CEO Update**

CEO Engelhard presented the CEO Update. He noted that as requested the Compliance Report and monthly statistics are included. He reported that the 2014-15 Audit Work Plan and 2014-15 Compliance Audit schedule are also included.

There was discussion regarding the Applied Behavioral Analysis (ABA) Program and the fact that the Plan has not yet received the rules and regulations for the Program so it is difficult to implement.

**c. COO Update**

COO Watson presented the update to the Commission.

**d. Health Services Update**

Associate Medical Director Dr. Wharfield reviewed the written report. Chair Araujo had previously requested information on the percentage of ER visits occurring out of the area, Dr. Wharfield reported that it was 7%.

Commissioner Fisher moved to accept and file the CEO Resignation, CEO Update, COO Update and the Health Services Update. Commissioner Glycer seconded. The motion carried with the following votes:

AYE: Araujo, Dial, Fisher, Foy, Glycer, Laba, Pawar, Pupa and Wardwell.  
NAY: None.  
ABSTAIN: None.  
ABSENT: Alatorre.

**5. NOTE AND FILE ITEMS**

**a. Special Investigation Ad Hoc Committee Report**

Commissioner Fisher updated the Commission on the investigation. Investigation teams have Interviews scheduled to begin the following week. He added that records are being requested and provided by the previous consultant as well as GCHP. He noted that legal counsel for the Ad Hoc Committee has remarked that GCHP staff has been very cooperative.

Chair Araujo added that the Commission desires the matter to be completed as soon as possible.

**6. INFORMATION ITEMS**

**a. Incurred But Not Paid (IBNP)**

Due to time constraints the material was not discussed, but CFO Raleigh offered to review the IBNP report with any Commissioner.

**CLOSED SESSION**

Legal Counsel Kierstyn Schreiner explained the purpose of the Closed Session items. Commissioner Pawar announced that she would be recusing herself during the Clinicas litigation Closed Session Item.

**ADJOURN TO CLOSED SESSION**

The Commission adjourned to Closed Session at 5:08 pm regarding the following items:

- a. **Conference with Legal Counsel - Existing Litigation Pursuant to Government Code Section 54956.9**
  - (i) EEOC Charge No. 480-2014-02364
  - (ii) EEOC Charge No. 480-2014-02058
  - (iii) Clinicas Del Camino Real Inc. v. Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan. Ventura County Superior Court Case No. 56-2014-00456149-CU-BC-VTA
  
- b. **Public Employee Appointment Pursuant to Government Code Section 54957**  
**Title:** Chief Executive Officer-Acting / Interim Chief Executive Officer
  
- c. **Public Employment Pursuant to Government Code Section 54957**  
**Title:** Chief Executive Officer-Acting / Interim Chief Executive Officer
  
- d. **Public Employee Performance Evaluation Pursuant to Government Code Section 54947:**  
**Title:** General Counsel

**RETURN TO OPEN SESSION**

The Regular Meeting reconvened at 7:15 p.m.

Chair Araujo reported that an ad hoc committee has been created for the purpose of selecting a search firm for the CEO position. The members of said ad hoc committee are Chair Araujo, Commissioner Foy and Commissioner Alatorre.

Chair Araujo also announced that COO Ruth Watson has been selected as the Interim CEO, compensation for Interim CEO Watson to be determined by the above-noted ad hoc committee.

Legal Counsel Kierstyn Schreiner noted that there was nothing to report on the other Closed Session Items.

**ADJOURNMENT**

Meeting adjourned at 7:17 p.m.



## **AGENDA ITEM 1b**

To: Gold Coast Health Plan Commission

From: CEO / Clerk of the Board

Date: September 29, 2014

RE: Revised Conflict of Interest Code

### **SUMMARY:**

The Plan is required to perform a biennial review of its Conflict of Interest Code and to amend it to reflect revised filing categories based on job titles and job descriptions. The proposed Resolution adopting the new Conflict of Interest Code is consistent with the new job titles. The revisions must be approved by the Ventura County Board of Supervisors, who is the code reviewing body for the Plan, and will not be effective until approved by the Board of Supervisors.

### **BACKGROUND:**

On or about September 27, 2010, the Plan adopted its initial Conflict of Interest Code which was then revised at the October 22, 2012 Commission Meeting.

As part of the required biennial review a revised Conflict of Interest Code has been prepared. It reflects the new job titles and applicable reporting categories. Since the Board of Supervisors is the Plan's review body a copy of the revised Conflict of Interest Code must be provided to the Clerk of Board and the Board of Supervisors must review and approve the revisions or request further revision. The updated Conflict of Interest Code is not effective until the Board of Supervisors approve it. Thus, until approval by the Board of Supervisors, the Code adopted on October 22, 2012, will remain effective until such action by the Board of Supervisors.

### **RECOMMENDATION:**

Staff recommends that attached Resolution be approved and direct it to be sent to the Clerk of the Ventura County Board of Supervisors for review and approval by the Board of Supervisors. If approved by the Board of Supervisors, the Conflict of Interest Code will become effective the date of the meeting. Until such time as the revised Conflict of Interest Code is approved the existing Conflict of Interest Code adopted on October 22, 2012, will remain effective.

**CONCURRENCE:**

N/A

**Attachments:**

Resolution Updating the Conflict of Interest Code and Rescinding the Conflict of Interest Code amended pursuant to Resolution No. R2012-003.

**RESOLUTION NO. R2014-\_\_\_**

**A RESOLUTION OF VENTURA COUNTY MEDI-CAL  
MANAGED CARE COMMISSION dba Gold Coast  
Health Plan UPDATING DESIGNATED EMPLOYEES,  
OFFICERS AND DISCLOSURE CATEGORY LIST FOR  
POLITICAL REFORM ACT AND FAIR POLITICAL  
PRACTICES REQUIREMENTS (CONFLICT OF  
INTEREST AND RESCINDING THE CONFLICT OF  
INTEREST CODE AMENDED PURSUANT TO  
RESOLUTION NO. R2012-003)**

**WHEREAS**, the Political Reform Act, Government Code Section 81000 *et seq.*, requires local government agencies to adopt and promulgate Conflict of Interest Codes.

**NOW THEREFORE, BE IT RESOLVED THAT** the Fair Political Practices Commission has adopted a regulation (Title 2, California Code of Regulations section 18730) which contains the terms of a standard Conflict of Interest Code (Standard Code), which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings conducted by the Fair Political Practice Commission (FPPC).

The terms of California Code of Regulations, Title 2, Section 18730 and any amendment to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference as part of the Conflict of Interest as the Conflict of Interest Code for VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION (VCMMCC) dba Gold Coast Health Plan, and along with the attached Exhibit "A" which designates positions requiring disclosure and Exhibit "B" which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the VCMMCC.

**BE IT FURTHER RESOLVED THAT** the Ventura County Board of Supervisors is the reviewing body for VCMMCC. Pursuant to Section 4 of the Standard Code and Government Code section 87500, (k) and (p), persons holding the designated positions described on Exhibit "A" shall file originals of their statements of economic interests with VCMMCC. With respect to the statements for each Commissioner and for the Chief Executive Officer, VCMMCC shall retain copies thereof and forward the originals to the Clerk of the Ventura County Board of Supervisors (unless VCMMCC is instructed otherwise). For all other persons holding the designated positions described on Exhibit "A". VCMMCC shall retain the originals of such statements.

This Code establishes no additional filing requirements for public officials specified by Government Code Section 87200 if they are designated in this Code in that same capacity or if the geographical jurisdiction of the VCMMCC is the same as or is

wholly included within the jurisdiction in which those persons must report their economic interest pursuant to Government Code sections 87200 *et seq.*

A person holding a designated position with an assigned disclosure category shall (i) submit an initial statement of economic interest within thirty (30) days after the effective date of this Code and (ii) file Annual Statements of Economic Interest and other required statements pursuant to Section 5 of the Code as set forth in Title 2 California Code of Regulations Section 18730.

Such statements shall be available for public inspection and reproduction as required by law, (Government Code Section 81 008).

**BE IT FURTHER RESOLVED THAT** VCMMCC existing Conflict of Interest Code adopted by VCMMCC on October 22, 2012 and approved by the Ventura County Board of Supervisors on August 6, 2013, shall remain in effect until the Ventura County Board of Supervisors as the code reviewing body for VCMMCC approves these revisions to the Conflict of Interest Code, pursuant to Government Code Section 87303,. At such time the Conflict of Interest Code adopted by VCMMCC on October 22, 2013, shall be repealed and rescinded and this Conflict of Interest Code adopted pursuant to this Resolution shall become effective.

**PASSED, APPROVED AND ADOPTED** by the Ventura County Medi-Cal Managed Care Commission doing business as Gold Coast Health Plan at a special meeting on the 29<sup>th</sup> day of September, 2014, by the following vote:

**AYE:**  
**NAY:**  
**ABSTAIN:**  
**ABSENT:**

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David Araujo, Chair

Attest:

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Traci R. McGinley, Clerk of the Board

**CONFLICT OF INTEREST CODE FOR  
VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION  
dba Gold Coast Health Plan**

The Political Reform Act, Government Code § 81000 et seq., requires local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation (Cal. Code Regulations, Title 2, § 18730) which contains the terms of a standard Conflict of Interest Code ("Standard Code"), which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

The terms of California Code of Regulations, Title 2, § 18730 and any amendment to it, duly adopted by the Fair Political Practices Commission are hereby incorporated by reference as the Conflict of Interest Code for the VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION ("VCMCC"), and along with the attached Exhibit A, which designates positions requiring disclosure and Exhibit B, which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the VCMCC dba Gold Coast Health Plan (the "Code").

Pursuant to Section 4 of the Standard Code, and Government Code § 87500, Subdivision (j) and (o), persons holding the designated positions described on Exhibit A shall file originals of their statements of economic interests with the VCMCC. With respect to the statements for each Commission Member and for the Chief Executive Officer, VCMCC shall retain copies thereof and forward the originals to the Clerk of the Ventura County Board of Supervisors (unless VCMCC is instructed otherwise). For all other persons holding the designated positions described on Exhibit A, VCMCC shall retain the originals of such statements.

This Code establishes no additional filing requirements for public officials specified by Government Code § 87200 if they are designated in this Code in that same capacity or if the geographical jurisdiction of the VCMCC is the same as or is wholly included within the jurisdiction in which those persons must report their economic interest pursuant to Government Code § 87200, et seq.

A person holding a designated position with an assigned disclosure category shall (i) submit an initial statement of economic interest within 30 days after the effective date of this Code; and (ii) file annual statements of economic interest and other required statements pursuant to Section 5 of the Code as set forth in California Code of Regulations, Title 2, § 18730. Such statements shall be available for public inspection and reproduction as required by law. (Government Code § 81008).

## **ADDENDUM DESIGNATING OFFICIALS WHO MANAGE PUBLIC INVESTMENTS**

Pursuant to Government Code Section 87200 et seq., certain city and county officials, as well as all “other officials who manage public investments,” are required to disclose their economic interests in accordance with the Political Reform Act. This Addendum provides the relevant definitions for determining which public officials qualify as “other officials who manage public investments,” designates the agency’s positions which qualify as such, and states the Filing Officer for each designated position.

### **APPLICABLE DEFINITIONS**

As set forth in 2 California Code of Regulations section 18701, the following definitions apply for the purposes of Government Code section 87200:

(1) “Other public officials who manage public investments” means:

(A) Members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments;

(B) High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers. This category shall not include officers and employees who work under the supervision of the chief or principal investment officers or the chief financial managers; and

(C) Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions that would otherwise be performed by the public officials described in subdivision (1)(B) above.

(2) “Public investments” means the investment of public moneys in real estate, securities, or other economic interests for the production of revenue or other financial return.

(3) “Public moneys” means all moneys belonging to, received by, or held by, the state, or any city, county, town, district, or public agency therein, or by an officer thereof acting in his or her official capacity, and includes the proceeds of all bonds and other evidences of indebtedness, trust funds held by public pension and retirement systems, deferred compensation funds held for investment by public agencies, and public moneys held by a financial institution under a trust indenture to which a public agency is a party.

(4) “Management of public investments” means the following nonministerial functions: directing the investment of public moneys; formulating or approving investment policies; approving or establishing guidelines for asset allocations; or approving investment transactions.

## DESIGNATED POSITIONS AND FILING OFFICERS

Based on the foregoing, the following agency positions and/or consultants qualify as “other officials who manage public investments” and shall file Statements of Economic Interests (Form 700) pursuant to Government Code section 87200 et seq. with the below-designated Filing Officers:

	<b>Position</b>	<b>Disclosure Category</b>	<b>Filing Officer</b> (Designate County Clerk of Board [COB] or Local Agency’s Clerk [AC])
1.	Commissioners	1	COB
2.	Chief Executive Office	1	COB
3.	Chief Financial Officer	1	COB

**CONFLICT OF INTEREST CODE**  
**VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION**

**Exhibit “A”: Designated Positions**

The following is a list of designated positions affected by the disclosure requirements and the disclosure categories applicable to each. These positions have been designated because the position entails the making or participation in the making of decisions relating to VCMMCC which may foreseeably have a material effect on any financial interest of the individual holding such positions.

The terms of California Code of Regulations, Title 2, Section 18730, and any amendment to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference as the Conflict of Interest Code for the VCMMCC, and along with the attached Exhibit “A”, which designates positions requiring disclosure and Exhibit “B”, which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the VCMMCC. Persons holding positions designated in Exhibit “A” shall file Form 700 Statements of Economic Interests with the Filing Officer specified for that position in Exhibit “A”.

**IN PREPARING THE FORM 700, DESIGNATED FILERS NEED ONLY DISCLOSE THOSE FINANCIAL INTERESTS FALLING WITHIN THE DISCLOSURE CATEGORIES DESIGNATED FOR THAT FILER’S POSITION AS STATED IN EXHIBITS “A” AND “B”.**

	<b>Position</b>	<b>Disclosure Category</b>	<b>Filing Officer</b> (Designate County Clerk of Board [COB] or Local Agency’s Clerk [AC])
4.	<b>Chief Information Officer</b> <del>IT-Director</del>	1	AC
5.	Chief Medical Officer	1	AC
6.	Chief Operating Officer	1	AC
7.	Associate Chief Medical Officer	1	AC
8.	<b>Communications Director</b> <del>Communication Manager</del>	<b>1</b> <del>3</del>	AC
9.	<b>Compliance Director</b> <del>Compliance Manager</del>	<b>1</b> <del>2</del>	AC
10.	Controller	1	AC
11.	<b>Education Disease Management Director</b>	<b>1</b>	AC
12.	<b>Financial Analysis Director</b>	<b>1</b>	AC
13.	Government Relations Director	1	AC
14.	Health Services Director	1	AC
15.	Human Resource Director	1	AC
16.	<b>IT Infrastructure Manager</b>	<b>1</b>	AC



	<b>Position</b>	<b>Disclosure Category</b>	<b>Filing Officer</b> (Designate County Clerk of Board [COB] or Local Agency's Clerk [AC])
17.	<b>Network Operations Director</b>	<b>1</b>	AC
18.	Operations Director	1	AC
19.	Pharmacy Director	1	AC
20.	Quality Improvement Director	1	AC
21.	<b>Senior Buyer</b>	<b>1</b>	AC
22.	Care Coordination Manager	2	AC
23.	<b>Care Management Manager</b>	<b>2</b>	AC
24.	<b>Case / Care Management RN</b>	<b>2</b>	AC
25.	<b>Case / Care Management Social Worker</b>	<b>2</b>	AC
26.	<b>Child Care Services Care / Case Management</b>	<b>2</b>	AC
27.	<b>Claims Supervisor</b>	<b>2</b>	AC
28.	<b>Compliance Delegation Oversight Specialist</b>	<b>2</b>	AC
29.	<b>Delegation Oversight Auditor</b>	<b>2</b>	AC
30.	<b>Delegation Oversight Auditor RN</b>	<b>2</b>	AC
31.	<b>Discharge RN</b>	<b>2</b>	AC
32.	Financial Analyst	<b>2</b> <sup>4</sup>	AC
33.	<b>Grievance and Appeals Manager</b>	<b>2</b>	AC
34.	Health Education Manager	2	AC
35.	<b>Health Services Lead Trainer RN</b>	<b>2</b>	AC
36.	<b>Master Trainer Facility Site Review RN</b>	<b>2</b>	AC
37.	Member Services Manager	2	AC
38.	<b>Operations Support Services Manager</b>	<b>2</b>	AC
39.	Provider Claims Manager	2	AC
40.	Provider Relations Manager	2	AC
41.	<b>Quality Improvement Project Manager</b>	<b>2</b>	AC
42.	<b>Senior Information Security Analyst</b>	<b>2</b>	AC
43.	<b>Senior Project Manager</b>	<b>2</b>	AC
44.	<b>Senior SQL Developer</b>	<b>2</b>	AC
45.	<b>Utilization Management Manager</b>	<b>2</b>	AC
46.	<b>Utilization Management RN</b>	<b>2</b>	AC
47.	<b>Credentialing Coordinator</b>	<b>3</b>	AC
48.	<b>Decision Support Services Manager</b>	<b>3</b>	AC
49.	Pharmacist	3	AC
50.	Projects Manager	3	AC
55.	Provider Contracts Manager	3	AC
52.	<b>Quality Improvement Data Analyst</b>	<b>3</b>	AC
53.	Quality Improvement Manager	3	AC
54.	<b>Senior IT Business Analyst</b>	<b>3</b>	AC
55.	<b>Senior Staff Accountant</b>	<b>3</b>	AC

	<b>Position</b>	<b>Disclosure Category</b>	<b>Filing Officer</b> (Designate County Clerk of Board [COB] or Local Agency's Clerk [AC])
56.	<b>SQL Developer</b>	<b>3</b>	AC
57.	Vendor Contract Manager	3	AC
58.	Employees in applicable newly created positions to be	4	AC
59.	Consultants	*	AC

\* Consultants

Consultants, as defined by Title 2, California Code of Regulations section 18701(a) (2), shall disclose pursuant to the broadest disclosure category in this code subject to the following limitation: The Chief Executive Officer may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Director’s determination is a public record and is to be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Title 2, California Code of Regulations Section 18701(a) (2) reads as follows:

"Consultant" means an individual who, pursuant to a contract with a state or local government agency:

- (A) Makes a governmental decision whether to:
  - (i) Approve a rate, rule, or regulation;
  - (ii) Adopt or enforce a law;
  - (iii) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
  - (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
  - (v) Grant agency approval to a contract that requires agency approval and to which the agency is a party, or to the specifications for such a contract;
  - (vi) Grant agency approval to a plan, design, report, study, or similar item;
  - (vii) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; or

(B) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision as defined in regulation 18702.2 or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code under Government Code section 87302.

The CEO may determine in writing that a particular consultant, although in a “designated position” is hired to perform a range of duties that is limited in scope and therefore is not required to fully comply with the disclosure requirements described herein. Such written determination shall include a description of the consultant’s duties, and based upon that description, a statement of the extent of disclosure required. The CEO determination is a public record which shall be retained for public inspection in the same manner and location as this conflict of interest code.

## **CONFLICT OF INTEREST CODE**

### **VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION**

#### **Exhibit "B": Disclosure Categories**

The disclosure categories set forth below specify which kinds of financial interests are reportable by the designated employees in their individual Statements of Economic Interests.

##### **Category 1**

All investments and income including gifts, loans and travel payments, and business positions in business entities that do business in Ventura County, planning to do business in Ventura County, or have done business in Ventura County within the past two (2) years; and all interest in real property which is located in whole or in part within, or not more than two (2) miles outside of the boundaries of Ventura County.

##### **Category 2**

Persons in this category shall disclose all investments, income and business positions in:

- a. Health care providers or other business entities under contract with or under consideration to contract with VCMMCC Health;
- b. Business entities engaged in the delivery of health care services or supplies, or services or supplies ancillary thereto of a type to be provided or arranged for by VCMMCC;
- c. Business entities that provide services, supplies, materials, machinery or equipment of a type purchased or leased by VCMMCC; and Business entities subject to the regulatory, permitting or licensing authority of VCMMCC.

"Income" means a payment received, including, but not limited to, any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, loan forgiveness or payment of indebtedness, reimbursement of expenses, *per diem*, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in the income of a spouse.

"Investment" means any financial interest in or security issued by a business entity, including, but not limited to, common stock, preferred stock, warrants, options, debt instruments and any partnership or other ownership interest owned directly, indirectly or beneficially by the designate employee if that business entity owns property in Ventura County or does, or has done business in Ventura County at any time within



## **AGENDA ITEM 1c**

To: Gold Coast Health Plan Commission  
From: Michelle Raleigh, Chief Financial Officer  
Date: September 29, 2014  
Re: Business Property & Liability Insurance Policy

### **SUMMARY:**

Gold Coast Health Plan's (GCHP) Business Package Insurance policy with the Hartford is expiring on September 30, 2014. GCHP's insurance broker, Beecher Carlson, has prepared a proposal of options for coverage for the upcoming year. GCHP is requesting the Commission approve contracting with Chubb for increased coverage at a lower premium.

### **BACKGROUND / DISCUSSION:**

GCHP's business package insurance policy with the Hartford terminates on September 30, 2014. In preparation for the policy expiration, GCHP requested that Beecher Carlson obtain bids from the marketplace. A total of eleven insurance carriers were contacted, and three provided bids. The table below summarizes coverage and premium information for the current policy with Hartford and compares to quotes from Chubb, Hartford, and Liberty Mutual. Please note the following:

- Chubb provided two basic policy quotes (Chubb Quote 1 [Column B] and Chubb Quote 2 [Column C] in table below) – Chubb Quote 1 is similar to current coverage levels and Chubb Quote 2 includes increased coverage levels to reflect additional employees and additional assets (e.g., furniture, computers) associated with the move to the new location and Plan growth.
- Both of Chubb's basic policy quotes include lower coverage than currently provided under the Hartford policy for general liability and on hired, non-owned auto coverage (highlighted in yellow below). Therefore, Chubb provided an umbrella policy option to increase the coverage in order to be more reflective of current policy levels. Chubb's Umbrella Policy would follow form of the underlying basic policy (i.e., covers the endorsement) and would contain a self-insured retention level of \$10,000 (which works like a deductible on a basic policy). The combined enhanced basic policy (Chubb Quote 2 – Column C) with the umbrella policy is summarized in Column D of the table below.
- Hartford (Column E) and Liberty Mutual (Column F) did not provide hired non-owned auto policy quotes. The exclusion is due to prior Plan experience.

	(A)	(B)	(C)	(D)	(E)	(F)
Property	Hartford Expiring*	Chubb Quote 1	Chubb Quote 2	Chubb Quote 2 with \$2M Umbrella**	Hartford Quote	Liberty Mutual Quote
Building	N/A	N/A	N/A	N/A	N/A	N/A
Business Personal Property (BPP)	\$90,000	\$90,000	\$566,174	\$566,174	\$566,174	\$566,174
Electronic Data Processing (EDP)	\$350,000	\$350,000	\$857,136	\$857,136	\$857,136	\$857,136
Deductible	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
General Liability	Hartford Expiring	Chubb Quote 1	Chubb Quote 2	Chubb Quote 2 with \$2M Umbrella**	Hartford Quote	Liberty Mutual Quote
General Aggregate	\$4M	\$2M	\$2M	\$4M	\$2M	\$4M
Each Occurrence	\$2M	\$1M	\$1M	\$3M	\$1M	\$2M
Advertising Injury and Personal Injury	\$2M	\$1M	\$1M	\$3M	\$1M	Excluded
Medical Expense	\$10,000	\$10,000	\$10,000	\$10,000	\$5,000	\$15,000
Damage to Rented Premises	\$300,000	\$1M	\$1M	\$3M	\$100,000	\$500,000
Employee Benefits (endorsement)						
• Aggregate	\$4M	\$2M	\$2M	\$4M	Excluded	Excluded
• Each occurrence	\$2M	\$1M	\$1M	\$3M		
Deductible	\$0	\$0	\$0	\$0	\$500	\$0
Hired Non-owned Auto	\$2M	\$1M	\$1M	\$3M	Excluded	Excluded
PREMIUM	\$ 5,444	\$ 2,297	\$ 2,830	\$2,830+ \$2,060 = 4,890	\$ 9,358	\$ 5,866

GCHP staff is recommending purchasing the basic Business Insurance policy with Chubb at the increased levels and the additional umbrella policy (shown in table above in Column D). This will provide adequate coverage for increased growth at limits no less than the current policy.

**FISCAL IMPACT:**

The Plan's total premium with increased coverage and the umbrella policy will be \$4,890, which is \$544.00 less than last year's premium.

**RECOMMENDATION:**

Staff requests that the Commission approve contracting with Chubb to provide business insurance coverage summarized in Column D of table above.

**CONCURRENCE**

N/A

**Attachments**

None.

## **AGENDA ITEM 1d**

To: Gold Coast Health Plan Commission  
From: Stacy Diaz, Director Human Resources  
Date: September 29, 2014  
RE: Executive Search Firm Selection for Chief Executive Officer

### **SUMMARY:**

In August 2014, Gold Coast Health Plan (GCHP) began the Request for Proposal (RFP) process to select an executive search firm to manage the recruitment of a Chief Executive Officer for the Plan. It is the Plan's recommendation to move forward with Witt / Kieffer as the firm of choice and authorize Gold Coast Health Plan (GCHP) to enter into an agreement with Witt / Kieffer to conduct the recruitment process for the Chief Executive Officer position.

### **BACKGROUND:**

GCHP's Chief Executive Officer, Michael Engelhard, announced his resignation from the Plan at the August 25, 2014 Commission Meeting. At that same meeting, GCHP staff was asked to identify and retain an executive search firm to manage the recruitment of a new Chief Executive Officer for GCHP.

### **DISCUSSION:**

GCHP issued a Request for Proposal (RFP) for the recruitment of a Chief Executive Officer of the Plan. The RFP was sent to five (5) executive search firms, per the request of the Commission.

An Ad Hoc Committee was formed to review and discuss the proposals. After a thorough review, staff and the Ad Hoc Committee recommend engaging Witt / Kieffer to perform an executive search to obtain a new Chief Executive Officer. The recommendation is based on the following:

- References
- Company Overview / Experience
  - Voted top "10" in the nation
  - Years of Experience
  - Experience with Public Sector Healthplans and other County Organized Health Plans (COHS)
  - Healthcare Executive Recruiting Expertise
  - Staff Qualifications



- Witt / Kieffer is currently conducting a Chief Executive Officer Search in California for another Plan
- Candidate Guarantee

**FISCAL IMPACT:**

Professional fees for this search assignment are one-third of the positions projected total compensation, minimum fee of \$85,000. Additional fees would include out-of-pocket expenses for staff / candidate travel accommodations, advertising, education verification and any other related expenses.

**RECOMMENDATION:**

Witt / Kieffer is the preferred executive firm, providing the Plan with proven expertise in executive searches; for private and public sector entities both locally in California and throughout the Nation.

The Ad Hoc Committee concludes that Witt / Kieffer strikes the best balance of industry experience and proven placement of executives.

It is the Plan's recommendation to move forward with Witt / Kieffer as the executive search firm to manage the recruitment for Chief Executive Officer.

**CONCURRENCE:**

N/A

**Attachments:**

None.

## **AGENDA ITEM 1e**

To: Gold Coast Health Plan Commission

From: Barry Fisher, Special Investigation Ad Hoc Committee Chair

Date: September 29, 2014

Re: Request for Commission to Waive the Attorney-Client and Closed Session Privileges and Work Product Protection Limited to General Counsel Providing Information to Investigators Retained by the Ad Hoc Committee.

### **SUMMARY:**

The Special Investigation Ad Hoc Committee seeks approval by the Commission to waive the attorney-client privilege, closed session privilege, and authorize General Counsel to provide all reports, notes and other documents to the investigative teams retained to conduct an investigation into certain allegations of human resources / employment / workplace issues and allegations of financial improprieties. In order to aid in their investigation, the investigative teams have requested that they be authorized to interview Gold Coast's General Counsel. In order to permit General Counsel to provide documents and assist through an interview, the Commission needs to waive the attorney-client and closed session privilege, as well as any applicable work-product protection (covers notes, reports and other documents which contain the attorney's opinions, conclusions, legal research, theories, or impressions). An attorney has an ethical obligation to turn over to a client all pleadings and other documents reasonably necessary for client representation (Cal State Bar rule 3-700D). However, waivers of the privileges require authorization from the client.

### **BACKGROUND:**

The League of United Latin American Citizens-Ventura County (LULAC) submitted two reports outlining allegations of human resource / employment / workplace concerns and allegations of financial improprieties. The firms of Atkinson Andelson Loya Rudd & Romo (AALRR) and Vicenti Lloyd & Stuzman CPA's (VLS) were retained to conduct the investigations (see Background in Special Investigation Ad Hoc Committee status report). The Ad Hoc Committee's advisory counsel received a request to interview General Counsel and obtain documents which they believe to be relevant to their respective investigations.

Under California law, the Ventura County Med-Cal Managed Care Commission (Commission) is the client and therefore is the holder the attorney-client privilege (Cal. Evidence Code 953) and is able to waive same. Likewise with respect to any confidential communications which have occurred in a closed session held under the Ralph M. Brown Act (Open Meetings Law), the Commission holds the privilege and can waive it (Cal. Government Code 54963(a)).

The Work Product protection doctrine exists to protect an attorney's impressions and opinions and is invoked when a party seeks to obtain documents covered by the doctrine (Cal. Code of Civil Procedure 2018.010 et seq.). Under this doctrine the attorney has the right to object to releasing his / her documents, including reports which include attorney's opinions, conclusions, legal research, theories, or impressions. The "privilege" is held by the attorney and somewhat conflicts with State Bar rule 3-700D which requires an attorney to provide a client with pleadings and other documents reasonably necessary for client representation. The seminal question would be whether notes, reports and other documents related to the allegations in the LULAC reports and information obtained by investigators to date, are reasonably necessary for client representation. Unfortunately, at this stage of the investigations, the question cannot be answered.

Based on the foregoing, the Ad Hoc Committee is seeking approval by the Commission for a limited waiver of the attorney-client privilege, closed session privilege, and authorize General Counsel to provide all reports, notes and other documents requested by the investigative teams (AALRR and VLS) which have not already been provided to the Commission or management staff of Gold Coast Health Plan (e.g. CEO, CFO, COO), and which General Counsel is willing to provide.

### **FISCAL IMPACT**

There is no fiscal impact regarding this specific request. The cost of the investigations, including interviews and document production is included in the estimated budgets of the two firms.

### **RECOMMENDATION**

It is recommended that the Commission waive the attorney-client and closed session privileges for the limited purpose of permitting General Counsel to provide information and documents to the two investigative firms. The information and documents are with respect to allegations, both broad and pertaining to specific employees, outlined in the LULAC reports dated May 27, 2014 and June 12, 2014, and all other allegations raised during interviews with Gold Coast officers and employees and representatives of LULAC conducted by the investigative firms. It is also recommended the Commission authorize General Counsel to provide notes, reports and other documents not already provided to the Commission or management staff at Gold Coast Health Plan, to the investigation firms.

*A motion is attached for your consideration.*

# MOTION

Moved by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, that the Ventura County Medi-Cal Managed Care Commission also known as Gold Coast Health Plan (Plan) hereby waives the attorney-client and closed session privileges which now exist or in the past existed between General Counsel Nancy Schreiner through the law firm of Anderson Kill or any prior law firm(s) (collectively "Counsel"), and the Plan with regard to legal services provided by Counsel to the Plan. This waiver is limited to expressly authorizing Counsel to disclose confidential attorney-client protected and confidential closed session communications to investigators retained by the Special Investigation Ad Hoc Committee. The information sought by the investigators relate to allegations contained in two reports (May 27 and June 12, 2014) from the League of United Latin American Citizens-Ventura County (LULAC) and other allegations conveyed to investigators in the course of interviews with current and former Plan employees, and interviews of members, or representatives of, or connected to LULAC.

Counsel is further authorized to provide to the investigators, those notes, reports and other documents which have not previously been provided to the Plan or management staff of the Plan (e.g. CEO, CFO, COO), and which may be protected as Work Product.

AYES:

NOES:

ABSTAIN:

ABSENT:

### **AGENDA ITEM 3a**

To: Gold Coast Health Plan Commission

From: Barry Fisher, Special Investigation Ad Hoc Committee Chair

Date: September 24, 2014

Re: Special Investigation Ad Hoc Committee Status Report

#### **SUMMARY:**

The following is the September 2014 status report from the Special Investigation Ad Hoc Committee outlining the progress of the investigations into allegations involving workplace issues and allegations of financial improprieties, including estimated budgets, and estimated time for completing the investigations.

#### **BACKGROUND:**

On July 28, 2014 the Commission authorized the Ad Hoc Committee (Committee) to enter into agreements with qualified firms to investigate wide ranging allegations contained in part in two reports from the League of United Latin American Citizens (LULAC). After vetting references and conducting interviews of two firms, the Committee on July 31, 2014 entered into an agreement with Atkinson Andelson Loya Rudd & Romo (AALRR) to conduct the investigation into what we broadly refer to as human resources / employment / workplace issues, and on August 4, 2014 an agreement with Vicenti Lloyd & Stuzman CPA's (VLS) to conduct the investigation into allegations of financial improprieties.

#### **STATUS:**

Both firms commenced their investigations including the interview of individuals and requesting documents. Both developed a scope of work, although in different formats. Seven (7) key individuals have been jointly interviewed by AALRR and VLS. To date AALRR has interviewed an additional four (4) individuals over multiple days. They anticipate an additional thirty (30) to thirty-five (35) interviews and have scheduled interviews every week through October 2014. VLS anticipates an additional thirteen (13) interviews after completing analysis of documents they have requested and received, and documents which continue to be retrieved and provided.

VLS and AALRR have been working jointly to request and have relevant documents uploaded to a single secure site for access by both firms. VLS reports they have received approximately 700 documents through September 19, 2014, and anticipate receiving an additional 500 documents.

VLS and their experts have already accessed very specified work related electronic data. In addition, other electronic data is expected to yield over 10,000 additional documents.

**ESTIMATED BUDGETS:**

Given that investigations into broad and wide ranging allegations require a significant amount of time and resources as opposed to an investigation focused on a single allegation against an employer, it could be anticipated that a thorough investigation would require a significant financial investment in a commitment to address the allegations.

Upon commencing the investigations, and at the request of the Committee, the firms have provided estimated budgets for the investigations, through and including a final report. AALRR has estimated the budget for the human resource / employment investigation should be in the range of \$100,000 to \$150,000. VLS with the need to access review and analyze thousands of documents has estimated the budget for the financial investigation at \$435,740. The total estimated budget to conduct, complete and issue a full and final report on the investigations is estimated between \$585,740 and \$635,740.

To date Gold Coast has been invoiced as follows: AALRR August invoice - \$26,410.00 and VLS - August invoice: \$18,315.74.

**ESTIMATED DATE FOR COMPLETION:**

Originally both firms estimated a completion date and final report by end of December 2014. However, due to the breadth of the allegations, additional work resulting from early interviews and other factors (“the mushroom effect”), the estimated date for completion and final report is the end of January 2015.

**FISCAL IMPACT:**

The total cost of the investigations is estimated at between \$585,740 and \$635,740.

**RECOMMENDATION:**

It is recommended that the Commission accept and file the September 2014 status report of the Special Investigations Ad Hoc Committee.

## **AGENDA ITEM 3b**

To: Gold Coast Health Plan Commission

From: Ruth Watson, Interim CEO

Date: September 29, 2014

Re: CEO Update

### **FINANCE UPDATE**

#### DHCS Monitoring News

GCHP received an email from California Department of Health Care Services (DHCS) on September 9<sup>th</sup> stating that fewer monitoring reports would need to be submitted given the “positive direction that GCHP is heading”. For example, monthly financial statements are not needed in the same months that GCHP submits quarterly statements (i.e., September, December, March, and June). In addition, weekly cash balance reports and accounts payable tracking reports are no longer needed.

#### Audit Update

The Plan’s external financial auditors (McGladrey) are wrapping up the FY 2013-14 annual audit. There will likely be post-closing adjustments (as described in the June, 2014 financial package) such as reconciling Plan revenue (based on final State capitation rates confirmed after June 30, 2014 close). GCHP anticipates that the majority of the tasks will be completed in September 2014 with the final report being delivered to the State by the October 31, 2014 deadline.

#### Lines of Credit (LOC)

The Plan is working with the County of Ventura and the Department of Health Care Services (DHCS) to finalize the terms of paying back the two lines of credit. Legal staff of all three parties are also providing input on the documents.

#### Medicare Part D and Share of Cost Processing Changes

At the last Executive / Finance Committee Meeting, GCHP informed you of processing issues regarding payment of copays and co-insurance for drugs covered under Medicare Part D and the payment of drugs for members who have a Share of Cost (SOC) that has not yet been met. The process fixes were applied October 1, 2014. At the last meeting, there were questions regarding the potential amount of inappropriate payment and if there is a need to seek recoupment.

Since the last meeting, DHCS held a meeting with all Managed Care Plans (MCP) regarding additional pharmacy efficiency analyses that they have been conducting with the assistance of

Mercer Government Human Services Consulting (Mercer). One of those factors looked at the potential inappropriate payment of drugs that are covered under Medicare Part B or Part D. Mercer's analysis on CY 2012 pharmacy data showed an avoidable cost of \$1,479,959 for all COHS plans on Medicare Part D drugs. For drugs covered under Medicare Part B, Mercer's analysis showed an avoidable cost of \$1,208,291 for all COHS plans. Mercer provided the following numbers for all Two-Plan / GMC MCPs for Medicare Part D and B, respectively: \$5,069,022 and \$822,576.

GHCP is waiting for DHCS to provide GCHP's specific analysis and will compare that analysis with the analysis currently being done by GCHP staff. Additionally, GCHP has asked Mercer and DHCS to provide additional information regarding their methodology so that GCHP's analysis can be consistent with the analysis used by the State.

#### DHCS Submission

Plan staff is completing the DHCS' Rate Development Template (RDT), which is an annual reporting requirement used by the State's actuaries to develop capitation rates. The current RDT summarizes calendar year 2013 historical membership and cost information and will be used by DHCS to develop the Plan's FY 2015-16 rates. The Plan expects to submit the RDT on September 30, 2014.

#### ACA 1202 Update

As mentioned during the August 25, 2014 Commission Meeting, managed care plans continue to wait for additional State guidance regarding Affordable Care Act (ACA) Section 1202 supplemental payments due to providers. These supplemental payments reflect an increase to effective Medicare rates for qualifying physicians performing specific services during calendar years 2012 and 2013. The All Plan Letter (APL) is expected to clarify the payment methodology and outline additional compliance related matters. The Plan has made the majority of payments to providers for the January 1, 2013 – June 30, 2013 time period and has recently received additional funding from the State for the July 1, 2013 – December 31, 2013 time period. Based on this, the Plan is discussing options internally and will bring a recommendation to the Commission.

#### **SPACE PLANNING**

When GCHP negotiated the lease for the 711 Daily Drive building, a few small suites located contiguously to the GCHP leased space were unavailable. GCHP requested, and was granted, the Right of First Offer (ROFR) when the additional space became available. In September 2014, Gold Coast Health Plan was informed that an additional suite will be available approximately mid-January 2015. The space is 1,164 RSF and could potentially accommodate ten additional staff members. Based on our growth the past year, GCHP will be looking further into the space with the possibility of obtaining it to meet our space needs / challenges.



## **COMPLIANCE UPDATE**

### Summary of Compliance Activities

- Fraud Hotline - Compliance received five (5) calls for the month of September on the compliance / fraud hotline. None of the calls received were fraud or compliance related. All calls were triaged to the appropriate area for resolution.
- Training - Ongoing HIPAA & Fraud, Waste & Abuse (FWA) training for all new and existing employees is current.
- Business Associate Agreement (BAA) - In accordance with the HIPAA Omnibus Rule, staff has updated GCHP's BAA with the required provisions in the rule and completed the process of executing new BAA's with all existing contracts. All new contracts will include the new BAA.
- Delegation Oversight - Staff conducted an onsite audit of the Plan's Mental Behavioral Health Organization (MBHO) on the week of September 15, 2014. Staff is currently in the process of compiling the results. An onsite audit of the plans Vision vendor is scheduled for the month of October 2014.
- NCQA Automatic Credit Policy - The Department of Health Care Services (DHCS) is currently looking into NCQA's Automatic Credit Policy and is in discussions with NCQA to determine whether this approach would be a potential solution for the plans that subcontract to Kaiser. The Plan is pending final resolution & guidance from DHCS. In the interim the Plan is performing oversight functions on Kaiser.
- Subcontractor Compliance - The Plan has issued letters of non-compliance to three subcontractors. The letters of non-compliance are relative to: contract reports not being adequate and / or reports not being sent timely as defined by existing contract(s). The goal of the plan is to work collaboratively with our subcontractors and bring the identified elements of deficiency into compliance. The reporting function is an essential component of the delegation oversight process. The ongoing reporting requirements provide the Plan with visibility into the subcontractor's performance.

## **GOVERNMENT RELATIONS UPDATE**

### Applied Behavioral Analysis and Behavioral Health Therapy Services

Effective September 15, 2014, Medi-Cal managed care plans will be responsible for providing behavioral health treatment (BHT) and applied behavioral analysis (ABA) services to beneficiaries under 21 years of age who meet eligibility criteria. Beneficiaries currently receiving such services through a Regional Center will continue to receive those services through the Regional Center until the Department of Health Care Services (DHCS) and the Department of Developmental Services develop a plan to transition the administration of those services to Medi-Cal managed care plans.

Also on September 15, 2014 DHCS released an all-plan letter as interim guidance to Medi-Cal managed care plans for administering BHT, including ABA services as a Medi-Cal managed care benefit. DHCS is seeking public comment on the state plan amendment (SPA)

it will submit to the Centers for Medicare and Medicaid Services (CMS) for approval. The public comment period will close on September 29, 2014. DHCS is also conducting stakeholder meetings from September through December 2014 to solicit stakeholder input on the implementation of the new BHT / ABA benefit in the Medi-Cal Program.

#### Reimbursement Rates for BHT / ABA Services

DHCS has not established reimbursement rates for the provision of BHT / ABA services. However DHCS has indicated that once rates are developed plans will be reimbursed retroactively for providing these services to September 15, 2014. Beneficiaries who incurred out-of-pocket expenses receiving ABA services through a licensed provider from July 7, 2014 through September 14, 2014 may submit for reimbursement through the existing Medi-Cal Out-of-Pocket Expense Reimbursement process.

Plans have expressed concern that a September 15, 2014 implementation date is a very aggressive timeline which may present many challenges and generate complaints from beneficiaries and plans alike.

#### Ventura County Transportation Commission

On September 10, 2014 GCHP's Director of Government Affairs attended a public meeting of the Ventura County Transportation Commission (VCTC). The County Transportation Commission is in the early stages of developing its short range transit plan for improving bus service in Ventura County. The purpose of this meeting was to receive public comment on VCTC's short range transit plan between cities in Ventura County over the next five years. GCHP submitted a statement supporting improved access to bus service to and from GCHP's office in Camarillo.

#### Delay in Reports from the Office in Charge of Medi-Cal Complaints

The Medi-Cal Managed Care Ombudsman Office in charge of handling Medi-Cal beneficiaries' complaints has not released a quarterly report in nearly twelve months. According to DHCS, the reports were delayed because of the agency's increased case volume. The Ombudsman Office plans to release quarterly reports starting in November, covering data from October 2013 to September 2014.

#### Citizenship and Immigration Inconsistencies Reported By Covered California

Notices and email reminders have been sent to consumers to request proof of citizenship and informing them that their health insurance coverage will be terminated on October 31, 2014 if they can't provide verification.

According to Peter Lee, Director of Covered California, over 20,000 documents are currently being reviewed by Covered California staff and another 49,000 households have been 'cleared' in the past two weeks. Lee noted that this has had an impact on service center levels because staff have been taken off the phones in order to work on these cases. A helpline has been established to assist these consumers and the Covered California website has been updated with information to help consumers as well.

Covered California has coordinated with qualified health plans and enrollment agents to do additional outreach to consumers. Confirmation letters are going out to those consumers that have appropriately verified. Documentation will be accepted until the end of the year and if consumers provide acceptable documentation coverage will be reinstated back to November 1, 2014 if it had been terminated.

### Legislation

Both the State Assembly and Senate have adjourned for the remainder of 2014. Governor Brown now has until Tuesday, September 30, 2014, to sign or veto bills approved by the Legislature. Below is a list of Medi-Cal related bills that await the Governor's signature or veto.

- AB 1552**     **Community-Based Adult Services: Adult Day Health Care Centers.**  
**Summary:** Requires Community-Based Adult Services to be provided as a Medi-Cal benefit.
- AB 2325**     **Medi-Cal: CommuniCal.**  
**Summary:** Requires DHCS to establish a program to provide and reimburse for medical interpretation services provided to Medi-Cal enrollees with limited English proficiency.
- AB 2418**     **Health Care Coverage: Prescription Drugs: Refills.**  
**Summary:** Requires health plan contracts and health insurance policies to allow for synchronization of prescription refills.
- SB 508**       **Medi-Cal: Eligibility.**  
**Summary:** Establishes income eligibility thresholds pursuant with MAGI standards. Extends Medi-Cal benefits to former foster care youth up to 21 years of age.
- SB 964**       **Health Care Coverage.**  
**Summary:** Increases ongoing oversight of health plans, with a focus on ensuring compliance of plans with existing health care access standards in the Medi-Cal managed care and individual markets. Requires Medi-Cal MCPs to be subject to routine medical surveys by the DMHC.
- SB 1002**      **Medi-Cal: Redetermination.**  
**Summary:** Requires counties to begin a new 12 month eligibility period for Medi-Cal when approving or certifying an individual's eligibility for CalFresh benefits in order to align Medi-Cal and CalFresh eligibility periods.
- SB 1004**      **Health Care: Palliative Care.**  
**Summary:** Makes palliative care a Medi-Cal benefit that is cost neutral to the General Fund.

**SB 1053 Health Care Coverage: Contraceptives.**

**Summary:** Requires health plans to cover a variety of Food and Drug Administration (FDA) approved contraceptive drugs, devices, counseling, follow-up services, and voluntary sterilization procedures. Requires utilization controls for family planning services for Medi-Cal MCPs to be subject to cost-sharing requirements.

**SB 1124 Medi-Cal: Estate Recovery.**

**Summary:** Limits recovery from the estate of a deceased Medi-Cal beneficiary, to only those costs for health care services the estate is required to cover under federal law.

**SB 1341 Medi-Cal: Statewide Automated Welfare System (SAWS).**

**Summary:** Requires SAWS to be the system of records for Medi-Cal, and contain all Medi-Cal eligibility rules and case management functionality. Effective January 1, 2016, SAWS shall be used to generate all consumer notifications related to Medi-Cal, and CalHEERS may be used to generate notices to consumers related to the premium tax credit program.

**HEALTH EDUCATION AND COMMUNITY OUTREACH SUMMARY REPORT**

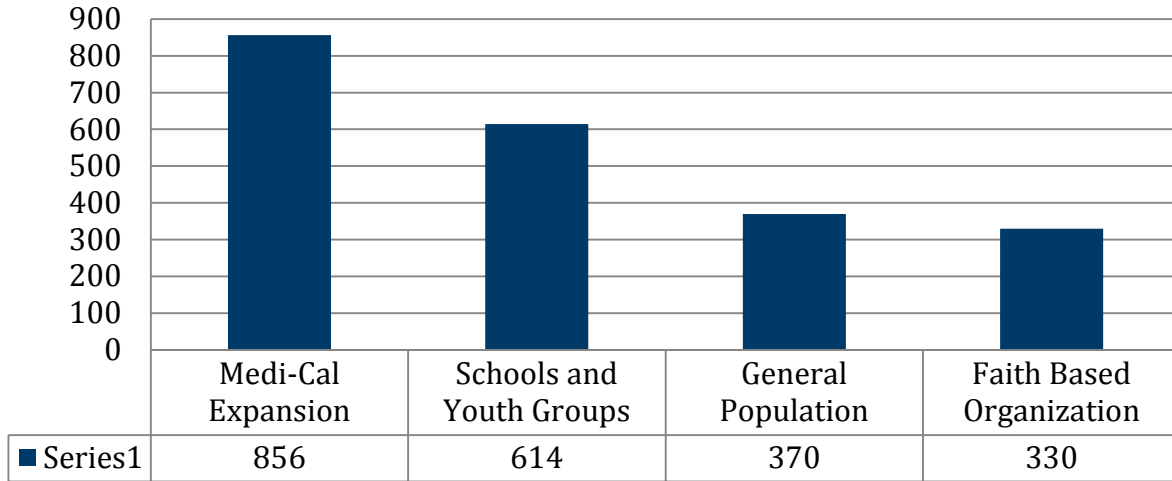
Gold Coast Health Plan (GCHP) continues to participate in community education and outreach activities throughout the county. Below is a summary of activities conducted by GCHP staff.

August 2014 Outreach Activities

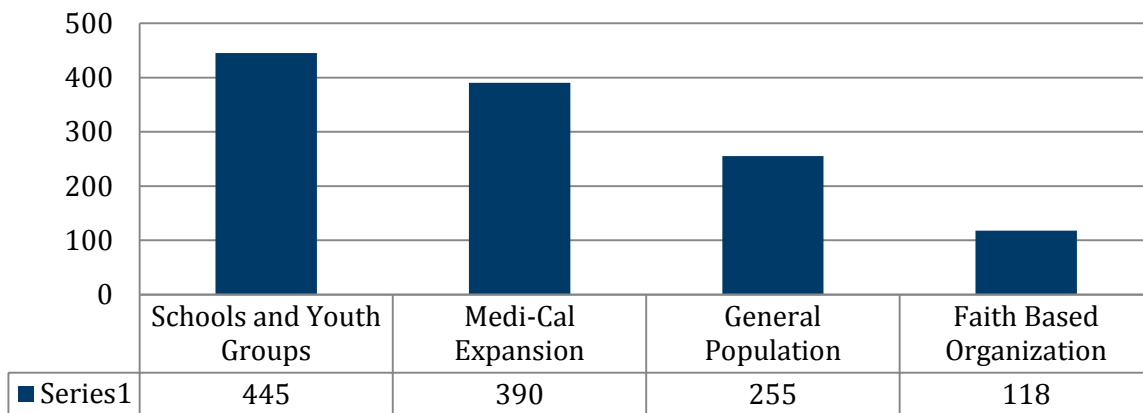
Overall GCHP continues to reach individuals, families, and potential members through a variety of community outreach events. During the month of August GCHP staff participated in 15 community events and reached over 1,200 individuals, providing approximately 2,100 pieces of literature. Staff continues to hand out materials related to the Affordable Care Act (ACA) and continues to reach potential individuals eligible for Medi-Cal through the ACA Medi-Cal expansion program.

Below are two charts documenting total number of materials distributed and encounters during the month of August.

### Total Materials By Category August 2014 (N=2,170 )



### Total Participant Encounters by Category August 2014 (N= 1,208)



Outreach Events held during the month of August:

- 08/08 La Hermandad Food Distribution
- 08/09 Back to School Bash – Center for Employment Training
- 08/09 MICOP Fundraiser - Night in Oaxaca
- 08/12 Ventura County Medical Center - Baby Steps Program
- 08/14 Downtown Oxnard Farmers Market
- 08/16 National Health Center Week – Clinicas Del Camino Real
- 08/16 Family Health Fair – Assembly Member Das Williams
- 08/16 Fun in the Sun – Arroyo Verde Park
- 08/17 Health Fair - Jornadas Dominicales
- 08/17 Health Fair – Dignity Health St. Johns Hospital
- 08/19 VCMC – Santa Paula Hospital Baby Steps Program
- 08/20 Food Share West Park Ventura
- 08/22 Simi Valley Farmers Market
- 08/28 First5 Ventura County - Produce Giveaway in Moorpark
- 08/28 First5 Ventura County - Produce Giveaway in Simi Valley

2014 Activities

The total number encounters reached from January 2014 – August 2014 is roughly 6,800 individuals. Information regarding GCHP and the Medi-Cal Expansion Program continues to increase.

Upcoming Activities

Below is a list of upcoming community outreach events and network partnership meetings:

- 09/20 Day for Kids
- 09/21 Jornada Dominical and Health Fair at the Mexican Consulate
- 09/25 First5 - Produce Giveaway in Moorpark
- 09/25 First5 - Produce Giveaway in Simi Valley
- 09/30 Saticoy Lemon Association Employee Health Fair (Ventura)
- 10/02 Downtown Oxnard Farmers Market
- 10/02 Partnership for a Healthy Ventura County – Network Meeting
- 10/03 Sharing the Harvest – Santa Clara Valley NfL (Santa Paula)
- 10/03 Sharing the Harvest – Santa Clara Valley NfL (Fillmore)
- 10/04 Oxnard 19th Annual Multicultural Festival
- 10/05 Celebrate the Child 2014
- 10/06 Binational Health Week
- 10/07 Binational Health Week
- 10/08 Binational Health Week
- 10/08 Oxnard College Health Fair
- 10/10 Binational Health Week
- 10/10 La Hermandad Food Distribution

- 10/14 St. John's Community Networking Meeting
- 10/14 Baby Steps Program by Ventura County Medical Center
- 10/15 Monthly Food Distribution Program & Health Services
- 10/15 Human Service Agency – Communication & Outreach Meeting
- 10/16 Saticoy Lemon Association - Health Fair (Santa Paula)
- 10/17 Simi Valley Farmers Market
- 10/18 Community Health & Fitness Expo
- 10/21 Baby Steps Program by Santa Paula Hospital
- 10/22 Saticoy Lemon Association Employee Health Fair (Oxnard)
- 10/23 First 5 - Produce Giveaway in Moorpark
- 10/23 First 5 - Produce Giveaway in Simi Valley
- 10/24 Food Day hosted by Ventura County Public Health
- 10/25 Jornada Dominical and Health Fair at the Mexican Consulate
- 10/26 Jornada Dominical and Health Fair at the Mexican Consulate

### **Sponsorship Policy**

Legal Counsel is currently reviewing the Sponsorship Policy to ensure that there are no conflicts between the State Constitution and GCHP Sponsorship Policy.

## **AGENDA ITEM 3c**

To: Gold Coast Health Plan Commission

From: Michelle Raleigh, Chief Financial Officer

Date: September 29, 2014

Re: July 2014 Financials

### **SUMMARY**

Staff is presenting the attached July 2014 financial statements (unaudited) of Gold Coast Health Plan (Plan) for approval. The Executive / Finance Committee did not meet in September to review the July financial package.

### **BACKGROUND / DISCUSSION**

The Plan staff has prepared the July 2014 financial package, including balance sheet, income statements and statements of cash flows.

### **FISCAL IMPACT**

#### **Highlights of financials include:**

The Plan's overall performance for the month exceeded budget. Net income for the month was approximately \$2.0 million compared to \$1.4 million assumed in the budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$39.7 million, which exceeds both the budget of \$33.7 million (by \$6 million) and the State minimum required TNE amount of \$21.8 million (by \$17.9 million).

Please note the Plan's TNE amounts noted in the financial package include the \$7.2 million in lines of credit with the County of Ventura. Also, as of the end of the July 2014, the Plan's TNE is:

- 182% of the minimum State-required TNE level and
- 149% of the minimum State-required TNE level, excluding the lines of credit of \$7.2 million

Membership - July membership of 160,085 exceeded budget by 1,987 members. The majority of membership growth is in Adult Expansion (AE) category, where membership was 4,457 higher than budget. In the Adult / Family category, membership was 2,383 below budgeted estimates likely due to redeterminations. Current membership is 33% higher than at December 31, 2013 and is more than 51% higher year-over-year.



Revenue – July net revenue was \$49.6 million, which exceeded the budgeted amount of \$47.2 million, by \$2.4 million (more revenue due to membership growth being greater than anticipated). On a per-member-per-month (PMPM) basis, net revenue was \$309.92 PMPM which was \$11.11 PMPM better than budget of \$298.81 PMPM (higher PMPM was due to significantly more members than expected in higher capitation rate cells).

For the new fiscal year, DHCS contract Amendment A11 rates were adjusted for known policy changes including:

- Blood factor drugs – effective July 1, 2014, these drugs will not be the responsibility of the managed care plans and the rates have been reduced by \$7.38 PMPM for Aged/Disabled and \$3.76 PMPM for AE.
- Mental health – effective July 1, 2014, the State will increase the mental health portion of the capitation rates by approximately \$3.70 PMPM to reflect estimated phase in of the expanded benefit.

Note additional revenue was not accrued for the supplemental payment expected for the treatment of Hepatitis C (as of July 1, 2014), since the State's methodology and amount is not yet available.

Health Care Costs – Health care costs for July were \$44.9 million or \$2.2 million more than budget. On a PMPM basis, July health care costs were \$280.29 PMPM, or \$10.24 PMPM more than the budgeted amount of \$270.05 PMPM. Primary causes for the June total dollar variance to budget include:

- Membership growth - Increases in AE membership of approximately 4,500 over budget accounted for approximately \$3.0 million of negative variance.
- Inpatient – The negative variance to budget is mainly due to the addition of reserves in July, driven by an increase in hospital census days.
- LTC / SNF – Unfavorable variances of approximately \$1.2 million were driven by uneven billing by several providers. The top ten facilities experienced increases of nearly 44% in July claims processing as compared with the prior month. In one case, a facility billed for four times the cases it submitted in June while another billed for twice the number of cases. These fluctuations in billing drive changes in reserve levels as well. Separately, the Plan continues to hold reserves of approximately \$1.4 million related to AB1629 rate increases which are awaiting State payment.
- Pharmacy – The increase in utilization among the AE population has not achieved the rate as expected in the budget, contributing a positive variance of \$3.3 million. These saving have been partially offset to due increases in expenses such as Solvaldi.
- Other Fee for Service – This category, which had been a combination of five services in the prior fiscal year, was separated into more meaningful categories which resulted in the addition of the Home and Community Based Services and

Primary Care Physician lines. As a result, prior reserves (developed under the old structure) will need to run out in order to better align with the new categories.

- Mental Health - Expenses continue with a book to budget methodology until adequate experience is obtained. Similar to an increase in revenue rates as mentioned above, the expense rates for Mental Health were also increased.
- Reinsurance – The overall rise in health care costs was mitigated by the receipt of nearly \$0.4 million in reinsurance recoveries.

As disclosed in prior months, the current financials continue to reflect an estimated 85% MLR for overall medical expenses specific to the AE population. The expenses for this new population are still uncertain and are currently less than 85% medical loss ratio (MLR). The Plan has shown the difference between current expenditures and the 85% MLR in the new income statement expense account titled “Adult Expansion Reserve”. Note that for the AE population:

- Medical expenses continue to be estimated from State rate packages (which reflect a 91% MLR) and will be evaluated as claims data is received, and
- Pharmacy expenses have been less than budget.

These items combined result in a MLR less than 85%. Therefore, the medical expense reserve was increased by \$1.0 million in July, bringing the total reserve (since January 1, 2014) to \$9.1 million. The Plan consulted with its audit firm and obtained agreement with the way the Plan is increasing the reserve in response to this contract provision.

Administrative Expenses – For the month of July, overall operational costs were approximately \$413,000 lower than budgeted expenses. The primary factors contributing to this lower than expected expense were lower personnel and general office expenses caused by the delay in hiring new staff. Also note that legal expenses are approximately \$116,000 over budget due to additional legal support needed in multiple areas. (It should be noted that the legal expense budget was developed in the spring of 2014 before the recent increase in legal activity due to multiple factors.)

Cash + Medi-Cal Receivable - The total of Cash and Medi-Cal Premium Receivable balances of \$168.1 million reported as of July 31, 2014 included a MCO Tax component amounting to \$9.1 million. Excluding the impact of the tax and other amounts passed through to providers, the total of Cash and Medi-Cal Receivable balance as of July 31, 2014 was \$157.9 million, or \$38.6 million better than the budgeted level of \$119.3 million.

Note the State Capitation Premium Receivable for June and July was still outstanding at July 31, 2014. The June capitation payment was received on August 1, 2014 and the July payment was received on August 7 2014. The payment delays were caused by a system conversion at DHCS.

**RECOMMENDATION**

Staff proposes that the Plan's Commission approve and accept the July, 2014 financial statements.

**CONCURRENCE**

N/A

**Attachment**

July 2014 Financial Package



**FINANCIAL PACKAGE**  
For the month ended July 31, 2014

**TABLE OF CONTENTS**

- Financial Overview
- Membership
- Income Statement
- Balance Sheet
- Cash Trend Combined
- Paid Claims and IBNP Composition

**APPENDIX**

- Monthly Cash Flow
- YTD Cash Flow
- YTD Income Statement
- Total Expenditure Composition

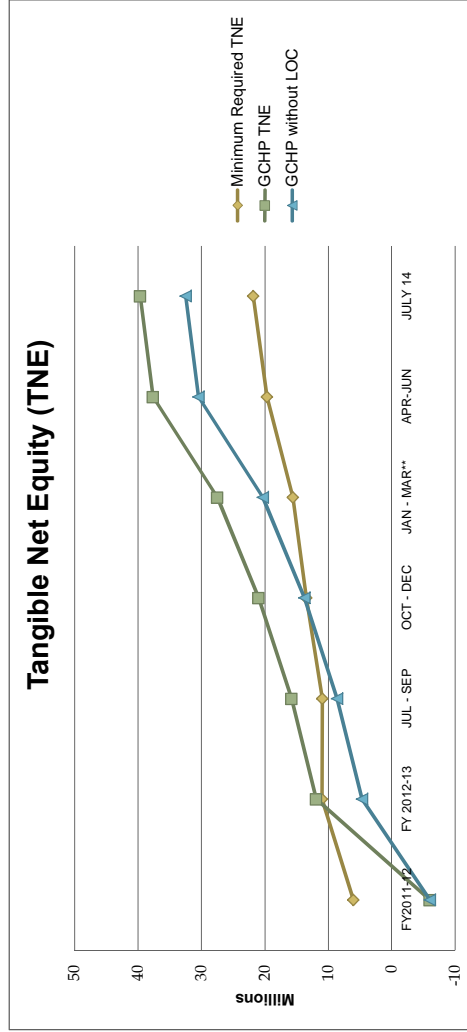
## Financial Overview

Description	AUDITED*		UNAUDITED FY 2013-14 Actual					Budget Comparison		
	FY2011-12	AUDITED*	JUL - SEP	OCT - DEC	JAN - MAR**	APR-JUN	JULY 14	Budget	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
<b>Member Months</b>	1,258,189	1,223,895	347,079	362,021	397,467	447,093	160,085	158,098	1,987	1.3%
<b>Revenue</b>	304,635,932	315,119,611	81,988,709	84,070,456	112,028,121	130,864,339	49,614,139	47,241,693	2,372,446	5.0%
<i>pmpm</i>	242.12	257.47	236.22	232.23	281.86	292.70	309.92	298.81	11.11	3.7%
<b>Health Care Costs</b>	287,353,672	280,382,704	71,875,533	72,667,512	98,914,429	113,026,921	44,870,662	42,694,650	(2,176,012)	(5.1)%
<i>pmpm</i>	228.39	229.09	207.09	201.28	246.86	252.80	280.29	270.05	(10.24)	(3.8)%
% of Revenue	94.3%	89.0%	87.7%	86.7%	88.3%	86.4%	90.4%	90.4%	0.1%	0.1%
<b>Admin Exp</b>	18,891,320	24,013,927	6,202,007	6,014,475	6,697,110	7,687,941	2,719,481	3,132,354	412,872	13.2%
<i>pmpm</i>	15.01	19.62	17.87	16.61	16.60	17.20	16.99	19.81	2.82	14.3%
% of Revenue	6.2%	7.6%	7.6%	7.2%	5.9%	5.9%	5.5%	6.6%	1.1%	17.3%
<b>Net Income</b>	(1,609,063)	10,722,980	3,911,169	5,188,469	6,516,582	10,149,477	2,023,996	1,414,669	609,306	43.1%
<i>pmpm</i>	(1.28)	8.76	11.27	14.33	16.40	22.70	12.64	8.95	3.70	41.3%
% of Revenue	-0.5%	3.4%	4.8%	6.2%	5.8%	7.8%	4.1%	3.0%	1.1%	36.2%
100% TNE	16,769,368	16,138,440	16,112,437	16,056,217	18,539,458	19,653,502	21,822,993	21,782,545	40,448	0.2%
% TNE Required	36%	68%	68%	84%	84%	100%	100%	100%	100%	0.2%
Minimum Required TNE	6,036,972	10,974,139	10,956,457	13,487,223	15,573,145	19,653,502	21,822,993	21,782,545	40,448	0.2%
<b>GCHP TNE</b>	(6,031,881)	11,891,099	15,802,268	20,990,738	27,507,320	37,656,797	39,680,792	33,695,894	5,984,899	17.8%
TNE Excess / (Deficiency)	(12,068,853)	916,960	4,845,810	7,503,516	12,397,168	18,003,295	17,857,799	11,913,349	5,944,450	49.9%

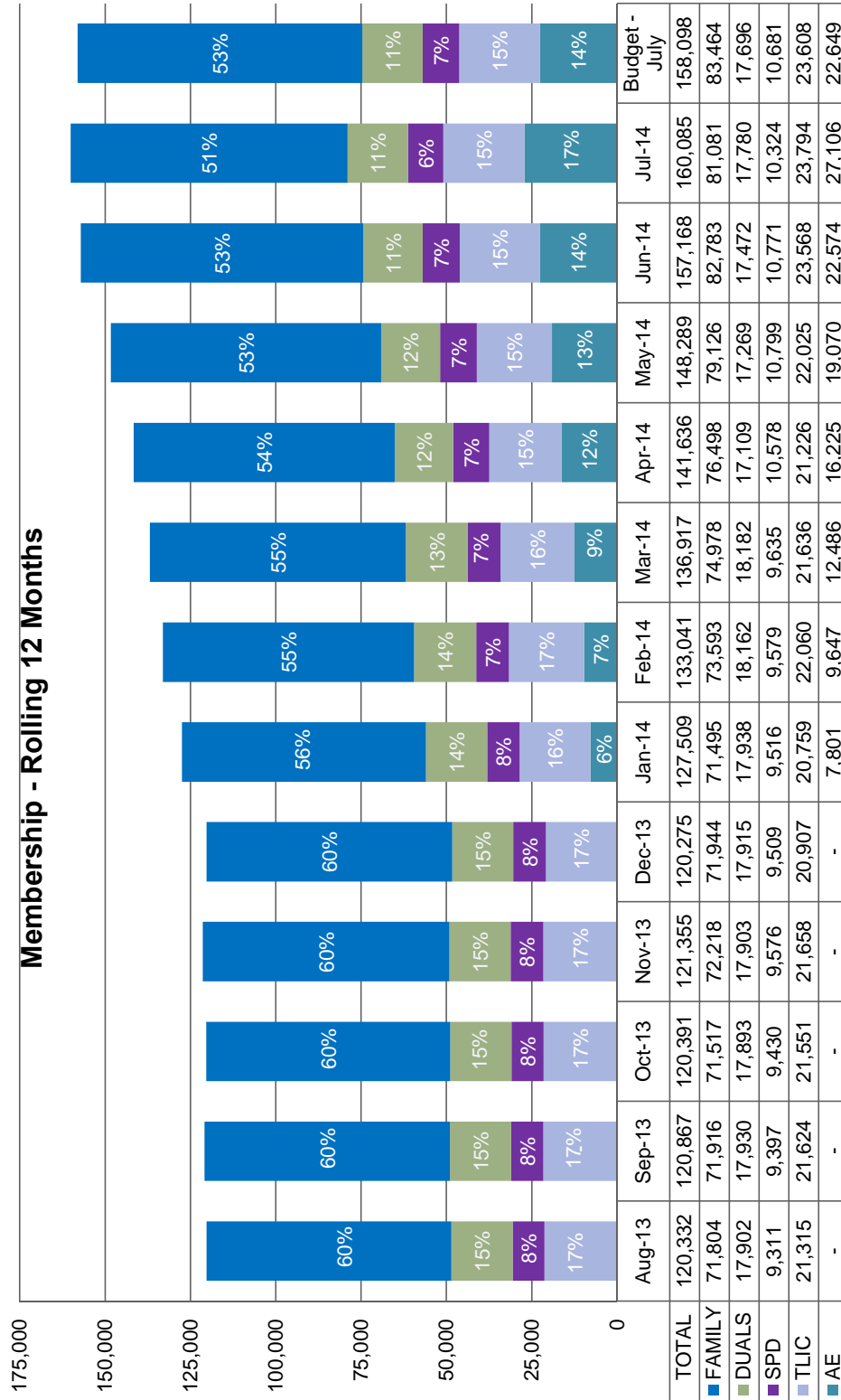
Note: TNE amount includes \$7.2 million related to the Lines of Credit (LOC) from Ventura County.

\* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).

\*\*ACA 1202 payment (\$5.2 million) received from State in January was added back to revenue and health care cost in the month of January (in the June package). This is a change from prior months because the State has finalized the ACA 1202 payment methodology.



### Membership - Rolling 12 Months



SPD = Seniors and Persons with Disabilities      TLIC = Targeted Low Income Children      AE = Adult Expansion

Note: Beginning in Apr '14 actual membership reflects new Duals definition as implemented by DHCS. Prior months have not been restated.

## Income Statement Monthly Trend

	FY2013-14 Monthly Trend			Current Month		
	APR 2014	MAY 2014	JUN 2014	JULY 2014		Variance
				Actual	Budget	Fav/(Unfav)
<b>Membership (includes retro members)</b>	141,636	148,289	157,168	160,085	158,098	1,987
<b>Revenue:</b>						
Premium	\$ 42,486,972	\$ 45,197,814	\$ 47,173,118	\$ 51,600,376	\$ 49,121,302	\$ 2,479,074
Reserve for Rate Reduction	-	-	1,253,837	-	-	-
MCO Premium Tax	(1,672,942)	(1,779,698)	(1,954,702)	(2,038,713)	(1,934,151)	(104,562)
<b>Total Net Premium</b>	<b>40,814,030</b>	<b>43,418,115</b>	<b>46,472,254</b>	<b>49,561,663</b>	<b>47,187,150</b>	<b>2,374,513</b>
<b>Other Revenue:</b>						
Interest Income	16,425	12,448	16,066	14,142	16,210	(2,068)
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	0
<b>Total Other Revenue</b>	<b>54,759</b>	<b>50,782</b>	<b>54,399</b>	<b>52,476</b>	<b>54,543</b>	<b>(2,067)</b>
<b>Total Revenue</b>	<b>40,868,789</b>	<b>43,468,897</b>	<b>46,526,653</b>	<b>49,614,139</b>	<b>47,241,693</b>	<b>2,372,446</b>
<b>Medical Expenses:</b>						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	1,797,876	1,851,892	2,438,071	2,547,502	2,639,944	92,441
<b>FFS Claims Expenses:</b>						
Inpatient	9,670,256	9,002,937	6,708,899	10,931,208	9,578,413	(1,352,795)
LTC/SNF	6,106,318	8,116,213	7,439,023	8,528,443	7,488,453	(1,039,991)
Outpatient	3,845,231	3,312,183	3,062,231	3,330,983	2,545,424	(785,559)
Laboratory and Radiology	512,307	629,923	800,113	861,924	715,228	(146,696)
<b>Physician ACA 1202</b>						
Emergency Room	1,127,040	1,093,890	1,514,158	1,392,675	1,479,407	86,732
Physician Specialty	2,572,332	2,306,001	2,046,830	3,460,004	3,154,510	(305,494)
Primary Care Physician	-	-	-	1,816,595	2,402,821	586,226
Home & Community Based Services	-	-	-	1,191,776	833,882	(357,894)
Mental Health Services	248,532	297,327	298,328	192,419	731,889	539,470
Pharmacy	6,255,595	7,006,271	7,534,160	5,779,140	8,429,737	2,650,597
<b>Adult Expansion Reserve</b>						
Other Medical Professional	200,064	224,924	251,042	280,403	256,489	(23,914)
Other Medical Care	331	-	387	-	-	-
Other Fee For Service	3,791,877	4,329,381	4,800,761	2,694,956	911,413	(1,783,543)
Transportation	111,272	77,615	142,371	151,798	292,074	140,275
<b>Total Claims</b>	<b>34,441,155</b>	<b>36,396,665</b>	<b>34,598,303</b>	<b>41,612,325</b>	<b>38,819,738</b>	<b>(2,792,587)</b>
Medical & Care Management Expense	896,582	921,915	1,363,457	938,131	1,042,089	103,958
Reinsurance	319,404	(120,034)	(934,004)	71,281	192,880	121,598
Claims Recoveries	(389,784)	(237,943)	(316,634)	(298,578)	-	298,578
<b>Sub-total</b>	<b>826,202</b>	<b>563,938</b>	<b>112,819</b>	<b>710,834</b>	<b>1,234,969</b>	<b>524,134</b>
<b>Total Cost of Health Care</b>	<b>37,065,232</b>	<b>38,812,496</b>	<b>37,149,193</b>	<b>44,870,662</b>	<b>42,694,650</b>	<b>(2,176,012)</b>
<b>Contribution Margin</b>	<b>3,803,556</b>	<b>4,656,402</b>	<b>9,377,460</b>	<b>4,743,477</b>	<b>4,547,043</b>	<b>196,434</b>
<b>General &amp; Administrative Expenses:</b>						
Salaries and Wages	585,889	662,308	592,779	677,265	817,719	140,454
Payroll Taxes and Benefits	152,089	158,128	152,969	217,432	201,784	(15,648)
Travel and Training	8,647	7,786	13,484	10,309	20,989	10,680
Outside Service - ACS	1,127,533	1,167,563	1,179,130	1,239,331	1,188,933	(50,398)
Outside Services - Other	81,293	214,869	103,733	93,663	120,646	26,983
Accounting & Actuarial Services	17,051	(7,071)	35,136	19,300	30,000	10,700
Legal	33,293	134,879	124,593	149,329	33,333	(115,996)
Insurance	11,990	11,949	11,914	23,885	14,583	(9,302)
Lease Expense - Office	226,981	63,318	92,081	63,318	64,354	1,036
Consulting Services	71,630	35,325	128,446	42,333	109,176	66,843
Translation Services	1,963	5,152	4,711	2,673	7,083	4,410
Advertising and Promotion	1,300	-	9,010	4,024	13,129	9,105
General Office	126,456	91,250	107,081	141,963	437,898	295,935
Depreciation & Amortization	14,711	15,108	15,133	13,916	16,210	2,293
Printing	12,008	1,312	6,227	1,576	30,175	28,599
Shipping & Postage	1,945	318	237	423	11,342	10,919
Interest	22,754	35,144	(49,375)	18,742	15,000	(3,742)
<b>Total G &amp; A Expenses</b>	<b>2,563,313</b>	<b>2,597,338</b>	<b>2,527,289</b>	<b>2,719,481</b>	<b>3,132,354</b>	<b>412,872</b>
<b>Net Income / (Loss)</b>	<b>\$ 1,240,243</b>	<b>\$ 2,059,063</b>	<b>\$ 6,850,171</b>	<b>\$ 2,023,996</b>	<b>\$ 1,414,689</b>	<b>\$ 609,306</b>
<b>Full time employees</b>				<b>129</b>	<b>154</b>	<b>25</b>

**PMPM Income Statement Comparison**

	APR 2014	MAY 2014	JUN 2014	JULY 2014		Variance Fav/(Unfav)
				Actual	Budget	
<b>Membership (includes retro members)</b>	141,636	148,289	157,168	160,085	158,098	1,987
<b>Revenue:</b>						
Premium	299.97	304.80	300.14	322.33	310.70	11.63
Reserve for Rate Reduction	-	-	7.98	-	-	-
MCO Premium Tax	(11.81)	(12.00)	(12.44)	(12.74)	(12.23)	(0.50)
<b>Total Net Premium</b>	<b>288.16</b>	<b>292.79</b>	<b>295.69</b>	<b>309.60</b>	<b>298.47</b>	<b>11.13</b>
<b>Other Revenue:</b>						
Interest Income	0.12	0.08	0.10	0.09	0.10	(0.01)
Miscellaneous Income	0.27	0.26	0.24	0.24	0.24	(0.00)
<b>Total Other Revenue</b>	<b>0.39</b>	<b>0.34</b>	<b>0.35</b>	<b>0.33</b>	<b>0.54</b>	<b>(0.21)</b>
<b>Total Revenue</b>	<b>288.55</b>	<b>293.14</b>	<b>296.03</b>	<b>309.92</b>	<b>298.81</b>	<b>11.11</b>
<b>Medical Expenses:</b>						
<u>Capitation (PCP, Specialty, Kasier, NEMT &amp; Vision)</u>	12.69	12.49	15.51	15.91	16.70	0.78
<u>FFS Claims Expenses:</u>						
Inpatient	68.28	60.71	42.69	68.28	60.59	(7.70)
LTC/SNF	43.11	54.73	47.33	53.27	47.37	(5.91)
Outpatient	27.15	22.34	19.48	20.81	16.10	(4.71)
Laboratory and Radiology	3.62	4.25	5.09	5.38	4.52	(0.86)
Physician ACA 1202	-	-	-	-	-	-
Emergency Room	7.96	7.38	9.63	8.70	9.36	0.66
Physician Specialty	18.16	15.55	13.02	21.61	19.95	(1.66)
Primary Care Physician	-	-	-	11.35	15.20	3.85
Home & Community Based Services	-	-	-	7.44	5.27	(2.17)
Mental Health Services	1.75	2.01	1.90	1.20	4.63	3.43
Pharmacy	44.17	47.25	47.94	36.10	53.32	17.22
<b>Adult Expansion Reserve</b>				6.25	-	(6.25)
Other Medical Professional	1.41	1.52	1.60	1.75	1.62	(0.13)
Other Medical Care	0.00	-	0.00	-	-	-
Other Fee For Service	26.77	29.20	30.55	16.83	5.76	(11.07)
Transportation	0.79	0.52	0.91	0.95	1.85	0.90
<b>Total Claims</b>	<b>243.17</b>	<b>245.44</b>	<b>220.14</b>	<b>259.94</b>	<b>245.54</b>	<b>(14.40)</b>
Medical & Care Management Expense	6.33	6.22	8.68	5.86	6.59	0.73
Reinsurance	2.26	(0.81)	(5.94)	0.45	1.22	0.77
Claims Recoveries	(2.75)	(1.60)	(2.01)	(1.87)	-	1.87
<b>Sub-total</b>	<b>5.83</b>	<b>3.80</b>	<b>0.72</b>	<b>4.44</b>	<b>7.81</b>	<b>3.37</b>
<b>Total Cost of Health Care</b>	<b>261.69</b>	<b>261.74</b>	<b>236.37</b>	<b>280.29</b>	<b>270.05</b>	<b>(10.24)</b>
<b>Contribution Margin</b>	<b>26.85</b>	<b>31.40</b>	<b>59.67</b>	<b>29.63</b>	<b>28.76</b>	<b>0.87</b>
<b>General &amp; Administrative Expenses:</b>						
Salaries and Wages	4.14	4.47	3.77	4.23	5.17	0.94
Payroll Taxes and Benefits	1.07	1.07	0.97	1.36	1.28	(0.08)
Travel and Training	0.06	0.05	0.09	0.06	0.13	0.07
Outside Service - ACS	7.96	7.87	7.50	7.74	7.52	(0.22)
Outside Services - Other	0.57	1.45	0.66	0.59	0.76	0.18
Accounting & Actuarial Services	0.12	(0.05)	0.22	0.12	0.19	0.07
Legal	0.24	0.91	0.79	0.93	0.21	(0.72)
Insurance	0.08	0.08	0.08	0.15	0.09	(0.06)
Lease Expense - Office	1.60	0.43	0.59	0.40	0.41	0.01
Consulting Services	0.51	0.24	0.82	0.26	0.69	0.43
Translation Services	0.01	0.03	0.03	0.02	0.04	0.03
Advertising and Promotion	0.01	-	0.06	0.03	0.08	0.06
General Office	0.89	0.62	0.68	0.89	2.77	1.88
Depreciation & Amortization	0.10	0.10	0.10	0.09	0.10	0.02
Printing	0.08	0.01	0.04	0.01	0.19	0.18
Shipping & Postage	0.01	0.00	0.00	0.00	0.07	0.07
Interest	0.16	0.24	(0.31)	0.12	0.09	(0.02)
<b>Total G &amp; A Expenses</b>	<b>18.10</b>	<b>17.52</b>	<b>16.08</b>	<b>16.99</b>	<b>19.81</b>	<b>2.82</b>
<b>Net Income / (Loss)</b>	<b>8.76</b>	<b>13.89</b>	<b>43.59</b>	<b>12.64</b>	<b>8.95</b>	<b>3.70</b>



## Comparative Balance Sheet

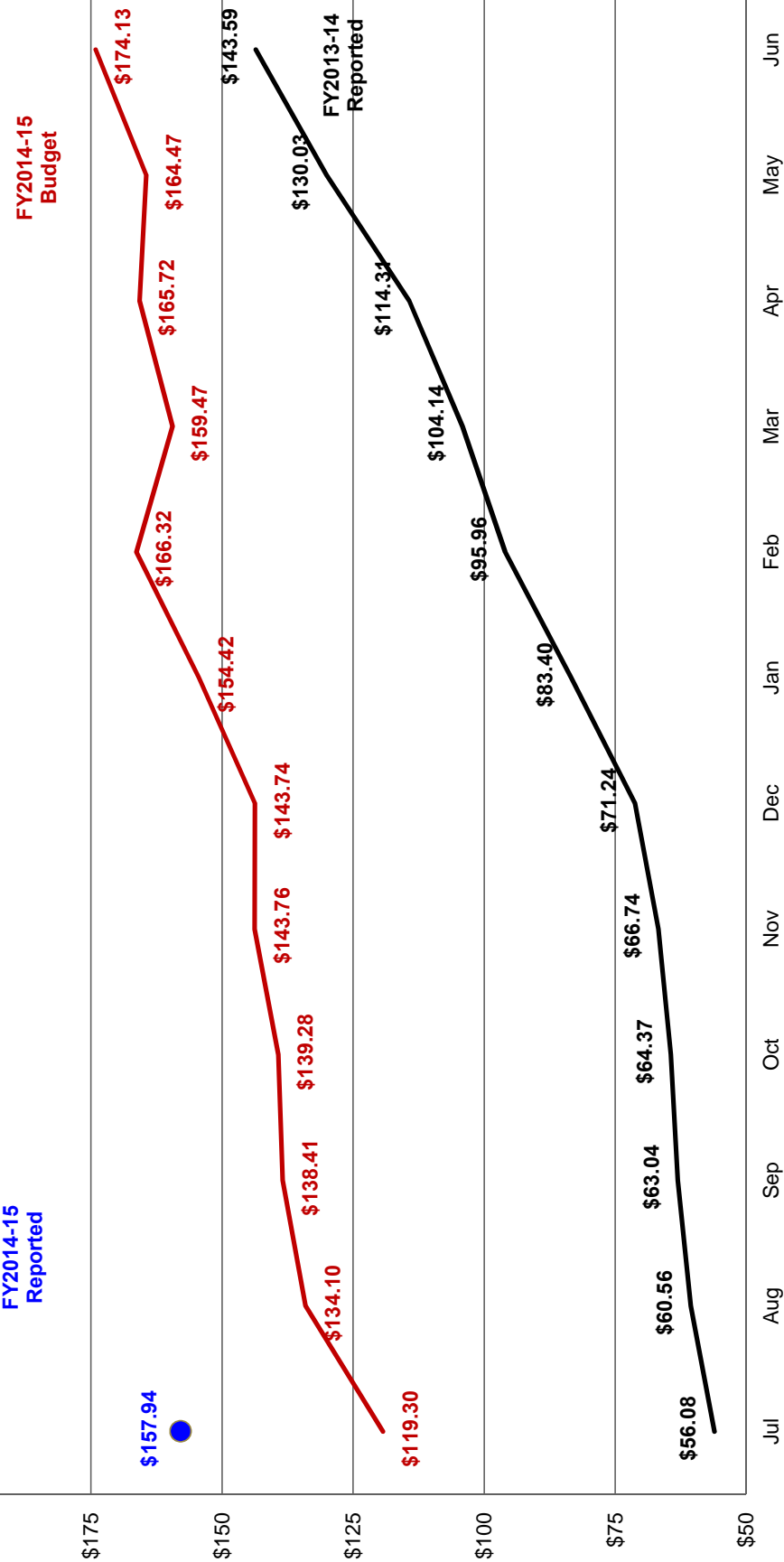
	7/31/14	6/30/14	5/31/14	Audited FY 2012-13
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Total Cash and Cash Equivalents</b>	<b>\$ 61,568,613</b>	<b>\$ 60,176,698</b>	<b>\$ 91,842,018</b>	<b>\$ 50,817,760</b>
Medi-Cal Receivable*	106,497,750	99,807,123	51,784,771	11,683,076
Provider Receivable	451,665	395,129	294,941	1,161,379
Other Receivables	534,822	1,458,481	174,521	300,397
<b>Total Accounts Receivable</b>	<b>107,484,237</b>	<b>101,660,733</b>	<b>52,254,233</b>	<b>13,144,852</b>
Total Prepaid Accounts	1,172,196	1,151,757	490,734	324,419
Total Other Current Assets	79,079	81,719	81,719	10,000
<b>Total Current Assets</b>	<b>170,304,125</b>	<b>163,070,907</b>	<b>144,668,704</b>	<b>64,297,030</b>
<b>Total Fixed Assets</b>	<b>1,173,456</b>	<b>1,163,269</b>	<b>1,664,873</b>	<b>230,913</b>
<b>Total Assets</b>	<b>\$ 171,477,581</b>	<b>\$ 164,234,176</b>	<b>\$ 146,333,576</b>	<b>\$ 64,527,943</b>
<b>LIABILITIES &amp; FUND BALANCE</b>				
<b>Current Liabilities</b>				
Incurred But Not Reported	\$ 102,120,547	\$ 89,252,777	\$ 80,814,694	\$ 29,901,103
Claims Payable	8,427,358	9,482,660	8,746,221	9,748,676
Capitation Payable	2,142,484	2,054,265	1,485,425	1,002,623
Physician ACA 1202 Payable	3,222,776	3,222,776	3,222,776	-
AB85 Payable	979,634	1,411,679	595,883	-
Accrued Premium Reduction	842,917	842,917	2,096,754	-
Accounts Payable	1,420,993	2,875,629	1,979,072	1,751,419
Accrued ACS	1,204,802	-	1,145,296	422,138
Accrued Expenses	695,771	655,679	737,643	477,477
Accrued Premium Tax	9,149,250	14,985,060	12,996,920	7,337,759
Accrued Interest Payable	44,662	42,062	39,744	9,712
Current Portion of Deferred Revenue	460,000	460,000	460,000	460,000
Accrued Payroll Expense	558,034	760,032	708,187	605,937
Current Portion Of Long Term Debt	-	-	-	(0)
Other Current Liabilities	-	-	-	-
<b>Total Current Liabilities</b>	<b>131,269,227</b>	<b>126,045,534</b>	<b>115,028,617</b>	<b>51,716,843</b>
<b>Long-Term Liabilities</b>				
Other Long-term Liability-Deferred Rent	105,895	71,845	-	-
Deferred Revenue - Long Term Portion	421,667	460,000	498,333	920,000
Notes Payable	7,200,000	7,200,000	7,200,000	7,200,000
<b>Total Long-Term Liabilities</b>	<b>7,727,562</b>	<b>7,731,845</b>	<b>7,698,333</b>	<b>8,120,000</b>
<b>Total Liabilities</b>	<b>138,996,789</b>	<b>133,777,380</b>	<b>122,726,950</b>	<b>59,836,843</b>
Beginning Fund Balance	30,456,797	4,691,101	4,691,101	(6,031,881)
Net Income Current Year	2,023,996	25,765,696	18,915,526	10,722,981
<b>Total Fund Balance</b>	<b>32,480,792</b>	<b>30,456,797</b>	<b>23,606,626</b>	<b>4,691,100</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 171,477,581</b>	<b>\$ 164,234,176</b>	<b>\$ 146,333,576</b>	<b>\$ 64,527,943</b>

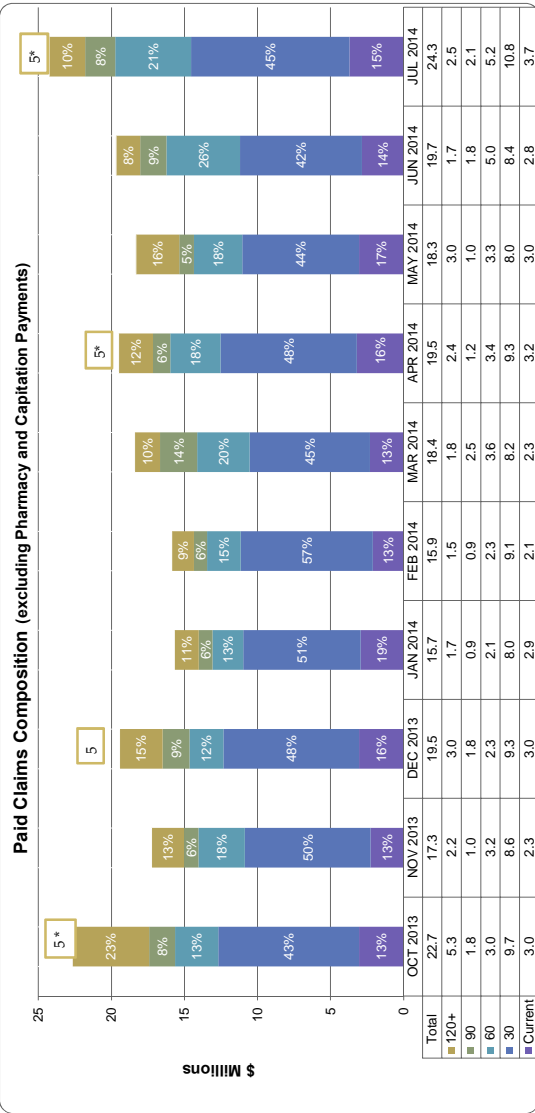
### FINANCIAL INDICATORS

Current Ratio	1.3 : 1	1.29 : 1	1.26 : 1	1.24 : 1
Days Cash on Hand	39	46	67	58
Days Cash + State Capitation Receivable	106	121	104	72
Days Cash + State Capitation Rec (less Tax Liab)	100	110	95	63

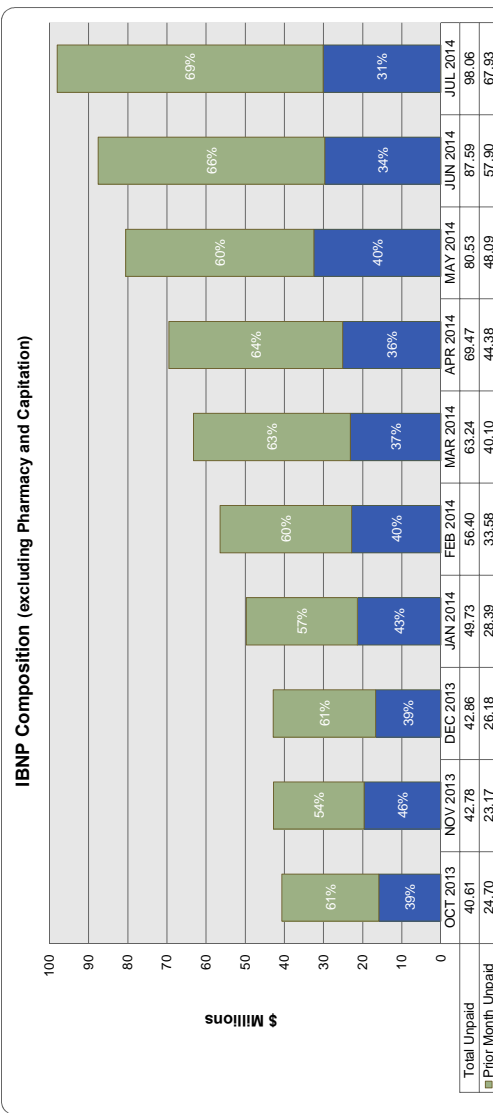
# Cash + Medi-Cal Receivable Trend (\$ in Millions)

(Net of MCO Tax Liability and excludes pass-through funds)





**Note: Paid Claims Composition** - reflects adjusted medical claims payment lag schedule.  
 \* Months Indicated with 5\* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.





For the month ended July 31, 2014

## **APPENDIX**

- Monthly Cash Flow
- YTD Cash Flow
- Income Statement YTD
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends

## Statement of Cash Flows - Monthly

	JULY '14	JUNE '14	MAY '14
<b>Cash Flow From Operating Activities</b>			
Collected Premium	\$ 45,212,063	\$ -	\$ 47,033,424
Miscellaneous Income	14,142	16,066	12,448
State Pass Through Funds	717,413	-	610,463
<b>Paid Claims</b>			
Medical & Hospital Expenses	(23,318,973)	(19,798,531)	(18,074,838)
Pharmacy	(5,751,973)	(5,842,805)	(5,481,933)
Capitation	(2,464,945)	(1,913,772)	(1,813,549)
Reinsurance of Claims	(637,110)	(352,660)	(336,485)
State Pass Through Funds Distributed	-	(684,016)	-
Paid Administration	(4,432,355)	(3,093,374)	(2,609,727)
MCO Tax Received / (Paid)	(7,908,088)		
<b>Net Cash Provided/ (Used) by Operating Activities</b>	<b>1,430,176</b>	<b>(31,669,093)</b>	<b>19,339,804</b>
<b>Cash Flow From Investing/Financing Activities</b>			
Proceeds from Line of Credit			
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(38,262)	3,774	(73,786)
<b>Net Cash Provided/(Used) by Investing/Financing</b>	<b>(38,262)</b>	<b>3,774</b>	<b>(73,786)</b>
<b>Net Cash Flow</b>	<b>\$ 1,391,914</b>	<b>\$ (31,665,320)</b>	<b>\$ 19,266,019</b>
Cash and Cash Equivalents (Beg. of Period)	60,176,698	91,842,018	72,576,000
Cash and Cash Equivalents (End of Period)	61,568,613	60,176,698	91,842,018
	<b>\$ 1,391,914</b>	<b>\$ (31,665,320)</b>	<b>\$ 19,266,018</b>
<b>Adjustment to Reconcile Net Income to Net Cash Flow</b>			
Net (Loss) Income	2,023,996	6,850,171	2,059,063
Loss on asset disposal	-	-	-
Depreciation & Amortization	28,075	(64,170)	45,083
Decrease/(Increase) in Receivables	(5,823,505)	(49,406,500)	1,670,751
Decrease/(Increase) in Prepaids & Other Current Ass	(17,799)	(99,024)	49,252
(Decrease)/Increase in Payables	(841,185)	(714,584)	680,609
(Decrease)/Increase in Other Liabilities	(4,284)	33,512	(38,333)
Changes in Withhold / Risk Incentive Pool	-	-	-
Change in MCO Tax Liability	(5,835,810)	1,988,140	1,807,947
Changes in Claims and Capitation Payable	(967,083)	1,305,279	3,527,743
Changes in IBNR	12,867,771	8,438,082	9,537,691
	1,430,176	(31,669,093)	19,339,804
<b>Net Cash Flow from Operating Activities</b>	<b>\$ 1,430,176</b>	<b>\$ (31,669,093)</b>	<b>\$ 19,339,804</b>

## Statement of Cash Flows - YTD

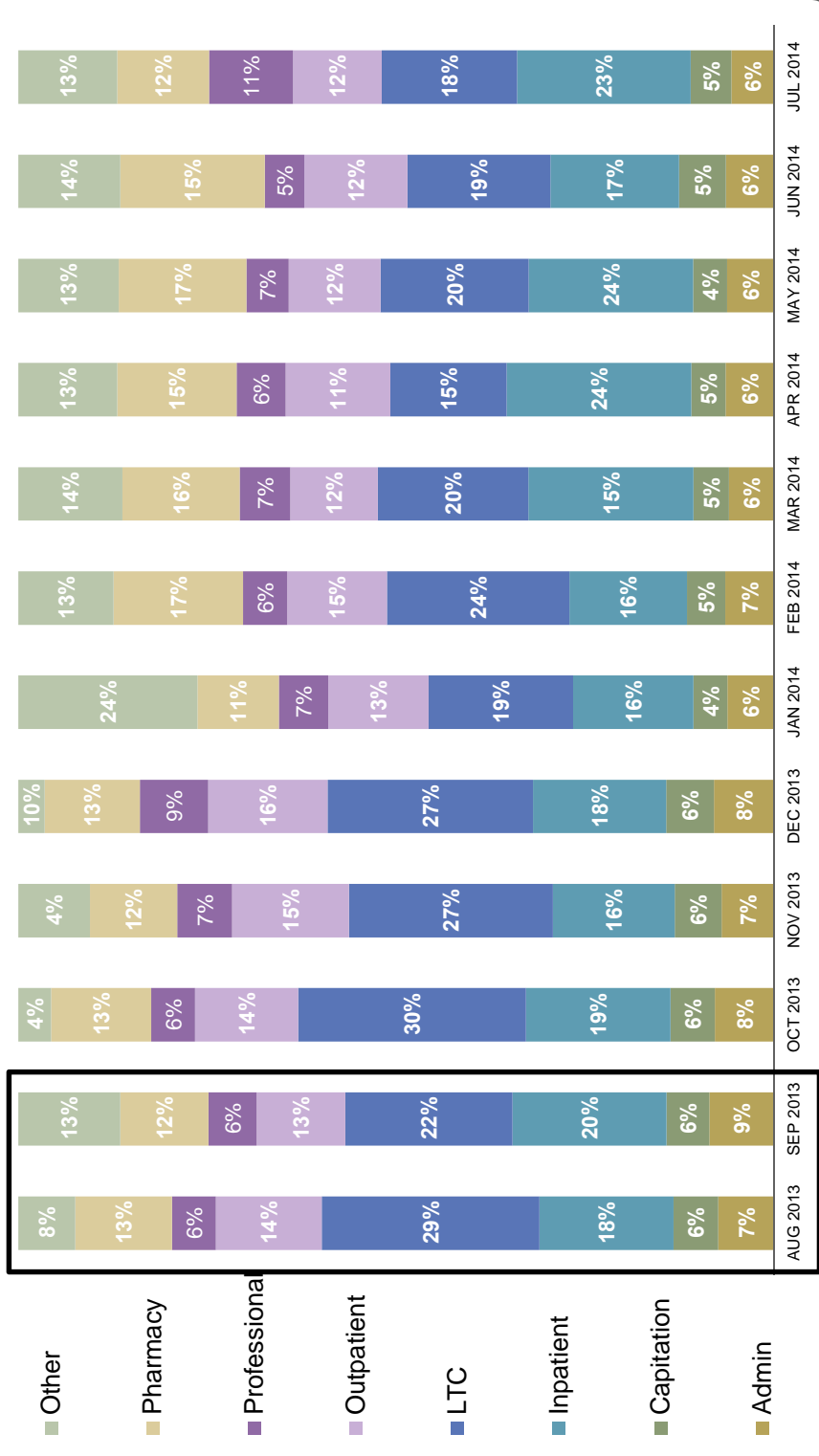
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	<b>JULY 2014 YTD</b>
Cash Flow From Operating Activities	
Collected Premium	\$ 45,212,063
Miscellaneous Income	14,142
State Pass Through Funds	717,413
<u>Paid Claims</u>	
Medical & Hospital Expenses	(23,318,973)
Pharmacy	(5,751,973)
Capitation	(2,464,945)
Reinsurance of Claims	(637,110)
State Pass Through Funds Distributed	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(4,432,355)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(7,908,088)
Net Cash Provided/(Used) by Operating Activities	<b>1,430,176</b>
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(38,262)
Net Cash Provided/(Used) by Investing/Financing	<b>(38,262)</b>
<b>Net Cash Flow</b>	<b>\$ 1,391,914</b>
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	61,568,613
	<b>\$ 1,391,914</b>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	2,023,996
Depreciation & Amortization	28,075
Decrease/(Increase) in Receivables	(5,823,505)
Decrease/(Increase) in Prepaids & Other Current Assets	(17,799)
(Decrease)/Increase in Payables	(841,185)
(Decrease)/Increase in Other Liabilities	(4,284)
Change in MCO Tax Liability	(5,835,810)
Loss on asset disposal	-
Changes in Claims and Capitation Payable	(967,083)
Changes in IBNR	12,867,771
	<b>1,430,176</b>
<b>Net Cash Flow from Operating Activities</b>	<b>\$ 1,430,176</b>

**Income Statement**  
**For The Month Ended July 31, 2014**

	JULY '14 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
<b>Membership (includes retro members)</b>	160,085	158,098	1,987
<b>Revenue</b>			
Premium	\$ 51,600,376	\$ 49,121,302	\$ 2,479,074
Reserve for Rate Reduction	-	-	-
MCO Premium Tax	(2,038,713)	(1,934,151)	(104,562)
<b>Total Net Premium</b>	<b>49,561,663</b>	<b>47,187,150</b>	<b>2,374,513</b>
<b>Other Revenue:</b>			
Interest Income	14,142	16,210	(2,068)
Miscellaneous Income	38,333	38,333	0
<b>Total Other Revenue</b>	<b>52,476</b>	<b>54,543</b>	<b>(2,067)</b>
<b>Total Revenue</b>	<b>49,614,139</b>	<b>47,241,693</b>	<b>2,372,446</b>
<b>Medical Expenses:</b>			
<u>Capitation (PCP, Specialty, Kaiser, NEMT &amp; Vision)</u>	2,547,502	2,639,944	92,441
<b>FFS Claims Expenses:</b>			
Inpatient	10,931,208	9,578,413	(1,352,795)
LTC/SNF	8,528,443	7,488,453	(1,039,991)
Outpatient	3,330,983	2,545,424	(785,559)
Laboratory and Radiology	861,924	715,228	(146,696)
Physician ACA 1202	-	-	-
Emergency Room	1,392,675	1,479,407	86,732
Physician Specialty	3,460,004	3,154,510	(305,494)
Primary Care Physician	1,816,595	2,402,821	586,226
Home & Community Based Services	1,191,776	833,882	(357,894)
Mental Health Services	192,419	731,889	539,470
Pharmacy	5,779,140	8,429,737	2,650,597
Adult Expansion Reserve	1,000,000	-	(1,000,000)
Other Medical Professional	280,403	256,489	(23,914)
Other Medical Care	-	-	-
Other Fee For Service	2,694,956	911,413	(1,783,543)
Transportation	151,798	292,074	140,275
<b>Total Claims</b>	<b>41,612,325</b>	<b>38,819,738</b>	<b>(2,792,587)</b>
Medical & Care Management Expense	938,131	1,042,089	103,958
Reinsurance	71,281	192,880	121,598
Claims Recoveries	(298,578)	-	298,578
<b>Sub-total</b>	<b>710,834</b>	<b>1,234,969</b>	<b>524,134</b>
<b>Total Cost of Health Care</b>	<b>44,870,662</b>	<b>42,694,650</b>	<b>(2,176,012)</b>
<b>Contribution Margin</b>	<b>4,743,477</b>	<b>4,547,043</b>	<b>196,434</b>
<b>General &amp; Administrative Expenses:</b>			
Salaries and Wages	677,265	817,719	140,454
Payroll Taxes and Benefits	217,432	201,784	(15,648)
Travel and Training	10,309	20,989	10,680
Outside Service - ACS	1,239,331	1,188,933	(50,398)
Outside Service - RGS	-	-	-
Outside Services - Other	93,663	120,646	26,983
Accounting & Actuarial Services	19,300	30,000	10,700
Legal	149,329	33,333	(115,996)
Insurance	23,885	14,583	(9,302)
Lease Expense - Office	63,318	64,354	1,036
Consulting Services	42,333	109,176	66,843
Translation Services	2,673	7,083	4,410
Advertising and Promotion	4,024	13,129	9,105
General Office	141,963	437,898	295,935
Depreciation & Amortization	13,916	16,210	2,293
Printing	1,576	30,175	28,599
Shipping & Postage	423	11,342	10,919
Interest	18,742	15,000	(3,742)
Other/ Miscellaneous Expenses	-	-	-
<b>Total G &amp; A Expenses</b>	<b>2,719,481</b>	<b>3,132,354</b>	<b>412,872</b>
<b>Net Income / (Loss)</b>	<b>\$ 2,023,996</b>	<b>\$ 1,414,689</b>	<b>\$ 609,306</b>

# Total Expense Composition

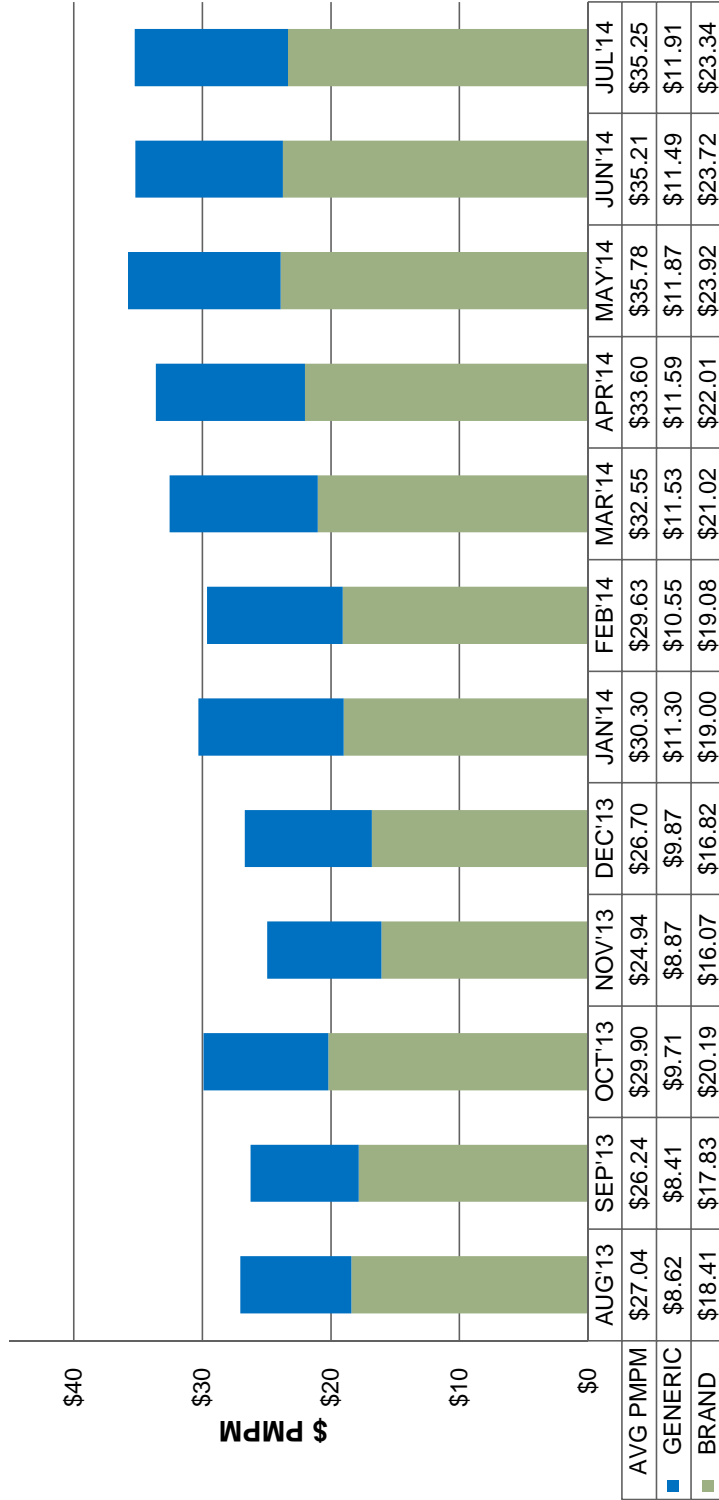


In May 2013, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. Further changes have been made with the assumption of the TLIC population and its affect on various categories of service. Therefore, the months of May - August represent the transitioning to a new methodology.

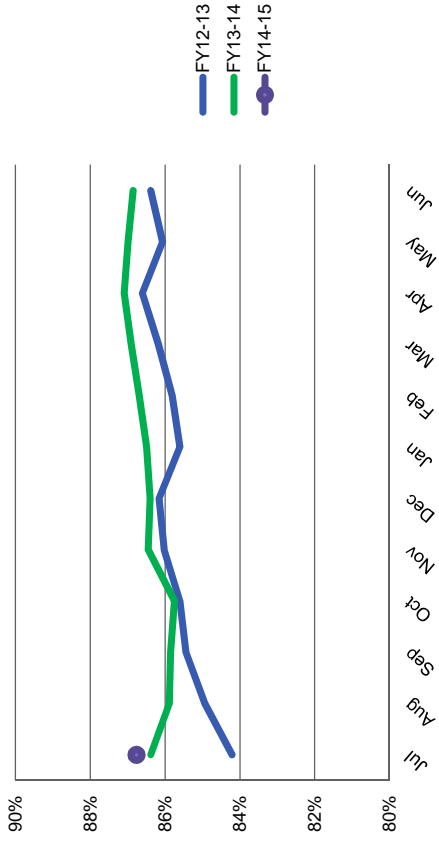
Beginning January 2014, "Other" category includes ACA 1202 physician supplement and mental health expenses.



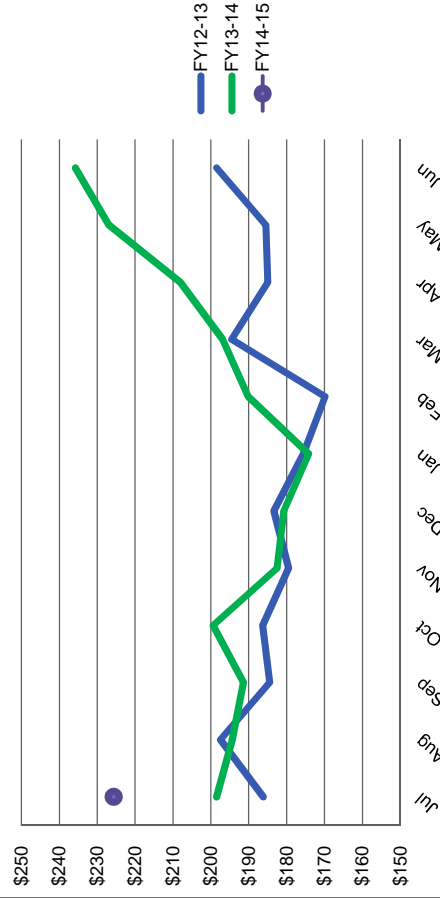
### Pharmacy Cost Trend



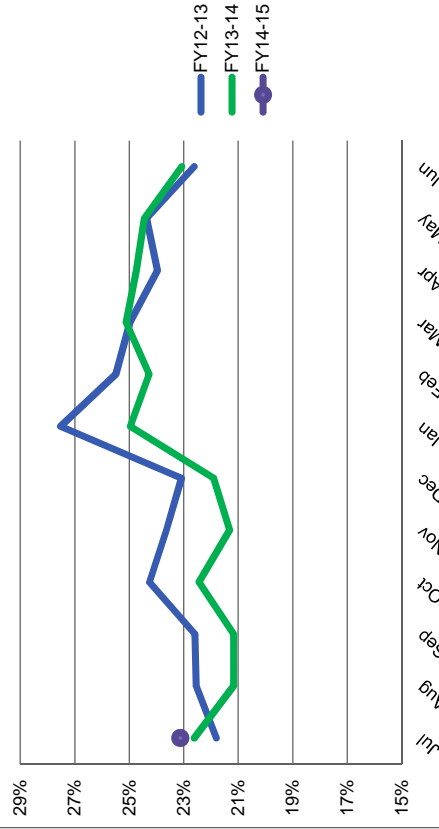
**Generic Utilization Rate**



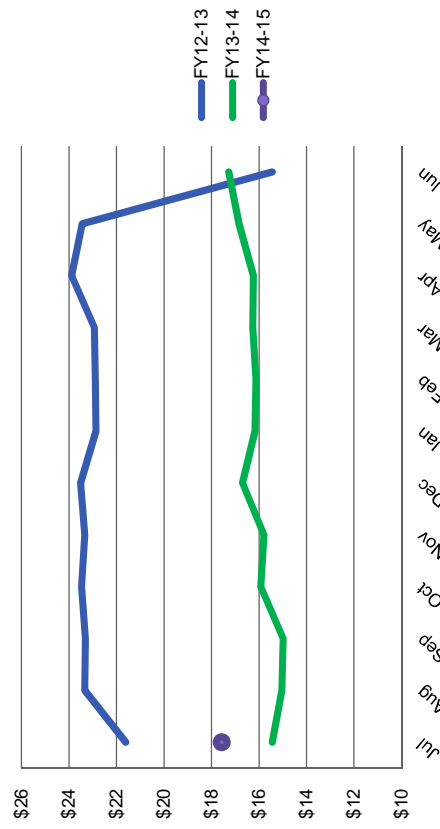
**Brand Drugs: Cost per Script**



**Percent Utilizing Members**



**Generic Drugs: Cost per Script**



## **AGENDA ITEM 3d**

To: Gold Coast Health Plan Commission  
From: Melissa Scrymgeour, Chief Information Officer  
Date: September 29, 2014  
Re: CIO Update

### **Infrastructure and Systems**

To support planned staff and member growth for FY 2014-15, an additional phone server and disk storage was installed in early August. The IT team is now in the process of restructuring server disk capacity to incorporate the additional storage space.

GCHP implemented the MedHOK Medical Management System (MMS) in December 2013. In the first nine months of production use, GCHP staff has been able to successfully perform the basic business functions to ensure GCHP members receive timely and medically necessary care based on clinical guidelines. A number of post-implementation issues remain open that have prevented GCHP from recognizing the full value of the solution. GCHP escalated these issues to MedHOK leadership and they have been working through issue resolution for the last several months. In July, MedHOK implemented fixes to resolve a number of the reported problems. Since then, improvements have also been made to the automated management of the MedHOK and IKA Claims system integration process, and GCHP is currently testing another set of changes to address the remaining high priority items.

Software upgrades to the GCHP financial system as well as the IKA claims processing system (managed by Xerox / ACS) are in the planning stages and tentatively scheduled to complete by the end of the calendar year.

### **Project Management Office (PMO)**

The PMO is currently managing a portfolio of eighteen active projects. Of the active projects, seven are regulatory or contractual in nature, while the remaining support other key Plan initiatives as included in the May 2014 Commission meeting packet. The majority of the projects are on-schedule to complete within the original target completion dates. Four projects have been extended due to competing priorities and resource constraints.

### **FY 2014-15 GCHP Projects:**

- **ICD-10 Readiness:** Transition all systems and providers from ICD-9 to ICD-10 by the revised Center for Medicaid and Medicare Services (CMS) mandated date of October 15, 2015.
- **Disease Management (DM) Program:** Contractually required. Introduce formal DM program to better manage health outcomes for targeted member population. The initial Diabetes program will benefit roughly 10,000 members and help build a model for other diseases (CHF, COPD, and Prenatal).
- **Member Satisfaction:** Gauge and measure member satisfaction with GCHP, as requested by the Commission.
- **Grievance & Appeals Optimization:** Enhance grievance and appeals processes to ensure sustained regulatory and contractual compliance.
- **Xerox/ACS Service Organization Control (SOC) Audit:** Recommended by Plan financial auditor.
- **Encounter Data Improvement Project (EDIP):** Contractual requirement for State EDIP initiative. The State requires managed care plans to submit complete, accurate, timely and reasonable encounter data in a HIPAA compliant file format.
- **Delegation & Oversight Framework:** Institute standard delegation and oversight requirements, policies, and procedures for establishing provider contracts.
- **Business Continuity Planning:** Contractual requirement to draft plan for critical business process resumption in event of emergency.
- **Disaster Recovery Planning:** Contractual requirement to draft plan for data and system recovery in event of emergency for business critical functions.
- **Crossover Claims:** Further optimizes claims processing accuracy and efficiencies to appropriately handle claims where a portion is covered by Medicare.
- **Operationalize Information Security Program:** Required to ensure ongoing HIPAA and HITECH (Health Information Technology for Economic and Clinical Health Act-2009) compliance.

- **Social Media Policy & Roadmap:** Establish a communication strategy via social media platforms to members, providers and the general community.
- **ACA Core Administrative Simplification Rules (CORE):** Regulatory requirement to utilize standard electronic transaction sets as defined under the Affordable Care Act.
- **HR Flexible Work Program:** Implement initiatives to attract and retain staff. Under consideration are a telework strategy, employee recognition, and flexible work schedules
- **ASO or PBM RFP:** Vendor evaluation and RFP for Xerox / ACS (ASO) or Scriptcare (PBM). Both contracts expire in June 2016.
- **MedHOK ACG-Risk Stratification:** Implement MedHOK ACG module for member risk stratification.
- **Provider Contracts & Capitation Rebasing Evaluation:** Evaluation of provider capitation rates.
- **MedHOK Provider Portal:** Implement MedHOK provider portal to streamline provider online experience for eligibility and claim inquiries, and authorization requests. Supports Plan “valued and trusted partner” strategy.
- **Provider Credentialing System (PCS) RFP & Implementation:** Selection and procurement of provider data and credentialing management software.
- **MedHOK SPD\*:** Implement MedHOK functional enhancements to meet State SPD assessment and reporting requirements.
- **MedHOK MMS Post Implementation\*:** Implement system fixes to resolve MedHOK post-implementation issues.
- **ICES/IKA Upgrades\*:** Software version upgrade for claims processing system.
- **Data Warehouse Extract Optimization\*:** Implement improvements to the nightly IKA data extract process for GCHP reporting.
- **Non-Emergent Medical Transportation (NEMT)\*:** Modify non-emergent medical transportation processes to ensure sustained regulatory and contractual compliance. Analyze and evaluate alternatives to existing benefit.

- **Behavioral Health Benefit for Autism Spectrum Disorder\***: Regulatory requirement to introduce Applied Behavioral Analysis (ABA) as a treatment for Autism Spectrum Disorder (ASD) effective September 15, 2014.

\*Reflects “New” projects added since the May 19, 2014 Commission Meeting.



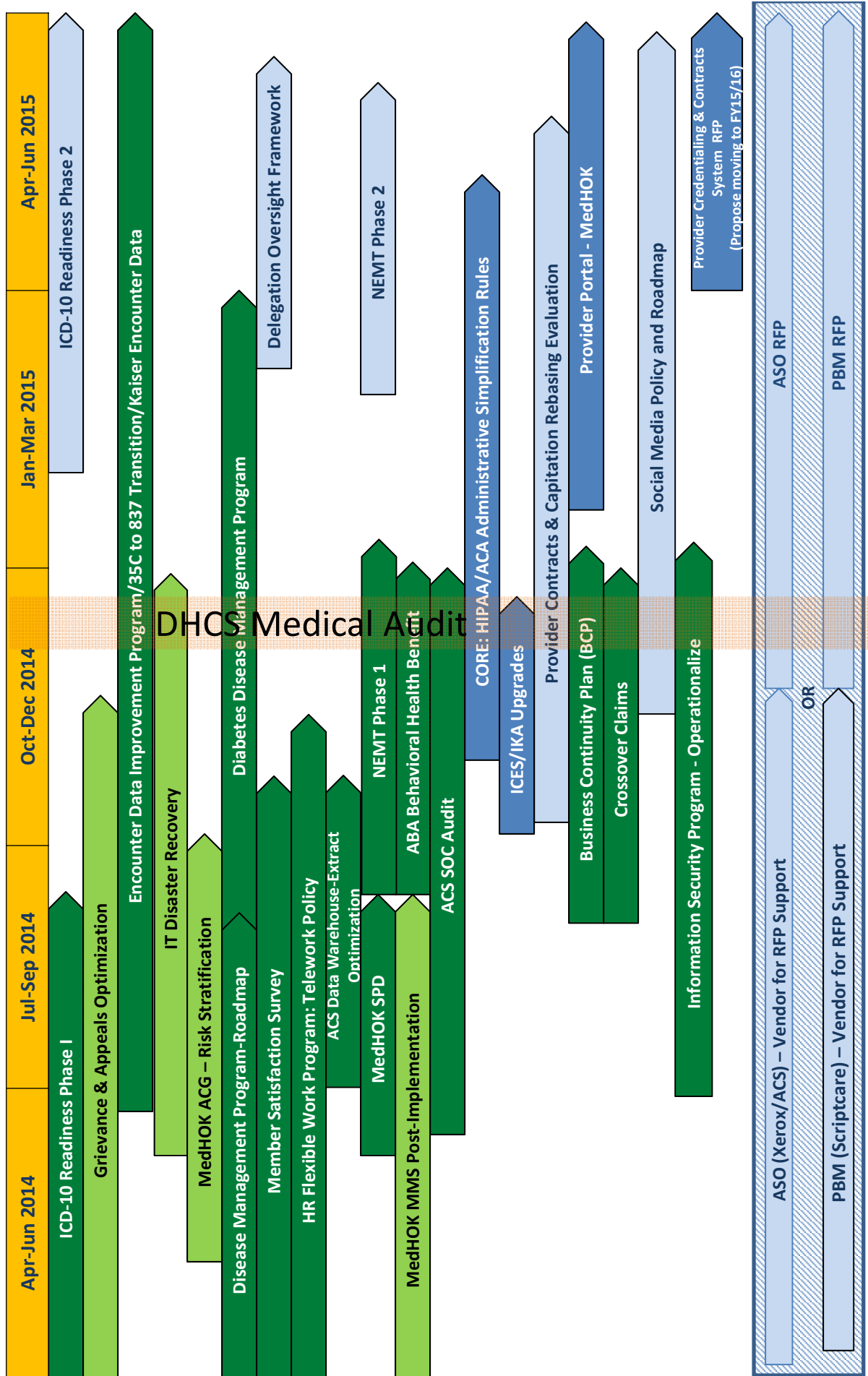
# 9/2014: GCHP Projects "At a Glance"

**LEGEND:**

GREEN - Active Projects (Lighter GREEN reflects Project Delays/Extensions)

BLUE - Proposed FY14/15 Projects

Dark BLUE - Delayed Start

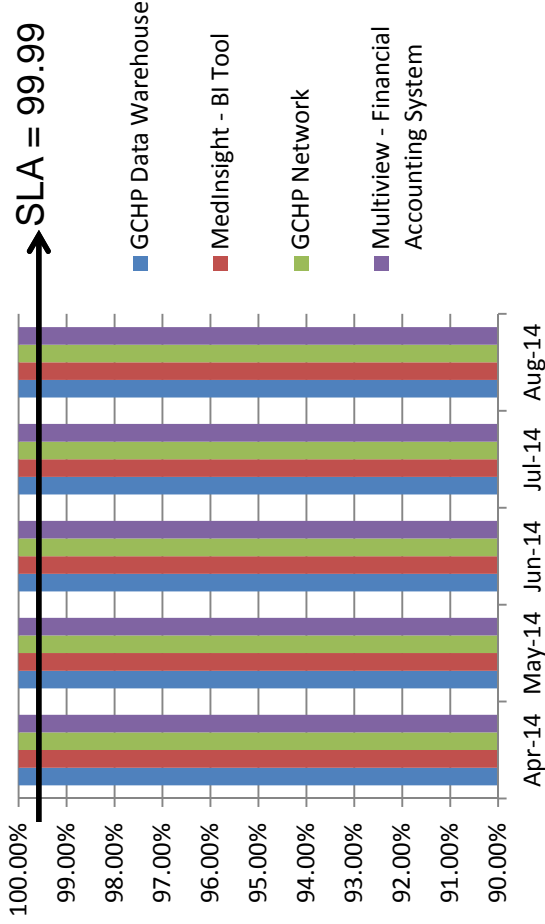


## GCHP IT Metrics – August 2014

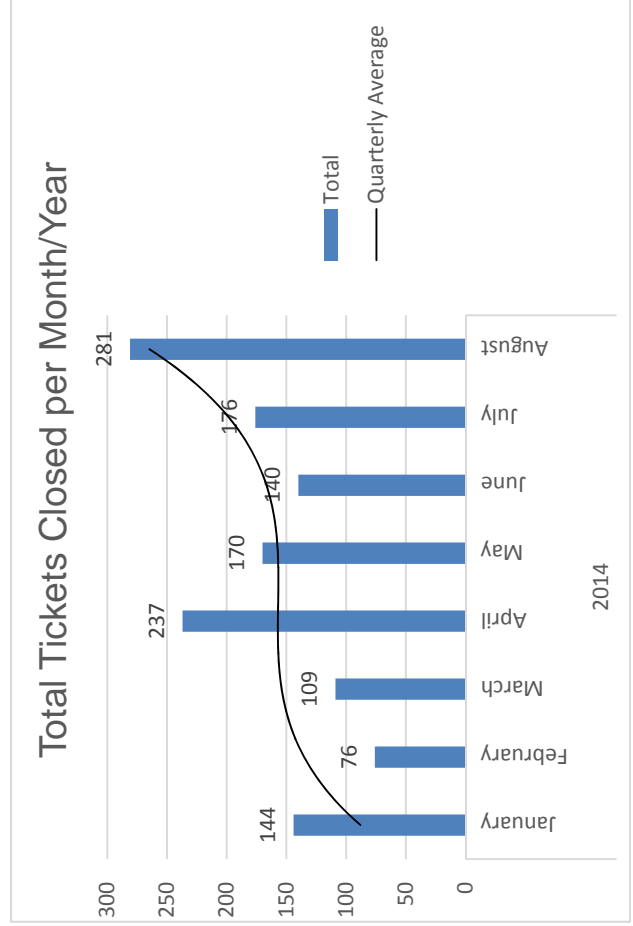
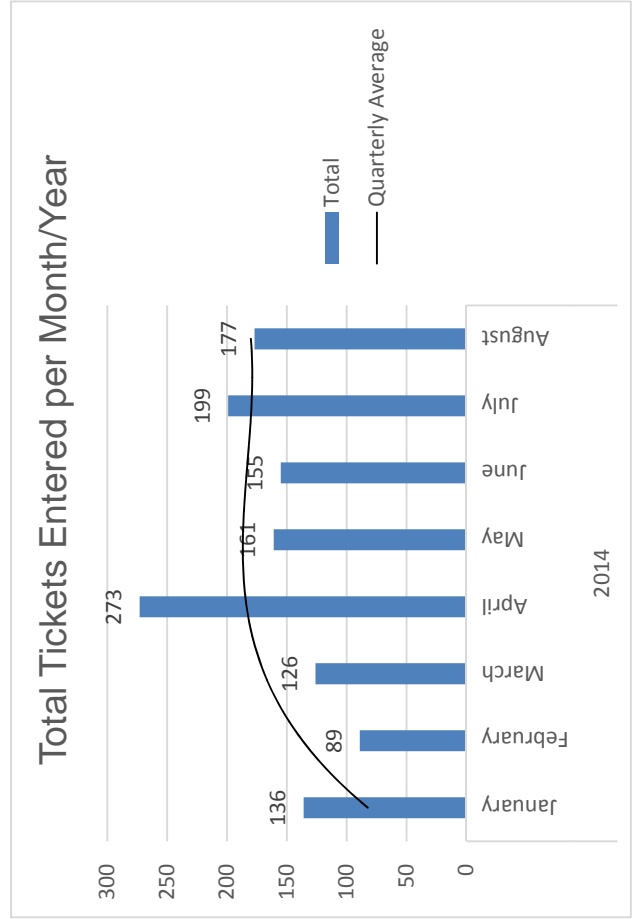
### Priority Issues

#### ShoreTel Phone system

- Issue: Users reported dropped phone calls
- Resolution: Isolated to a single ShoreTel server, which was replaced.
- Root cause: Faulty component on new ShoreTel server.



## GCHP Helpdesk Service Ticket Trending





### **AGENDA ITEM 3e**

To: Gold Coast Health Plan Commissioners

From: Nancy Wharfield, MD, Associate Chief Medical Officer

Date: September 29, 2014

RE: Behavioral Health Benefit for Autism Spectrum Disorder

#### **SUMMARY:**

Gold Coast Health Plan (GCHP) must comply with the California Department of Health Care Services (DHCS) requirement for Medi-Cal Managed Care plans to provide behavioral health treatment coverage for children diagnosed with Autism Spectrum Disorder (ASD).

#### **BACKGROUND/DISCUSSION:**

Autism Spectrum Disorder is characterized by impaired social interaction, impaired verbal and non-verbal communication, and by repetitive behaviors. About 1 in 68 children has ASD and it is almost 5 times more common in boys (1 in 42) than in girls (1 in 189). Applied Behavioral Analysis (ABA) is a behavioral modification therapy used to treat ASD which can decrease tantrums, aggression, and stereotypy (repetitive behaviors) and can increase readiness to interact socially.

Most states include ABA as a benefit with commercial insurance but Medicaid plans have historically been exempted. August 2013 saw the transition of the Healthy Families Program (HFP) into managed Medi-Cal. ABA was a HFP benefit and children receiving ABA services lost this benefit when they transitioned to Medi-Cal managed care plans. In September of 2013, a circuit court of appeals ruled that Florida Medicaid must cover ABA to treat Medicaid-eligible minors with an ASD diagnosis made through an Early Periodic Screening, Diagnosis, and Treatment (EPSDT) screening. The court stated that ABA services are not experimental and are medically necessary.

Medi-Cal managed care plans began to offer a mental health benefit for the treatment of mild to moderate disorders on January 1, 2014 as part of the Affordable Care Act. At that time, DHCS excluded ABA therapy for ASD from this mental health benefit. However, on July 7, 2014, the Centers for Medicare and Medicaid Services (CMS) released guidance that ABA would be a benefit for treatment of ASD as part of EPSDT services administered by Medi-Cal managed care plans effective immediately.

On September 15, 2014, Medi-Cal managed care health plans received an interim policy for the provision of behavioral health treatment coverage for children diagnosed with ASD from DHCS with an effective date of September 15, 2014. While some details of the policy may change, the following elements appear definite.

- Any GCHP member diagnosed with ASD up to age 21 will be eligible for ABA services. The ASD must be severe enough to significantly interfere with home or community activities.
- After a diagnostic work-up and prescription from a physician or psychologist is obtained, ABA therapy can be provided by a qualified autism service provider or a service professional or paraprofessional supervised by a qualified autism service provider.
- The diagnosis of ASD must be made by a physician or psychologist. A prescription for ABA therapy is necessary before services can be provided.
- At this time, members receiving ABA therapy through Tri-Counties Regional Center (TCRC) will continue to receive ABA there. The California Department of Health Care Services (DHCS) is working to develop a plan to transition these members to ABA therapy through GCHP in the future.
- If a member has received ABA services from an out of network licensed provider within the preceding 12 months, the member will be able to continue seeing that provider if the provider is willing to contract with GCHP.
- If a member paid out of pocket for ABA services from a qualified provider from July 7, 2014 through September 14, 2014, they can be reimbursed by submitting proof of expenditure to the State Fiscal Intermediary ([http://www.dhcs.ca.gov/services/medical/Pages/Medi-Cal\\_Conlan.aspx](http://www.dhcs.ca.gov/services/medical/Pages/Medi-Cal_Conlan.aspx)). Reimbursement is only available for services incurred from July 7, 2014 through September 14, 2014.
- Some ASD services will not be covered. These include respite care, custodial care, and educational services. Services cannot duplicate care received by other agencies (such as those outlined in an Individualized Educational Program (IEP) from a Local Educational Agency (LEA).
- At this time, ABA is the only autism treatment benefit under GCHP.

### **IMPLEMENTATION ISSUES:**

Beacon Health Strategies administers the current Medi-Cal behavioral health benefit for GCHP. In 2011, Beacon acquired Autism Services Group (ASG) to be prepared for the needs of Medicaid clients. ASG has experience in administering autism services in California, Massachusetts, New York, and Washington. Beacon is currently assisting in network development and contracting for ABA services in Ventura County and is equipped to perform utilization and care management and claims payment for this benefit. Due to the retroactive nature of this benefit notification from the DHCS, compliance with this mandate required an accelerated implementation timeline and a Letter of Intent with Beacon Health Strategies was finalized on September 16, 2014.

**FISCAL IMPACT:**

DHCS is still finalizing benefit parameters, business rules, and rates. Staff anticipates the recommended action to provide ABA services for ASD will result in revenue neutrality to the Plan. In other words, staff expects that rates the Plan receives from DHCS will be in an amount equivalent to the expected cost of benefits and administration.

**AGENDA ITEM 3f**

To: Gold Coast Health Plan Commission  
 From: Ruth Watson, Chief Operating Officer  
 Date: September 29, 2014  
 Re: COO Update

**OPERATIONS UPDATE**

**Membership**

Gold Coast Health Plan continued to see growth on the September Enrollment file, adding 2,933 members to the Plan. GCHP’s membership as of September 1, 2014 is 163,360, which represents an increase of 42,848 members since January 1, 2014 (approximately 35.5% growth). The cumulative new membership since January 1st is summarized as follows:

- L1 (Low Income Health Plan) – 7,568
- M1 (Adult Expansion) – 21,944
- 7U (CalFresh Adults) – 3,368
- 7W (CalFresh Children) – 606
- Traditional Medi-Cal – 9,362

The Adult Expansion category (M1) is the biggest driver of this growth, with the addition of 3,359 members in September. The impact of Medi-Cal redetermination is evident as we are seeing decreases in all Medi-Cal Expansion aid codes, with the exception of M1, as demonstrated on the chart below:

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14
L1	7,618	8,083	8,154	8,134	8,118	7,975	7,839	7,726	7,568
M1	183	1,550	2,482	4,514	7,279	10,910	15,606	18,585	21,944
7U	0	0	1,741	3,584	3,680	3,515	3,453	3,400	3,368
7W	0	0	0	684	714	691	667	624	606

**Member Orientation Meetings** – The GCHP Member Services department has worked to increase the attendance of members at Member Orientation Meetings. Meetings are now held in multiple locations throughout the county and include Saturday and evening

sessions. The most significant impact has been the inclusion of meeting information in new member packets. January-June attendance was 28 while attendance in July through September rose to 81.

## **AUGUST 2014 OPERATIONS SUMMARY**

**Claims Inventory** – ended the month with an inventory of 29,706 claims; this equates to Days Receipt on Hand (DROH) of 6 days. DROH is a measurement that indicates how many days it would take to reduce the inventory to zero. GCHP’s goal is to maintain a DROH of 5 days or better. This measurement is a better indicator than ending claims volume of the Plan’s ability to manage its inventory.

Claim receipts from January through August are as follows:

- January – 91,130
- February – 90,048
- March – 109,857
- April – 110,855
- May – 108,312
- June – 116,474
- July – 117,136
- August – 108,695

**Claims TAT** – the regulatory requirement of processing 90% of clean claims within 30 calendar days was not met in August. The results for August were 83.8%; Xerox is preparing an inventory reduction plan to focus resources on achieving the 90% metric within the next 60 days.

**Claims Processing Accuracy** – financial accuracy remained on goal in August with results coming in at 99.47%. Procedural accuracy also exceeded the goal in August at 99.97%.

**Call Volume** – call volume remained above 10,000 for the second month in row. GCHP received 10,286 calls in the month of August.

**Average Speed to Answer** – we continue to exceed the goal of answering calls within 30 seconds or less. The combined results for August were 16.2 seconds.

**Abandonment Rate** – the abandonment rate continues to remain exceedingly low. The goal is 5% or less of the calls received being abandoned; we have remained below 1% for 11 months in a row.

**Average Call Length** – the combined result of 6.40 minutes in August met the goal of 7 minutes or less although the provider and Spanish calls were slightly over 7 minutes during August.

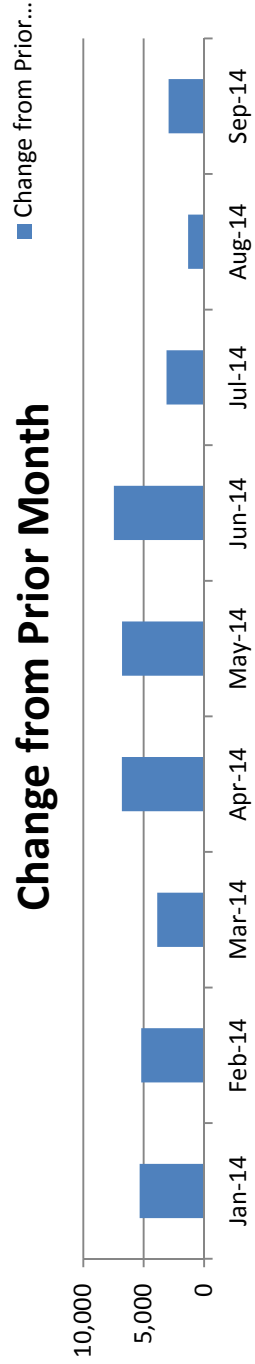
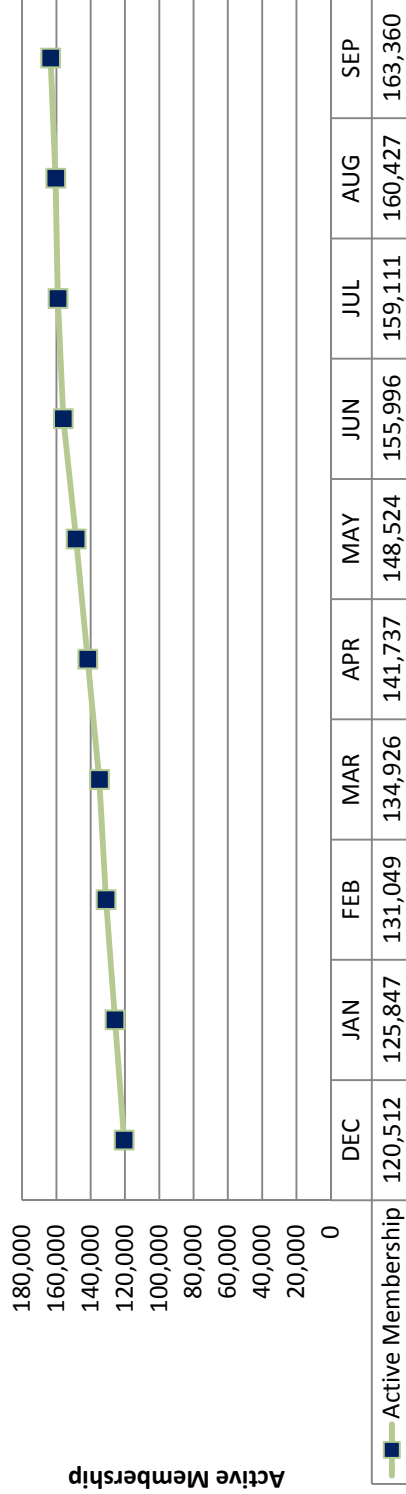
**Noteworthy Activities** – Operations continues to lead or be involved in the following projects:

- 35C to 837 Encounter Data Transition – Regulatory requirement effective October 1, 2014.
- Encounter Data Improvement Project (EDIP) – Improve the quality of the data sent to DHCS in order to meet new quality measures established by the State beginning January 2015
- Grievance and Appeals Improvement Project – Go live set for October 1, 2014
- ICD-10 Readiness – Regulatory requirement to implement new code set effective October 1, 2015
- 2014 Member Handbook – new handbook will be included in member packets as of October 2014
- Crossover Claims – preliminary project work commenced August 2014
- Plan Selection – PCP selection during sign-up via Covered California; information matched once Medi-Cal beneficiary becomes a GCHP member (postponed by State; implementation to occur no sooner than December 1, 2014.)

# GCHP Membership

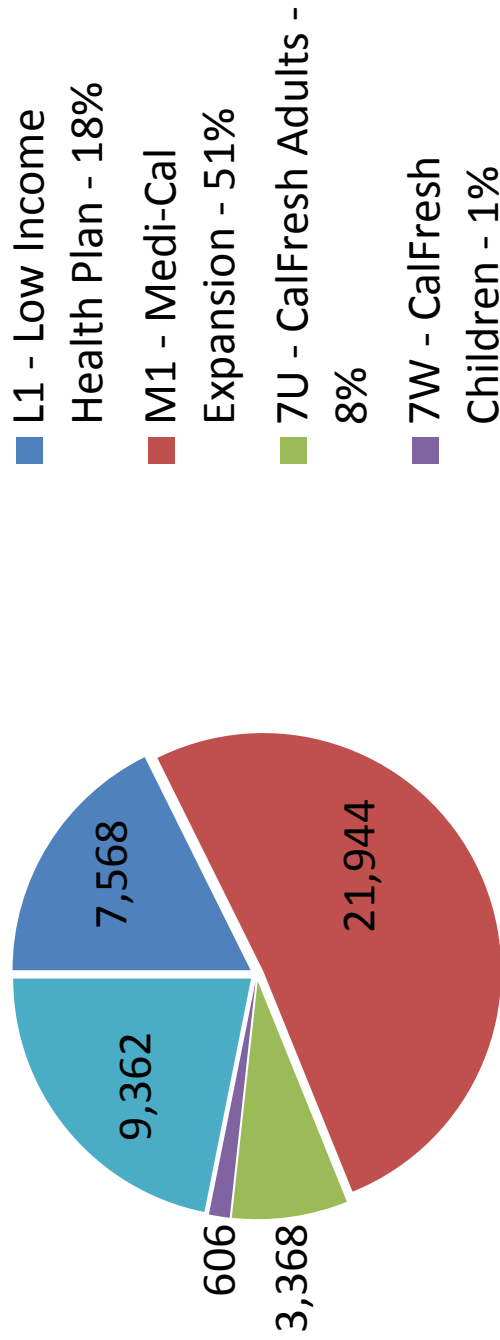
September 2014 Total Membership – 163,360  
January through September membership growth – 42,848

## GCHP Membership Increase January - September 2014



# New Membership

## GCHP New Membership Breakdown



**Note: GCHP Pended eligibility (not shown) – 730 (down 182 from August)**

- **Members with aid code 8E – accelerated enrollment which provides immediate temporary, fee-for service, full scope Medi-Cal benefits for ages 65 and under.**



**AGENDA ITEM 3g**

To: Gold Coast Health Plan Commission

From: Dr. Nancy Wharfield, Associate Chief Medical Officer

Date: September 29, 2014

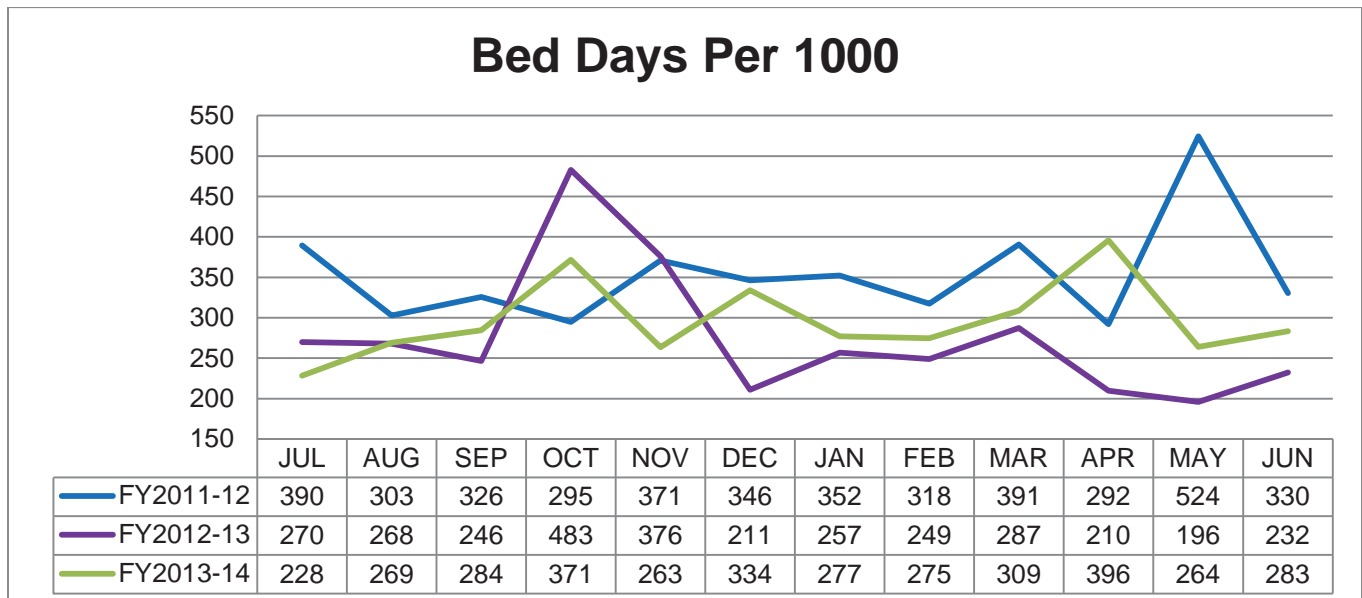
Re: Health Services Update

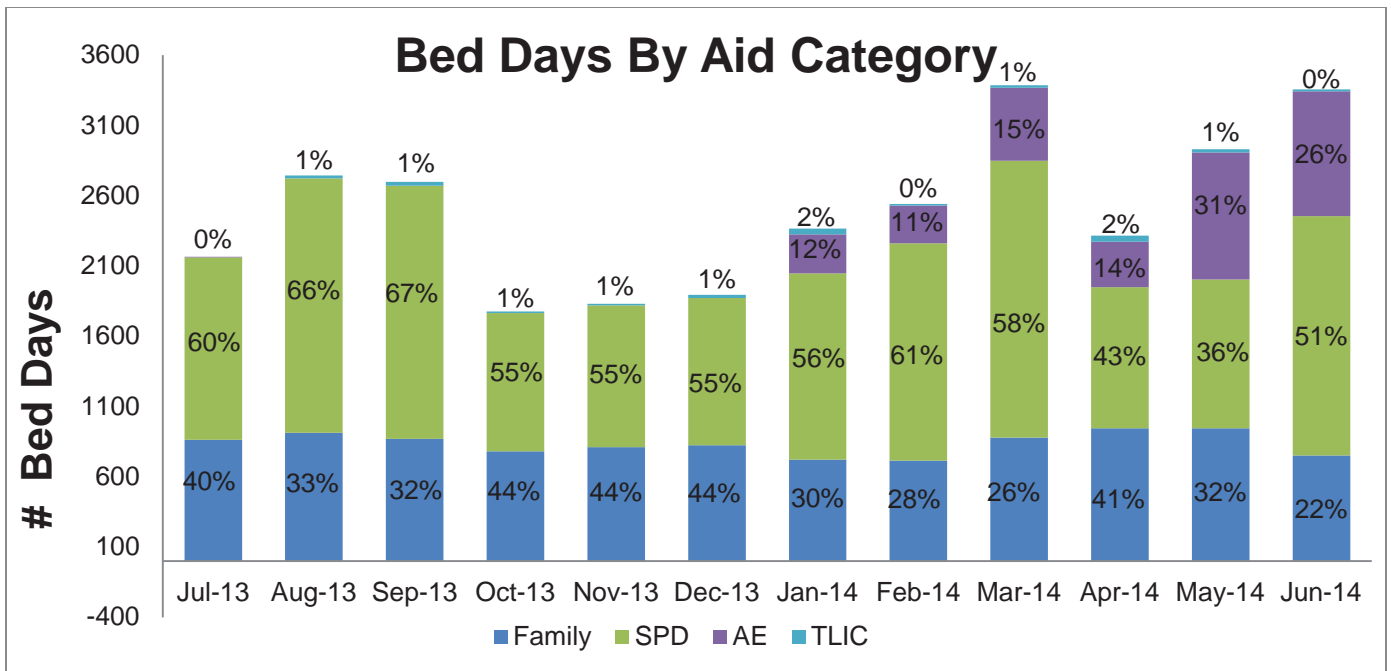
Utilization data in the Health Services monthly update to the Commission is based on paid claims compiled by date of service and is lagged by 3 months to allow for partial run out of claims data. Claims data are complete at approximately 6 months. While incomplete, a 3 month lagged snapshot allows us to see an estimate of utilization without waiting 6 months. Administrative days are included in these calculations. Dual eligible members, SNF, and LTC data are not included in this data.

**Inpatient Utilization**

Bed days/1000 members remain under 300 and the SPD aid group continues to utilize the highest percent of bed days.

Benchmark: Reports of bed days/1000 members from available published data from other managed care plans range from 161 – 890/1000 members. There is variability of reporting of Administrative Days among managed care plans.

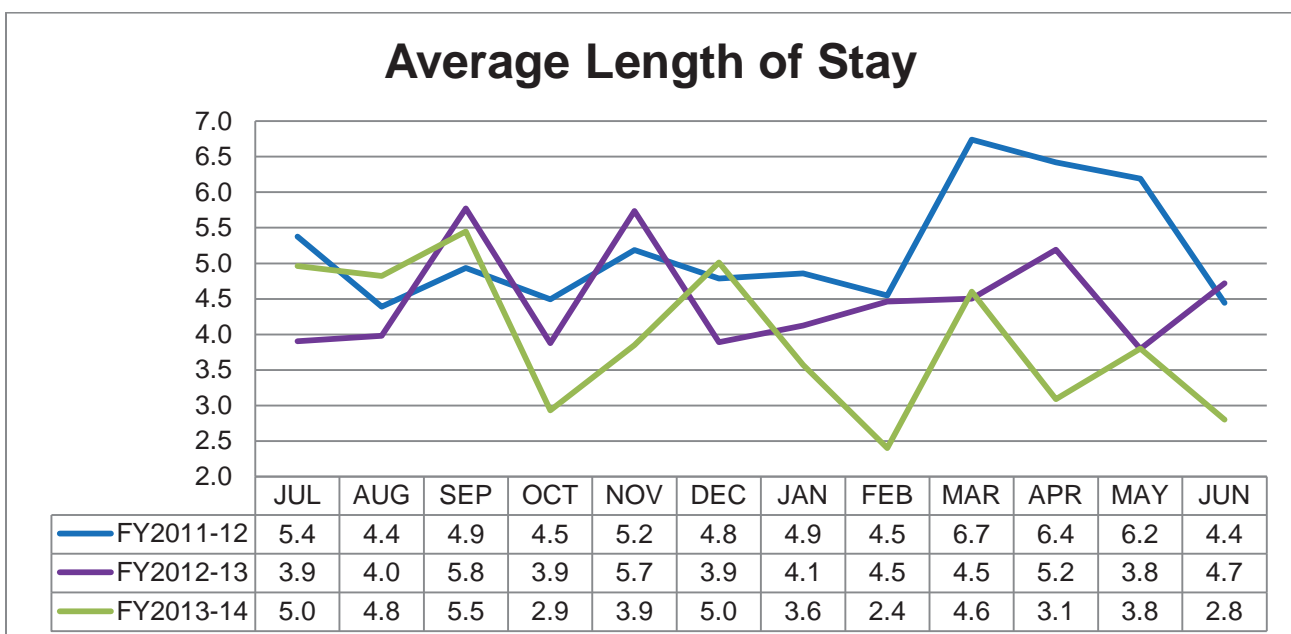




### Average Length of Stay

Average length of stay remains low compared to prior years and below 4 since April 2014.

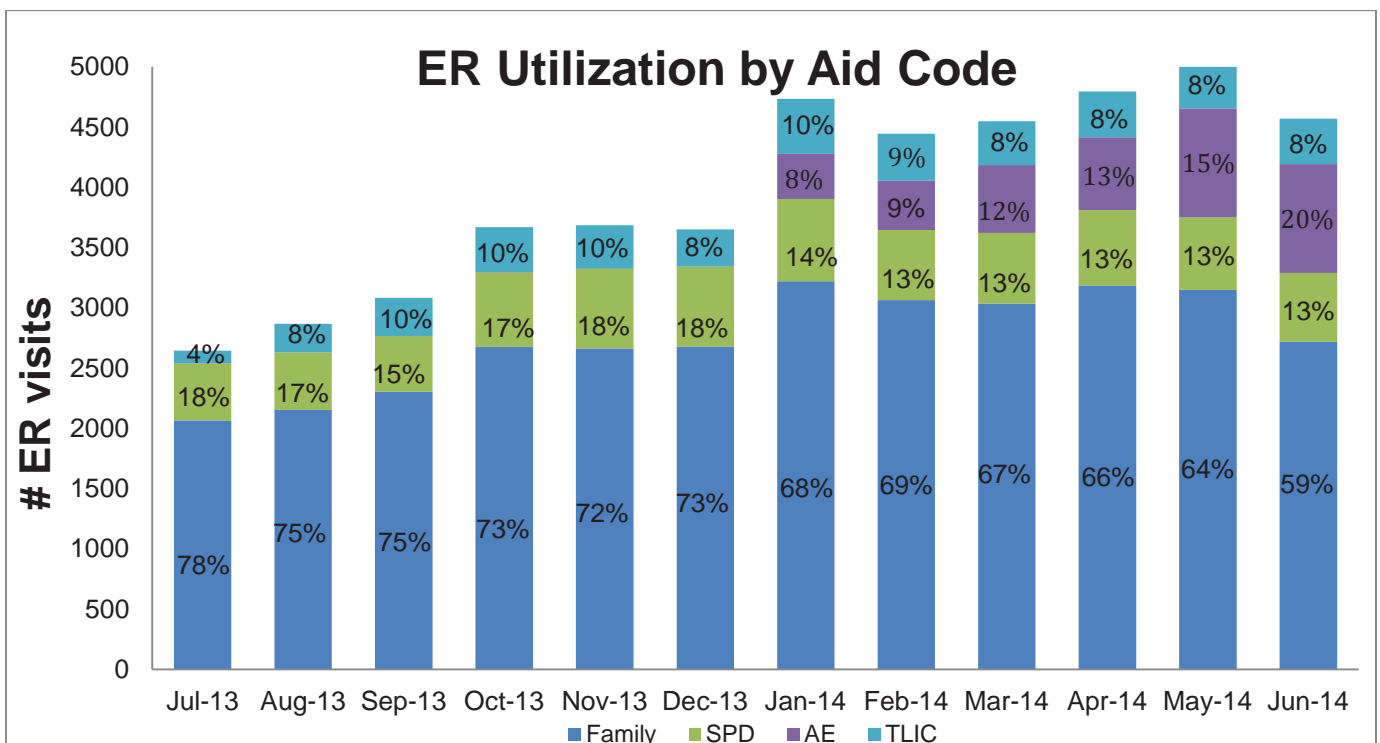
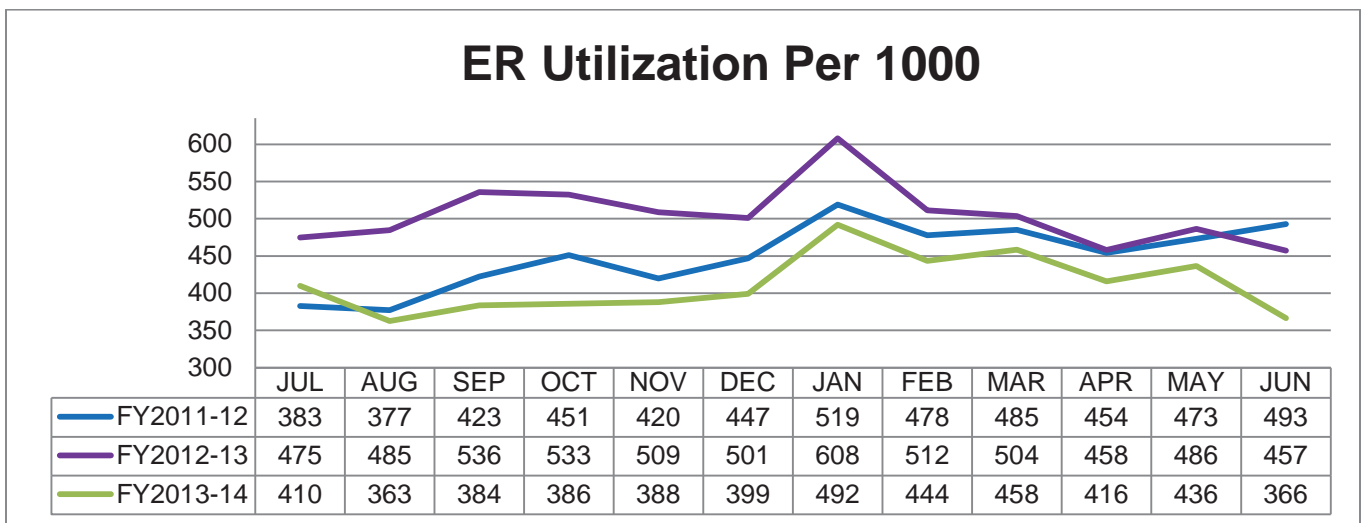
Benchmark: Average length of stay from available published data from other managed care plans range from 3.6 – 4.1. There is variability in reporting of Administrative Days among managed care plans.



## ER Utilization

ER utilization for FY 2013 -14 remains lower than prior years and mirrors a general decline in utilization from winter to spring for all years. Family aid group members continue to show the highest percent of ER utilization.

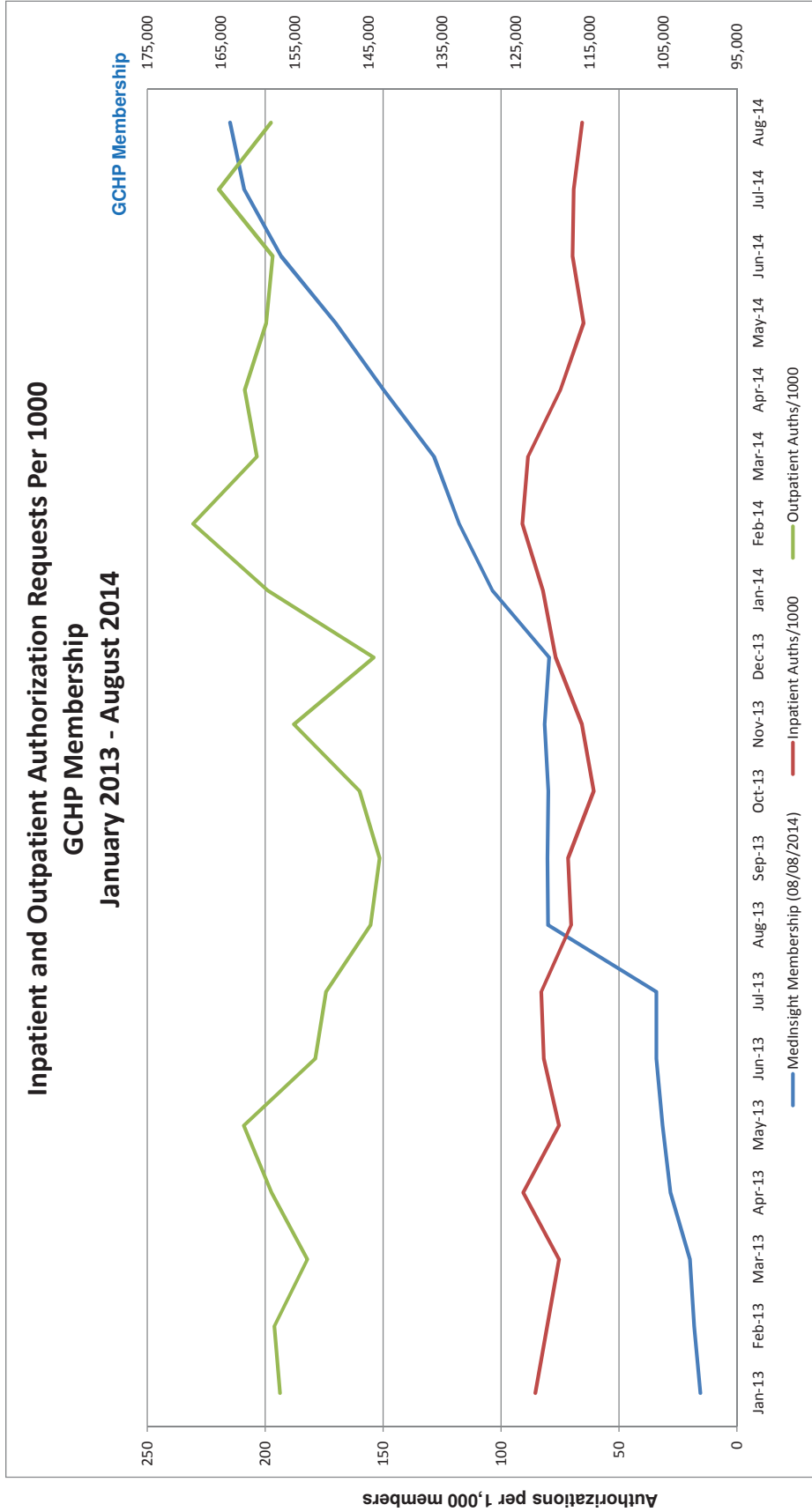
Benchmark: ER utilization/1000 members from available published data from other managed care plans range from 554 – 877. For July 2013 through May 2014, Gold Coast Health Plan average utilization/1000 member months (including Duals) is 32 compared with the 2013 DHCS Managed Care Dashboard report of about 40-60 ER visits/1000 member months.



## **Authorization Requests**

Requests for outpatient service continue to outnumber requests for inpatient service. Outpatient requests for service/1000 members peaked in February 2014 and July 2014. Requests for inpatient service have reached a plateau at below 75/1000 members for the last 4 months.

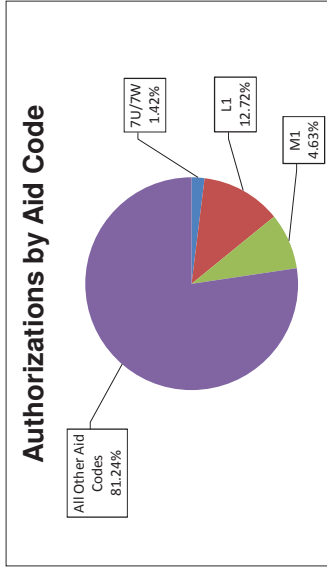
Among Medi-Cal expansion members new to Gold Coast Health Plan since January 1, 2014, service requests for L1 members continue to predominate.



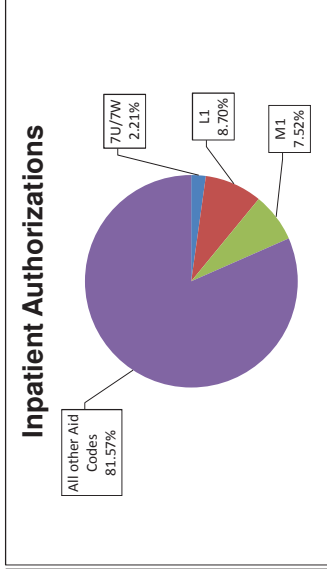
\*Membership values generated from MedInsight and DOES NOT include SOC members.

\*\*Authorization Requests from MedHOK. Pull date: 09/08/2014

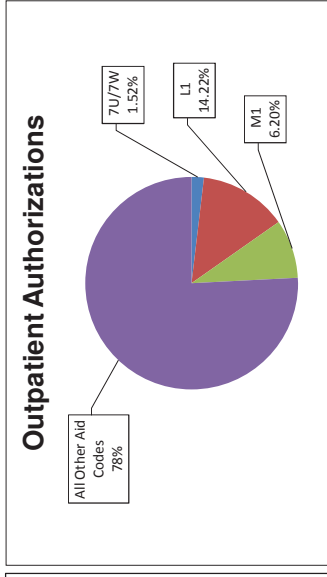
## Gold Coast Health Plan Authorizations by Aid Code January - September 2014



7U/7W	533
L1	3,328
M1	2,331
All Other Aid Codes	21,102
<b>Total Auths</b>	<b>27,294</b>



7U/7W	156
L1	615
M1	532
All other Aid Codes	5,767
<b>Total Inpatient Auths</b>	<b>7,070</b>



7U/7W	377
L1	2,713
M1	1,799
All Other Aid Codes	15,335
<b>Total Outpatient Auths</b>	<b>20,224</b>

**Data Source: MedHOK Authorizations by Aid Code Query on 09/05/2014**