

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

**Executive/Finance Committee Meeting**

**Regular Meeting**

**Thursday, June 11, 2020 – 3:00 p.m.**

**Community Room at Gold Coast Health Plan**

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

**Conference Call Number: 1 (805) 324-7279**

**Conference ID Number: 669 113 377#**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

The public has the opportunity to address Ventura County Medi-Cal Managed Care Executive Finance Committee on the agenda. Persons wishing to address the Committee should complete and submit a Speaker Card.

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

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

**CONSENT**

- 1. Approval of Executive Finance Committee Regular Meeting Minutes of April 2, 2020, Special Meeting Minutes of April 6, 2020, May 8, 2020 and May 11, 2020.**

Staff: Maddie Gutierrez, CMC – Clerk to the Commission

**RECOMMENDATION:** Approve the minutes.

## **FORMAL Action**

### **2. Fiscal Year 2019 -2020 Audit Plan**

Staff: Kashina Bishop, Chief Financial Officer  
Moss Adams

**RECOMMENDATION:** The Plan requests that the Executive Finance Committee receive and file the presentation.

### **3. Procurement of CMS Interoperability and Patient Access Final Rule Software Solution and Approval of Program Staffing Plan**

Staff: Eileen Moscaritolo, HMA Consultant  
Helen Miller, Senior Director, IT

**RECOMMENDATION:** The Plan recommends the following:

1. Award and authorize the CEO to execute an agreement with Edifecs, Inc. for an Interoperability FHIR data repository hosted and managed services solution, in an amount not to exceed \$1,723,574 over a five-year term. Total includes a ~4.22% contingency of \$69,828.
2. Increase by 6.0 the full-time equivalent positions in the Information Technology and the Decision Support Services departments to support Rule implementation and ongoing interoperability, HIE, and data & analytics program technology services.

### **4. Gold Coast Health Plan Solvency Action Plan Update**

Staff: Margaret Tatar, Interim Chief Executive Officer  
Kashina Bishop, Chief Financial Officer

**RECOMMENDATION:** Staff recommends that the Executive Finance Committee approve the Solvency Action Plan.

**5. Gold Coast Health Plan (GCHP) Fiscal Year 2020-2021 Operating and Capital Budget**

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: The Plan requests that the Executive Finance Committee recommend approval of the FY 2020-2021 Operating and Capital Budgets, and corresponding contract renewals outlines in the appendix to the Commission.

**CLOSED SESSION**

**6. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

**7. CONFERENCE WITH LABOR NEGOTIATORS**

Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel

Unrepresented employee: Chief Executive Officer

**8. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATION OF LITIGATION**

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:  
Number of potential cases: One case

**9. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATION OF LITIGATION**

Exposure to litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:  
Number of potential cases: One case.

**COMMENTS FROM COMMITTEE MEMBERS**

**ADJOURNMENT**

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Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. Materials related to an agenda item submitted to the Committee after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Board. In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

## **AGENDA ITEM NO. 1**

**TO:** Executive Finance Committee  
**FROM:** Maddie Gutierrez, Clerk to the Commission  
**DATE:** June 11, 2020  
**SUBJECT:** Regular Executive Finance Committee Meeting Minutes of April 2, 2020,  
Special Executive Finance Committee Meeting Minutes of April 6, 2020,  
May 8, 2020 and May 11, 2020

### **RECOMMENDATION:**

Approve the minutes.

### **ATTACHMENTS:**

Copy of the Regular Executive Finance Committee meeting minutes for April 2, 2020.  
Copies of the Special Executive Finance Committee meeting minutes for April 6, 2020,  
May 8, 2020 and May 11, 2020.

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

**April 2, 2020**

**CALL TO ORDER**

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

Committee Chair Alatorre asked who was participating on the call from GCHP. The following staff was on the conference call:

- Margaret Tatar, Interim Chief Executive Officer
- Patricia Tanquary, Interim Chief Executive Officer
- Nancy Wharfield, M.D., Chief Medical Officer
- Robert Franco, Interim Chief Compliance Officer
- Ted Bagley, Interim Chief Diversity Officer and Human Resources Executive Director
- Kashina Bishop, Chief Financial Officer
- Steve Peiser, Sr. Director, Network Management
- Anna Sproule, Director of Finance
- Susana Enriquez, Public Relations Manager
- Scott Campbell, BBK
- Cathy Salenko, BBK

**ROLL CALL**

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

Committee member Laura Espinosa was not present at time of Roll Call. Committee member Espinosa joined the call at 3:23 p.m.

Absent: None.

## **CONSENT**

### **1. Approval of Executive Finance Committee Meeting Minutes of February 13, 2020**

Staff: Maddie Gutierrez, CMC – Clerk to the Commission

**RECOMMENDATION:** Approve the minutes.

Committee member Pupa stated she had not attended the meeting, but noted on page 7, item 5 – Financial Update, Committee member Ashworth requested actual projected estimate and true update. CFO Bishop was supposed to discuss the issue with Committee member Ashworth, Committee member Pupa asked if the communication took place. CFO Bishop responded no, it was in relation to two (2) months of finances and it would be difficult to have financial statements in time for Commission due to the timeline. She noted good work is being done internally and is hopeful that reports will be provided data near term. Interim CEO, Margaret Tatar, stated the recommendations have been taken to heart, move to speed up the timeline on metrics and measures, and there will be follow-up with all Commissioners.

Committee Chair Alatorre, noted on pages 7/8, he had requested Mr. Peiser to follow-up with those impacted in regard to Quest. CEO Tatar stated this was a high priority. Mr. Peiser stated he has followed up with CMH and VCMC. 17,000 needed to transition and half have transitioned. The transition will be done over 45 to 60 days. Unfortunately, with COVID-19 we will fall short. VCMC is having technical issues which they do not have control over. VCMC will do their transition over a 90-day period, a status report is pending. CEO Tatar stated the Commission will be kept updated.

Committee member Ashworth motioned to approve the minutes. Committee member Swenson seconded.

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

**NOES:** None.

**ABSENT:** Committee member Laura Espinosa.

Committee Chair Alatorre declared the motion carried.

## **FORMAL ACTION**

### **2. Procurement of Physician Advice Module for R.N. Advice Line**

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

**RECOMMENDATION:** The Plan recommends the Commission approve entering into a two-year agreement for the provision of MD Live telemedicine services linked to the Carenet Nurse Advice Line with a not-to-exceed amount of \$450,800.

CMO Wharfield stated DHCS has asked Plans to add-on the MD Live line to the Nurse Advice Line. Selected patients can be triaged to the physician line for advice. MD Live is NCQA accredited. MD Live is an additional cost, it is a six cent (\$.06) PMPM fee plus an individual physician encounter charge. The estimated cost for a two (2) year contract is \$450,800. It is anticipated that this will keep non-COVID patients out of the E.R. and clinics.

Committee member Swenson motioned to approve the MD Advice Line. Committee member Alatorre seconded.

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

**NOES:** None.

**ABSTAIN:** Committee member Fred Ashworth (stepped out of the meeting)

**ABSENT:** Committee member Laura Espinosa.

Committee Chair Alatorre declared the motion carried.

### **3. February 2020 Financials Report**

Staff: Kashina Bishop, Chief Financial Officer

**RECOMMENDATION:** Staff requests that the Executive Finance Committee accept and file the February 2020 financial package and recommend approval to the Commission.

CFO Bishop stated there are weekly meetings with other plans in order to share information and strategies. Changes are happening rapidly, and she will keep the Commission informed.

For the month of February there was a financial gain of just under \$300,000. Fiscal year to date shows GCHP is now at \$3.2 million loss in comparison to last month's amount of \$3.7 million. Medical loss ratio is at 94.7%, which is 2.2% higher than budget. Administrative cost is 6.1% and continues to be below budget. Cost of Care continues to be over budget by \$38 million. Current membership in February is 192,000. There continues to be a decline in membership which correlates to strong improvement in economy and decrease of unemployment. Due to the Corona virus we anticipated enrollment to go up. CEO Tatar stated membership projections will be presented at the April Commission meeting. The State suspension of the re-determination process has resulted in some measurable amount of membership that is staying with plans. National analysis suggests the range of growth Medic-Aid wide could be between 10 to 25 million nationwide.

**Committee member Laura Espinosa joined the meeting at 3:23 p.m.**

CFO Bishop stated April enrollment figures show a net gain, which is likely due to the suspension of re-determination. End of the month TNE is at \$72.4 million which represents 32 days of operating expense in reserves, we are at 219% of the required by the State.

CFO Bishop highlighted activities that are currently in place which will tightening internal controls and minimize further reductions to TNE. Areas of focus are improving reporting rate development templates and supplemental data requests. 100% of our revenue is reliant on these submissions. We have also tightened controls with Conduent. There is also work being done to identify inconsistencies, and dispute resolution is being improved.

Our expense and utilization workgroup have been looking into root causes of utilization variances. They have been reviewing disparities with a focus on data and data sources.

Committee member Espinosa requested highlighting actual changes and show the Commission that there have been improvements from past practices. She would like the Commission to see what has changed from past practices. Some items have been reported in the past, it would be helpful to know that there is an actual improvement to processes. Committee member Espinosa suggested color coding to distinguish.

Committee member Pupa added that she would like to see dollar amounts. The Commission has brought forward Admin day reduction and under-utilization studies many times over the last year and would like to see the results of those studies and any potential savings. Commissioner Ashworth has asked many questions on utilization management and his questions have not been addressed. CEO Tatar said that the information will be presented at the April Commission meeting. Today, the



pathway to getting the Commission the level of detail they have requested will be delivered at the April Commission meeting. CFO Bishop stated she will present the information requested at the April meeting.

CFO Bishop stated revenue is over-budget by \$28 million, which is driven by membership. CEO Tatar stated the Plan is working to estimate enrollment changes due to suspension of re-determination process and unemployment.

Committee member Alatorre asked if County HSA is working from home. CEO Tatar responded that she does not know the current status of County staff but will follow up. It is anticipated at the State level there will be action to address the surge in Medi-Cal needs. The State will take action to support all counties, CEO Tatar will follow up.

Committee member Pupa stated she had questions on how we budget and wanted more information. CFO Bishop stated the budget was completed in April of 2019. She used the calendar year for 2018 expenses, PMPM data. Committee member Pupa stated the 19/20 budget has gaps. She requested CFO Bishop demonstrate and articulate to the Commission where there are losses. Committee member Pupa asked if this was an adjusted budget. CFO Bishop stated she wants to have a flexible budget, but the system is not set up for it. Committee member Pupa stated the Commission needs projections that would explain the variances. CFO Bishop needs to show what changed. CEO Tatar stated that is the aim and it is all helpful input for the April meeting.

CFO Bishop stated that forces good processes when it comes to looking at the forecasting and re-forecasting to update the budget. CEO Tatar has been working with CFO Bishop on how to employ a level of discipline on an aggressive schedule. The Commission deserves this level of detail.

CFO Bishop reviewed in-patient costs; we are over budget by \$17.2 million. Outpatient is under budget by \$4 million. Committee member Pupa stated an increase in outpatient is good, preventative services are being performed. Committee member Pupa stated she was concerned that outpatient has dropped by \$4 million but inpatient has increased by \$10 million, in most systems it is better to have increased outpatient and decreased inpatient.

CFO Bishop stated behavioral health is over by \$3.6 million, primary care is over by \$2.7 million. CEO Tatar stated rate development templates need to be tweaked. CFO Bishop stated the month is ending with a net gain and improvement over previous months.

Committee member Pupa motioned to approve the February Financials. Committee member Swenson seconded.

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

NOES: None.

ABSTAIN: Committee member Fred Ashworth (stepped out of the meeting)

ABSENT: Committee member Laura Espinosa.

Committee Chair Alatorre declared the motion carried.

**The Open Session of the meeting ended at 2:09 p.m.**

### **CLOSED SESSION**

**4. PUBLIC COMMENT**

Title Chief Executive Officer

**5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 – Number of cases: Unknown

General Counsel, Scott Campbell stated there was no reportable action in Closed Session.

### **ADJOURNMENT**

Committee member Alatorre adjourned the meeting at 2:14 p.m.

Approved:

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Maddie Gutierrez, CMC  
Clerk to the Commission

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)  
Executive/Finance Committee  
Special Meeting**

**April 6, 2020**

**CALL TO ORDER**

Committee member Antonio Alatorre called the meeting to order via teleconference at 2:03 p.m. Clerks were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

**ROLL CALL**

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

Absent: None.

Attending the meeting for GCHP were: Ted Bagley, Interim Chief Diversity Officer/ Human Resource Director and Scott Campbell, General Counsel.

Lu Miller and Lisa Coyne of Morgan Consulting Resources were also on the call.

**PUBLIC COMMENT**

None.

**CLOSED SESSION**

**1. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

The committee went into Closed Session at 2:03 p.m.

**ADJOURNMENT**

Committee member Alatorre adjourned the meeting at 2:14 p.m.

Approved:

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Maddie Gutierrez, CMC  
Clerk to the Commission

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)**  
**Executive/Finance Committee**  
**Special Meeting**  
**May 8, 2020**

**CALL TO ORDER**

Committee Chair Antonio Alatorre called the meeting to order via teleconference at 1:34 p.m. Clerks were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

**ROLL CALL**

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

Absent: None.

Attending the meeting for GCHP were: Ted Bagley, Interim Chief Diversity Officer/ Human Resource Director and Scott Campbell, General Counsel.

Lu Miller and Lisa Coyne of Morgan Consulting Resources were also on the call.

**PUBLIC COMMENT**

None.

**CLOSED SESSION**

**1. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

The committee went into Closed Session at 1:40 p.m.

**ADJOURNMENT**

There was no reportable action. Committee member Alatorre adjourned the meeting at 4:33 p.m.

Approved:

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Maddie Gutierrez, CMC  
Clerk to the Commission

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)**  
**Executive/Finance Committee**  
**Special Meeting**  
**May 11, 2020**

**CALL TO ORDER**

Committee Chair Antonio Alatorre called the meeting to order via teleconference at 3:41 p.m. Clerks were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

**ROLL CALL**

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

Absent: None.

Attending the meeting for GCHP were: Ted Bagley, Interim Chief Diversity Officer/ Human Resource Director and Scott Campbell, General Counsel.

Lu Miller and Lisa Coyne of Morgan Consulting Resources were also on the call.

**PUBLIC COMMENT**

None.

**CLOSED SESSION**

**1. PUBLIC EMPLOYMENT**

Title: Chief Executive Officer

The committee went into Closed Session at 3:43 p.m.

**ADJOURNMENT**

There was no reportable action. Committee member Alatorre adjourned the meeting at 4:53 p.m.

Approved:

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Maddie Gutierrez, CMC  
Clerk to the Commission

## **AGENDA ITEM NO.2**

TO: Executive Finance Committee  
FROM: Kashina Bishop, Chief Financial Officer  
DATE: June 11, 2020  
SUBJECT: Fiscal Year 2019-2020 Audit Plan

### **SUMMARY:**

Moss Adams will be presenting the audit plan for Gold Coast Health Plan (“Plan”) for the year ending June 30, 2020.

### **RECOMMENDATION:**

The Plan requests that the Executive / Finance Committee receive and file the presentation.

### **ATTACHMENTS:**

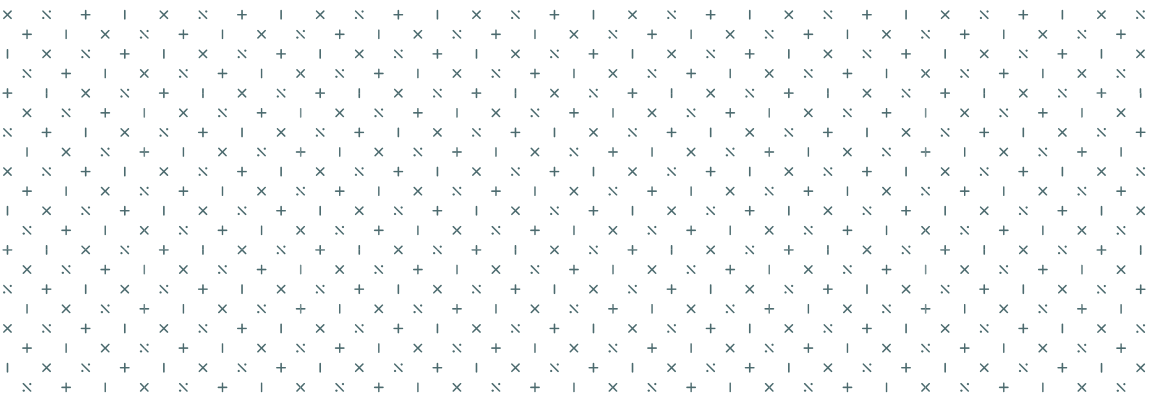
Audit Entrance Presentation



# Audit Entrance Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan

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June 11, 2020



# Audit Committee

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Thank you for your continued engagement of Moss Adams LLP, the provider of choice for health care organizations. We are pleased to present our audit plan for Gold Coast Health Plan for the year ending June 30, 2020. We would also like to discuss current-year developments and accounting standard changes that will affect our audit.

We welcome any questions or input you may have regarding our audit plan and we look forward to working with you.





**Stelian  
Damu**  
Partner



**Chris  
Pritchard**  
Partner



**Kimberly  
Sokoloff**  
Senior  
Manager

### **Other Team Members**

**Alina Bielewicz**  
Audit Manager

**Madison Houseworth**  
Audit Senior

# Required Communications to Those Charged with Governance

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## Now

- Auditor's responsibility under U.S. auditing standards
  - Planned scope and timing of audit
- 



# Our Responsibility

## Our responsibility under U.S. Generally Accepted Auditing Standards



To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Internal  
Controls**



**Analytical  
Procedures**



**Substantive  
Procedures**

Includes information  
technology

Revenues and  
expenses

Confirmation of  
account balances

Trends, comparisons,  
and expectations

Vouching to supporting  
documentation

Representations from  
attorneys and  
management

Examining objective  
evidence

# What is Materiality?

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The amount of a misstatement that could influence the economic decisions of users, taken on the basis of the consolidated financial statements.



Capitation revenue and receivables



Cash and cash equivalents



Investments



Medical claims liability, capitation payable and payable to State of California



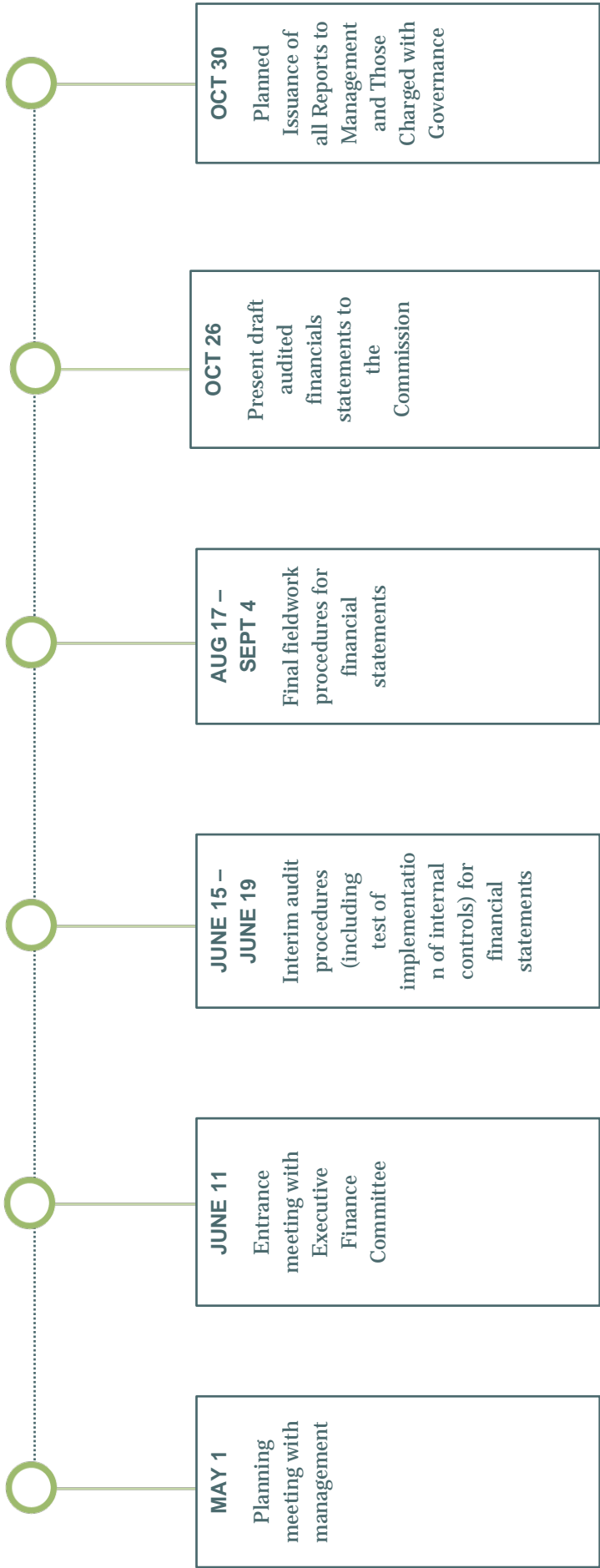
Non-routine transactions, including impact of COVID-19

# Consideration of Fraud

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Auditors must consider fraud to “improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit.”

2020





# Deliverables

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## We will issue the following reports:

- Audit report on the financial statements of Ventura County Medi-Cal Managed Care Commission as of and for the year ended June 30, 2020.
- Report to those charged with governance.
  - Communicating required matters and other matters of interest.
- Report to Management and the Audit Committee.
  - Communicating internal control related matters identified during the audit.

# Expectations

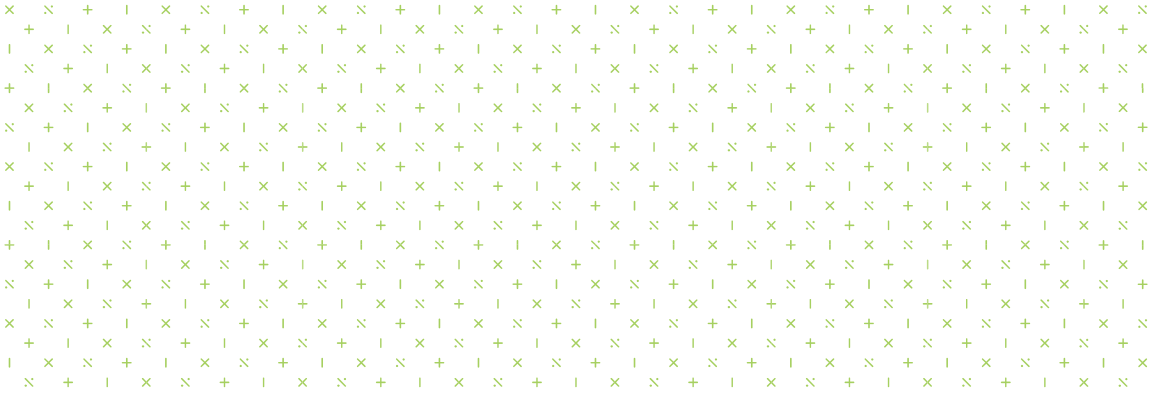
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## Gold Coast Health Plan will:

- Have no adjusting journal entries after beginning of fieldwork
- Close books and records before beginning of fieldwork
- Provide auditor requested information in Client Audit Preparation (CAP) schedule one week prior to the beginning of fieldwork



# Accounting Update



# New Standards

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Clarifies fiduciary activities as having the following characteristics:

1. Government controls the assets of the activity.
2. Those assets are not derived solely from the government's own source revenue.
3. One of the following:
  - The assets result from a pass-through grant or trust agreement.
  - Assets are used to benefit individuals not typical recipients of the government's goods and services (i.e. employees receive the benefit instead of patients).
  - Assets are to be used to benefit other organizations or governments.
- Would require stand alone business-type entities (i.e. hospitals) with pension and OPEB trusts or patient custodial accounts to report separate fiduciary fund financial statements within the financial statements.
- Effective for fiscal year ending June 30, 2021.

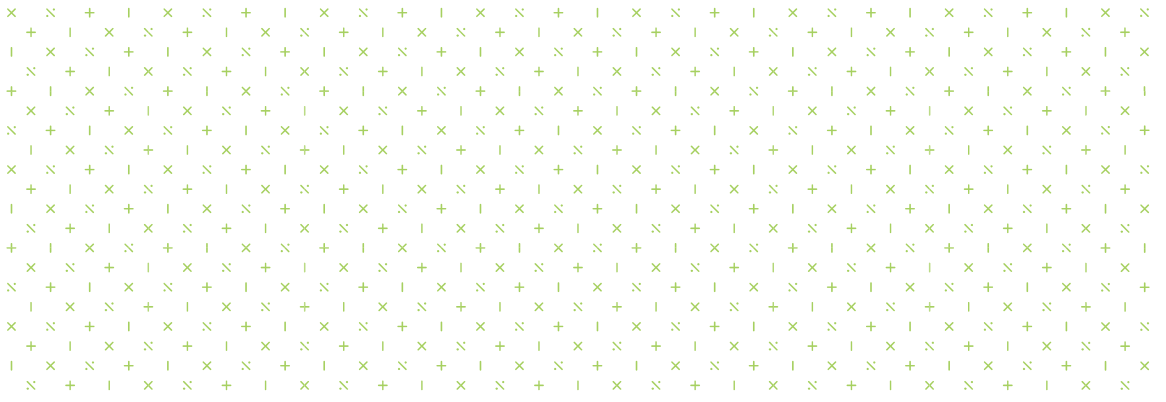
# New Standards

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- Would treat all leases as financings (no classification of capital v. operating) similar to FASB ASU 2016-02.
- Includes non-cancellable period + periods covered by options to renew if reasonably certain to be exercised.
- Lessee would record an intangible asset (amortized over the shorter of its useful life or lease term) and present value of future lease payments as a liability.
- Lessor would record a lease receivable and deferred inflow of resources for cash received up front + future payments (revenue recognized over lease term in a systematic and rational basis).
- Effective for fiscal year ending June 30, 2022.



# About Moss Adams



# Expertise

# DEEP

107  
years in  
business

3,400+  
professionals

30+  
industries  
served

Crater Lake—

A monument to perseverance, North America's deepest lake filled to 1,949 feet over 720 years.

# Reach

# WIDE

25+  
locations  
west of the  
Mississippi

110+  
countries served  
through Praxity,  
AISBL

\$768M  
in revenue  
earned

Grand Canyon—

At 277 miles long and up to 18 miles wide, this icon serves as a testament to determination and time.

Data as of January 2020

# Health Care

Whether you're a provider or payer, the rapidly changing business of health care requires an entrepreneurial approach that embraces opportunity. Organizations must respond to ever-changing regulations, rising costs, shrinking funds, shifting reimbursement rates, evolving risk-sharing models, and new delivery paradigms such as retail health care—all of which necessitate an openness to innovation. Your engagement team is here to help you solve your most complex challenges, because their background and focus is in health care too.

## Expertise

Participation in 30+ national, regional, and state health care industry events

290+

health care professionals

38

health care partners

3,400+

clients nationwide

Leadership involvement with AICPA Health Care Expert Panel and HFMA National Principles and Practice Board

Crater Lake

A monument to perseverance, North America's deepest lake filled to 1,949 feet over 720 years.

# DEEP





# Services Overview: How This All Fits Together



# Additional Services

## Health Care Consulting

COST REIMBURSEMENT	GOVERNMENT COMPLIANCE	OPERATIONAL IMPROVEMENT
Medicare & Medicaid	Regulatory Compliance	Revenue Cycle Enhancement
Provider-based Licensure & Certification	Coding Validation	Claims Recovery
Medical Education	Coding Department Redesign	Litigation Support
Uncompensated Care	EHR Internal Controls	Employer Health Benefits
STRATEGY & INTEGRATION	LEAN TRANSFORMATION	INFORMATION TECHNOLOGY
Provider Risk Analysis, Contracting & Operational Design	3P & Innovation: redesign processes, products, facilities	HIPAA Security and Privacy
M&A Support	Lean Management Systems and Strategy Deployment	Network Security & Penetration Testing
Feasibility Studies	Lean Operations	HITRUST Assessment & Certification
Market Intelligence & Benchmarking	Quality & Patient Safety	SOC Pre-Audit Gap Analysis & Readiness
Service Line Enhancement		SOC Audits
Strategic Planning & Implementation		

# Our Response to COVID-19

The COVID-19 pandemic has touched all aspects of our lives. We're here to guide you to the information and resources you need now and provide strategies for the changes to come. We'll support you as you rebuild and help you take advantage of rising opportunities.



HELPING YOU ADAPT TO UNCERTAIN TIMES



Find more information and resources here: <https://mossadams.com/covid-19-implications>

# 2019 MOSS ADAMS HEALTH CARE CONFERENCE

**275+**  
attendees

**80+**  
C-suite executives  
in attendance

**25**  
presenters

**KEYNOTES**  
Karl Rove • James Carville • The Honorable Jeff Flake • John A. Kitzhaber, MD  
Susan Dentzer • David Merritt • Donald H. Crane • Allison Massari

Ranked 5 stars  
by attendee for:



Overall  
satisfaction



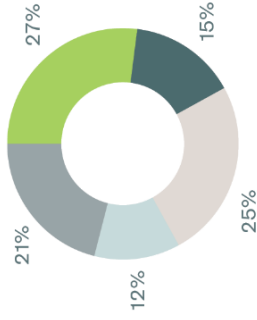
Industry  
insight



Likelihood to  
attend next year

## Organizations Represented

- ancillary health care
- health plans
- hospitals and health systems
- long term care organizations
- medical groups and physicians



**1.5 Days**  
November 7-8

**Red Rock Casino Resort & Spa**  
Las Vegas, Nevada

**10**  
CPE credits

Sponsored by:

**SheppardMullin**

**Gallagher**  
Finance | Risk Management | Consulting

**CASCADIA**  
CAPITAL LLC

**LANCASTER**  
JOLLARD  
Pharmaceutical Professor

**UnitedHealthcare**

**FOLEY**  
LAW & ACCOUNT LLP

**UnionBank**  
Member of FDIC. Equal Housing Lender

Here's a recap of our 2019 Health Care  
Conference by the numbers.

**ALERT**

California State taxes will be administered and adjudicated differently beginning July 1

[READ MORE](#)

**INSIGHT**

Is your data secure? Avoid a significant data breach by implementing best practices with the HITRUST CSF.

[READ MORE](#)

**WEBCAST**

Boost Compliance with System and Organization Controls

[LEARN MORE](#)

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In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. We'll keep you informed to help you stay abreast of critical industry **23** issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your time.

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Stelian Damu, Assurance Partner  
[Stelian.Damu@mossadams.com](mailto:Stelian.Damu@mossadams.com)  
(818) 577-1914

Kimberly Sokoloff, Assurance Senior Manager  
[Kimberly.Sokoloff@mossadams.com](mailto:Kimberly.Sokoloff@mossadams.com)  
(925) 952-2506



# YOU



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

**TO:** Executive Finance Committee

**FROM:** Eileen Moscaritolo, HMA Consultant  
Helen Miller, Senior Director Information Technology

**DATE:** June 11, 2020

**SUBJECT:** Procurement of CMS Interoperability & Patient Access Final Rule Software Solution and Approval of Program Staffing Plan

#### **SUMMARY:**

Gold Coast Health Plan (GCHP) staff seek approval to:

1. Enter into a five-year contract with Edifecs, Inc. to purchase their interoperability solution at a not-to-exceed cost of \$1,723,575 inclusive of a 4.22% contingency of \$69,828.
2. Add 6.0 full time equivalent (FTE) positions to permanently staff a new GCHP interoperability and data intelligence product team that supports an ongoing program of work for interoperability, data and analytics, and health information exchange.

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

The Centers for Medicare & Medicaid Services (CMS) Interoperability and Patient Access final mandated Rule (Rule) for payers, is effective on January 1, 2021 with enforcement deferred to July 1, 2021. The Rule's overarching goal is to enable patient access to personal health information along with the choice as to when, who, and how that information is shared and utilized.

The Rule transforms healthcare by allowing patients to make informed decisions about their healthcare. Patients will have easy access to:

- clinical and claims data, including treatment history and prescriptions
- up-to-date provider listing and pharmacy formulary for their health plan's network
- share data between their providers including hospital notifications
- bring their data with them when switching plans or providers
- know their benefits are coordinated if a dually eligible individual
- gain insight on which providers share data versus which providers block data to help guide care decisions

As a Medi-Cal payer, GCHP will have increased ability to provide more efficient and coordinated care by sharing health information with patients for better engagement, exchanging data with



other payers to get patients the best outcomes, offering a shareable provider directory to help patients find the doctors they need, and maintaining historical claims and encounter data to help patients understand their healthcare and expenses.

The Rule mandates technical standards that payers and health information technology vendors must use as a common interoperability framework for information exchange. This common framework not only enables data exchange but also encourages marketplace competition for third-party healthcare applications (e.g. mobile phone apps) which patients may elect to use for keeping their health data readily available.

The Rule requires GCHP to implement and support new technology and operations that make the members' claims & encounters including financial information, and a subset of defined clinical data available to third parties authorized by the member. In addition, GCHP must also make the provider directory and the drug formulary available to third parties. CMS estimates that a Plan's cost to comply ranges from \$788k to \$2.5M and specified that states must include these costs in the development of Medi-Cal capitation rates. Although the enforcement date was extended to July 1, 2021, this remains an aggressive timeframe. The payer to payer data exchange requirement, effective January 1, 2022, will require a concurrent implementation to begin once CMS defines the trusted data exchange security requirements.

GCHP is seeking to implement the most cost-effective timely compliant solution that can be supported in the current GCHP information technology architecture. GCHP currently uses a software product called Edifecs, Inc (Edifecs) to host and manage core operating rules electronic transactions for compliance with the Department of Health and Human Services ACA Section 1104 mandate. Edifecs has offered preferred interoperability shared solution pricing to 14 local not-for-profit health plans represented by Local Health Plans of California (LHPC), a statewide trade association. Software pricing is tiered based upon the combined total membership of all plans electing to participate in the founding group purchase. For example, GCHP's portion of the software licensing costs with 11 participating plans represents 5.8% of the combined total shared instance software licensing costs based upon a GCHP membership of 193,000. Staff is recommending to sole source the purchase and use of Edifecs to minimize software and staffing costs as well as begin the project quickly leveraging the collective benefits of a solution shared by fellow CA Sister Plans.

The Edifecs proposed solution consists of the following software and services:

- Fast Healthcare Interoperability Resources (FHIR) shared instance software
- Initial base solution set-up
- Operations support for FHIR data conversions, data exchanges, and regulatory changes
- FHIR data rendering web portal for internal GCHP interoperability product team
- XE Connect software (on premise) for members to validate their GCHP eligibility prior to sharing their data
- GCHP data mappings (13) to FHIR standards
- Security and privacy certification for third-party vendor applications ('apps')
- Implementation Fees

- CA Sister Plans cloud artifact repository with reusable best practice configurations and reference models

Rule implementation and ongoing administrative support requires dedicated GCHP information technology professionals, with very specific skill sets, working closely with the software vendor, Edifecs, and additional existing vendor partners and providers. These skill sets are new to GCHP and the staff is recommending a dedicated interoperability and data intelligence product team to support both the implementation and post implementation day-to day operational activities of interoperability. In addition, the team will also support the concurrent establishment and ongoing administration of a data and analytics program including an enterprise data warehouse (EDW). The EDW will provide the foundational data and business information architecture required for interoperability and for Ventura County's new health information exchange (HIE) partner, Manifest Medex. The team would be comprised of the following new six full-time-equivalent positions:

- Program / Product Manager
- Data Integration Architect / Engineer
- Senior ETL/Integration/Business Intelligence Developer
- Senior Business Systems Analyst (2 positions)
- Senior Data Analyst

#### **FISCAL IMPACT:**

The total five-year estimated cost for the Edifecs managed services and FHIR solution is \$1,653,746 for an average annual cost of \$330,750. Adding a 4.22% contingency of \$69,828 results in a cumulative estimated not to exceed total of \$1,723,574.

<b>Estimated Costs</b>	<b>Year 1</b>	<b>Years 2 to 5*</b>	<b>Total</b>
<b>EDIFECES</b>			
Edifecs Software	\$ 136,250	\$ 616,618	\$ 752,868
Managed services & operations support	\$ 80,640	\$ 364,947	\$ 445,587
Security & Privacy Certification of Third-Party Applications	\$ 10,000		\$ 10,000
Data mapping (12 high complexity)	\$ 259,200	\$ 0	\$ 259,200
Implementation Fees	\$ 186,091	\$ 0	\$186,091
<b>Total -Edifecs</b>	<b>\$ 672,181</b>	<b>\$ 981,565</b>	<b>\$ 1,653,746</b>
Contingency (~4.22%)	\$ 69,828		\$ 69,828
<b>Total -Edifecs + Contingency Not to Exceed</b>			<b>\$ 1,723,574</b>
<b>OTHER PROGRAM COSTS</b>			
On-premise hardware	\$ 58,000		\$ 58,000
Existing vendor (3) update or integrations	\$ 120,000		\$ 120,000
Printing member educational material	\$ 5,000		\$ 5,000

<b>Estimated Costs</b>	<b>Year 1</b>	<b>Years 2 to 5*</b>	<b>Total</b>
Legal fees	\$ 32,000		\$ 32,000
Yr 1 contingency, non Edifecs (~15.4%)	\$ 33,109		\$ 33,109
<b>Total -Other Costs</b>	<b>\$ 248,109</b>		<b>\$ 248,109</b>
<b>Cumulative Total with contingencies in Year 1, excludes staffing</b>	<b>\$ 990,118</b>	<b>\$ 981,565</b>	<b>\$ 1,971,683</b>

\*includes 5% maximum annual increase

**RECOMMENDATION:**

1. Award and authorize the CEO to execute an agreement with Edifecs, Inc. for an Interoperability FHIR data repository hosted and managed services solution, in an amount not to exceed \$1,723,574 over a five-year term. Total includes a ~4.22% contingency of \$69,828.
2. Increase by 6.0 the full-time equivalent positions in the Information Technology and the Decision Support Services departments to support Rule implementation and ongoing interoperability, HIE, and data & analytics program technology services.

**ATTACHMENTS:**

Presentation

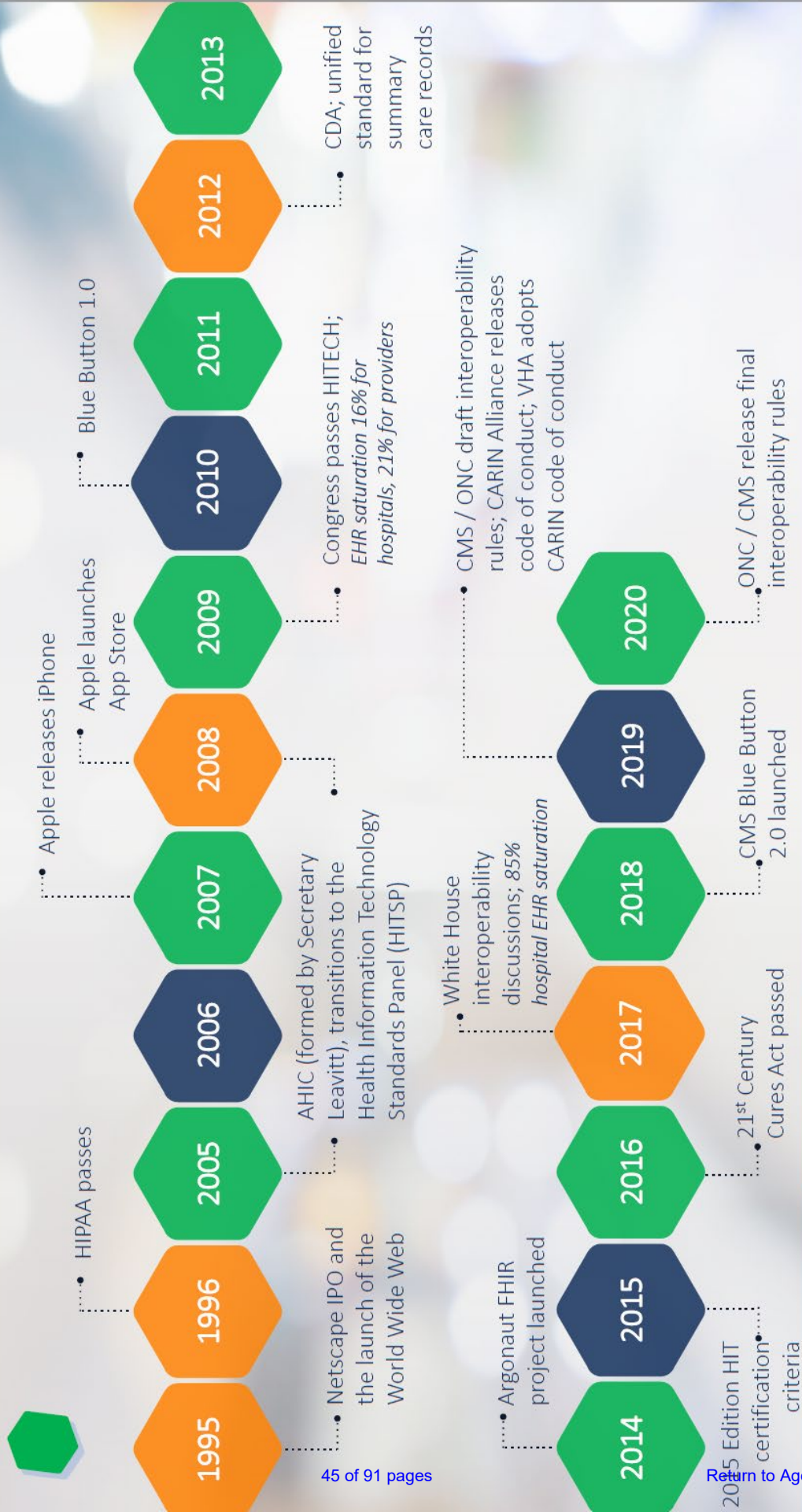
# Healthcare Interoperability

## Executive Finance Committee

**June 11, 2020**

**Eileen Moscaritolo, HMA Consultant**  
**Helen Miller, Sr. Director Information Technology**

# Evolution of Path to Interoperability

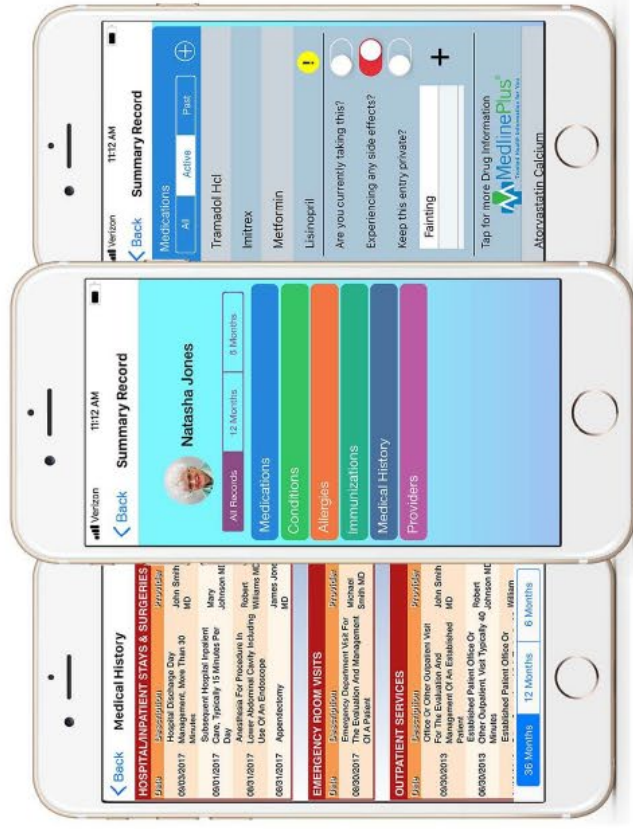
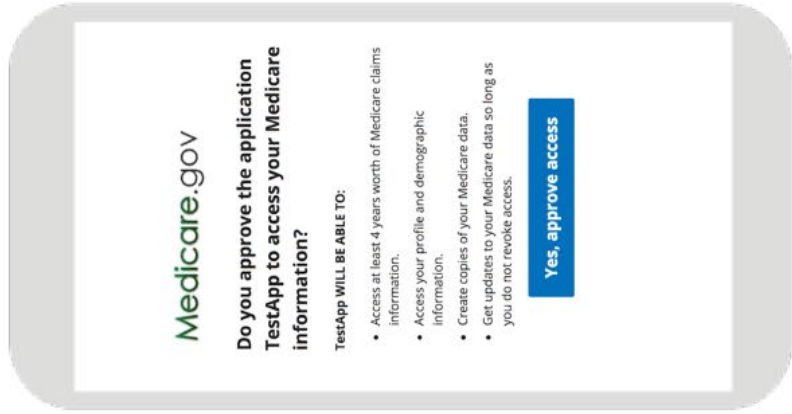
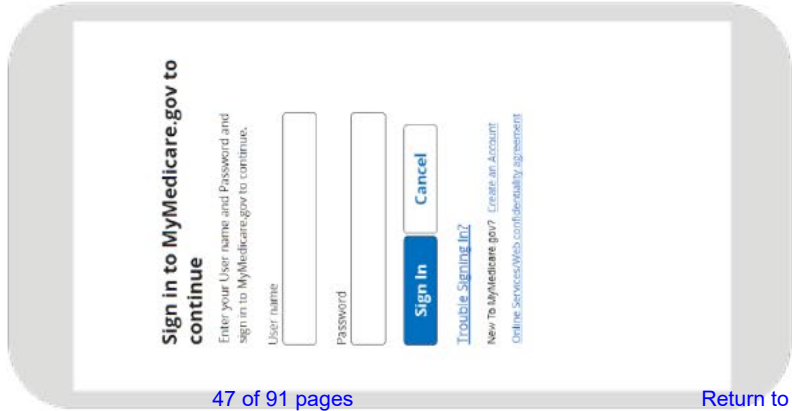















# PATIENT FIRST FOCUS – deciding when, who, and how one's health information is accessed & used

- Final CMS rules March 2020 / effective Jan 2021
- CMS per Plan cost estimate **\$788k - \$2.5M** with 6-month minimum implementation
- Mandates **technical standards** for payers & health information technology vendors
- Frees **health information**
  - Claims and encounters
  - Cost information
  - Clinical data
  - Provider Directory
- Publicly exposes **information blockers**
- Opens up **marketplace competition** for 3<sup>rd</sup> party healthcare applications
  - Pharmacy Formulary
  - Payer to payer exchange
  - Hospital Admission, discharge , transfer (ADTs) records
  - Improved Coordination of benefits (COB) for medi-medi

# Third Party Mobile Applications Chosen by our members in 'app' stores



# U.S. Core Data for Interoperability (USCDI v1)

<p><b>Assessment and Plan of Treatment</b></p> 	<p><b>Laboratory</b></p> <ul style="list-style-type: none"> <li>• Tests</li> <li>• Values/Results</li> </ul> 	<p><b>Provenance *NEW</b></p> <ul style="list-style-type: none"> <li>• Author</li> <li>• Author Time Stamp</li> <li>• Author Organization</li> </ul> 
<p><b>Care Team Members</b></p> 	<p><b>Medications</b></p> <ul style="list-style-type: none"> <li>• Medications</li> <li>• Medication Allergies</li> </ul> 	<p><b>Smoking Status</b></p>
<p><b>Clinical Notes *NEW</b></p> <ul style="list-style-type: none"> <li>• Consultation Note</li> <li>• Discharge Summary Note</li> <li>• History &amp; Physical</li> <li>• Imaging Narrative</li> <li>• Laboratory Report Narrative</li> <li>• Pathology Report Narrative</li> <li>• Procedure Note</li> <li>• Progress Note</li> </ul>	<p><b>Patient Demographics</b></p> <ul style="list-style-type: none"> <li>• First Name</li> <li>• Last Name</li> <li>• Previous Name</li> <li>• Middle Name (including middle initial)</li> <li>• Suffix</li> <li>• Birth Sex</li> <li>• Date of Birth</li> <li>• Race</li> <li>• Ethnicity</li> <li>• Preferred Language</li> </ul> 	<p><b>Unique Device Identifier(s) for a Patient's Implantable Device(s)</b></p> 
<p><b>Goals</b></p> <ul style="list-style-type: none"> <li>• Patient Goals</li> </ul> 	<p><b>Problems</b></p> 	<p><b>Vital Signs</b></p> <ul style="list-style-type: none"> <li>• Diastolic Blood Pressure</li> <li>• Systolic Blood Pressure</li> <li>• Body Height</li> <li>• Body Weight</li> <li>• Heart Rate</li> <li>• Respiratory rate</li> <li>• Body Temperature</li> <li>• Pulse oximetry</li> <li>• Inhaled oxygen concentration</li> </ul>
<p><b>Health Concerns</b></p> 	<p><b>Procedures</b></p> 	<p><b>Pediatric Vital Signs *NEW</b></p> <ul style="list-style-type: none"> <li>- BMI percentile per age and sex for youth 2-20</li> <li>- Weight for age per length and sex</li> <li>- Occipital-frontal circumference for children &gt;3 years old</li> </ul>
<p><b>Immunizations</b></p> 		

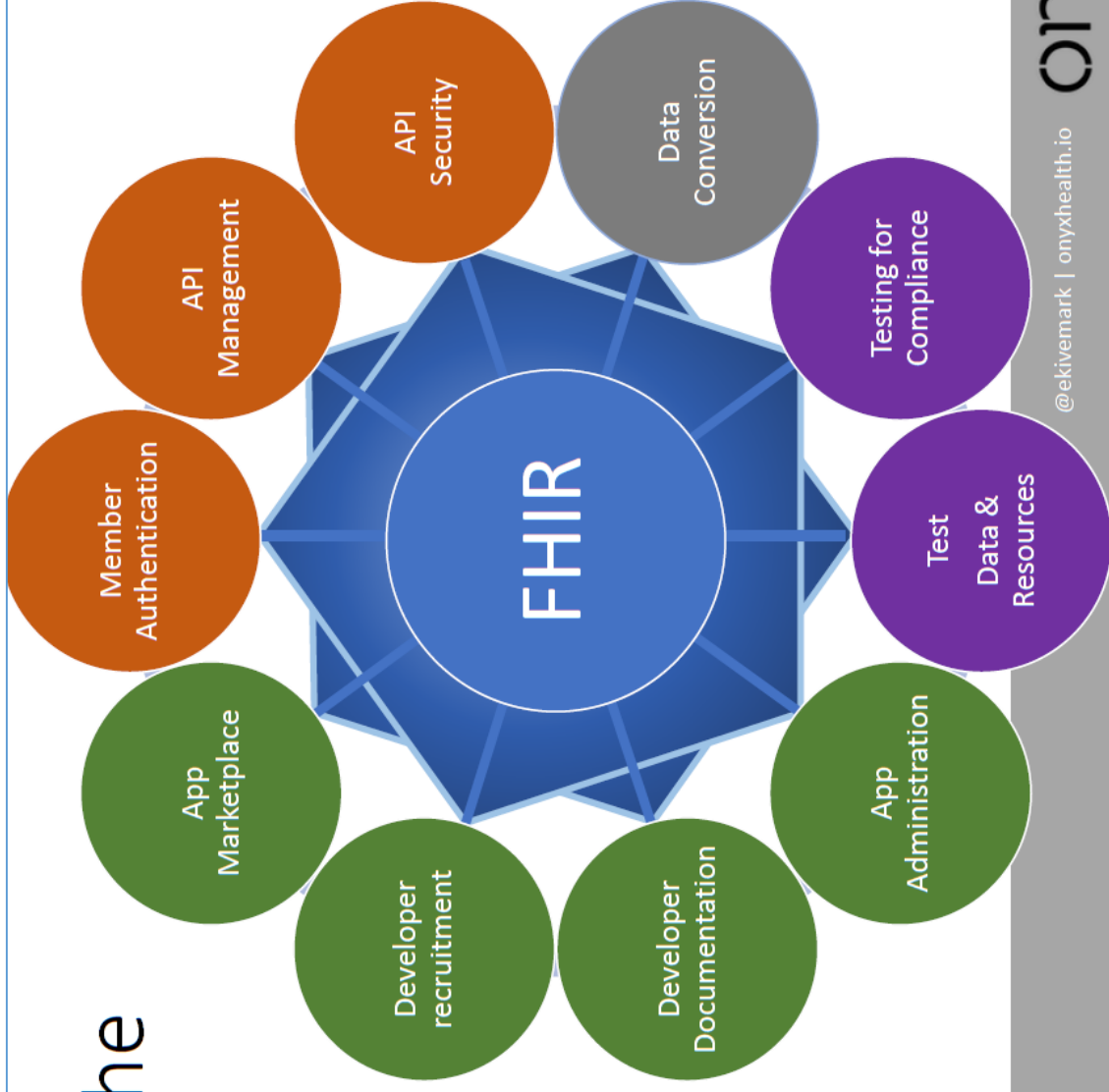


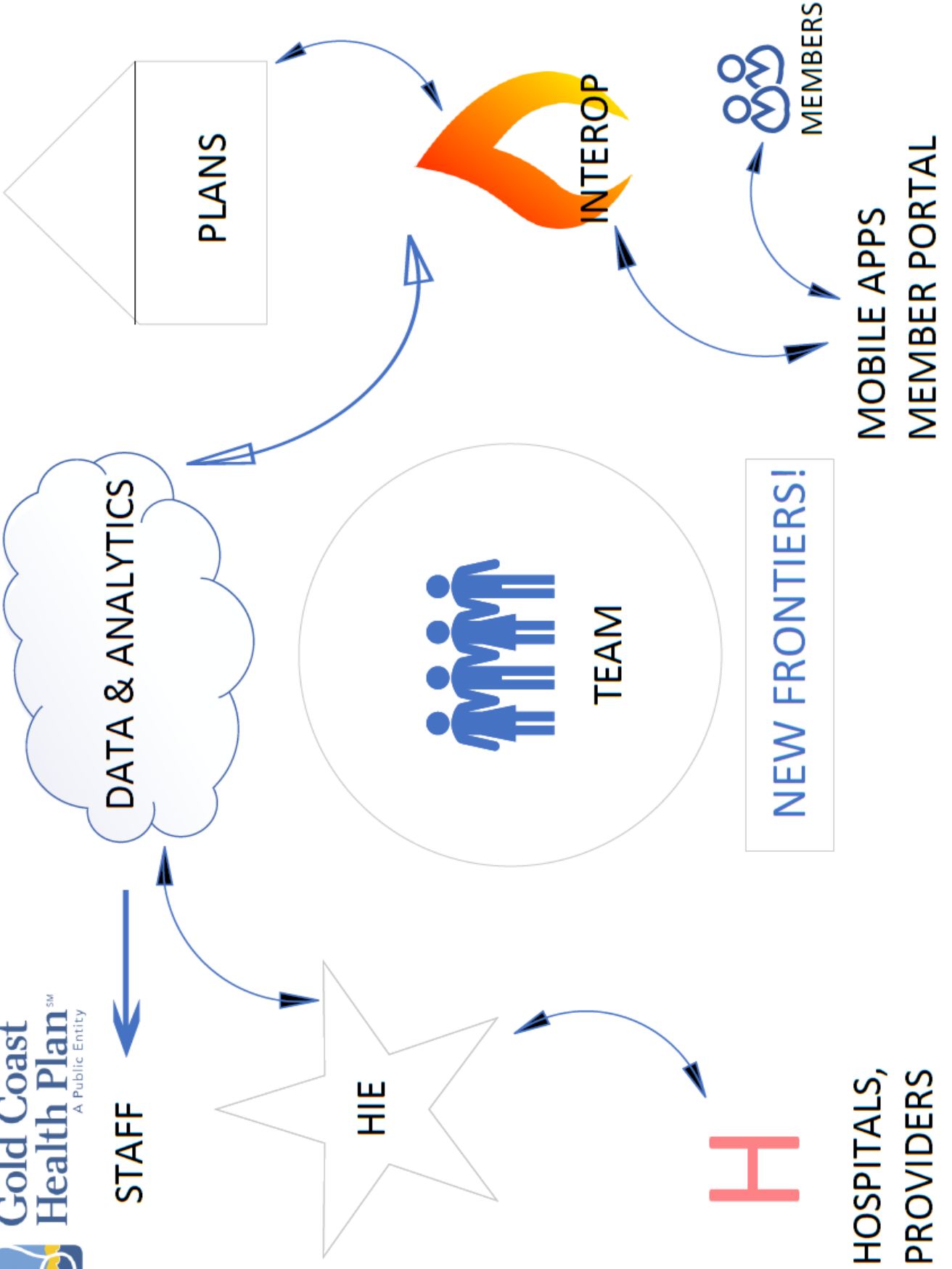
# CMS Interoperability = Robust Program

The FHIR API is the easy part...

You also need:

- **Governance**
- **Compliance**
- **Ingestion**
- **Security**
- **Community**

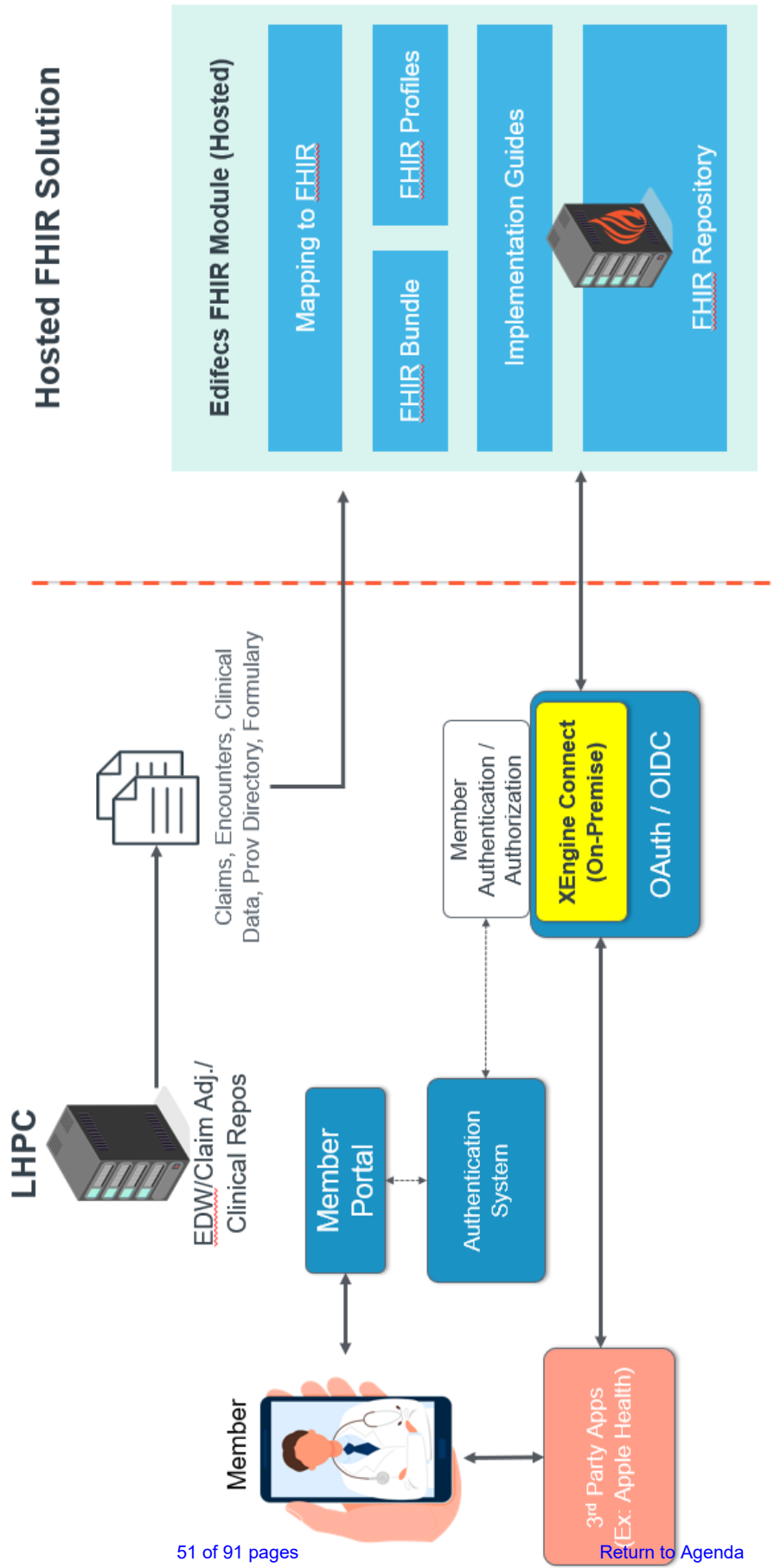




# Hosted Solution - Edifecs

January  
2021

## Phase 1: Patient API, Directory

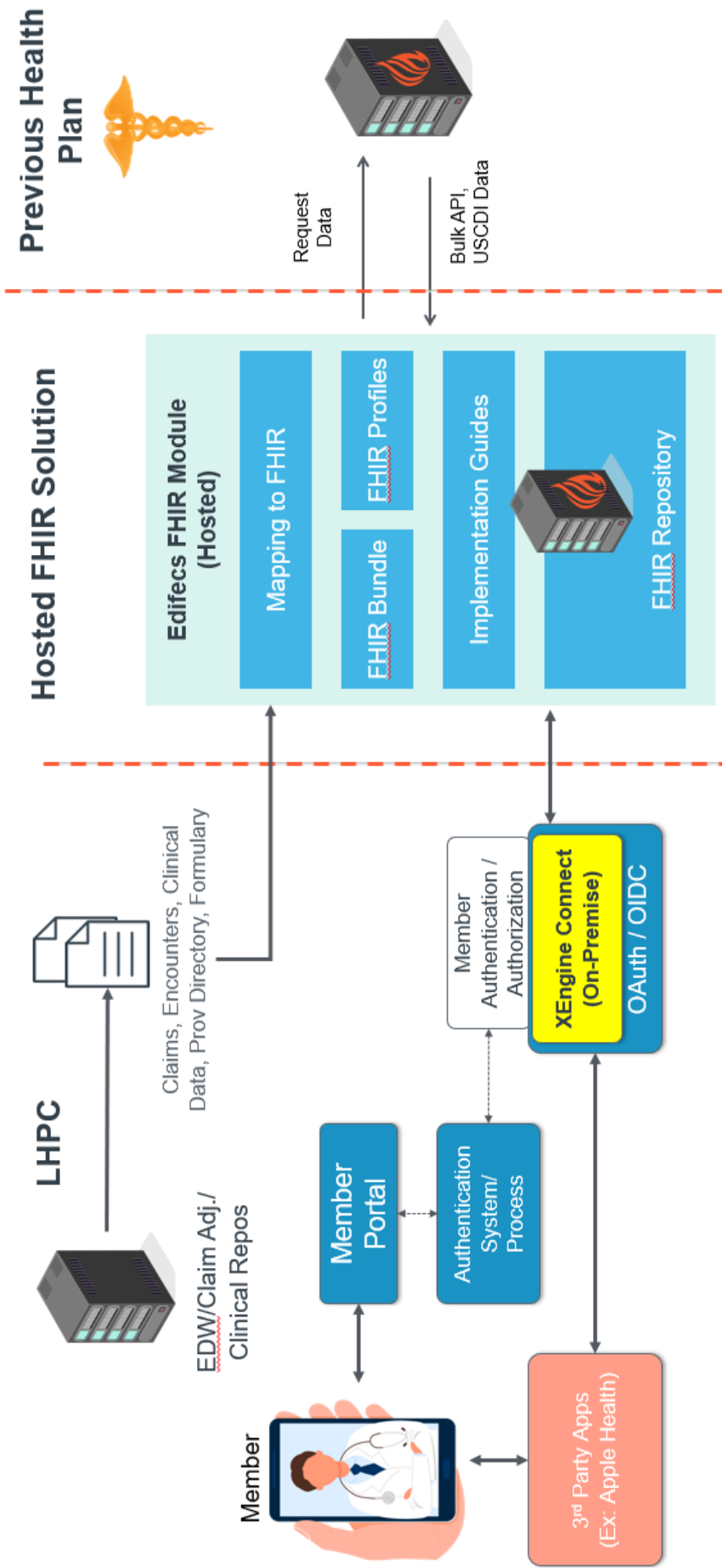


# Hosted Solution - Edifecs



## Phase 2: Payer to Payer Exchange

Use Case: Current LHPC member requests data from their current health plan as well as historical data from their previous plan



# Edifecs - 5 year Estimated Cost

	Year 1 One-time	Year 1 Recurring	Years 2 to 5*	TOTAL
Software and Hosting		\$ 136,250	\$616,618	\$ 752,868
Annual Managed Services & Operations Support		\$ 80,640	\$364,947	\$ 445,587
Certification Security & Privacy Services, 3 <sup>rd</sup> Party Vendor Apps	\$10,000			\$10,000
Implementation Fees	\$186,091			\$186,091
Data Mapping Fees	\$259,200			\$ 259,200
<b>TOTAL</b>	<b>\$455,291</b>	<b>\$216,890</b>	<b>\$981,565</b>	<b>\$1,653,746</b>
Contingency (~4.22%)				\$ 69,828
<b>TOTAL 5 YEAR CONTRACT, NOT TO EXCEED</b>				<b>\$1,723,574</b>

\*Includes annual 5% increase

# Interoperability Compliance Year 1 – Estimated Cost

Description	Year 1
Edifecs + Edifecs contingency	\$742,010
On premise hardware	\$58,000
Coffey GCHP public website changes	\$10,000
Transunion 274 provider file frequency changes	\$60,000
HSP core claims member portal changes	\$50,000
Printing member educational material	\$5,000
Legal fees	\$32,000
Year 1 contingency, non-Edifecs costs (~15.4%)	\$33,109
<b>TOTAL</b> *Staffing costs excluded	<b>\$990,119*</b>

# New Interoperability/Data Intelligence Business Capability

- Interoperability \$990k
- Health Information Exchange \$160k
- Data & Analytics \$295k

**TOTAL YEAR 1 INVESTMENT \$1.45M + STAFFING**

## New Product Team

6 FTEs shared in an ongoing focused program of work

- Program/Product Manager
- Data Integration Architect/Engineer
- Senior Decision Support Data Analyst
- Senior ETL/Integration/BI Developer
- Senior Business Systems Analysts (2)



# APPENDIX



# INTEROPERABILITY\*



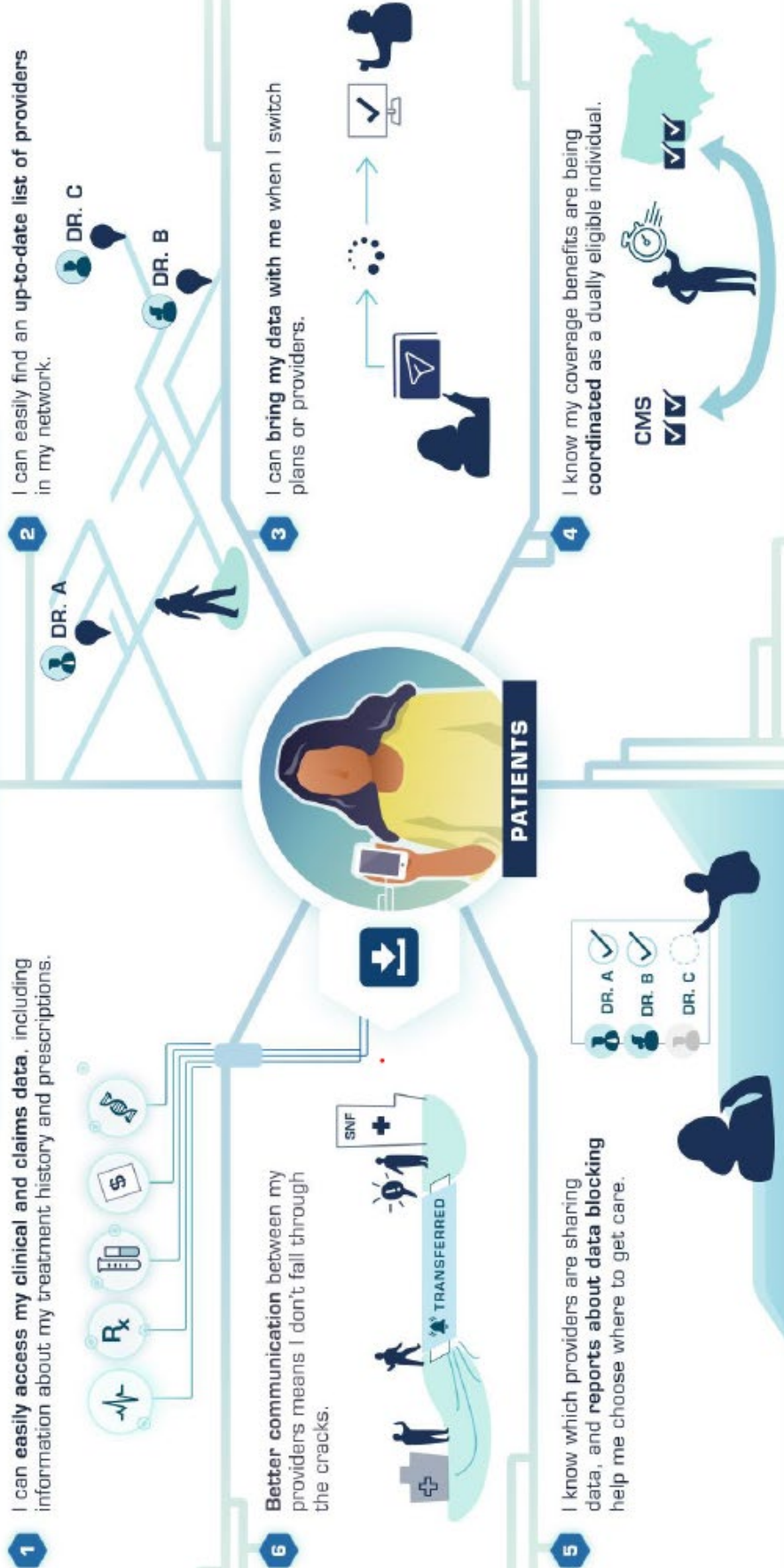
Interoperability, with respect to health IT, means such health IT that enables the:

- **secure exchange** of electronic health information with, and use of electronic health information from, other health IT
- **without special effort** on the part of the user,
- allows for **complete** access, exchange, and use
- of all **electronically accessible** health information
- for **authorized use** under applicable state or federal law;
- and does not constitute **information blocking**

*\*Defined in section 3000 of the Public Health Service Act 42 U.S.C. 300jj as amended by section 4003 of the Cures Act*

# Patient Benefits

## HOW WILL THESE REQUIREMENTS IMPACT ME?



These policies will help me make informed decisions about my health care.

# Provider Benefits

## HOW WILL THESE REQUIREMENTS IMPACT ME?

**1** With **better access to patient data**, I can provide more informed treatment recommendations and help my patients make better care decisions.



**2** I know how to **contact other providers** my patient is seeing so we can share information and provide coordinated care.



**3** **Event notifications** that my patients are admitted, discharged, or transferred keep me in the loop.



These policies will help me confidently provide better care to patients.

# Payer Benefits

## HOW WILL THESE REQUIREMENTS IMPACT ME?

**1** Sharing health information with patients better engages them and strengthens our relationship.



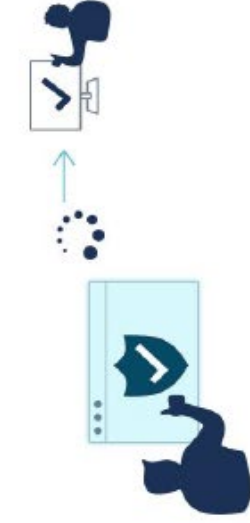
**2** Historical claims data helps patients understand their health care and expenses.



**4** Offering a provider directory through an API helps my patients find the doctors they need.



**3** Care Coordination in a payer-to-payer data exchange helps me provide coverage to get my patients the best outcomes.



These policies will increase my ability to provide more efficient and coordinated coverage.

# Edifecs – Detail Estimate

## 5 year Cost

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>SOFTWARE</b>						
Annual SaaS Fee (Hosted FHIR Solution)	\$87,430	\$91,802	\$96,392	\$101,211	\$106,272	\$483,107
Annual Managed Services/Ops Support	\$80,640	\$84,672	\$88,906	\$93,351	\$98,018	\$445,587
XEC Annual License Fee	\$48,820	\$51,261	\$53,824	\$56,515	\$59,341	\$269,761
Initial Base Solution Set-up (One-time)	\$14,091					\$14,091
<b>IMPLEMENTATION SERVICES</b>						
Implementation per plan (One-time)	\$140,000					\$140,000
XEC Implementation (One-time)	\$32,000					\$32,000
3rd Party Apps Certification Svcs(One-time)	\$10,000					\$10,000
Data Mapping (12 High Complexity) (One-time)	\$259,200					\$259,200
<b>Yearly Total</b>	<b>\$672,181</b>	<b>\$227,735</b>	<b>\$239,122</b>	<b>\$251,077</b>	<b>\$263,631</b>	<b>\$1,653,746</b>
<b>Cumulative Total</b>	<b>\$672,181</b>	<b>\$899,916</b>	<b>\$1,139,038</b>	<b>\$1,390,115</b>	<b>\$1,653,746</b>	

## AGENDA ITEM NO. 4

TO: Executive Finance Committee

FROM: Margaret Tatar, GCHP Interim Chief Executive Officer  
Kashina Bishop, Chief Financial Officer

DATE: June 11, 2020

SUBJECT: Gold Coast Health Plan Solvency Action Plan Update

### **BACKGROUND:**

The recession impact: The public health emergency associated with the coronavirus disease 2019 (COVID-19) pandemic has resulted in sudden and negative economic consequences for California. This has significant implications for the state's budget. The Newsom Administration released its May Revision last month, the budget assumes a deficit of over \$54 billion over the next two fiscal years. In order to address the deficit, from a Medi-Cal perspective, the Administration proposed the elimination of Medi-Cal Adult Optional benefits, withdrawal of proposed programs found in the January budget proposal and proposed managed care rate reductions and program efficiencies.

However, on May 27, the California Senate Budget Committee released its own budget proposal. The proposal assumes that the Federal Funds will come in and rejects several trigger cuts found in the Administration's budget proposal. However, if Federal funds are not obtained, the Senate has proposed several trigger cuts that will take effect starting October 1, 2020. The final Legislative budget proposal must be sent to the Governor by June 15, 2020. The Governor has until June 30 to line item veto or approve the proposed budget.

Regardless of the adopted budget, the fiscal challenge is grave and will be known with greater certainty upon collection of tax revenues in July 2020. Further, the state's fiscal challenges will extend well beyond the end of the public health crisis. Experts estimate budget deficits persist until 2023-24.

The increase in Medi-Cal enrollment: Another impact of the recession is that, as unemployment rises, so too will Medi-Cal enrollment. Experts believe that California could see an increase in Medi-Cal enrollment of up to 20%. As the Medi-Cal plan for Ventura County, it is critical that GCHP be poised to meet the challenges of the next three (3) to four (4) years in meeting its

obligations to the Commission, the community, the providers and, most importantly, its members. In order to do that, it is imperative that GCHP function optimally, operate with fiscal prudence, and maintain – as paramount – its commitment to the mission of this organization. To meet these obligations, GCHP must address its Tangible Net Equity (TNE) situation.

TNE and its criticality: TNE reflects a health plan's solvency. If a plan falls below its required TNE, it can be deemed insolvent and subject to conservatorship. Excess TNE, the difference between required TNE and total TNE, is often considered to be a plan's 'reserves'. The following are the relevant technical definitions:

1. TNE is a health plan's total assets minus total liabilities reduced by the value of intangible assets and unsecured obligations of officers, directors, owners, or affiliates outside of normal course of business.
2. Required TNE for a plan is the greater of 1 million dollars or a % of premium revenues or a % of healthcare expenses.
3. Excess TNE is the difference between total TNE and required TNE.
4. Liquid TNE excludes receivables, fixed assets (non-liquid) and affiliate payables (except subordinated liabilities) from the TNE calculation.

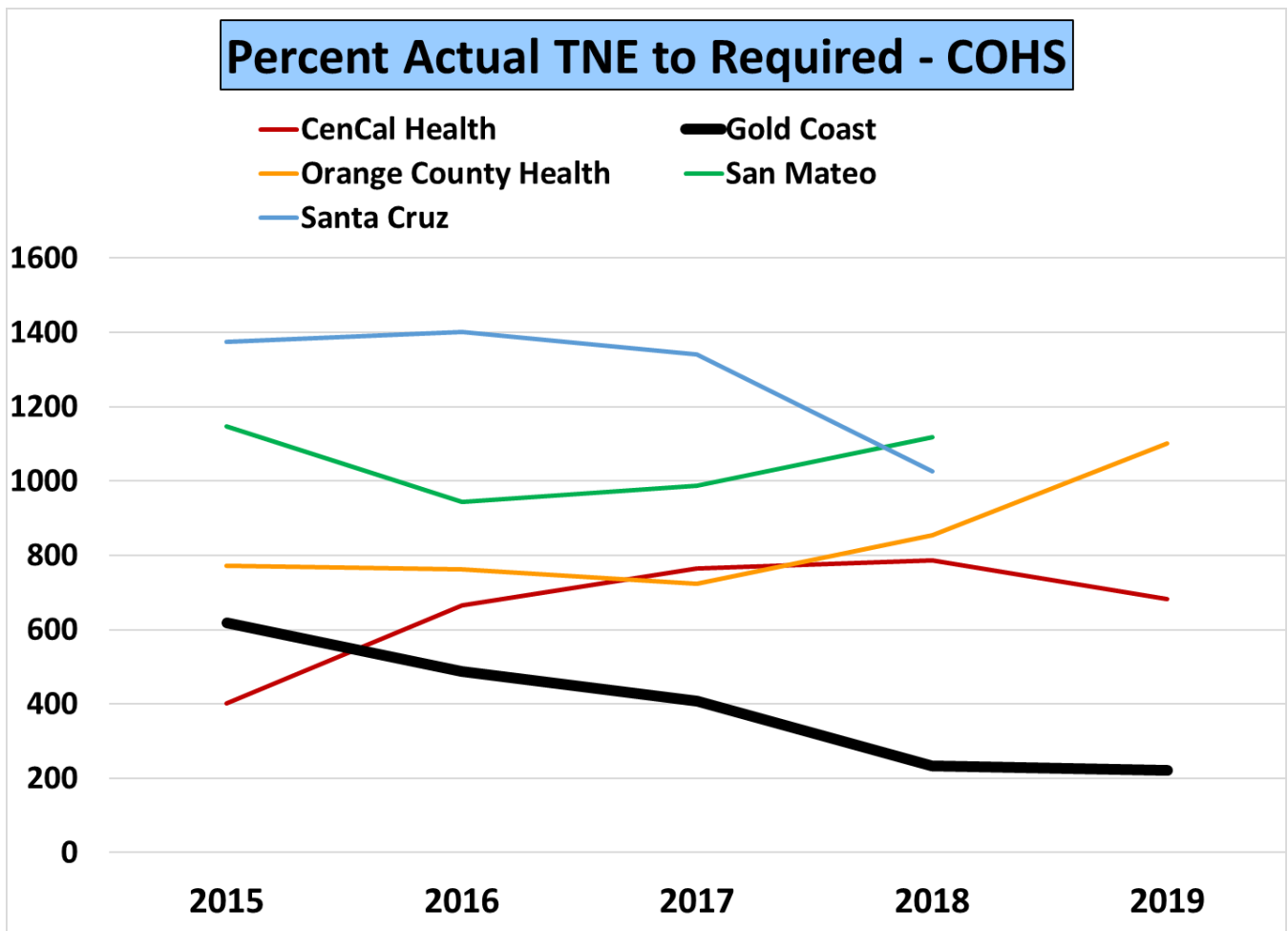
From a regulatory perspective, it has been common practice for the Department of Health Care Services (DHCS) and the Department of Managed Health Care (DMHC) to more closely monitor the financial condition of those plans that reach, or fall below, 200% TNE and put plans on a watch list at, or below 150% TNE. The purpose of such enhanced monitoring or placing a plan on the 'watch list' is to avert the ultimate insolvency of the plan and attendant disruptions in enrollee care resulting from such insolvency. It should be noted that a plan would incur the costs of enhanced monitoring or State-imposed monitors.

Neither DHCS nor DMHC establishes minimum Excess TNE (or reserve levels) for the Medi-Cal plans. Plans and their Boards of Directors establish targeted minimum Excess TNE levels (or reserves) as a prudent exercise of their fiduciary obligation. In so doing, plans and Boards assess impacts of potential state budget crises and unanticipated or unbudgeted medical costs to identify the targeted levels of reserves (or Excess TNE) sufficient to weather such contingencies should they occur.

The following charts show the relative Excess TNE levels among the public plans over the past five years. Chart 1 shows Percent Actual TNE to Required trend lines for the County Organized Health Systems (COHS) plans individually by COHS for the years 2015 - 2019. Chart 2 shows

the same Percent Actual TNE to Required trend lines for all public plans with color coding by plan type: red for the COHS plans, blue for the Local Initiatives (LI), and bold black for Gold Coast Health Plan for the same time period as Chart 1. You will note that GCHP is a marked outlier on both of these charts, which is particularly grave given the fact that Medi-Cal enrollment trends and rates were generally favorable for California’s public plans during this time period.

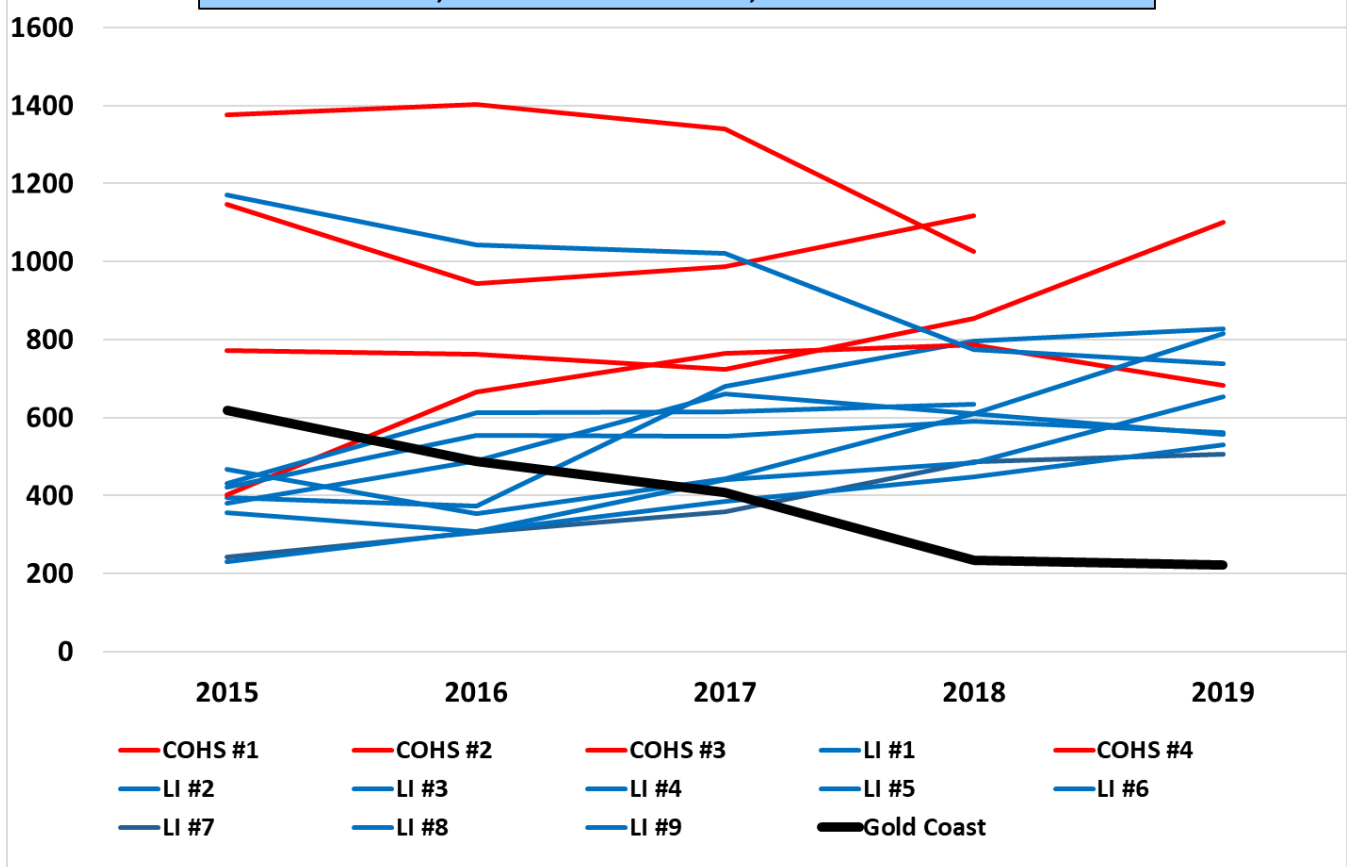
**Chart 1:** The following chart depicts Excess TNE by showing the trends of actual TNE as a percentage of required TNE for COHS plans for 2015-2019:



**Chart 2:** The following chart depicts Excess TNE by showing the trends of actual TNE as a percentage of required TNE for all the public plans, color-coded for COHS plans (red) and LI plans (blue) for 2015-2019:

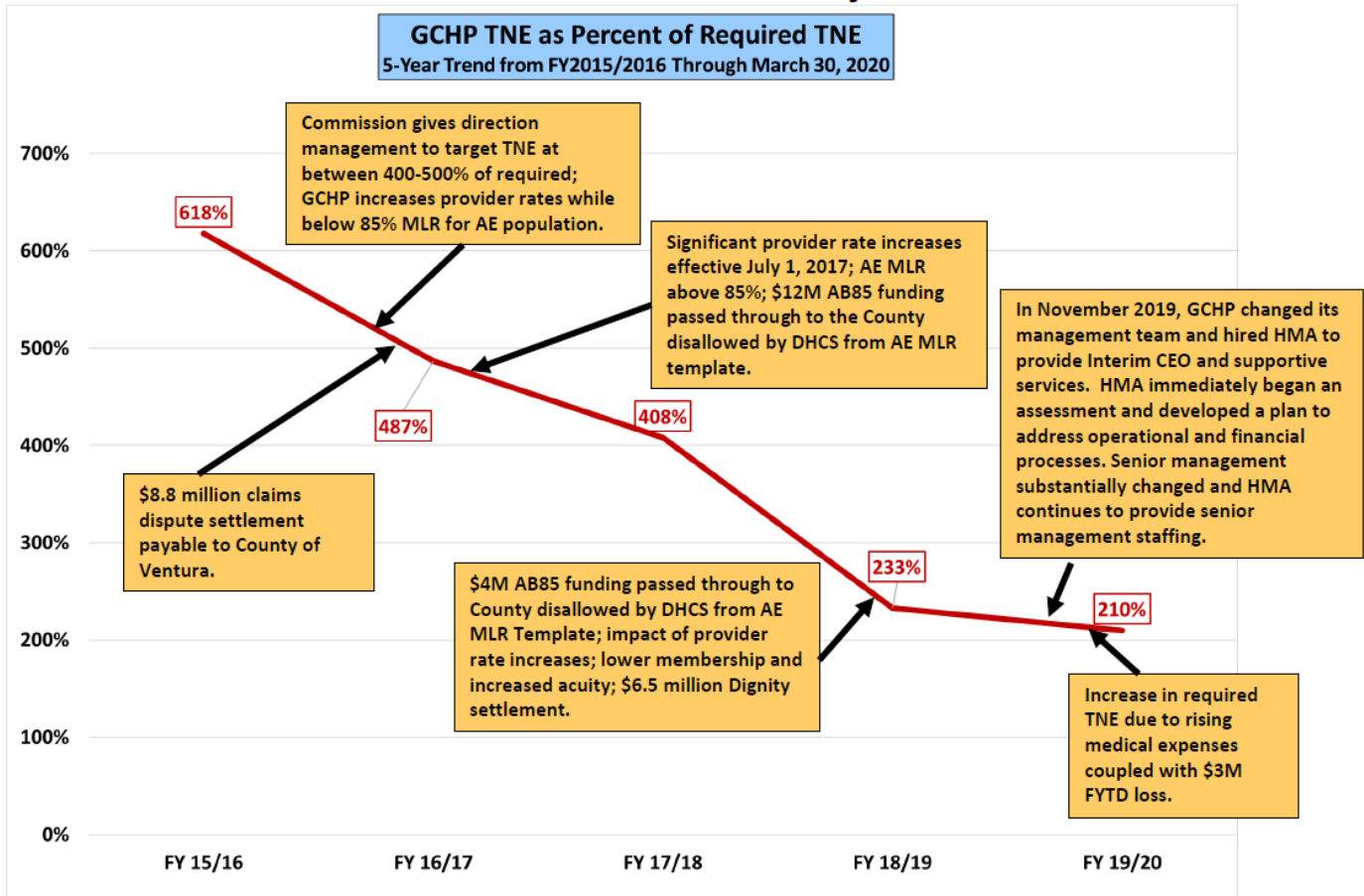


**Percent Actual TNE to Required - COHS and LI by Grouping**  
 COHS in Red, Local Initiatives in Blue, Gold Coast in Bold Black



**Chart 3:** The following chart depicts the root cause of how Excess TNE decreased over a five-year time period:

# Root Cause Analysis

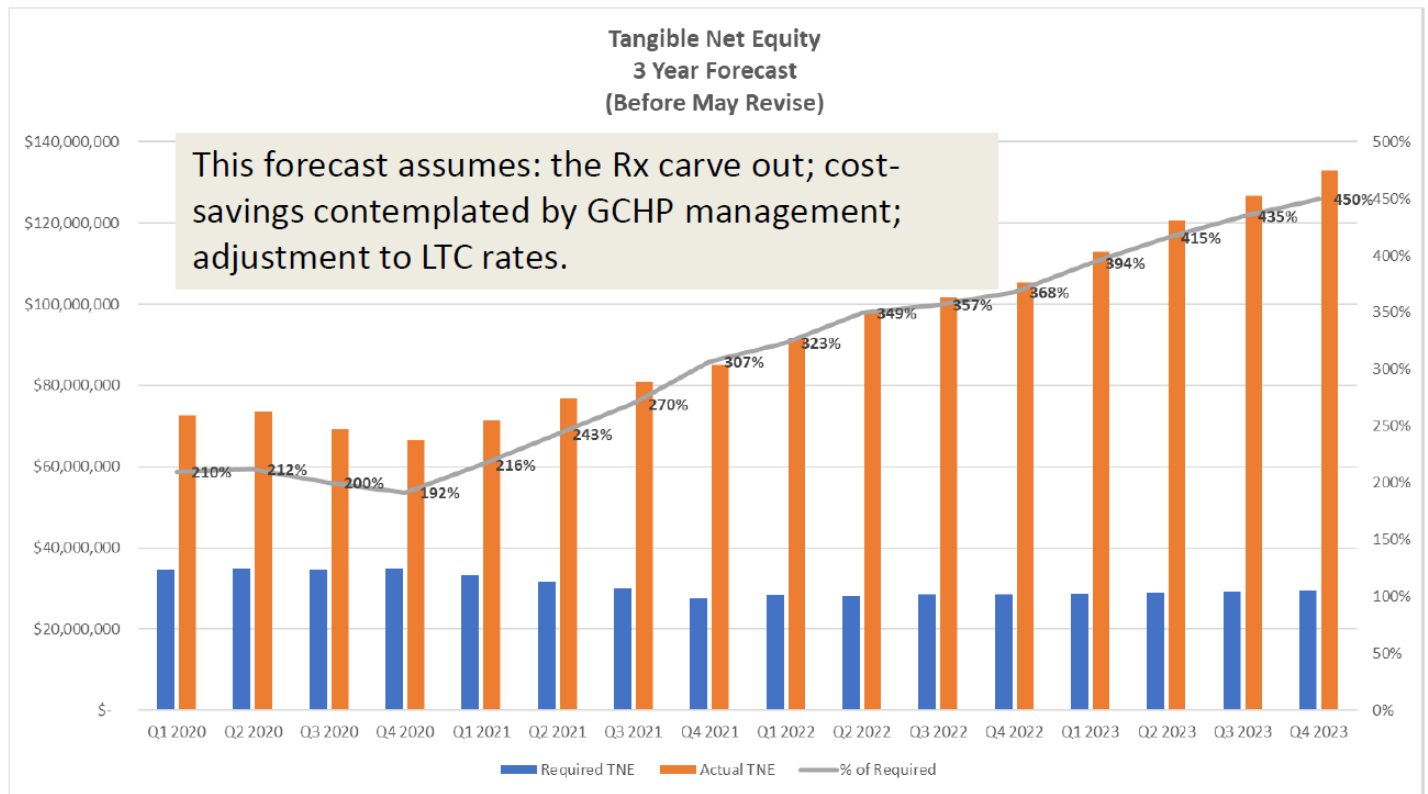


## DISCUSSION:

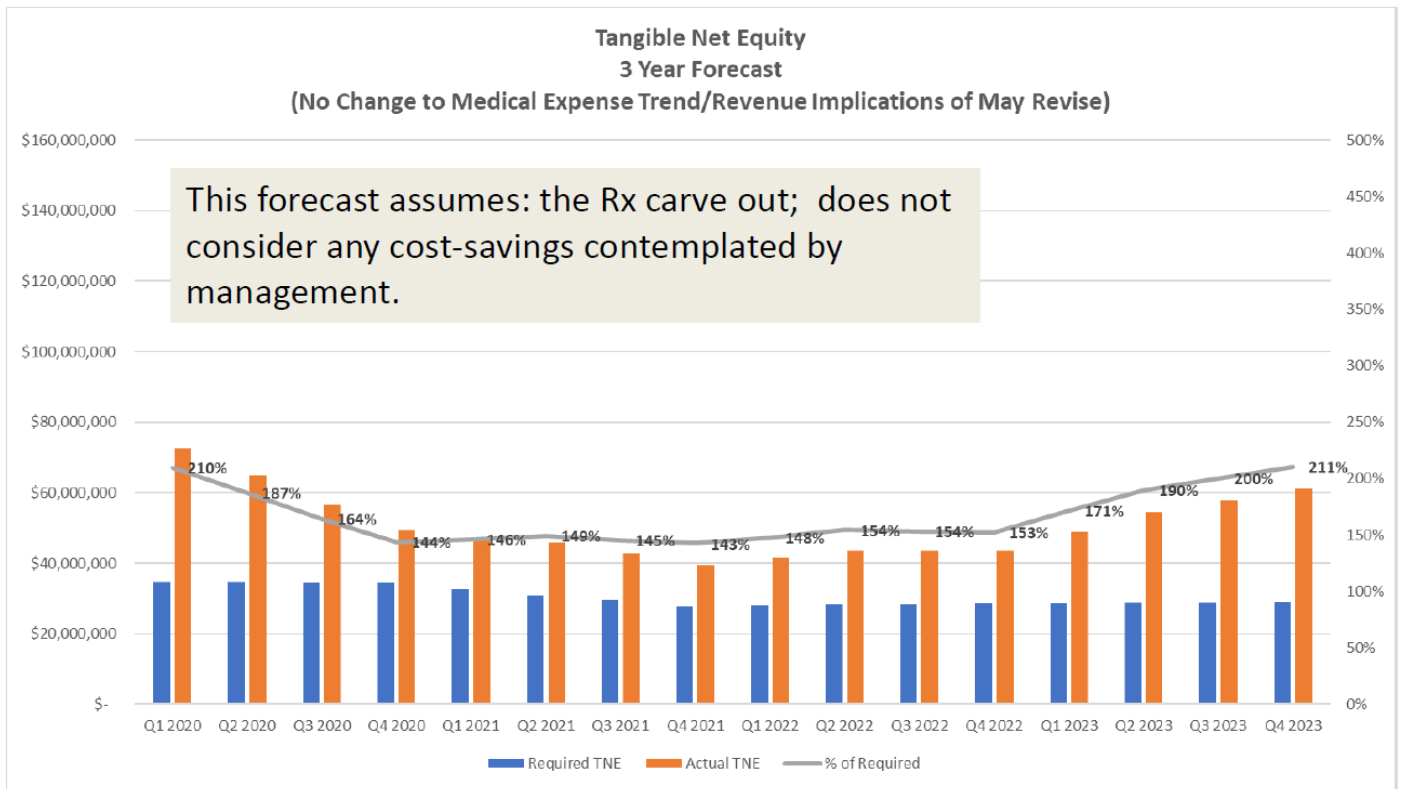
As the Commission knows, the management team has already begun the process of stalling the decline of Excess TNE. Chart 1, 2, and 3 depict this change in the trajectory of the Excess TNE trend lines. However, the global pandemic and resulting recession require more deliberate and concerted efforts to ensure GCHP’s ongoing solvency. To that end, your management team has developed a Solvency Action Plan.

Per the Tangible Net Equity and Working Capital Reserve Funds Policy (FI-004), to ensure financial longevity it is the Plan’s goal to maintain a minimum TNE amount between 400% and 500% of the required TNE amount. Below you will find charts with the projected time it will take to build the excess TNE, which depicts the critical importance of immediate action to address solvency.

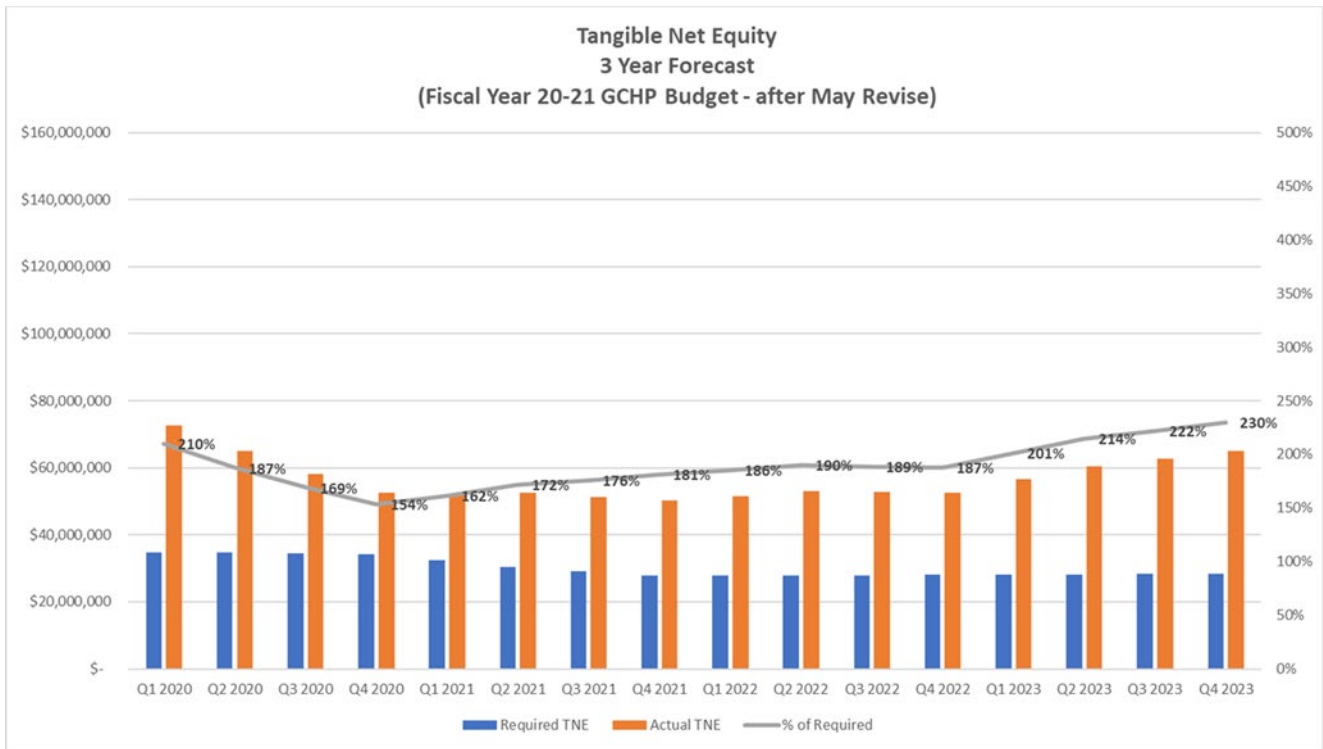
**Chart 4 (Before May Revise or ‘Old Normal’):** This forecast models the TNE trajectory management assumed prior to the recession, and with the initial phase of the Solvency Action Plan. It indicated the Plan would hover around or slightly below 200% of required TNE until January 2021 at which point the Plan would be at a point of continued and strategic upward recovery.



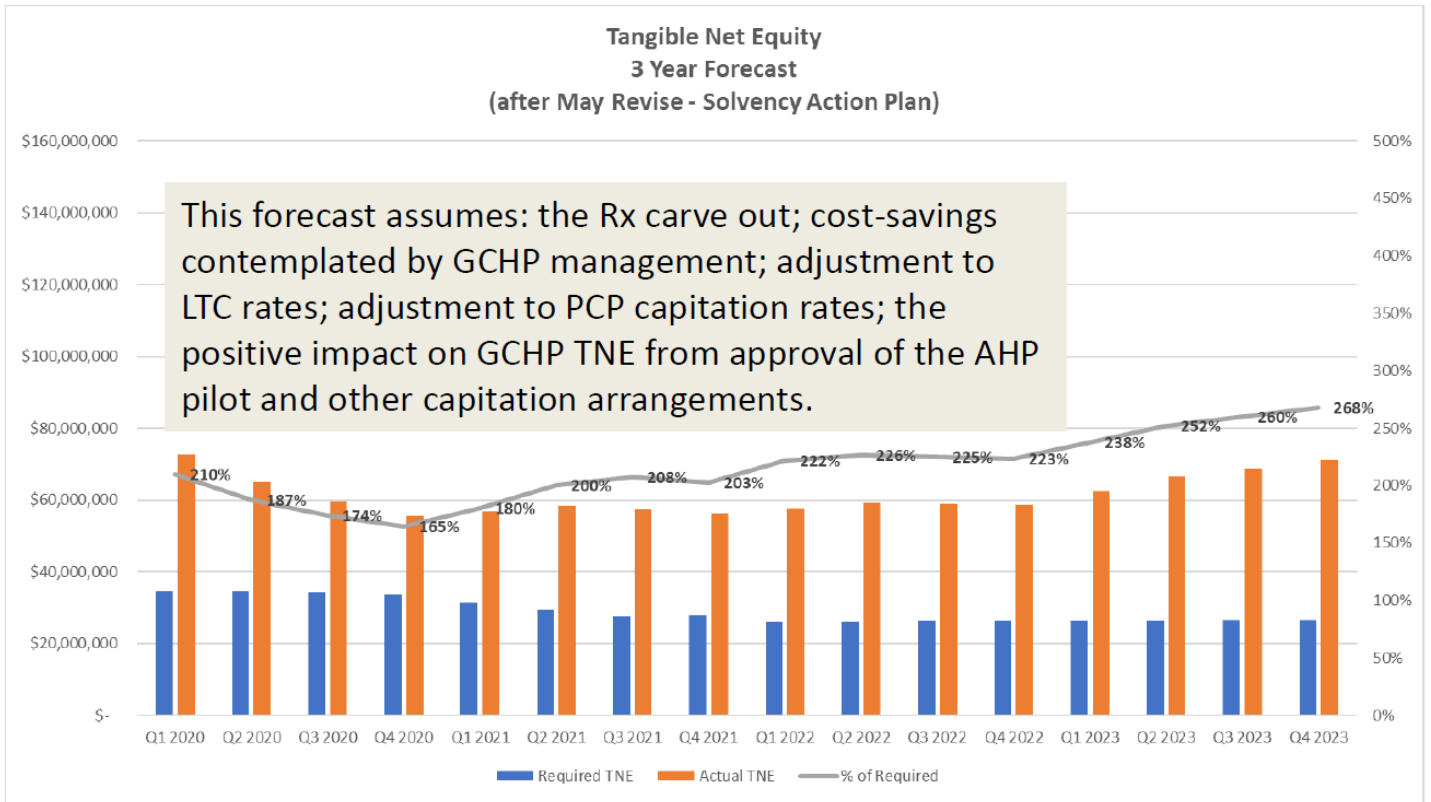
**Chart 5 (Worst Case Scenario):** This forecast models the projected TNE incorporating the revenue implications of the May Revise and assumes that current trend factors to medical expenses continue. If the Plan continues this trajectory, it would be at grave financial risk, and would not begin to recover until 2023.



**Chart 6 (Budget – after May Revise):** This forecast represents the assumptions included with the budget document. It incorporates the revenue implications of the May Revise, and nominal growth to unit costs based on minimal assumed savings for initiatives in process and the moderation of medical expense trends due to expanded membership. This indicates that we approach 150% of our required TNE by the end of 2020, with some recovery of TNE as a percent of required TNE in 2021.



**Chart 7 (Recommended – After May Revise + Solvency Action Plan):** This forecast incorporates additional saving assumptions, consistent with the Solvency Action Plan.



**Solvency Action Plan:**

Staff recommends a phased in approach to the Solvency Action Plan which includes initiatives to achieve cost savings. Below you will find the various initiatives GCHP’s management team will incorporate to achieve excess TNE levels depicted in chart 7, the preferred approach.

Phases	Action(s)	ETA
Phase 1	Secure Commission approval of key elements Institute GCHP administrative reductions Make necessary rate adjustments to Adult Expansion and LTC rates	June 2020
Phase 2	Focus on value-based purchasing throughout network Implement HMS recoveries Analyze additional rate adjustments based on final State budget	August 2020 and ongoing
Phase 3	Advance capitated network development for certain services	February 2021
Phase 4	Advance centers of excellence and HIE with ER notification Shift to APR-DRG for contracted hospitals	April 2021

**FISCAL IMPACT:** This approach is projected to put GCHP above 200% TNE by the end of June 2021.

**RECOMMENDATION:** Staff recommends that the Executive Finance Committee approve the Solvency Action Plan.

## **AGENDA ITEM NO. 5**

**TO:** Executive Finance Committee  
**FROM:** Kashina Bishop, Chief Financial Officer  
**DATE:** June 11, 2020  
**SUBJECT:** Fiscal Year 2020-2021 Operating and Capital Budgets

### **SUMMARY:**

Staff is presenting the FY 2020-2021 Operating and Capital Budgets of Gold Coast Health Plan ("Plan") for the Executive / Finance Committee for review.

### **RECOMMENDATION:**

The Plan requests that the Executive / Finance Committee recommend approval of the FY 2020-2021 Operating and Capital Budgets, and corresponding contract renewals outlined in the appendix, to the Commission.

### **ATTACHMENTS:**

Draft FY 2020-2021 Operating and Capital Budgets





# Gold Coast Health Plan<sup>SM</sup>

A Public Entity

## FY 2020-2021 OPERATING AND CAPITAL BUDGETS

**DRAFT**

## Executive Budget Summary

### Overview

The FY 2020-21 budget is being developed at a time of unprecedented uncertainty and economic and social turmoil. Gold Coast Health Plan is not financially positioned to withstand further losses and must act expeditiously to maintain solvency. The recession and corresponding fiscal challenges at the State will continue to challenge the Plan and our providers for the foreseeable future.

While GCHP is in a vulnerable financial position, investing in important projects at this critical point will mitigate the adverse impact of future risks and allow the Plan to meet evolving demands and regulatory requirements. The Plan must successfully implement the new core administrative services platform, Health Solutions Plus, and the project to meet federal requirements under the Interoperability Rule<sup>1</sup>. While there are administrative costs associated with these projects, there will be long term efficiencies, cost savings, and benefits to providers and members.

Due to significant uncertainties with revenue from the State and the impact of COVID-19 on medical expenses, the budget includes several scenarios ranging from conservative to optimistic. Staff is closely monitoring information from the State and assessing financial impacts; staff will bring the Commission revised budget forecasts as material changes occur. The budget incorporates revenue impacts based on the May Revision of the State budget (May Revise), including a 1.5% revenue reduction retroactive to July 1, 2019 and a 3% efficiency adjustment to the calendar year 2021 rates.

It should be noted at the outset that the GCHP FY 2020-21 general and administrative budget is \$54,930,839. This is 7.3% of estimated revenue and *5 million less than the amount allocated in the capitation rates for administrative expenses which is a total of \$60,142,015*. GCHP has been aggressive about its administrative budget in response to the projected losses and uncertainty at the State level. *Accordingly, GCHP's administrative budget, including care management expense, has decreased by \$2.8 million and 5% from the FY 2019-20.*

In any budget year, and heightened by this fiscal year's uncertainties, there are several variables that can impact actual Plan's performance including:

- Changes in State policy which impact forecasted revenue.
- Membership trends.
- Medical expenses that fluctuate based on the medical needs of the membership and unknown factors such as disease outbreaks, social unrest and fires.

<sup>1</sup> The Centers for Medicare & Medicaid Services (CMS) Interoperability and Patient Access final Rule (Rule) (CMS-9115-F).

GCHP is deeply committed to the long-term stability of Plan finances through implementation of the Solvency Action Plan, the health care needs of the Plan's members, the future success of the Plan, and the value that the Plan brings to its members and the provider community. GCHP remains dedicated to its mission to improve the health of our members through the provision of high-quality care and services.

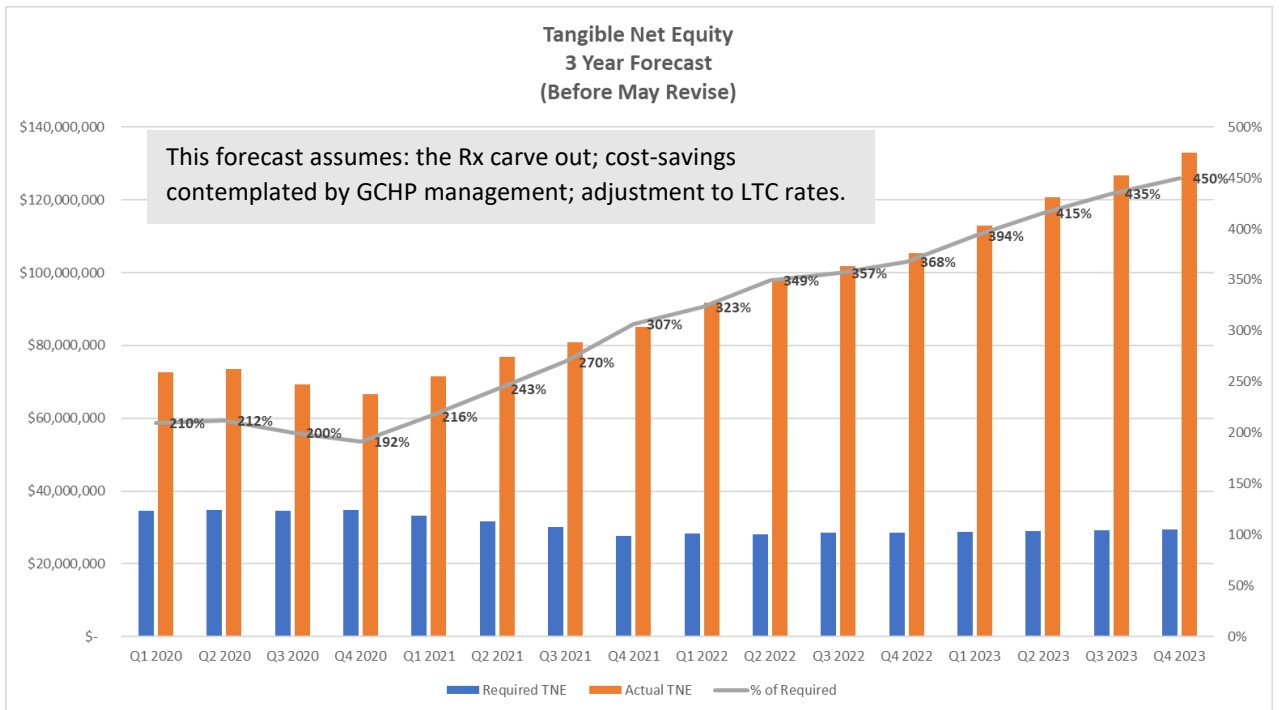
This document outlines the fiscal year 2020-21 operating and capital budgets and major associated assumptions. It is segregated into 6-month increments to demonstrate the impact of adjusted and reduced rates from the State effective January 1, 2021, and the State's pharmacy carve out under Medi-Cal Rx. The budget estimates significant losses of approximately \$12.4 million in the first six months of the fiscal year, with a small loss of \$90,000 in the first 6 months of 2021.

Subject to the Commission's express approval, included in the appendix are contract renewals for the upcoming year. During the FY 2019-20 budget, the Commission approved, on a one-year trial basis, contract renewals not subject to the RFP process within the budget process.

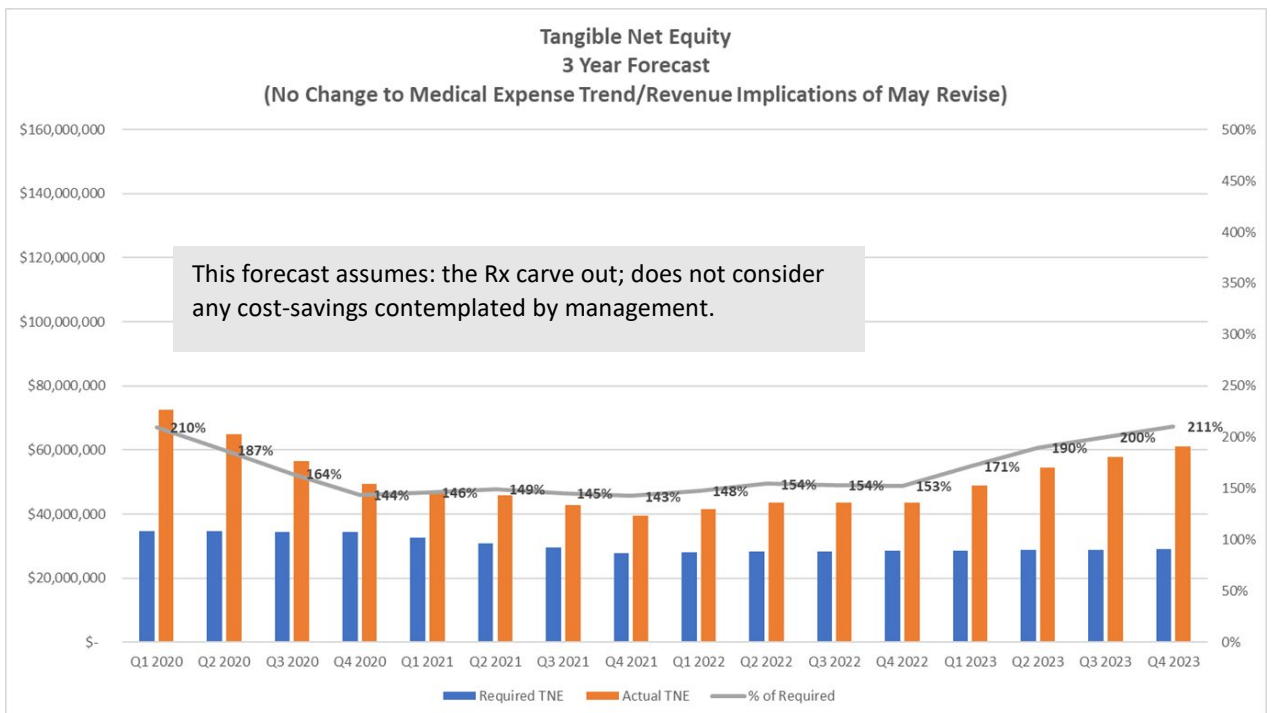
### **Tangible Net Equity (TNE) 3 Year Forecasts**

Four scenarios are presented below. Scenario A is the assumed budget scenario before the pandemic and associated revenue reductions; the critical importance of the Solvency Action Plan is demonstrated by the forecast outlined in Scenario B, which assumes the Solvency Action Plan is not implemented; Scenario C, representing the budget, incorporates the financial implications of the May Revise, with trend factors that assume nominal growth to unit costs; scenario D assumes full implementation of the Solvency Action Plan.

- A.** This forecast models the TNE trajectory management assumed prior to the recession, and with the initial phase of the Solvency Action Plan. It indicated the Plan would hover around or slightly below 200% of required TNE until January 2021 at which point the Plan would be at a point of continued and strategic upward recovery.

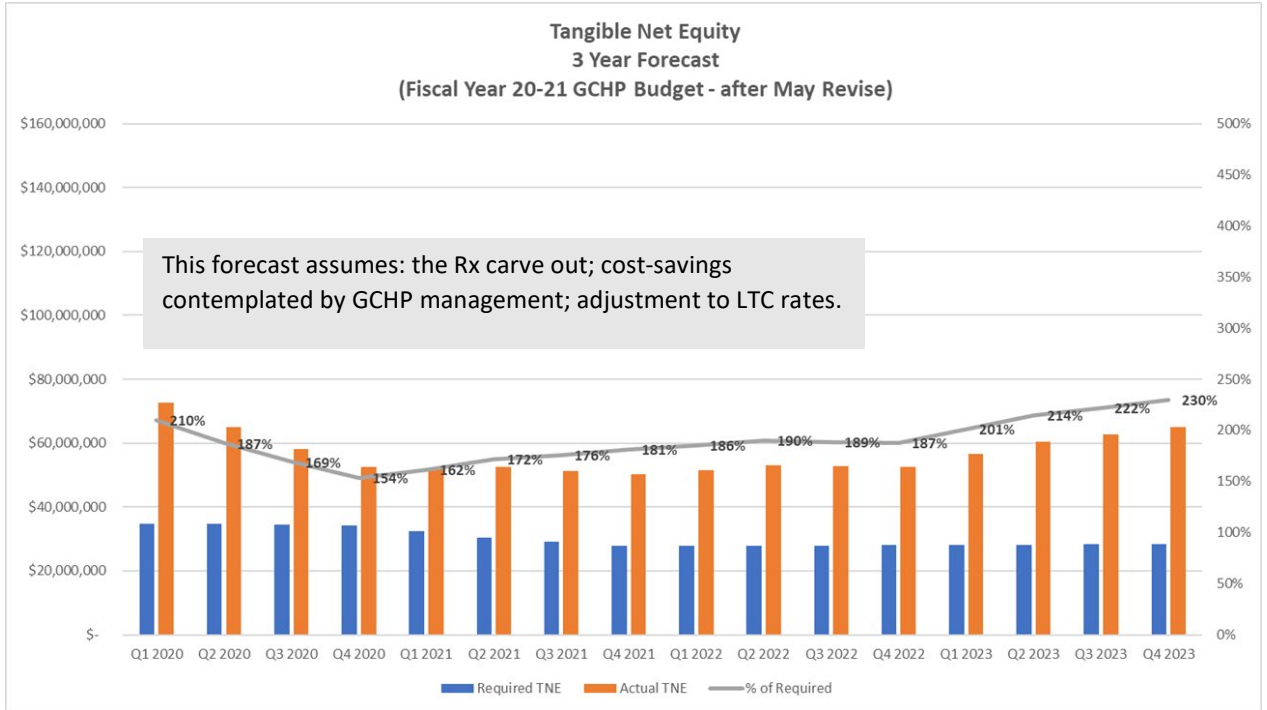


**B.** This forecast models the projected TNE incorporating the revenue implications of the May Revise and assumes that current trend factors to medical expenses continue. If the Plan continues this trajectory, it would be at grave financial risk, and would not begin to recover until 2023.

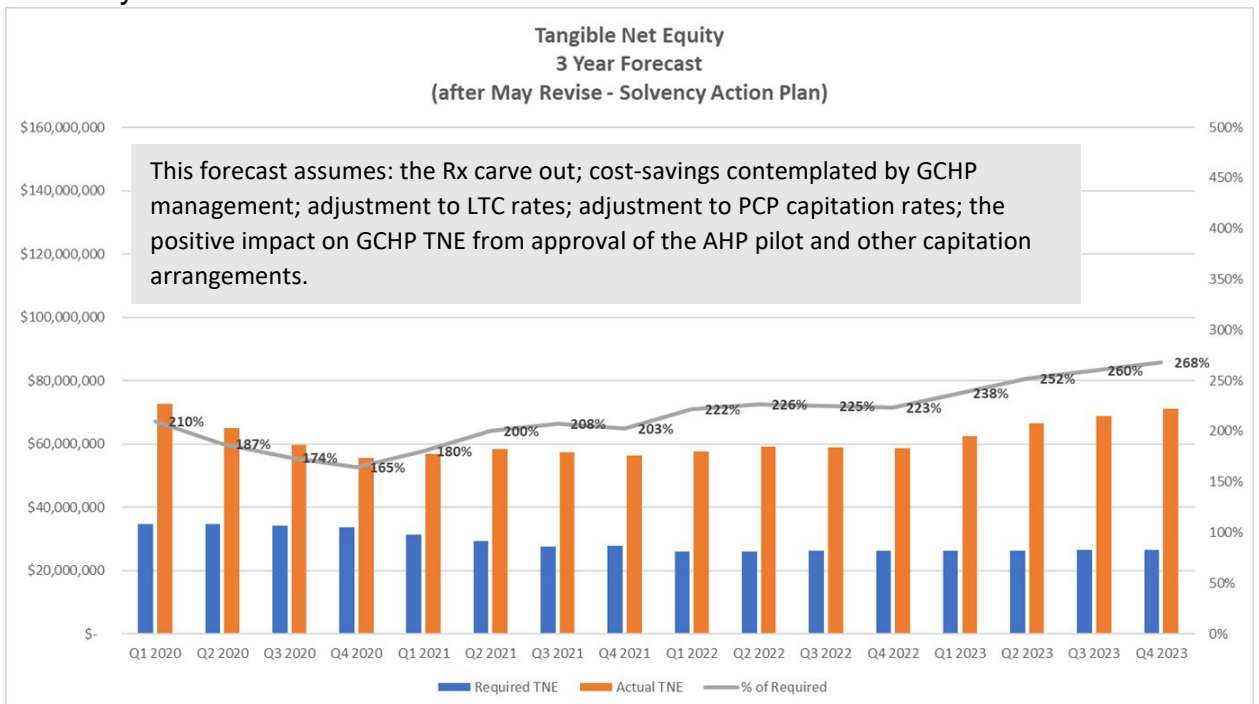


**C.** This forecast represents the assumptions included with the budget document. It incorporates the revenue implications of the May Revise, and nominal growth to unit costs based on minimal assumed savings for initiatives in process and the moderation of medical expense trends due to expanded

membership. This indicates that we approach 150% of our required TNE by the end of 2020, with some recovery of TNE as a percent of required TNE in 2021.



**D.** This forecast incorporates additional saving assumptions, consistent with the Solvency Action Plan.



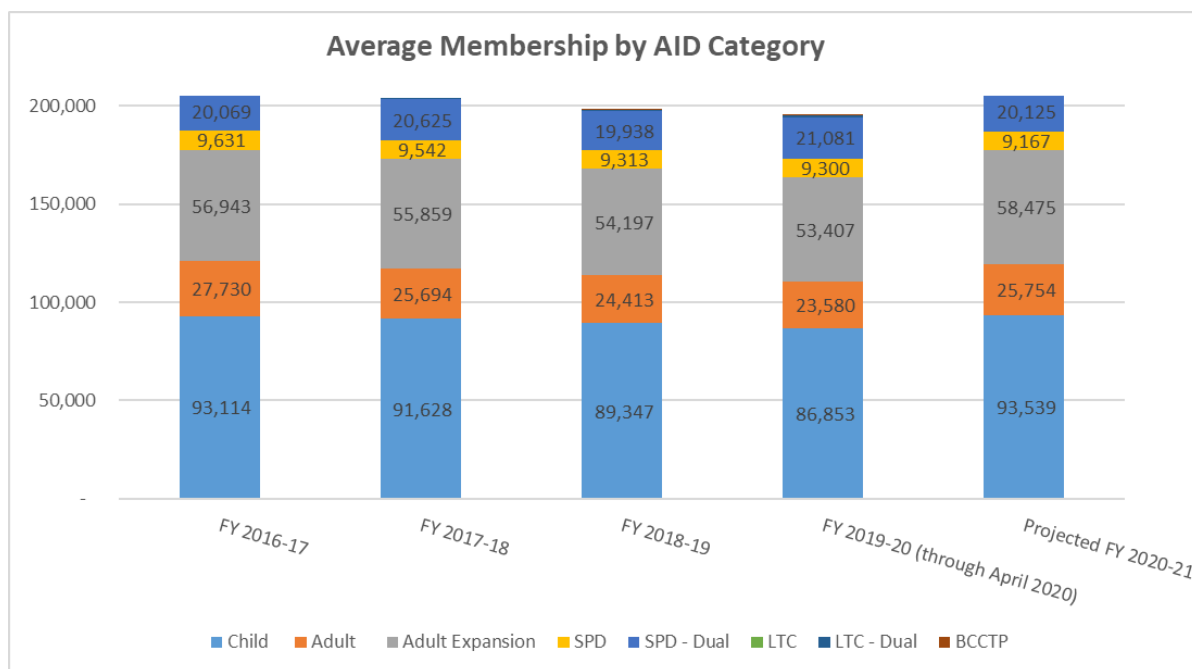
## Membership

Due to the strong correlation between unemployment and Medi-Cal enrollment, membership is projected to remain stable in the SPD and LTC categories of AID and increase by 12% in Child, Adult, and Adult Expansion gradually between April 2020 and December 2020. Total membership is projected to be approximately 210,000 by the end of the fiscal year. For reference, the table on page 5 is historical data that reflects changes in Medi-Cal enrollment over several recessions.

Years Spanned (Total # of Months During Economic Recession) <sup>1</sup>	Start Date of Economic Recession	End Date of Economic Recession	Year-over-year change in Medi-Cal Enrollment <sup>2</sup>
1970 (11)	January 1970	November 1970	22.6%
1973-1975 (16)	December 1973	March 1975	-2.2%
			3.9%
			9.1%
1980 (6)	February 1980	July 1980	4.8%
1981-1982 (16)	August 1981	November 1982	3.9%
			-1.4%
1990-1991 (8)	August 1990	March 1991	13.1%
			16.6%
2001 (8)	April 2001	November 2001	8.2%
2008-2009 (18)	January 2008	June 2009	2.5%
			5.3%

<sup>1</sup> Source: Department of Health Care Services (DHCS), Research and Analytic Studies Division (RASD), *Medi-Cal Statistical Brief, August 2015*

<sup>2</sup> This increase could also include changes in eligibility so this may not reflect a direct link to the recessionary growth only.



Medi-Cal Capitation and premium revenue, reinsurance and related recoveries, and the medical expense budgets are presented on a per member per month (PMPM) basis and

are considered flexible budgets whose aggregate dollar amounts vary with changes in a program’s actual member enrollment. Administrative costs, interest income and other revenues are primarily considered fixed budgets, though certain administrative items (e.g. certain vendor costs) are priced on a per member per month basis and do fluctuate with actual membership levels.

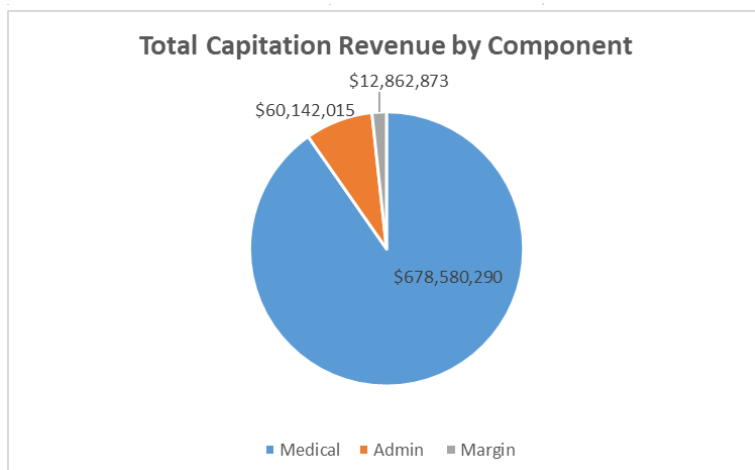
**Revenue**

Total revenue in the budget is projected at \$751.6 million (\$301.04 pmpm) based on the bridge period capitation rates from the State that are effective from July 1, 2019 to December 31, 2020. The budget incorporates a 1.5% reduction in the base rate pursuant to the May Revise. In addition, the budget removed any consideration for revenue related to Proposition 56 consistent with the May Revise.

GCHP is expected to receive revised capitation rates from the State which will be effective January 1, 2021. Initial projections based on the rate development template submitted to the State indicated the Plan would receive a 6-7% increase; which was reduced to 5% to be conservative, and further reduced to 2% due to efficiency factors in the May Revise. The calendar year 2021 capitation rates from the State will be established based on medical expenditures in calendar year 2018, with applied trend factors, credibility adjustments and program changes. Components are then applied for administrative expenses and an operating margin. It also incorporates the revenue impacts associated with the pharmacy carve out.

The Plan receives additional revenue for specialty drug treatments associated with members diagnosed and treated for Hepatitis C and for members receiving behavioral health (BHT) services.

Base Capitation	\$	730,713,172
Hep C Supplemental	\$	3,481,108
BHT Supplemental	\$	17,390,898
	\$	<u>751,585,178</u>



## Medical Expenses

The medical expense budget is \$710,081,751. The fee for service medical expenses are developed by calculating pmpm costs for CY 2019 by AID category and provider type, and then incorporating anticipated changes as a result of membership, utilization patterns, market trends and changes in provider reimbursement rates forecasted to occur during the budget year.

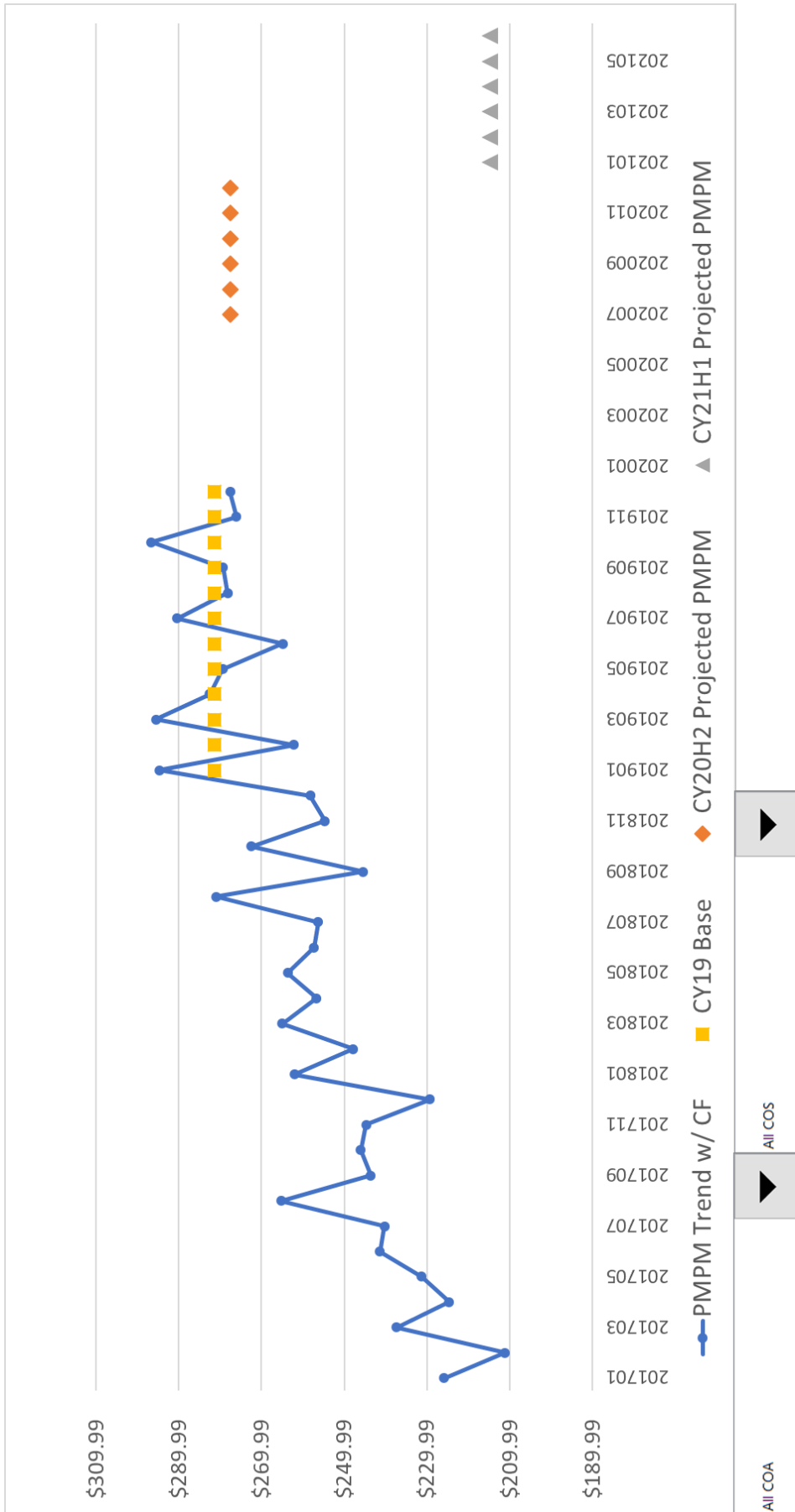
The major assumptions impacting projected medical expenses are as follows:

- An annual increase of 1-2% in most service categories. This is to incorporate changes in unit costs or utilization.
- There were no major contracting changes projected to increase fee for service costs from the base period. There were contracting changes anticipated to improve medical costs such as a preferred provider agreement with Quest Diagnostics and re-negotiations with several hospitals. These contracting changes were not explicitly accounted for in the budget, to be conservative.
- An assumed increase of 2.5% for LTC/SNF expenses associated with annual increases based on State established facility rates. This is a slight decrease from the 3% the Plan would historically incorporate into the budget; a slight improvement was estimated due to contracting changes in progress.
- A projected increase of 5% in pharmacy expenses associated with drug unit cost trends and utilization factors.
- Medical expense related to Proposition 56 funding was carved out of the budget, consistent with the May Revise.
- There was some reduction to fee for service medical expense to account for an expanded capitation agreement inclusive of additional services.
- Capitation expense reflects current capitated agreements, with some consideration for potential rate changes.

**Note:** Care management expenses are outlined in the General and Administrative budget.

The graph on the following page represents the fee for service medical expense trend from 2017 through June 30, 2021.





FY 2020-21 MEDICAL EXPENSE BUDGET							
	FY 2019-20 as of April 2020	Projected Jul - Dec 2020	Projected Jan - Jun 2021	FY 2020-21	% Change	Projected Dollars	
	PMPM	PMPM	PMPM	PMPM			
Capitation - PCP Expense	\$ 24.23	\$ 32.62	\$ 33.57	\$ 33.10	37%	\$ 82,634,724	
<b><u>Fee For Service</u></b>							
Inpatient FFS Expense	\$ 66.66	\$ 65.67	\$ 65.87	\$ 65.77	-1%	\$ 164,196,051	
Outpatient FFS Expense	26.21	25.02	25.07	25.04	-4%	62,527,017	
LTC/SNF Expense	58.45	54.31	54.02	54.17	-7%	135,239,122	
ER Facility Services FFS	12.46	12.78	12.86	12.82	3%	32,013,031	
Physician Specialty Services FFS	29.61	24.95	25.01	24.98	-16%	62,369,400	
Transportation FFS	0.72	0.76	0.76	0.76	6%	1,899,879	
Primary Care Physician FFS	7.55	6.16	6.17	6.16	-18%	15,383,879	
Mental and Behavioral Health	10.69	9.80	9.84	9.82	-8%	24,514,411	
Pharmacy Expense FFS	59.76	61.91	-	30.63	-49%	76,470,968	
Other Medical Professional	1.77	1.74	1.74	1.74	-2%	4,336,388	
Home & Community Based Svcs	7.34	7.60	7.54	7.57	3%	18,898,264	
Laboratory and Radiology Expense	2.42	1.82	1.82	1.82	-25%	4,551,830	
Other Medical Care Expenses	4.69	4.06	4.03	4.05	-14%	10,103,593	
Directed Payments	13.19	-	-	-	-100%	-	
Provider Reserve	0.27	0.47	-	0.23	-15%	577,501	
Sub-total	\$ 301.79	\$ 277.05	\$ 214.73	\$ 245.56	-19%	\$ 613,081,335	
Reinsurance-Net	\$ 1.10	\$ 1.16	\$ 1.16	\$ 1.16	5%	\$ 2,883,636	
Refunds & Recoveries	\$ (0.91)	\$ (1.21)	\$ (1.19)	\$ (1.20)	32%	\$ (3,000,000)	
Care Management	\$ 6.19	\$ 5.96	\$ 5.64	\$ 5.80	-6%	\$ 14,482,056	
<b>Total Medical Expenses</b>	<b>\$ 332.40</b>	<b>\$ 315.58</b>	<b>\$ 253.91</b>	<b>\$ 284.42</b>	<b>-14%</b>	<b>\$ 710,081,751</b>	
<b>MLR</b>	<b>94.4%</b>	<b>96.0%</b>	<b>92.7%</b>	<b>94.5%</b>	<b>0.1%</b>		

The pmpm variances from YTD actual noted above are due to case mix changes, transition from paying fee for services to capitation, and financial statement timing. A chart outlining the pmpm medical expenses by AID category is on the following page.

Total estimated medical expenses for the fiscal year are \$710,081,751, which is \$31.5 million above the medical expense component in the capitation rates from the State.

**FY 2020-21 MEDICAL EXPENSE BUDGET  
PMPM COST BY AID CATEGORY**

	Child		Adult		Adult Expansion		SPD		SPD		BCCTP		LTC		LTC	
							Dual		Dual					Dual		Dual
Capitation - PCP Expense	\$	20.05	\$	49.22	\$	52.57	\$	64.28	\$	3.77	\$	3.77	\$	3.77	\$	3.77
<b>Fee For Service</b>																
Inpatient FFS Expense	\$	5.89	\$	127.87	\$	115.99	\$	278.52	\$	20.43	\$	117.73	\$	718.99	\$	61.64
Outpatient FFS Expense		4.33		45.42		38.42		99.66		20.43		319.72		241.22		13.62
LTC/SNF Expense		0.31		8.09		22.67		152.69		97.50		-		7,903.47		7,428.52
ER Facility Services FFS		10.06		17.39		16.74		28.25		1.94		5.66		16.70		0.72
Physician Specialty Services FFS		4.16		45.33		41.48		79.60		21.18		297.63		236.93		11.61
Transportation FFS		0.29		0.81		1.23		3.89		0.09		0.38		15.52		0.36
Primary Care Physician FFS		5.84		6.56		5.76		14.93		4.52		12.36		11.22		0.55
Mental and Behavioral Health		8.96		5.60		5.63		77.08		1.19		4.66		3.62		0.65
Pharmacy Expense FFS		5.73		45.01		54.36		154.03		2.63		198.12		170.89		0.03
Other Medical Professional		0.46		1.75		2.98		5.76		2.16		15.36		5.04		0.91
Home & Community Based Svcs		0.02		1.57		2.94		37.22		44.33		3.35		472.86		135.34
Laboratory and Radiology Expense		0.57		4.17		2.95		4.33		0.16		20.74		2.51		0.04
Other Medical Care Expenses		0.70		3.13		3.31		27.16		11.01		1.92		93.54		34.65
Provider Reserve		0.23		0.23		0.23		0.23		0.23		0.23		0.23		0.23
Sub-total	\$	47.55	\$	312.93	\$	314.69	\$	963.35	\$	227.80	\$	997.86	\$	9,892.74	\$	7,688.87
Reinsurance-Net	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16	\$	1.16
Refunds & Recoveries	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)	\$	(1.20)
Care Management	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80	\$	5.80
<b>Total PMPM Medical Expenses</b>	\$	73.36	\$	367.91	\$	373.02	\$	1,033.39	\$	237.33	\$	1,007.39	\$	9,902.27	\$	7,698.40

## **General and Administrative Expenses**

The FY 2020-21 general and administrative budget is \$54,930,839. This is 7.3% of estimated revenue and 5 million less than the amount allocated in the capitation rates for administrative expenses which is a total of \$60,142,015.

The budget was developed at a department level and is based on a review of FY 2019-20 actual expenditures with changes based on certain assumptions and expectations for FY 2020-21. Staff was diligent in the administrative review due to the projected losses and uncertainty at the State level. The administrative budget, including care management expense, has decreased by \$2.8 million and 5% from the FY 2019-20.

The following table outlines general and administrative budget and includes a comparison to the initial budget (adopted in July 2019) for FY 2019-20, as well as a projection on the actual expenditures to be incurred during the current FY 2019-20.

Excluding the Enterprise Project Portfolio, the Plan anticipates operating very close to the baseline of FY 2019-20 administrative expense. There was some necessary growth in staffing to support the projects associated with Interoperability, the Health Information Exchange, and the data warehouse. Costs related to personnel are included within the associated departments and are not included in the project portfolio budget. The administrative expense (also excluding the project portfolio) expressed as a percent of revenue has increased from the prior year due to decreases in revenue associated with the May Revise and Medi-Cal Rx. The Department of Health Care services has indicated funding for administrative expense as a percent of revenue will increase effective January 1, 2021; understanding that the Plan does not have commensurate administrative savings.

FY 2020-21 GENERAL AND ADMINISTRATIVE EXPENSES					
	FY 2019-20 Projected Actual	FY 2019-20 Budget	FY 2020-21 Budget	Change Budget to Budget	Percent Change
Salary Expense	\$ 19,804,127	\$ 19,683,560	\$ 19,984,612	\$ 301,052	2%
Temp Labor	181,736	561,579	239,000	(322,579)	-57%
Taxes and Benefits	5,848,499	6,815,660	6,156,095	(659,565)	-10%
Training, Conference, and Travel	227,880	614,926	177,570	(437,356)	-71%
Outside Services - Conduent	19,858,655	19,217,127	19,207,066	(10,061)	0%
Outside Services - PBM Admin	1,766,216	3,052,936	1,147,065	(1,905,871)	-62%
Outside Services - Other	3,564,621	4,468,112	4,218,162	(249,950)	-6%
Accounting & Actuarial Services	187,955	166,000	175,000	9,000	5%
Legal	1,579,707	1,500,000	1,500,000	-	0%
Consulting Services	1,803,709	1,238,045	1,269,000	30,955	3%
Translation Services	263,091	220,000	325,017	105,017	48%
Committee/Advisory	7,667	18,800	12,500	(6,300)	-34%
Employee Recruitment	116,668	100,000	120,000	20,000	20%
Lease	1,415,975	1,475,532	1,555,248	79,716	5%
Depreciation & Amortization	447,191	560,403	443,387	(117,016)	-21%
Non-Capital - Furniture & Equipment	49,365	156,006	264,000	107,994	69%
Office & Operating Supplies	124,041	150,166	160,716	10,550	7%
Shipping & Postage	138,787	176,990	213,460	36,470	21%
Printing	222,563	342,300	566,300	224,000	65%
Software Licenses	3,226,098	4,193,023	4,236,150	43,127	1%
Repairs & Maintenance	95,826	150,823	154,043	3,220	2%
Telephone/Internet	134,828	247,914	284,276	36,362	15%
Advertising and promotion	144,117	206,550	225,500	18,950	9%
Insurance	568,346	525,000	600,000	75,000	14%
Interest	829,513	540,000	270,000	(270,000)	-50%
Professional dues, fees, and licenses	277,991	315,111	242,863	(72,247)	-23%
Subscriptions and publications	19,751	32,221	22,878	(9,343)	-29%
Bank Service Fees	13,035	23,891	18,000	(5,891)	-25%
Other miscellaneous	13,322	-	150,000	150,000	100%
Care Management	(14,334,868)	(16,129,192)	(14,482,056)	1,647,136	-10%
<b>Total General and Administrative</b>	<b>\$ 48,596,409</b>	<b>\$ 50,623,480</b>	<b>\$ 49,455,853</b>	<b>\$(1,167,627)</b>	<b>-2%</b>
<b>% Admin to Revenue</b>	<b>6.0%</b>	<b>7.0%</b>	<b>6.6%</b>		
<b>Enterprise Project Portfolio</b>	<b>\$ 1,657,647</b>	<b>\$ 7,078,229</b>	<b>\$ 5,474,986</b>	<b>\$(1,603,243)</b>	<b>-23%</b>
<b>Total G&amp;A (including Projects)</b>	<b>\$ 50,254,056</b>	<b>\$ 57,701,709</b>	<b>\$ 54,930,839</b>	<b>\$(2,770,870)</b>	<b>-5%</b>
<b>% to Revenue</b>	<b>6.2%</b>	<b>7.7%</b>	<b>7.3%</b>		

The major assumptions and changes in the general and administrative budget are as follows:

#### Salary Expense

Salary expense includes a 6% vacancy factor. Impacting the salary expense are the addition of new positions. The table on the following page represents budgeted positions by department in comparison with the FY 2019-20 budget.

<b>Budgeted Positions</b>				
<b>Department</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Change</b>	
Executive	11.0	8.0	(3.0)	
Human Resources	6.0	6.0	-	
Compliance	10.0	10.0	-	
Operations	2.0	1.0	(1.0) *	
Appeals & Grievance	5.0	5.0	-	
Operations Support Services	5.0	6.0	1.0 *	
Member Services	7.0	5.0	(2.0)	
Claims	6.0	5.0	(1.0)	
Facilities	3.0	3.0	-	
Network Operations	11.0	11.0	-	
Communications	2.0	2.0	-	
Accounting and Finance	6.0	7.0	1.0 *	
Procurement	3.0	3.0	-	
Decision Support Services	7.0	8.0	1.0	
Project Management Office	2.0	2.0	-	
Information Technology	18.0	23.0	5.0	
Government and Community Relations	3.0	4.0	1.0	
Quality	10.0	10.0	-	
Pharmacy	2.5	2.5	-	
Health Education	7.5	6.0	(1.5)	
Health Services/Health Education	77.5	82.5	5.0	
	<u>204.5</u>	<u>210.0</u>	<u>5.5</u>	

\*Indicates there was not a net change to positions, but the change is due to a department transfer or re-purposing of a position.

There were 6 positions allocated to support the long-term projects related to the Health Information Exchange (HIE), data warehouse, and Interoperability.

1. Senior Decision Support Analyst (Decision Support Services)
2. Technical Program/Product Manager (Information Technology)
3. Senior ETL/Integration/BI Developer (Information Technology)
4. (2) Senior IT Business Systems Analyst
5. Data Integration Architect/Engineer

In addition to the above referenced positions, the following are new positions within the department budgets:

**(2) RN, Utilization Management (Health Services)** – one dedicated to concurrent review at major hospital systems and one to support PDR and inpatient volumes.

**Senior Policy Analyst (Government and Community Relations)** – to assist the Executive Director, Strategy and External Affairs in analyzing legislative action taking place via Executive Orders, legislative bills, and state budget proposals.

### Temp Labor

The reduction is based on a revised assessment of needs.

### Taxes and Benefits

The estimated expense was revised based on more current costs and anticipated changes in the upcoming year.

### Training, Conference, and Travel

The budget was reduced due to both the economic conditions of the Plan, and current travel restrictions due to the pandemic.

### Outside Services – PBM fees

The estimated costs are anticipated to decrease with the implementation of the pharmacy carve out effective January 1, 2021.

### Outside Services – Other

Reduced budget for outside medical reviews, consistent with current annualized expense.

### Printing

Increase in estimated printing costs associated with the need for additional provider and member communications.

### Interest

Significantly reduced estimated interest expense associated with late claims payments. The staff greatly improved timelines for processing claims in the Provider Dispute Resolutions queues.

## **FY 2020-21 Enterprise Project Portfolio (EPP)**

The FY 2020-21 Enterprise Project Portfolio comprises the projects identified through our project steering committee process as GCHP's highest priorities in support of its strategic objectives.

**Gold Coast Health Plan FY 20120-21 Project Portfolio**

**FY 2019-20 Carryover Projects**

<u>Project</u>	<u>Description</u>	<u>FY 2020-21 Expense</u>	<u>FY 2020-21 Capital</u>
Enterprise Transformation Projects (ETP)	Initiative to convert to a new core administrative platform - Health Solutions Plus (HSP) for claims processing, eligibility, membership and benefit maintenance, along with implementation of a new customer service system solution to optimize call center efficiencies.	\$ 2,780,833	\$ 50,000
Provider Credentialing, Contracting & Data Management (PCCM)	Implementation of an integrated system for the management of provider credentialing, contracting and data. Mission critical initiative to ensure that GCHP continues to meet ongoing and increasing regulatory requirements around provider data accuracy, support contracting efforts, and optimize business processes.	179,997	20,000
Enterprise Data Warehouse	Strategic technology investment in data warehouse architecture, tools and resources to effectively support the provision, management, proliferation, and use of data for improved decision making, business process improvement, and faster response to regulatory conditions.	295,000	
IT Infrastructure Business Continuity (BC) Implementation	Additional infrastructure hardware investments and installations to add business continuity capabilities.	30,000	211,000
Internet Access Security Enhancements	Implementation of tools and software to enhance GCHP's management of internet based applications, part of cybersecurity risk mitigation strategies.	60,000	
Multiview Cloud Implementation	Leveraging GCHP's technology investment in the Multi-view financial application. Moving from on-premise to cloud based software as a service platform for improved functionality.	128,870	
Staff Augmentation (All Projects)		800,000	
		<u>\$ 4,274,700</u>	<u>\$ 281,000</u>
<b>New Initiatives</b>			
Ventura County Health Information Exchange	Effort to support the Ventura County Health Improvement Collaborative and improve population health management.	\$ 160,000	
CMS Interoperability	CMS Interoperability and Patient Access Final Rule is a mandate for payers effective January 1, 2021. The goal is to provide member's access to health data and support member choice.	932,119	58,000
		<u>\$ 1,092,119</u>	<u>\$ 58,000</u>
Depreciation and Amortization		\$ 108,167	
<b>Total Project Cost</b>		<u>\$ 5,474,986</u>	<u>\$ 339,000</u>



## Capital Budget

The total budget for capital expenditures, including those included in the project portfolio, are \$644,850. Of that amount, \$339,000 is related to the Enterprise Project Portfolio.

GOLD COAST HEALTH PLAN FY 2020-21 OPERATING BUDGET			
	Jul 1- Dec 31 2020	Jan 1- Jun 30 2020	TOTAL
Program Revenue	\$ 405,855,611	\$ 345,729,567	\$ 751,585,178
Medical Expenses	\$ 389,760,598	\$ 320,321,153	\$ 710,081,751
	MLR 96.0%	92.7%	94.5%
Gross Margin	\$ 16,095,013	\$ 25,408,414	\$ 41,503,427
General & Administrative Expenses	\$ 25,606,609	\$ 23,849,244	\$ 49,455,853
Project Portfolio	\$ 3,375,161	\$ 2,099,825	\$ 5,474,986
	Admin % 7.1%	7.5%	7.3%
Interest Income	\$ 450,000	\$ 450,000	\$ 900,000
Net Loss	\$ (12,436,757)	\$ (90,655)	\$ (12,527,411)

GOLD COAST HEALTH PLAN FY 2020-21 CAPITAL BUDGET		
<u>Asset Category</u>	<u>Description</u>	<u>Amount (\$)</u>
Leasehold Improvements	Data cables	\$ 14,500
Leasehold Improvements	Door hardware and security equipment	22,300
Leasehold Improvements	Building upgrades	22,000
Computer Systems & Software	PCCM - Project	20,000
Computer Systems & Software	ETP - Project	50,000
Computer Systems & Software	IT infrastructure and business continuity - Project	211,000
Computer Systems & Software	CMS Interoperability Project	58,000
Computer Systems & Software	Firewalls	76,550
Computer Systems & Software	Virtual host additions	22,000
Computer Systems & Software	Electrical engineering costs	15,000
Computer Systems & Software	UPS Refresh	62,500
Computer Systems & Software	New wireless infrastructure	51,000
Computer Systems & Software	MoveIT file transfer	20,000
		\$ 644,850

## Projected Tangible Net Equity (TNE)

The TNE is projected to be at \$52.4 million or 172% of the State required amount; projected at 200% with the Solvency Action Plan.

**APPENDIX – CONTRACT RENEWALS IN FY 2020-21**

Vendor	Description	Contract Type	SOW/ Service Order #	PO #	Contract Term Start Date	Contract Expiration Date	Invoiced and Paid Amount thru 4/30/20	Estimated Remaining Cost Until Expiration	Estimated Annual Cost	Expiration Strategy	Renewal Projected Cost	Projected Cumulative Cost (As of 04/30/20)	Renewal End Date
Xpedite Systems (Easylink) OpenText	Fax-messaging services	Customer Service Agreement		15198	6/1/2015	5/31/2020	\$306,899.00	\$6,000.00	\$40,000.00	Renew with current vendor for 2 years	\$80,000	\$392,899	5/31/2022
CIO Solutions	Infrastructure maintenance and support	Service Order	1	16036	8/6/2013	10/31/2020	\$275,210.00	\$39,430.50	\$78,861.00	Renew with current vendor for 1 year	\$78,861	\$393,502	10/31/2021
Enagined	Security operations center	Service Order	7	141	12/5/2018	12/4/2020	\$176,854.50	\$83,333.33	\$125,000.00	Renew with current vendor for 2 year	\$250,000	\$510,188	12/4/2022
Jason Kim	Supports - IT data base administration work.	Consulting Services Agreement	1	16040	8/19/2013	6/30/2020	\$497,280.00	\$18,467.83	\$110,807.00	Renew with current vendor for 1 year	\$110,807	\$626,555	6/30/2021
3M Health Information	Groupier software and inpatient pricing tables	License & Service Agreement		118	11/1/2019	10/31/2020	\$116,503.00	\$0.00	\$61,200.00	Renew with current vendor for 1 year	\$61,200	\$177,703	10/31/2021
Milliman	MedInsight & MARA SaaS	SaaS		143	1/1/2015	12/31/2020	\$659,557.58	\$56,286.48	\$400,000.00	Annual renewal. Requesting 3 year funding approval.	\$1,200,000	\$1,915,844	12/31/2023
Quest Analytics	Data verification and attestation accuracy services	Software License Agreement		145	12/17/2018	12/16/2020	\$160,000.00	\$0.00	\$86,000.00	Renew with current vendor for 1 year	\$86,000	\$246,000	12/16/2021
Axcent Technologies	Disaster recovery data services	Order Form		366	8/1/2017	5/10/2021	\$250,583.00	\$0.00	\$65,000.00	Renew with current vendor for 1 year	\$195,000	\$445,583	5/10/2024
Garner	Executive programs leadership - website research access	Subscription Agreement		115 & 372	12/1/2018	4/30/2021	\$390,216.00	\$0.00	\$185,000.00	Renew with current vendor for 1 year	\$185,000	\$575,216	4/30/2022
Coffey Communications - Website Hosting	Web hosting platform. New CMS	Service Order	13	290	8/1/2020	7/31/2021	\$0.00	\$44,160.00	\$47,000.00	Renew with current vendor for 2 years	\$94,000	\$138,160	7/31/2023
Coffey Communications Inc.	Member fulfillment printing & postage	Service Order	11	155	1/1/2019	12/31/2020	\$109,422.00	\$204,500.00	\$306,750.00	Renew with current vendor for 2 years.	\$613,500	\$927,422	12/31/2022
Coffey Communications Inc.	SO 8 - Member Newsletter Services	Service Order	8	17011	1/1/2017	12/31/2020	\$489,707.00	\$150,000.00	\$225,000.00	Renew with current vendor for 1 year.	\$225,000	\$864,707	12/31/2021
Adecco USA, Inc.	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$368,352.00	\$98,418.75	\$131,225.00	Renew with current vendor for 1 year.	\$131,225	\$597,996	1/31/2022
Crossroads Staffing Services	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$343,563.00	\$128,235.00	\$170,980.00	Renew with current vendor for 1 year.	\$170,980	\$642,778	1/31/2022
RJT Compuquest	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$0.00	\$75,000.00	\$100,000.00	Renew with current vendor for 1 year.	\$100,000	\$175,000	1/31/2022
TekSystems, Inc.	Temporary Labor Agreement	SOW	1	Multiple	1/23/2018	1/31/2021	\$932,630.00	\$275,193.00	\$366,924.00	Renew with current vendor for 1 year.	\$366,924	\$1,574,747	1/31/2022
DR Management	ETP consulting services	SOW	2	214	6/3/2019	9/30/2020	\$434,654.00	\$213,946.00	\$427,892.00	Renew with current vendor until 2/28/21	\$220,000	\$868,600	2/28/2021