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

Regular Meeting

Monday, June 22, 2020, 2:00 p.m.

Gold Coast Health Plan, 711 East Daily Drive, Community Room, Camarillo, CA 93010

Executive Order N-25-20

Conference Call Number: 1-805-324-7279

Conference ID Number: 207 708 783#

Para interpretación al español, por favor llame al 805-322-1542 clave 1234

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda. Persons wishing to address VCMMCC should complete and submit a Speaker Card.

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

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. 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 Ventura County Medi-Cal Managed Care Regular Minutes of May 18, 2020.

Staff: Maddie Gutierrez, CMC – Clerk of the Commission

RECOMMENDATION: Approve the minutes of May 18, 2020.

FORMAL ACTION

2. Procurement of CMS Interoperability & Patient Access Final Rule Software Solution and Approval of Program Staffing Plan

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

RECOMMENDATION: Gold Coast Health Plan staff 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.

3. OptumInsight Inc. Contract Approval

Staff: Helen Miller, Senior Director of Information Technology

RECOMMENDATION: The Plan recommends the Commission authorize the Interim CEO to award and execute a four-year term license to OptumInsight Inc. with approval to execute up to two, twelve-month renewal options (aligning to the term language in the Conduent SOW). Total approved amount is $2,049,556.00.

4. May 2020 Financials Report

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends the Commission approve the May 2020 financial package.

5. Solvency Action Plan

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

RECOMMENDATION: Staff recommends that the Commission approve the Solvency Action Plan.

6. Fiscal Year 2020-21 Gold Coast Health Plan Operating and Capital Budgets

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Receive, approve and file the 2020-21 Operating and Capital Budgets as presented.

REPORTS

7. Chief Executive Officer (CEO) Report

Staff: Margaret Tatar & Patricia Tanquary, Interim Chief Executive Officers

RECOMMENDATION: Receive and file the report.

8. Chief Medical Officer (CMO) Report

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

RECOMMENDATION: Receive and file the report.

9. Chief Diversity Officer (CDO) Report

Staff: Ted Bagley, Chief Diversity Officer

RECOMMENDATION: Receive and file the report.

CLOSED SESSION

10. PUBLIC EMPLOYMENT
Title: Chief Executive Officer

11. CONFERENCE WITH LABOR NEGOTIATORS
Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel
Unrepresented employee: Chief Executive Officer

12. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of potential cases One case.

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting will be held at 2:00 P.M. on July 27, 2020 at Gold Coast Health Plan at 711 E. Daily Drive, Suite 106, Community Room, Camarillo, CA 93010.

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 Commission after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Commission.

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 Monday prior to the meeting by 3 p.m. to enable the Clerk of the Commission to make reasonable arrangements for accessibility to this meeting.

AGENDA ITEM NO. 1

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Maddie Gutierrez, MMC - Clerk to the Commission

DATE: June 22, 2020

SUBJECT: Meeting Minutes of May 18, 2020 Regular Commission Meeting.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copy of Minutes for the May 18, 2020 Regular Commission Meeting.

Ventura County Medi-Cal Managed Care Commission
(VCMMCC)
dba Gold Coast Health Plan (GCHP)
May 18, 2020 Regular Meeting Minutes

CALL TO ORDER

Commissioner Antonio Alatorre called the meeting to order via teleconference at 2:04 p.m. Clerks were in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

OATH OF OFFICE

Scott Underwood, M.D., took his Oath of Office.

ROLL CALL

Present: Commissioners Antonio Alatorre, Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

Absent: None.

Attending the meeting for GCHP Executive team were: Margaret Tatar, Interim Chief Executive Officer, Patricia Tanquary, Interim Chief Executive Officer, Nancy Wharfield, M.D., Chief Medical Officer, Ted Bagley, Interim Chief Diversity Officer/Exec. Director of Human Resources, Kashina Bishop, Chief Financial Officer, Robert Franco, Interim Chief Compliance Officer, Scott Campbell, General Counsel, Cathy Salenko, General Counsel, Marlen Torres, Executive Director of Strategies and External Affairs, Steve Peiser, Sr. Director of Network Management and Eileen Moscaritolo, HMA consultant.

Additional Staff participating on the call: Vicki Wrighster, Dr. Anne Freese, Nilesh Hingarh, M.D., Rachel Lambert, Bob Bushey, Helen Miller, Dr. Lupe Gonzalez, Pauline Preciado, Nicole Kanter, Karen Spruill, Kim Timmerman, Anna Sproule, Debbie Rieger, Jamie Louwerens, and Susana Enriquez-Euyoque.

Bill Foley with Ventura County Health Care Agency, Robert Bravo with Ventura County, and Anna Rangel, interpreter.

PUBLIC COMMENT

1. Dr. Sandra Aldana, representing the State Council of Developmental Disabilities, gave a brief update from the State. The process for developing the five (5) year

plan has begun. The emphasis will be on health and well-being. She looks forward to collaborating over the next five (5) years and is happy to meet with CMO, Nancy Wharfield, M.D.

CONSENT

1. Approval of Ventura County Medi-Cal Managed Care Commission Regular Minutes of April 27, 2020.

Staff: Maddie Gutierrez, MMC – Clerk of the Commission

RECOMMENDATION: Approve the minutes of April 27, 2020.

Commissioner Espinosa noted a correction in the minutes for Agenda Item 5 under the first vote. The correction will be made.

Supervisor Zaragoza motioned to approve Consent items 1. Commissioner Espinosa seconded.

AYES: Commissioners Antonio Alatorre, Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson and Supervisor John Zaragoza.

NOES: None.

ABSTAIN: Commissioner Scott Underwood, M.D.

Commissioner Alatorre declared the motion carried.

2. AmericasHealth Plan (AHP) Contract

Staff: Margaret Tatar, Interim Chief Executive Officer
Patricia Tanquary, Interim Chief Executive Officer

RECOMMENDATION: Approve the agreement between AHP and GCHP, so that a pilot program to determine whether member outcomes can be improved, can proceed.

Commissioner Pupa stated it would be good for the Commission to see an example of the notices that will go out to members.

Supervisor Zaragoza motioned to approve Consent items 2. Commissioner Espinosa seconded.

AYES: Commissioners Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Dee Pupa, Jennifer Swenson and Supervisor John Zaragoza.

NOES: None.

ABSTAIN: Commissioners Antonio Alatorre, Gagan Pawar, M.D., Scott Underwood, M.D.

Commissioner Alatorre declared the motion carried.

UPDATES

3. Enterprise Transformation Project (ETP) Update on Timeline and Testing Plan

Staff: Eileen Moscaritolo, HMA Consultant
Debbie Rieger, Sr. Executive Business Transformation Consultant

RECOMMENDATION: Receive and file the update.

Executive Business Transformation Consultant, Debbie Rieger, reviewed her PowerPoint presentation. Ms. Rieger noted the Go-Live date is scheduled for November 7, 2020. Conduent is currently working on configuration. Testing will overlap with other milestones. Testing cycles will run throughout the project. There will be unit testing, system testing and parallel testing. Performance testing will start September of 2020 and end in October of 2020. Ms. Rieger also reviewed high risks that can impact the project. She also reviewed the contract review of SLA's and DHCS requirements, as well as ETP expenses.

The Commission had no questions.

4. Solvency Action Plan

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

RECOMMENDATION: Receive and file the update as presented.

Interim Chief Executive Officer, Margaret Tatar, stated there are three (3) circumstances that have led to the development of the solvency action plan, which will be presented to the Commission via the Executive Finance Committee in June.

1) There is a COVID driven recession that has hit all the states and federal government. On May 7, 2020, Governor Newsom identified the forecasted deficit

budget over the next two (2) years is approximately $54 billion. On May 8, 2020, the Legislative Analyst Office believes the deficit may not be quite that aggressive.
2) We anticipate increased Medi-Cal enrollment
3) The current state of GCHP's excess Tangible Net Equity (TNE). If the Plan falls below the TNE standards, the Plan can be subject to conservatorship by the State.

The TNE slides with graphs were reviewed. In the first graph, CEO Tatar noted a GCHP's TNE comparison to other county organized health systems (COHS). The second graph depicts where GCHP's excess TNE is in comparison to all of California's public plans. The May revise contains grim news for GCHP. CEO Tatar noted Governor Newsom has proposed cuts to the Medi-Cal program, some cuts are retroactive to July 2019.

CEO Tatar will present a draft plan to the Executive Finance Committee in early June and then will present the draft to the Commission in late June. The draft plan will recommend a specific target excess TNE goal for GCHP. The prior TNE goal will be re-evaluated. There will be recommendations for the optimal TNE goal which will balance fiscal solvency while continuing to serve our members.

Commission Chair Alatorre asked if the policy set by the Commission had been reviewed. CEO Tatar responded yes.

Commissioner Alatorre motioned to approve Agenda items 3 and 4. Commissioner Pupa seconded.

AYES: Commissioners Antonio Alatorre, Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

NOES: None.

Commissioner Alatorre declared the motion carried.

FORMAL ACTION

5. Adopt a Resolution to renew Resolution No. 2020-002, to Extend the Duration of Authority Empowered in the CEO to issue Emergency Regulations and Take Action Related to the Outbreak of Coronavirus ("COVID-19") and Plan and Implement a Staggered Return to Work Program for Plan personnel.

Staff: Scott Campbell, General Counsel

RECOMMENDATION: Adopt Resolution No. 2020-003 to (1) extend the duration of authority empowered in the CEO through June 22, 2020; and (2) authorize the CEO to plan and implement a staggered return to work program for Plan personnel as conditions warrant.

There were no questions from the Commission.

Supervisor Zaragoza motioned to approve Agenda item 5, Adoption of Resolution 2020-003. Commissioner Ashworth seconded.

AYES: Commissioners Antonio Alatorre, Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

NOES: None.

Commissioner Alatorre declared the motion carried.

6. Contract Extension with Health Management Associates (HMA)

Staff: Scott Campbell, General Counsel

RECOMMENDATION: Commission approve the contract extension at the negotiated reduced rates through July 31, 2020.

Commissioner Pupa stated there is a rate discount by 10%, she asked if the rates will drop lower as the July 31 date nears. General Counsel Campbell stated the cost will go down after the permanent CEO is chosen. Commissioner Atin asked if the contract will end earlier if the CEO comes on board sooner. General Counsel Campbell stated the contract can be terminated earlier with fifteen (15) day notice. Hours can be drastically lowered for HMA during the transition time.

Commissioner Espinosa motioned to approve Agenda item 6, HMA Contract Extension. Commissioner Pupa seconded.

AYES: Commissioners Antonio Alatorre, Fred Ashworth, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

NOES: None.

Commissioner Alatorre declared the motion carried.

Commissioner Fred Ashworth left the meeting at 2:48 p.m.

7. Election of Chairperson and Vice Chairperson to serve two-year terms and appointments to the Executive/Finance Committee.

Staff: Scott Campbell, General Counsel

RECOMMENDATION: Staff recommends the following:

1. Elect a Commissioner to serve as Chairperson for a two-year term.
2. Elect a Commissioner to serve as Vice Chairperson for a two-year term.
3. Make any necessary appointments to the Executive/Finance Committee as follows:
    a. Chairperson (same as Commission Chair).
    b. Vice Chairperson (same as Commission Vice Chair)
    c Private Hospital Healthcare Representative (if required).
    d. Ventura County Medical Health System Representative (if required).
    e. Clinicas Del Camino Real Representative (if required).

Commissioner Atin nominated Commissioner Dee Pupa for Chair and Commissioner Laura Espinosa as Vice-Chair. Commissioner Cho seconded.

Commissioner Pawar nominated Commissioner Jennifer Swenson for Chair. Commissioner Espinosa seconded.

General Counsel asked Commissioner Atin if he was in agreement with an amendment to the nomination. The amendment would be to only nominate for Chair and rescind the nomination for Vice Chair. Commissioner Atin agreement to the amendment.

Commissioner Espinosa requested discussion, for the benefit of new Commissioner Underwood. Voting took place twice at the last meeting with a tie vote both times. Commissioner Espinosa supports the nomination of the current Vice Chair (Commissioner Swenson) to be selected for Chair. Commissioner Swenson has shown leadership qualities, has a financial background, and she has the skills needed to navigate the extensive issues that will be faced in the future. Commissioner Espinosa stated the other nominee is equally qualified and brings a wealth of knowledge and information to the table. Commissioner Espinosa stated she believed it was an issue of fairness to rotate the seat. Commissioner Alatorre stated the last time there were nominations for Chair, Commissioner Swenson was nominated, but she asked to hold the position of Vice-Chair, with hopes that the next time when there would be nominations, she would then be ready to hold the position.

Commissioner Alatorre recommended a change to the bylaws for elections. The change would allow the Vice-Chair to take the position of Chair at the following election.

Commissioner Atin stated Commissioner Swenson has a great skill set, he nominated Commissioner Pupa because she is a historian for the Commission. She has held to position of Vice-Chair in the past. She is well regarded by most all. Commissioner Pupa would add continuity to the position.

Commissioner Atin stated that the change to the bylaws would be a healthy discussion, but why bind the hands of the future Commission? The future Commission should make that decision.

General Counsel Scott Campbell stated the change in bylaws should be raised at another meeting and could be presented in a future agenda.

The vote for Commission Chair is as follows:

Commissioner Alatorre – Swenson
Commissioner Ashworth – Absent
Commissioner Atin - Pupa
Commissioner Cho - Pupa
Commissioner Espinosa - Swenson
Commissioner Johnson - Pupa
Commissioner Pawar - Swenson
Commissioner Pupa - Pupa
Commissioner Swenson - Swenson
Commissioner Underwood- Pupa
Supervisor Zaragoza - Pupa

Vote Count: Commissioner Pupa = 6 Commissioner Swenson = 4

Commissioner Alatorre welcomed Commissioner Pupa to the seat of Commission Chair. Commissioner Pupa will continue as Chair in the meeting.

Commissioner Atin nominated Commissioner Swenson for Vice Chair. Commissioner Alatorre nominated Commissioner Espinosa as Vice Chair. Commissioner Espinosa declined the nomination and seconded Commissioner Atin's nomination of Commissioner Swenson as Vice Chair.

The vote for Jennifer Swenson as Commission Vice Chair is as follows:

Commissioner Alatorre – Yes
Commissioner Ashworth – Absent
Commissioner Atin - Yes
Commissioner Cho - Yes
Commissioner Espinosa - Yes
Commissioner Johnson - Yes
Commissioner Pawar - Yes
Commissioner Pupa - Yes
Commissioner Swenson - Yes
Commissioner Underwood- Yes
Supervisor Zaragoza - Yes

Commissioner Jennifer Swenson will serve as Vice Chair of the Commission.

General Counsel Campbell stated there were three (3) vacancies on the Executive Finance Committee. The current Commissioners on the committee are Fred Ashworth. Laura Espinosa, Tony Alatorre, Dee Pupa and Jennifer Swenson.

Commissioner Pawar nominated Commissioner Alatorre as the Clinicas representative. Commissioner Espinosa seconded.

Commissioner Swenson nominated Commissioner Ashworth to continue the committee. Commission Chair Pupa seconded.

Commissioner Alatorre nominated Commissioner Espinosa. Commissioner Swenson seconded.

Commissioner Cho nominated Commissioner Atin. Commissioner Johnson seconded. Commissioner Alatorre asked if there could be two (2) county representatives. General Counsel, Campbell responded yes.

Commissioner Alatorre asked for clarification on who qualified for seats on the committee. General Counsel stated there needs to be one commissioner from a private hospital, one from the Ventura County medical care system and one from Clinicas del Camino Real.

Bill Foley with Ventura County Health Care Agency was called upon for assistance in clarification. Commissioner Pupa is a department director of the Ventura County Health Care Agency, which meets the requirement for Executive Finance. General

Counsel Campbell, upon reviewing the bylaws, stated if Commissioner Pupa qualifies, then anyone else can fill the seat.

Commissioner Cho nominated Commissioner Alatorre for the Clinicas representative for the Executive Finance Committee. Commissioner Swenson seconded.

The vote is as follows for Commissioner Alatorre:

Commissioner Alatorre – Yes
Commissioner Ashworth – Absent
Commissioner Atin - Yes
Commissioner Cho - Yes
Commissioner Espinosa - Yes
Commissioner Johnson - Yes
Commissioner Pawar - Yes
Commissioner Pupa - Yes
Commissioner Swenson - Yes
Commissioner Underwood- Yes
Supervisor Zaragoza - Yes

Commissioner Alatorre will be the Clinicas representative on the Executive Finance Committee.

Commissioner Atin nominated Commissioner Ashworth for the private hospital system representative. Commissioner Cho seconded.

The vote is as follows for Commissioner Ashworth:

Commissioner Alatorre – Yes
Commissioner Ashworth – Absent
Commissioner Atin - Yes
Commissioner Cho - Yes
Commissioner Espinosa - No
Commissioner Johnson - Yes
Commissioner Pawar - Yes
Commissioner Pupa - Yes
Commissioner Swenson - Yes
Commissioner Underwood- Yes
Supervisor Zaragoza - Yes

Commissioner Ashworth will be the private hospital representative on the Executive Finance Committee.

Commissioner Pawar nominated Commissioner Espinosa. Commissioner Pupa seconded. Commissioner Cho nominated Commissioner Atin. Commissioner Johnson seconded.

Commissioner Alatorre noted that there is a good group currently in the Executive Finance Committee; Commissioners, Pupa, Espinosa, Swenson, Ashworth and Alatorre. Commissioner Alatorre stated that for continuity purposes he would like to see the group left intact.

The votes for Commissioner Espinosa are as follows;

Commissioner Alatorre – Yes
Commissioner Ashworth – Absent
Commissioner Atin - No
Commissioner Cho - No
Commissioner Espinosa - Yes
Commissioner Johnson - No
Commissioner Pawar - Yes
Commissioner Pupa - No
Commissioner Swenson - Yes
Commissioner Underwood- No
Supervisor Zaragoza - No

The votes for Commissioner Atin are as follows;

Commissioner Alatorre – No
Commissioner Ashworth – Absent
Commissioner Atin - Yes
Commissioner Cho - Yes
Commissioner Espinosa - No
Commissioner Johnson - Yes
Commissioner Pawar - No
Commissioner Pupa - Yes
Commissioner Swenson - No
Commissioner Underwood- Yes
Supervisor Zaragoza - Yes

The final vote count is as follows: Commissioner Espinosa = 4
Commissioner Atin = 6

New members of the Executive Finance Committee are: Commissioners Alatorre, Ashworth, Atin, Pupa, and Swenson.

8. April 2020 Financial Report.

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Receive, approve and file the April 2020 financial report.

CFO Bishop reviewed her PowerPoint presentation which includes a financial overview. CFO Bishop noted there was a net gain of approximately $950,000 attributed to additional revenue received for Adult Expansion population. Fiscal Year-To-Date net loss is currently $2.1 million. As of the end of April our TNE is at 219% of the required. Medical loss ratio is running at 94, and medical expenses are above budget by 1.4%. She is also tracking both the current and expected financial impacts of COVID-19. There has been a slight increase in membership which started in February. We currently have 194,000 members and CFO Bishop expects an increase of at least 195,000.

CFO Bishop gave a detailed review of fiscal year-to-date which included inpatient medical expenses (which is over budget), a review of diagnosis, as well as a review of physician specialty, which is over budget, but she noted a decline in dermatology. Pharmacy is over budget by $6.1 million.

Commissioner Pupa noted Medi-Cal receivables were low, she asked if this was due to timing. CFO Bishop responded yes, some of it is related to timing of payments. CFO Bishop noted that as claims data comes in, the impact will be offset.

Commissioner Atin motioned to accept the April 2020 Financial report as presented. Commissioner Johnson seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

NOES: None.

ABSENT: Commissioners Fred Ashworth and Laura Espinosa.

Commission Chair Pupa declared the motion carried.

REPORTS

9. Chief Executive Officer (CEO) Report

Staff: Margaret Tatar and Patricia Tanquary, Interim Chief Executive Officers

RECOMMENDATION: Receive and file the report.

Interim CEO Tatar stated the May Revise is out. Her report will concentrate on the budget. The overall budget deficit that Governor Newsom is forecasting is $54 billion over a two (2) year period for the state of California. There is proposed use of rainy-day funds and reserves along with numerous cuts and program eliminations in order to meet the deadline for the constitutional requirement that there be a budget by June 30, 2020.

The reserves and rainy-day funds that will be used for the deficit is $7.8 billion in the rainy-day fund, the safety net reserve which is approximately a half million dollars, and Prop. 98 which is school funding, for an additional $500 million. There are other direct budget impacts, such as a case load increase or over 2 million beneficiaries onto the Medi-Cal program

.

The cuts proposed are significant; all state workers will face a 10% cut in wages. The Governor is also proposing elimination of all optional benefits, such as adult dental, and reallocate $1.2 billion from Prop. 56 in order to meet the cost to the general fund for increasing needs in the Medi-Cal program. He is also proposing to eliminate the multi-purpose senior services programs and eliminate Community Based Adult Services (CBAS). The elimination of these two (2) programs provide services for those who are eligible for nursing homes but help to keep these members out of the nursing home. Some carve outs will also be eliminated in the amount of $100 million. The Governor is also proposing to change the way managed care plan rates are set by establishing efficiency factors, which are not clearly defined. Most significant of the cuts that affects GCHP, is a proposed cut across the board of 1.5% in all provider categories, which can be retroactive to July of 2019.

Several initiatives, such as Cal-AIM, are now off the table, as well as coverage for undocumented adults which was scheduled for January of 2021. The only good news is a proposed 10% increase for long-term care benefit (nursing care facilities). From the GCHP perspective, we are looking at rate decreases, which will be retroactive to July of 2019. Benefit eliminations will also be reflected in our rates. There will be a pharmacy carve-out. We will continue to watch for the up tick in membership.

In the CEO report there are updates on GCHP's work in the community. We have provided sponsorships. We are focused on those which are most at risk for food and security. We want to ensure that we are doing all we can to assist members.

10. Chief Medical Officer (CMO) Report

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

RECOMMENDATION: Receive and file the report.

CMO Wharfield reviewed utilization trends. She noted a decrease started in March of 2020 but is now up a bit in April. There is a general lowering of utilization on the in-patient side, but not expected to see it on the claims side until six (6) to nine (9) months.

Some elective activity is opening. CMO Wharfield reviewed the COVID status chart. She noted that admissions have dropped. The Provider Communications Team is doing a good job with telemedicine.

Commissioner Pupa asked when the Nurse Advice Line was implemented. CMO Wharfield stated March of 2020.

Dr. Anne Freese gave a pharmacy update. She noted there has been an increase in mental health medications. She reviewed the graph on prescriptions per month. Dr. Freese also noted that ninety (90) day prescription supplies for some medications are allowed due to COVID-19.

11. Chief Diversity Officer (CDO) Report

Staff: Ted Bagley, Interim Chief Diversity Officer/ Interim Human Resources Director

RECOMMENDATION: Receive and file the report.

Interim Chief Diversity officer, Ted Bagley gave a verbal report. CDO Bagley stated GCHP is staying on top of all state and local COVID-19 regulations. The work-from-home plan is going well. There has been no negative movement during this home plan. The Return-To-Work team is in place and consistent meetings are being held in order to prepare for that step.

CDO Bagley noted a new Human Resources Director has been identified. The potential employee requested to spend some time with both Interim CEO Margaret Tatar as well as Rachel Segovia from the Human Resources department. The Plan is ready to make an offer.

CDO Bagley stated there have been no new cases for Human Resources or Diversity.

Commissioner Atin thanked CDO Bagley and CEO Tatar for their hard work, he is very confident with the direction the organization is heading.

Commission Chair Alatorre motioned to approve Agenda items 9 - CEO Report, 10 – CMO Report, and 11 – CDO Report. Commissioner Atin seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, Theresa Cho, M.D., Laura Espinosa, Dr. Sevet Johnson, Gagan Pawar, M.D., Dee Pupa, Jennifer Swenson, Scott Underwood, M.D., and Supervisor John Zaragoza.

NOES: None.

ABSENT: Commissioner Fred Ashworth.

Commissioner Pupa declared the motion carried.

The Commission moved to Closed Session at 4:21 p.m.

Commissioner Alatorre asked if there was a quorum of non-county commissioners for Closed Session agenda item 14. General Counsel, Scott Campbell stated Commissioner Ashworth needs to be available for this item.

Commissioner Alatorre asked if Commissioner Underwood was a county employee. General Counsel Campbell clarified that Commissioner Underwood was not a county employee.

There is a separate ZOOM call in number for Closed Session agenda items 12 and 13. There is a second ZOOM call in number for Closed Session agenda item 14.

CLOSED SESSION

12. PUBLIC EMPLOYMENT
Title: Chief Executive Officer

13. CONFERENCE WITH LABOR NEGOTIATORS
Agency authorized representatives: Gold Coast Health Plan Commissioners, Morgan Consulting and General Counsel
Unrepresented employee: Chief Executive Officer

14. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case.

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

ADJOURNMENT

Commissioner Pupa adjourned the meeting at 8:01 p.m.

Approved:

_____
Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Ventura County Medi-Cal Managed Care Commission

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

DATE: June 22, 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.

Estimated Costs	Year 1	Years 2 to 5*	Total
EDIFECS			
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
Total -Edifecs	$ 672,181	$ 981,565	$ 1,653,746
Contingency (~4.22%)	$ 69,828		$ 69,828
Total -Edifecs + Contingency Not to Exceed			$ 1,723,574
OTHER PROGRAM COSTS			

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

*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”

Gold Coast Health Plan℠
A Public Entity

Integrity
Accountability
Collaboration
Trust
Respect

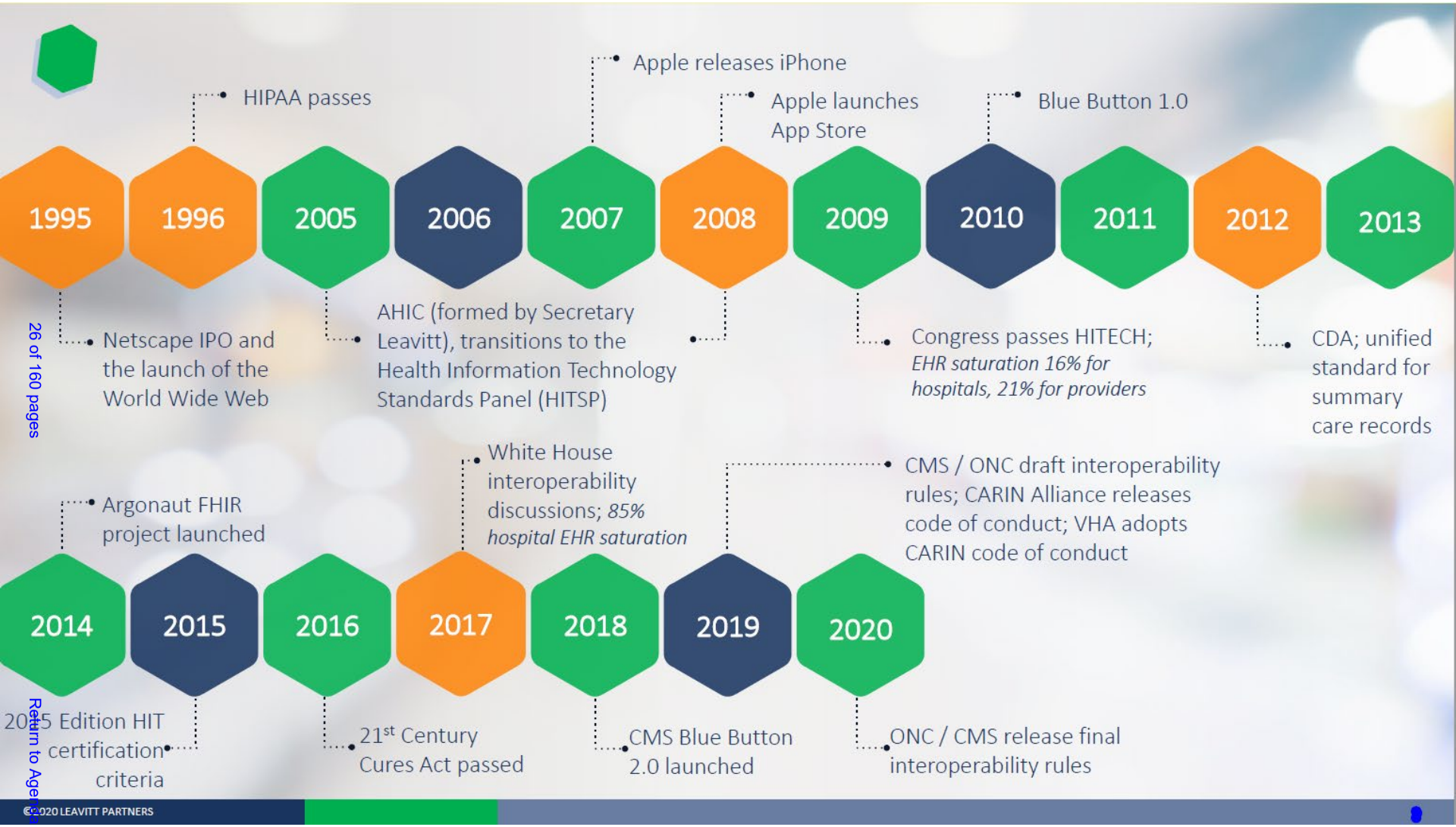
Healthcare Interoperability

June 22, 2020

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

711 East Daily Drive, Suite 106, Camarillo, CA 93010 www.goldcoasthealthplan.org

Evolution of Path to Interoperability



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ONC's Cures Act Final Rule

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

Interoperability & Patient Access Final Rule

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
  - Pharmacy Formulary
  - Payer to payer exchange
  - Hospital Admission, discharge , transfer (ADTs) records
  - Improved Coordination of benefits (COB) for medi-medi
- Publicly exposes **information blockers**
- Opens up **marketplace competition** for 3rd party healthcare applications

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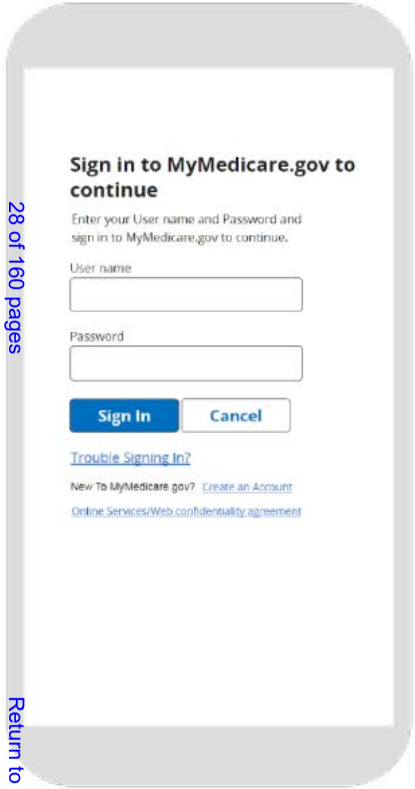
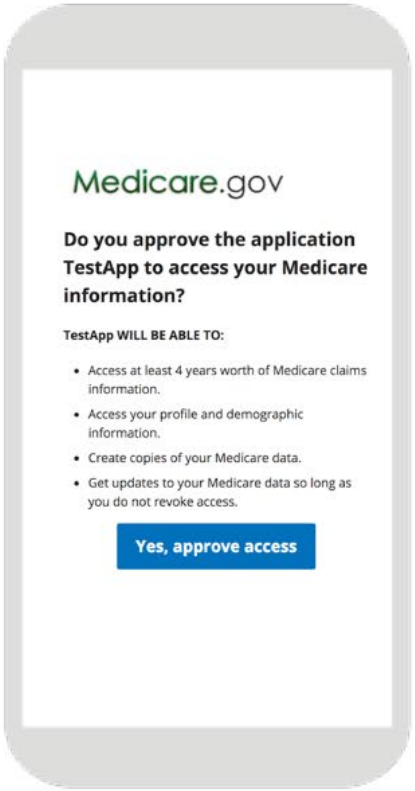
Third Party Mobile Applications
Chosen by our members in ‘app’ stores





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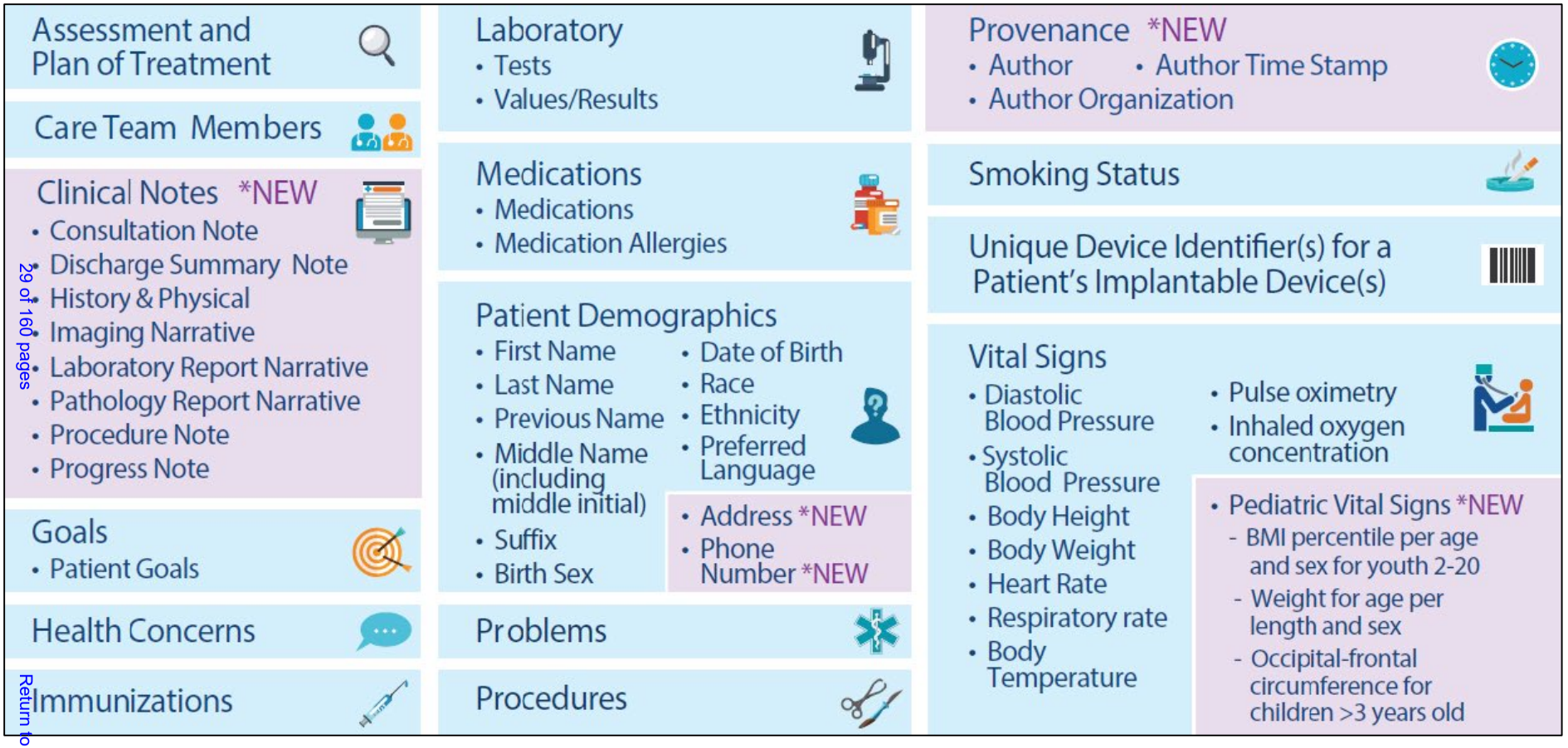
U.S. Core Data for Interoperability (USCDI v1)



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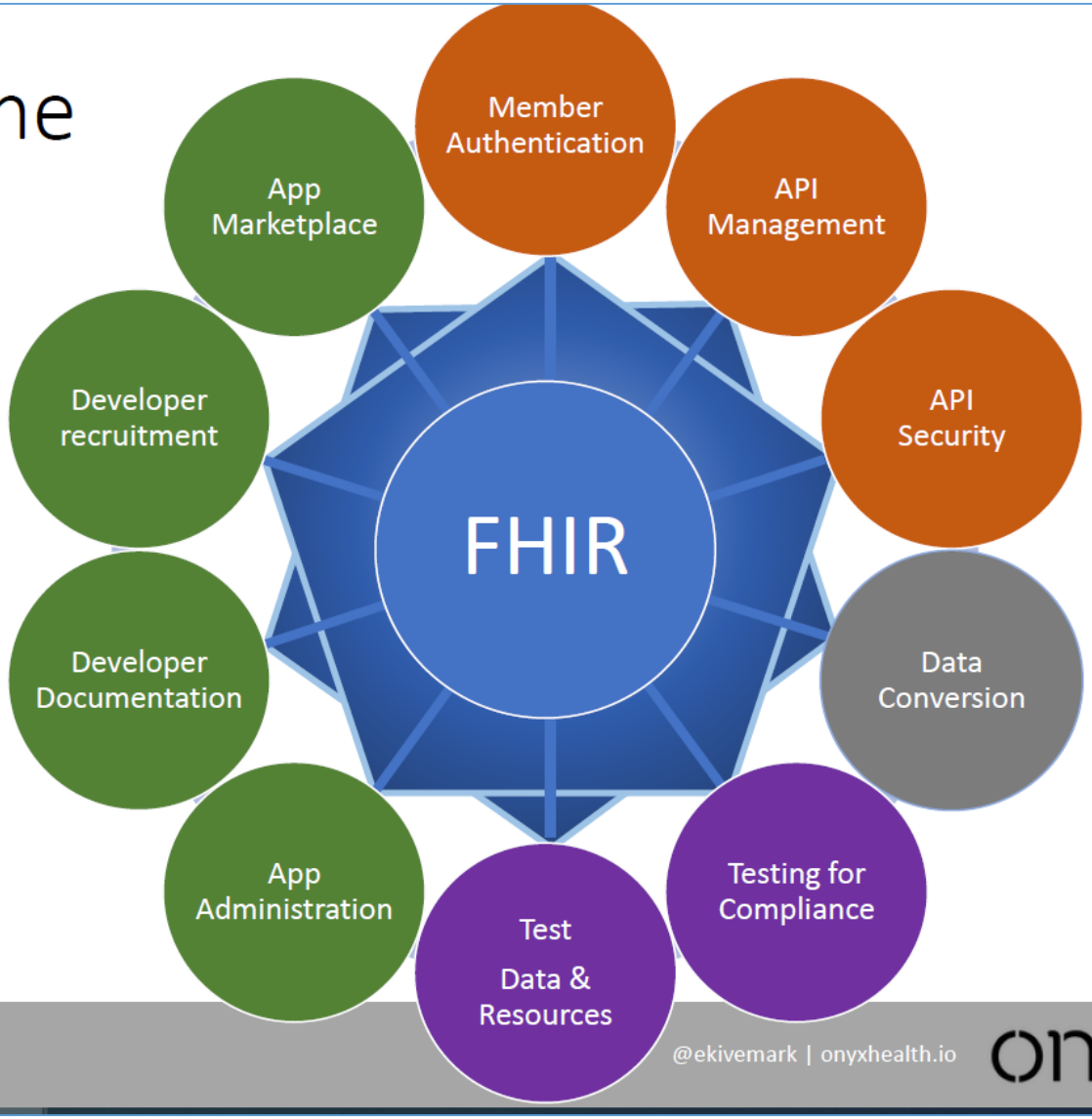
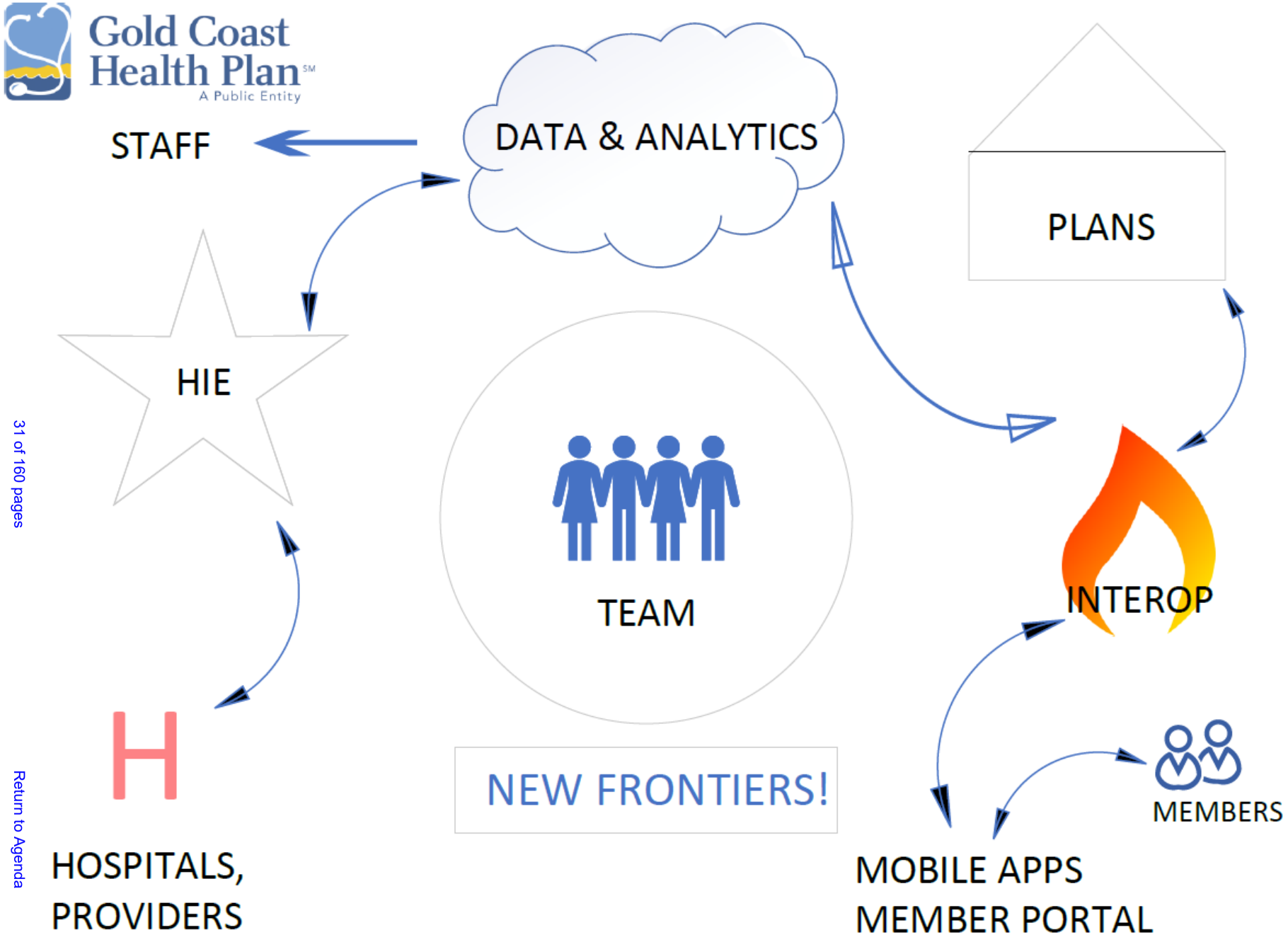
CMS Interoperability = Robust Program

The FHIR API is the easy part…



You also need:

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



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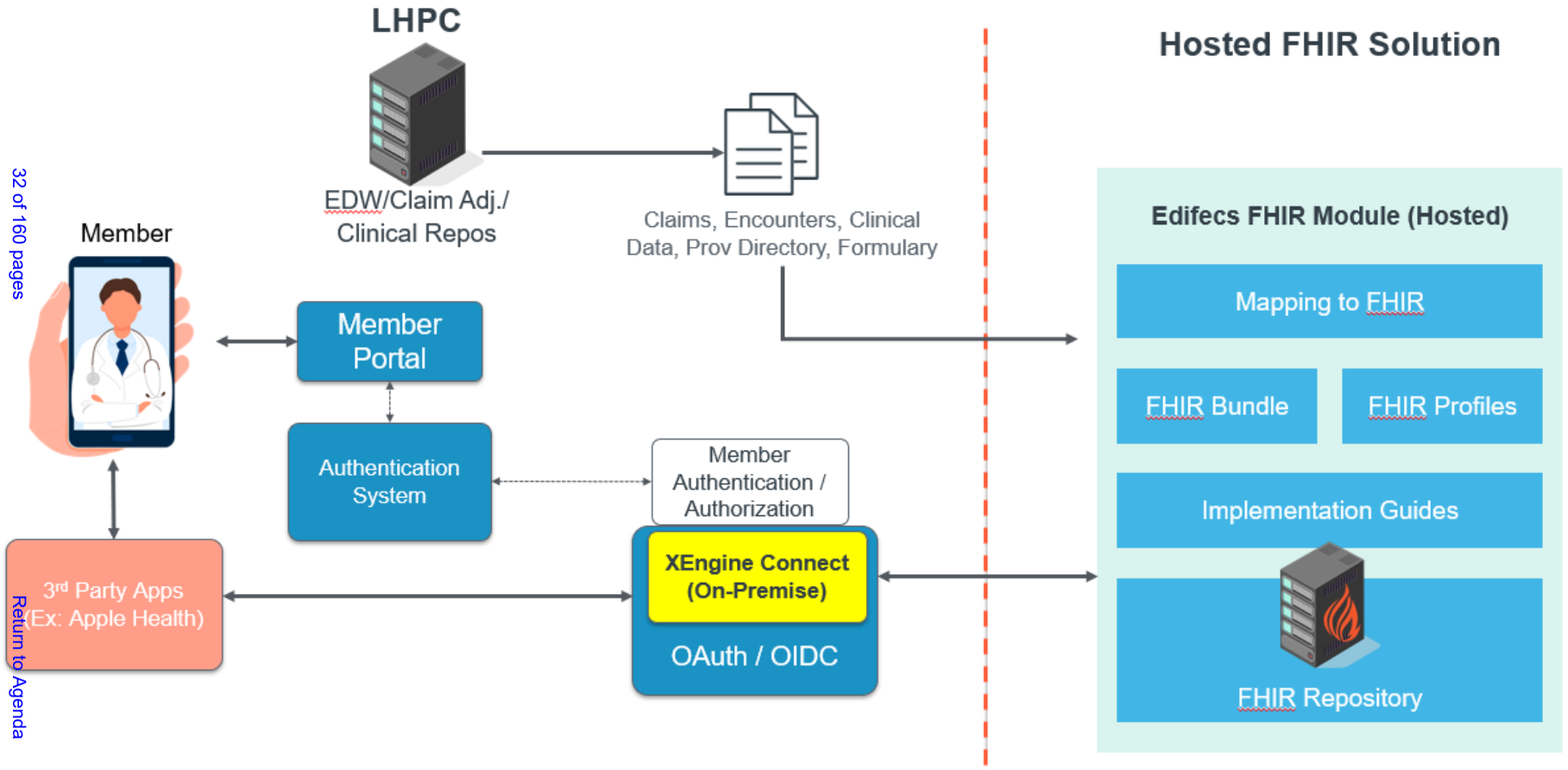
Hosted Solution -Edifecs

Phase 1: Patient API, Directory

January 2021



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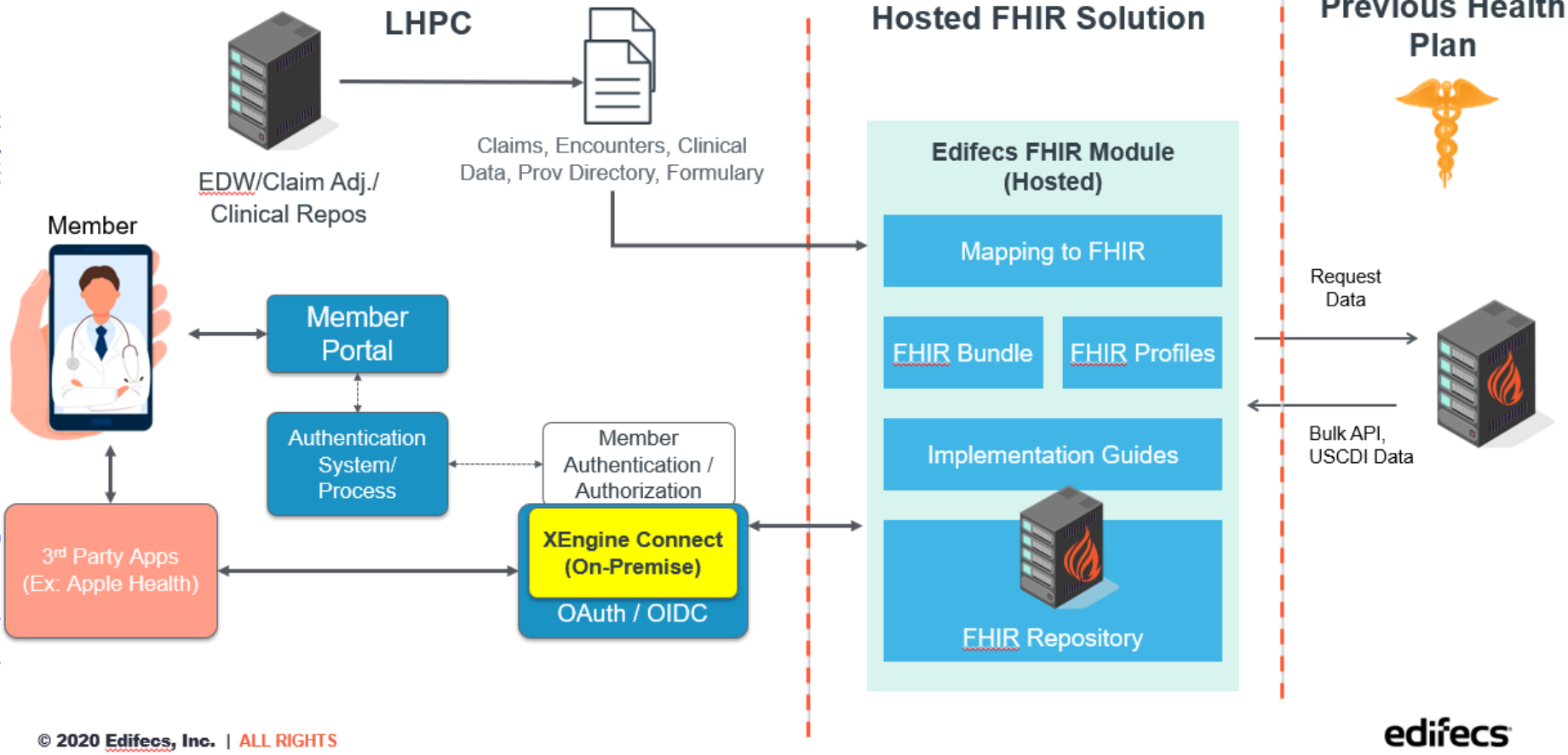
edifecs

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

January 2022



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edifecs

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, 3rd Party Vendor Apps	$10,000			$10,000
Implementation Fees	$186,091			$186,091
Data Mapping Fees	$259,200			$259,200
TOTAL	**$455,291**	**$216,890**	**$981,565**	**$1,653.746**
Contingency (~4.22%)				$ 69,828
TOTAL 5 YEAR CONTRACT, NOT TO EXCEED				**$1,723,574**

*Includes annual 5% increase

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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
TOTAL *Staffing costs excluded	**$990,119***

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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)

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APPENDIX

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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

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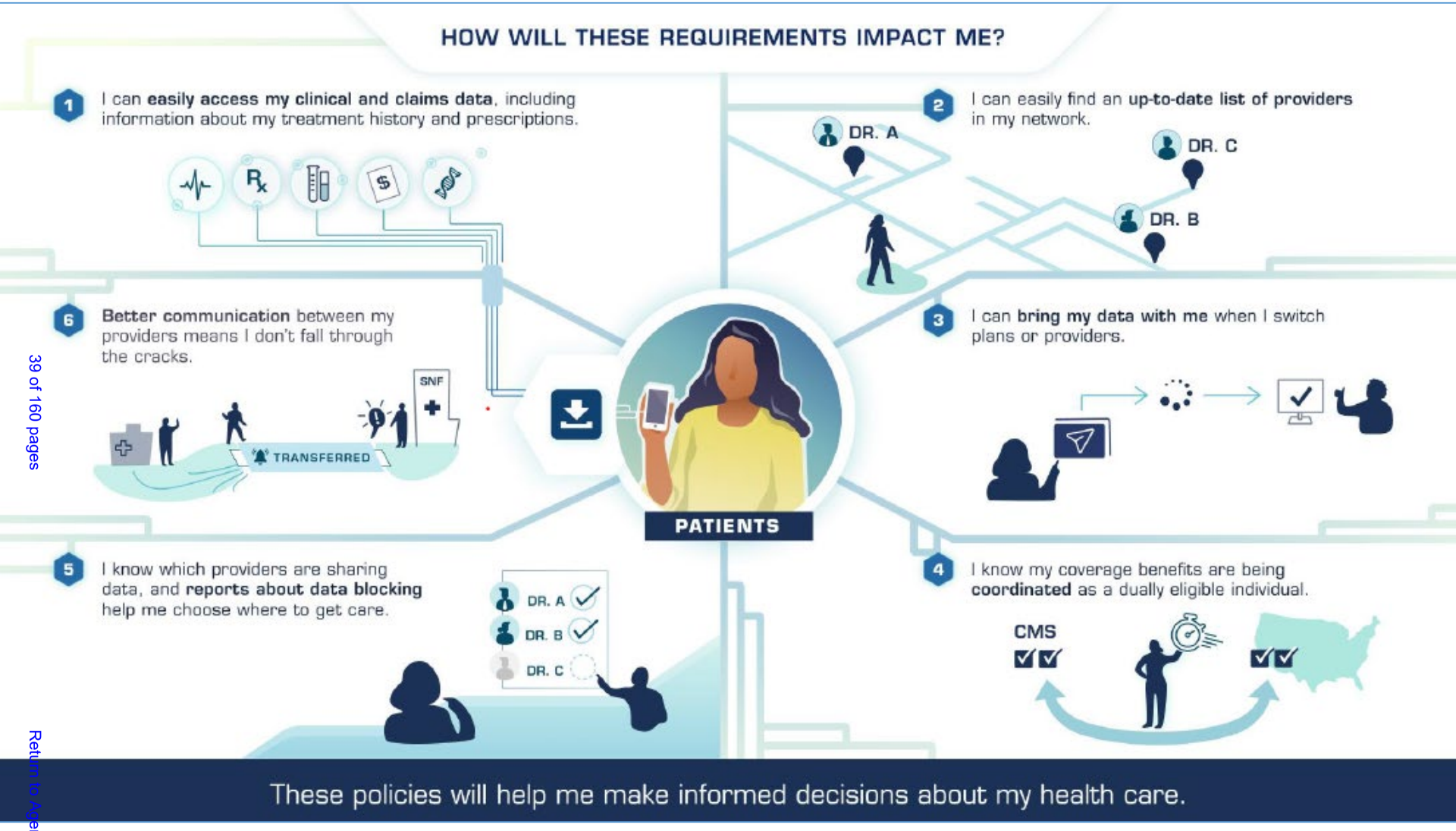
**Defined in section 3000 of the Public Health Service Act 42 U.S.C. 300jj as amended by section 4003 of the Cures Act*

Patient Benefits



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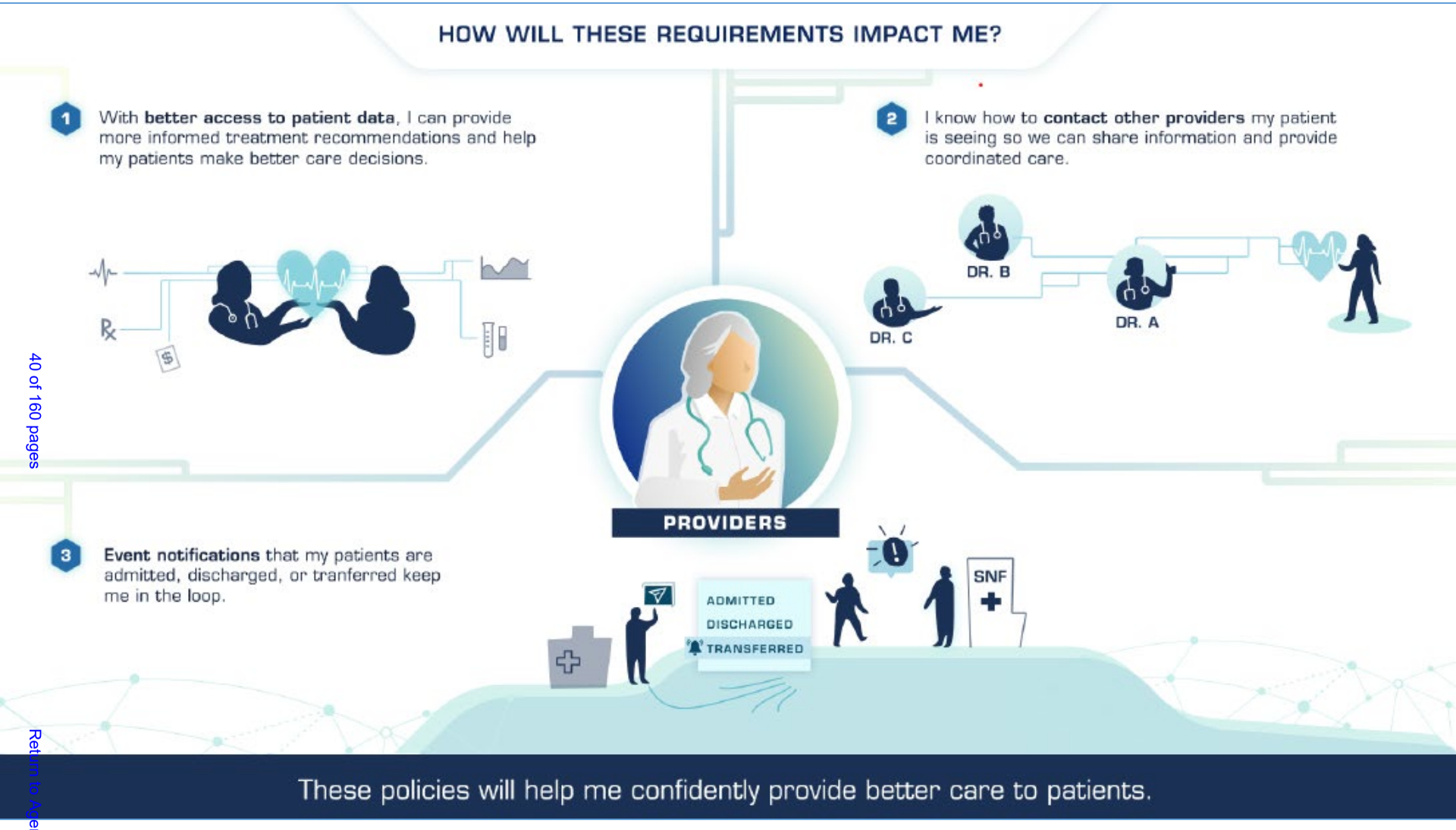
Provider Benefits



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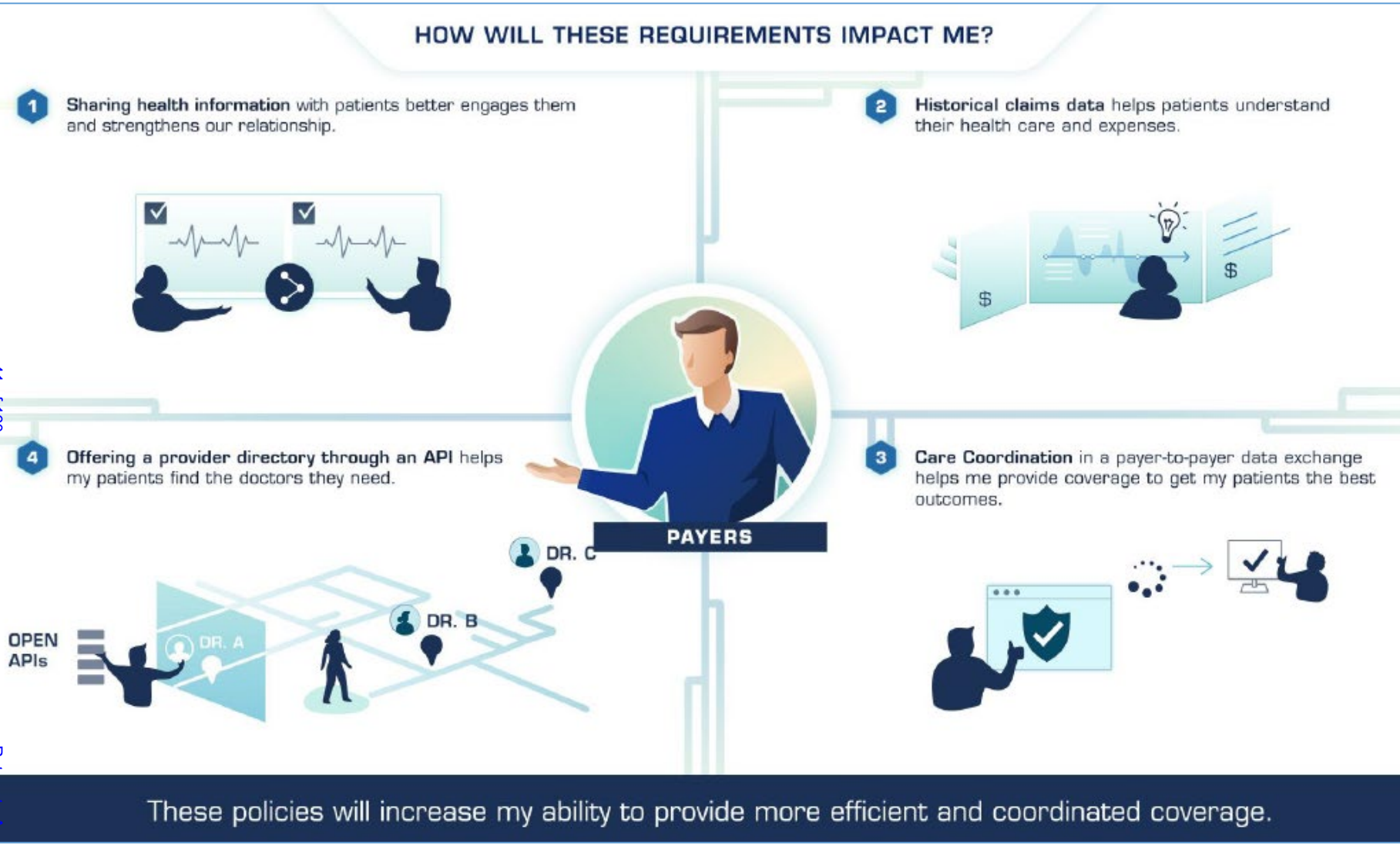
Payer Benefits



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Edifecs – Detail Estimate
5 year Cost

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
SOFTWARE						
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**
IMPLEMENTATION SERVICES						
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**
Yearly Total	**$672,181**	**$227,735**	**$239,122**	**$251,077**	**$263,631**	$1,653,746
Cumulative Total	**$672,181**	**$899,916**	**$1,139,038**	**$1,390,115**	**$1,653,746**	

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AGENDA ITEM NO. 3

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Helen Miller, Senior Director of Information Technology (IT)

DATE: June 22, 2020

SUBJECT: Contract Approval – OptumInsight Inc.

SUMMARY:

In January 2019, Gold Coast Health Plan (GCHP) partnered with our Administrative Service Organization (ASO), Conduent, to implement a full replacement of the IKA core system with HSP MediTrac. This new core system will allow automated payment of hospital APR-DRGs, allowing greater flexibility on contacting with hospitals, and eliminating the current manual pricing of these types of claims.

- GCHP's Network Management team is moving towards an APR-DRG reimbursement model in hospital contracts.
- OptumInsight is the only product that is supported within the HSP MediTrac system to provide automated pricing of these claims per the hospital contract and therefore would be a sole source agreement.
- Implementation would be completed with the HSP MediTrac system go-live.

FISCAL IMPACT:

There is no impact to the current fiscal year. The license term is concurrent with the Conduent agreement, which expires June 30, 2024. The annual amount is included in the approved FY21 budget plan. Conduent has agreed to share in the cost during the term of the license. The total amount for the 4-year period with the cost sharing from Conduent is $933,098. The agreement includes pre-negotiated optional pricing for years 5 & 6. The total cost to the Plan over a 6-year term is $2,049,556.

Reference Table 1 on next page for details.

Table 1

Product	Year 1	Year 2	Year 3	Year 4	Optional Year 5	Optional Year 6	Total
PPS Implementation	**$27,700**	**$0**	**$0**	**$0**	**$0**	**$0**	**$27,700**
Payment Systems:							
Medicaid:							
California Medicaid APR-DRG & 3M Royalities	**$408,219**	**$428,630**	**$442,586**	**$457,015**	**$471,934**	**$486,092**	**$2,694,475**
Application Managed Services:							
Application Managed Services	**$48,190**	**$50,600**	**$52,118**	**$53,681**	**$55,292**	**$56,951**	**$316,831**
Other:							
Additional Web.Strat Users	**$0**	**$20,823**	**$21,447**	**$22,091**	**$22,754**	**$23,436**	**$110,550**
Conduent Cost Sharing	**-$350,000**	**-$250,000**	**-$250,000**	**-$250,000**			**-$1,100,000**
	$134,109	**$250,052**	**$266,151**	**$282,787**	**$549,979**	**$566,479**	**$2,049,556**

RECOMMENDATION:

The Plan recommends the Commission authorize the Interim CEO to award and execute a four-year term license to OptumInsight Inc. with approval to execute up to two, twelve-month renewal options, (aligning to the term language in the Conduent SOW). Total approved amount is $2,049,556.00.

If the Commission desires to review these contracts, they are available at GCHP's Finance Department.

AGENDA ITEM NO. 4

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Kashina Bishop, Chief Financial Officer

DATE: June 22, 2020

SUBJECT: May 2020 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached May 2020 fiscal year-to-date (FYTD) financial statements of Gold Coast Health Plan ("Plan") for the Commission to review and approve.

BACKGROUND/DISCUSSION:

The staff has prepared the unaudited May 2020 FYTD financial package, including statements of financial position, statement of revenues and expenses, changes in net assets, and statement of cash flows.

Financial Overview:

The Plan experienced a net gain in the month of May of $2.3 million attributable to a decline in utilization related to COVID-19. While we recorded a gain for the month improving the fiscal year to date performance, there will likely be significant impacts to the June FYTD financial statements as the staff records estimates for the anticipated impacts to revenue and expense due to the State budget. Staff continues to monitor and forecast as information from the State is released which includes the impacts of a proposed 1.5% reduction to base capitation rates retroactive to July 1, 2019, the implementation of a risk corridor in which the State would share in gains or losses exceeding established thresholds, and the 10% increase to long term care facility rates through the COVID-19 emergency.

While the staff at GCHP remains committed to process improvement, strong internal controls, and fair and transparent contract negotiations with providers; we have transitioned to a keen focus on the solvency action plan and the urgency now associated with it due to the immediate financial impact of the State budget.

The work already done to identify savings opportunities will be integrated into Solvency Action Plan updates with future reports. In the month of May, the following progress was made:

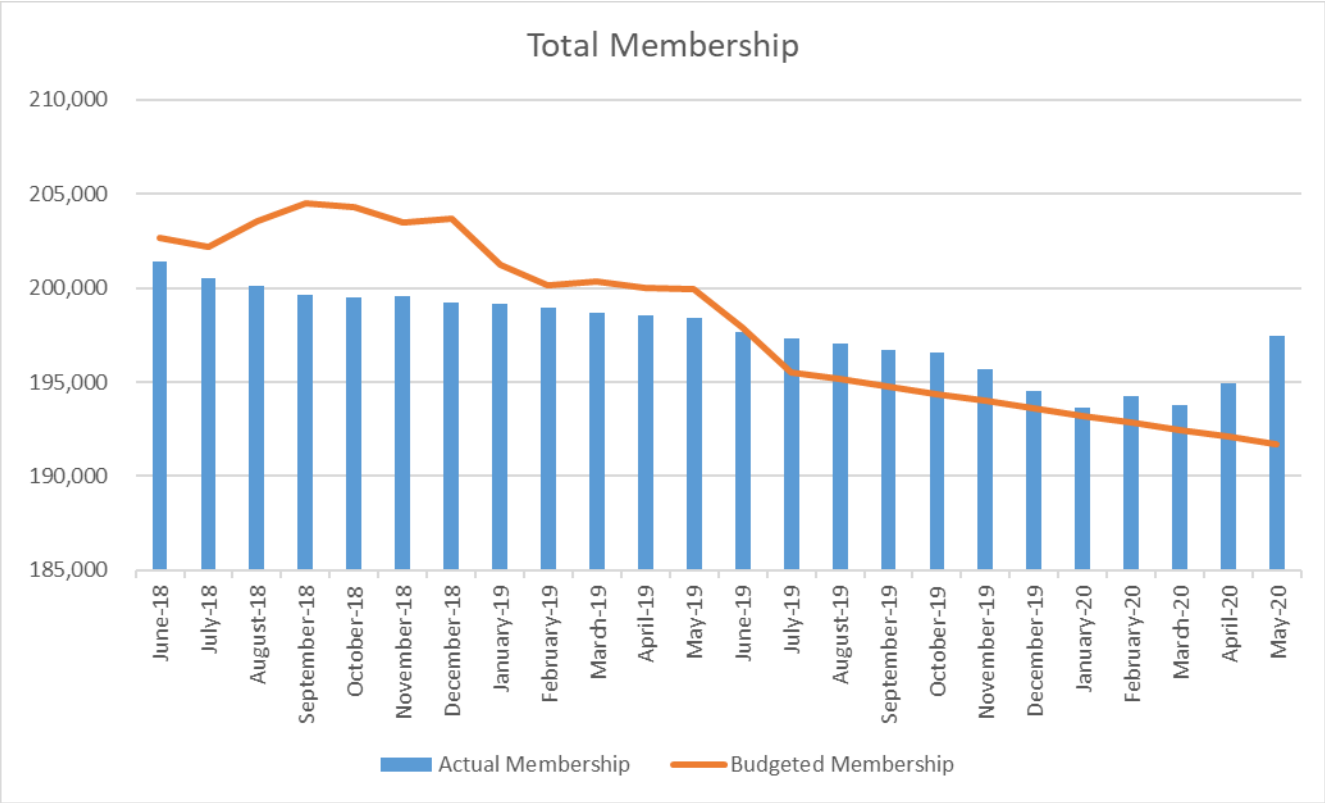
1. Continued to decrease claims interest expense based on improvement in claims processing turn around reducing the days a claim sits in the Provider Dispute Resolution queue. The average interest expense through April was $60,000 per month, and the Plan did not pay any interest in May.
2. Completed rate negotiations with Americas Health Plan.
3. Submitted policy for approval by DHCS which would allow the Plan to exclude the printed provider directory from most new member packets; approval will allow the Plan to achieve administrative cost savings relate to printing.
4. Submitted policy for approval by DHCS which would revise the approach to Non-Pharmacy dispensing sites in the pharmacy network. Approval of policy will result in significant savings to the Plan.
5. Formalized the Solvency Action Plan for approval by the Commission.

Financial Report:

For the month of May 2020, the Plan is reporting a net gain of $2.3 million.

May 2020 FYTD Highlights

1. Net gain of $242,000; a $1.0 million unfavorable year-to-date budget variance.
2. FYTD net revenue is $757.6 million, $45.4 million higher than budget.
3. FYTD Cost of health care is $712.6 million, $53.7 million higher than budget.
4. The medical loss ratio is 94.1% of revenue, which is 1.6% higher than the budget.
5. The administrative cost ratio is 6.1%, 1.4% lower than budget.
6. Current membership for May is 197,452. Member months for the year are at 1,952,632 which is 1% greater than budget.
7. Tangible Net Equity is $75.8 million which represents approximately 32 days of operating expenses in reserve and 217% of the required amount by the State.


Total Membership
210,000
205,000
200,000
195,000
190,000
185,000
June-18
July-18
August-18
September-18
October-18
November-18
December-18
January-19
February-19
March-19
April-19
May-19
June-19
July-19
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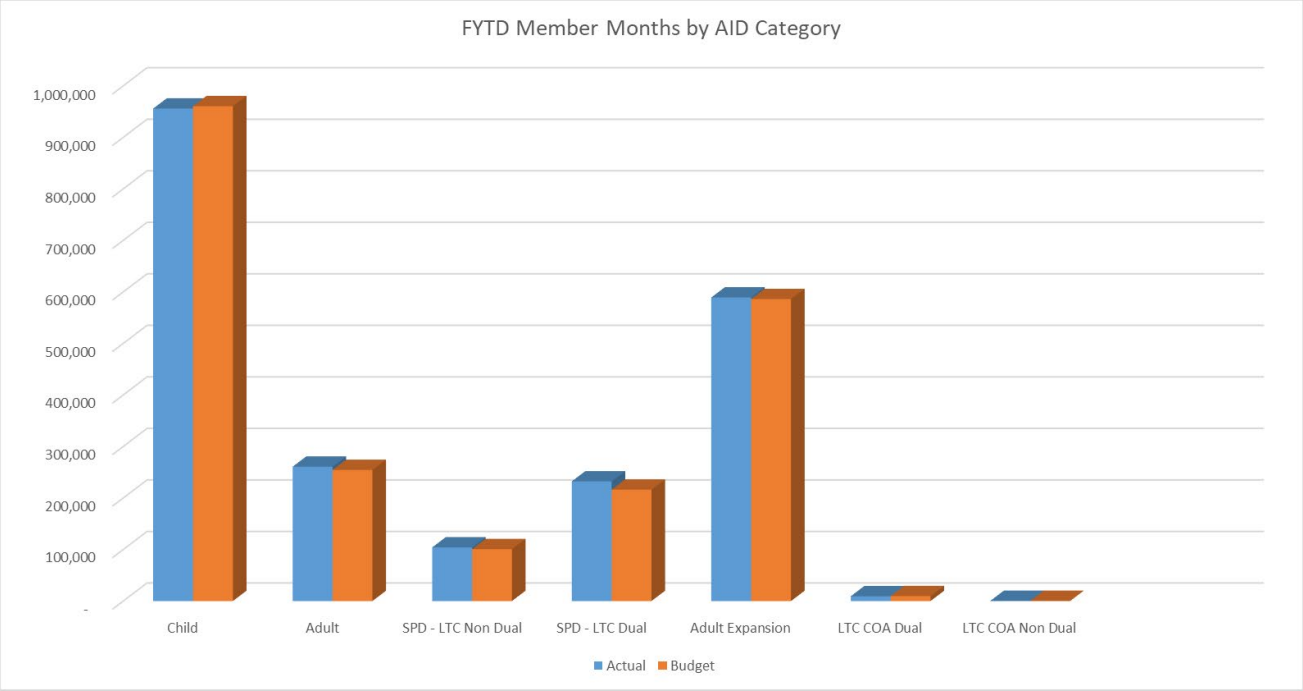
April-20
May-20
Actual Membership
Budgeted Membership


FYTD Member Months by AID Category
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
Child
Adult
SPD - LTC Non Dual
SPD - LTC Dual
Adult Expansion
LTC COA Dual
LTC COA Non Dual
Actual
Budget

Revenue

Net Premium revenue is over budget by $45.4 million and 6%. The budget variance is being driven by the following:

1. The aggregate membership is over budget by 1%, there is an estimated 2% in May considering retroactivity. Due to the widespread economic impact of COVID-19 there is a resulting rise in unemployment and the Plan is projecting a growth in membership and will continue to monitor changes in unemployment. Medi-Cal redeterminations have been suspended through the emergency. For reference, below is historical data that reflects changes in Medi-Cal enrollment following a recession.

Years Spanned (Total # of Months During Economic Recession)[1]	Start Date of Economic Recession	End Date of Economic Recession	Year-over-year change in Medi-Cal Enrollment[2]
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%

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

[2] This increase could also include changes in eligibility so this may not reflect a direct link to the recessionary growth only.

2. Case mix is contributing to both higher revenue and expenses. For example, the number of members in the Child AID category is under budget while the membership in the Seniors and Persons with Disability (SPD) AID categories are over budget. Due to disparities in cost for members in the various AID categories, that Plan is paid a higher capitation rate for those members in the SPD AID category.

3. Due to the increasing risk of the current population in FY19-20, GCHP received revised draft capitation rates from the State which were 1.7% higher than budgeted.

4. Due to increased utilization, supplemental payments for Behavioral Health services are $7.0 million higher than budgeted.

5. Capitation revenue attributable to Proposition 56 and Ground Emergency Transportation Payment (GEMT) are over budget by $8.6 million due to updated rates for the additional programs explained below:

   In 2016, California voters approved Proposition 56 to increase the excise tax rate on cigarettes and tobacco products. A portion of this revenue is allocated to DHCS for use as the nonfederal share of health care expenditures. The initial Proposition 56 directed payment was implemented for dates of service in FY 2017-18 with additional amounts being paid to providers with encounter data related to certain CPT codes.

   The program was expanded for dates of service beginning July 1, 2019 to include supplemental payments for specified family planning codes and a value-based payment program which requires additional payments for qualifying services related to prenatal/postpartum care, early childhood visits, chronic disease management, and behavioral health integration. The program was further expanded for dates of service beginning January 1, 2020 for developmental screening services and adverse childhood event screening services.

   The Plan has continued to make payments under Proposition 56 related to the continued physician services and we will process payments for the new programs once the final All Plan Letters are issued and the Plan receives the appropriate funding from DHCS.

   GEMT is a Quality Assurance Fee program which provides for an enhanced reimbursement rate for emergency medical transports by non-contracted providers.

Health Care Costs

FYTD Health care costs are $712.6 million; this equates to a $53.7 million and 8% unfavorable budget variance.

Notable variances from the budget are as follows:

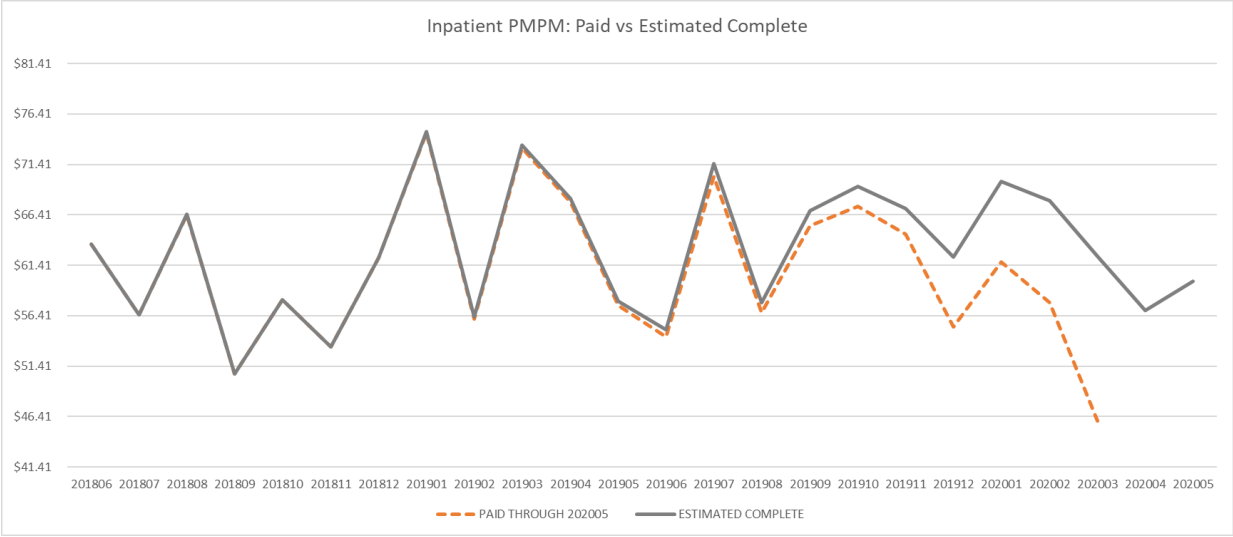
1. Membership is over budget by 1% which will impact the anticipated medical expenses. This is offset by increased capitation revenue from the State.

2. Case mix is contributing to both higher revenue and expense, as noted in the Revenue section.

3. The State validated the assertion that as the membership has declined for the current fiscal year, it is the healthier population that is disenrolling which is increasing the overall per member per month costs of the remaining membership. The State gave us an additional 1.7% in the capitation rates to offset this increased expense.

4. Directed payments (for Proposition 56) are over budget by $11.5 million. GCHP is accruing a directed payment expense equal to 100% of the current year revenue attributable to Proposition 56. Approximately $8.6 million of the variance is due to updated rates from the State. The additional variance is driven by prior year changes in estimate.

5. Inpatient hospital costs are over budget by $12.2 million. Overall, there has been more volatility with high dollar claims. The AID categories with the most significant increases from budget are Adult and Adult Expansion. Acute inpatient admissions per 1,000 members has increased from 54.87 in FY 18-19 to 57.50 in FY 19-20, a 4.7% increase, and the average cost per admit has increased approximately 2.9%. Due to COVID-19, inpatient costs are estimated to be lower March through May. Staff was conservative in the estimates until the full extent of the impact is validated through claims data.

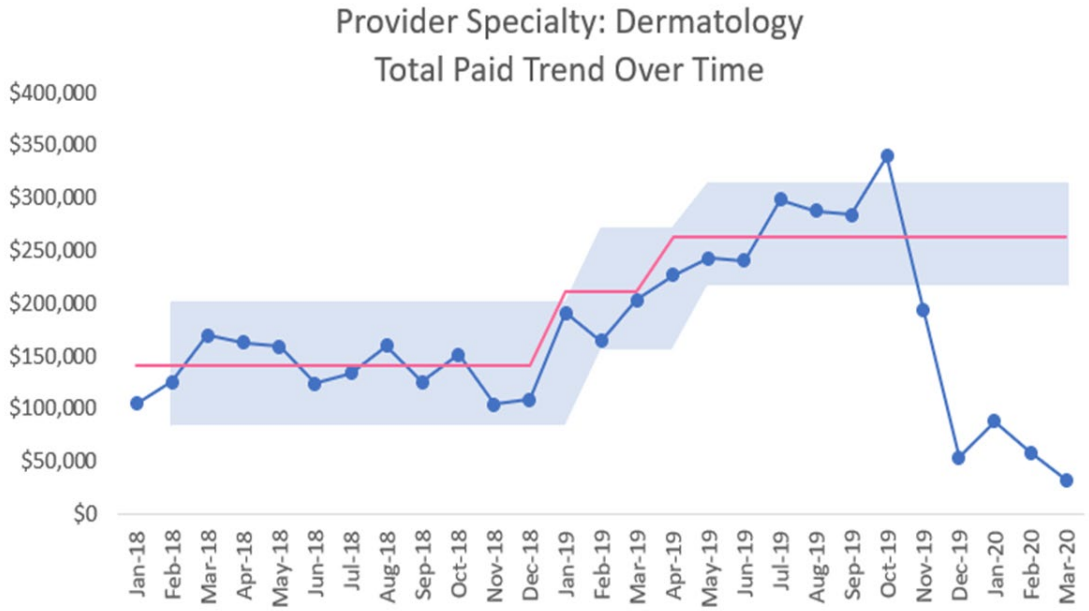


Top 10 Diagnoses - Total Paid	April 2018 - March 2019	April 2019 - March 2020	Dollar Change	Percent Change
Bacterial infection	21,114,138	18,260,188	(2,853,950)	-14%
Diseases of the heart	7,619,161	7,660,340	41,179	1%
Complications	7,527,752	6,334,256	(1,193,495)	-16%
Complications mainly related to pregnancy	7,227,850	6,364,462	(863,388)	-12%
Cerebrovascular disease	6,784,821	5,263,647	(1,521,175)	-22%
Alcohol-related disorders	4,745,572	4,678,524	(67,049)	-1%
Indications for care in pregnancy; labor; and delivery	4,476,176	4,156,038	(320,138)	-7%
Hypertension	3,799,253	4,672,449	873,196	23%
Cancer of lymphatic and hematopoietic tissue	5,129,479	1,947,753	(3,181,725)	-62%
Fractures	3,790,769	3,221,628	(569,141)	-15%
Grand Total	76,613,805	68,464,693	(8,149,112)	-11%

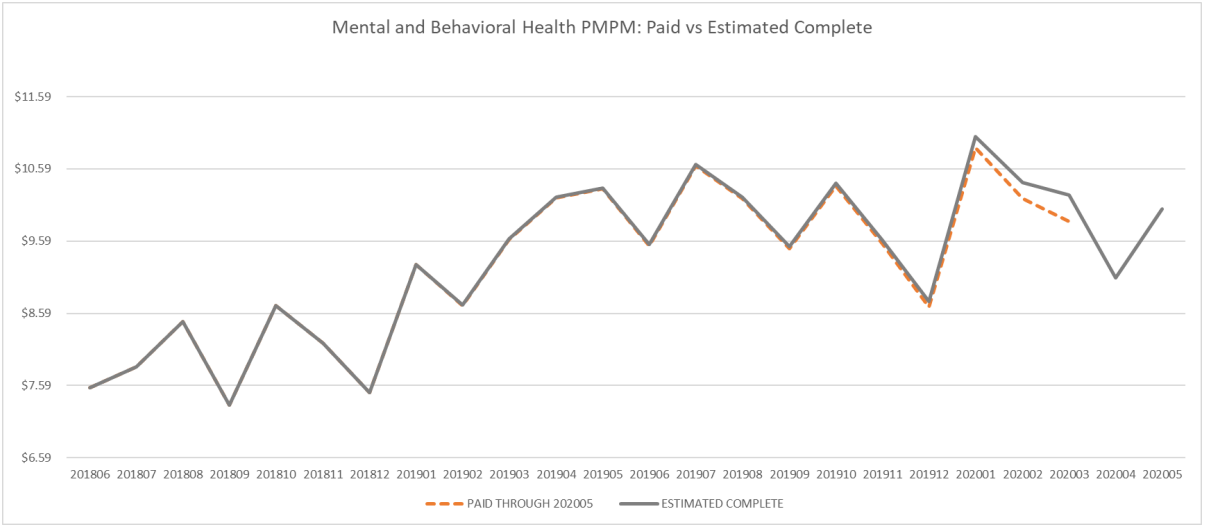
6. Physician Specialty is over budget by $7.3 million. The primary drivers continue to be dermatology, physical therapy, medical oncology and orthopedic surgery. The increase in physical therapy is primarily related to services being provided to children with developmental disabilities. These children were previously cared for by the Tri-Counties Regional Center but under revisions in Medi-Cal rules these services were transitioned to the Plan. The increase in orthopedic surgery is the result of the Plan's effort to increase access as there had previously been a shortage of orthopedic providers.

Service Provider Specialty	April 2018 - March 2019	April 2019 - March 2020	$ Change	% Change
Grand Total	*62,121,126*	*66,180,438*	*4,059,312*	*7%*
Physical therapist (independently practicing)	2,565,293	3,299,534	734,241	29%
Dermatology	1,784,945	2,372,636	587,691	33%
Medical oncology	399,294	939,835	540,541	135%
Orthopedic surgery	1,097,052	1,417,097	320,044	29%
Ophthalmology	2,126,783	2,433,651	306,868	14%
Physician assistant	181,911	419,403	237,492	131%
Hematology/oncology	732,434	967,464	235,030	32%
Internal medicine	2,304,813	2,488,371	183,558	8%
Pulmonary disease	436,474	588,686	152,212	35%
Hand surgery	48,394	177,475	129,081	267%

Dermatology expenses have decreased since a provider termination in November 2019, as demonstrated in the below graph.



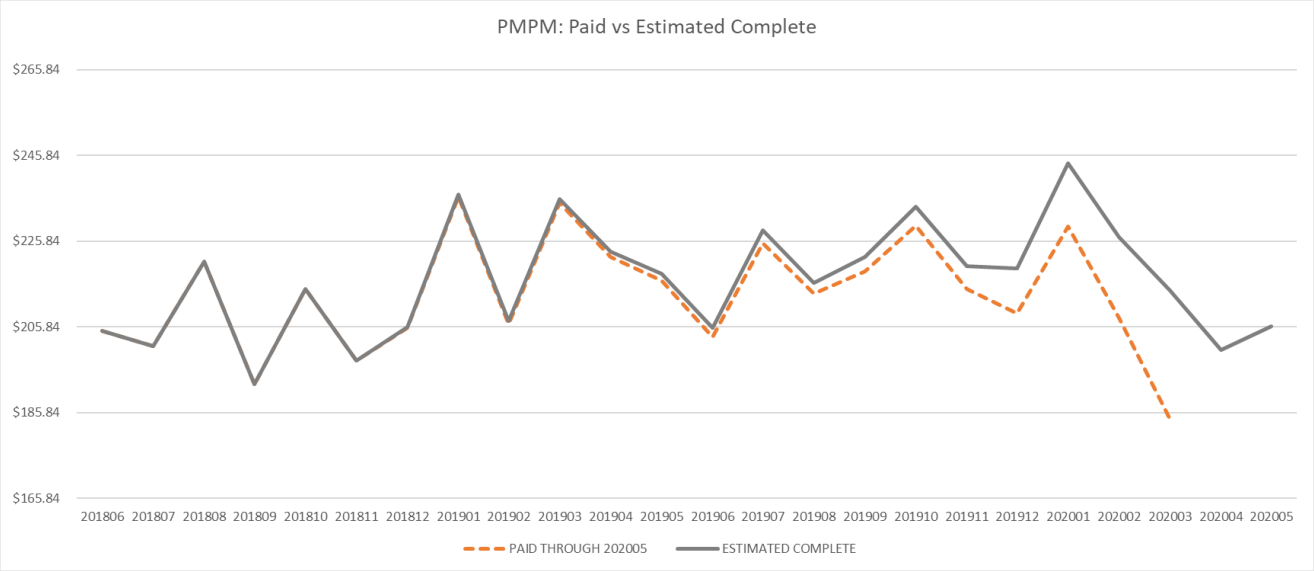
7. Behavioral and mental health is over budget by $5.2 million. Utilization increased significantly in 2019 with behavioral health benefits for being extended to members that do not have an autism diagnosis. The budget is $8.16 per member per month and the average expense in FY 19-20 $9.99 per member per month, an annualized increase of approximately $3.9 million. The increased cost is offset by supplemental payments from the State for Behavioral Health treatment which is over budget by $7.0 million.



8. Primary Care Physician is over budget by $3.4 million (27%). This is due to a classification issue with the non-PBM pharmacy expenses within the budget. Non-PBM pharmacy expense was budgeted under pharmacy but the expense is being reflected in the Primary Care Physician line item. If properly classified, the budget variance would be $880,000 (7%). This will be corrected in the coming year's budget process.

9. Pharmacy expense is over budget by $8.9 million and 7% due to increases in both utilization and unit costs (9% excluding the non-pbm pharmacy portion). Pharmacy expense increased in May due to COVID-19 and the allowance of a 100-day supply of medications to be dispensed without a treatment authorization request. The peak was in April, but there is some delay in the financial statement recognition due to the timing of invoices from Optum. In addition, dermatology costs were significantly elevated from March through May. The Plan is awaiting approval of a policy submitted to DHCS that will minimize future costs.

10. Total fee for service health care costs excluding capitation and pharmacy, and considering date of service, are over budget by $8.03 PMPM (4%).



Note: Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as "Incurred But Not Paid" (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred But Not Reported and Claims Payable. The total liability is the difference between the estimated costs (the orange line above) and the paid amounts (in grey above).

11. The Plan is closely monitoring for data that would provide information on the potential impact of COVID-19 on medical expenses, both in relation to this current fiscal year and in providing a meaningful forecasts.

Administrative Expenses

The administrative expenses are currently running within amounts allocated to administration in the capitation revenue from the State. In addition, the ratio is comparable to other local initiative health plans.

For the fiscal year to date through May, administrative costs were $46.6 million and $6.5 million below budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 6.1% versus 7.5% for budget.

Cash and Short-Term Investment Portfolio

At May 30th, the Plan had $133.7 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool $42.8 million; LAIF CA State $205,000; the portfolio yielded a rate of 2.5%.

Medi-Cal Receivable

At May 30th, the Plan had $164.3 million in Medi-Cal Receivables due from the DHCS.

RECOMMENDATION:

Staff recommends that the Commission approve the May 2020 financial package.

ATTACHMENT:

May 2020 Financial Package

Gold Coast Health Plan℠
A Public Entity

FINANCIAL PACKAGE
For the month ended May 31, 2020

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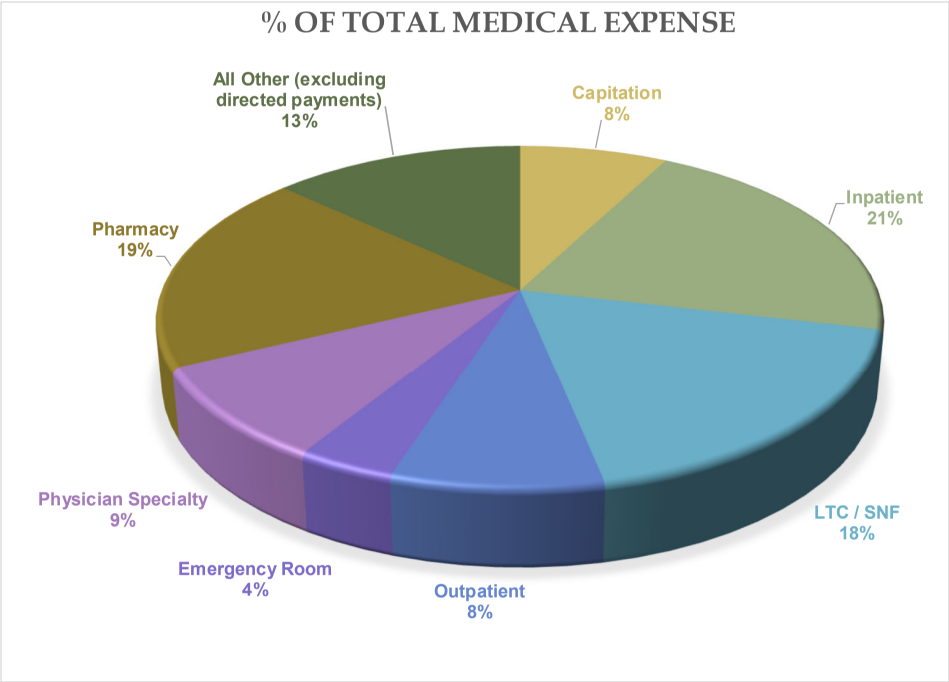
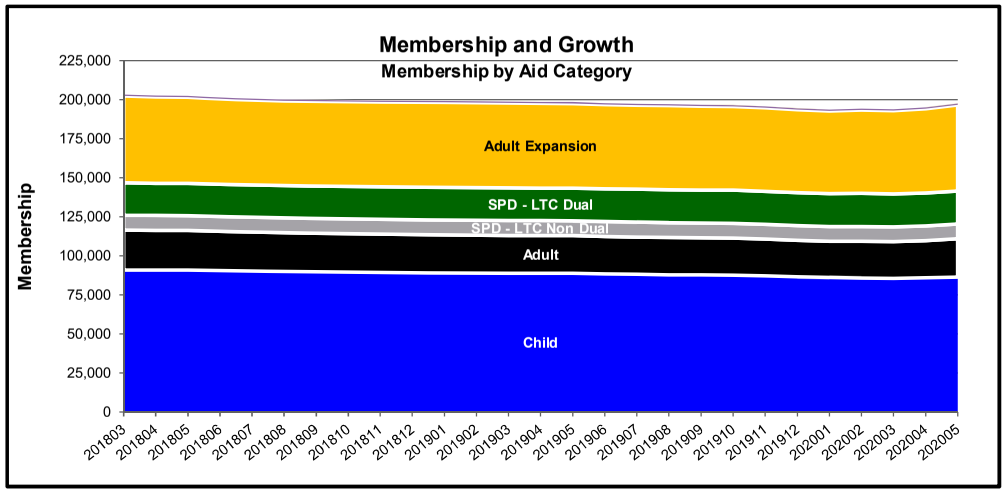
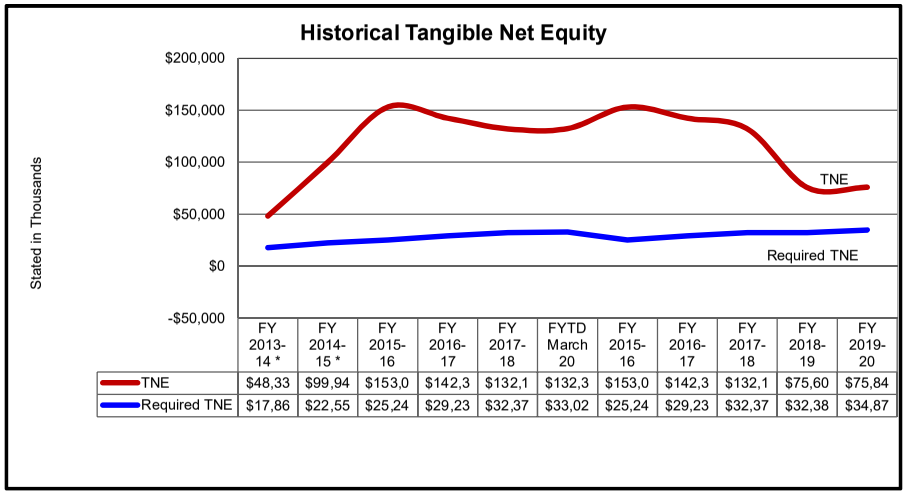
Gold Coast Health Plan

Executive Dashboard as of May 31, 2020

	FYTD 19/20 Budget	FYTD 19/20 Actual	FY 18/19 Actual	FY 17/18 Actual
Average Enrollment	236,622	239,001	198,140	202,748
PMPM Revenue	$ 334.51	$ 352.20	$ 299.23	$ 284.60
Medical Expenses				
Capitation	$ 26.52	$ 24.50	$ 23.90	$ 13.90
Inpatient	$ 61.60	$ 66.67	$ 62.09	$ 58.98
LTC / SNF	$ 57.31	$ 57.75	$ 56.06	$ 51.30
Outpatient	$ 25.68	$ 26.15	$ 25.88	$ 25.74
Emergency Room	$ 11.91	$ 12.17	$ 12.14	$ 12.77
Physician Specialty	$ 25.49	$ 28.63	$ 26.71	$ 23.82
Pharmacy	$ 57.07	$ 60.62	$ 56.60	$ 49.76
All Other (*excluding directed payments*)	$ 36.11	$ 41.82	$ 38.20	$ 32.93
Total Per Member Per Month	$ 301.70	$ 318.30	$ 301.58	$ 269.21
Medical Loss Ratio	92.5%	94.1%	102.0%	95.1%
Total Administrative Expenses	$ 53,105,028	$ 46,594,713	$ 46,655,880	$ 49,015,352
% of Revenue	7.5%	6.1%	6.6%	7.1%
TNE	$ 93,700,000	$ 75,847,014	$ 75,604,948	$ 132,115,371
Required TNE	$ 33,464,286	$ 34,875,025	$ 32,382,791	$ 32,373,536
% of Required	280%	217%	233%	408%







	FY 2013-14 *	FY 2014-15 *	FY 2015-16	FY 2016-17	FY 2017-18	FYTD March 20	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
TNE	$48,33	$99,94	$153,0	$142,3	$132,1	$132,3	$153,0	$142,3	$132,1	$75,60	$75,84
Required TNE	$17,86	$22,55	$25,24	$29,23	$32,37	$33,02	$25,24	$29,23	$32,37	$32,38	$34,87

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STATEMENT OF FINANCIAL POSITION

	05/31/20	04/30/20	03/31/20
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	**90,620,525**	**85,204,213**	**38,393,376**
Total Short-Term Investments	**43,040,206**	**42,940,731**	**42,824,558**
Medi-Cal Receivable	164,310,015	154,909,413	211,381,138
Interest Receivable	282,269	282,269	356,509
Provider Receivable	450,647	377,897	292,569
Other Receivables	7,829,253	8,857,684	11,329,670
Total Accounts Receivable	**172,872,185**	**164,427,262**	**223,359,885**
Total Prepaid Accounts	1,640,927	2,063,741	2,239,310
Total Other Current Assets	153,789	153,789	153,789
Total Current Assets	**308,327,631**	**294,789,736**	**306,970,918**
Total Fixed Assets	**1,654,171**	**1,698,281**	**1,720,750**
Total Assets	**$ 309,981,802**	**$ 296,488,017**	**$ 308,691,668**
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	$ 60,711,893	$ 59,972,047	$ 54,510,478
Claims Payable	9,598,303	8,175,554	8,092,540
Capitation Payable	19,619,530	19,712,855	21,569,403
Physician Payable	18,349,967	16,861,083	14,404,132
DHCS - Reserve for Capitation Recoup	5,257,358	5,257,358	5,257,358
Accounts Payable	2,401,503	706,718	2,453,052
Accrued ACS	1,676,786	3,346,682	1,641,884
Accrued Provider Reserve	1,022,221	1,209,266	727,999
Accrued Pharmacy	20,729,069	21,208,438	19,216,469
Accrued Expenses	821,526	1,030,181	30,730,302
Accrued Premium Tax	90,904,394	82,467,273	74,088,244
Accrued Payroll Expense	1,952,841	1,896,771	2,305,733
Total Current Liabilities	**233,045,392**	**221,844,226**	**234,997,594**
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	1,089,398	1,092,284	1,095,171
Total Long-Term Liabilities	**1,089,398**	**1,092,284**	**1,095,171**
Total Liabilities	**234,134,789**	**222,936,510**	**236,092,765**
Net Assets:			
Beginning Net Assets	75,604,948	75,604,948	75,604,948
Total Increase / (Decrease in Unrestricted Net Assets)	242,066	(2,053,441)	(3,006,045)
Total Net Assets	**75,847,014**	**73,551,507**	**72,598,903**
Total Liabilities & Net Assets	**$ 309,981,802**	**$ 296,488,017**	**$ 308,691,668**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR MONTH ENDED May 31, 2020

	April 2020	May 2020	May 2020 Year-To-Date		Variance	Variance	May 2020 Year-To-Date		Variance
	Actual	Actual	Actual	Budget	Fav / (Unfav)	%	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	194,157	197,452	2,151,007	2,129,596	21,411	1%		PMPM - FYTD	
Revenue									
Premium	$ 83,153,252	$ 78,501,335	$ 847,941,252	$ 712,368,434	$ 135,572,818	19%	$ 394.21	$ 334.51	$ 59.70
Reserve for Cap Requirements	-	-	539,983	-	539,983	0%	0.25	-	0.25
MCO Premium Tax	(8,379,029)	(8,437,122)	(90,904,394)	-	(90,904,394)	0%	(42.26)	-	(42.26)
Total Net Premium	**74,774,223**	**70,064,213**	**757,576,842**	**712,368,434**	**45,208,407**	**6%**	**352.20**	**334.51**	**17.69**
Other Revenue:									
Miscellaneous Income	175,816	2,933	189,339	-	189,339	0%	0.09	-	0.09
Total Other Revenue	175,816	2,933	189,339	-	189,339	0%	0.09	-	0.09
Total Revenue	**74,950,039**	**70,067,146**	**757,766,180**	**712,368,434**	**45,397,746**	**6%**	**352.20**	**334.51**	**17.78**
Medical Expenses:									
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	3,795,042	5,395,578	52,698,920	56,483,307	3,784,387	7%	24.50	26.52	2.02
FFS Claims Expenses:									
Inpatient	11,742,257	13,239,698	143,402,373	131,192,697	(12,209,676)	-9%	66.67	61.60	(5.06)
LTC / SNF	12,060,174	10,082,455	124,210,734	122,038,864	(2,171,870)	-2%	57.75	57.31	(0.44)
Outpatient	9,014,506	5,071,792	56,242,553	54,686,445	(1,556,108)	-3%	26.15	25.68	(0.47)
Laboratory and Radiology	431,786	537,511	5,261,129	3,634,780	(1,626,349)	-45%	2.45	1.71	(0.74)
Directed Payments - Provider	2,900,940	2,233,872	27,989,631	16,484,525	(11,505,106)	-70%	13.01	7.74	(5.27)
Emergency Room	2,065,530	1,861,819	26,184,872	25,359,040	(825,832)	-3%	12.17	11.91	(0.27)
Physician Specialty	5,751,381	3,752,673	61,577,725	54,291,480	(7,286,245)	-13%	28.63	25.49	(3.13)
Primary Care Physician	1,372,030	1,070,076	15,803,465	12,450,693	(3,352,772)	-27%	7.35	5.85	(1.50)
Home & Community Based Services	1,321,373	2,271,441	16,609,133	17,188,025	578,892	3%	7.72	8.07	0.35
Applied Behavioral Analysis/Mental Health Service	2,909,380	1,726,397	22,608,577	17,374,678	(5,233,899)	-30%	10.51	8.16	(2.35)
Pharmacy	13,259,282	13,688,666	130,387,257	121,536,369	(8,850,887)	-7%	60.62	57.07	(3.55)
Provider Reserve	113,701	203,170	726,540	1,649,603	923,062	56%	0.34	0.77	0.44
Other Medical Professional	368,616	268,582	3,732,721	3,478,082	(254,640)	-7%	1.74	1.63	(0.10)
Other Medical Care	8,060	-	37,821	-	(37,821)	0%	0.02	-	(0.02)
Other Fee For Service	1,229,532	673,391	9,786,377	8,526,549	(1,259,828)	-15%	4.55	4.00	(0.55)
Transportation	196,065	635,979	2,051,214	1,545,782	(505,432)	-33%	0.95	0.73	(0.23)
Total Claims	64,744,614	57,317,524	646,612,121	591,437,612	(55,174,509)	-9%	300.61	277.72	(22.89)
Medical & Care Management Expense	1,331,157	1,242,187	13,324,495	14,772,337	1,447,842	10%	6.19	6.94	0.74
Reinsurance	55,842	288,125	2,442,056	872,194	(1,569,862)	-180%	1.14	0.41	(0.73)
Claims Recoveries/Budget Reduction	(473,544)	(655,597)	(2,428,191)	(4,583,333)	(2,155,143)	47%	(1.13)	(2.15)	(1.02)
Sub-total	913,455	874,715	13,338,361	11,061,198	(2,277,163)	-21%	6.20	5.19	(1.01)
Total Cost of Health Care	**69,453,111**	**63,587,816**	**712,649,402**	**658,982,117**	**(53,667,285)**	**-8%**	**331.31**	**309.44**	**(21.87)**
Contribution Margin	**5,496,928**	**6,479,330**	**45,116,778**	**53,386,317**	**(8,269,539)**	**-15%**	**20.89**	**25.07**	**(4.18)**
General & Administrative Expenses:									
Salaries, Wages & Employee Benefits	2,120,215	2,211,011	23,369,497	24,795,118	1,425,621	6%	10.86	11.64	0.78
Training, Conference & Travel	873	6,630	178,413	576,759	398,346	69%	0.08	0.27	0.19
Outside Services	2,166,717	2,118,558	23,177,395	24,592,076	1,414,681	6%	10.78	11.55	0.77
Professional Services	492,976	718,508	4,180,582	3,019,513	(1,161,068)	-38%	1.94	1.42	(0.53)
Occupancy, Supplies, Insurance & Others	1,036,435	283,556	7,448,051	8,354,116	906,065	11%	3.46	3.92	0.46
Care Management Reclass to Medical	(1,331,157)	(1,242,187)	(13,324,495)	(14,772,337)	(1,447,842)	10%	(6.19)	(6.94)	(0.74)
G&A Expenses	4,486,059	4,096,076	45,029,443	46,565,245	1,535,802	3%	20.93	21.87	0.93
Project Portfolio	134,809	187,226	1,565,270	6,539,783	4,974,513	76%	0.73	3.07	2.34
Total G&A Expenses	**4,620,868**	**4,283,302**	**46,594,713**	**53,105,028**	**6,510,315**	**12%**	**21.66**	**24.94**	**3.27**
Total Operating Gain / (Loss)	**876,060**	**2,196,028**	**(1,477,935)**	**281,290**	**(1,759,225)**	**-625%**	**(0.78)**	**0.13**	**(0.91)**
Non Operating									
Revenues - Interest	76,544	99,479	1,720,001	949,825	770,176	81%	0.80	0.45	0.35
Total Non-Operating	76,544	99,479	1,720,001	949,825	770,176	81%	0.80	0.45	0.35
Total Increase / (Decrease) in Unrestricted Net Assets	**$ 952,604**	**$ 2,295,507**	**$ 242,066**	**$ 1,231,114**	**$ (989,048)**	**-80%**	**$ 0.02**	**$ 0.58**	**$ (0.55)**

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FYTD PMPM BUDGET TO ACTUAL ANALYSIS - FEE FOR SERVICE BY AID CATEGORY

	Adult				Child				Adult Expansion			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Inpatient	$ 117.34	$ 126.32	$ 8.98	8%	$ 7.60	$ 6.46	$ (1.14)	-15%	$ 97.75	$ 113.12	$ 15.37	16%
Outpatient	42.23	46.42	4.19	10%	4.69	4.14	(0.55)	-12%	40.44	39.00	(1.44)	-4%
ER	16.73	16.76	0.03	0%	9.46	9.56	0.10	1%	15.48	15.71	0.23	1%
LTC	4.36	12.10	7.74	178%	0.33	0.25	(0.08)	-24%	20.99	22.13	1.14	5%
PCP	9.70	9.70	-	0%	5.95	6.20	0.25	4%	6.91	7.03	0.12	2%
Specialty	47.33	52.36	5.03	11%	6.07	6.41	0.34	6%	40.60	44.85	4.25	10%
Pharmacy	79.23	97.10	17.87	23%	12.94	11.75	(1.19)	-9%	99.26	111.74	12.48	13%
Mental Health/ABA	5.06	5.78	0.72	14%	7.19	8.86	1.67	23%	4.97	5.71	0.74	15%
All Other	11.16	12.53	1.37	12%	1.94	2.13	0.19	10%	13.38	13.61	0.23	2%
Total	$ 333.14	$ 379.07	$ 45.93	14%	$ 56.17	$ 55.76	$ (0.41)	-1%	$ 339.78	$ 372.90	$ 33.12	10%
FYTD Member Months	254,467	260,753	6,286	2%	960,472	955,767	(4,705)	0%	586,106	589,175	3,069	1%

	Seniors and Persons with Disabilities (SPD)				SPD - Dual				Long Term Care (LTC)			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Inpatient	$ 316.42	$ 264.50	$ (51.92)	-16%	$ 18.37	$ 22.38	$ 4.01	22%	$ 627.90	$ 1,147.43	$ 519.53	83%
Outpatient	105.41	97.15	(8.26)	-8%	19.78	21.00	1.22	6%	274.05	183.79	(90.26)	-33%
ER	25.15	26.16	1.01	4%	1.74	1.78	0.04	2%	10.46	10.48	0.02	0%
LTC	162.64	138.67	(23.97)	-15%	91.96	86.75	(5.21)	-6%	7,432.23	7,612.31	180.08	2%
PCP	16.39	20.27	3.88	24%	4.58	4.41	(0.17)	-4%	9.22	5.31	(3.91)	-42%
Specialty	83.04	88.28	5.24	6%	17.24	20.29	3.05	18%	172.15	242.09	69.94	41%
Pharmacy	267.46	305.82	38.36	14%	6.06	6.76	0.70	12%	224.42	271.06	46.64	21%
Mental Health/ABA	59.90	74.57	14.67	24%	1.00	1.26	0.26	26%	0.68	2.58	1.90	279%
All Other	82.63	81.43	(1.20)	-1%	56.16	59.25	3.09	6%	135.92	593.15	457.23	336%
Total	$ 1,119.04	$ 1,096.85	$ (22.19)	-2%	$ 216.89	$ 223.88	$ 6.99	3%	$ 8,887.03	$ 10,068.20	$ 1,181.17	13%
FYTD Member Months	100,713	104,136	3,423	3%	216,123	232,221	16,098	7%	275	384	109	40%

	LTC - Dual			
	Budget	Actual	Variance	%
Inpatient	$ 46.38	$ 48.37	$ 1.99	4%
Outpatient	14.36	9.68	(4.68)	-33%
ER	1.83	0.28	(1.55)	-85%
LTC	7,314.95	7,172.79	(142.16)	-2%
PCP	0.96	0.23	(0.73)	-76%
Specialty	13.52	12.68	(0.84)	-6%
Pharmacy	1.30	0.58	(0.72)	-55%
Mental Health/ABA	0.25	0.66	0.41	164%
All Other	132.42	149.14	16.72	13%
Total	$ 7,525.97	$ 7,394.41	$ (131.56)	-2%
FYTD Member Months	9,570	9,356	(214)	-2%

FFS expenses budgeted based on CY 2018 PMPM data, with the following trend assumptions:

Inpatient - 1% annual trend and known contractual changes.
ER - 1.5% annual trend and known contractual changes.
LTC - 3% estimated fee schedule change
Specialty Physician - 1% estimated fee schedule change
Mental Health/ABA - 6% annual increase due to utilization.
Pharmacy - 3% overall annual increase.
Home and Community Based Services - 2% annualized increase due to utilization.

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STATEMENT OF CASH FLOWS	Apr 2020	May 2020	FYTD 19-20
Cash Flows Provided By Operating Activities			
Net Income (Loss)	$ 952,604	$ 2,295,507	$ 242,066
Adjustments to reconciled net income to net cash provided by operating activities			
Depreciation on fixed assets	44,109	44,110	423,612
Amortization of discounts and premium	-	-	-
Changes in Operating Assets and Liabilites			-
Accounts Receivable	58,932,623	(8,444,923)	(93,112,982)
Prepaid Expenses	175,568	422,815	403,144
Accrued Expense and Accounts Payable	(27,680,271)	(796,996)	(7,617,740)
Claims Payable	683,418	2,818,307	1,574,602
MCO Tax liablity	8,379,029	8,437,122	67,278,148
IBNR	5,461,569	739,846	8,953,981
Net Cash Provided by (Used in) Operating Activities	46,948,650	5,515,787	(21,855,169)
Cash Flow Provided By Investing Activities			
Proceeds from Restricted Cash & Other Assets			
Proceeds from Investments	(27)	(99,475)	4,870,785
Purchase of Investments plus Interest reinvested	(116,146)	-	(949,391)
Purchase of Property and Equipment	(21,640)	-	(410,014)
Net Cash (Used In) Provided by Investing Activities	(137,813)	(99,475)	3,511,380
Increase/(Decrease) in Cash and Cash Equivalents	46,810,837	5,416,312	(18,343,788)
Cash and Cash Equivalents, Beginning of Period	38,393,376	85,204,212	108,964,313
Cash and Cash Equivalents, End of Period	85,204,212.43	90,620,524.38	90,620,524

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Integrity

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FYTD Unaudited Financial Statements
May 2020

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Financial Overview:

MAY NET INCOME	$ 2.3 M
FYTD NET GAIN	$.2 M
TNE is $75.8 M and 217% of the minimum required	
MEDICAL LOSS RATIO	94.1%
ADMINISTRATIVE RATIO	6.1%

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Financial Impacts of Covid-19:

- Increase in membership – redeterminations pended "through the emergency"
- Pharmacy – still elevated, partially due to 100-day supply to be dispensed without TAR.
- Decrease in authorizations and claims volume – estimated in the IBNP but beginning to materialize in lower claims payments.
- May revise of budget – forecasted impact to FYTD June 2020 financial statements.

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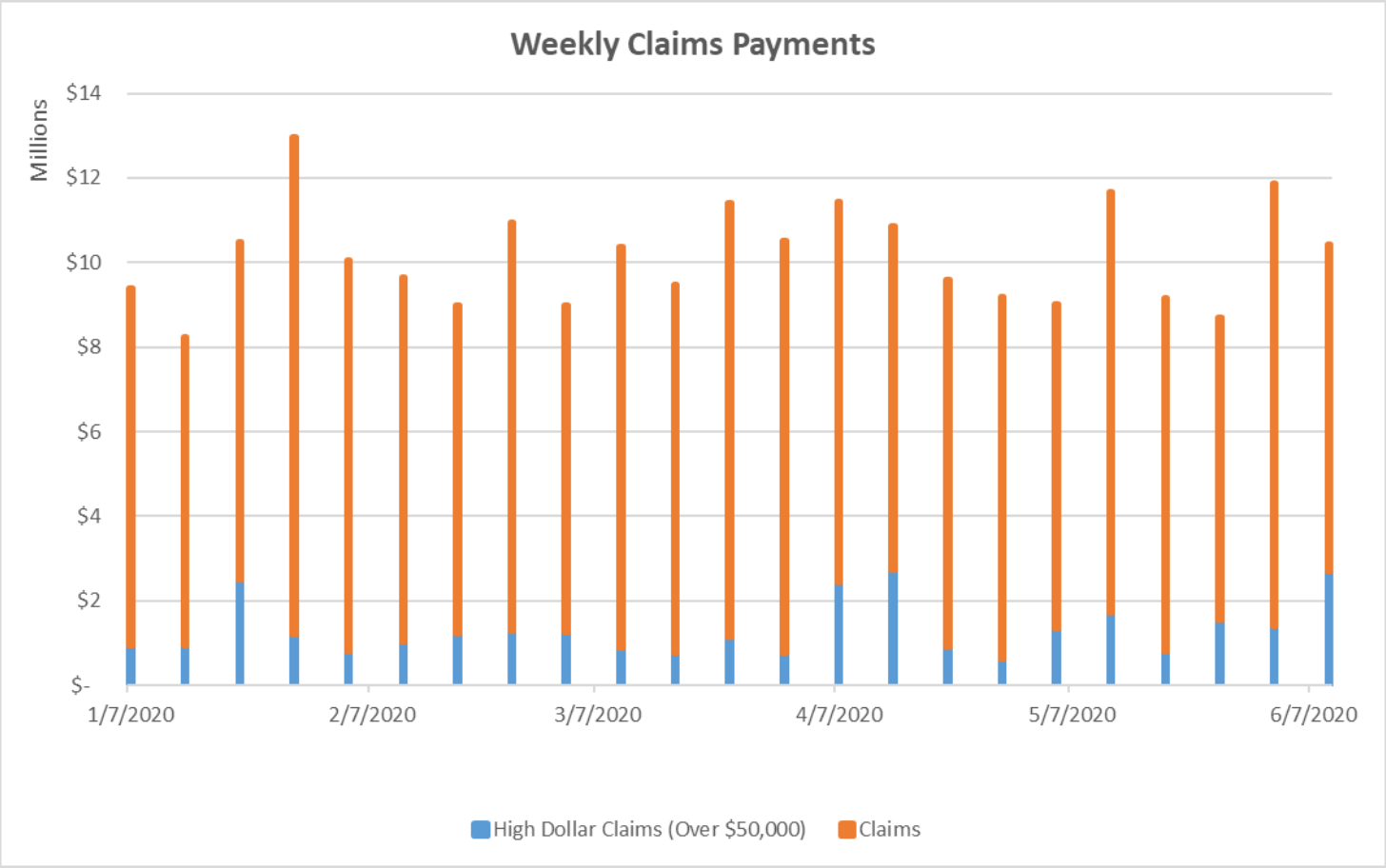
Financial Impacts of Covid-19:



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Update on Expense and Risk Management Strategies:

1. Formalized the Solvency Action Plan – integration of the cost savings strategies.
2. Decrease in claims interest expense from average of $60,000 per month to no interest paid in May.
3. Completed rate negotiations with AHP.
4. Submitted policy to DHCS that would minimize printing costs.
5. Submitted policy to DHCS that would revise approach to Non-pharmacy dispensing site in the pharmacy network.

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Revenue

Net Premium revenue is over budget by $45.4 million and 6%.

Significant changes impacting positive variance:

- Membership/Case Mix
- Revised draft capitation rates
- Supplemental payments
- Directed Payments

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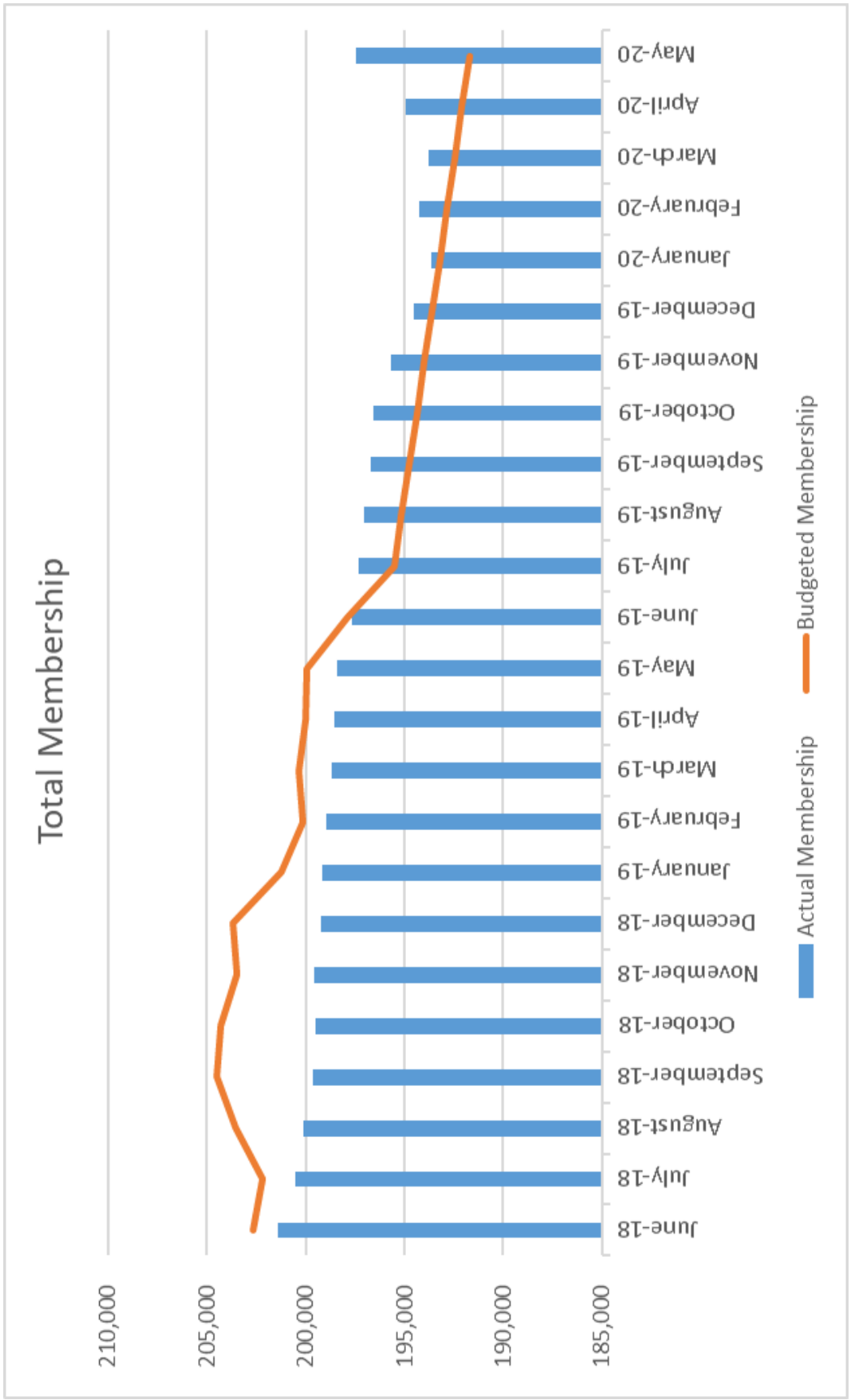
Total Membership
210,000
205,000
200,000
195,000
190,000
185,000
June-18
July-18
August-18
September-18
October-18
November-18
December-18
January-19
February-19
March-19
April-19
May-19
June-19
July-19
August-19
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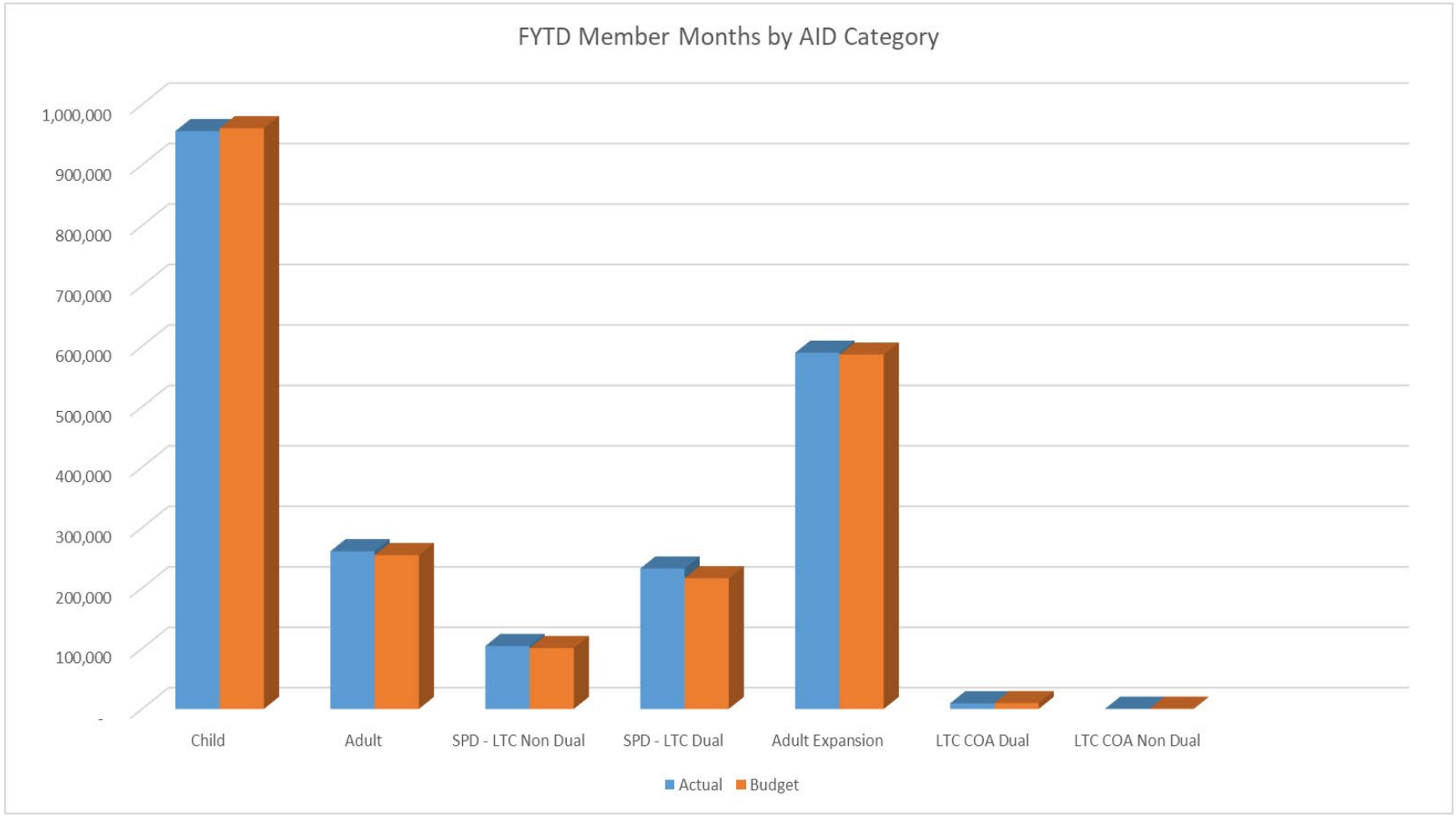
January-20
February-20
March-20
April-20
May-20
Actual Membership
Budgeted Membership



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Medical Expense

FYTD Health care costs are $712.6 million; this equates to a $53.7 million and 8% unfavorable budget variance. Medical loss ratio is 94.1%, a 1.6% budget variance.

Significant changes impacting variance:

- Membership/Case Mix
- Overall acuity of members with declining population
- Behavioral health – offset with supplemental payments
- Directed Payments

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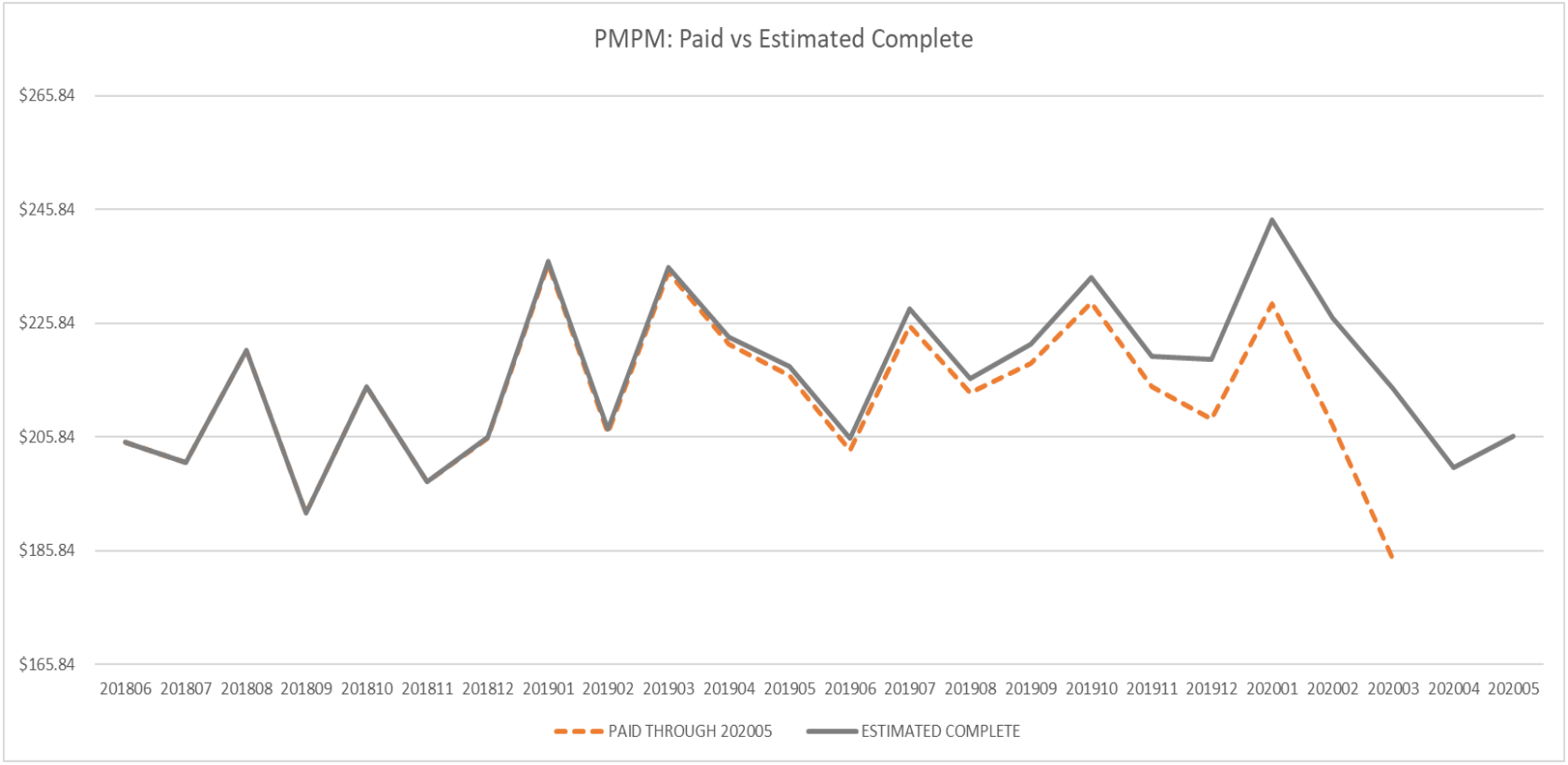
Total Fee For Service Medical Expenses: Over budget by $8.03 PMPM (4%)



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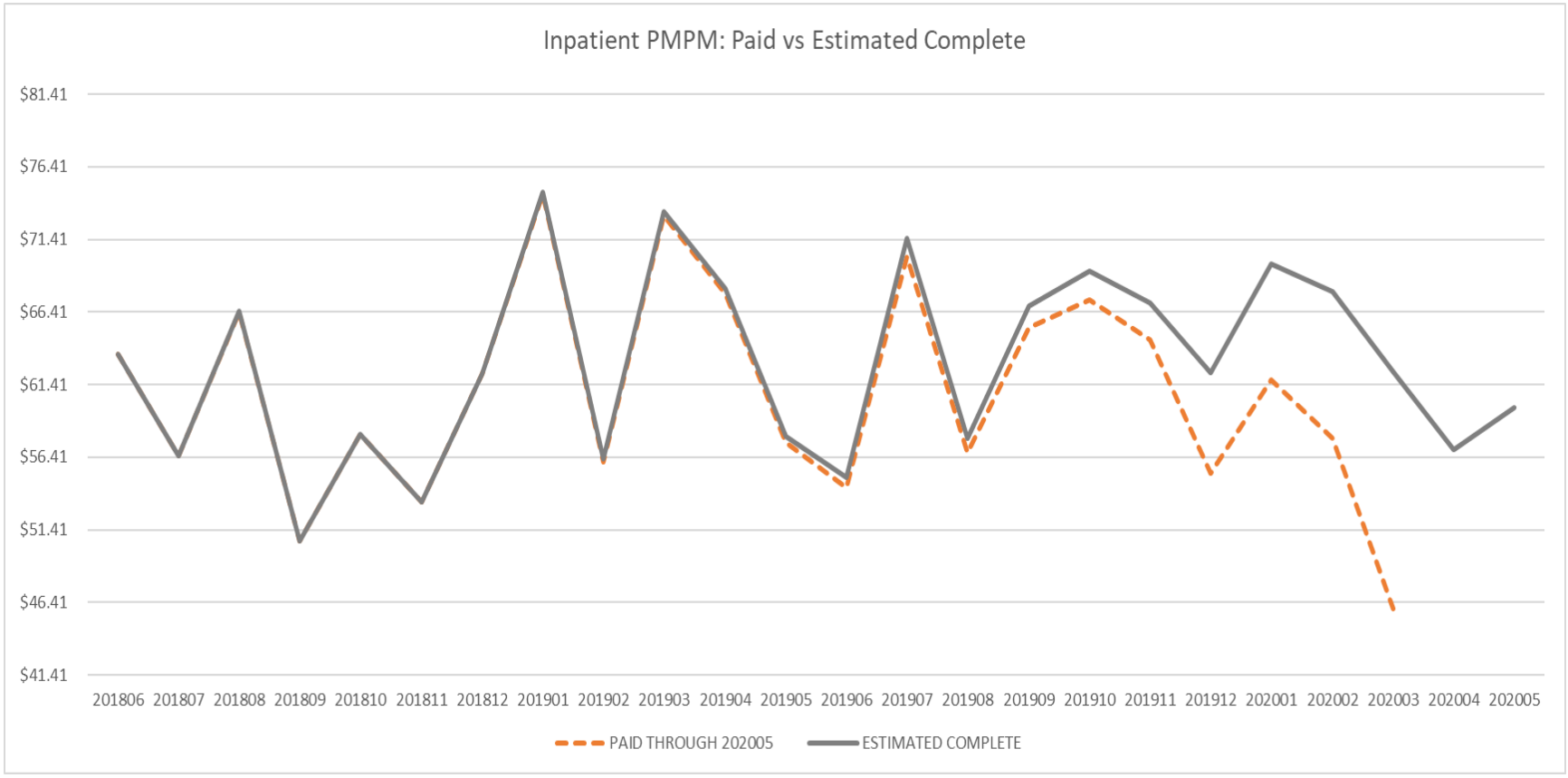
Inpatient Medical Expenses: Over budget by $5.06 PMPM (9%)



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Inpatient Medical Expenses: Over budget by $5.06PMPM (9%)

Top 10 Diagnoses - Total Paid	April 2018 - March 2019	April 2019 - March 2020	Dollar Change	Percent Change
Bacterial infection	21,114,138	18,260,188	(2,853,950)	-14%
Diseases of the heart	7,619,161	7,660,340	41,179	1%
Complications	7,527,752	6,334,256	(1,193,495)	-16%
Complications mainly related to pregnancy	7,227,850	6,364,462	(863,388)	-12%
Cerebrovascular disease	6,784,821	5,263,647	(1,521,175)	-22%
Alcohol-related disorders	4,745,572	4,678,524	(67,049)	-1%
Indications for care in pregnancy; labor; and delivery	4,476,176	4,156,038	(320,138)	-7%
Hypertension	3,799,253	4,672,449	873,196	23%
Cancer of lymphatic and hematopoietic tissue	5,129,479	1,947,753	(3,181,725)	-62%
Fractures	3,790,769	3,221,628	(569,141)	-15%
Grand Total	76,613,805	68,464,693	(8,149,112)	-11%

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Physician Specialty Medical Expenses: Over budget by $3.13 PMPM (13%)

Service Provider Specialty	April 2018 - March 2019	April 2019 - March 2020	$ Change	% Change
Grand Total	*62,121,126*	*66,180,438*	*4,059,312*	*7%*
Physical therapist (independently practicing)	2,565,293	3,299,534	734,241	29%
Dermatology	1,784,945	2,372,636	587,691	33%
Medical oncology	399,294	939,835	540,541	135%
Orthopedic surgery	1,097,052	1,417,097	320,044	29%
Ophthalmology	2,126,783	2,433,651	306,868	14%
Physician assistant	181,911	419,403	237,492	131%
Hematology/oncology	732,434	967,464	235,030	32%
Internal medicine	2,304,813	2,488,371	183,558	8%
Pulmonary disease	436,474	588,686	152,212	35%
Hand surgery	48,394	177,475	129,081	267%

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Other Impacts to Medical Expenses:

Pharmacy – over budget by $8.9M (7%)

Delay in impact of cost saving strategies

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Financial Statement Summary

	May	FYTD	FYTD Budget	Budget Variance
Net Capitation Revenue	$ 70,067,146	$ 757,766,180	$ 712,368,434	$ 45,397,746
Health Care Costs	63,587,816	712,649,402	658,982,117	53,667,285
Medical Loss Ratio		**94.1%**	**92.5%**	
Administrative Expenses	4,283,302	46,594,714	53,105,028	(6,510,314)
Administrative Ratio		**6.1%**	**7.5%**	
Non-Operating Revenue/(Expense)	99,479	1,720,001	949,825	770,176
Total Increase/(Decrease) in Net Assets	$ 2,295,507	$ 242,066	$ 1,231,114	$ (989,049)
Cash and Investments	$ 133,660,731			
GCHP TNE	$ 75,847,014			
Required TNE	$ 34,875,025			
% of Required	**217%**			

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Questions?

Staff recommends the Commission approve the unaudited financial statements for May 2020

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FY 2020-21 Operating and Capital Budgets

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Budget Overview:

FYTD NET LOSS $ 12.5 M

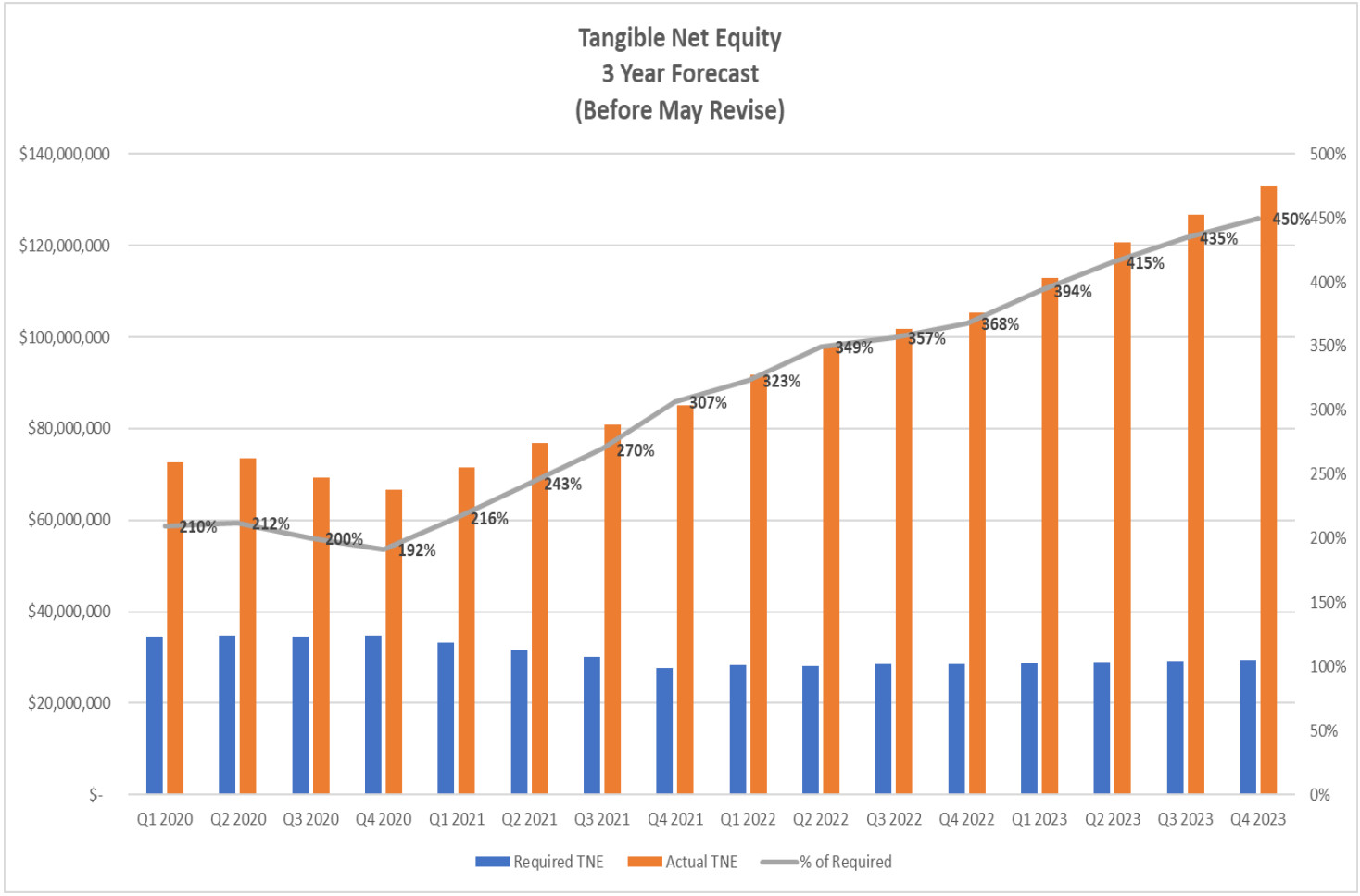
TNE is $52.4 M and 172% of the minimum required at 6/30/21

MEDICAL LOSS RATIO 94.5%

ADMINISTRATIVE RATIO 7.2%

Executive Finance Committee Recommended Approval

Tangible Net Equity Forecasts



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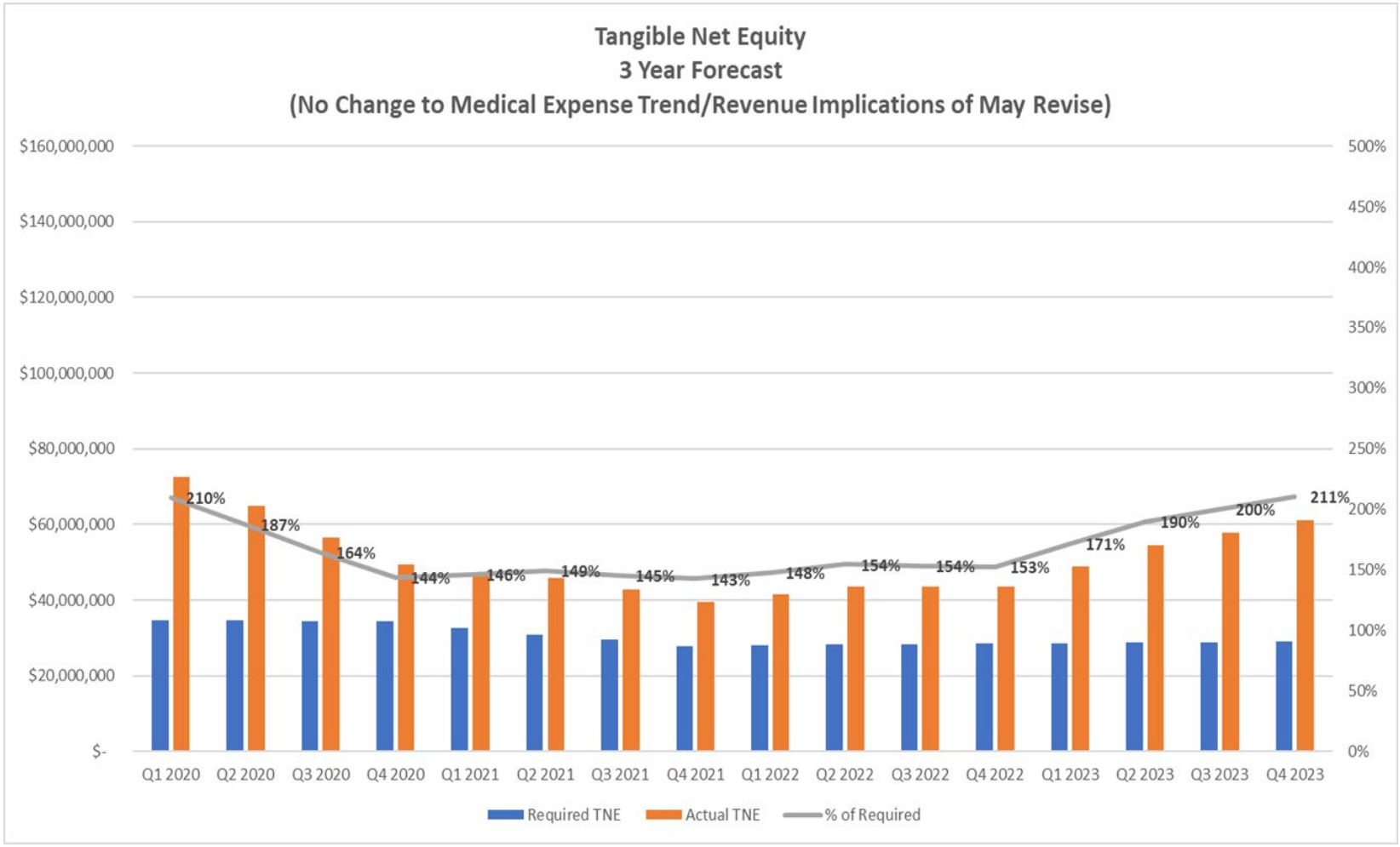

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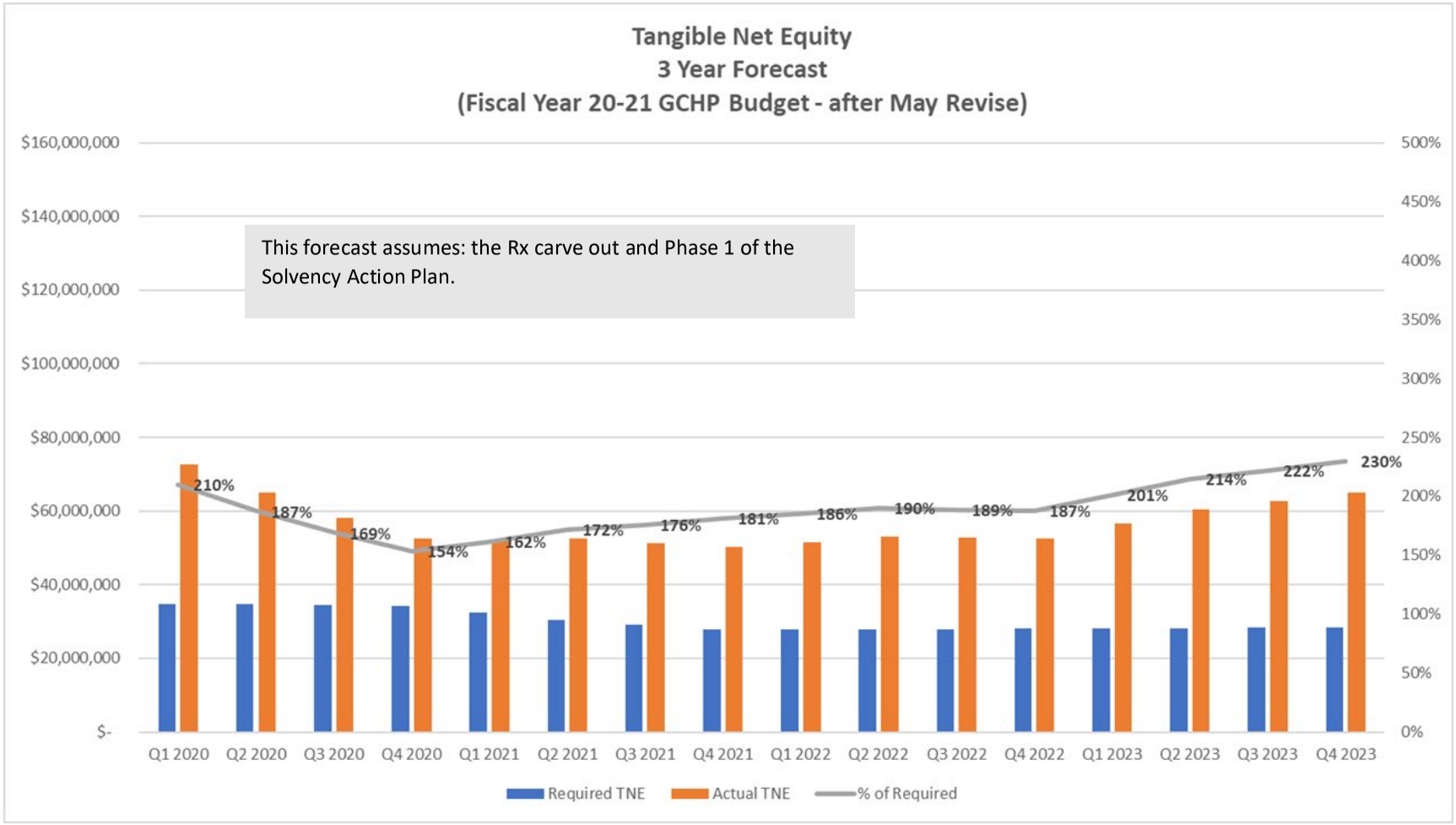
Budget Forecast



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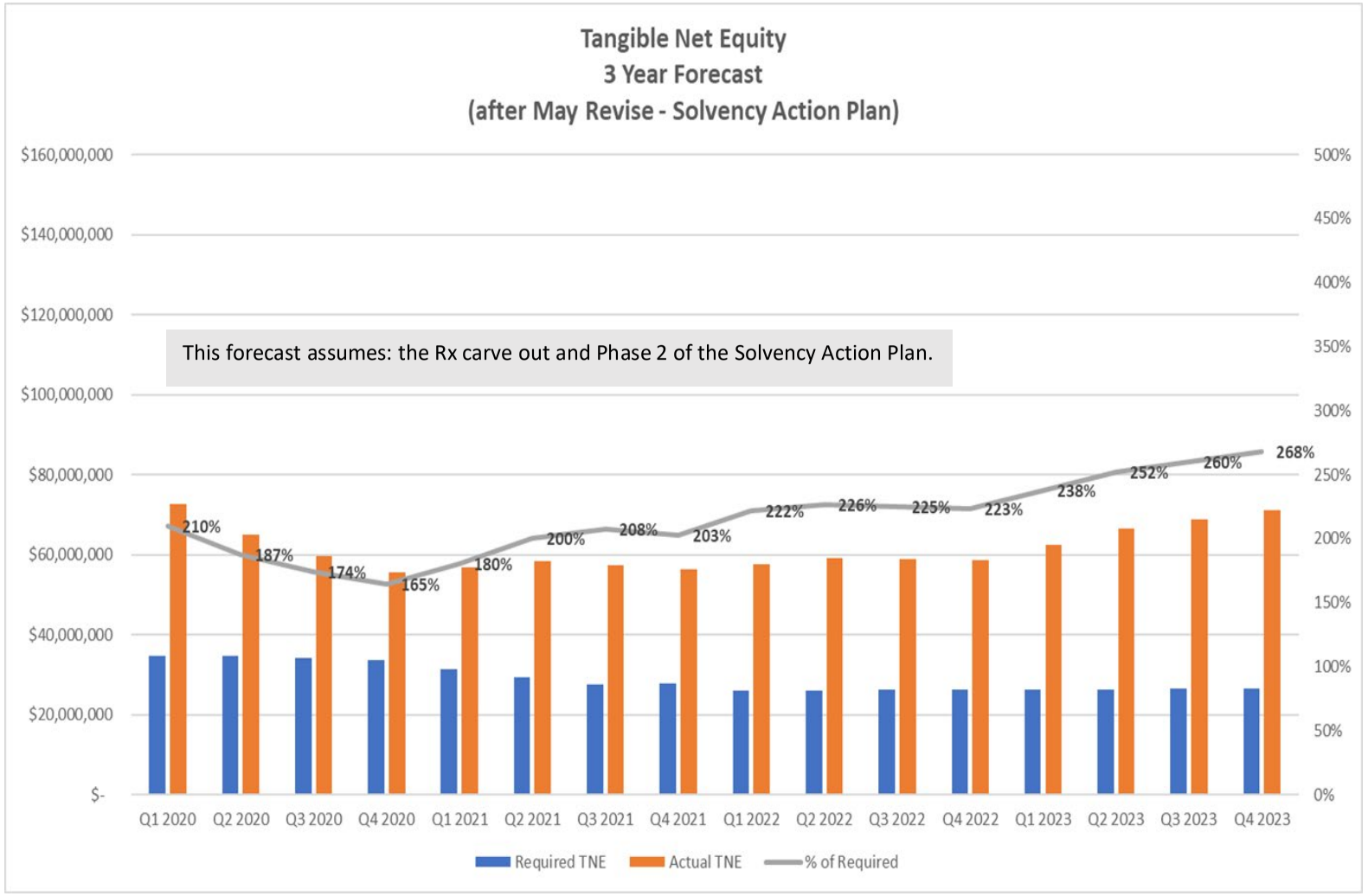
Solvency Action Plan



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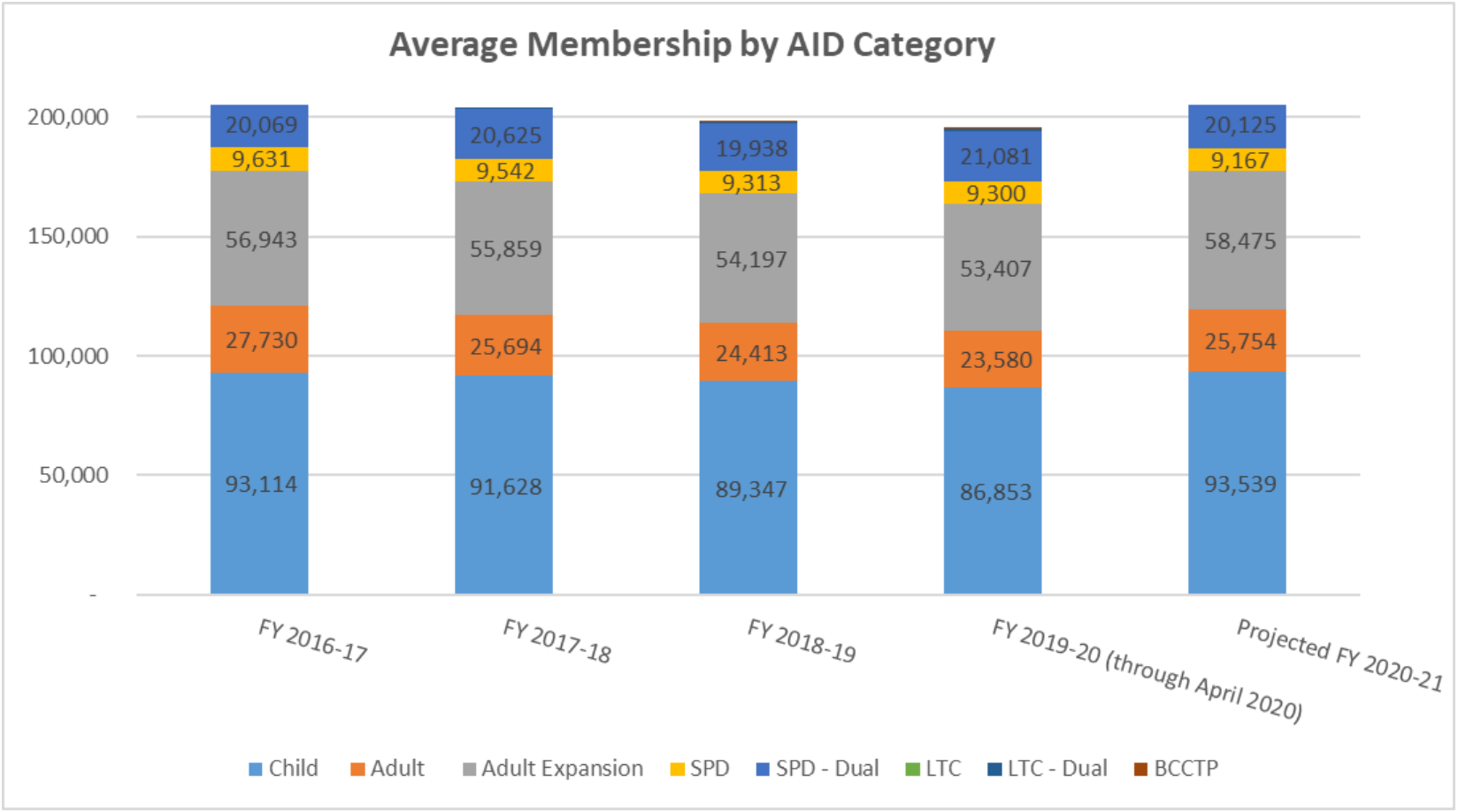
Membership:



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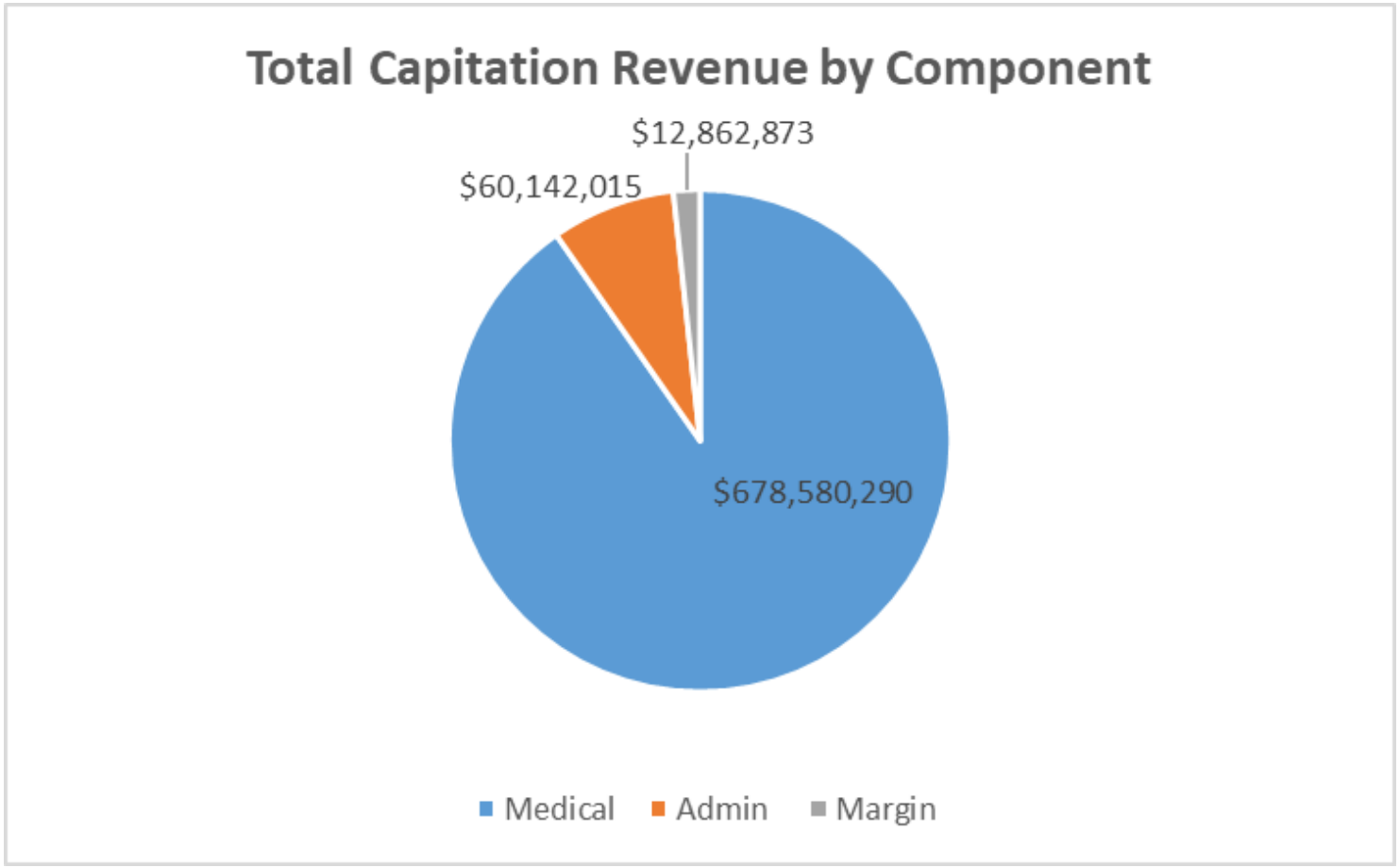
Revenue: 1.5% decrease in bridge period/2% increase in January



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Medical Expense Assumptions

- Annual trend of 1-2% in most service categories
- No major contracting changes assumed
- 2.5% increase to LTC costs
- 5% increase to Pharmacy costs
- Prop 56 carved out
- Incorporated reduction of fee for service consistent with expanded capitation agreement
- Pharmacy carve out effective January 1, 2021

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Medical Expense Budget

FY 2020-21 MEDICAL EXPENSE BUDGET	FY 2019-20 as of April 2020 PMPM	Projected Jul - Dec 2020 PMPM	Projected Jan - Jun 2021 PMPM	FY 2020-21 PMPM	% Change	Projected Dollars
Capitation - PCP Expense	$ 24.23	$ 32.62	$ 33.57	$ 33.10	37%	$ 82,634,724
Fee For Service						
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 Behaviorial 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
Total Medical Expenses	$ 332.40	$ 315.58	$ 253.91	$ 284.42	-14%	$ 710,081,751
MLR	**94.4%**	**96.0%**	**92.7%**	**94.5%**	**0.1%**	

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Admin Expenses

- $5 M less than funding allows
- 5% less than PY budget
- Excluding major projects, remains stable, despite 12% estimated membership increase
- Net increase to positions of 5.5 due to Interoperability
- 7.3% ACR

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Administrative expense reductions

Functional Area	Budget Dollars	Budget Eliminations
Executive	$ 3,576,932	Eliminated two positions; CAHP and ACAP memberships; decreased travel and training
Human Resources	$ 1,137,922	Reduced travel and training
Compliance	$ 1,603,796	Reduced travel and training
Operations	$ 19,724,279	Includes savings from successful implementation of HSP; reduced interest expense by $500K
Appeals & Grievance	$ 541,436	Reduced travel and training
Operations Support Services	$ 722,709	Reduced travel and training
Member Services	$ 481,298	Eliminated two open positions; reduced travel and training
Claims	$ 527,879	Eliminated two open positions; reduced travel and training; identified improvements to PDR process to reduce interest; improved TAT for Corrected Claims to reduce interest
Facilities	$ 2,543,593	Reduced travel and training; guards
Network Operations	$ 3,475,462	Reduced travel and training
Communications	$ 990,542	Reduced travel and training
Accounting & Finance	$ 1,915,187	Reduced travel and training
Procurement	$ 518,622	Reduced travel and training
Decision Support Services	$ 975,365	Reduced travel and training; Partnered with external vendors to supplement reporting
Project Management Office	$ 326,210	Reduced travel and training; Identified internal efficiencies
Information Technology	$ 6,142,785	Reduced travel and training
Government & Community Relations	$ 830,411	Reduced travel and training; We will not be renewing our membership to the Oxnard and Camarillo Chambers of Commerce; The staffing request for a Business Strategist was also removed.
Quality	$ 2,621,574	Reduced travel and training
Pharmacy	$ 2,092,409	Reduced travel and training; reduction to PBM admin fees; Elimination of Optum Rx clinical programs not proving ROI; Conversion of credits
Health Education	$ 796,626	Reduced travel and training
Health Services	$ 12,481,678	Reduced travel and training
Diversity	$ 289,680	
Interoperability staffing	$ 975,000	
Enterprise Projects	$ 4,416,517	$8.8M to $4.4M for FY 20-21 reduction in Enterprise Project Portfolio budget from FY 20-21 - Knox-Keene Licensing, Enterprise Risk Management & Risk Intelligence Program, E-consult projects, ADT; Only retained projects which are critical business/regulatory/compliance/keep the lights on; Combined work effort of Interoperability, HIE and Enterprise Data Warehouse to gain efficiencies
Vacancy Factor	$ (1,307,679)	Eliminated the merit pool ($600,000)
Total	**$ 68,400,234**	

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Position summary:

Position Summary					
Department	May-20 Filled		Budget FY 2019-20	Budget FY 2020-21	Change
Executive	6	**	11.0	8.0	(3.0)
Human Resources	4	**	6.0	6.0	-
Compliance	9		10.0	10.0	-
Operations	0		2.0	1.0	(1.0) *
Appeals & Grievance	5		5.0	5.0	-
Operations Support Services	6		5.0	6.0	1.0 *
Member Services	5		7.0	5.0	(2.0)
Claims	5		6.0	5.0	(1.0)
Facilities	3		3.0	3.0	-
Network Operations	10		11.0	11.0	-
Communications	2		2.0	2.0	-
Accounting and Finance	7		6.0	7.0	1.0 *
Procurement	3		3.0	3.0	-
Decision Support Services	6	**	7.0	7.0	-
Project Management Office	2		2.0	2.0	-
Information Technology	13	**	18.0	18.0	-
Government and Community Relations	3		3.0	4.0	1.0
Quality	10		10.0	10.0	-
Pharmacy	2.5		2.5	2.5	-
Health Education	6		7.5	6.0	(1.5)
Health Services/Health Education	79.5	**	77.5	82.5	5.0
Interoperability				**6.0**	**6.0**
	187.0		204.5	210.0	5.5
Assumed Filled (6% Vacancy)			**192**	**197**	

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Positions/Risk Assessment

Thorough review of all position, notably and newly requested. High level analysis included the following:

1. Cost impact (consultants, temp labor, claims interest expense, workers comp, etc.)
2. Regulatory risks
3. Impact to medical expenses (i.e. changes to UM or ability to achieve the Solvency Action Plan)

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New Positions

1. 6 positions to support Interoperability, HIE, and the data warehouse.
2. 2 RN – Concurrent review nurse and PDR support (both anticipate corresponding expense reduction)
3. Senior Policy Analyst

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The Project Portfolio

Gold Coast Health Plan FY 20120-21 Project Portfolio			
FY 2019-20 Carryover Projects			
Project	**Description**	**FY 2020-21 Expense**	**FY 2020-21 Capital**
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	Implemenation 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	
		$ 4,274,700	$ 281,000

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The Project Portfolio

New Initiatives			
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
		$ 1,092,119	$ 58,000
Depreciation and Amortization		$ 108,167	
Total Project Cost		$ 5,474,986	$ 339,000

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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	$ 19,234,612		$ (448,948)	-2%
Temp Labor	181,736	561,579	239,000		(322,579)	-57%
Taxes and Benefits	5,848,499	6,815,660	5,931,095		(884,565)	-13%
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%
Total General and Administrative	$ 48,596,409	$ 50,623,480	$ 48,480,853	*	$(2,142,627)	-4%
% Admin to Revenue	**6.0%**	**7.0%**	**6.5%**			
Interoperability Salary and Benefits	$ -	$ -	$ 975,000		$ 975,000	
Enterprise Project Portfolio	$ 1,657,647	$ 7,078,229	$ 5,474,986		$(1,603,243)	-23%
Total G&A (including Projects)	$ 50,254,056	$ 57,701,709	$ 54,930,839		$(2,770,870)	-5%
% to Revenue	**6.2%**	**7.7%**	**7.3%**			

*** Approximately 60% of budget contractully obligated amounts (Conduent, PBM fees, Software Licenses, etc.)**

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GCHP Administration – History and Trends

Admin	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (Budget)
Admin (Budget)	$ 43,120,095	$ 54,539,066	$ 49,627,225	$ 53,869,160	$ 57,701,709	$ 54,930,839
Admin (Actual)	$ 38,256,908	$ 51,176,317	$ 49,015,352	$ 46,655,880	$ 50,830,596 *	
% ACR-GCHP	5.7%	7.5%	7.1%	6.6%	6.1%	7.3%
Average ACR COHS plans	5.1%	5.5%	6.1%	6.7%	6.3%	
Drivers		$1.2M Arch Grants; $2.2 M increase to salaries and benefits; $1.1 M increase to Conduent; $3.6 M increase to legal from PY; leases; software; advertising; interest expense	Decrease related to PBM admin fees and grants	Decrease to Conduent fees (enrollment); decrease to legal and accounting fees; decrease to community grants	Projects; lift of hiring freeze; severence packages; increased legal and consulting fees; interest expense	Excluding projects, admin expenses anticipated to decline from current run rate despite estimated 12% growth in membership.
* Projected						

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FY 2020-21 Capital Budget

GOLD COAST HEALTH PLAN FY 2020-21 CAPITAL BUDGET		
Asset Category	**Description**	**Amount ($)**
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

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FY 2020-21 Operating Budget

GOLD COAST HEALTH PLAN FY 2020-21 OPERATING BUDGET				
	Jul 1- Dec 31 2020	Jan 1- Jun 30 2021	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	$ 25,119,109	$ 23,361,744	$ 48,480,853
Interoperability Staffing	$ 487,500	$ 487,500	$ 975,000
Project Portfolio	$ 3,375,161	$ 2,099,825	$ 5,474,986
Admin %	7.0%	7.4%	7.3%
Interest Income	$ 450,000	$ 450,000	$ 900,000
Net Loss	$ (12,436,757)	$ (90,655)	$ (12,527,411)

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Questions?

Staff recommends the Commission approve the FY 2020-21 Operating and Capital Budgets

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AGENDA ITEM NO. 5

TO: Ventura County Medi-Cal Managed Care Commission

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

DATE: June 22, 2020

SUBJECT: Gold Coast Health Plan (GCHP) 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, which 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.

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 has been 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. The Newsom Administration anticipates that California could see an increase in Medi-Cal enrollment of up to 12%. 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 which will be very substantial.

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:

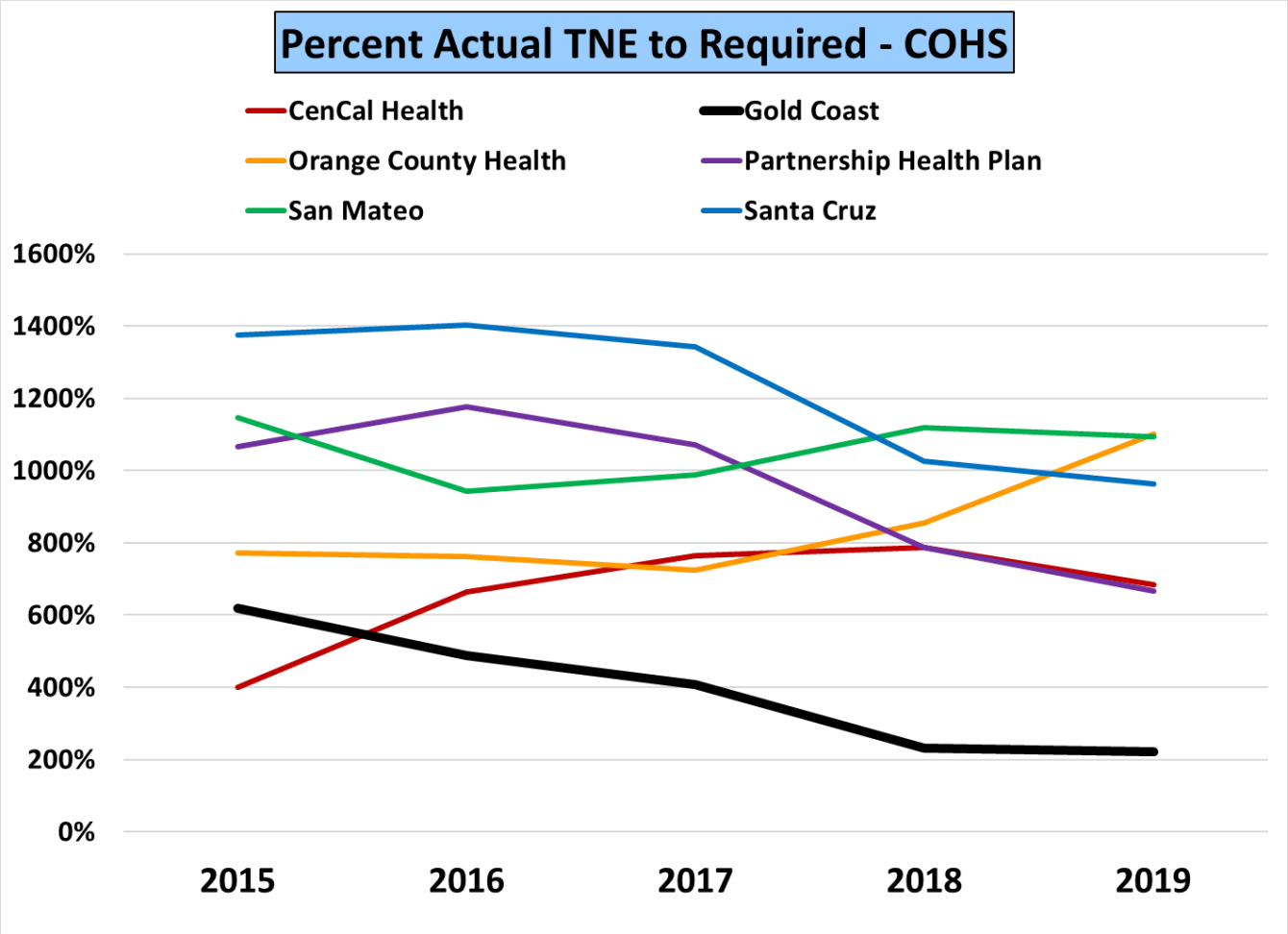
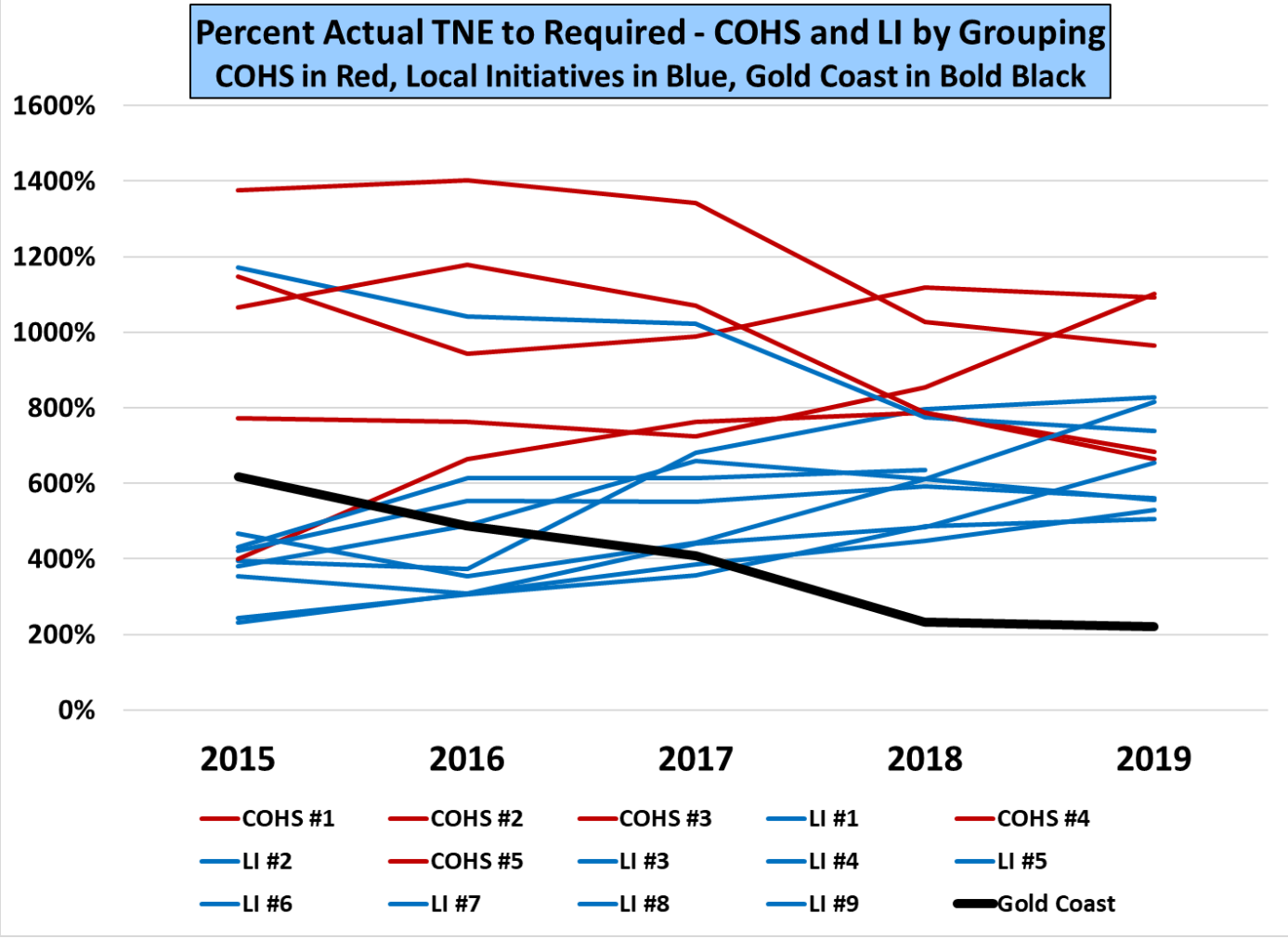


Chart 2: The following chart depicts Excess TNE by showing the trends of actual TNE as a percentage of required TNE for all the public plans, color-coded for COHS plans (red) and LI plans (blue) for 2015-2019:



DISCUSSION:

As the Commission knows, the management team has already begun the process of addressing the decline of Excess TNE. Chart 1 and 2 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 3 (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.

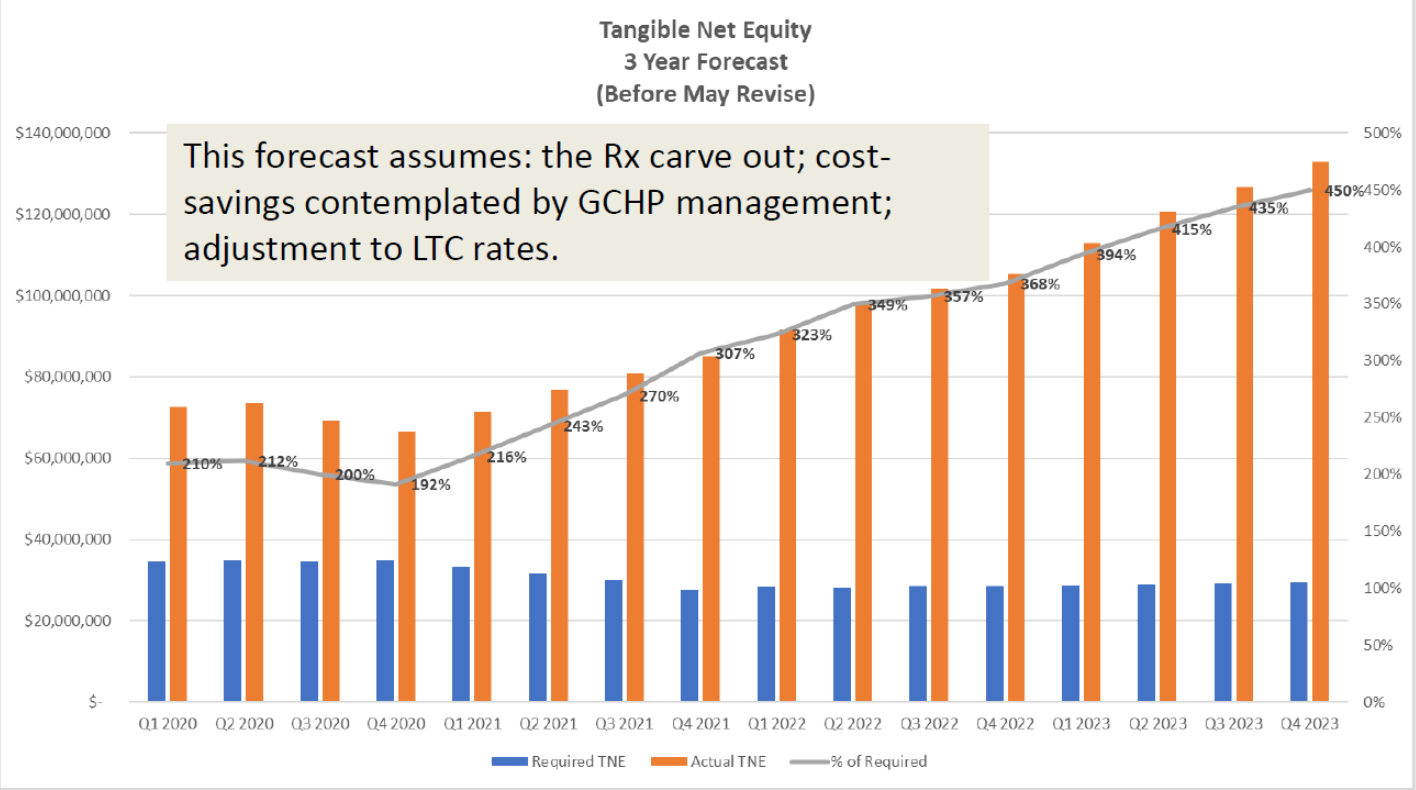


Chart 4 (Worst Case Scenario): This forecast models the projected TNE incorporating the revenue implications of the May Revise and assumes that current trend factors to medical expenses continue. If the Plan continues this trajectory, it would be at grave financial risk, and would not begin to recover until 2023.

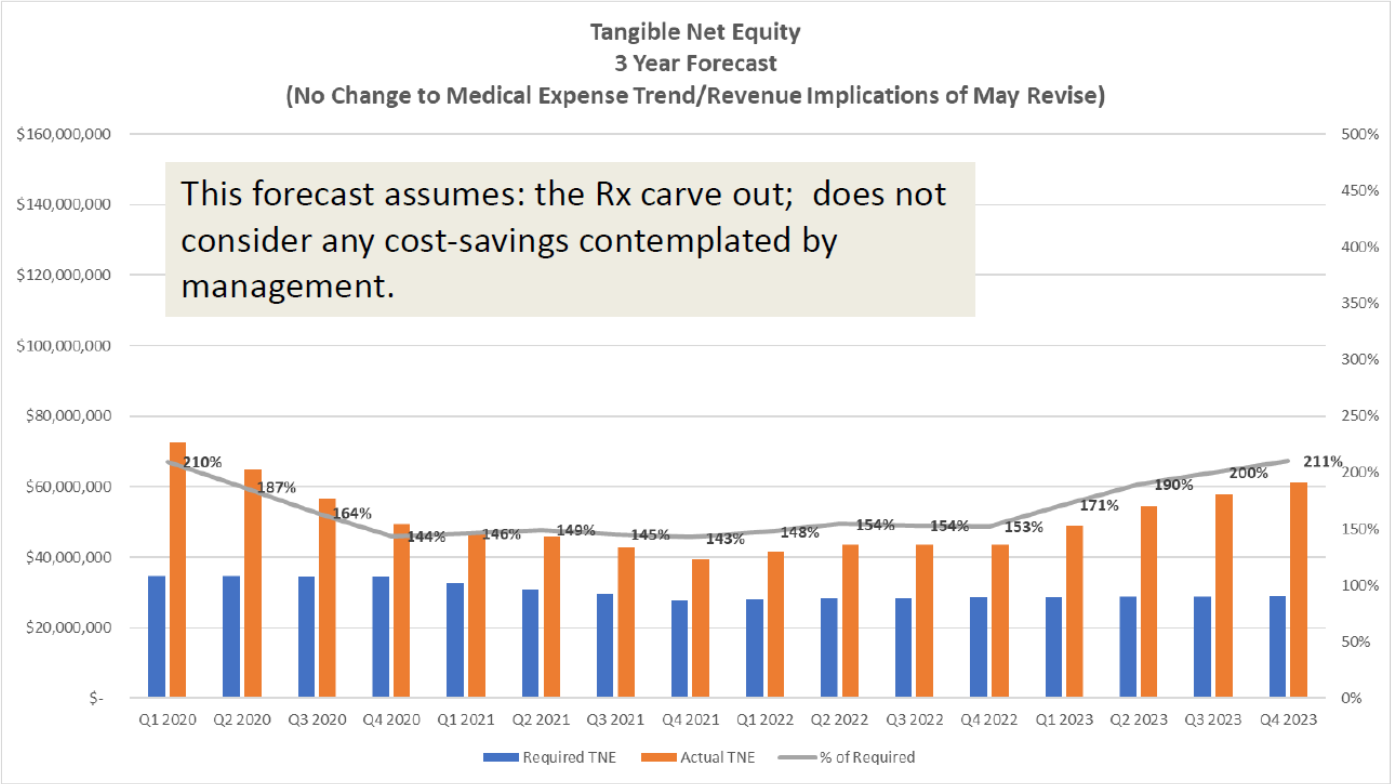


Chart 5 (Budget – after May Revise): This forecast represents the assumptions included with the budget document. It incorporates the revenue implications of the May Revise, and nominal growth to unit costs based on minimal assumed savings for initiatives in process and the moderation of medical expense 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.

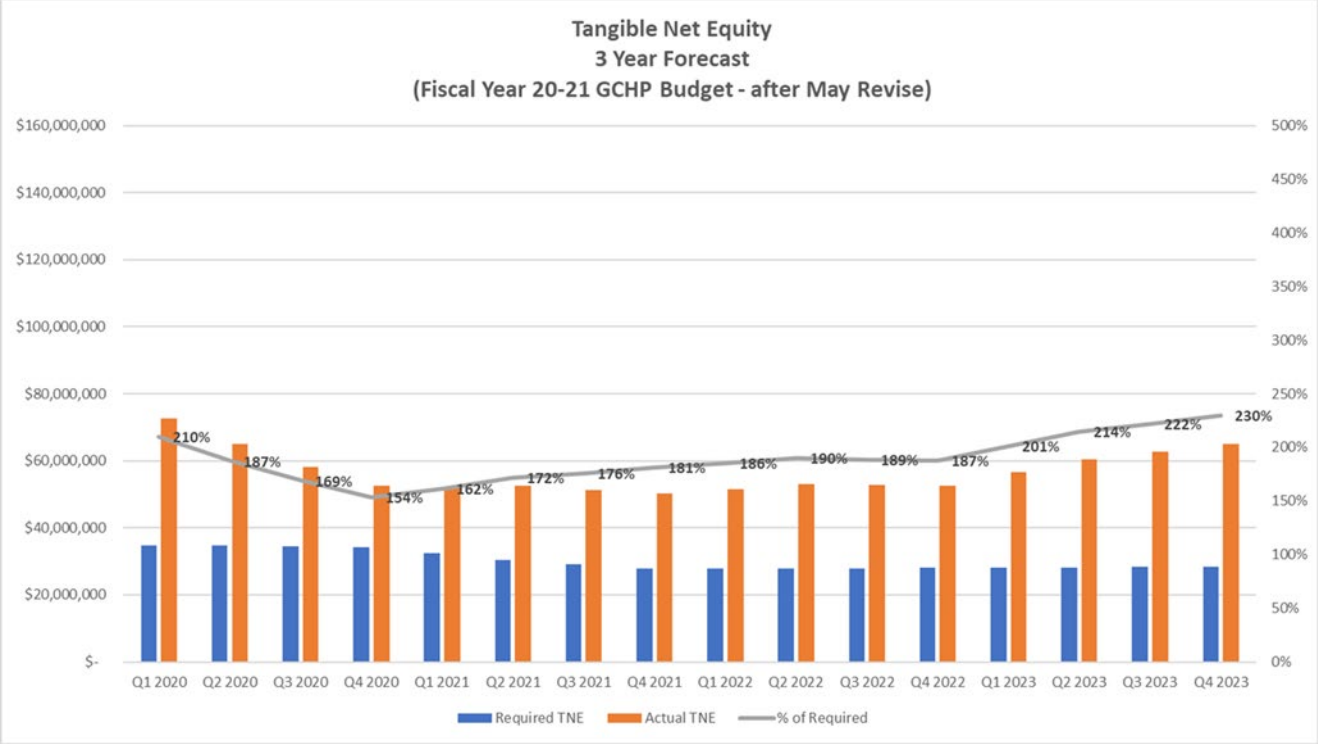
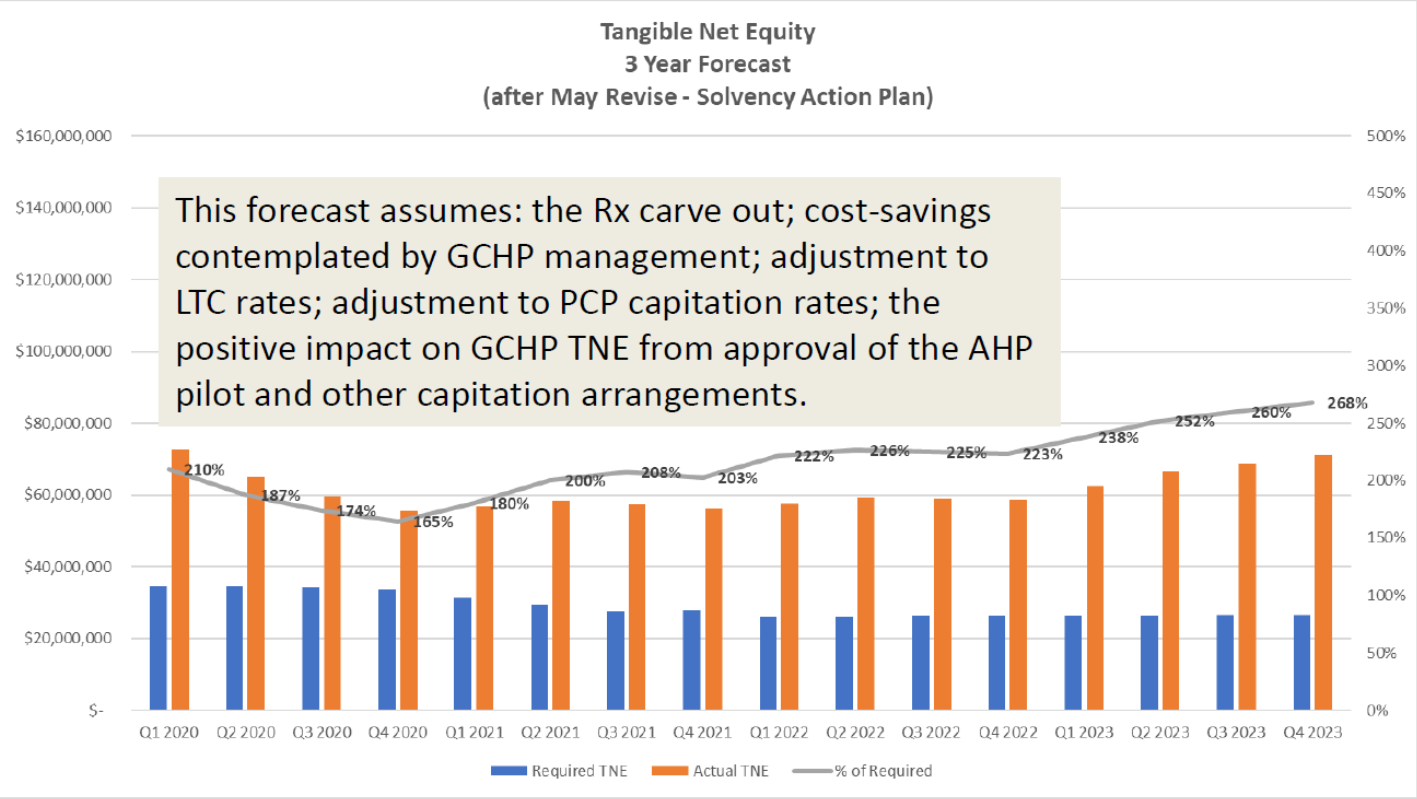


Chart 6 (Recommended – After May Revise + Solvency Action Plan): This forecast incorporates additional saving assumptions, consistent with the Solvency Action Plan.



Solvency Action Plan:

Staff recommends a phased in approach to the Solvency Action Plan which includes, but is not limited to, 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 6, 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 Commission approve the Solvency Action Plan.

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AGENDA ITEM NO.6

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Kashina Bishop, Chief Financial Officer

DATE: June 22, 2020

SUBJECT: Fiscal Year 2020-21 Operating and Capital Budgets

SUMMARY:

Staff is presenting the Fiscal Year 2020-21 Operating and Capital Budgets of Gold Coast Health Plan to the Commission. Staff presented the budgets to the Executive/Finance Committee on June 17, 2020, and they have recommended approval.

RECOMMENDATION:

The Plan requests that the Ventura County Medi-Cal Managed Care Commission approve of the FY 2020-21 Operating and Capital Budgets.

ATTACHMENTS:

FY 2020-21 Operating and Capital Budgets

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FY 2020-21 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[1]. 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.

[1] 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.

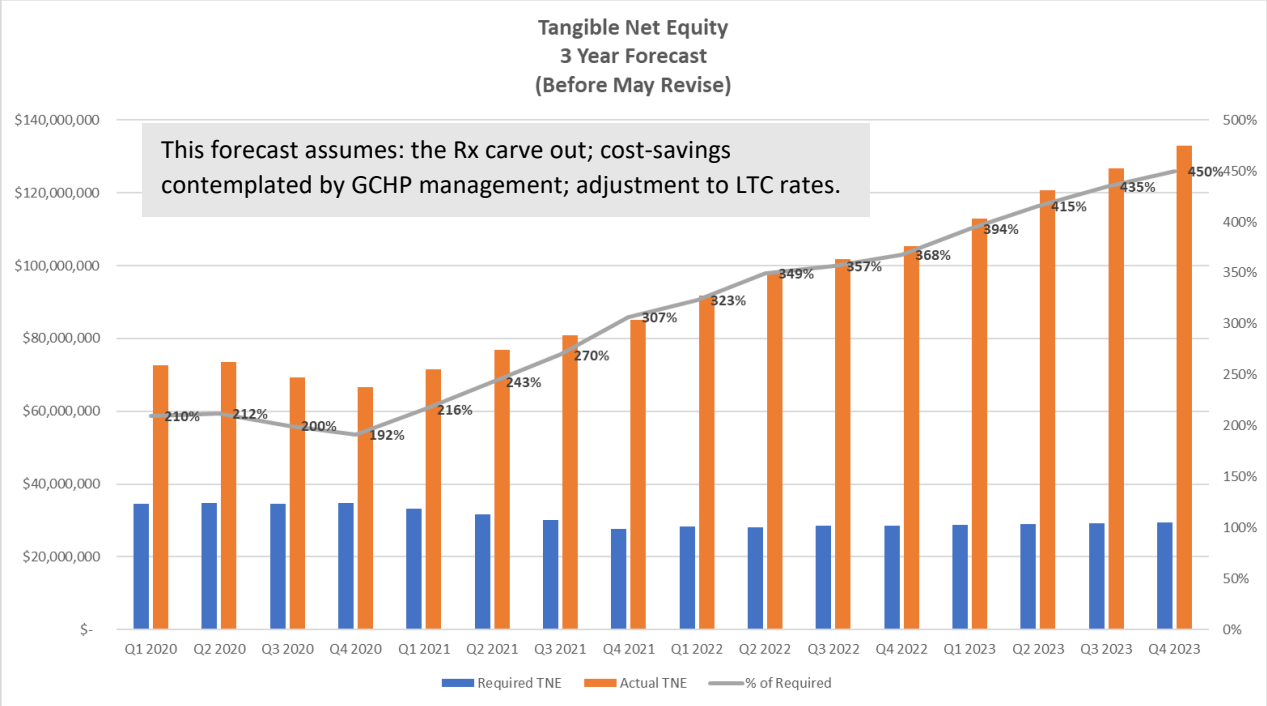
This document outlines the fiscal year 2020-21 operating and capital budgets and major associated assumptions. It is segregated into 6-month increments to demonstrate the impact of adjusted and reduced rates from the State effective January 1, 2021, and the State's pharmacy carve out under Medi-Cal Rx. 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.

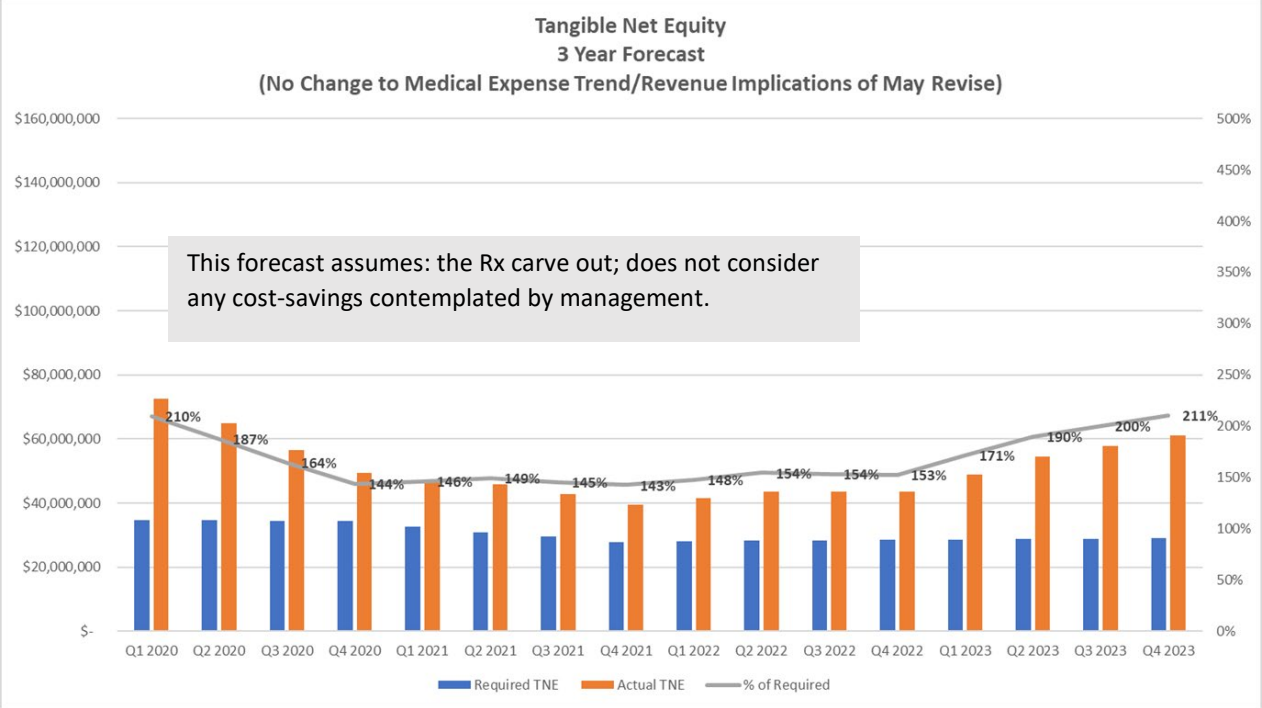
Tangible Net Equity (TNE) 3 Year Forecasts

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.

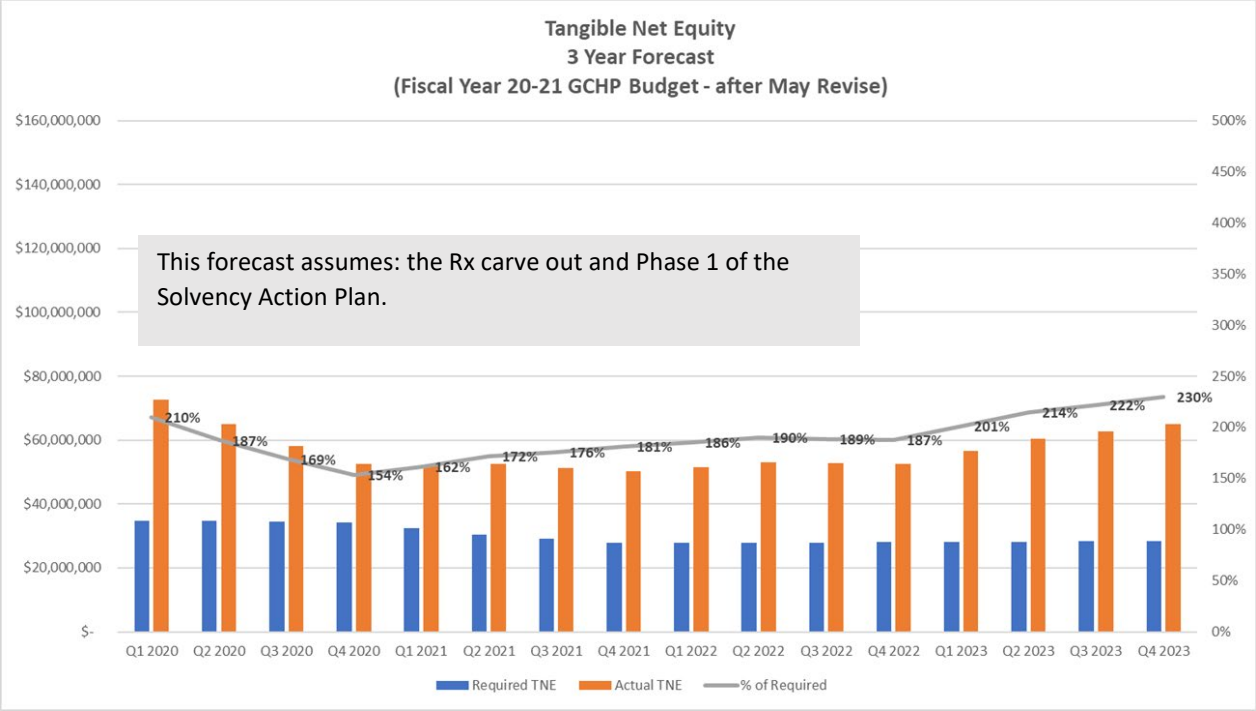
A. This forecast models the TNE trajectory management assumed prior to the recession, and with the initial phase of the Solvency Action Plan. It indicated the Plan would hover around or slightly below 200% of required TNE until January 2021 at which point the Plan would be at a point of continued and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



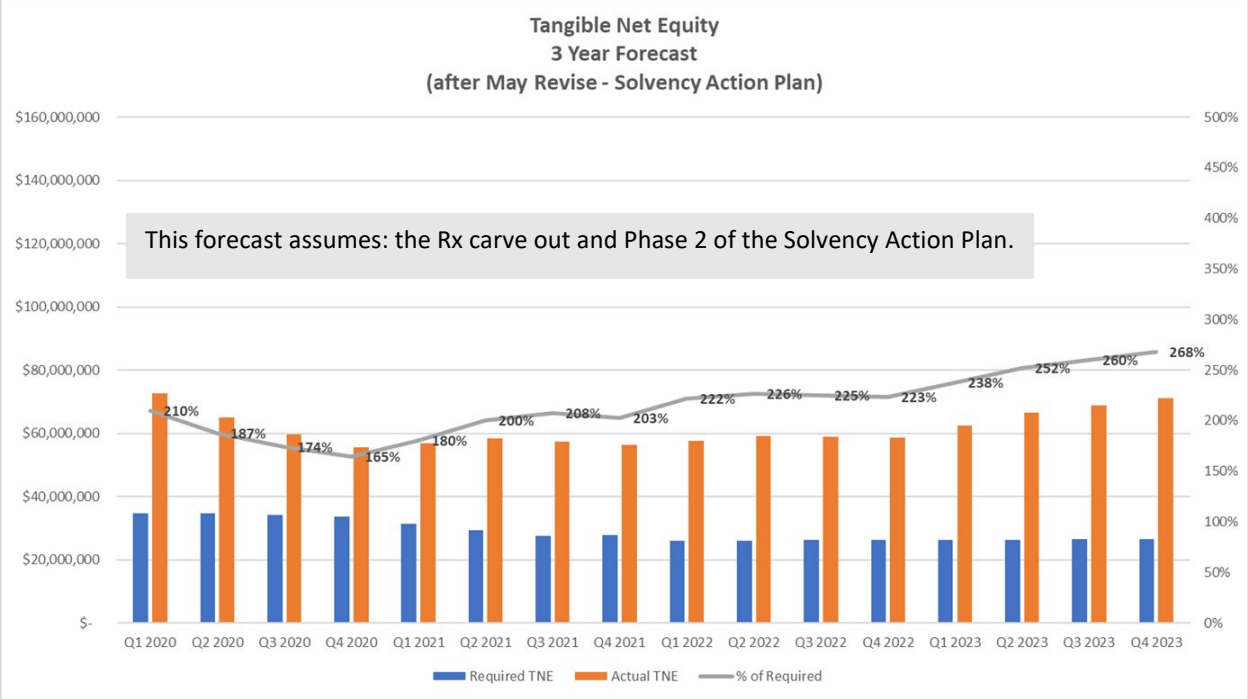
B. This forecast models the projected TNE incorporating the revenue implications of the May Revise and assumes that current trend factors to medical expenses continue. If the Plan continues this trajectory, it would be at grave financial risk, and would not begin to recover until 2023.



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.



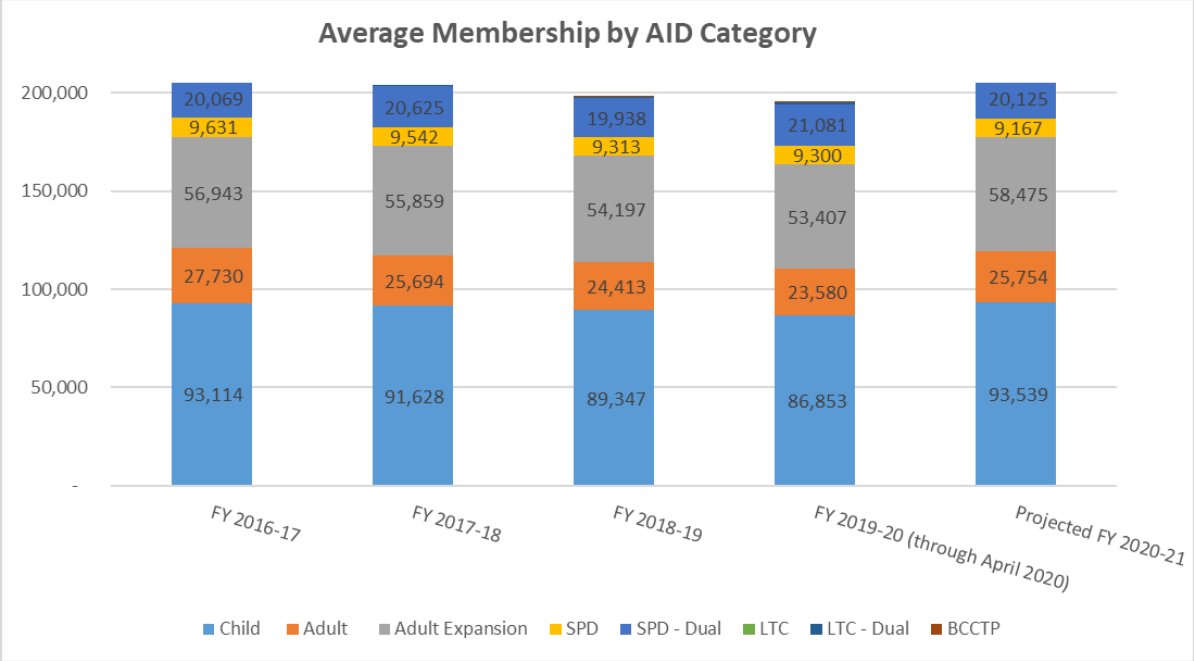
Membership

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)[1]	Start Date of Economic Recession	End Date of Economic Recession	Year-over-year change in Medi-Cal Enrollment[2]
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%

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

[2] 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.

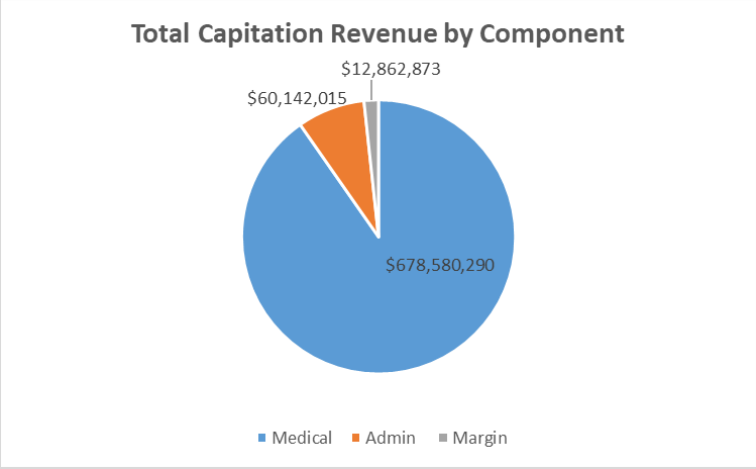
Revenue

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
	$	751,585,178



Medical Expenses

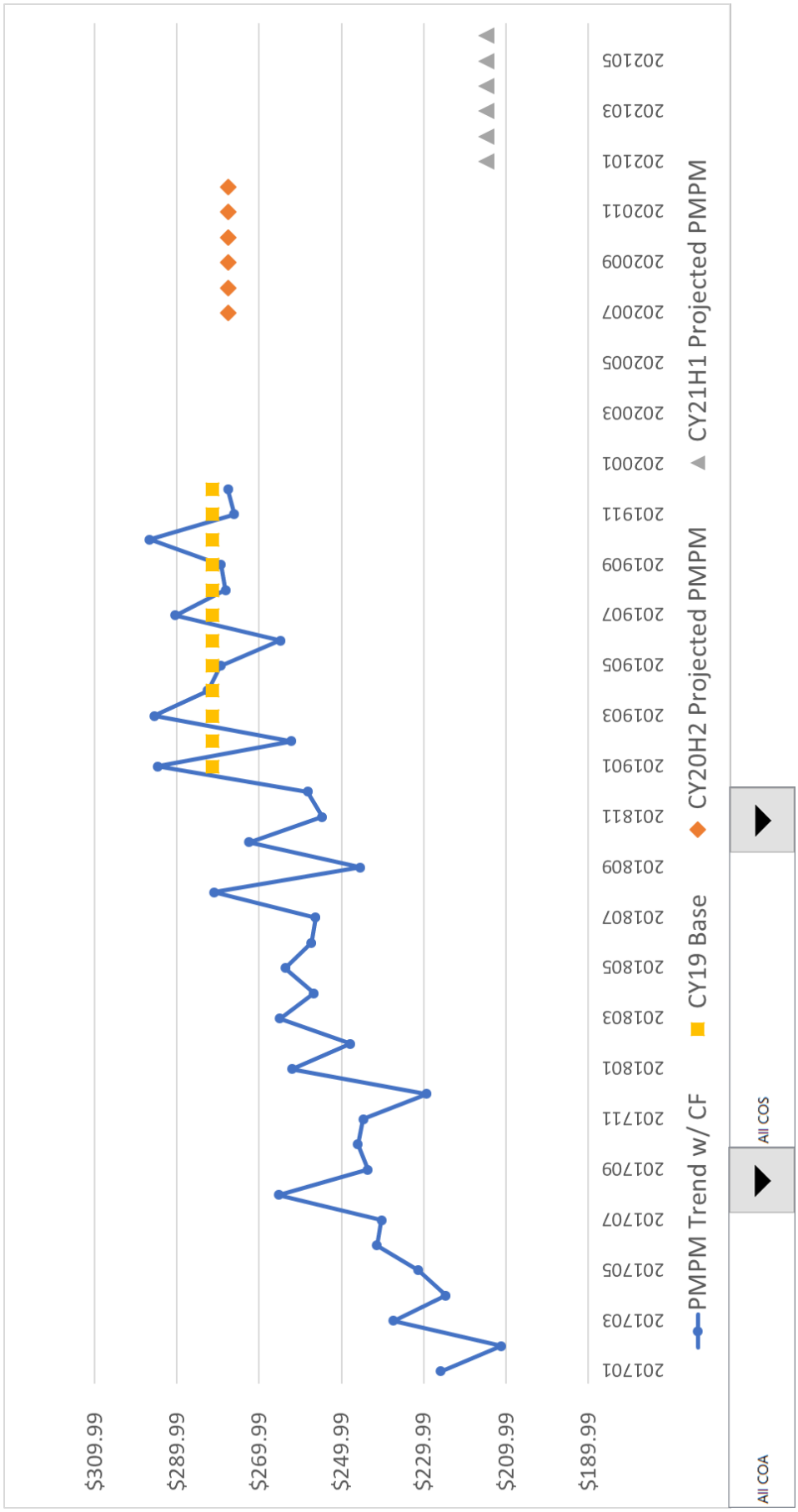
The medical expense budget is $710,081,751. The fee for service medical expenses are developed by calculating pmpm costs for CY 2019 by AID category and provider type, and then incorporating anticipated changes as a result of membership, utilization patterns, market trends and changes in provider reimbursement 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.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PMPM Trend w/ CF
CY19 Base
CY20H2 Projected PMPM
CY21H1 Projected PMPM
All COA
All COS

FY 2020-21 MEDICAL EXPENSE BUDGET						
	FY 2019-20 as of April 2020 PMPM	Projected Jul - Dec 2020 PMPM	Projected Jan - Jun 2021 PMPM	FY 2020-21 PMPM	% Change	Projected Dollars
Capitation - PCP Expense	$ 24.23	$ 32.62	$ 33.57	$ 33.10	37%	$ 82,634,724
Fee For Service						
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 Behaviorial 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
Total Medical Expenses	$ 332.40	$ 315.58	$ 253.91	$ 284.42	-14%	$ 710,081,751
MLR	**94.4%**	**96.0%**	**92.7%**	**94.5%**	**0.1%**	

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 Dual	BCCTP	LTC	LTC Dual
Capitation - PCP Expense	$ 20.05	$ 49.22	$ 52.57	$ 64.28	$ 3.77	$ 3.77	$ 3.77	$ 3.77
Fee For Service								
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 Behaviorial 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
Total PMPM Medical Expenses	$ 73.36	$ 367.91	$ 373.02	$ 1,033.39	$ 237.33	$ 1,007.39	$ 9,902.27	$ 7,698.40

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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	$ 19,234,612	$ (448,948)	-2%
Temp Labor	181,736	561,579	239,000	(322,579)	-57%
Taxes and Benefits	5,848,499	6,815,660	5,931,095	(884,565)	-13%
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%
Total General and Administrative	$ 48,596,409	$ 50,623,480	$ 48,480,853 *	$(2,142,627)	-4%
% Admin to Revenue	**6.0%**	**7.0%**	**6.5%**		
Interoperability Salary and Benefits	$ -	$ -	$ 975,000	$ 975,000	
Enterprise Project Portfolio	$ 1,657,647	$ 7,078,229	$ 5,474,986	$(1,603,243)	-23%
Total G&A (including Projects)	$ 50,254,056	$ 57,701,709	$ 54,930,839	$(2,770,870)	-5%
% to Revenue	**6.2%**	**7.7%**	**7.3%**		

*** Approximately 60% of budget contractully obligated amounts (Conduent, PBM fees, Software Licenses, etc.)**

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.

Position Summary					
Department	May-20 Filled		Budget FY 2019-20	Budget FY 2020-21	Change
Executive	6	**	11.0	8.0	(3.0)
Human Resources	4	**	6.0	6.0	-
Compliance	9		10.0	10.0	-
Operations	0		2.0	1.0	(1.0) *
Appeals & Grievance	5		5.0	5.0	-
Operations Support Services	6		5.0	6.0	1.0 *
Member Services	5		7.0	5.0	(2.0)
Claims	5		6.0	5.0	(1.0)
Facilities	3		3.0	3.0	-
Network Operations	10		11.0	11.0	-
Communications	2		2.0	2.0	-
Accounting and Finance	7		6.0	7.0	1.0 *
Procurement	3		3.0	3.0	-
Decision Support Services	6	**	7.0	7.0	-
Project Management Office	2		2.0	2.0	-
Information Technology	13	**	18.0	18.0	-
Government and Community Relations	3		3.0	4.0	1.0
Quality	10		10.0	10.0	-
Pharmacy	2.5		2.5	2.5	-
Health Education	6		7.5	6.0	(1.5)
Health Services/Health Education	79.5	**	77.5	82.5	5.0
Interoperability				**6.0**	**6.0**
	187.0		204.5	210.0	5.5
Assumed Filled (6% Vacancy)			**192**	**197**	

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

** Open positions are currently augmented by consultants or temporary labor.

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			
Project	**Description**	**FY 2020-21 Expense**	**FY 2020-21 Capital**
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	Implemenation 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	
		$ 4,274,700	$ 281,000
New Initiatives			
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
		$ 1,092,119	$ 58,000
Depreciation and Amortization		$ 108,167	
Total Project Cost		$ 5,474,986	$ 339,000

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 2021	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	$ 25,119,109	$ 23,361,744	$ 48,480,853
Interoperability Staffing	$ 487,500	$ 487,500	$ 975,000
Project Portfolio	$ 3,375,161	$ 2,099,825	$ 5,474,986
Admin %	7.0%	7.4%	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		
Asset Category	**Description**	**Amount ($)**
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
Emagined	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	Grouper 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
Axcient Technologies	Disaster recovery data services	Order Form		366	8/1/2017	5/10/2021	$250,583.00	$0.00	$65,000.00	Annual renewal. Requesting 3 year funding approval.	$195,000	$445,583	5/10/2024
Gartner	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

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AGENDA ITEM NO. 7

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Margaret Tatar, Interim Chief Executive Officer

DATE: June 22, 2020

SUBJECT: Chief Executive Officer Report

CEO SUMMARY: Verbal Update.

Request for Proposal (RFP) Interpreting and Translations Services Update

On March 11, 2020, an RFP for Translation and Interpretation Services was issued. GCHP received a total of 14 responses who bid on three categories (Interpreting & Translation Services, Video Remote and Sign Language). The Plan is in the process of completing the internal review process.

GCHP staff anticipates bringing a recommendation on the award of the work to the Commission for approval on July 29, 2020.

Government and Community Relations Update

California Legislative Update

Since Governor Newsom introduced his anticipated May Revision, the Legislature has held various budget hearings that have taken place over the last few weeks. The most significant hearing was held by the Senate when it released its own budget proposal.

Below is a high-level summary:

- The Senate Version closes the $54 billion budget shortfall and ends with total reserves of $11.3 billion, including:
  - $2.0 billion in the Regular Reserve
  - $900 million in the Safety Net Reserve
  - $8.35 billion in the Rainy Day Fund
- The Senate budget version budgets as though the Federal Funds will come in, but then triggers on the solutions should the Federal Funds not materialize.
- The trigger solutions effective date is October 1, 2020, ensuring there is time for the federal government to act to provide more relief for state and local governments.

Last week, the Assembly Budget Committee has also released its own budget proposal, the Senate Pro Tempore and the Assembly Speaker announced that while the Legislature will vote on their version of the Budget on June 15th, amendments are likely to occur after that date based

on continuing negotiations with the Administration. More to come as information is made available.

Below you will find a table that compares all three proposals.

Medi-Cal Budget Proposal:

Proposals	***Governor's Version***	***Senate Version***	***Assembly Version***
Proposed Programs (January 2020): • *CalAIM* • *Behavioral Health Improvement Program* • *Age, Blind, and Disabled Federal Poverty Increase* • *Postpartum Mental Health Expansion* • *Expand Medi-Cal coverage to older adults regardless of immigration status* • *Hearing Aid Proposal*	Withdraws all proposals	Maintains the following proposals: • Expansion of Medi-Cal coverage for older adults regardless of immigration status (Implementation Date: January 1, 2022) • Approves withdrawal of hearing aids programs	• Maintains the Medi-Cal coverage for older adults regardless of immigration status proposal • Maintains the Aged, Blind, and Disabled Federal Poverty Increase
Adult Benefits: • *Dental* • *Audiology* • *Speech Therapy Services* • *Optometric and optician/optical lab services* • *Podiatric Services* • *Incontinence Cream and Washes* • *Acupuncture Services* • *Nurse Anesthetist Services* • *Occupational Therapy Services* • *Physical Therapy* • *Pharmacist Delivered Services* • *Screening, Brief Intervention, Referral Treatments for Opioids and Other Drugs*	Elimination of adult optional benefits	Maintains the benefits	Maintains the benefits

• *Diabetes Prevention program* • *CBAS and MSSP*			
Proposals	**Governor's Version**	**Senate Version**	**Assembly Version**
Proposition 56 Payments: • *Physicians, dental, developmental screenings, non-emergency medical transportation, family planning and women's health*	Eliminates enhanced payments	• Maintains the enhanced payments • Anticipates $1 billion in revenue by adjusting the Managed Care Organizations charge	Same as Senate version. However, there's no additional MCO tax allocation
CBAS and MSSP	Eliminates both programs	Maintains both programs	Matintains both programs
Adjust Managed Care Capitation Rates	Reduce managed care capitation rates for gross medical expenses for the period of July 1, 2019 through December 31, 2020	Rejects the proposal	Approves the Governor's proposal
Managed Care Efficiencies	• Establishes the APR-DRG rates adjustment via a maximum fee schedule • Implements a Bridge Period risk corridor	Rejects the proposal	Rejects the APR-DRG proposal but approves everything else

Gold Coast Health Plan in the Community

In the last month, GCHP awarded sponsorships to the following organizations:

- **Clinicas del Camino Real, Inc.**: A sponsorship was awarded to Clincas del Camino Real, Inc. "Feeding the Frontline: Feeding our Farmworkers" program. The program's mission is "to feed those who feed us by mobilizing local resources and planning regular food distributions specifically for farmworkers throughout the COVID-19 pandemic."

Collaborative Meetings and Conferences

Below is a table highlighting participation in community events such as Tele-Townhalls, network and coalition meetings.

Title	Host
Multi-Unit Smoke Free Task Force	Ventura County, Public Health Department
Meeting/Flyer Drop off	Whole Person Care Program
Flyer Drop off	Póder Popular
Outreach Coordinators Meeting	Oxnard Police Department
Tele-Town Hall with EDD: Help for Workers Affected by COVID-19	Hanna-Beth Jackson, Assemblymember Monique Limón, Congressman Salud Carbajal
Tele-Town Hall: Reopening Ventura County	Assemblymember Jacqui Irwin, Senator Henry Stern

Multi Housing Unit Smoke Free Task Force

The Multi Housing Unit Smoke Free Task Force was created by the Ventura County Tobacco Prevention Program, a program dedicated to help Ventura County move towards becoming smoke-free.

The goal of creating the Multi-Unit Smoke Free Task Force is to work with city and county officials, property owners/managers and residents to create an ordinance that does not allow tenants to smoke inside their unit but rather at a designated smoking only location away from the housing unit. This is in response to the multiple requests made by the community to the VC Tobacco Prevention Program.

The task force has begun working with the Oxnard City Council to place the ordinance. The task force has also begun working with property owners/managers, such as Cabrillo Economic Development Corporation to obtain ideas on how the ordinance could work.

The task force is also looking for community input and has developed a community survey.

The goal of the task force is not to make smokers in the multi housing units feel unwelcomed but to create a smoke-free environment for everyone to enjoy while allowing smokers to smoke in a designated location.

Whole Person Care Program

The Whole Person Care (WPC) program is a pilot program found in the Medi-Cal 2020 Waiver, California's current Section 1115 Medicaid Waiver. WPC is designed to improve the health of high-risk, high-utilizing patients through the coordinated delivery of physical health, behavioral health, housing support, food stability, and other critical community services.

Community Relations Specialist, Bryan Quijada, dropped off GCHP flyers to Mr. Ruben Juarez, Community Health Worker for the WPC and Vice Chair of GCHP's Community Advisory Committee. The distributed flyers included the following:

- What to Know About Coronavirus Disease 2019 (COVID-19)
- COVID-19 Resources for Members

Mr. Quijada was onsite at one of the hotel locations where over 100 homeless individuals are currently sheltering in place due to COVID-19. Each person has their own room to help with social distancing. Upon arrival, Mr. Quijada was immediately approached by various GCHP members that needed assistance with obtaining their medications.

Compliance Update

DHCS Annual Medical Audit

Gold Coast Health Plan (GCHP) received a tentative audit start date of July 7 through July 17, 2020 from the Department of Health Care Services (DHCS) Audit & Investigation (A&I) team for a focused evaluation of the Plan and contracted PBM only. We are expecting an official Entrance Conference Letter on Monday, June 15, 2020. Upon receipt of the Entrance Conference Letter, we will engage with the Plan's leadership to ensure timely submission of the requested deliverables and continue to review / prepare for the audit interviews. GCHP will provide updates to the Commission as the Plan proceeds to prepare for the DHCS Annual Audit.

DHCS Contract Amendments

The draft DHCS contract amendment has included multiple revisions based on review by the Centers for Medicare and Medicaid Services (CMS) review. The amendment is still pending approval by CMS. GCHP is awaiting the final amendment for signature. GCHP has received additional requirements from the Mega Reg via all-plan letters and has had multiple deliverables due to DHCS to ensure compliance. GCHP is operating under the requirements of the draft amendment as required by DHCS. GCHP is audited by DHCS in accordance with those standards.

May 2020 Update – On May 1, GCHP received the final signed contract amendment from DHCS. The contract amendment is being reviewed and assessed for any required changes to align to the amendment. GHCP will keep the Commission apprised of any significant updates.

June 2020 Update – The Compliance team continues to meet with each of the operational areas to socialize and review the final signed contract amendment from DHCS. Compliance is working with the operational areas to identify areas that are not aligned with the finalized contract amendment. There are currently no items to report. We are scheduled to complete our review

of the contract amendment with the operational areas by the end of June 2020. GCHP will keep the Commission apprised of any significant updates.

Delegation Oversight

Delegate	Audit Year/Type	Audit Status	Date CAP Issued	Date CAP Closed	Notes
Conduent	2017 Annual Claims Audit	Open	12/28/2017		Issue will not be resolved until new claims platform conversion
Kaiser	2019 Annual Claims Audit	Open	9/23/2019	Under CAP	
VTS	2019 Annual Call Center Audit	Open	4/26/2019	Under CAP	
VSP	2019 Annual Claims Audit	Open	10/29/2019	Under CAP	
Conduent	2019 Call Center Audit	Closed	1/14/2020	05/15/2020	
Conduent	2019 Annual Claims Audit	Open	Pending	Pending	
VTS	2019 Annual Transportation Audit	Open	1/17/2020	Pending	
USC	2020 Annual Credentialing Recredentialing Audit	Open	04/09/2020	Pending	Audit was conducted on February 27, 2020. CAP has been issued and response is pending.
VSP	2020 Annual Claims Audit	Open	04/21/2020	Pending	Audit was conducted on April 20, 2020. CAP has been issued and response is pending.

VTS	2019 Annual NEMT Audit	Open	4/21/2020	Pending	Audit was conducted on January 6, 2020. CAP has been issued and response is pending.
VTS	2020 Call Center Audit	Open	05/14/2020	Pending	Audit was conducted on March 30, 2020.
Optum Rx	2020 Annual Audit	Closed	NA	NA	Audit was conducted on February 10, 2020 with no findings.

GCHP is contractually required to perform oversight of all functions delegated through subcontracting arrangements. Oversight includes, but is not limited to:

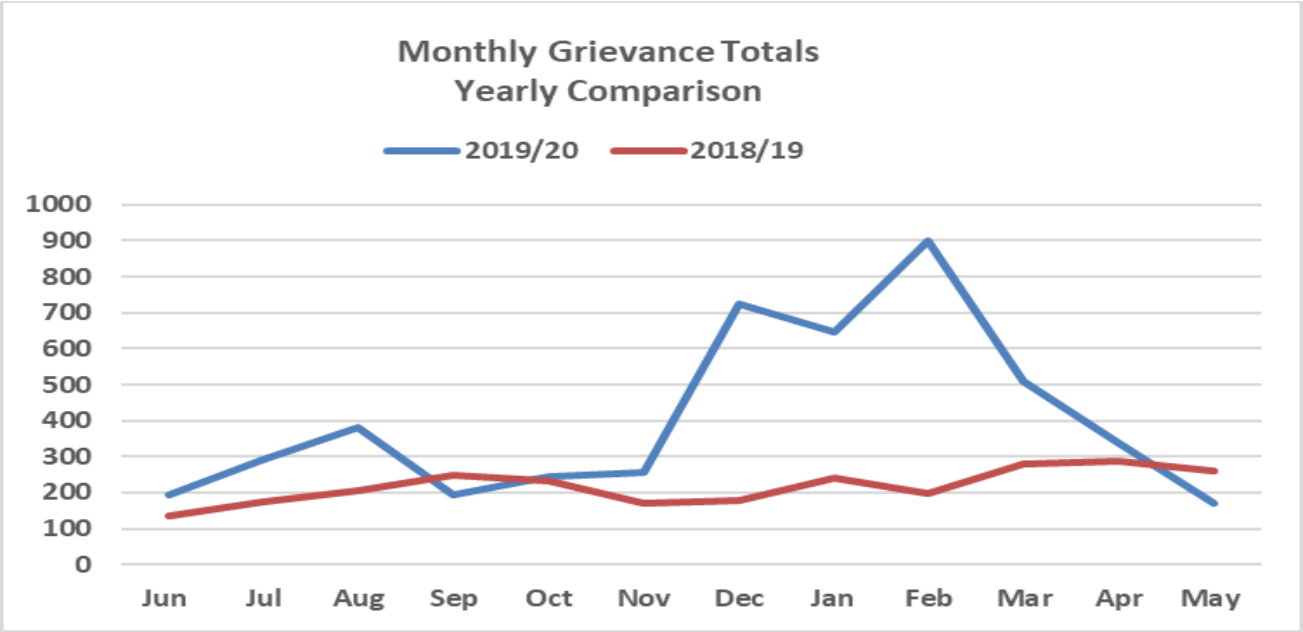
- Monitoring / reviewing routine submissions from subcontractors
- Conducting onsite audits
- Issuing a CAP when deficiencies are identified

**Ongoing monitoring denotes delegate is not making progress on a CAP issued and/or audit results were unsatisfactory and GCHP is required to monitor the delegate closely as it is a risk to GCHP when delegates are unable to comply.*

Compliance will continue to monitor all CAPs. GCHP's goal is to ensure compliance is achieved and sustained by its delegates. It is a DHCS requirement for GCHP to hold all delegates accountable. The oversight activities conducted by GCHP are evaluated during the annual DHCS medical audit. DHCS auditors review GCHP's policies and procedures, audit tools, audit methodology, and audits conducted, and corrective plans issued by GCHP during the audit period. DHCS continues to emphasize the high level of responsibility plans have in oversight of delegates.

Grievance and Appeals

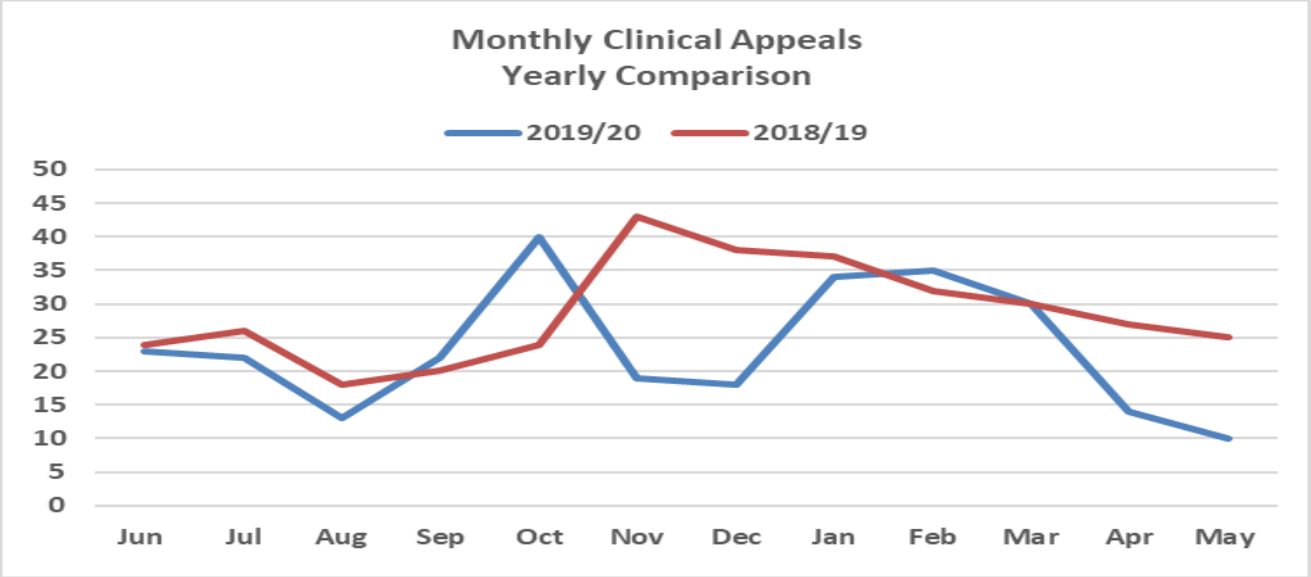
Grievance Totals:



May 2020 Member Grievances received was 18 cases, which is a decrease compared to the May 2019 Member Grievances cases of 23. The probable cause for this decrease of complaints is due to the State mandated Shelter in Place Order. The top category for May 2020 Member Grievances was Quality of Care.

May 2020 Provider Grievances was 151 cases which is a decrease when compared to the May 2019 Provider Grievances cases of 237. The probable cause for the decrease of complaints is due to the State mandated Shelter in Place Order. The top categories for May 2020 Provider Grievances was Claims Appeal, Claims Payment and Claims Billing Dispute.

Clinical Appeal Totals:



May 2020 Clinical Appeals was 10 cases which is a decrease when compared to the May 2019 Provider Grievances cases of 23. Again, the probable cause for the decrease of complaints is due to the State mandated Shelter in Place Order. For the month of May 2020, 1 Appeal was overturned, 6 Appeals were upheld, and 3 Appeals were withdrawn.

AmericasHealth Plan

Gold Coast Health Plan (GCHP) staff have been participating in weekly conversations with staff from the Department of Health Care Services (DHCS) about the Plan to Plan proposal since its' submittal on May 18, 2020. The DHCS Contract Manager for GCHP stated, last week, that this review is his "highest priority " for GCHP. Additionally, GCHP submitted the first set of responses to questions posed by DHCS staff on June 8, regarding the Initial Mailings and boiler plate contract. On Friday, June 12, GCHP responded to additional questions from DHCS about the revised boiler plate contract. This discussion occurred with the DHCS contract manager, his supervisor and the Section Chief, along with GCHP leadership. A further boiler plate contract clarification response was submitted to DHCS the same day.

GCHP continues to meet weekly with AmericasHealth Plan (AHP) leadership on implementation process and issues. Several joint workgroups have been established for weekly participation. A DHCS Readiness Review Tool was shared with AHP on June 12th in preparation for a Readiness Review. The weekly oversight meetings will continue between AHP and GCHP leadership to review the progress on workgroups' recommendations and record decisions to expedite implementation upon final DHCS approval.

Network Operations

- **PCP- Member Assignment- Refer to Attachment A**

- **Regulatory:**

  Completed:
  - Plan of Action (POA) resubmission in preparation for the 2021 Subcontracted Network Certification (SNC) submitted timely 6/20/2020.
  - Policies and Procedures submitted to DHCS: Long Term Services and Supports Timely Access, OB/GYN PCP Member Election and Assembly Bill (AB) 1642 submitted timely 5/26/2020.

  In Process:
  - 274 Provider Data: PACES Telehealth Indicator Update – MCPs expected to submit production 274 files using the new indicators in the September 2020 submission month.
  - Plan of action in development for Provider Network Database (PNDB) provider data.
  - Subcontractor Kaiser is aware of this new requirement and communication with Plan occurring.

  Pending:
  - Results Annual Network Certification (ANC) Resubmission.
  - Results ANC Subcontracted Network Plan of Action Resubmission.
  - Approval redline Provider Manual 2020.

- **COVID-19 Provider Reach-out and Communication**

  The Network Operations team continues to aggressively reach-out to providers regarding any COVID-19 related impacts on provider operations and member access. This information is submitted to the Department of Health Care Services (DHCS). The Provider Communications Workgroup continues to meet on a regular basis and provides timely and helpful updates to our network providers.

  The Provider Outreach team outreaches two times a week by email and phone to determine closures or impact due to the Coronavirus to the following providers:

  - SNF & LTC
  - Home Health
  - Hospice
  - Palliative Care
  - Congregate Living Facility

- Email and phone outreach to the following provider types
  - Ambulatory Surgery Center
  - Urgent Care
  - PCP
  - Pharmacy Infusion
  - Lab
  - Radiology
  - Physical Therapy
  - Audiology & Hearing Aids
  - DME

- **Provider Contracting Update:**
  - **New Contracts:**
    - Clinicas Del Camino Real Professional Services Capitation Agreement Finalized with an effective date of May 1, 2020
    - AmericasHealth Plan Proposal and Boilerplate Agreement submitted to DHCS for review and approval

  - **Amendments:**
    - Provider Contracting sent out a total of 3 Amendments for this time period Amendments returned and completed are:
      - Ventura Orthopedic Medical Group: Added providers that are currently pending Medi-Cal enrollment to the Letter of Agreement Terminated providers that were currently pending Medi-Cal enrollment off the LOA.
      - Ronald Reagan UCLA Medical Center, Santa Monica, UCLA Medical Center, Orthopedic Hosp, BURL and UCLA Medical Group: Contractual downward rate adjustment resulting from chargemaster rate increase.
      - Pacific Inpatient Physicians: Addition of SNF facilities into contract servicing locations.

  - **Interim LOA**
    - West Coast Vascular: Interim LOA in place for Vascular Surgeon to continue providing services to our members while pending credentialing.
    - West Coast Pulmonary Critical Care Physicians: Interim LOA in place for Physician Assistant to continue seeing our members while pending credentialing. Considering this group's specialization in Critical Care and Pulmonology, this provider is critical in the care for patients during the COVID-19 pandemic.

- **Member-Specific Letters of Agreement**
  Provider Contracting has worked on 24 LOAs during this time period. LOAs returned and completed are:
  - 19 Amigo Baby Therapy Services LOAs
  - Amigo Baby Therapy Services, Inc provides needed Physical Therapy and/or Occupational Therapy services to our pediatric members with complex developmental delays that exclude CCS diagnoses. This provider fulfills a major gap within our network and will serve to reduce costs in this key area.
  - Amigo Baby received its Medi-Cal certification and providers are going through the Credentialing process. Once Credentialing is completed, an Agreement will be executed between Amigo Baby and Gold Coast Health Plan.

- **Better Doctors**:
  Network Operations continues to meet weekly with Quest Analytics as a touch base to ensure that the process continues to move smoothly.

  We continue to verify the demographic information obtained from Better Doctors. The following reviews were performed:
  - 3923 provider lines reviewed
  - 618 provider records were audited to ensure the providers were loaded accurately in PNDB and IKA (GCHP Claims system).

- **Better Doctor Report – Contracting**
  15 provider records were reviewed on the Better Doctor Report for potential terminations.

➢ **Provider Contracting and Credentialing Management System (PCCM) PCCM**

Project health is GREEN due to the following reasons:

- The new schedule (go live date) of 10/26/2020 approved at the Executive Steering Committee meeting on 5/20/2020, allowing for the project health to move from red to green.
- Iteration 7 test scripts completed as of 6/10/2020

➢ **PCCM Items Currently in Progress:**

- Development of data conversion testing metrics (dashboard) continues
- Contracts business process documentation and review
- Gap analysis of PNDB data (field-to-field) converted into eVIPs
- eVIPs Reference Types/UI Selection values
- Review of the production printed directory process and expectations for the go forward process with eVIPs continues
- Provider Directory Online directory (Coffey) regulatory gap analysis discussions

- Better Doctor extract to eVIPs under review
- Mapping review & continued clean up –iterations 1 thru 8
- PNDB data cleansing continues
- Interface development for Monthly vs. Quarterly provider roster analysis upcoming

➢ **Provider Database Clean-up Project:**

The Network Team has attended bi-weekly meetings with internal GCHP staff and Symplir staff to discuss and make decisions required to support the eVIPs conversion and process configuration. This project includes the review and updating of the Provider Relations Shared Drive. It also includes the testing of the eVIPs system to ensure that information transfer from GCHP systems is accurate in the eVIPs system setup.

- Completed Test Case Scenarios – 16,173

➢ **Provider Additions:**

May 2020 Provider Additions- 26 Total

23 In-Area Providers

Provider Type	Additions
CBAS	0
Mid-level	11
Pharmacy	0
Primary Care Provider	0
Specialist	6
Specialist- Hospitalist	6

3 Out-of-Area Providers

Provider Type	Additions
Hospitalist	0
Specialist	3
Mid-level	0

May 2020 Provider Terminations – 1 Total

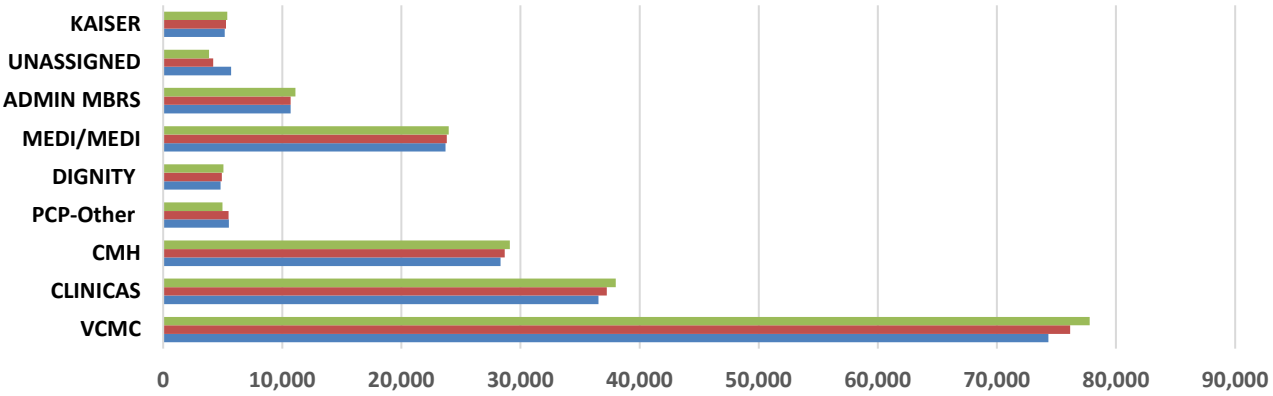
1 In-Area Provider

Provider Type	Terms
Midlevel	1
Specialist	0
Specialist- Hospitalist	0
Ambulatory Surgical Center	0

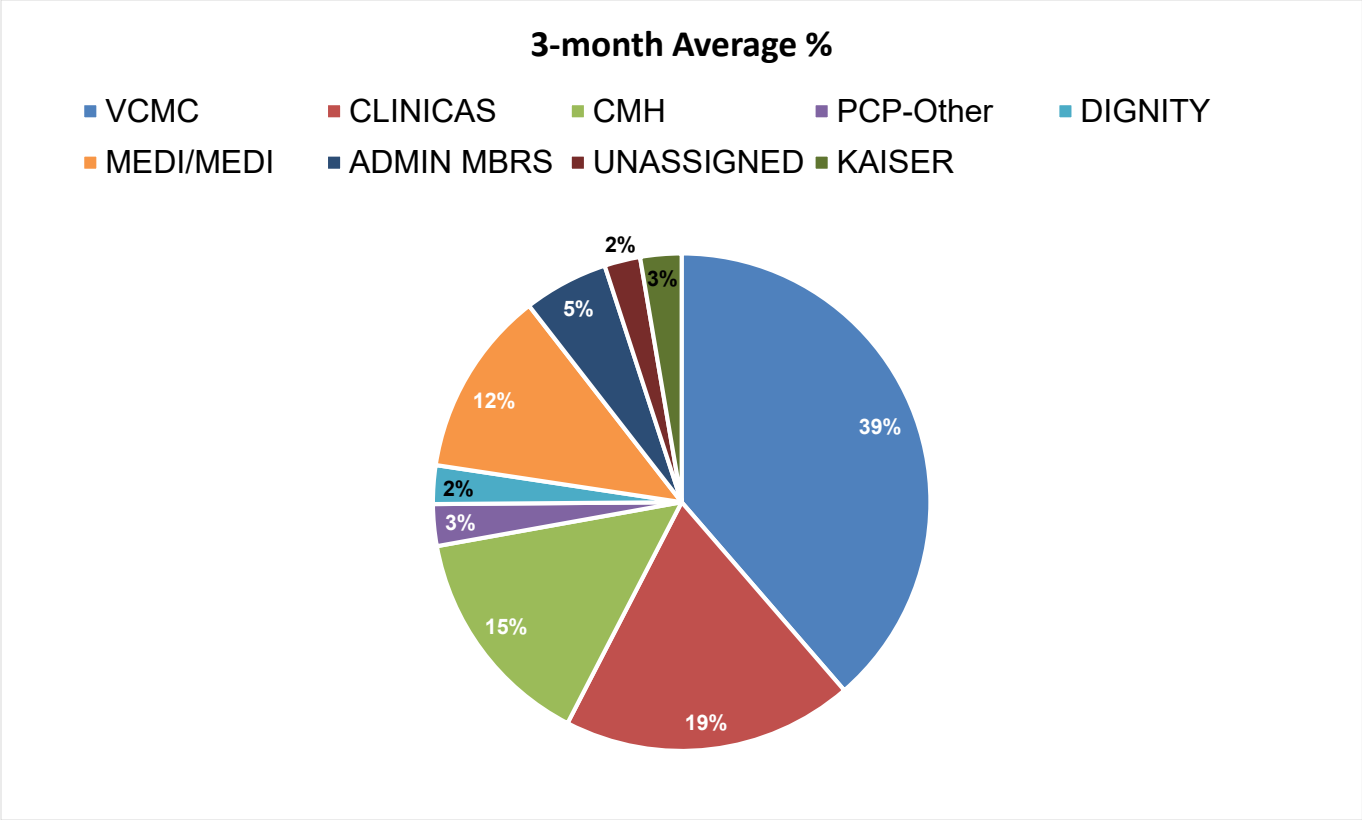
0 Out-of-Area Providers

Provider Type	Terms
Specialist	0

ATTACHMENT A-_PCP Assignments



	VCMC	CLINICAS	CMH	PCP-Other	DIGNITY	MEDI/MEDI	ADMIN MBRS	UNASSIGNED	KAISER
May-20	77,791	37,985	29,104	4,985	5,065	23,962	11,095	3,845	5,395
Apr-20	76,158	37,258	28,680	5,502	4,930	23,799	10,713	4,202	5,267
Mar-20	74,328	36,557	28,333	5,511	4,817	23,698	10,700	5,705	5,160



RECOMMENDATION:

Receive and file the report.

AGENDA ITEM NO. 8

TO: Ventura County Medi-Cal Managed Care Commission

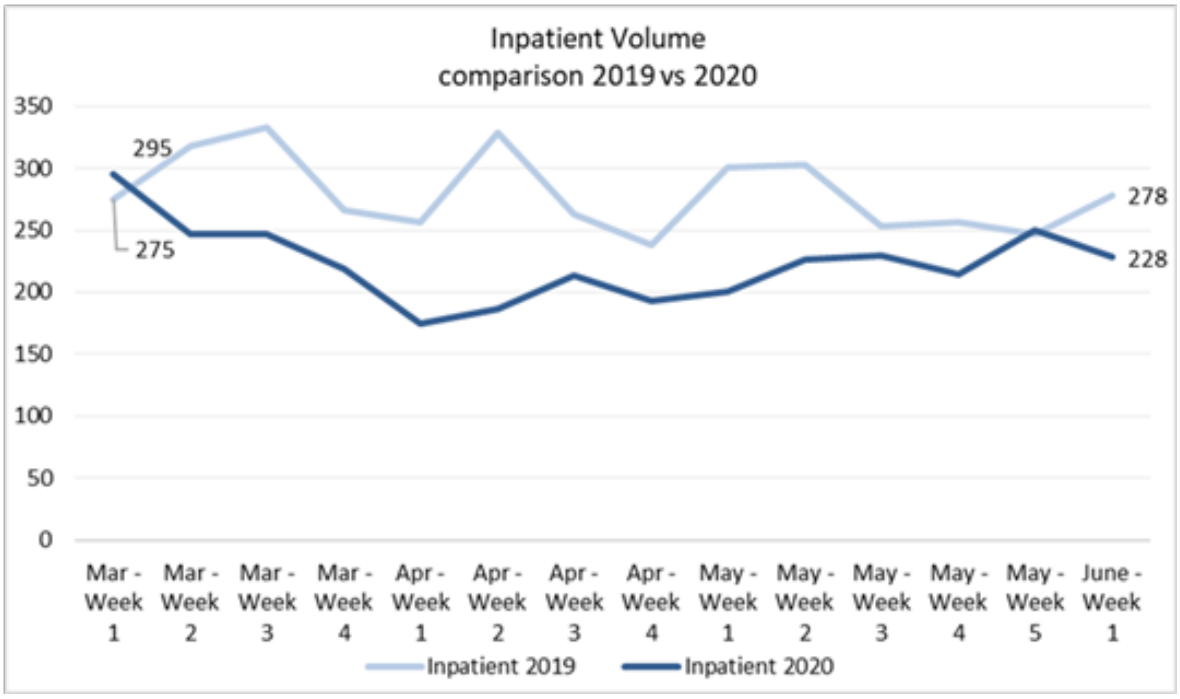
FROM: Nancy Wharfield, M.D., Chief Medical Officer

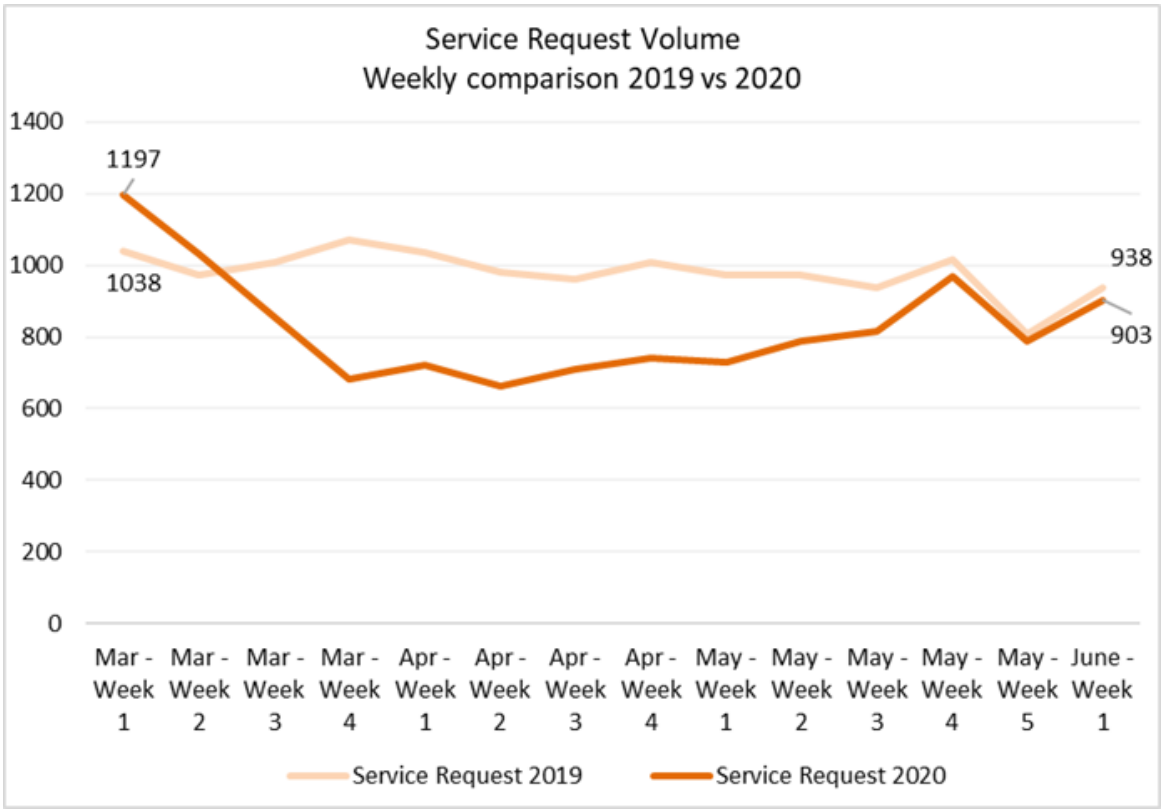
DATE: June 22, 2020

SUBJECT: Chief Medical Officer Report

Utilization Update

The trend of decreasing requests for inpatient and outpatient services reported at the May 2020 Commission meeting is beginning to reverse. The volume of inpatient requests approached 2019 levels by the end of May and then fell again slightly at the beginning of June. Outpatient service requests approximated 2019 levels by the end of May through the first week of June 2020.





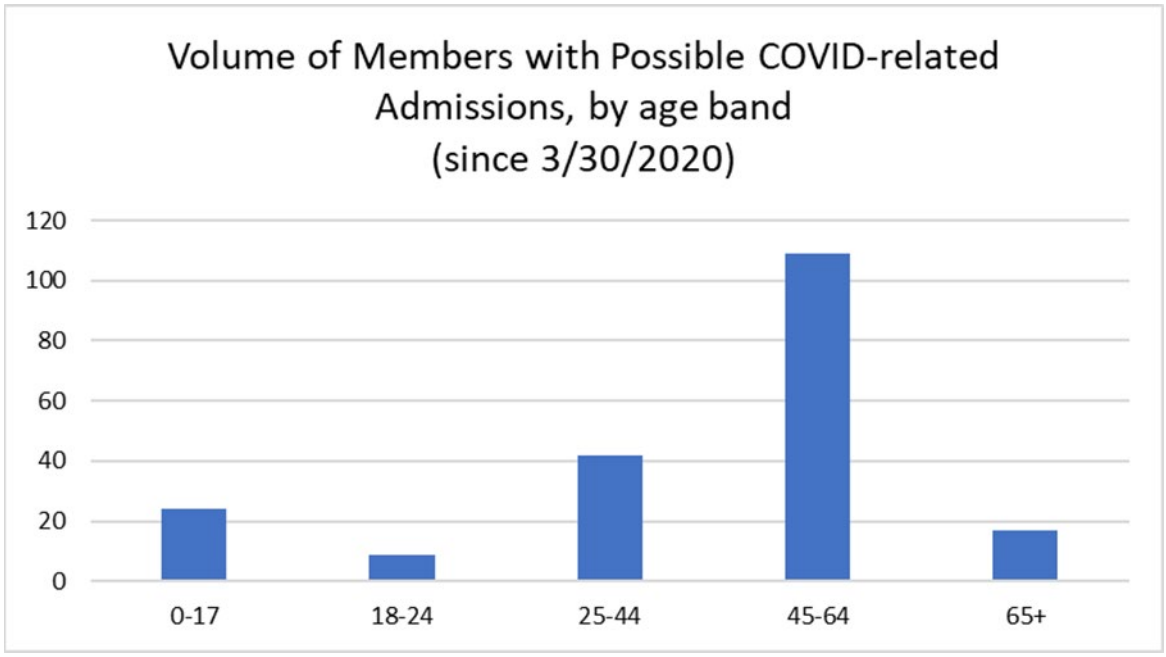
Telemedicine continues to be highly utilized with the claims volume for the first 6 months of CY2020 higher than the volume of claims for all of CY2019 (>41,000 compared with 40,389). Historically, telemedicine claims have averaged under 36/month. Claims volume began to increase in March (>4,000) and jumped to >21,000 in April.

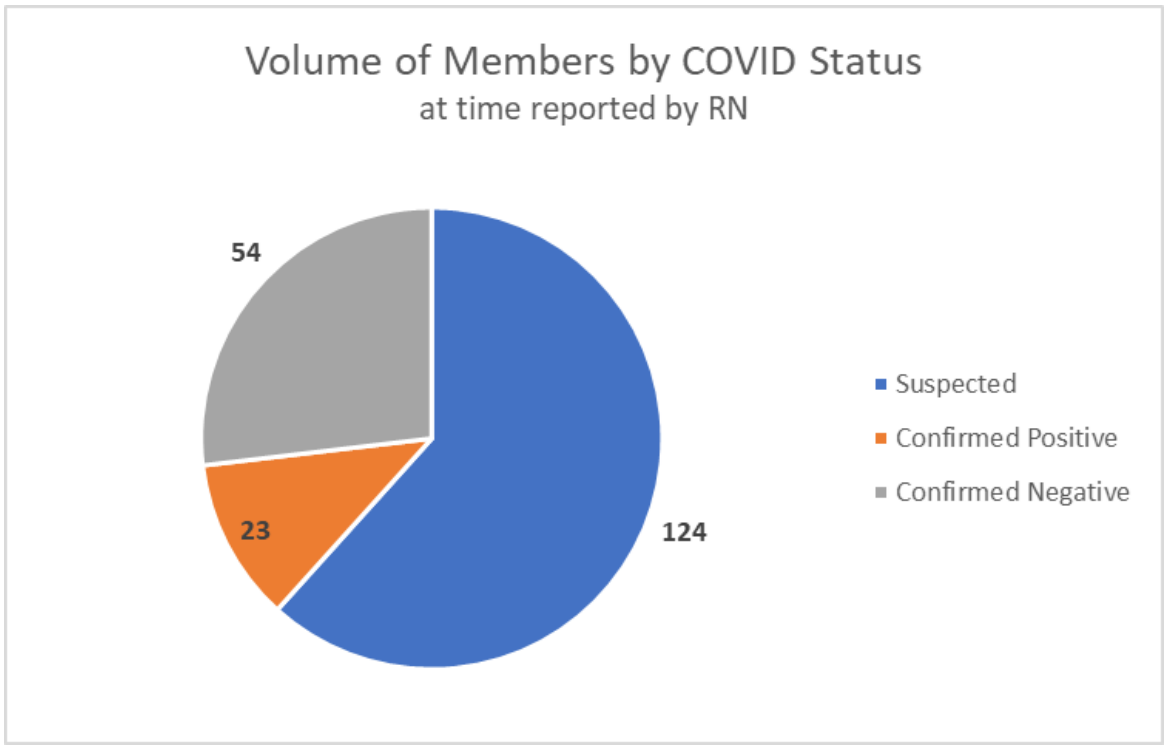
COVID-19 Related Admissions

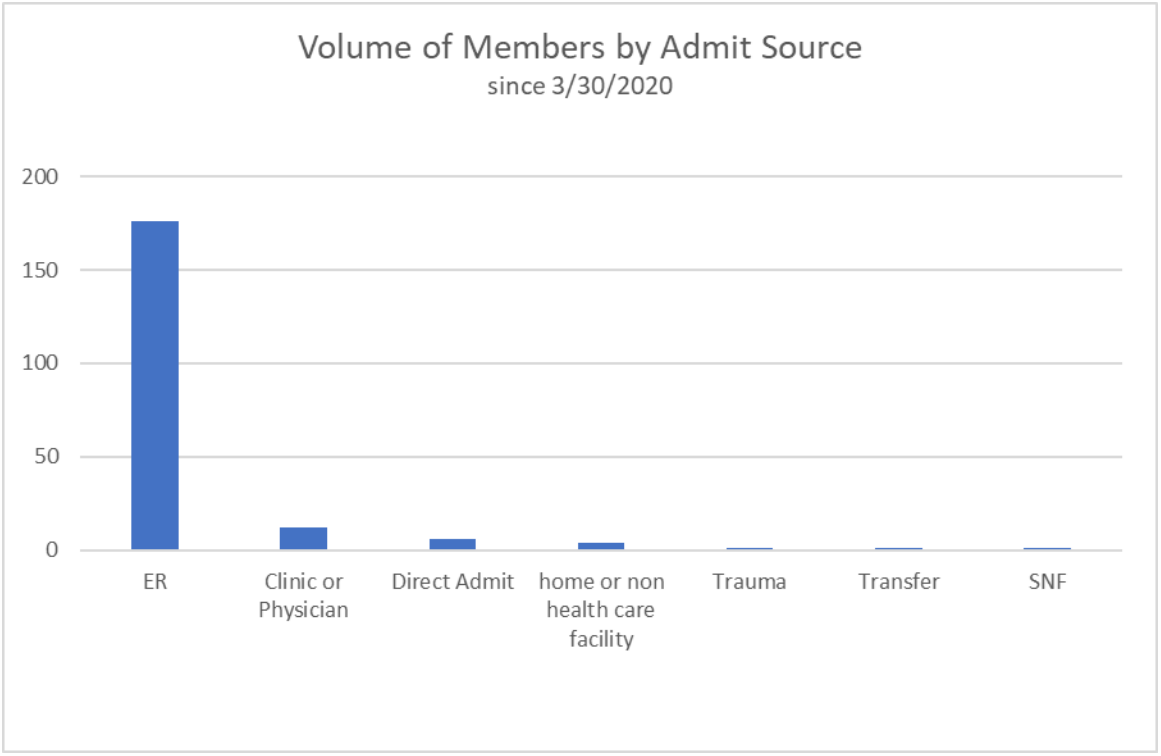
As of May 12, 2020, Gold Coast Health Plan (GCHP) staff recorded 167 COVID-related admissions. Most admissions were in the 45 – 64 age group and most admissions have been confirmed COVID negative with a total of 9 COVID positive results to date. Most admission come through an emergency department and the weekly trend of admission volume is down.

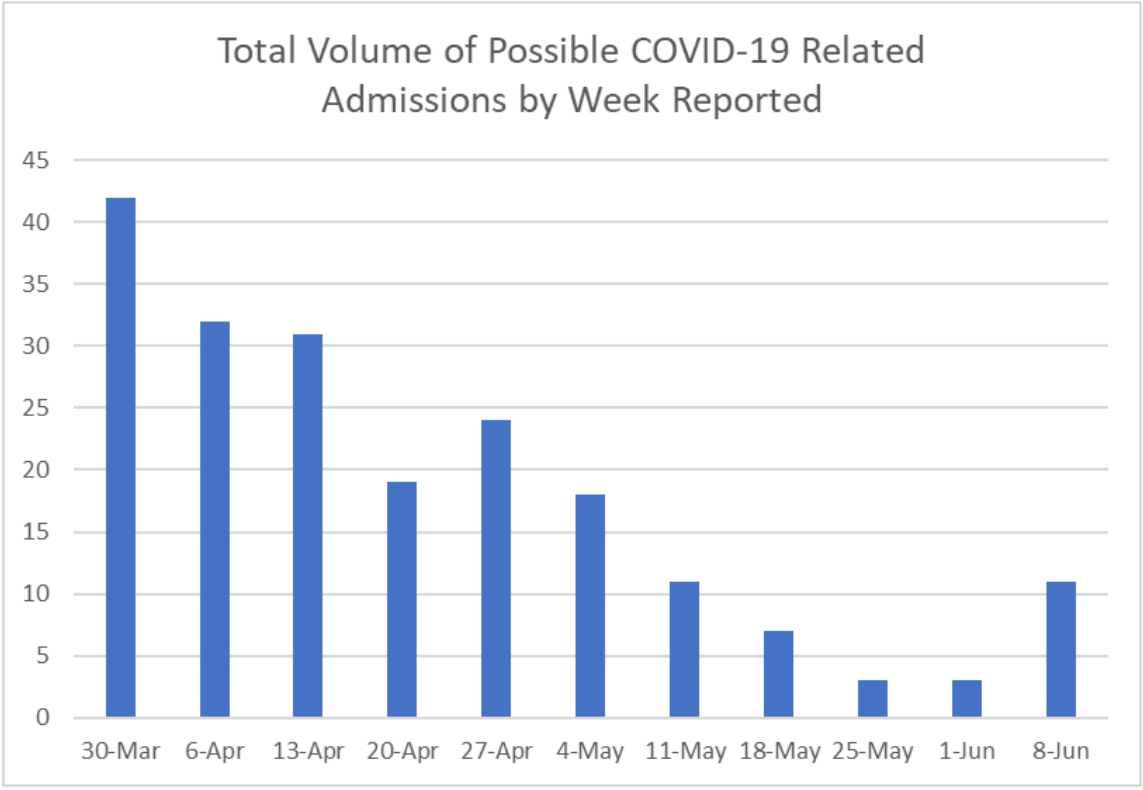
As of June 11, 2020, GCHP staff recorded 201 COVID-related hospital admissions. Most hospital admissions were in the 45-64 age group (54%) and most admission have been confirmed COVID negative with a total of 23 COVIC positive results to date. Of note, for the first time since April, COVID related admissions increased the week of June 8, 2020.

NOTE: We detected an additional 50 COVID positive tests through outpatient laboratory data submitted to us by Quest. All known positive COVID results are reported to DHCS daily.


Volume of Members with Possible COVID-related Admissions, by age band (since 3/30/2020)
120
100
80
60
40
20
0
0-17
18-24
25-44
45-64
65+


Volume of Members by COVID Status
at time reported by RN
54
23
124
Suspected
Confirmed Positive
Confirmed Negative


Volume of Members by Admit Source
since 3/30/2020
200
150
100
50
0
ER
Clinic or Physician
Direct Admit
home or non health care facility
Trauma
Transfer
SNF


Total Volume of Possible COVID-19 Related Admissions by Week Reported
45
40
35
30
25
20
15
10
5
0
30-Mar
6-Apr
13-Apr
20-Apr
27-Apr
4-May
11-May
18-May
25-May
1-Jun
8-Jun

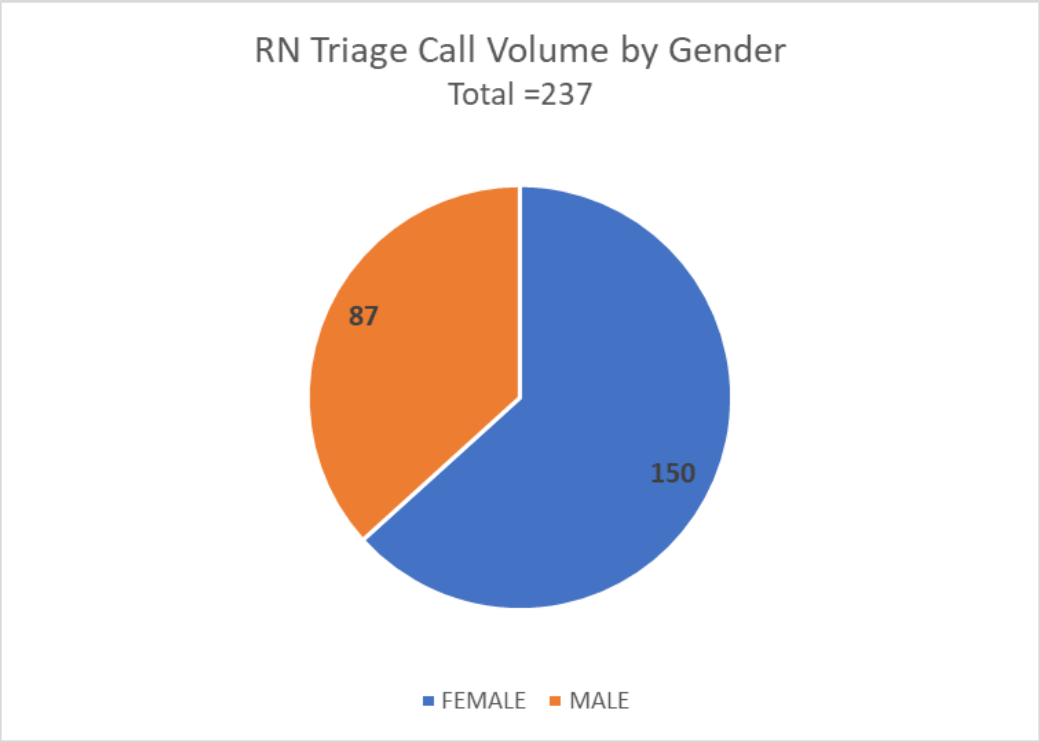
Vulnerable Member Outreach During COVID-19 Pandemic

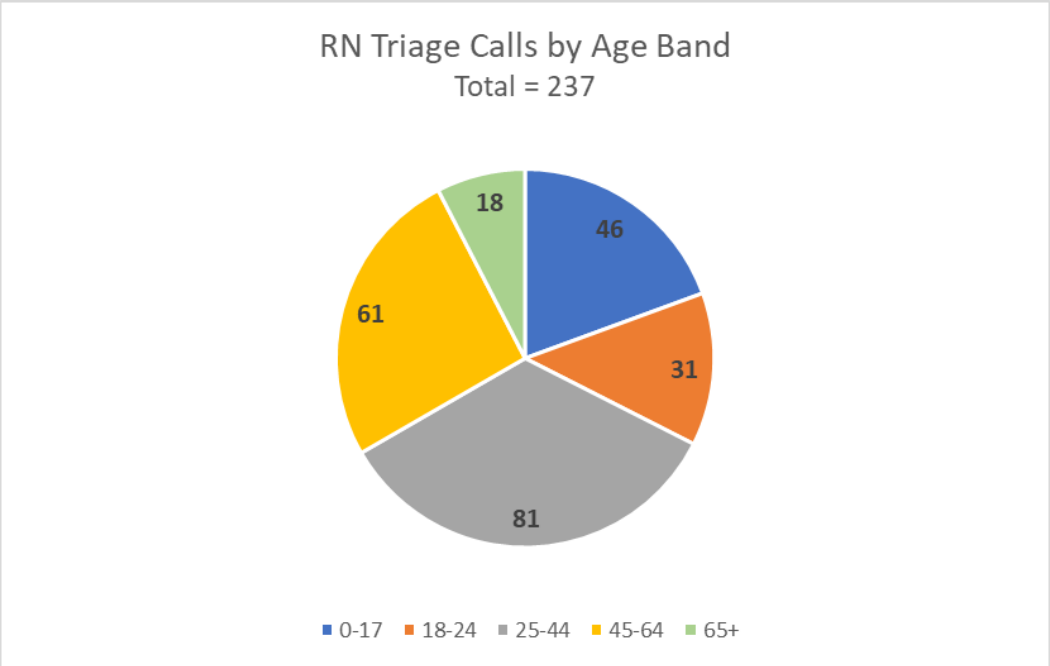
Our Care Management and Health Education teams, in collaboration with Community Outreach and Member Services teams, are conducting calls to our most vulnerable members to offer support and address concerns such as food insecurity and access issues. Our teams are successfully connecting members to needed resources in the county such as food pantries and meal delivery services. Electronic disease management resources, scheduling assistance, and telehealth information are some of the needs identified by members. Also, new GCHP members accessing Medi-Cal services for the first time are receiving support to assure a seamless transition into the GCHP network. Many members have expressed their gratitude and appreciation to the GCHP organization for the outreach during the COVID-19 pandemic. We will continue to ensure our member needs are met during this pandemic.

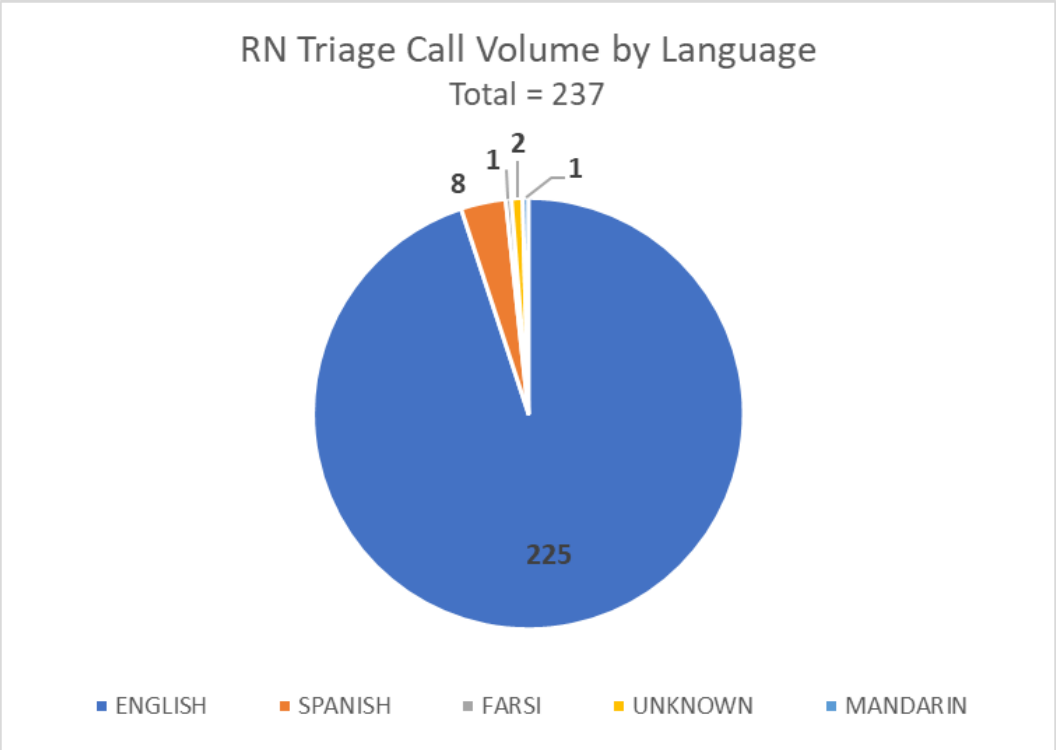
Nurse Advice Line Update

On May 29, 2020, Carenet launched a robocall campaign in English and Spanish that will reach over 100,000 GCHP households. The campaign promotes the advantages of using the nurse advice line and gives advice about COVID safety precautions and provides local county and GCHP COVID resources. As of June 11, 2020, the campaign is approximately 30% completed and nurse advice line utilization has increased substantially.

In the past month, calls to the nurse advice line have jumped by over 47% for a total of 237 calls. About 63% were from female members. Most calls were from members in the in the 25-44 age band (34%) followed by 45-64 (26%) and 0-17 (19%). Most calls were from English-speaking members (94%) and only 8 (.03%) were from Spanish-speaking members. To promote the 24-hour Advice Nurse Line to Spanish speaking members, GCHP staff posted information on the Spanish version of GCHP's website on the home page in the alert banner, run ads on Spanish-language media, promoted the nurse advice line in the member newsletter, and distributed flyers to community-based organizations that work with our members. A wide range of concerns are fielded by the nurse advice line team including questions about abdominal pain, chest pain, gastrointestinal complaints, as well as COVID-related concerns. Calls can result in recommendations to provide self-care at home, follow-up with the primary care provider, visit urgent care or emergency room, or direction to hang up and call 911.


RN Triage Call Volume by Gender
Total =237
87
150
FEMALE
MALE


RN Triage Calls by Age Band
Total = 237
18
46
61
31
81
0-17
18-24
25-44
45-64
65+



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Pharmacy Hot Topic Items

Medi-Cal Rx
The California Department of Health Care Services (DHCS) will be carving out all prescription benefits from the Managed Care Plans (MCP) as of January 1, 2021 under a new program called Medi-Cal Rx. Upon implementation, all retail prescription claims will be submitted directly to the state via its PBM. DHCS has announced ongoing stakeholder and technical workgroups along with monthly Managed Care Plan updates. Gold Coast Health Plan will continue to work with advocacy groups, other MCPs and DHCS in order to facilitate the implementation of the carve out and will continue to bring information as it becomes available to this group.

COVID-19
As part of its response to the COVID-19 pandemic, GCHP has made significant, temporary changes to the pharmacy benefit to ensure member access to pharmacy services while ensuring the principles of social distancing and shelter-in-place:

- Refill Too Soon Edit: GCHP temporarily lifted the refill too edit to allow pharmacies to fill chronic, maintenance medications early
- 90 Day Supply: Allow any chronic, maintenance medication to be filled for up to 90 days at a time
- Out of Network Pharmacies: Allow out of network pharmacies to fill medications for member if related to COVID-19 and being unable to access a network pharmacy
- Formulary Overrides: Allow overrides of up to 90 days for medications impacted by COVID-19

All these changes have the potential to increase costs to GCHP. Further information will be provided on the impact of these changes and the potential for reimbursement.

Impact of COVID-19 Pandemic on Pharmacy Costs in March 2020:

- 3.9% of prescriptions were filled early due to the refill too edit being lifted; this resulted in an additional $1.08M in pharmacy costs
- Increase of approximately 20% in the costs related to medications used for the symptomatic treatment of nasal congestion, pain/fever, and respiratory agents
- Increase of 3.1%, 7.9%, and 8.4% in the number of prescriptions for insomnia medications, anti-anxiety medications, and antidepressants, respectively

Pharmacy Benefit Cost Trends

Gold Coast Health Plan's (GCHP) pharmacy trend shows in overall price increase of 14.4% from May 2019 to May 2020. Pharmacy trend is impacted by unit cost increases, utilization, and the drug mix. Pharmacy costs are predicted to experience double digit increases (>10%) each year from now until 2025. GCHP's trends are in-line with state and national data that is also experiencing significant increases in pharmacy costs. Impact from COVID-19 is expect to increased costs further.

Factor	National Trend	GCHP Trend
Unit Cost	• Price inflation is a top contributor, outpacing utilization growth 4:1. • WSJ is reporting an average price increase of 5.8% on hundreds of drugs in January 2020. 	• Unit cost increased 2.5% from 2018Q4 to 2019Q4. Unit cost changes from 2019Q1 to 2020Q1 are still being assessed. 
Utilization	• The number of prescriptions increased 21% from 2014 to 2017. 	• RxPMPM have dropped from May 2019 to May 2020, but RxPUPM increased 1.8%. • 29.1% of GCHP's members have 3 or more disease categories 
Drug Mix	• 59 new drug approval in 2018 – new all-time record high, 28% increase from 2017. • Pharma TV ad spending increased to $3.73B in 2018. • Specialty drugs are expected to be nearly 50% of total drug spend by 2022 	• Specialty drugs account for ~40% of GCHP's total drug spend. GCHP's Specialty users have increased 30% from 2017 to 2019. 

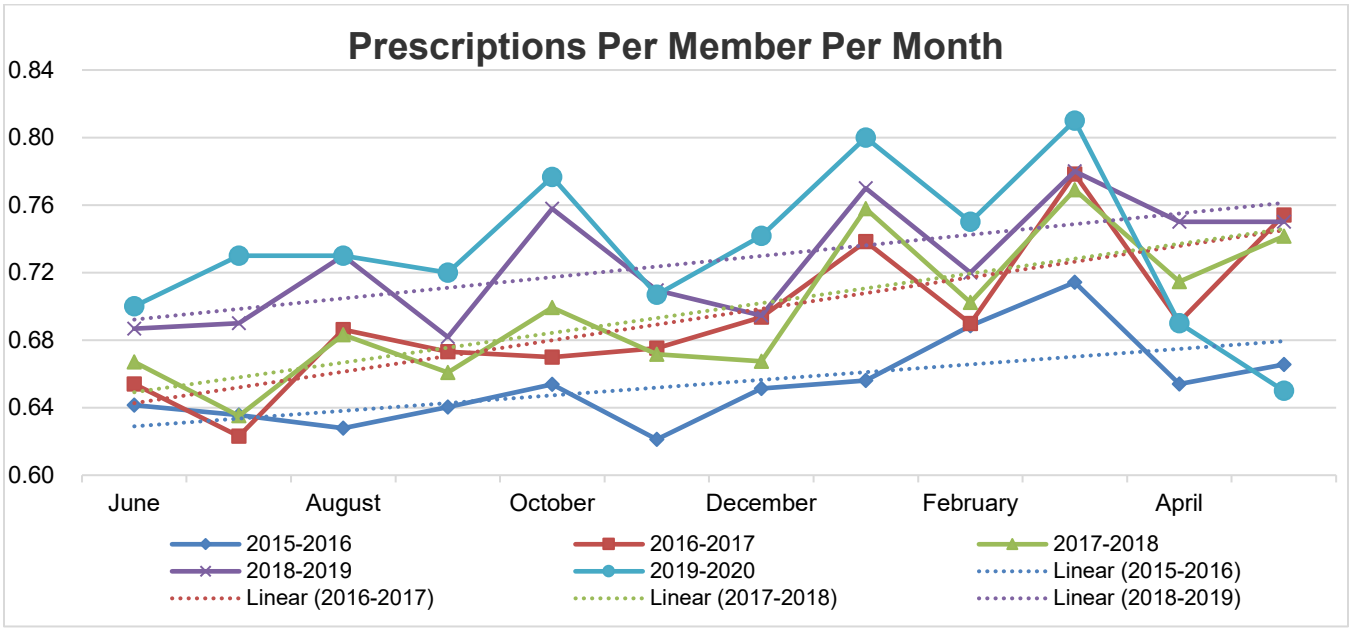
GCHP Annual Trend Data

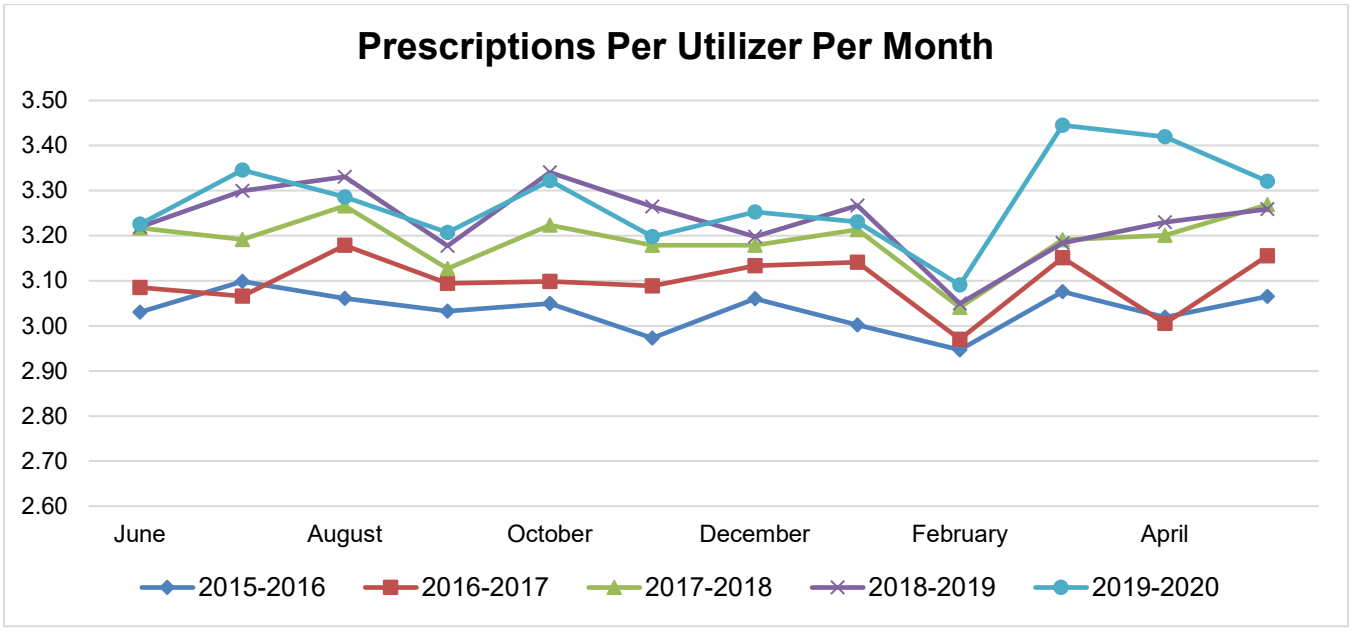
Unit Cost Trends

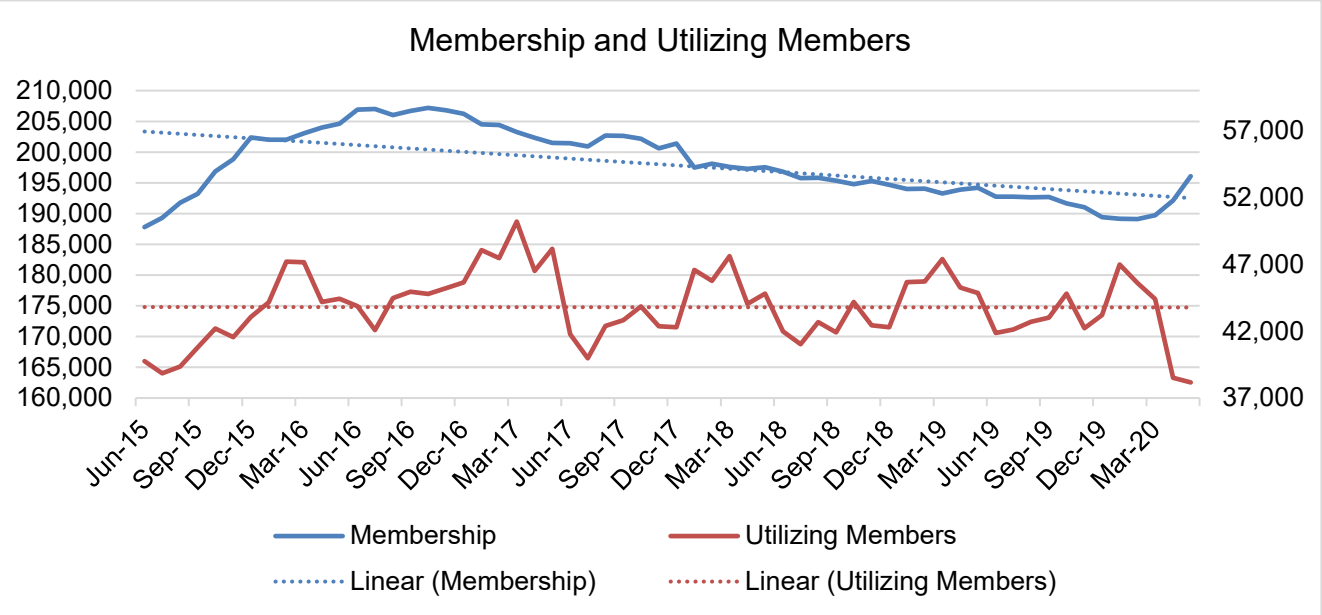
OptumRx reported that GCHP's unit cost trends from 2018Q4 to 2019Q4 was a 2.5% increase in unit cost. Note that the greatest price changes generally occur in the first quarter of the year.

Utilization Trends:

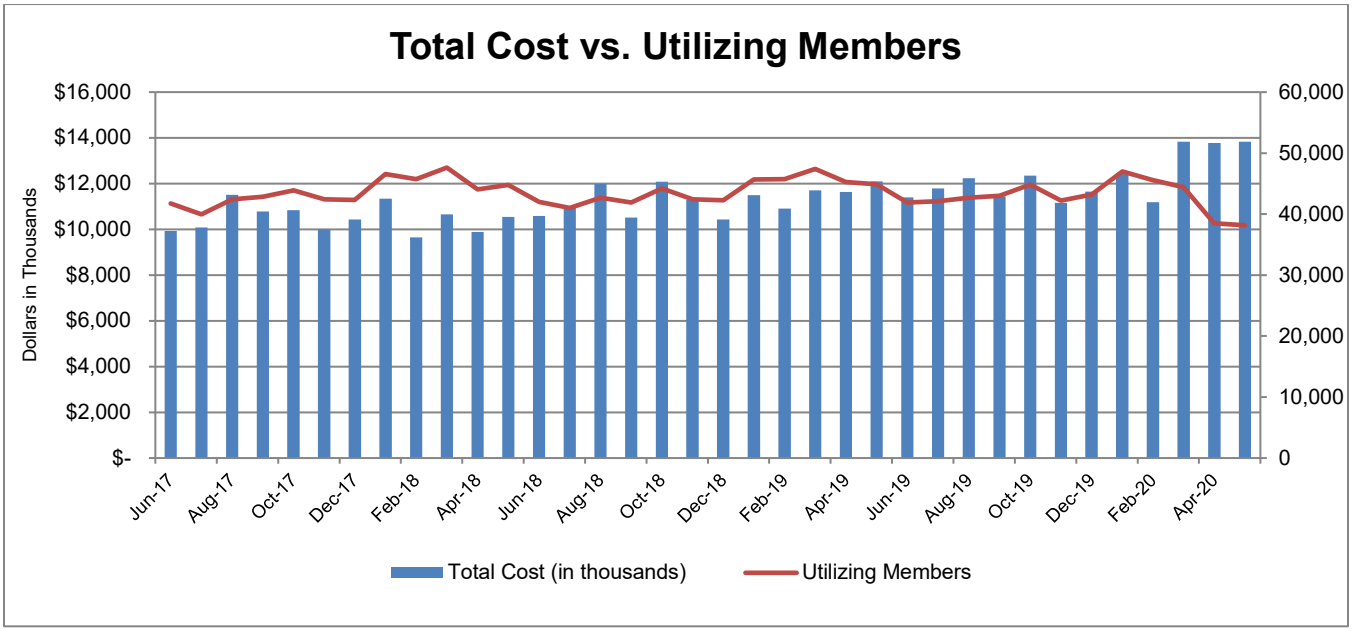
GCHP's utilization was increasing as demonstrated by the number of members using prescriptions and the number of prescriptions each member is using while GCHP's total membership continues to decline through early March 2020. The impact of COVID-19 has caused an increase in membership and GCHP will be continuously monitoring the impact of the increased membership.

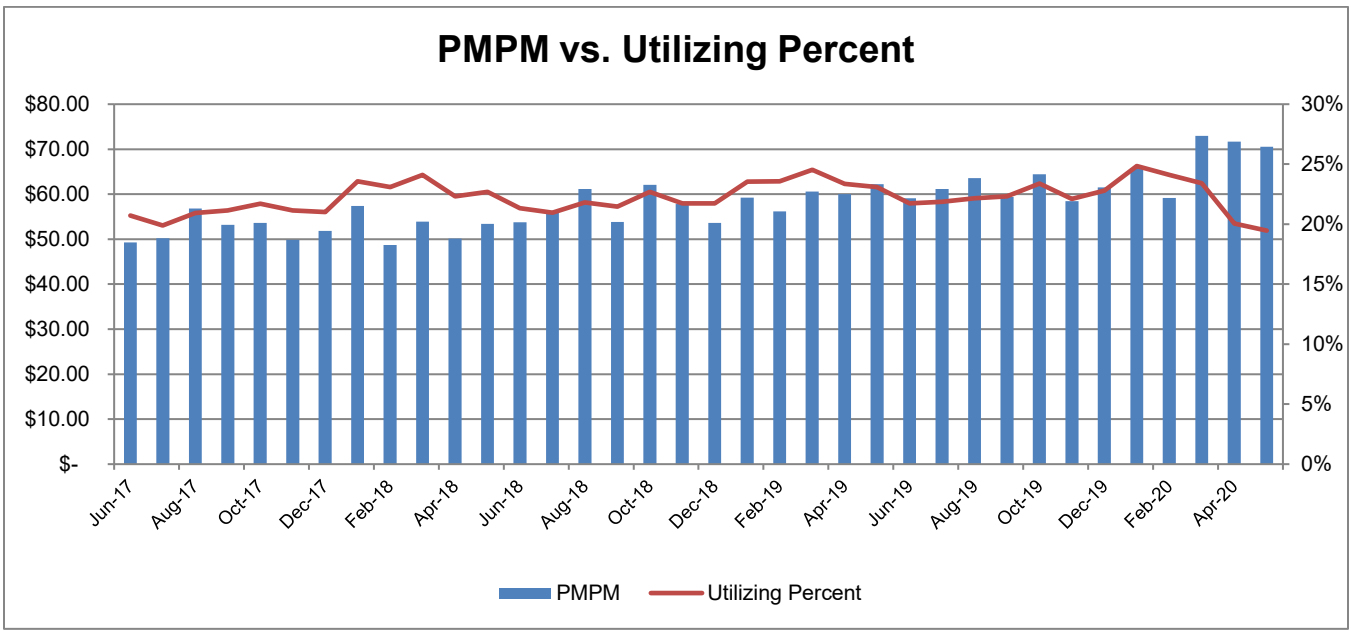

Prescriptions Per Member Per Month
0.84
0.80
0.76
0.72
0.68
0.64
0.60
June
August
October
December
February
April
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
Linear (2015-2016)
Linear (2016-2017)
Linear (2017-2018)
Linear (2018-2019)

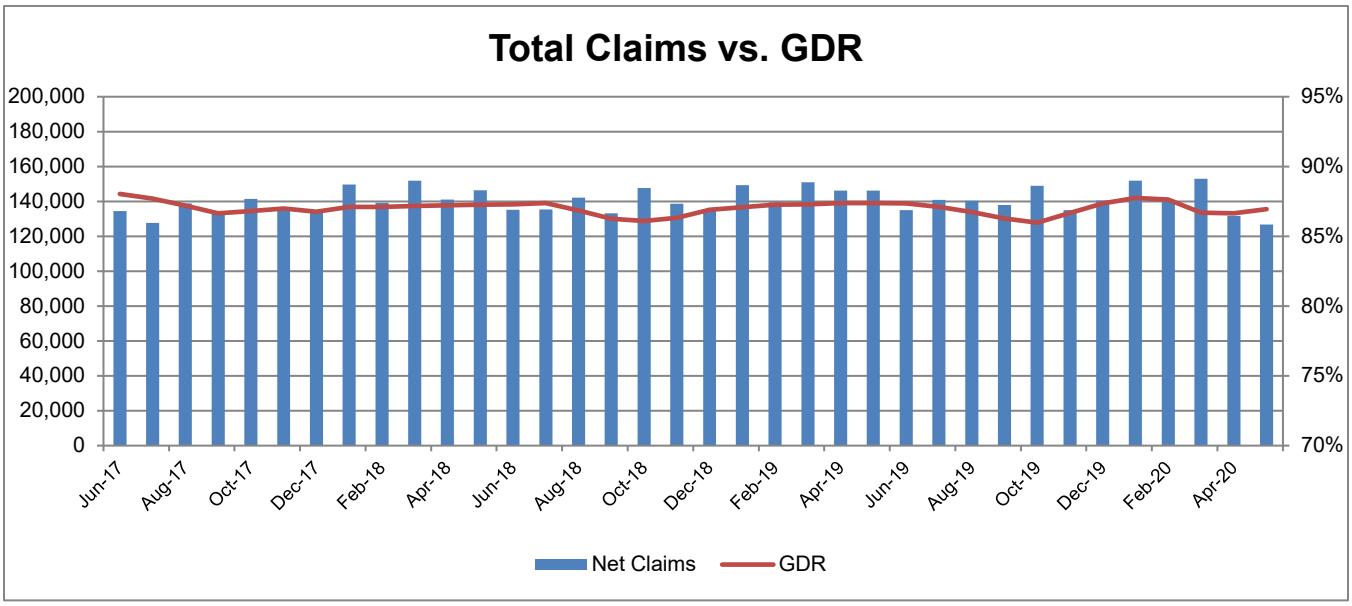

Prescriptions Per Utilizer Per Month
3.50
3.40
3.30
3.20
3.10
3.00
2.90
2.80
2.70
2.60
June
August
October
December
February
April
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020


Membership and Utilizing Members
210,000
205,000
200,000
195,000
190,000
185,000
180,000
175,000
170,000
165,000
160,000
57,000
52,000
47,000
42,000
37,000
Jun-15
Sep-15
Dec-15
Mar-16
Jun-16
Sep-16
Dec-16
Mar-17
Jun-17
Sep-17
Dec-17
Mar-18
Jun-18
Sep-18
Dec-18
Mar-19
Jun-19
Sep-19
Dec-19
Mar-20
Membership
Utilizing Members
Linear (Membership)
Linear (Utilizing Members)

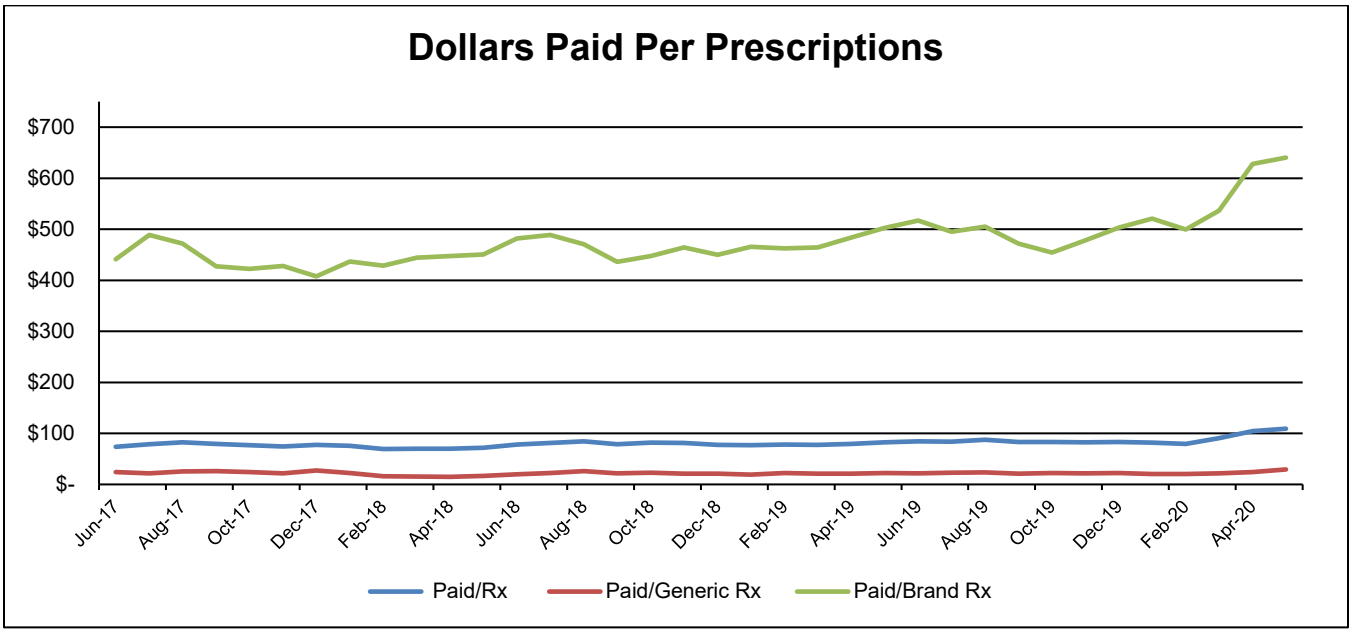
Pharmacy Monthly Cost Trends:





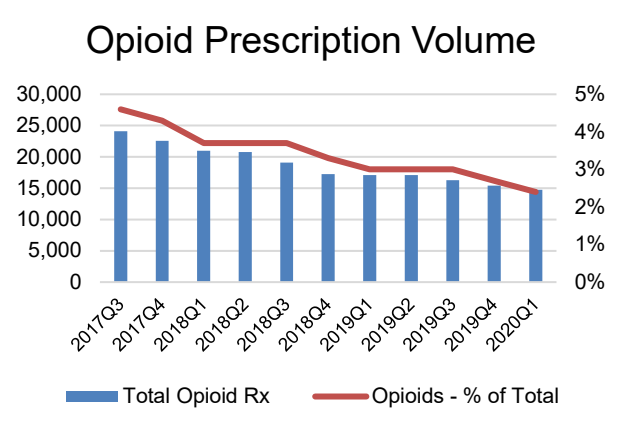


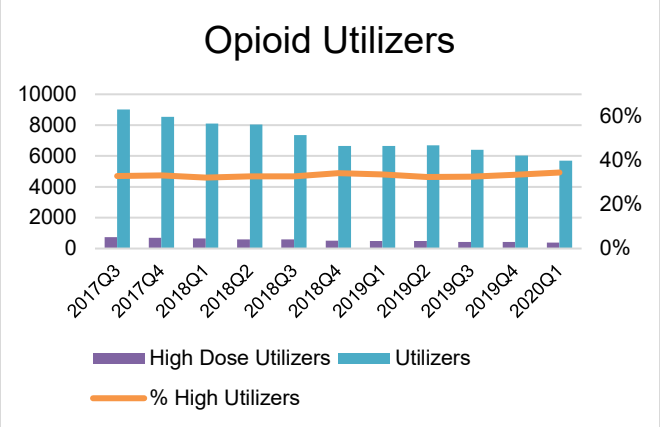
*Claim totals prior to June 2017 are adjusted to reflect net claims.

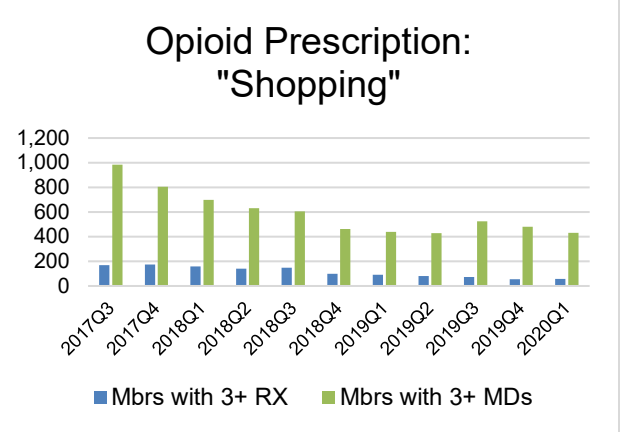


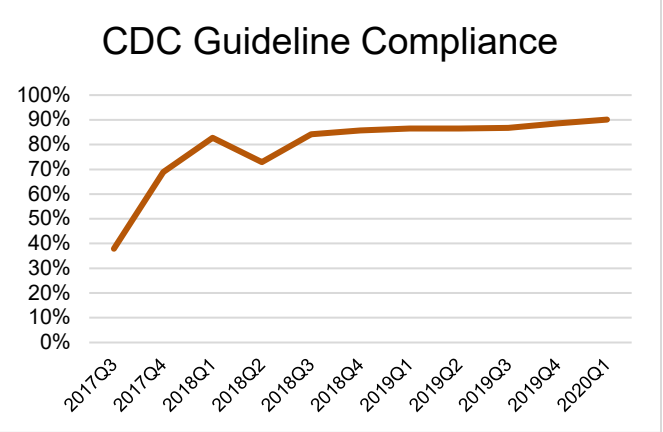
Pharmacy Opioid Utilization Statistics

GCHP continues to monitor the opioid utilization of its members and below are graphs showing some general stats that are often used to track and compare utilization. In general, GCHP continues to see a positive trend toward less prescriptions and lower doses of opioids for the membership.









Definitions and Notes:
High Dose Utilizers: utilizers using greater than 90 mg MEDD
High Utilizers: utilizers filling greater than 3 prescriptions in 120 days
Prescribers are identified by unique NPIs and not office locations

Abbreviation Key:
PMPM: Per member per month
PUPM: Per utilizer per month
GDR: Generic dispensing rate
COHS: County Organized Health System
KPI: Key Performance indicators
RxPMPM: Prescriptions per member per month

Pharmacy utilization data is compiled from multiple sources including the pharmacy benefits manager (PBM) monthly reports, GCHP's ASO operational membership counts, and invoice data. The data shown is through the end of May 2020. The data has been pulled during the first two weeks of June which increases the likelihood of adjustments. Minor changes, of up to 10% of the script counts, may occur to the data going forward due to the potential of claim reversals, claim adjustments from audits, and/or member reimbursement requests.

References:

1. https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/?_sf_s=drug+spending#item-contribution-to-growth-in-drug-spending-by-growth-driver_2017
2. https://arstechnica.com/science/2019/07/big-pharma-raising-drug-prices-even-more-in-2019-3400-hikes-as-high-as-879/
3. US Food and Drug Administration. "2018 New Drug Therapy Approvals."
4. https://www.fiercepharma.com/marketing/another-record-year-for-pharma-tv-ads-spending-tops-3-7-billion-2018
5. https://www.kff.org/medicaid/issue-brief/utilization-and-spending-trends-in-medicaid-outpatient-prescription-drugs/

AGENDA ITEM NO. 9

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Ted Bagley, Interim Chief Diversity Officer

DATE: June 22, 2020

SUBJECT: Chief Diversity Officer Report

Monthly Actions:

Community Relations/Diversity

- Attended two community demonstrations in Ventura and Simi Valley in peaceful protest of people of color dying at an alarming rate across the country by law enforcement. These demonstrations that are global, came about as a result of the senseless killing of George Floyd in Minnesota. It was very refreshing to see peaceful protests without major incident.
- A letter from the CDO and CEO was sent to all employees addressing the current climate in the country including the Pandemic and the current demonstrations. It's important that we are transparent about issues potentially affecting our employees and the community.

Case Investigations

- There were two open cases that were completed - ending in a settlement for both cases. (details can be made available to the Commission)
- One deposition completed with mediator (one of the two referenced cases)
- There was a single complaint that came through a letter to the Commission. Margaret has addressed our findings. In my role as CDO, I truly hope that when there are letters of this nature sent to the Commission, I would appreciate a call from the Commission letting me know about the complaint. Many of these letters are generated as a result of anger resulting from terminations and can be expected.

Office Visit Activity

- A team was assigned by Margaret and Patricia to do a walk-through of the Gold Coast facility to ensure preparedness for employees returning to work once released to do so by the State and County. State of Preparedness is excellent with directional travel arrows in place in travel areas, sanitizer placed at all appropriate locations and social distancing added to all employee work areas.

HR Resource Activities

- Continue to backfill key positions only and after review with CEO and executive staff.
- Completed Return-to-Work policies related to Tele-commuting, excellent co-sponsor by BBK
- Resignations: Two Terminations: Two
- Completed the review of our policies and sent on to Compliance for validation.
- Currently all employees of GCHP are in a work-from-home status.
- Offer made and accepted to fill the Executive Director HR with a start date sometime in mid-July.

Facilities

- Continue to prepare facility for the return of employees at the appropriate time. Masks and sanitizer resources have been purchased and available. Deep cleaning of facility has been completed and will continue on a consistent basis after the return of the employees. Currently evaluating temperature testing at the point of employee return.
- As a result of effective social distancing, Plan considering allowing employees to work both from home, as well as from the office, on a planned basis.
- Plan is also considering how to go forward with Commission Meetings with social distancing requiring us to consider a different location for public meetings.