

**Ventura County Medi-Cal Managed Care Commission
(VCMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
June 24, 2013**

CALL TO ORDER

Chair Gonzalez called the meeting to order at 3:00 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
May Lee Berry, Medi-Cal Beneficiary Advocate
Anil Chawla, MD, Clinicas del Camino Real, Inc.
Lanyard Dial, MD, Ventura County Medical Association
Laurie Eberst, Private Hospitals / Healthcare System
John Fankhauser, MD, Ventura County Medical Center Executive Committee
David Glycer, Private Hospitals / Healthcare System
Robert Gonzalez, MD, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS

Peter Foy, Ventura County Board of Supervisors
Robert S. Juarez, Clinicas del Camino Real, Inc.
Catherine Rodriguez, Ventura County Medical Health System

STAFF IN ATTENDANCE

Michael Engelhard, CEO
Nancy Kierstyn Schreiner, Legal Counsel
Michelle Raleigh, CFO
Traci R. McGinley, Clerk of the Board
Melissa Scrymgeour, IT Director
Ruth Watson, COO
Charlie Cho, MD, Chief Medical Officer
Brandy Armenta, Compliance Officer
Sherri Bennett, Provider Network Manager
Julie Booth, QI Director
Lupe Gonzalez, Manager of Health Education & Disease Management
Steven Lalich, Communications Manager
Debbie Reiger, Consultant
Lyndon Turner, Finance Manager
Cassie Undlin, Consultant
Nancy Wharfield, MD, Medical Director Health Services

Chair Gonzalez recognized that this was to be the last meeting for Commissioner Rodriguez; however at the last minute she was unable to attend. She requested Chair Gonzalez convey her pleasure of being a part of the process and this Commission since the inception.

The Pledge of Allegiance was recited.

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

PUBLIC COMMENT

Comment #1

Dr. Enrique De La Garza, Chief Executive Officer of Americas Health Plan (AHP), announced that AHP's license was finalized a couple months ago and is now a full service health plan servicing Ventura County. AHP is working with GCHP to get their Plan to Plan contract finalized.

Comment #2

Arnold Torres, AHP Senior Vice-President of Government Relations, noted that AHP was licensed by the Department of Managed Care in April and was ready to begin operations. He explained that he was responding to discussion that was held at the last meeting regarding the Kaiser Contract and Healthy Family Transition. He explained that AHP went through the very lengthy and thorough process of obtaining an HMO license in the State of California. He noted that the process was probably greater than normal because there was an audit of both the Department of Health Care Services and Department of Managed Care regarding their oversight of plans in the State of California and the audit was not necessarily complimentary to both entities. As a consequence, he believes both entities have gone to another level of scrutiny. Mr. Torres expressed concern that AHP had gone through and completed the licensure process; however, was still unable to generate revenue pending / awaiting approval of the Plan-to-Plan agreement by the State. He requested that an item be placed on the next meeting agenda for discussion and status update of the Plan-to-Plan Contract and the issues with the State of California.

Mr. Torres explained that he was arranging a meeting with the Department of Health Care Services and several state assembly representatives of Ventura County (AHP's service area), in an attempt to determine why this delay is taking place. He added that AHP believes the delay is affecting the quality of care of the patients.

Mr. Torres noted that the Commission was aware that GCHP has had a number of issues since inception and is currently under a Corrective Action Plan (CAP). Since it is unclear when that CAP is going to be removed from the Plan, AHP has had extensive discussions with State officials to better understand the reasons for the delay.

Mr. Torres stated that AHP is losing hundreds of thousands of dollars and has been placed in an unfair position. He requested that at the next Commission or Executive

Finance Committee this item be placed on the Agenda to discuss why this is taking so long. Mr. Torres added that AHP did not believe it is in GCHP's best interest to stay in the CAP and suggested that GCHP determine why this situation remains.

With regard to the Kaiser / Healthy Families Transition discussion held at the last Commission Meeting, Mr. Torres acknowledged that Kaiser's and AHP's situations may be different. However, due to the situation, AHP is basically being told that there is a priority for Healthy Families over Medi-Cal patients. He asked if that was GCHP's desire and if that was the priority of GCHP and the Commission. Mr. Torres added that AHP believes that it will assist GCHP in meeting its objectives and obligations under Medi-Cal Managed Care.

Mr. Torres noted that AHP was to receive a letter about 4-5 months ago from GCHP, with a copy going to State. That letter has not been provided to the State of California.

Mr. Torres closed with stating that AHP believes the Commission could help a great deal in moving this forward and would appreciate this item being placed on the agenda.

Comment #3

Patricia Salazar explained that her daughter fractured her elbow and she took her to Clinicas; however, her daughter had been assigned to Las Islas Clinic in error. She contacted Las Islas for an appointment, but was advised that since her daughter was considered a "new" patient she could not be seen for approximately three months. Ms. Salazar called GCHP for assistance and was informed that there was nothing that could be done to assist her; however, after three hours GCHP did change her to Clinicas.

Chair Gonzalez thanked Ms. Salazar for her comments and stated that this item would be checked into.

1. APPROVE MINUTES

a. Regular Meeting of May 20, 2013

Commissioner Dial moved to approve the Regular Meeting Minutes of May 20, 2013. Commissioner Berry seconded. The motion carried. **Approved 8-0.**

2. CONSENT ITEMS

a. Ratification of Reinsurance Vendor Contract

CFO Raleigh reviewed her written report with the Commission.

Commissioner Eberst moved to approve the Executive / Finance Committee's recommendation of selecting OneBeacon to provide reinsurance coverage at the \$500,000 deductible level for FY 2013-14. Commissioner Dial seconded. The motion carried. **Approved 8-0.**

3. APPROVAL ITEMS

a. Approval of DHCS Contract Amendments 6 & 7

CFO Raleigh reviewed her report highlighting the changes being made by Amendments 6 and 7. Amendment 6 changes the Fiscal Year (FY) 2012-13 rates. Amendment 7 updates FY 2011-12 to reflect the IGT.

Commissioner Glycer moved to authorize and direct the Chief Executive Officer (CEO) to execute Amendments 6 and 7 of the DHCS Contract. Commissioner Chawla seconded. The motion carried. **Approved 8-0.**

b. Approval of FY 2013-14 Budget

CFO Raleigh reminded the Commission that a general overview of the FY 2013-14 budget was done at the last Commission Meeting, with minor adjustments being made since that meeting and the June 6, 2013 Executive / Finance Committee meeting. For example, the budget now reflects April's actual results, includes the release of FY 2011-12 AB 97 reserves, updates the revenue to reflect State contract Amendments 6 and 7, and a small number of other, less material refinements. She also noted that the Executive / Finance Committee had approved moving forward with the Medical Management System (MMS) vendor and the budget was updated to reflect the final vendor selection.

CFO Raleigh added that as part of the budget, GCHP is requesting approval of 19 new positions, reducing the Plan's historical reliance on the use of consultants, and the movement of the Xerox nurses to become GCHP employees at the time of the MMS transition.

CFO Raleigh reviewed the Plan's Tangible Net Equity (TNE) and announced that GCHP is forecasting to improve from negative \$6 million TNE at 06/30/12 to a positive \$7 million as of 06/30/13. This \$13 million improvement in TNE in FY 2012-13 is primarily due to the new lower medical expenses, the infusion of capital from lines of credit provided by the County of Ventura, and additional revenue due to an increase in State capitation rates. She added that by the end of FY 2013-14 the budgeted TNE is expected to be approximately \$24 million, greater than the minimum State requirement of approximately \$16 million.

CFO Raleigh explained that GCHP expects to increase cash and Medi-Cal receivables as the Plan continues to generate cash from improved operations and focus on the cash management processes.

Commissioner Eberst moved to approve the FY 2013-14 budget. Commissioner Glycer seconded. The motion carried. **Approved 8-0.**

4. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed his report and highlighted that the State budget which includes a surplus was sent to the Governor. GCHP is watching trailer bills to see what impacts they may have on the Plan and will keep the Commission advised. The MCO tax has been extended and the plans continue to lobby to have the money stay in the Medi-Cal program.

GCHP continues to do health care reform outreach and is working with both local and State agencies to leverage resources. He added that there will be an outreach in July related to the Healthy Families program transition to Medi-Cal and others later in the year as the Plan and county prepares for Medi-Cal Expansion effective January 1, 2014.

CEO Engelhard introduced the new COO, Ruth Watson.

b. April Financials

CFO Raleigh reviewed her report with the Commission and added that for the month of April, the Plan performed ahead of budget with reported net income of approximately \$1.1 million compared to a budget of \$0.5 million.

Commissioner Fankhauser left the room (3:49 p.m.).

Commissioner Chawla moved to approve the April Financials. Commissioner Eberst seconded. The motion carried. **Approved 7-0**, as Commissioner Fankhauser was not in the room.

a. CEO Update

Commissioner Eberst moved to approve the CEO Report. Commissioner Araujo seconded. The motion carried. **Approved 7-0**, as Commissioner Fankhauser was not in the room.

c. QI Quarterly Report

CMO Dr. Cho reviewed the Quality Improvement (QI) Quarterly Report and solicited comments and direction from the Commission.

CMO Dr. Cho noted that HEDIS was very tedious due to being the first report as a new plan. It involved approximately 4,000 records and took about three months. The preliminary data report looks good for the initial submission.

Commissioner Fankhauser returned to the room (3:54 p.m.).

CEO Engelhard added that the Plan should get final HEDIS results by October and once final, they will be presented to the Commission.

CMO Dr. Cho reviewed QI and sub-committee minutes and noted that attendance at meetings has been fairly good. Each quarter the Pharmacy & Therapeutics Committee

thoroughly reviews the formulary. The list of top twelve medications is going forward to the Commission regularly; most of the top utilized medications have consistently been generic drugs, indicating the cost effectiveness of the formulary. In terms of costs there are several brand name drugs on the top twelve list that are effective even though they are expensive, like Advair; these medications prevent members from having to go to the hospital, which is far more expensive.

Grievances and Appeals have been low, the Quality Improvement Committee suspects members may not be aware of how to access the Grievances and Appeals process. The Plan will be working on educating the members to ensure they know the grievance process.

The Plan is identifying and reaching out to members 65 and older that have Medicare Part B but do not have Medicare Part A. The law states that they can lose Medi-Cal if they have Part B and qualify for Part A but do not apply. The Plan believes that is why such a large response was received. As more members qualify for the Medicare Part A, the Plan's costs associated with hospitalizations are reduced.

The Plan has looked at access to twenty-four hour pharmacy. Prescriptions can be filled at emergency rooms, but is more cost effective for the Plan if it is done at a pharmacy. GCHP is looking into options to continue to manage costs while sustaining access.

Commissioner Glycer asked about the pharmacy Maximum Allowable Cost (MAC) adjustments. CMO Dr. Cho explained that the contract allows the Pharmacy Benefit Manager (PBM) authority to regularly adjust the MAC; however, it was not done the first two years so this is the first adjustment. GCHP believes the Plan will substantially benefit from these reduced drug expenses. Commissioner Glycer asked the implication of the cost being lowered. CMO Dr. Cho responded that the PBM reimburses the pharmacies costs but at the new reimbursement rates.

Chair Gonzalez asked if GCHP has a process in place to validate the need for inhalers for members with asthma as a lot of money is being spent in that area. CMO Dr. Cho responded that GCHP has been providing education via the newsletters on when and how to use medications because many people use the wrong one or they may need to use combinations of medications.

Chair Gonzalez noted that the PMPM has gone from \$30 to \$35 which appears to be a substantial increase and requested the matter be further discussed. CMO Dr. Cho noted that it is mostly due to the expense of cancer drugs. The Pharmacy and Therapeutics Committee did have an oncologist address this very issue and the Plan has many members needing the drug.

Chair Gonzalez requested additional information on the Quality of Care type of Grievance and Appeals and asked if it was low for the number of lives the Plan has. The GCHP Medical Director for Health Services, Dr. Wharfield explained that when Grievance and Appeals are received they are categorized; in the future they will be sub-categorized to allow the Plan to track specific issues. Data from other Plans does show

that this number is low, educational information regarding Grievances and Appeals is being provided to members in the Membership Newsletter.

Commissioner Dial asked if the current or future medical management system (MMS) can provide information with regard to quality of care and Grievances and Appeals associated with specific doctors and / or clinics; with regard to HEDIS data or prescription uses are they out of proportion at a particular physician's office or group office in relationship to the total. Medical Director Dr. Wharfield responded that the new MMS system does have the capability of providing those types of reports.

Commissioner Eberst asked if the Plan was coordinating membership education in correlation with not only the high cost mediations, but the highest utilized (like anti-depressants). Medical Director Dr. Wharfield noted that it is important for members that have mental health and / or substance use issues as well; the new MMS will allow the Plan to run reports and analyze these issues.

Commissioner Araujo expressed his concerns regarding medications used for pain; such as Hydrocodone, Vicodin and Gabapentin. He asked if the Plan was anticipating having more pain management specialists or possibly doing additional case management for high utilizers. In the primary care arena physicians struggle in dealing with chronic pain, assistance from the Plan in dealing with these members would be appreciated. CMO Dr. Cho responded that the Plan has one pain specialist in the county for medical management who wrote an article in the last Pharmacy Newsletter containing this information however, there is a need to recruit more pain management specialists and requested assistance for the Plan's recruiting efforts. The Plan has been providing education in this area in the Pharmacy Newsletter and has had in-depth discussion of pain management at Pharmacy & Therapeutics. The Plan is urging use of long acting pain medications which tend to help in the abuse area as well.

Commissioner Dial moved to approve the QI Report. Commissioner Fankhauser seconded. The motion carried. **Approved 8-0.**

5. INFORMATIONAL ITEMS

- a. Tatum Work Update**
- b. State Budget Update**
- c. Healthy Families Transition / Outreach Update**

Chair Gonzalez reminded the Commission that the information was provided in the packet for review and asked if any Commissioners had questions on any of the Informational Items, no Commissioners had questions.

CEO Englehard recognized Catherine Rodriguez's service on the Board and wanted to thank her for her commitment and advice.

COMMENTS FROM COMMISSIONERS

Commissioner Berry acknowledged Consultant Cassie Undlin of Tatum and all of the work that had been completed at the Plan. Chair Gonzalez added that Consultant Undlin had pulled the Plan out of the fire and that it had been a pleasure working with her.

Commissioner Araujo expressed his recognition of the remarkable work done by CMO Dr. Cho.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner explained the purpose of the Closed Session items.

RECESS

A brief recess was called at 4:31 p.m. and was reconvened at 4:36 p.m.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:36 p.m. regarding the following items:

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Lucas v. Regional Government Services et al, VCSC Case No. 56-2013-00432444-CU-CE-VTA

Closed Session Conference with Legal Counsel – Anticipated Litigation significant exposure to litigation pursuant to Government Code section 54956.9(d). (Two cases – Claim of Lisa Johnson & Claim of William Padilla, Jr.)

RETURN TO OPEN SESSION

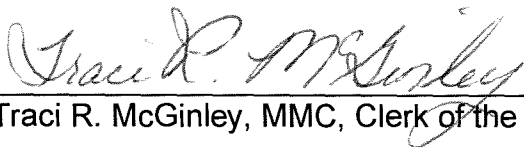
The Regular Meeting reconvened at 5:16 p.m.

Legal Counsel Kierstyn Schreiner announced that there was no reportable action.

ADJOURNMENT

Meeting adjourned at 5:17 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board