

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes
July 9, 2015**

CALL TO ORDER

Chair Araujo called the meeting to order at 3:03 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
David Glycer, Private Hospitals / Healthcare System
Gagan Pawar, MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS

Antonio Alatorre, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Dale Villani, Chief Executive Officer
Lyndon Turner, Financial Analysis Director
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
William Freeman, Network Operations Director
Steven Lalich, Communications Director
Allen Maithel, Controller
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer
Ruth Watson, Chief Operating Officer

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. June 4, 2015 Regular Meeting Minutes

Committee Member Pupa moved to approve the June 4, 2015 Regular Meeting Minutes as amended. Committee Member Pawar seconded. The motion carried with the following vote:

AYE: Araujo, Pawar and Pupa.

NAY: None.
ABSTAIN: Glycer.
ABSENT: Alatorre.

2. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Villani announced that the new CFO, Patricia Mowlavi, will be joining the Plan on July 28, 2015. She is currently a Senior Director at L.A. Care Plan and has vast experience in Medi-Cal.

CEO Villani advised the Committee that the State will be doing a large recoupment on the Adult Expansion (AE) population. A significant amount of money had been set aside because the Plan had anticipated that this would occur.

Financial Analysis Director Turner added that staff believes the recoupment is currently \$28 million. He explained that the State had continued to pay last year's rate for the AE population which is 19% more than this year's rate. This overpayment made by the State will continue to grow and Staff will continue to set aside the rate differential. The Plan has accrued a total of \$143 million as "Payable to the State" which is a combination of the \$28 million rate overpayment and the MLR difference for the AE population.

Committee Member Pawar asked if the State was seeking more than the difference Financial Analysis Director Turner responded that staff believes the recoupment of \$28 million covers the rate differential. COO Watson added that the State indicated it will take it back in January 2016. CEO Villani noted that a call is scheduled with the State on the following Monday and the Plan should be advised at that time if the funds will be deducted from future payments.

CEO Villani updated the Committee on the Knox Keene legislation. SB 260 passed the first assembly health care committee and will now go before appropriations. The Department of Managed Health Care Services is in favor of the legislation. It wants uniform oversight on all health plans in California. GCHP is the only County Organized Health System (COHS) in California that does not have any type of Knox Keene license. Staff anticipates that it will take the Plan 18-24 months because GCHP is the only COHS that does not have any type of Knox Keene license.

COO Watson noted that staff estimates that the costs will be over \$200,000. Chair Araujo asked if that was a one-time cost. CEO Villani responded that it was the estimate for a consultant and the application. Additional FTE would still be required and a tax will be levied on the Plan.

COO Watson added that the COHS argument is that there is very little difference in regulations regarding member rights which was the main argument for requiring COHS to move to Knox Keene licensure. However, some of the regulations are different, so there is a question as to which regulation would take precedence.

CMO Dr. Reeves added that advocates expressed concern about members' appeal rights are also not the same, however members do have a right to appeal through an administrative judge and the Plan's process is faster. COO Watson added that the COHS have agreed to adopt the Independent Medical Review (IMR) process if that is a concern.

Committee Member Glycer asked if there would be any benefit to having a Knox Keene license.

COO Watson responded that it would allow the Plan to have additional products and is a requirement for duals so the Plan would still have to obtain the license at that time.

b. CFO Update – April Financials

Financial Analysis Director Turner briefly reviewed the financials. He reported that membership increased to 187,800. The majority of growth is in the Adult Expansion population, but the Plan is seeing regular adult enrollment increasing as well. Overall revenue was \$7.3 million below budget, Administrative expenses were over budget predominantly due to the ACS / Xerox contract which is volume driven.

Committee Member Glycer asked what the loss ratio was on the AE population. Financial Analysis Director Turner responded it was up to approximately 68%.

Committee Member Pupa asked about an MLR audit for the Medical Administrative. Financial Analysis Director Turner responded that there had been one last October and it had worked out very well, the auditor's had recommendations that they passed to DHCS.

Committee Member Glycer asked how the Plan showed a 6.79% bottom line if staff was setting aside and preparing for the State to take funds back. COO Watson explained that the only funds affected were from the AE population because it is federally funded through the State and any funds not used specifically for that population must be returned. Financial Analysis Director Turner added that the Plan has other areas that are doing very well, like the TLIC.

Financial Analysis Director Turner advised the Committee that there had not been any payments made to providers due to the Affordable Care Act (ACA) 1202 between April and May, but approximately \$187,000 did go out in June and approximately \$600,000 will be paid out at the end of the month.

Financial Analysis Director Turner reviewed the preliminary rate package from the State. The AE population rates were reduced by 23%. The rate package for traditional Medical decreased by 2%, which is approximately \$6 million per year. One of the largest cuts was in the child category: it was cut 19%. The TLIC and child portion of the family were combined into one child rate which is significantly less.

Committee Member Glycer moved to accept and file the CEO Update and the CFO Update – April Financials. Committee Member Pupa seconded. The motion carried with the following vote:

AYE: Araujo, Glycer, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Alatorre.


COMMENTS FROM COMMITTEE MEMBERS

Chair Araujo suggested the Executive / Finance Committee meet every other month, the financials would then go to the Commission every other month as well.

ADJOURNMENT

Meeting adjourned at 3:43 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board