

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

October 23, 2017 Regular Meeting Minutes

CALL TO ORDER

Commissioner Darren Lee called the meeting to order at 2:00 p.m. in the Community Room located at Gold Coast Health Plan, 711 E. Daily Drive, Camarillo, California.

PLEDGE OF ALLEGIANCE

Commissioner Lee led the Pledge of Allegiance.

ROLL CALL

Present: Commissioners Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Narcisa Egan, Laura Espinosa (arrived at 2:03 p.m.), Peter Foy (arrived at 2:03 p.m.), Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D., Catherine Rodriguez, and Jennifer Swenson.

Absent: None.

PUBLIC COMMENT

None.

The Commission unanimously agreed to pull Agenda Item Nos. 3 through 7 for individual consideration.

CONSENT CALENDAR (ROLL CALL VOTE REQUIRED)

1. Approval of Ventura County Medi-Cal Managed Care Commission Meeting Special Minutes of August 30, 2017

Staff: Tracy Oehler, Clerk of the Board

RECOMMENDATION: Approve the minutes.

2. Approval of Ventura County Medi-Cal Managed Care Commission Meeting Regular Minutes of September 25, 2017

Staff: Tracy Oehler, Clerk of the Board

RECOMMENDATION: Approve the minutes.

Commissioner Swenson moved to approve the recommendations. Commissioner Atin seconded.

AYES: Commissioners Alatorre, Atin, Dial, Egan, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Foy and Espinosa.

Commissioner Lee declared the motion carried.

Commissioners Foy and Espinosa arrived at 2:03 p.m.

The Commission unanimously agreed to hear Agenda Item No. 15 – Pharmacy Benefits Manager (PBM) Update.

REPORTS

15. Pharmacy Benefits Manager (PBM) Update

RECOMMENDATION: Accept and file the report.

There were seven public speakers.

April Miles, a representative for OMAC Pharmacy, expressed concern over the PBM reimbursement rates.

Kent Miles, a representative for Home Care Pharmacy, expressed concern over the PBM reimbursement rates.

Joe Hoffman, a representative for Oxnard Drug, expressed concern over the PBM reimbursement rates.

Jeffrey T. White expressed concern over the PBM reimbursement rates.

Ali Farandish expressed concern over the PBM reimbursement rates.

Rajindar Rai expressed concern over the PBM reimbursement rates.

Robert Andonian, a representative for Farmacia Estrella, expressed concern over the PBM reimbursement rates.

Anne Freese, PharmD, Director of Pharmacy, gave an update on the PBM implementation. The agreement with Kaiser has not been executed, but members are not being impacted. The 340B program coding issue is still outstanding.

The Commission expressed concern over whom the responsible party is for the 340B program coding costs as well as when the coding will be completed.

Dr. Freese introduced OptumRx representative Denise Olson, Vice President of Provider Relations.

Ms. Olson introduced OptumRx representative Josh Van Ginkle, Director of Network Contracting.

Mr. Van Ginkle stated OptumRx has meet with 20 pharmacies over the past two and a half weeks and gave an overview of the maximum allowable cost (MAC) review process. Clarification was made on how the reviews were for the individual drugs and not for each claim submitted.

A discussion followed between the Commissioners and staff regarding dispensing fees, costs, and the definition of terms. The overpayment of approximately \$1.8 million to 48 pharmacies, due to an error in June of 2017 and was corrected in July of 2017, was also discussed. The overpayment will need to be recouped and OptumRx will be working with the impacted pharmacies over the next couple of months.

Mr. Campbell announced Closed Session Item No. 16 Report Involving Trade Secret – Pharmacy Benefits Manager Rates and under the Ralph M. Brown Act, the earliest the rates may be disclosed is three years; Closed Session Item No. 17 – Anticipated Litigation involving the letter received from the pharmacies; and Closed Session Item No. 18 – Existing Litigation involving the Script Care lawsuit.

CLOSED SESSION

The Commission adjourned to Closed Session at 3:12 p.m.

16. REPORT INVOLVING TRADE SECRET

Discussion will concern: Pharmacy Benefits Manager Rates

Estimated date of disclosure: In three years, at the earliest.

17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One Case

18. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Name of Case: Script Care v. Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan, Case No. 56-2017-00492349 CV-WM-VTA

The Regular Meeting reconvened at 4:45 p.m.

Mr. Campbell stated there was no reportable action.

OPEN SESSION

REPORTS

15. Pharmacy Benefits Manager (PBM) Update

RECOMMENDATION: Accept and file the report.

Commissioner Lee stated Gold Coast Health Plan has had to pay penalties due to overpayment of pharmacy benefits and the overall strategy of the Request for Proposals was to reduce costs in order to avoid being penalized by the State of California. Two-thirds of the reduction came from administrative costs and one-third of the reduction was passed onto the pharmacies. After the review of specific data, some pharmacies received more on brand, some pharmacies received more on generic, some pharmacies' reimbursements were relatively the same, and some pharmacies received less in both categories. The Commission expects OptumRx to continue to work with the pharmacy services administrative organizations (PSAOs) and Dr. Freese regarding these issues and to communicate proactively. Lastly, since the MACs were not properly implemented, there was an overpayment of approximately \$1.8 million to the pharmacies, which will be recouped by the end of this calendar year.

Commissioner Dial moved to approve the recommendation. Commissioner Atin seconded.

AYES: Commissioners Alatorre, Atin, Dial, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: None.

Commissioner Lee declared the motion carried.

The Commission unanimously agreed to hear Agenda Item Nos. 3 through 5 together.

CONSENT CALENDAR

3. Approval of Contract Extension and Additional Funding with Foothills Consulting Group for Information Technology Consulting and Staff Augmentation Services – Service Order 01 IT Senior Business Systems Analyst

Staff: Melissa Scrymgeour, Chief Administrative Officer

RECOMMENDATION: Approve a contract extension to June 30, 2018, with Foothills Consulting Group for information technology consulting and staff augmentation services for \$105,000 with a not to exceed amount of \$200,000.

4. Approval of Additional Funding for the Foothills Consulting Group Contract for Information Technology Consulting and Staff Augmentation Services – Service Order 02 IT Senior Business Systems Analyst

Staff: Melissa Scrymgeour, Chief Administrative Officer

RECOMMENDATION: Approve additional funding for the Foothills Consulting Group Contract for information technology consulting and staff augmentation services for \$135,000 with a not to exceed amount of \$234,875.

5. Approval of Additional Funding for the Teksystems Contract for Information Technology Consulting and Staff Augmentation Services – Service Order 05 IT Senior Developer

Staff: Melissa Scrymgeour, Chief Administrative Officer

RECOMMENDATION: Approve additional funding for the Teksystems contract for information technology consulting and staff augmentation services for \$95,000 with a not to exceed amount of \$194,500.

Melissa Scrymgeour, Chief Administrative Officer, stated the contracts extend the funding for the resources necessary for the active portfolio projects.

A discussion followed between the Commissioners and staff regarding the funding is cost neutral as it is already in the budget and no additional funding is being requested.

Commissioner Rodriguez moved to approve the recommendation. Commissioner Egan seconded.

AYES: Commissioners Atin, Egan, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: Commissioners Alatorre and Espinosa.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

6. Approval of Additional Funding for the Current Contract Term and a Contract Extension with Pacific Interpreters, Inc., for Telephone Interpreting and Video Remote Interpreting Services

Staff: Lupe González, Ph.D., M.P.H., Director of Health Education, Outreach, Cultural and Linguistic Services

RECOMMENDATION: Approve additional funding for the current contract term and a twelve-month contract extension with Pacific Interpreters, Inc., for telephone interpreting and video remote interpreting services for \$105,400 with a not to exceed amount of \$202,400.

Commissioner Atin moved to approve the recommendation. Commissioner Rodriguez seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

7. Approval of Additional Funding for the Dial Security Contract for Security Controls Services

Staff: Ruth Watson, Chief Operating Officer

RECOMMENDATION: Approve additional funding for the Dial Security contract for security controls services for \$124,536 with a not to exceed amount of \$575,000.

The Commission directed staff to research cost effective options that can be implemented once the current contract ends.

Commissioner Atin moved to approve the recommendation. Commissioner Rodriguez seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

FORMAL ACTION ITEMS

8. Request to Approve Resolution No. 2017-004 Adopting a Records Management Program Policy and Records Retention Schedule

RECOMMENDATION: Approve Resolution No. 2017-004 adopting a Records Management Program Policy and Records Retention Schedule.

Commissioner Espinosa moved to approve the recommendation. Commissioner Egan seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

9. Accept and Approve the Fiscal Year 2016-17 Audit Results

RECOMMENDATION: Accept and approve the Fiscal Year 2016-17 Audit results.

Lyndon Turner, Senior Financial Officer, stated Moss Adams, LLP had reported the results of the audit at the earlier Audit Committee meeting today. Due to a scheduling conflict, Mr. Stelian Damu, the representative from Moss Adams, LLP, had to leave and would not be able to give the presentation.

Commissioner Rodriguez moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

10. August 2017 Year to Date Financials

RECOMMENDATION: Accept and file August 2017 Fiscal Year to Date Financials.

Mr. Turner stated the August fiscal year to date health care costs were \$115.7 million or \$9.5 million higher than budget and the medical loss ratio (MLR) was 100.4% versus 92.7% for budget. By October, the forecast for the tangible net equity (TNE) will be at 300%, which is below the required amount and will most likely result in a financial corrective action plan (CAP).

A discussion followed between the Commissioners and staff regarding correcting the deficit. Commissioner Rodriguez directed staff to form a strategic plan committee. The Commission and staff agreed the Executive/Finance Committee could perform this assignment and would begin to address this issue at its next meeting in November.

Commissioner Lee moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, Rodriguez, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

REPORTS

11. Chief Executive Officer (CEO) Update

RECOMMENDATION: Accept and file the report.

Dale Villani, Chief Executive Officer, inquired if there were any questions regarding the update.

12. Chief Operating Officer (COO) Update

RECOMMENDATION: Accept and file the report.

Ruth Watson, Chief Operating Officer, stated membership was down 456 members and staff has been meeting with AmericasHealth Plan (AHP) weekly.

Commissioners Alatorre and Pawar recused themselves at 5:56 p.m. due to a potential conflict of interest.

Ms. Watson stated AHP had proposed members would come from Clinicas Del Camino Real at a rate of 1,250 per month for ten months. This exceeds the number of members the Commission had previously approved, which is 5,000 members.

Commissioner Swenson left the meeting at 5:59 p.m.

Commissioners Alatorre and Pawar returned to the meeting at 6:00 p.m.

13. Chief Administrative Officer (CAO) Update

RECOMMENDATION: Accept and file the report

Melissa Scrymgeour, Chief Administrative Officer, reviewed the 2017-2020 GCHP Strategic Plan.

14. Chief Medical Officer (CMO) Update

RECOMMENDATION: Accept and file the report.

Nancy Wharfield, M.D., Chief Medical Officer, stated staff is available for questions on the health services and pharmacy updates.

Commissioner Espinosa moved to approve the recommendation to accept and file Agenda Item Nos. 11 through 14. Commissioner Egan seconded.

AYES: Commissioners Alatorre, Atin, Egan, Espinosa, Foy, Laba, Lee, Pawar, and Rodriguez.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial and Swenson.

Commissioner Lee declared the motion carried.

Mr. Campbell announced the closed session agenda items as listed below.

CLOSED SESSION

The Commission adjourned to Closed Session at 6:05 p.m.

19. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Diversity Officer

20. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel and Gold Coast Health Plan Commissioners

Unrepresented employee: Chief Diversity Officer

21. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

22. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel and Gold Coast Health Plan Commissioners

Unrepresented employee: Chief Executive Officer

Commissioner Lee and Mr. Villani left closed session at 6:25 p.m.

Mr. Campbell left closed session at 6:40 p.m.

Mr. Campbell returned to closed session at 6:46 p.m.

Mr. Campbell left closed session at 7:04 p.m.

Commissioner Lee returned to closed session at 7:19 p.m.

Mr. Campbell returned to closed session at 7:28 p.m.

Mr. Villani returned to closed session at 7:30 p.m.

OPEN SESSION

The Regular Meeting reconvened at 7:47 p.m.

Mr. Campbell stated there was no reportable action.

COMMENTS FROM COMMISSIONERS

None.

ADJOURNMENT

The meeting was adjourned at 7:48 p.m.

APPROVED:



Tracy J. Oehler, Clerk of the Board