

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes
March 5, 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

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

EXCUSED / ABSENT COMMITTEE MEMBERS

Gagan Pawar, MD, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Ruth Watson, Chief Operating Officer and Interim Chief Executive Officer
John Meazzo, Interim Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
William Freeman, Network Operations Director
Steven Lulich, Communications Director
Allen Maithel, Controller
Lyndon Turner, Financial Analysis Director

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. February 5, 2015 Regular Meeting Minutes

Committee Member Glycer moved to approve the February 5, 2015 Regular Meeting Minutes. Committee Member Pupa seconded. The motion carried with the following vote:

AYE: Araujo, Glycer and Pupa.
NAY: None.

ABSTAIN: Alatorre.
ABSENT: Pawar.

2. APPROVAL ITEMS

a. Discussion and Consideration of Opening an Account with the County of Ventura and Local Agency Investment Fund (LAIF)

Legal Counsel Campbell reported that the Investment Policy adopted at the last Commission Meeting allows staff to open and manage financial accounts; however, the County and LAIF require that the Commission adopt resolutions authorizing such investments. LAIF will release funds the day after a request, possibly the same day depending on the time and amount of funds requested. The County's policy requires thirty (30) days-notice. If funds are needed sooner the County is willing to work with GCHP; however Staff has not yet obtained the details clarifying that matter.

Chair Araujo asked how much would be placed in each fund. Interim CEO Watson responded that each account has a limit of \$50 million. Interim CFO Meazzo added that approximately \$200 million will be moved out of Rabobank and he will provide a brief overview of the investments during the CFO update.

Legal Counsel Campbell informed the Committee that if other financial institutions require specific resolutions they will be taken forward to the Commission as well.

Committee Member Alatorre asked for additional information regarding the accounts and if the resolutions must be specific to those accounts. Legal Counsel Campbell reported that LAIF is a State of California investment and the County is pooled funds invested in various secured long-term Treasury bills.

Committee Member Pupa moved to recommend the Commission adopt resolutions to open accounts and invest with the County of Ventura and the Local Agency Investment Fund (LAIF). Committee Member Glycer seconded. The motion carried with the following vote:

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

Committee Member Alatorre stated that he needed additional information before he could support staff's request. Legal Counsel Campbell responded that additional documentation will be provided to the Commission.

3. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson presented the update noting that the change in membership is due partly to the fluctuation of members transitioning between Covered CA and Medi-Cal.

In response to Committee Member Pupa's question as to why members are lost, Interim CEO Watson responded that the typical reasons are redetermination; share-of-cost, moving out of the county and other changes in circumstances making them no longer eligible. The Plan typically does not know why the terminations occur. In an attempt to minimize gaps in coverage, GCHP is developing a program in hopes of working with the County to reach out to Members and offer assistance in the redetermination process.

Discussion was held regarding the lag time between an individual qualifying for Medi-Cal and becoming active. Chair Araujo stated that if those individuals are in the hospital and could be released to a skilled nursing facility (SNF) the SNF will not accept them because they are not enrolled in Medi-Cal therefore the patient stays in the hospital. Interim CEO Watson stated that it is an issue for the Plan as well because the care is not managed and from a continuity of care perspective it is a challenge. CMO Reeves added that GCHP worked with an individual in that type of situation, but the Plan could not do anything because the individual was not yet a member. There was a problem with placement so the individual had to stay in the hospital which is the most expensive care setting.

b. CFO Update – January 2015 Financials

Interim CFO Meazzo reported that cash has dramatically increased since November. Due to impacts of new 2015 regulations, Rabobank requested that the Plan move any funds over \$50 million.

Committee Member Glycer stated that he had no problem opening the accounts but asked about the Investment Committee and if they would be reviewing the investment options. Interim CEO Watson explained that the money must be moved without delay, but the Investment Committee could be pulled together and a meeting scheduled.

Interim CFO Meazzo presented the unaudited January, 2015 Financial Statements. He highlighted the year-to-date financial results, membership, revenue and health care costs; as well as the administrative expenses being over budget, primarily due to legal costs related to the investigation being overseen by the Special Investigation Ad Hoc Committee. Interim CFO Meazzo added that the Incurred But Not Reported (IBNR) methodology for the Adult Expansion (AE) population was changed to reflect actual expenses for older periods. In response to Committee Member Pupa's questions, Interim CFO Meazzo stated that the net change was a reduction of \$4.5 million in reserves related to January and February 2014.

In response to Committee Member Glycer's questions, Interim CFO Meazzo confirmed that the prior months were booked to 85% of the AE capitation rates that DHCS reduced by 20% in November.

Interim CFO Meazzo continued the update explaining that \$1.5 million of IBNR claims expense was reclassified to capitation for members covered by Kaiser because they were not being paid the additional rate for those AE members as per their contract. Committee Member Alatorre asked how many Members it involved. Financial Analysis Director Turner responded that at this time Kaiser has approximately 426 members in the AE population. Interim CEO Watson added that in total Kaiser has a little more than 2,500, mostly Targeted Low-Income Children (TLIC) and that the rate is different for Kaiser.

Further discussion was held as to the State required Kaiser contract and that Kaiser was the only provider in the County that received capitation back to January for the AE population. Staff explained further that GCHP retains only 2% of the rate as an administrative fee.

Due to the sharp increase in the pharmacy expense for the AE population, additional reserves are needed until costs are fully understood. Financial Analysis Director Turner added that at previous meetings discussions were held regarding reserves potentially being overstated. Staff revisited the figures and removed any margin in order to be as conservative as possible. The balance sheet reflects the proper overall liability for the AE population. There may be future reclassification between claims and reserves and State payables, but any shifts will be neutral.

Committee Member Alatorre asked how this was booked by other plans. Interim CEO Watson advised the Committee that most plans are not specifically stating how they are addressing this issue. The State adjusted the rates in January and asked Plans to complete an additional AE Rate Development Template (RDT) in March with the expectation that AE rates will be reduced another 15-20%. It has also been suggested that DHCS will likely conduct AE RDT's every 90 days with associated rate adjustments every 90 days to six months due to the difference between the initial rates and the actual medical costs to date. Interim CEO Watson added that newer members are utilizing the services much quicker with a definite upward trend in utilization.

Financial Analysis Director Turner reviewed a graph of each segment of enrollment and the large increase in the percentage of premium being consumed. Interim CEO Watson stated that part of the reason Mercer has not dropped the rates 40% is because the plans expressed their concern because the MLR is increasing. This population is taking more time to go access care as they acclimate to the system.

Committee Member Glycer moved to accept and file the CEO Update and CFO Update-January Financials. Committee Member Pupa seconded.

Committee Member Alatorre asked about the ACA 1202 payments. It was noted that they have been paid through 2013. Controller Maithel stated that \$6.3 million will be paid for 2014.

Committee Member Alatorre inquired about provider incentives and asked what else could be done for providers with the additional monies. Interim CEO Watson responded that staff and Legal Counsel are putting together a document to be sent out to providers requesting information about services they provide that fit into this program. Providers will then be required to submit reports to the Plan showing activities and outcomes of their proposed plan. Legal Counsel Campbell added that it must be for services that providers are not currently contractually obligated to perform. We cannot retroactively increase the fees but could retroactively pay providers starting 2014 for a service that is not currently contractually required. Staff will administer the program after the Commission reviews and approves the program parameters.

As previously noted, Committee Member Glycer moved to accept and file the CEO Update and CFO Update-January Financials. Committee Member Pupa seconded.

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

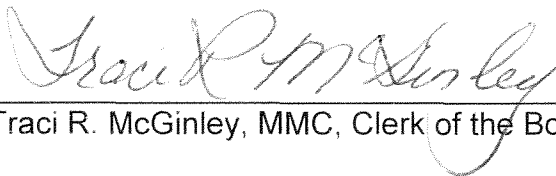
COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 4:20 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board