

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

September 26, 2016 Regular Meeting Minutes

CALL TO ORDER

Commissioner Darren Lee called the meeting to order at 2:03 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 Anthony Alatorre, Shawn Atin, Narcisa Egan, Peter Foy, Michele Laba, M.D., Darren Lee, Gagan Pawar, M.D., Catherine Rodriguez, and Jennifer Swenson

Absent: Commissioner Lanyard Dial, M.D.

OATH OF OFFICE

The Clerk of the Board administered the oath of office to Commissioners Egan and Rodriguez.

PUBLIC COMMENT

None.

CONSENT CALENDAR

- 1. Approval of Ventura County MediCal Managed Care Commission Regular Meeting Minutes of August 22, 2016.**

RECOMMENDATION: Approve the minutes.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

FORMAL ACTION ITEMS

2. July 2016 Fiscal Year to Date Financials

RECOMMENDATION: Accept and file July 2016 Fiscal Year to Date Financials.

Patricia Mowlavi, Chief Financial Officer, reported the financials for the month of July included a gain in net assets of approximately \$4.3 million, the Medical Loss Ratio (MLR) increased to 87% trailing the Plan at 93.5% due to the delay in the implementation of the ARCH programs; the Tangible Net Equity (TNE) amount increased to approximately \$157.3 million. It was noted the revenue includes a \$2.8 million reserve for the expected refund due to the Department of Health Care Services for rate overpayments.

A discussion followed between the Commission and staff regarding the Plan being consistent with similar plans' required TNE of 500% to 600%; how once the \$230 million is paid to the State due to overpayments, the Plan will have two plus months in cash to cover expenses; clarification of the Physician ACA 1202 amount due to the reserves not being used by the end of the fiscal year resulting in a gain; the inception to date rate adjustment to the Mental Health Services due to the lack of prior experience; and how the Plan's membership rate has stabilized with little growth expected.

The Commission requested the Profit and Loss Statement to reflect a breakdown of the aid category by Adult Expansion and Adult/Family.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

3. Consideration of Amending the Audit Committee Charter by Reducing the Required Meetings to Twice a Year

RECOMMENDATION: Approve the amended Audit Committee Charter revising the required meetings to twice a year.

Ms. Mowlavi gave the staff report.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

4. State of California Department of Health Care Services Contract Amendment A21 Behavioral Health Treatment

RECOMMENDATION: Ratify the Chief Executive Officer's execution of Amendment A21 Behavioral Health Treatment to the Department of Health Care Services Contract.

Dale Villani, Chief Executive Officer, stated Amendment A21 memorializes the Fiscal Year 2014/15 Intergovernmental Transfer (IGT) rates and the transfer of the Behavioral Health Treatment (BHT) program from regional treatment centers to the Medi-Cal plans. As the IGT is a pass-through item and the BHT supplemental rates are expected to match the costs incurred, there is no fiscal impact.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

5. Consideration of Amending the 2016 Conflict of Interest Code Biennial Review

RECOMMENDATION: Approve the amended Conflict of Interest Code and forward to the Ventura County Clerk of the Board's Office for adoption in fall of 2016.

Tracy Oehler, Clerk of the Board, gave the staff report.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

6. Benefit Enhancement – Cardiac Rehabilitation (ARCH)

RECOMMENDATION: Approve cardiac rehabilitation as a benefit for Gold Coast Health Plan members.

Nancy Wharfield, M.D., Associate Chief Medical Officer, stated the Plan would like to add cardiac rehabilitation services to members as it is currently not a benefit under Fee for Service Medi-Cal. The services could reduce mortality rates by 20% to 30%, as well as a 30% reduction in readmission rates.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

7. Administrative Services Organization (ASO) Consultant

RECOMMENDATION: Subject to review by legal counsel, authorize and direct the Chief Executive Officer to execute a contract amendment with Optimity Advisors (Optimity) to assist the Plan in development of a Request for Proposal (RFP) designed with multiple "service towers" for the potential procurement of an Administrative Services Organization (ASO) vendor.

Ruth Watson, Chief Operating Officer, stated in February 2016, the Commission approved staff to move forward with a contract with Optimity to assist the Plan with evaluating the existing ASO. The next step in the project is to develop and issue an RFP designed around the service tower concept with total costs estimated between \$300,000 and \$375,000.

A discussion followed between the Commission and staff regarding the scope of work and explanation of costs due to Optimity's ability to develop a complex and multi-faceted RFP needed for the ASO.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried.

Scott Campbell, General Counselor, announced Closed Session Item No. 8, Discussion Involving Trade Secrets, with Mr. Villani recusing himself from both Closed and Open Sessions due to prior ownership of stock in Magellan.

CLOSED SESSION

The Commission adjourned to Closed Session at 2:52 p.m. regarding the following item:

8. DISCUSSION INVOLVING TRADE SECRETS Pursuant to Government Code Section 54956.87

Discussion will concern: Rate of payment for health care services provided by pharmacy benefit providers.

RECONVENE TO REGULAR MEETING

The Regular Meeting reconvened at 4:11 p.m.

Mr. Campbell stated there was no reportable action taken on Agenda Item No. 8, Discussion Involving Trade Secrets.

9. Presentation of Pharmacy Benefits Manager (PBM) Request for Proposal (RFP) Results and Selection

RECOMMENDATION: Select a vendor to provide PBM services from the three RFPs received.

Anne Freese, PharmD, Director of Pharmacy, stated the RFP was issued with the intent to find the best business partner for Gold Coast Health Plan (Plan) to ensure members have the best customer experience, best health outcome, and cost effective solutions for the Plan. Focus was placed on industry best practices, Medicaid and Medicare knowledge, and clinical and quality initiatives in order to realize positive member outcomes. In addition to assessing whether each vendor met the RFP requirements and the minimum qualifications, each vendor was assessed in three major areas: (1) technical questions; (2) contract terms and conditions and statement of work; and (3) pricing as well as a review of the scoring process. Scoring results begin on page 64 of the agenda packet.

Michael Maurer, General Counsel, gave an overview of the contract process, which included the professional services agreement; a service order, which laid out a scope of work; and attachments presenting the pricing and performance guarantees, including a review of each of the vendors' contract differences.

A discussion followed between the Commission and staff regarding the core selection team and subject matter experts and their scoring; network access scoring being based on the vendors providing analysis on which pharmacies are in the network, which pharmacies are not and what additional pharmacies in the county would be included; and clarification that the eligibility files referred to members.

Mr. Campbell stated each vendor would have forty minutes to give their presentations with twenty minutes to answer questions from the Commission. The request was made that while each vendor presented, the other two vendors would voluntarily leave the room so as to provide a fair process. This request was made known to the vendors prior to the Commission meeting by Counsel.

Tim Wicks, President of OptumRx, and staff gave a presentation including a rebuttal of the results of the RFP scoring.

A discussion followed between the Commissioners and OptumRx regarding the company having no current Medicaid contracts in the state of California; direct contracts with pharmacies originated through Pharmacy Services Administrative

Organization (PSAO); confirmation the scoring weight for each component was not included in the RFP and there was an opportunity for vendors to submit questions in writing; and addressed OptumRx's experience with the 340B program.

The Commission recessed at 5:45 p.m.

The Regular Meeting reconvened at 6:11 p.m.

Kevin Brown, President of Script Care, Ltd. (SCL), gave a presentation including additional cost savings initiatives not discussed with the Plan.

A discussion followed between the Commissioners and SCL regarding the company has not been through a Health Resources and Services Administration audit in Ventura County; the contract price does not reflect the 340B pricing; clarification on why there are currently only nine contracted pharmacies in the County as the pharmacies are awaiting the outcome of the award of this RFP; SCL does not provide services for other County Organized Health System plans; and the current 340B savings is \$8.3 million with an additional savings of \$3.6 million once the specialty pharmacies are added.

Rob Coppola, Vice President of Sales for Magellan Rx Management, LLC (Magellan), and staff gave a presentation and overview of the company and services.

A discussion followed between the Commissioners and Magellan regarding the company having both direct contact with pharmacies and through PSAOs; ability to provide 340B integration with the clinics; experience working with 340 Basics, but not SCL; willingness to enter into performance guarantees; and experience working in California with CenCal Health and rebates, as well as government plans: a national Medicare Prescription Drug Plan program, Medicare Choice Organization clients, and 25 direct state clients full PBM.

Mr. Campbell stated the contracts already contain claim processing and performance guarantees, but the language could be modified to clarify and amplify the 340B component.

Dr. Freese reminded the Commission to consider the process the Plan underwent regarding the RFP, which included close to 100 questions requiring the vendors to provide detailed information on experience, processes, policies, and data in order for the Plan to perform an objective review of the RFP. The scoring process was performed independently with all the scores combined at the end, which provided a fair and objective process.

A discussion followed between the Commissioners and staff regarding the fact the topic the scoring weight for each component was not included in the RFP so the vendors would not focus on one section over another with the objective being the vendors would answer the RFP as a whole so as not to game the system; a review of the entire RFP process; concerns expressed and review of the scoring process;

and concerns expressed regarding the disruption of 340B process, though it was noted by Dr. Freese 340B is outside of the PBM relationship and the extent of the program's impact is the discount it brings to the Plan.

Mr. Campbell provided direction to the Commission stating there are contracts ready to be executed for each of the vendors if the Commission decides to choose one, with the need for the Commission to provide direction to staff to finalize one of the contracts with one of the vendors or the they could make the decision more time is needed to review the RFP responses. Based on the scoring, Magellan is the top candidate and it is the Commission's decision on how to proceed. It was noted the Plan gave the vendors an opportunity to improve their pricing prior to the Commission meeting and SCL submitted information, which did not change their scoring ranking.

Mr. Campbell announced Closed Session Item No. 8, Discussion Involving Trade Secrets, regarding pricing.

CLOSED SESSION

The Commission adjourned to Closed Session at 9:19 p.m. regarding the following item:

8. DISCUSSION INVOLVING TRADE SECRETS Pursuant to Government Code Section 54956.87

Discussion will concern: Rate of payment for health care services provided by pharmacy benefit providers.

RECONVENE TO REGULAR MEETING

The Regular Meeting reconvened at 9:31 p.m.

Mr. Campbell stated there was no reportable action taken on Agenda Item No. 8, Discussion Involving Trade Secrets.

9. Presentation of Pharmacy Benefits Manager (PBM) Request for Proposal (RFP) Results and Selection

RECOMMENDATION: Select a vendor to provide PBM services from the three RFPs received.

Commissioner Foy made the recommendation to select OptumRx to provide PBM services with the request to change the invoice payment terms for network pharmacy from 14 days to 30 days. Commissioner Atin amended the motion to include additional performance guarantees for 340B pricing. Commissioner Rodriguez seconded the motion.

The motion was restated as follows: Exercising the Commission's discretion, the motion is to award the PBM services contract to OptumRx for three years with direction to staff to work out a guarantee on 340B pricing into the performance guarantee language, and

changing the invoice terms for network pharmacy claims from 14 days to 30 days. The revised agreement would be presented to the Commission at the next meeting.

AYES: Commissioners Atin, Egan, Foy, Laba and Rodriguez.

NOES: Commissioners Alatorre, Lee, Pawar, and Swenson.

ABSTAIN: None.

ABSENT: Commissioner Dial.

Commissioner Lee declared the motion carried with the roll-call vote of 5-4-0.

Mr. Villani returned to the meeting at 9:44 p.m.

9A. Public Employee Appointment

Title: Chief Diversity Officer

Mr. Campbell stated the Chief Diversity Officer (CDO) item is also listed under Closed Session and at the Human Resources/Cultural Subcommittee (HR/CD) meeting, the Subcommittee spoke with the candidate for this position on an interim basis.

Mr. Villani stated an email was received from Ms. Naoisha Shakoori stating she was withdrawing her name for consideration.

A discussion followed between the Commissioners and staff regarding the recruitment process including an internal recruiter as well as an outside agency to expedite the process; making the CDO a full-time position; considering candidates' current salaries in order to attract candidates; and appointing Danita Fulton, Director of Human Resources, as the interim CDO until the position is filled with direction she would report directly to the Commission and HR/CD.

The Commission unanimously agreed to appoint Ms. Fulton as the interim CDO.

REPORTS

10. Chief Executive Officer (CEO) Update

11. Chief Operations Officer (COO) Update

12. Chief Medical Officer (CMO) Update

The Commission unanimously agreed to omit the verbal presentations of the Reports.

Mr. Campbell announced the Closed Sessions items are the ones listed on the Agenda and on Agenda Item No. 15, Conference with Legal Counsel – Existing Litigation, Commissioners Alatorre and Pawar will be recusing themselves as they are employed by Clinicas del Camino Real, an entity affiliated with America's Health Plan.

CLOSED SESSION

The Commission adjourned to Closed Session at 10:02 p.m. regarding the following items:

13. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Diversity Officer

14. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel

Unrepresented employee: Chief Diversity Officer

15. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Two Cases

OPEN SESSION

The Regular Meeting reconvened at 11:00 p.m.

Mr. Campbell stated there was no reportable action taken.

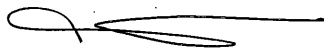
COMMENTS FROM COMMISSIONERS

None.

ADJOURNMENT

The meeting was adjourned at 11:01 p.m.

APPROVED:



Tracy J. Oehler, Clerk of the Board