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

2240 E. Gonzales, Suite 200, Oxnard, CA 93036

Monday, May 20, 2013

3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

1. **APPROVE MINUTES**
   a. Regular Meeting of April 22, 2013

2. **STUDY SESSION ITEMS**
   a. FY 2013-14 Budget

3. **APPROVAL ITEMS**
   a. Kaiser Contract for Healthy Families Transition

4. **ACCEPT AND FILE ITEMS**
   a. CEO Update
   b. CMO Update
   c. March Financials

Meeting Agenda available at http://www.goldcoasthealthplan.org

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 1701 LOMBARD STREET, SUITE 100, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/889-6900. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING

Ventura County Medi-Cal Managed Care Commission (VCMMCC) dba
Gold Coast Health Plan May 20, 2013 Commission Meeting Agenda *(continued)*
PLACE: 2240 E. Gonzalez, Room 200, Oxnard, CA
TIME: 3:00 p.m.

5. INFORMATIONAL ITEMS

a. Tatum Work Update
b. State and Federal Budget and Health Care Reform Update
c. Utilization Management / Care Management Update

LEGAL COUNSEL - Oral Report

CLOSED SESSIONS

Closed Session Conference with Legal Counsel – Anticipated Litigation significant exposure to litigation pursuant to Government Code section 54956.9(d)(2). (One case)

Announcement from Closed Session, if any.

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on June 24, 2013 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

Meeting Agenda available at http://www.goldcoasthealthplan.org

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Ventura County Medi-Cal Managed Care Commission
(VCMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
April 22, 2013
(Not official until approved)

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.

The Pledge of Allegiance was recited.

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.
Laurie Eberst, Private Hospitals / Healthcare System
John Fankhauser, MD, Ventura County Medical Center Executive Committee
Peter Foy, Ventura County Board of Supervisors
Robert Gonzalez, MD, Ventura County Health Care Agency
Robert S. Juarez, Clinicas del Camino Real, Inc. (arrived 3:02 p.m.)
Catherine Rodriguez, Ventura County Medical Health System (arrived 3:06 p.m.)

EXCUSED / ABSENT COMMISSION MEMBERS
Lanyard Dial, MD, Ventura County Medical Association
David Glyer, Private Hospitals / Healthcare System

STAFF IN ATTENDANCE
Michael Engelhard, CEO
Nancy Kierstyn Schreiner, Legal Counsel
Michelle Raleigh, CFO
Traci R. McGinley, Clerk of the Board
Charlie Cho, MD, Chief Medical Officer
Melissa Scrymgeour, IT Director
Brandy Armenta, Compliance Officer
Sherry Bennett, Provider Network Manager
Guillermo Gonzalez, Government Relations Director
Lyndon Turner, Finance Manager

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

PUBLIC COMMENT

Christina Velasco, Clinicas CFO, read into the record a letter addressed to CEO Engelhard dated April 18, 2013 regarding Weekly GCHP and Clinicas Conference Calls *(attached hereto and incorporated herein by this reference)*.

CEO Engelhard confirmed that GCHP did receive the letter and is currently working on a response.

Tony Alatorre, Clinicas COO, stated that Clinicas is receiving complaints from patients because they are being assigned to the wrong clinic, there seems to be confusion between one of Clinicas' facilities and another clinic. When they checked with the Call Center they were informed that the members had been assigned to the clinic closest to their home; however, that is not accurate. One family that has been with Clinicas temporarily lost Medi-Cal benefits, when they were reinstated they were auto assigned elsewhere even though Clinicas' still had claims pending in the system.

Chair Gonzalez added that other network provider groups were experiencing these problems as well.

CEO Engelhard explained that GCHP received some of this information earlier in the day and additional material is being collected to research this matter.

1. APPROVE MINUTES

a. Regular Meeting of March 25, 2013

Commissioner Glyer moved to approve the Regular Meeting Minutes of March 25, 2013. Commissioner Chawla seconded. The motion carried. **Approved 6-0**, with Commissioners Fankhauser, Foy and Rodriguez abstaining**.**

2. CONSENT ITEMS

a. DHCS Contract Amendment 4 & 5
b. Line of Credit (LOC)

Commissioner Berry moved to approve the Consent Items. Commissioner Foy seconded. The motion carried. **Approved 9-0.**

3. APPROVAL ITEMS

a. Intergovernmental Transfer (IGT)

CEO Engelhard explained that the IGT would be a three way agreement with the Plan, County and State. Details of the IGT are contained in the report. The Plan will receive an increase in CAP rates which will be retro adjusted. The IGT is set up for GCHP to retain a portion of the IGT funds for the MCO tax payment and a 2% administrative fee. Documentation will be sent to the State if approved by the Board of Supervisors on

April 23, 2013. The documents will be finalized as needed for funds to come in July, if approved.

Commissioner Fankhauser asked how the administrative fee was determined. CFO Raleigh responded that it was a percentage agreed upon by the Plan and County. CEO Engelhard added that in California the 2% administrative fee is typical.

In response to questions from Commissioner Juarez, CEO Engelhard confirmed that the funds were only for County providers. Commissioner Rodriguez clarified that IGT's are for government entities, the originating funds are provided by the government entity, the County in this instance. The County must then provide proof to the State that the money goes back to the Medi-Cal providers.

Discussion was held regarding GCHP originally planning on using the IGT for Tangible Net Equity (TNE) needs. CEO Engelhard reported that the Plan was working with the State and County to temporarily retain some of the funds, but that type of transaction is new and to the best of his knowledge has not been approved by Centers for Medicare and Medicaid Services (CMS) previously. The State and the Plan felt that if CMS denied the request the timeframe was too short for FY 11-12 IGT to be completed. Staff will continue work with the the County, DHCS and CMS to request a temporary use of a FY 12-13 IGT matching funds for TNE needs.

Commissioner Foy confirmed that the Plan will keep $500,000. CEO Engelhard responded yes, but the way the IGT was originally proposed the Plan would have been obligated to pay all of the funds back to the County.

Commissioner Foy moved to authorize the Plan's CEO to submit all necessary documentation to proceed with the IGT funding. Commissioner Araujo seconded. The motion carried. **Approved 7-2** with Commissioners Juarez and Chawla voting no.

b. Podiatry Services

CMO Cho reviewed his written report with the Commissioners. It was noted that the request was not for expanded services, but if approved would allow a Podiatrist to do covered services.

Commissioner Juarez moved to approve Podiatry Services as a covered provider. Commissioner Foy seconded. The motion carried. **Approved 9-0.**

c. Kaiser Contract for Healthy Families Transition

CEO Engelhard reviewed his written report with the Commission and highlighted that the agreement is to ensure continuity of care of the patients. It will be less difficult than most delegated services because the State will have the audit responsibility. The second agreement would allow Kaiser to keep a member if that member had Kaiser commercially prior to becoming eligible for Medi-Cal; again this agreement would be for continuity of care.

Commissioner Foy asked if a parent could move their child from Kaiser and select another provider within GCHP, to which CEO Engelhard responded yes.

Discussion was held regarding Kaiser's minimal contracts for hospital services in Ventura County.

Commissioner Fankhauser raised concern that he could be seeing a patient regularly, but because Kaiser saw them once within the last 12 months they would be moved to the Kaiser Plan. After discussion it was determined that additional clarification was needed in this area.

Commissioner Juarez expressed his disapproval with the agreements as no other organization has been given the protection as Kaiser is receiving. The Plan is supposed to be locally controlled, and goes against the purpose of a County Operated Health System.

Dr. De La Garza of Americas Health Plan, asked if Kaiser would have the same requirements and be held accountable as all other Knox Keene licensees, which would include hospital responsibilities.

CEO Engelhard stressed that if the Plan did not approve the agreements, the State has the right and has indicated that it will offer Kaiser a direct Medi-Cal contract in Ventura County. All other counties have approved the agreements, except one and the State is proceeding along the path of offering a contract to Kaiser in that county.

Commissioner Araujo moved to table the item until the next Commission Meeting. Commissioner Juarez seconded. The motion carried. **Approved 9-0.**

d. <u>Medical Management Systems Selection Update</u>

IT Director Scrymgeour reviewed the written report with the Commission and highlighted the process followed by GCHP. She explained that one and five year financial analyses were being completed. For initial installation and implementation the estimates provided in the RFP's are between $500,000 and $1.3 million.

Commissioner Juarez moved to approve continuance of the RFP process and delegation of authority to the Executive / Finance Committee to approve final vendor and system selection based on staff recommendation at the May 2, 2013 meeting. Commissioner Eberst seconded. The motion carried. **Approved 9-0.**

e. <u>Vacation Benefit for Certain Employee Classes</u>

CEO Engelhard reviewed his written report with the Commission.

Commissioner Rodriguez expressed her desire to see a fiscal impact on the requested change prior to voting.

Commissioner Fankhauser moved to approve the increased vacation benefit for chief-level executives at the Plan. Commissioner Foy seconded. The motion carried. **Approved 8-1**, with Commissioner Rodriguez voting no.

f. Attorney Services

Commissioner Juarez moved to authorize the Chief Executive Officer (CEO) to contract with Anderson Kill & Olick, P.C. for legal services as the CEO deems necessary within budgetary and funding constraints. Commissioner Berry seconded. The motion carried. **Approved 9-0.**

4. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed his written report with the Commission and announced that Chief Medical Officer (CMO) Dr. Charles Cho will be cutting back his hours and the Plan will be recruiting for a new fulltime CMO.

b. February Financials

CFO Raleigh provided an overview of the financials and noted that they had been reviewed in detail by the Executive / Finance Committee on April 4, 2013. She added that the Plan is ahead of projections at this time. CEO Engelhard stressed to the Commission that March financial results will be impacted by medical cost seasonal patterns causing it to be an expensive month for health plans.

Commissioner Foy moved to accept and file the CEO Report and the February Financials. Commissioner Eberst seconded. The motion carried. **Approved 9-0.**

5. INFORMATIONAL ITEMS

a. State and Federal Budget Update
b. Tatum Work Update
c. Financial Forecast Update
d. Affordable Care Act PCP Rate Increase Update

CEO Engelhard briefly highlighted that the Plan will have more information of how the State budget will affect GCHP next month, as the State budget would be released in May.

COMMENTS FROM COMMISSIONERS

Commissioner Fankhauser stated that the work Dr. Cho has done is extraordinary and has saved tax dollars. He added that Dr. Cho was one of few doctors in the County who could have accomplished this and handle the doctor committees in that manner.

Commissioner Eberst echoed Commissioner Fankhauser's comments.

Commissioner Berry expressed her appreciation that the outreach was listed in the packet and encouraged everyone to attend the Community Resource Fair.

Commissioner Rodriguez and Chair Gonzalez thanked Dr. Cho for his services to the Plan.

CLOSED SESSION

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

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:50 p.m. regarding the following items:

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Hernandez v. Ventura County Medi-Cal Managed Care Commission, VCSC Case No. 56-2012-00427535-CU-OE-VTA

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(b) (One Case)

Closed Session pursuant to Government Code Section 54957(e)
Public Employee Performance Evaluation
Title: Chief Executive Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 5:10 p.m.

Legal Counsel Kierstyn Schreiner announced that the Commission unanimously approved standards be established for the CEO's bonus.

ADJOURNMENT

Meeting adjourned at 5:13 p.m.

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Fiscal Year 2013-14
Draft Budget

Commission Meeting
May 20, 2013

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D R A F T

Introduction

Gold Coast Health Plan's (GCHP) draft FY2013-14 (7/1/13-6/30/14) budget is summarized in this document and reflects the following major assumptions:

- Membership growth due to the transition of Healthy Families and the expansion of the Medi-Cal program under the Affordable Care Act (ACA)
- Provider contracting changes result in more services paid for and members under capitated arrangements
- Health care costs reflect the impact of GCHP's initiatives underway
- Revenue will be constant by assuming State will continue to pay GCHP rates according to draft FY2012-13 rates
- New Medical Management System (MMS) implementation targeted for 1st Quarter of 2014 when case management nurses become GCHP employees

Pending items potentially impacting FY2013-14 Budget:

- State's FY2013-14 final budget
- FY2012-13 and FY2013-14 State Capitation Rates
- Selection of GCHP's MMS Vendor
- Requirements for ACA implementation costs (e.g., Physician rate increase), State program changes (e.g., Diagnostic Related Groups (DRG) requirement), and other pending items (Intergovernmental Transfers (IGT))

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Highlights

- Enrollment growth is driving increase in revenue and health care costs
- Health care costs reflect the impact of the financial forecast initiatives
- Administrative expenses (on a PMPM basis) are decreasing

	FY 2011-12	Projected FY 2012-13 *	Budget FY 2013-14
	($ amounts are stated in thousands)		
Average Monthly Enrollment	104,849	100,185	123,480
Net Revenue	$ 304,636	$ 303,089	$ 346,856
Health Care Costs	$ 287,354	$ 277,797	$ 306,598
Administrative Expense	$ 18,891	$ 22,841	$ 25,887
Net Income	**$ (1,609)**	**$ 2,452**	**$ 14,371**
Health Care Costs - % Revenue	94.3%	91.7%	88.4%
Administrative Expense - % Revenue	6.2%	7.5%	7.5%
Administrative Expense - PMPM	$ 15.01	$ 19.00	$ 16.72
Tangible Net Equity (TNE)	**$ (6,032)**	**$ 3,620**	**$ 17,991**

* Reflects actual experience through 3/31/13 and estimates from 4/1/13 to 6/30/13

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Membership

- Covered lives are projected to average 123,480 resulting in 1,481,763 members months for FY2013-14
- Responsibility regarding retroactive membership has been clarified by the State, resulting in updated projections
- Other items impacting Membership
  - Continued phase-in of Targeted Low Income Children (TLIC) membership, with full transition of the approximate 17,000 members remaining in the HFP as of 8/1/13
  - Phase-in of Medi-Cal Expansion (MCE) members, starting with 7,500 on 1/1/14 and reaching 12,265 by 6/30/14

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Membership

Aid Category – Members (See Note 1)	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
	(Stated in Averaged Member Months)		
Adult/Family	77,533	73,196	74,068
SPD	9,538	9,274	9,403
Dual	17,779	17,554	17,673
Sub-total (Note 2)	104,849	100,025	101,144
Annual Percentage Growth		*-4.6%*	*1.1%*
TLIC (Healthy Families)	-	160	17,391
Medi-Cal Expansion (Note 3)	-	-	4,945
Averaged Members	**104,849**	**100,185**	**123,480**
Annual Percentage Growth		*-4.4%*	*23.3%*

Note 1 - Member categories have been grouped to include as follows: SPD (includes: Aged-Medi-Cal, Disabled-Medi-Cal, Long-term Care-Medi-Cal, and BCCTP). Dual (includes Aged-Dual, Disabled-Dual, and Long-term Care-Dual)

Note 2 -Decrease from FY 2011-12 to FY 2012-13 due to change in retroactive eligibility

Note 3 - Medi-Cal expansion starts on 1/1/14

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Revenue

- FY2013-14 State capitation rates are assumed to be equal to FY2012-13 State capitation rates. Revenue is net of Managed Care Organization (MCO) tax and estimated Assembly Bill #97 (AB97) provider reductions.
- Other items impacting revenue:
  - TLIC enrollment increases revenue by $16.3 Million over the year
  - MCE enrollment increases revenue by $21.2 Million over the year
  - Financial forecast initiatives increase revenues by approximately $1.6 Million

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Revenue

Total Revenues in PMPM (See Note)	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
Adult/Family	$ 132.37	$ 141.53	$ 143.19
SPD	$ 846.76	$ 849.06	$ 866.32
Dual	$ 436.92	$ 398.09	$ 397.74
Averaged PMPM for Existing Catagories	*$ 249.00*	*$ 252.16*	*$ 254.90*
TLIC (Healthy Families)	$ -	$ 77.88	$ 77.90
Medi-Cal Expansion	$ -	$ -	$ 357.65
Averaged PMPM - Aggregate	*$ 249.00*	*$ 251.88*	*$ 234.08*

Total Revenues in $ (stated in thousands)	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
	$ 304,636	$ 303,089	$ 346,856

Note: Member categories have been grouped to include as follows: SPD (includes: Aged-Medi-Cal, Disabled-Medi-Cal, Long-term Care-Medi-Cal, and BCCTP). Dual (includes Aged-Dual, Disabled-Dual, and Long-term Care-Dual)

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Health Care Costs

- Medical and pharmacy expenses were derived from actual costs over the Plan's history (7/1/11-3/31/13) and projected forward, reflecting impact of:
  - Provider contracting assumed changes
    - Clinicas "Specialty" contract is replaced with Americas Health Plan (AHP) "plan-to-plan" contract (approximately 14,000 members)
    - Potential "plan-to-plan" contract with Kaiser to cover their current Healthy Families members (approximately 2,900 members)
  - GCHP financial forecast initiatives
    - Overall impact is $14.0 Million in health care cost reductions over FY2013-14

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Health Care Costs

- Health care cost reflects the shift from fee-for-service to capitation
- Total health care costs are decreasing (on a PMPM basis) due to financial forecast initiatives and transition of TLIC (Healthy Family) members

	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
		(in thousands)	
Capitation *	$ 7,535	$ 10,320	$ 44,906
Claims:			
Inpatient	$ 140,403	$ 132,022	$ 123,611
Outpatient	$ 45,802	$ 41,050	$ 40,623
Professional	$ 29,560	$ 27,191	$ 26,950
Pharmacy	$ 36,022	$ 40,446	$ 39,858
Other	$ 22,268	$ 19,594	$ 22,507
Care Management	$ 5,763	$ 7,175	$ 8,142
	279,819	267,477	261,691
Total	**$ 287,354**	**$ 277,797**	**$ 306,598**

Total Health Care Costs in PMPM	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
	$ 228.39	$ 231.07	$ 206.91

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* Includes PCP, Specialty, Plan-to-Plan, Non-emergency transportation, and Vision Service Plan

Health Care Costs Cross-walk FY2012-13 to FY2013-14

	Member Months	PMPM	Amount (in thousands)
FY2012-13 Projected Health Care Costs			**$ 277,797**
Volume			
TLIC (Healthy Families Kids)	208,689	$ 69.67	$ 14,539
Medi-Cal Expansion	59,342	$ 346.40	$ 20,556
Financial forecast Initiatives			$ (14,039)
Trend and other			$ 7,744
FY2013-14 Budget Health Care Costs			**$ 306,598**

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Administrative Expenses

- GCHP shifts from utilizing consultants to hiring full-time employees
  - FY2012-13 FTEs: 84 (year-end target), including Chief Operating Officer
  - FY2013-14 FTEs: 123 (84 previous + 19 new hires + 20 nurses)
    - Medical management nurses will be converted to GCHP employees (estimated date – 1st quarter 2014)
    - Staffing is increased to meet demands of normal health plan operations, health care reform (preparation and implementation), and enrollment growth
- Other items impacting administrative expenses include:
  - Implementation of Medical Management system
  - Community Outreach includes community events, translation services, cultural and educational material
  - Increase in staff results in increase in square footage of building (average square footage rent dropped by 9%)
  - Increases due to additional oversight and compliance requirements

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Consulting Contracts

Major consulting contracts assumed (contracts over $100K annually):

Consultant	Duties	Estimated Annual Cost
State Monitor	Performs on-going state monitoring duties	$ 1,620,000
Actuarial Consultants	Performs assistance related to claims reserving, state rate development data requests, provider capitation and risk analysis	$ 304,800
Financial Auditor	Performs financial audit required by the state and answers ongoing questions related to financial statement development	$ 150,000
Legal Services	Performs support for Commission and Committee meetings, employees issues, and review of contracts (for both vendor and provider)	$ 404,400

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Administrative Expenses

- Increased enrollment allows Plan to access reduced pricing tier for ACS
- Reflects a shift from consultants to employees
- Lower PMPM expenses leverages infrastructure while growing membership

-	Projected FY 2012-13	Budget FY 2013-14	Increase (Decrease)	% Change
		(PMPM)		
ACS Management Fees	$ 9.48	$ 7.66	$ (1.82)	-19.2%
Personel expenses	$ 4.34	$ 5.40	$ 1.06	24.3%
Legal and professional services	$ 4.13	$ 2.26	$ (1.87)	-45.3%
Infrastructure expenses	$ 1.00	$ 2.06	$ 1.06	105.2%
Community and provider outreach	$ 0.04	$ 0.10	$ 0.05	113.8%
Total	**$ 19.00**	**$ 17.47**	**$ (1.53)**	**-8.0%**
Total Admin Expenses in $ (thousands)	**$ 22,841**	**$ 25,887**	**$ 1,941**	**8.5%**

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Capital Budget

- Capital assets (office furniture and fixtures, computer equipment, software and leasehold improvements) whose acquisition costs exceed $1,500 are accounted for in the capital budget
  - Estimated to be $1.4 Million
    - Approximately $1.3 Million is for the MMS System & Implementation
    - Remaining is for other software (e.g., computers for nurses, HITECH Omnibus/HIPAA Security project)
- Assumes two current facilities are adequate to absorb staff expansion
- Any needed DRG software and related costs are not yet included in the capital budget

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Tangible Net Equity

- As of 6/30/14,
  - the Plan is projected to be at a TNE of $18.0 Million, which exceeds the TNE requirement of $16.0 Million
  - the TNE requirement is fully phased-in (at 100%) vs. 68% of the requirement at 6/30/13
  - the required TNE is lower (by approximately $2 Million) due to the shift to capitation being a larger portion of the health care costs
  - the TNE includes the $7.2 Million of two lines of credit with the County of Ventura

	FY 2011-12	Projected FY 2012-13	Budget FY 2013-14
	($ amounts stated in thousands)		
100% TNE	$ 16,769	$ 16,117	$ 15,991
% TNE Required	36%	68%	100%
Required TNE	$ 6,037	$ 10,960	$ 15,991
GCHP TNE	$ (6,032)	$ 3,620	$ 17,991
TNE Excess / (Deficiency)	$ (12,069)	$ (7,340)	$ 2,000

- Additional TNE items not included in budget:
  - Approximately $536k from FY 2011-12 IGT (still pending with State/CMS)
  - Release of AB97 reserves (approximately $2.9 Million through 3/31/13)
  - Potential impact of FY 2012-13 IGT

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Next Steps

- Gather feedback and update budget
- Review updated draft budget with Executive Finance Committee on June 6th - make revisions, finalize and gain recommendation
- Present final budget to Commission on June 24th for approval

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AGENDA ITEM 3a

To: Gold Coast Health Plan Commissioners

From: Michael Engelhard, Chief Executive Officer

Date: May 20, 2013

RE: Kaiser Contract & Healthy Families Program (HFP) Transition

SUMMARY:

The State of California established contractual terms for managed care plans to contract with Kaiser for Healthy Families Program (HFP) members enrolled in a Kaiser health plan and who are being transitioned into Medi-Cal. The primary goal of this agreement is to promote continuity of care. This item outlines Gold Coast Health Plan's responsibility in this transition and requests approval for the Plan to execute contracts.

BACKGROUND / DISCUSSION:

As a County Organized Health System (COHS), Gold Coast Health Plan (GCHP) contracts with DHCS to provide health care services to Medi-Cal beneficiaries in Ventura County.

Kaiser is currently a health plan in the HFP and serves approximately 2,900 Healthy Family children in Ventura County. County-wide enrollment in the HFP as of March 31, 2013 was 18,213. Therefore, children with Kaiser coverage represent approximately 16% of the county's HFP enrollment. With the statewide elimination of the HFP, and in accordance with the HFP transition implementation plan, HFP children enrolled in Kaiser will transition to Gold Coast Health Plan in Phase 3, anticipated to occur no sooner than August 1, 2013.

In June 2012,

- The Legislature passed Assembly Bill (AB) 1494 which provides for the transition of all HFP subscribers to Medi-Cal.
- Kaiser approached the State to consider the development of an agreement whereby Kaiser will retain its HFP members upon their transition into Medi-Cal through a direct contractual relationship with DHCS.
- Statewide HFP enrollment was approximately 875,000 low-income children. Of this total, more than 20%, or 193,000, were covered in various Kaiser health plans across the state.

The State recognized the potential continuity of care risk in this transition and worked with Kaiser and health plan organizations to establish an agreement that would ensure the opportunity to continue care with current physicians.

As a direct contractual relationship between Kaiser and DHCS in the existing managed care counties throughout California is currently not in existence due to state and federal statutes, DHCS, Kaiser and the Medi-Cal managed care plans developed two agreements to address the transition of Kaiser's HFP enrollment into Medi-Cal. Kaiser and DHCS have already executed these agreements.

Allowing members to remain in the Kaiser system at their choice would ensure access to a system which has consistently achieved superior health care ratings from various organizations, including the following:

- Kaiser maintains an "Excellent" overall rating from the National Committee for Quality Assurance (NCQA) for Kaiser Permanente Southern California.
- The California Office of Patient Advocate (OPA) Report Card showed that Kaiser was the top-rated California HMO with a four-star rating, the only plan to achieve four stars overall.
- Kaiser Southern California has the nation's highest rated Medicare HMO out of 465 plans rated.
- Kaiser Southern California's HFP was given a "Superior" rating, the highest score achievable, in HFP 2012 Health Plan Quality Awards.

Kaiser's Southern California health plan has demonstrated the ability to consistently deliver high quality services to its members. This commitment to quality and DHCS's mandate to take every step possible to ensure continuity care for the HFP children leads GCHP staff to recommend signing the proposed agreements with Kaiser.

DHCS / Kaiser / Plan Agreement

The first agreement is, by its own terms, a nonbinding agreement, between DHCS, Kaiser and the managed care plans. This template has already been signed by DHCS and Kaiser. It sets forth a framework for a seamless transition of care for current Kaiser members in the HFP and for Medi-Cal beneficiaries who were Kaiser members or linked to a Kaiser member within the previous twelve months.

The three-way agreement includes the following provisions:

1. DHCS, Kaiser and managed care plans will work to develop a contract template for the subcontract between plans and Kaiser.
2. A centralized oversight and compliance process to include a uniform policies and procedures audit program will be created to oversee Kaiser's obligations under the contract template. The agreement indicates that this process will be conducted and funded by DHCS unless otherwise agreed to by the parties.
3. A process will be developed to improve the existing and future enrollment processes for Kaiser members including a validation process (of the applicant's eligibility to choose Kaiser).
4. In COHS counties including Ventura County, the enrollment process for current / previous Kaiser members will mimic the existing process for all Medi-Cal members. The COHS plans such as GCHP will make available the option to enroll into Kaiser new

Medi-Cal members currently or previously enrolled with Kaiser in the previous twelve months or family-linked in the previous twelve months. This enrollment in Kaiser is contingent upon COHS plans receiving required and accurate data from Kaiser and federal and state regulators. COHS members who choose to enroll with Kaiser will be assigned to Kaiser only upon verification of previous coverage by Kaiser within the prior twelve months.

5. The agreement does not restrict the ability of Medi-Cal beneficiaries to choose a different provider other than Kaiser during or after the beneficiary has been assigned to GCHP.

Kaiser / Plan Agreement

The second agreement, between Kaiser and the managed care plan, is titled "Care Continuity Agreement" and defines the beneficiaries for whom the managed care plan will ensure or make available a transition to Kaiser. These members include:

1. HFP beneficiaries who are Kaiser members on the August 1, 2013 effective date of the HFP transition; and,
2. Beneficiaries who are eligible for Medi-Cal or HFP after the effective date of the August 1, 2013 transition and who were Kaiser members or family-linked within the previous twelve months. These members shall have the option to (re-) enroll in Kaiser upon verification of prior eligibility by Kaiser. These members will also have the option to sign up for other GCHP providers if they choose.

The two-way agreement includes the following provisions:

1. Kaiser will provide rate development template (RDT) data to managed care plans for inclusion in the plan RDT for the rate setting process.
2. Effective July 1, 2013, for aid codes not directly funded through the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), an administrative withhold by the managed care plan will not exceed 2% of the net capitation Medi-Cal amount (the withhold may be based on the plan risk-adjusted equivalent of the net capitation amount). For aid codes directly funded through CHIPRA, there will be no administrative fee withhold.
3. Any current managed care plan contracts with Kaiser will be amended to include these provisions (GCHP currently does not contract with Kaiser). However, this Agreement indicates that it may be terminated only upon execution of an amendment to the parties, and that the terms of this Agreement will be re-evaluated in five years.
4. Kaiser may enter into a direct contract with DHCS if Kaiser is unable to reach a subcontracting agreement with Plan.

FISCAL IMPACT:

The 2% administrative withhold provision is less than one-half of the amount regularly included in DHCS capitation rates for administration provided to managed care plans. However, the State is working on standardized audit and oversight procedures for Kaiser in Medi-Cal, which will reduce GCHP's cost to administer this contract.

For aid codes with no administrative withhold (i.e., the existing Healthy Families membership) the enrollment has already begun to decline and will continue to do so with time as children either age out, their families move out of area or their families lose eligibility for Medi-Cal. Kaiser's Healthy Families enrollment in Ventura County has declined by 7.0% since December 2012 for information through February 28, 2013. However, based on membership of approximately 2,950 at February 28, 2013, an average $80 pmpm payment rate, and an assumed 4% administrative load, the monthly administrative expenses would be about $9,440 per month. The Plan will absorb these costs beginning August 1, 2013 when these members transition into the Medi-Cal program.

RECOMMENDATION:

1. Authorize and Direct the Chief Executive Officer (CEO) to execute a three-way agreement with the DHCS and Kaiser related to the transition of Healthy Families Program (HFP) children and Medi-Cal beneficiaries who are former Kaiser members or family-linked within the previous twelve months
2. Authorize and Direct the CEO to execute an agreement with Kaiser related to transitioning certain defined categories of members to Kaiser as described in the two-way agreement.

RATIONALE FOR RECOMMENDATION:

These template agreements were negotiated with DHCS, Kaiser and managed care plans and the provisions for transitioning HFP members are consistent with the requirements included in the recent amendment to Gold Coast Health Plan's Primary Agreement with DHCS related to the transition of HFP subscribers into Medi-Cal. This action would ensure that low-income children, families and individuals would have the option to remain with existing physicians upon entering the Medi-Cal program in Ventura County.

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AGENDA ITEM 4a

To: Gold Coast Health Plan Commissioners

From: Michael Engelhard, CEO

Date: May 20, 2013

Re: CEO Update

Line of Credit (LOC)

Gold Coast Health Plan (GCHP) drew down the $5.0 million additional LOC on May 3rd and will be reflected in TNE for the May financial results. This new LOC was provided by the County of Ventura and follows the same terms as the original $2.2 million LOC.

Medical Management System (MMS) Selection

GCHP is in the final stages of vendor evaluation and system selection for the replacement of the current MMS. The original target date for presentation of our final recommendation for review and approval by the Executive / Finance Committee was May 2, 2013. Now, additional time is needed to conduct further analysis of system functionality and financial impact for the top two vendors to make sure we have complete information about the most recent version of one of the products available. This is to ensure the final recommendation is the best decision for GCHP, not only from a regulatory (IDC-10) compliance perspective, but will also provide the system platform and tools leading to consistent Utilization and Care Management (UM / CM) processes around care coordination, resulting in better outcomes and risk management, and can grow with the organization long-term.

The MMS selection team intends to present a final recommendation at the June 6, 2013 Executive / Finance Committee Meeting for review and approval.

Staffing Update

Gold Coast Health Plan has hired a permanent Chief Operating Officer. This is a key open position and the last of the five key positions identified in the DHCS Corrective Action Plan. The new COO will begin work at GCHP in mid-June to allow for a transition period with the existing Interim COO.

Government Affairs Update

The Governor released his revised state budget proposal on Tuesday May 14th. The Administration's revised state budget indicates that tax revenues are $4.6 billion more than predicted in January 2013. According to the California Department of Finance, three key areas generated the budget surplus:

- Increasing income tax and sales tax revenues

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- Expenditure growth slowed significantly
- Changes in the tax revenue system- voter-approved Proposition 30 created unanticipated revenue by increasing personal income tax rates for the wealthiest households

The release of the Governor's May revise budget sets in motion budget deliberations and negotiations between the Governor and leadership in the Legislature. Legislators must approve a budget by June 15th or they forfeit their pay for each day the budget is not approved. On May 9th the Senate Budget Sub-Committee on Health & Human Services met to hear several matters of interest to Gold Coast Health Plan. These included the managed care organization tax (MCO Tax), managed care efficiencies, and AB 97 10% cuts. The Assembly Sub-Committee met on May 6th concerning the same subjects.

Additionally, on May 9th the Governor signed ABx1 2 and SBx1 2. These are special session health reform bills that implement a key provision of the federal Affordable Care Act (ACA) into state law. Specifically, these measures prohibit insurers from denying coverage to persons with existing medical conditions. The Legislature is still debating other bills related to ACA implementation and Medicaid expansion, including the Medicaid Bridge Plan. The Medicaid Bridge Plan would allow individuals with incomes below 200% of Federal Poverty Level (FPL) who are no longer eligible for Medi-Cal to remain in a Medi-Cal plan pending their transition into the health benefits exchange.

The Department of Health Care Services (DHCS) announced that it will delay implementation of Cal Medi-Connect Pilot Program (formerly known as the Duals Demonstration Project) to no earlier than January of 2014. Cal Medi-Connect aims to integrate care for individuals receiving both Medi-Cal and Medicare services in 8 counties across the state. The launch of the Program has been delayed several times.

Managed Care Organization Tax

The Administration's revenue estimates for the MCO Tax do not account for added enrollment and revenue as a result of Affordable Care Act (ACA) implementation on January 1, 2014. In addition, the Senate, like the Assembly, has concerns with the Administration's plan to divert new revenue to the General Fund rather than fully allocating it towards the Medi-Cal Program. The Senate and Assembly support an expiration date in the MCO Tax proposal so the Legislature can evaluate its effectiveness annually. The Administration would like to permanently impose the MCO tax on managed care plans. The California Association of Health Plans (CAHP) is opposed to a permanent MCO Tax on managed care plans.

Managed Care Efficiencies

The managed care efficiencies proposal was withdrawn from the Administration's May revise budget proposal. Initially the Administration's January budget proposal had assumed approximately $135 million of savings to the general fund in FY 2012-13 through implementation of "managed care efficiencies" on Medi-Cal managed care plans. This is

the same level of savings to the general fund if AB 97 rates cuts were imposed on Medi-Cal managed care plans retroactively.

AB 97 Cuts

The AB 97 10% primary care physician (PCP) rate reductions were omitted from the May revise budget. In Legislative Subcommittee hearings most of the arguments against the cuts were based on access and pending ACA implementation. DHCS and advocates expect the Ninth Circuit Court to issue a decision in the lawsuit over AB97 by the end of June when the Court will break for summer recess. Lastly, two legislative measures have been introduced; AB 900 and SB 640, these bills would repeal the AB 97 PCP rate reductions. Both bills have passed out of their committee of origin with unanimous support.

Community Resources Fair

Gold Coast Health Plan held its second community resources fair on Sunday, May 19th at Royal High School in Simi Valley. Please see the attached flyer for more information. The following organizations participated in the Community Resources Fair:

1. Food Share Inc.
2. The Alzheimer's Association
3. Tri Counties Rainbow Connection
4. Ventura County Public Health –Healthcare for Kids
5. Simi Valley Hospital
6. Ventura County Public Health –CHDP
7. Clínicas Del Camino Real Inc.
8. County of Ventura Human Service Agency
9. Walgreens
10. California Rural Legal Assistance Inc.
11. Buena Vista Hospice Care
12. The Arc of Ventura County
13. Center For Employment Training
14. Ventura County Health Care Agency
15. Simi Valley School District

Events for May

- 05/02: Event: Saticoy Lemon Health Fair
- 05/03: Event: Annual Teen Voice Health Fair
- 05/04: Event: Oxnard Cinco de Mayo Festival
- 05/05: Event: Oxnard Cinco de Mayo Festival
- 05/14: Event: Baby Steps Program
- 05/15: Event: Saticoy Lemon Health Fair
- 05/19: Event: GCHP Community East County Health and Resource Fair.
- 05/22: Event: Vegie Fest
- 05/23: Event: Family Care & Volunteer Resource
- 05/25: Event: MICOP- Monthly Meeting

Upcoming Events June 2013

- 06/01: Summer fest 2013
- 06/01: Oxnard Housing Authority Resource Fair
- 06/01: Día De Los Niños (Fillmore)
- 06/01: Project Access Resource Fair
- 06/05: City of Oxnard Resource Fair
- 06/26: Latino Senior Resource Fair

Join Us For A Day Of Fun

Free Health Screenings

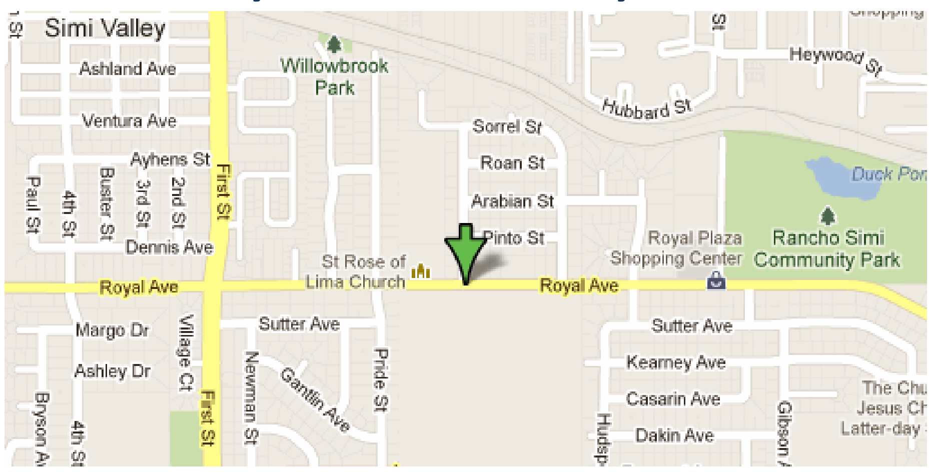
Community Resource Fair

Sunday, May 19, 2013

10:00am-3:00pm

Royal High School

1402 Royal Ave, Simi Valley, CA 93065



Free Health Screening Will Be Available!

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- ✓ Glucose
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- ✓ Body Mass Index

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Accompanenos Para Un Dia De Diversion

Exámenes De Salud Gratuitos

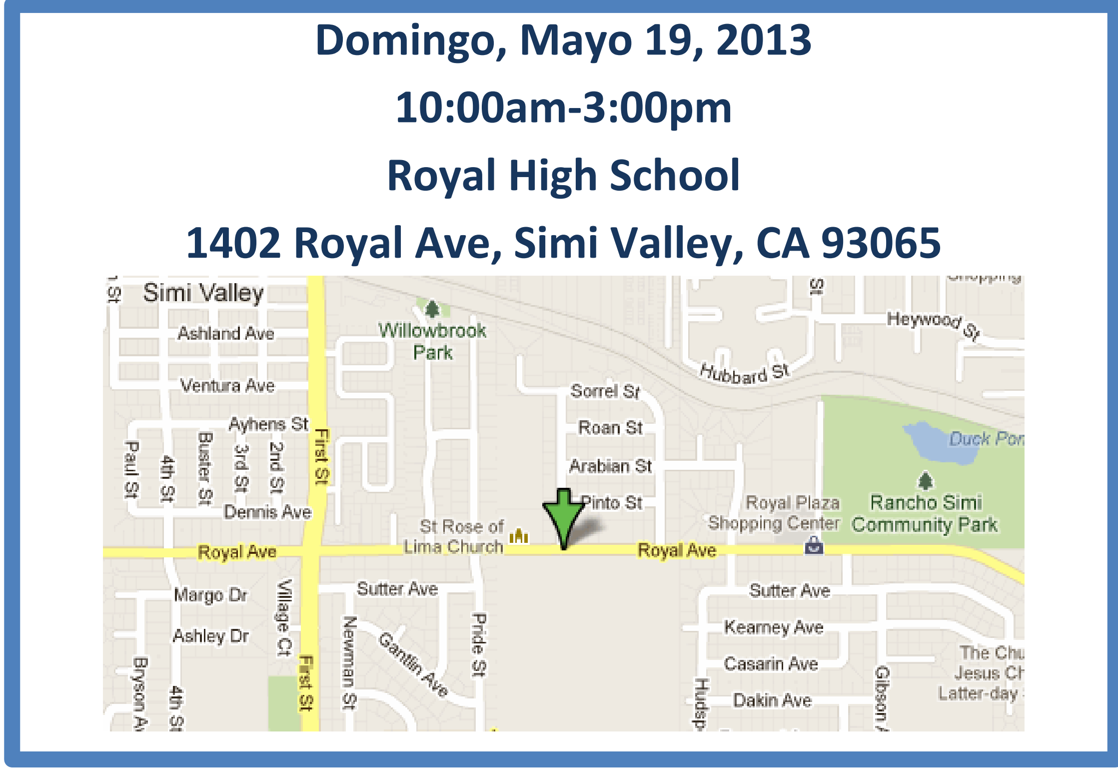
Feria De Recursos Para La Communidad

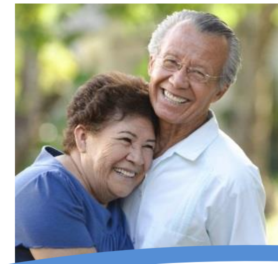
Domingo, Mayo 19, 2013

10:00am-3:00pm

Royal High School

1402 Royal Ave, Simi Valley, CA 93065





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AGENDA ITEM 4b

To: Gold Coast Health Plan Commissioners

From: Charles Cho, MD, CMO

Date: May 20, 2013

Re: CMO Update

Summary of Medical Advisory Committee (MAC) meeting of April 18, 2013: 13 out of 16 members were present

Telemedicine/Telehealth

As an informational item Telemedicine/Telehealth Services was discussed in detail at the previous 01/17/13 MAC meeting to familiarize the members as to what it is, what it will do and how it works. Subsequently, the staff prepared a Policy and Procedure to implement this mode of patient care at GCHP, which is to be ratified by the committee at the meeting. In order for the committee members to be more thoroughly familiarized with this program, Dr. Chris Landon, the Director of Pediatric Diagnostic Center at VCMC was asked to be present to discuss the program at his Center. He has been a pioneer on this program for a number of years, working with various super-specialists at USC, CHLA and UCLA and has already set up the necessary audio-visual transmitting equipment at various VCMC clinic sites to have this capability. Most of the initial investment for the equipment has been acquired through grants. Some VCMC clinic sites are already in operation utilizing this new mode of practice of medicine. Extensive discussions and views were expressed by the members.

- Potential advantages of telehealth are:
  a) Improved and ready access to specialists including super-specialists
  b) Potential for quicker appointments and less waiting time for patients
  c) Less traveling for patients thereby saving time / traveling costs
  d) Team approach to patient care, as PCP, patient and specialist are all talking together at the same time

  Potential disadvantages for telehealth may be:
  a) Potential for increased claims, if this service is over used
  b) Potential over use of out of county specialist
  c) Possible lack of personal touch

- After the discussion a motion was requested to accept Telehealth concept at GCHP, and the motion passed.

- The second motion to adopt the Telemedicine/Telehealth Policy and Procedure was also passed.
- Dr. Wharfield will meet with Dr. Landon to work out operational details such as prior authorization, etc.

OB/GYNs as PCPs
The Committee was asked to discuss the question on whether GCHP should consider allowing OB / GYN specialists to be included as PCPs also for patient assignment on the capitated network. After reviewing the GCHP "PCP Scope of Services" and thorough discussions following resolution was made by unanimous vote:

a) Obstetricians and Gynecologists by virtue of their specialty training cannot be PCPs in the GCHP system, as they will not be able to fulfill the obligation of caring for all that are specified in the Scope of Services. In this regard, a specific concern was expressed that there may be legal consequences for accepting responsibility of care when a specialist is not qualified to take care of certain primary care outside of the domain of their specialty. In other words, whether a professional liability company would allow this.

After that vote, the MAC considered an optional alternative resolution as to whether certain OB / GYN specialists may be allowed to be PCPs under certain circumstances. The 2nd motion passed unanimously as follows:

b) In the case of an Obstetrician and Gynecologist who has had extra training to become a full-fledged PCP such as in a Family Practice program or specially prepared himself / herself to be a full service PCP, then such specialist may individually apply to be a PCP for consideration with a caveat that such physician shall not be included in auto-assignment.

A suggestion was made that there may be some OB / GYN residency program where PCP training is also incorporated. We will look into that.

Pharmacy Report

Through the first 8 months of operation, beginning in July of 2011, GCHP experienced low prescription drug utilization, in the range of $27-$28 PMPM. However, as shown on the attached PMPM graph, the costs began to climb above $30 PMPM in March of 2012 and have continued to climb. It seems to have leveled to $34 PMPM by April of 2013. In analyzing other pharmacy data, initially GCHP had low patient usage of prescription at .65 / member. Recently, it is more of a range of .75, which represents about 75,000 prescriptions / month on the basis of 100,000 membership. This may indicate maturity of the Plan. Below are some observations about prescription drug costs at GCHP:

- "Top 12 Drugs by Rx (prescriptions)": all 12 most commonly prescribed drugs are represented by generics and not brand. GCHP has paid special attention to the high

cost brand name drugs all along, some of which used to be at the top of this list. These were either deleted or turned into step therapy, when equally effective cheaper generics were available. Each of the following drugs were affected and used to be on the top of the list costing about $100,000 / month. Nexium was deleted from the formulary replaced by preferred and substantially cheaper generic drugs, Omeprazole and Pantoprazole. Singulair is now under step therapy and has dropped out of Top 12 list. Generic Ventolin has replaced Proair as preferred, and the latter has also dropped out of the Top 12. Gabepentin, a popular generic used for neuropathy has replaced the use of expensive brands, such as Cymbalta, Savella and Lyrica. GCHP continues to have the goal of using generics by replacing many popular brand name drugs, whenever possible. This is evidenced by the high percentage of generic use at 86.60%. This effort will continue.

- "Top 12 Drugs by Dollar". This has been the area of concern particularly since the beginning of 2013. The increase in the first couple of months was attributed to Benefix, the $100,000 / month hemophiliac drug for one patient plus drugs related to the flu, Tamiflu and Azithromycin. However, now that the flu season is over, these flu related drugs are no longer on the Top 12. Instead, we are seeing increasing use of cancer related drugs. The April 2012 Top 12 shows three very expensive specialty drugs: Neulasta at $72,406 ($3,810 / dose) for leukopenia therapy; Revlimid at $54,505 ($10,901 / dose) for multiple myeloma Rx; and Gleevec at $43,958 ($7,233 / dose) to treat chronic myelogenous leukemia or gastric stromal tumor. These 3 drugs alone cost $170,869, and there are no alternative drugs for these cancer treatments. Also, as long as the hemophiliac patient requires therapy about $100,000 / month, that expense will continue (this has been the case for the last 17 months).

- "Top 12 Drugs by Therapeutic Class": this list is headed by Antiasthmatic, Antidiabetic and Anticonvulsant being the top three. Medications in these categories are newer drugs that are highly effective with lower side effect profile. They are relatively expensive, most being brand name drugs which have no equal generic alternatives. The anti-neoplastics are in 7th place at $161,377 but with only 303 Rx. We have to assume that all these are saving or prolonging lives and controlling diseases often preventing them from worsening. Avoiding and preventing hospitalization may be bigger savings than the extra drug expenditures.

The summary analysis of drug use is as follows:

- Doctors are using necessary drugs to treat and control diseases and are using generics. Unfortunately, many very effective brand name drugs are very expensive and have no alternative generics. And, these expensive drugs need to be used in common disorders such as in asthma, diabetes and convulsive disorders. Otherwise, these patients may very well end up in the hospital. One cannot ignore this relationship between effective drug therapy which lessens

hospitalization. Spending more money in drugs may result in saving more via lower hospitalization.
- Big expenses in cancers and hemophiliac occur by chance and the Plan limited ability to control these events.

Quality Improvement Report

GCHP HEDIS data was submitted to the certified vendor on Friday May 10, 2013. The QI Department is currently focusing on providing data for missing data elements, should it exist, by calling individual providers and requesting the document via fax.

GCHP Quality Improvement Department staff are also preparing for the HEDIS abstraction audit. Four measures were selected by the HSAG auditors to audit. GCHP is required to send them the records they select. HSAG will only be looking at the records with positive outcomes.

Overall, for a new plan, GCHP HEDIS project is doing well. The Plan is gratified by the cooperation from the physicians in the community. The HEDIS project is not technically completed until June 17, 2013.

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Top 12 Drugs by Rx

April 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
HYDROCO/APAP	2,862	$43,812.51	$15.31
AMOXICILLIN	1,736	$10,138.77	$5.84
METFORMIN	1,696	$9,587.02	$5.65
OMEPRAZOLE	1,592	$49,714.90	$31.23
IBUPROFEN	1,557	$5,438.25	$3.49
VENTOLIN HFA	1,487	$57,597.79	$38.73
LEVOTHYROXIN	1,369	$8,844.03	$6.46
LISINOPRIL	1,265	$4,488.01	$3.55
LORATADINE	1,221	$9,242.39	$7.57
IBUPROFEN	1,033	$7,167.18	$6.94
FLUTICASONE	1,026	$42,958.94	$41.87
GABAPENTIN	962	$21,278.01	$22.12

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Top 12 Drugs by Dollar

April 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
ADVAIR DISKU	391	$85,417.54	$218.46
LANTUS	453	$73,769.26	$162.85
NEULASTA	19	$72,406.70	$3,810.88
VENTOLIN HFA	1,487	$57,597.79	$38.73
REVLIMID	5	$54,505.56	$10,901.11
OMEPRAZOLE	1,592	$49,714.90	$31.23
DIVALPROEX	477	$47,382.09	$99.33
PANTOPRAZOLE	606	$45,808.93	$75.59
VENLAFAXINE	362	$44,472.35	$122.85
HYDROCO/APAP	2,862	$43,812.51	$15.31
GLEEVEC	6	$43,399.46	$7,233.24
FLUTICASONE	1,026	$42,958.94	$41.87

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Top 12 Drugs by Therapeutic Class

April 2013

Code	Therapeutic Class	# of Scripts	Amount Paid
44	Antiasthmatic	3,672	$329,881.66
27	Antidiabetic	4,050	$284,214.76
72	Anticonvulsant	4,260	$249,308.80
58	Antidepressants	5,131	$197,517.58
61	Stimulants/Anti-Obesity Anorexiants	1,167	$178,912.53
65	Analgesics-Narcotic	4,714	$166,520.06
21	Antineoplastics	303	$161,377.08
66	Analgesics-Anti-Inflammatory	3,635	$159,822.52
99	Assorted Classes	188	$133,185.45
49	Ulcer Drugs	3,043	$130,424.01
82	Hematopoitic Agents	1,801	$102,710.25
86	Ophthalmic	1,674	$93,754.43

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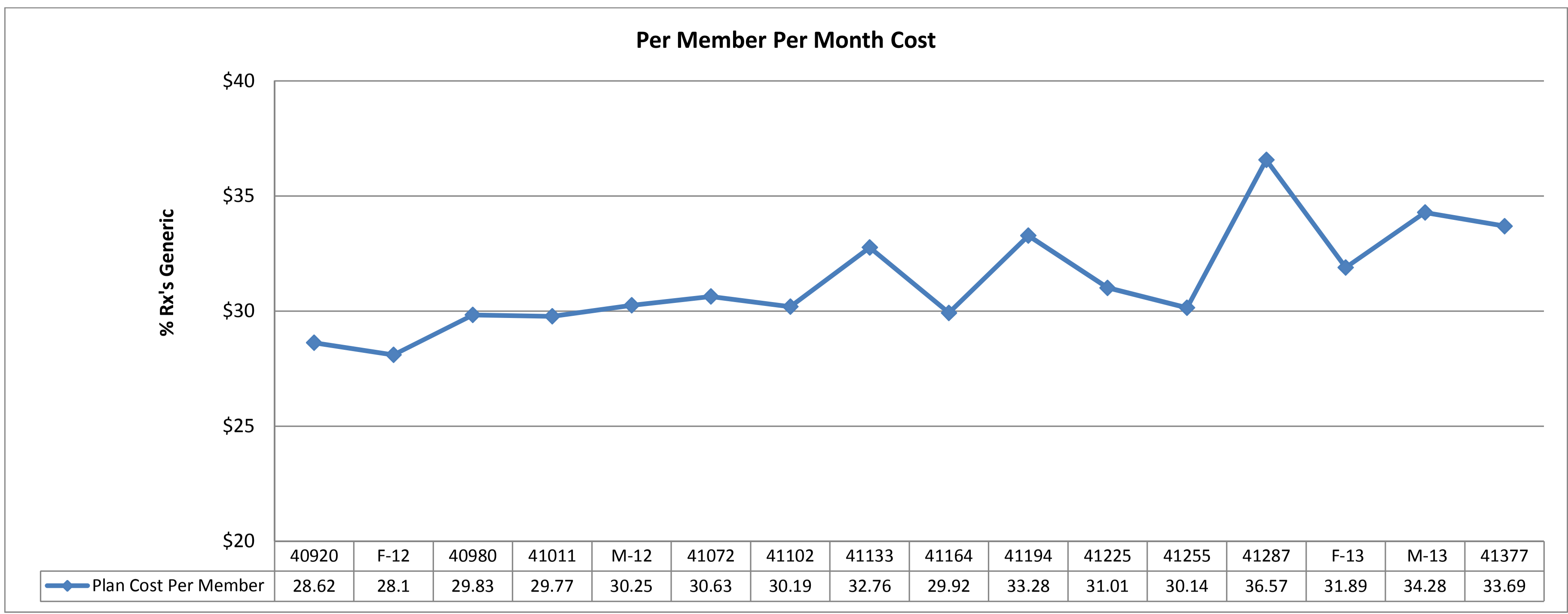

	40920	F-12	40980	41011	M-12	41072	41102	41133	41164	41194	41225	41255	41287	F-13	M-13	41377
Plan Cost Per Member	28.62	28.1	29.83	29.77	30.25	30.63	30.19	32.76	29.92	33.28	31.01	30.14	36.57	31.89	34.28	33.69

AGENDA ITEM 4c

To: Gold Coast Health Plan Executive Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: May 20, 2013

Re: March, 2013 Financials

SUMMARY:

Staff is presenting the attached March, 2013 financial statements of Gold Coast Health Plan (Plan) for approval by the Commission. This financial package was reviewed and recommended for approval by the GCHP Executive Finance Committee on May 2, 2013.

BACKGROUND / DISCUSSION:

The Plan has prepared the March, 2013 financial package, including balance sheets, income statements and statements of cash flows reflecting monthly and year-to-date information.

FISCAL IMPACT:

When compared to budget on a year-to-date basis, overall the Plan is performing slightly below budget, with an actual net loss of $1.2 million compared to a projected net loss of approximately $1.0 million. This month's net loss is after four months of positive net income. The primary reason for the loss is due to higher than expected health care costs due to winter illnesses (e.g., flu, allergies).

These results contributed to the Plan's Tangible Net Equity (TNE) deficit where the actual results generated a marginally higher deficiency of $13.5 million than expected deficiency of $13.4 million (after adjusting for additional $6 million line of credit assumed in the budget, but not realized).

Highlights of **this month's** financials include:

- Membership – The Plan had 967 more members than budgeted for the month with larger than expected enrollment in the "Family" and "Dual" categories.
- Revenue – The different distribution of enrollment led to a lower than anticipated average revenue per member per month (PMPM). Lower than expected CBAS revenue also contributed to the shortfall, resulting in overall capitation revenue of $5.80 PMPM below budget.

- Health Care Costs – The primary item that contributed to the differences between the actual ($244.52 PMPM) and budgeted costs ($232.93 PMPM) were higher than expected health care costs (including pharmacy) due seasonal illnesses (e.g., flu, allergy).

- Administrative Expenses – Overall operational costs were higher than anticipated by $1.24 PMPM. Expenses were impacted by the following items:
  - Higher than projected consulting fees from extended engagement of monitor and IT consulting.
  - Higher than expected general office expenses including non-capitalized computer equipment, furniture rental, and telephone services.
  - The increase was partially offset by lower salary and benefit costs due to timing in hiring for budgeted positions, lower than anticipated ACS claims management fees (driven by lower ancillary services billings), and timing related to purchasing of reference data.

- Cash + Medi-Cal Receivable – the Plan continues to monitor its cash balance and began certain cash management programs in February. The cash balance as of the end of March was over $46 million, compared with the revised budget at $52 million. However, the budget assumed additional line of credit funding of $6 million, which had not occurred by March 31. When the $6 million dollar line of credit is removed from the revised budget estimate ($52 million - $6 million = $46 million), the Plan's actual balance is equal to this adjusted budget amount. The actual balance included only the original $2.2 million line of credit. The County of Ventura approved an additional $5 million in April, which has not yet been funded.

RECOMMENDATION:
Staff proposes the Commission approve the March, 2013 financial package. The Executive Finance Committee recommended approval of the March, 2013 financial package during their May 2nd meeting.

CONCURRENCE:
Executive Finance Committee (05/02/2013)

Attachments:
March, 2013 Financial Package

FINANCIAL PACKAGE

FOR THE MONTH ENDED MARCH 31, 2013

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- MEMBERSHIP
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- PAID CLAIMS AND IBNP COMPOSITION
- PHARMACY COST TREND
- BALANCE SHEET
- CASH AND MEDI-CAL RECEIVABLE TREND
- STATEMENT OF CASH FLOWS

APPENDIX

- INCOME STATEMENT COMPARISON
- PMPM, INCOME STATEMENT COMPARISON
- INCOME STATEMENT FEBRUARY YTD
- STATEMENT OF CASH FLOWS YTD

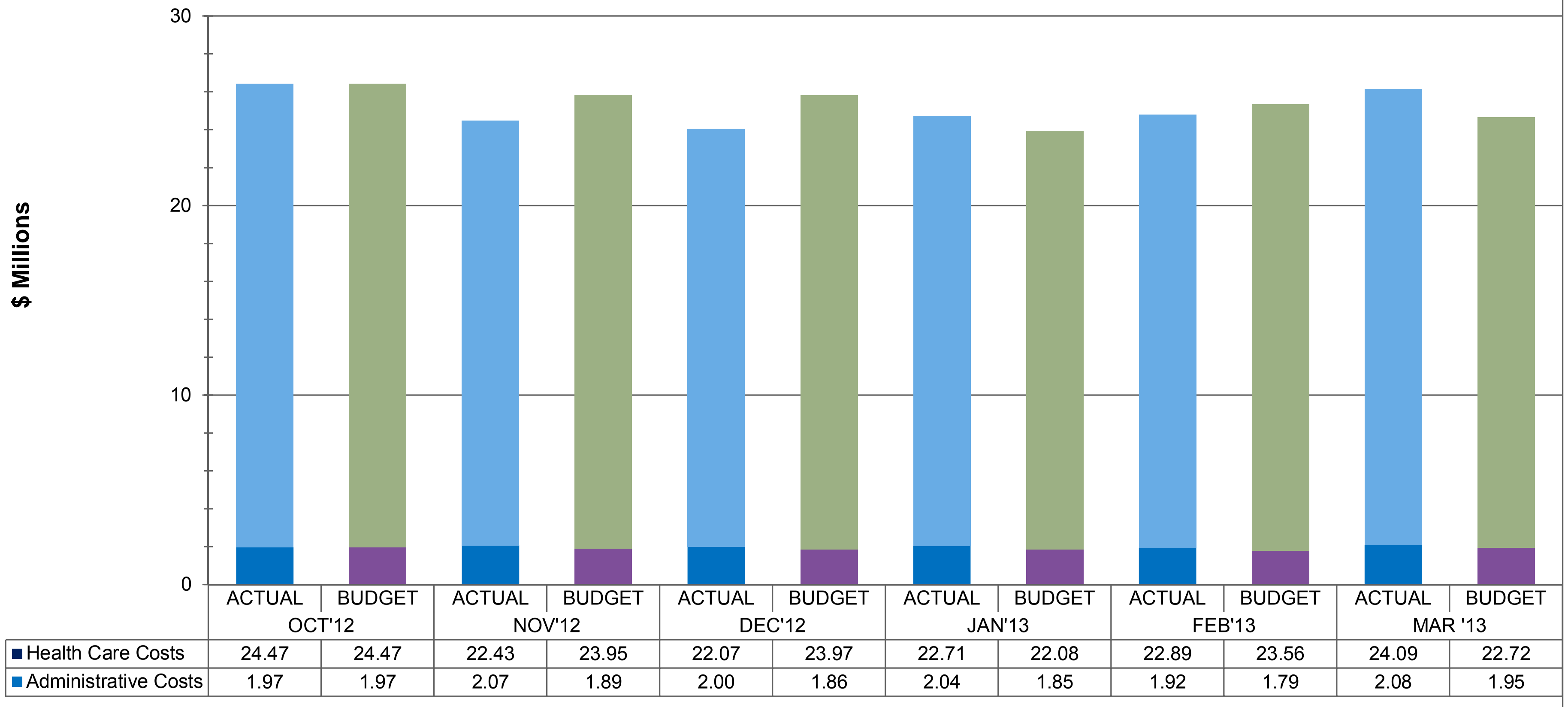
FINANCIAL OVERVIEW

Description	Audited FY 2011-12	FY 2012-13 Actual						Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
		July - Sep	Oct - Dec	Jan'13	Feb'13	Mar'13	YTD			
Member Months	1,258,189	305,220	300,604	99,595	100,522	101,443	907,384	897,840	9,544	1.1 %
Revenue	**304,635,932**	73,225,136	76,563,668	**25,291,754**	**25,424,315**	**25,698,895**	**226,203,768**	**227,650,928**	(1,447,160)	(0.6)%
pmpm	*242.12*	*239.91*	*254.70*	*253.95*	*252.92*	*253.33*	*249.29*	*253.55*	(4.26)	(1.7)%
Health Care Costs	**287,353,672**	71,648,550	68,967,923	**22,713,884**	**22,894,562**	**24,090,491**	**210,315,410**	**212,392,124**	2,076,714	1.0 %
pmpm	*228.39*	*234.74*	*229.43*	*228.06*	*227.76*	*237.48*	*231.78*	*236.56*	4.78	2.0 %
% of Revenue	94.3%	97.8%	90.1%	89.8%	90.0%	93.7%	93.0%	93.3%		
Admin Exp	**18,891,320**	4,976,867	6,036,079	**2,041,565**	**1,918,352**	**2,089,699**	**17,062,563**	**16,276,795**	(785,768)	(4.8)%
pmpm	*15.01*	*16.31*	*20.08*	*20.50*	*19.08*	*20.60*	*18.80*	*18.13*	(0.68)	(3.7)%
% of Revenue	6.2%	6.8%	7.9%	8.1%	7.5%	8.1%	7.5%	7.1%		
Net Income	**(1,609,063)**	(3,400,282)	1,559,667	**536,305**	**611,401**	**(481,295)**	**(1,174,204)**	**(1,017,991)**	(156,213)	(15.3)%
pmpm	*(1.28)*	*(11.14)*	*5.19*	*5.38*	*6.08*	*(4.74)*	*(1.29)*	*(1.13)*	(0.16)	(14.1)%
% of Revenue	-0.5%	-4.6%	2.0%	2.1%	2.4%	-1.9%	-0.5%	-0.4%		
100% TNE	16,769,368	16,693,841	16,308,936	16,270,934	16,219,716	16,264,038	16,264,038	16,413,394	(149,356)	(0.9)%
% TNE Required	36%	36%	52%	52%	52%	52%	52%	52%		
Required TNE	6,036,972	6,009,783	8,480,647	8,460,886	8,434,253	8,457,300	8,457,300	8,534,965	(77,665)	(0.9)%
GCHP TNE	**(6,031,881)**	**(9,432,163)**	**(5,672,496)**	**(5,136,192)**	**(4,524,791)**	**(5,006,086)**	**(5,006,086)**	**1,150,126**	(6,156,212)	535.3 %
TNE Excess / (Deficiency)	**(12,068,853)**	**(15,441,946)**	**(14,153,143)**	**(13,597,077)**	**(12,959,043)**	**(13,463,385)**	**(13,463,385)**	**(7,384,839)**	(6,078,546)	(82.3)%

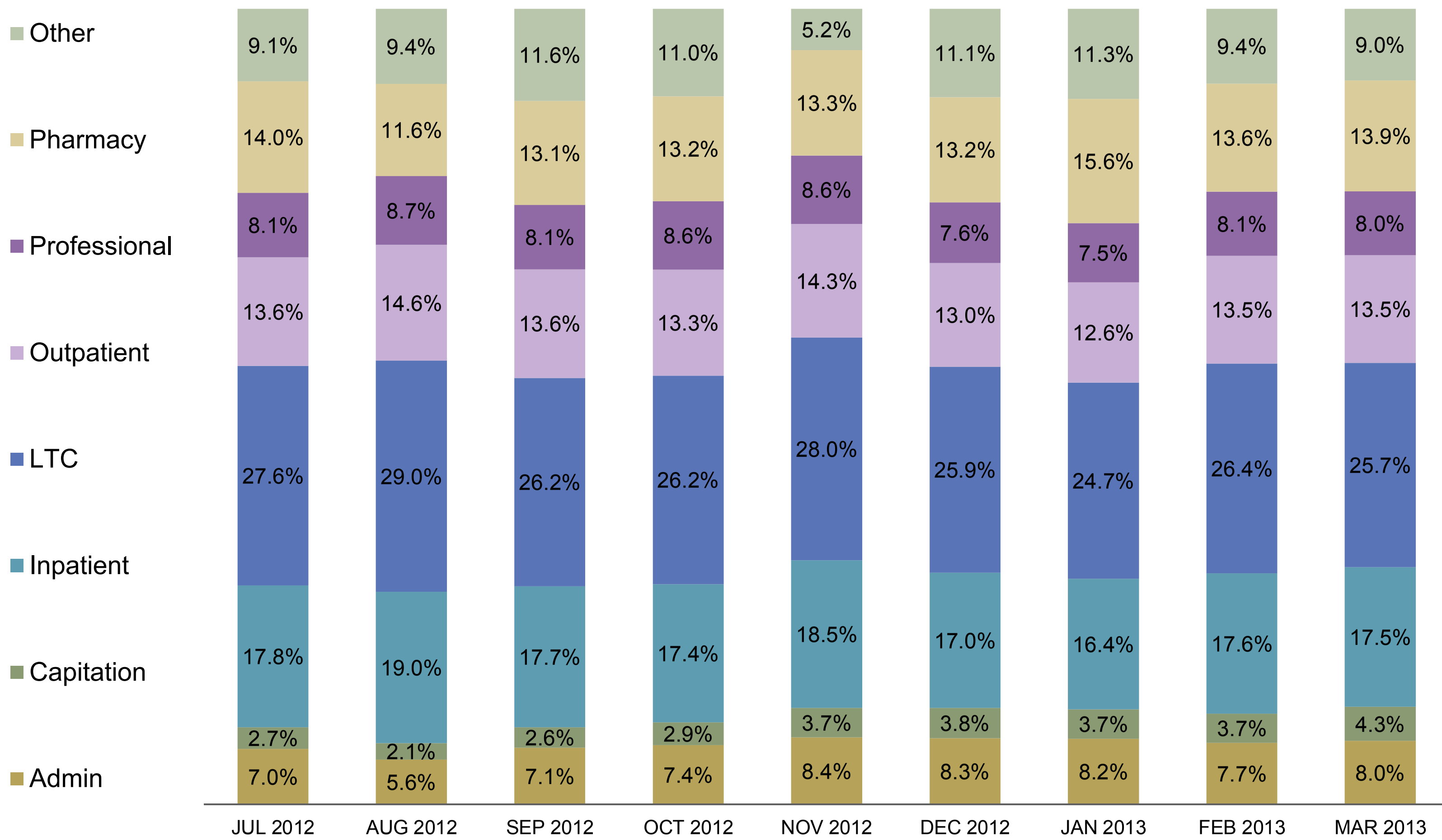
Note:

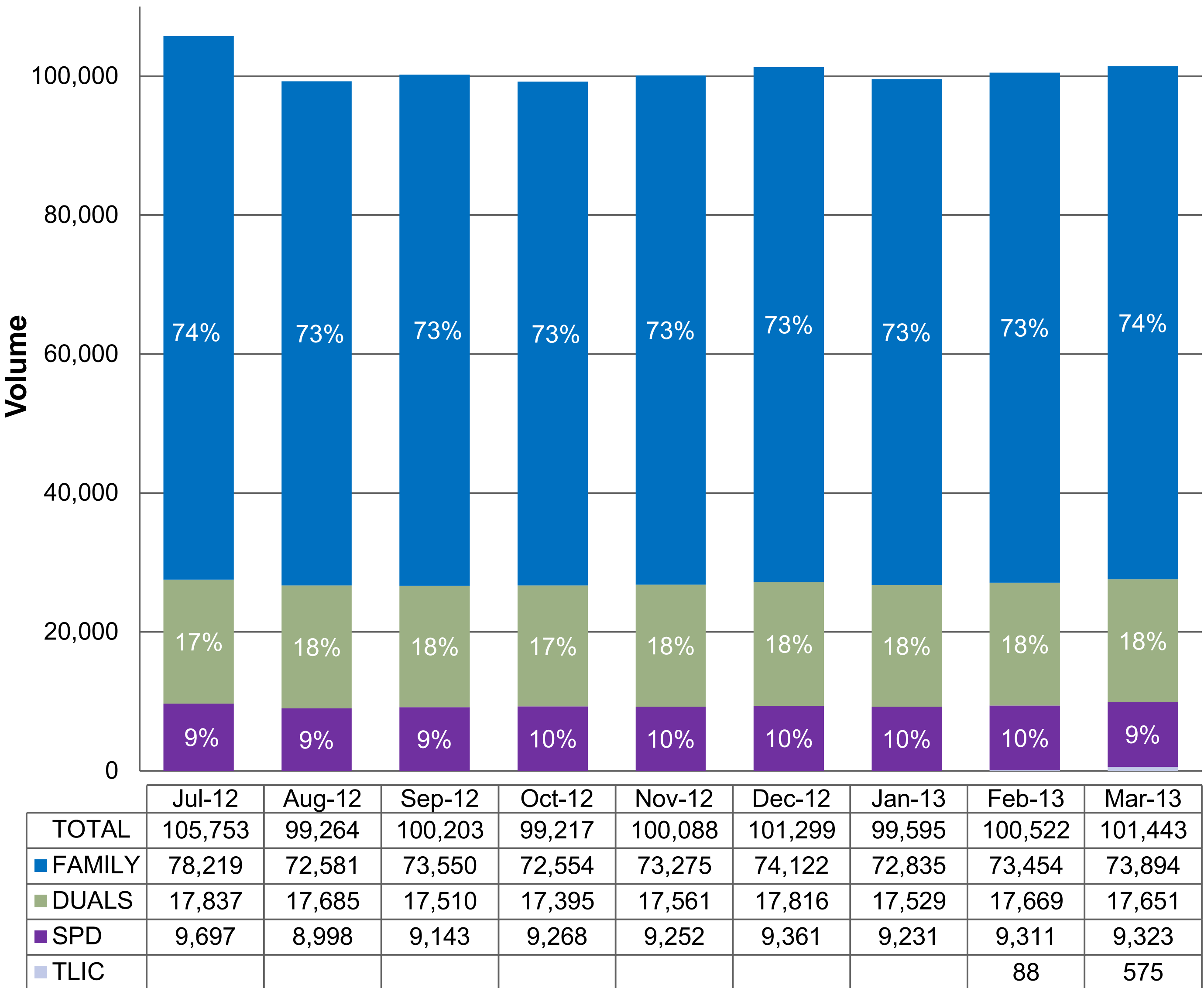
Jul-Sep- Health Care Costs include $7M IBNR addition.

Budgeted TNE assumed additional $6M subordinated debt in March '13

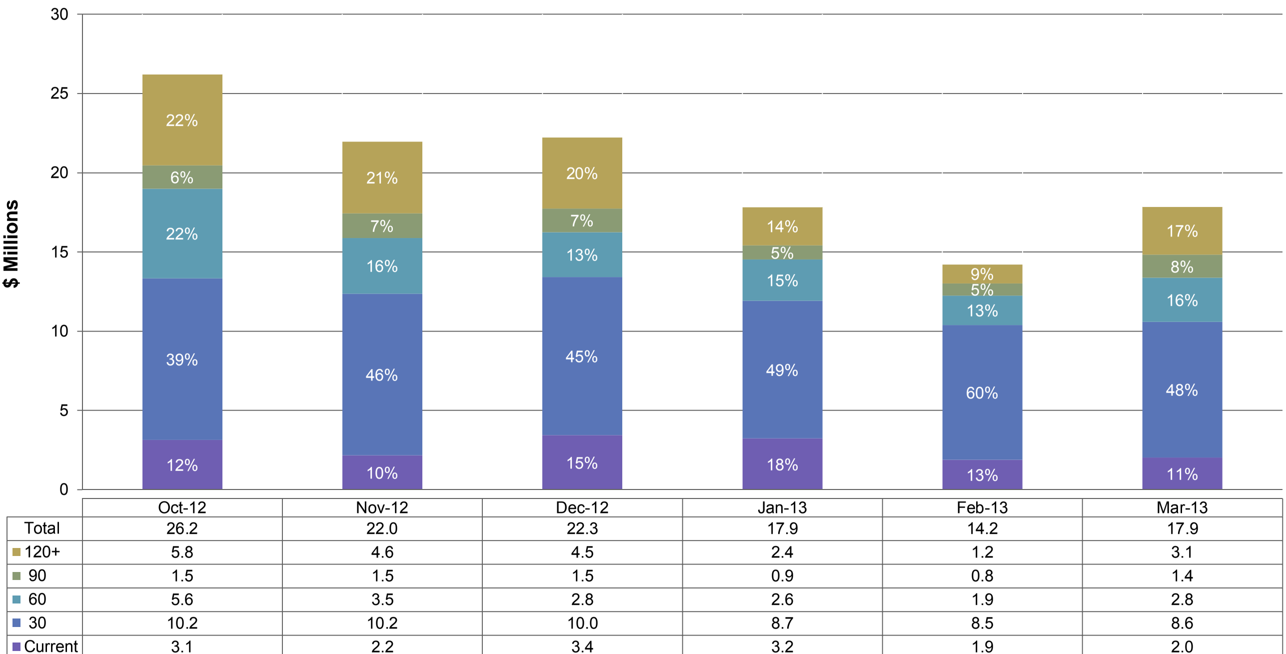


	OCT'12		NOV'12		DEC'12		JAN'13		FEB'13		MAR '13	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Health Care Costs	24.47	24.47	22.43	23.95	22.07	23.97	22.71	22.08	22.89	23.56	24.09	22.72
Administrative Costs	1.97	1.97	2.07	1.89	2.00	1.86	2.04	1.85	1.92	1.79	2.08	1.95


Total Expense Composition
Other
Pharmacy
Professional
Outpatient
LTC
Inpatient
Capitation
Admin
JUL 2012: 9.1% 14.0% 8.1% 13.6% 27.6% 17.8% 2.7% 7.0%
AUG 2012: 9.4% 11.6% 8.7% 14.6% 29.0% 19.0% 2.1% 5.6%
SEP 2012: 11.6% 13.1% 8.1% 13.6% 26.2% 17.7% 2.6% 7.1%
OCT 2012: 11.0% 13.2% 8.6% 13.3% 26.2% 17.4% 2.9% 7.4%
NOV 2012: 5.2% 13.3% 8.6% 14.3% 28.0% 18.5% 3.7% 8.4%
DEC 2012: 11.1% 13.2% 7.6% 13.0% 25.9% 17.0% 3.8% 8.3%
JAN 2013: 11.3% 15.6% 7.5% 12.6% 24.7% 16.4% 3.7% 8.2%
FEB 2013: 9.4% 13.6% 8.1% 13.5% 26.4% 17.6% 3.7% 7.7%
MAR 2013: 9.0% 13.9% 8.0% 13.5% 25.7% 17.5% 4.3% 8.0%

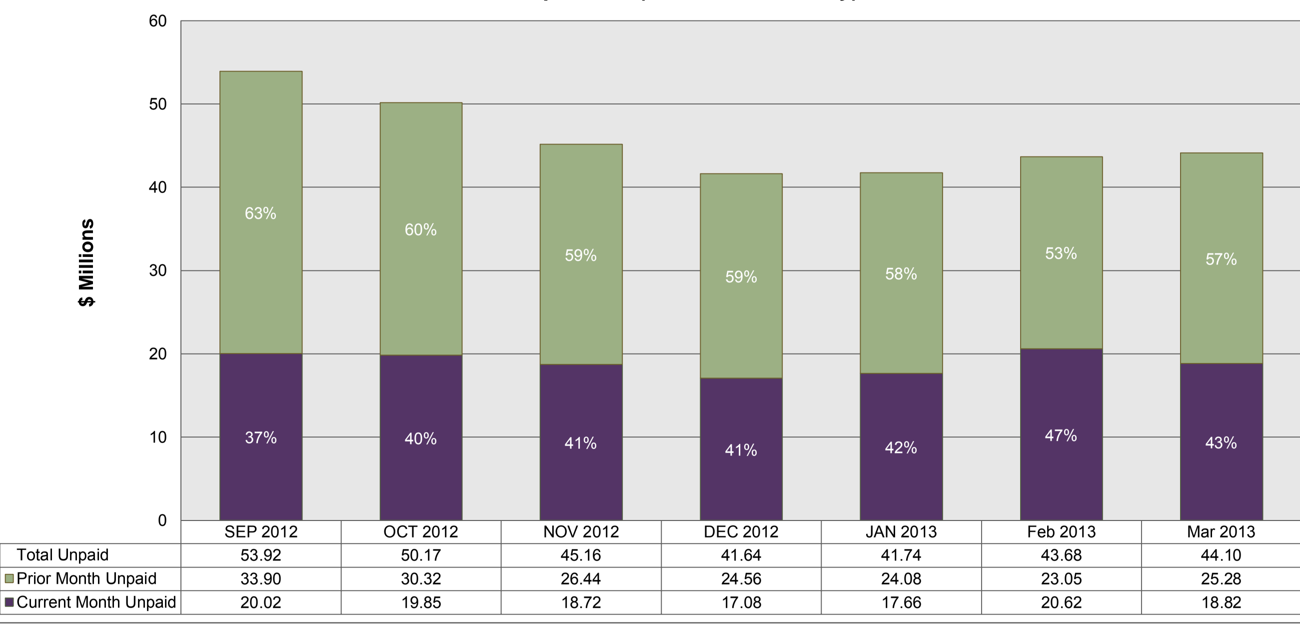


	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
TOTAL	105,753	99,264	100,203	99,217	100,088	101,299	99,595	100,522	101,443
FAMILY	78,219	72,581	73,550	72,554	73,275	74,122	72,835	73,454	73,894
DUALS	17,837	17,685	17,510	17,395	17,561	17,816	17,529	17,669	17,651
SPD	9,697	8,998	9,143	9,268	9,252	9,361	9,231	9,311	9,323
TLIC								88	575



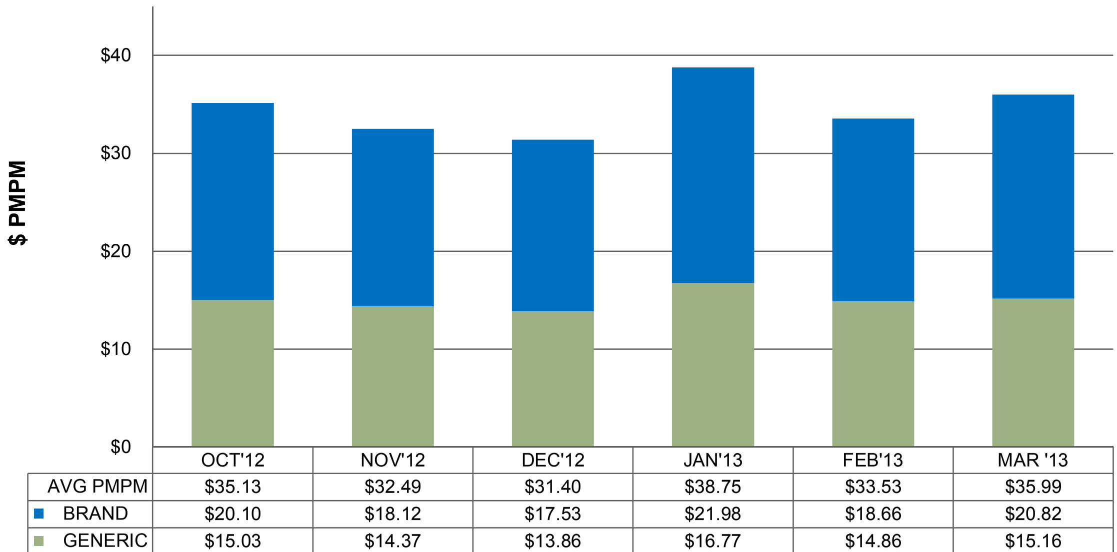
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total	26.2	22.0	22.3	17.9	14.2	17.9
120+	5.8	4.6	4.5	2.4	1.2	3.1
90	1.5	1.5	1.5	0.9	0.8	1.4
60	5.6	3.5	2.8	2.6	1.9	2.8
30	10.2	10.2	10.0	8.7	8.5	8.6
Current	3.1	2.2	3.4	3.2	1.9	2.0

Note: **Paid Claims Composition**- reflects adjusted medical claims payment lag schedule.

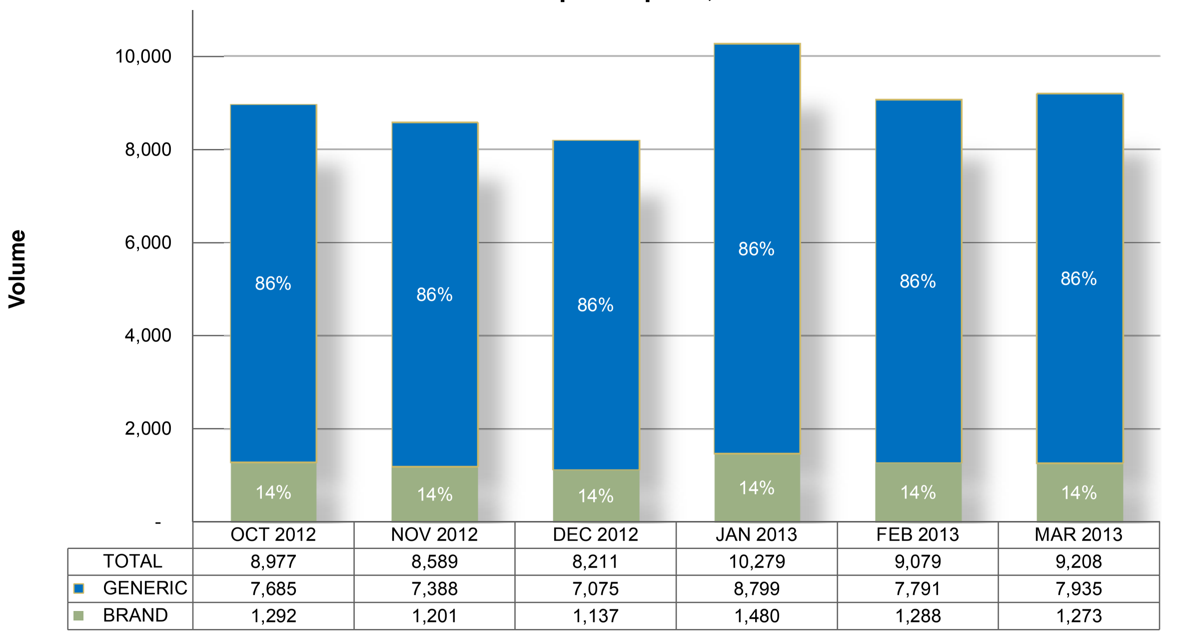


	SEP 2012	OCT 2012	NOV 2012	DEC 2012	JAN 2013	Feb 2013	Mar 2013
Total Unpaid	53.92	50.17	45.16	41.64	41.74	43.68	44.10
Prior Month Unpaid	33.90	30.32	26.44	24.56	24.08	23.05	25.28
Current Month Unpaid	20.02	19.85	18.72	17.08	17.66	20.62	18.82

Note: IBNP Composition- reflects updated medical cost reserve calculation plus total system claims payable.



	OCT'12	NOV'12	DEC'12	JAN'13	FEB'13	MAR '13
AVG PMPM	$35.13	$32.49	$31.40	$38.75	$33.53	$35.99
BRAND	$20.10	$18.12	$17.53	$21.98	$18.66	$20.82
GENERIC	$15.03	$14.37	$13.86	$16.77	$14.86	$15.16



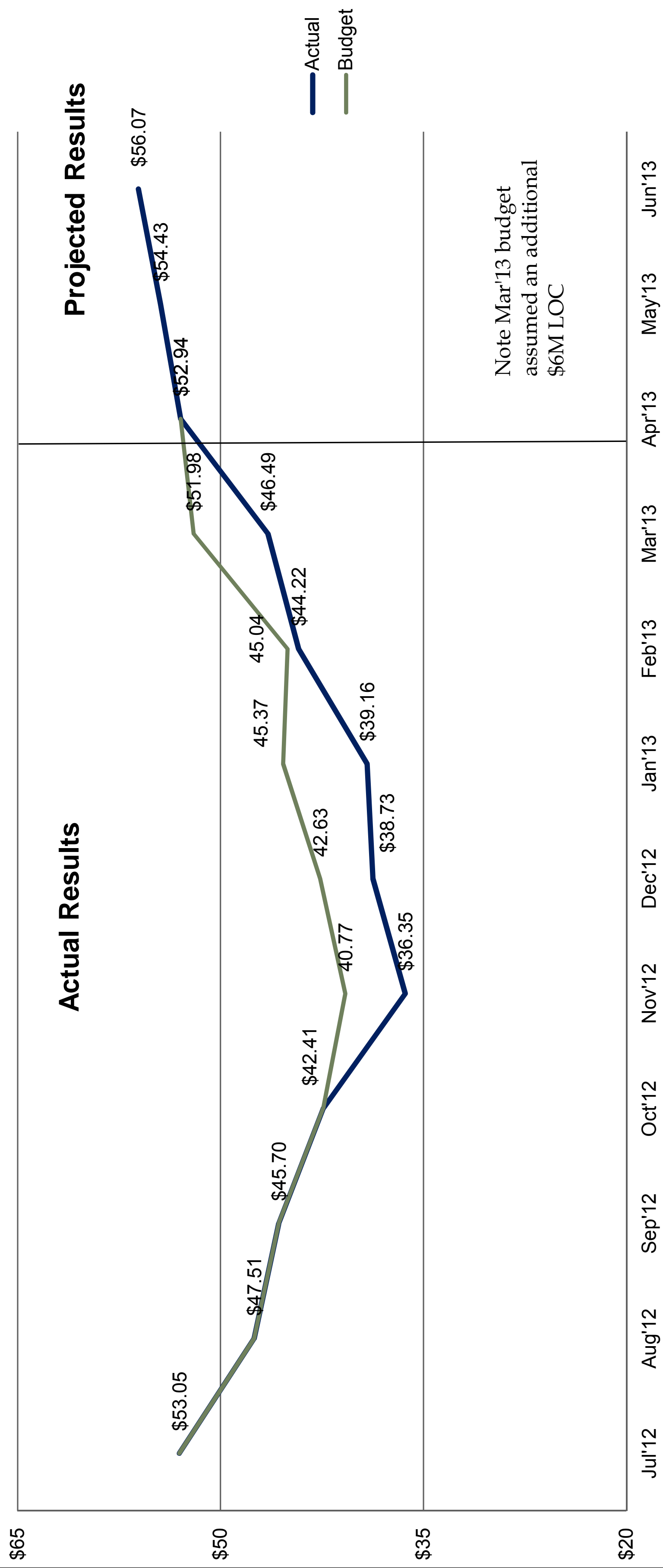
	OCT 2012	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013
TOTAL	8,977	8,589	8,211	10,279	9,079	9,208
GENERIC	7,685	7,388	7,075	8,799	7,791	7,935
BRAND	1,292	1,201	1,137	1,480	1,288	1,273

Comparative Balance Sheet

	3/31/13	2/28/13	Audited FY 2011 - 2012	Notes
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	**$ 46,487,904**	**$ 19,798,198**	**$ 25,554,098**	Ongoing impact of cash management program
Medi-Cal Receivable	-	24,424,503	28,534,938	Received March capitation payment in March
Provider Receivable	2,257,588	3,425,664	6,539,541	Continued collection of outstanding provider advances & recoveries; write-off of old receivables
Other Receivables	187,399	786,291	2,148,270	Collection of outstanding reinsurance receivable
Total Accounts Receivable	**2,444,986**	**28,636,458**	**37,222,748**	
Total Prepaid Accounts	1,204,535	1,173,780	185,797	
Total Other Current Assets	13,125	192,977	375,000	Received bank credits
Total Current Assets	**$ 50,150,550**	**$ 49,801,413**	**$ 63,337,644**	
Total Fixed Assets	**211,398**	**156,563**	**176,028**	
Total Assets	**$ 50,361,948**	**$ 49,957,976**	**$ 63,513,672**	
LIABILITIES & FUND BALANCE				
Current Liabilities				
Incurred But Not Reported	$ 34,794,210	$ 32,343,457	$ 52,610,895	
Claims Payable	9,310,045	11,331,990	10,357,609	
Capitation Payable	948,127	911,344	633,276	
Accrued Premium Reduction	4,340,655	2,797,445	1,914,157	Increase due to State for potential difference in rates
Accounts Payable	1,979,831	3,268,197	886,715	
Accrued ACS	1,170,323	1,159,035	200,000	
Accrued Expenses	403,998	232,490	-	
Accrued Premium Tax	604,580	604,398	602,900	
Accrued Interest Payable	3,459	2,412	-	
Current Portion of Deferred Revenue	460,000	460,000	460,000	
Accrued Payroll Expense	151,139	90,331	-	
Current Portion Of Long Term Debt	166,667	208,333	500,000	Original $1 million pre-implemention cost
Total Current Liabilities	**$ 54,333,034**	**$ 53,409,433**	**$ 68,165,553**	
Long-Term Liabilities				
Other Long-term Liability	-	-	-	
Deferred Revenue - Long Term Portion	1,035,000	1,073,333	1,380,000	Original $2.3M Implementation Payment
Notes Payable	2,200,000	2,200,000	-	Subordinated Line of Credit of $2.2M
Total Long-Term Liabilities	**3,235,000**	**3,273,333**	**1,380,000**	
Total Liabilities	**$ 57,568,034**	**$ 56,682,767**	**$ 69,545,553**	
Beginning Fund Balance	(6,031,881)	(6,031,881)	(4,422,819)	
Net Income Current Year	(1,174,204)	(692,909)	(1,609,062)	
Total Fund Balance	**(7,206,085)**	**(6,724,790)**	**(6,031,881)**	
Total Liabilities & Fund Balance	**$ 50,361,948**	**$ 49,957,976**	**$ 63,513,672**	

FINANCIAL INDICATORS

	3/31/13	2/28/13	Audited FY 2011 - 2012
Current Ratio	92.3%	93.2%	92.9%
Days Cash on Hand	50	22	30
Days Cash + State Capitation Receivable	50	50	64


CASH AND MEDI-CAL RECEIVABLE TREND
Actual Results
Projected Results
Actual
Budget
$65
$50
$35
$20
Jul'12
Aug'12
Sep'12
Oct'12
Nov'12
Dec'12
Jan'13
Feb'13
Mar'13
Apr'13
May'13
Jun'13
$53.05
$47.51
$45.70
$42.41
40.77
$36.35
42.63
$38.73
45.37
$39.16
45.04
$44.22
$51.98
$46.49
$52.94
$54.43
$56.07
Note Mar'13 budget
assumed an additional
$6M LOC

Statement of Cash Flows

	MAR'13	FEB'13
Cash Flow From Operating Activities		
Collected Premium	$ 51,621,583	$ 583,217
Miscellaneous Income	6,873	6,478
Paid Claims		
Medical & Hospital Expenses	(16,458,829)	(13,521,936)
Pharmacy	(3,640,696)	(4,179,429)
Capitation	(1,086,244)	(921,432)
Reinsurance of Claims	(227,620)	(228,352)
Reinsurance Recoveries		
Payment of Withhold/Risk Sharing Incentive		
Paid Administration	(3,466,971)	(1,101,351)
Repay Initial Net Liabilities		
MCO Taxes Expense	-	-
Net Cash Provided/(Used) by Operating Activities	**26,748,095**	**(19,362,804)**
Cash Flow From Investing/Financing Activities		
Proceeds from Line of Credit	-	-
Repayments on Line of Credit	-	-
Net Acquisition of Property/Equipment	(58,389)	-
Net Cash Provided/(Used) by Investing/Financing	**(58,389)**	**-**
Net Cash Flow	**$ 26,689,706**	**$ (19,362,804)**
Cash and Cash Equivalents (Beg. of Period)	19,798,198	39,161,003
Cash and Cash Equivalents (End of Period)	46,487,904	19,798,198
	$ 26,689,706	**$ (19,362,804)**
Adjustment to Reconcile Net Income to Net Cash Flow		
Net (Loss) Income	(481,295)	611,401
Depreciation & Amortization	3,554	3,554
Decrease/(Increase) in Receivables	26,191,472	(22,702,415)
Decrease/(Increase) in Prepaids & Other Current Assets	149,097	18,206
(Decrease)/Increase in Payables	499,494	854,092
(Decrease)/Increase in Other Liabilities	(80,000)	(80,000)
Change in MCO Tax Liability	182	3
Changes in Claims and Capitation Payable	(1,985,163)	2,043,847
Changes in IBNR	2,450,753	(111,492)
	26,748,095	(19,362,804)
Net Cash Flow from Operating Activities	**$ 26,748,095**	**$ (19,362,804)**

APPENDIX

Income Statement Comparison

	Actual Monthly Trend			Mar-13 Month-To-Date		Variance	Explanation
	Dec'12	Jan'13	Feb 13	Actual	Budget	Fav/(Unfav)	
Membership	97,745	97,745	97,691	98,520	97,553	967	Gains in Adult/Family & Duals categories
Revenue:							
Premium	$ 25,759,968	$ 25,377,074	$ 25,469,855	$ 25,821,551	$ 26,086,196	$ (264,645)	
Reserve for Rate Reduction	(129,959)	(127,606)	(90,347)	(167,680)	(127,064)	(40,616)	
MCO Premium Tax	21	63	(3)	(182)	(783)	601	
Total Net Premium	**25,630,030**	**25,249,532**	**25,379,504**	**25,653,689**	**25,958,350**	**(304,661)**	
Other Revenue:							
Interest Income	7,899	3,889	6,478	6,873	15,652	(8,779)	
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	-	
Total Other Revenue	46,233	42,223	44,811	45,206	**53,985**	(8,779)	
Total Revenue	**25,676,263**	**25,291,754**	**25,424,315**	**25,698,895**	**26,012,335**	**(313,440)**	
Medical Expenses:							
Capitation (PCP & Specialty)	917,020	921,432	911,344	1,123,027	946,391	(176,636)	Now includes NEMT capitation
Incurred Claims:							
Inpatient	4,093,335	4,054,978	4,376,271	4,594,575	3,736,598	(857,977)	
LTC/SNF	6,228,689	6,107,181	6,546,009	6,718,243	6,685,986	(32,257)	
Outpatient	2,458,657	2,438,523	2,629,778	2,776,364	2,918,889	142,525	
Laboratory and Radiology	206,113	204,418	221,259	232,801	226,525	(6,276)	
Emergency Room Facility Services	474,523	472,684	509,253	537,953	365,790	(172,163)	
Physician Specialty Services	1,838,999	1,849,915	2,000,658	2,102,513	1,770,939	(331,574)	
Pharmacy	3,180,407	3,859,639	3,370,333	3,650,281	3,147,735	(502,547)	
Other Medical Professional	332,271	199,667	280,898	225,650	245,349	19,699	
Other Medical Care Expenses	732	-	-	647		(647)	
Other Fee For Service Expense	1,426,578	1,401,900	1,512,773	1,574,293	1,509,075	(65,218)	
Transportation	275,536	299,590	187,014	102,868	251,253	148,385	Run-out of NEMT FFS expenses plus ER Transportation
Total Claims	20,515,839	20,888,495	21,634,246	22,516,189	20,858,138	(1,658,050)	
Medical & Care Management Exp	560,329	666,197	613,599	631,474	684,775	53,301	
Reinsurance	225,793	225,793	(374,504)	227,620	233,651	6,031	Reflects net reinsurance typically; Mar reflects premium only (no recoveries)
Claims Recoveries	(150,917)	11,968	109,876	(407,819)	-	407,819	Additional provider recoveries not allocated to specific categories of service
Sub-total	635,205	903,958	348,972	451,275	918,426	467,151	
Total Cost of Health Care	**22,068,065**	**22,713,884**	**22,894,562**	**24,090,491**	**22,722,955**	**(1,367,535)**	
Contribution Margin	**3,608,198**	**2,577,870**	**2,529,753**	**1,608,404**	**3,289,379**	**(1,680,975)**	
General & Administrative Expenses:							
Salaries and Wages	354,451	474,339	374,176	457,668	493,962	36,294	
Payroll Taxes and Benefits	88,331	106,130	81,676	91,493	99,396	7,903	
Total Travel and Training	2,996	1,546	5,050	4,398	4,503	105	
Outside Service - ACS	916,305	883,861	891,100	904,052	938,358	34,307	
Outside Services - Other	44,810	28,663	30,339	24,294	69,564	45,270	
Accounting & Actuarial Services	37,529	25,350	21,061	18,828	30,400	11,573	
Legal Expense	41,114	47,724	31,577	24,015	32,350	8,335	
Insurance	9,245	9,245	9,245	9,245	10,792	1,547	
Lease Expense - Office	15,977	15,983	25,980	25,980	27,630	1,650	
Consulting Services Expense	379,747	312,781	336,440	401,116	132,560	(268,556)	Continued state monitor consulting, IT positions filled by consultants
Translation Services	4,101	328	1,182	2,515	20,770	18,255	
Advertising and Promotion Expense	2,645	196	-	-	2,500	2,500	
General Office Expenses	48,327	76,509	103,468	86,891	63,248	(23,643)	Furniture rental, telephone reconfigurations, monitors
Depreciation & Amortization Expense	3,554	3,554	3,554	3,554	6,497	2,944	
Printing Expense	1,276	14,767	1,645	1,722	6,728	5,006	
Shipping & Postage Expense	21,825	395	349	5,507	1,678	(3,829)	
Interest Exp	29,643	40,195	1,511	28,423	7,727	(20,696)	Large interest adjustment occurred in Feb
Total G & A Expenses	**2,001,876**	**2,041,565**	**1,918,352**	**2,089,699**	**1,948,664**	**(141,036)**	
Net Income / (Loss)	**$ 1,606,322**	**$ 536,305**	**$ 611,401**	**$ (481,295)**	**$ 1,340,716**	**$ (1,822,011)**	

PMPM Income Statement Comparison

	Actual Monthly Trend			Feb'13 Month-To-Date		Variance
	Dec'12	Jan'13	Feb'13	Actual	Budget	Fav/(Unfav)
Members (Member/Months)	97,745	97,745	97,691	98,520	97,553	967
Revenue:						
Premium	263.54	259.63	260.72	262.09	267.41	(5.31)
Reserve for Rate Reduction	(1.33)	(1.31)	(0.92)	(1.70)	(1.30)	(0.40)
MCO Premium Tax	0.00	0.00	(0.00)	(0.00)	(0.01)	0.01
Total Net Premium	**262.21**	**258.32**	**259.79**	**260.39**	**266.09**	**(5.70)**
Other Revenue:						
Interest Income	0.08	0.04	0.07	0.07	0.16	(0.09)
Miscellaneous Income	0.39	0.39	0.39	0.39	0.39	(0.00)
Total Other Revenue	**0.47**	**0.43**	**0.46**	**0.46**	**0.53**	**(0.07)**
Total Revenue	**262.69**	**258.75**	**260.25**	**260.85**	**266.65**	**(5.80)**
Medical Expenses:						
Capitation	9.38	9.43	9.33	11.40	9.70	1.70
Incurred Claims:						
Inpatient	41.88	41.49	44.80	46.64	38.30	(8.33)
LTC/SNF	63.72	62.48	67.01	68.19	68.54	0.35
Outpatient	25.15	24.95	26.92	28.18	29.92	1.74
Laboratory and Radiology	2.11	2.09	2.26	2.36	2.32	(0.04)
Emergency Room Facility Services	4.85	4.84	5.21	5.46	3.75	(1.71)
Physician Specialty Services	18.81	18.93	20.48	21.34	18.15	(3.19)
Pharmacy	32.54	39.49	34.50	37.05	32.27	(4.78)
Other Medical Professional	3.40	2.04	2.88	2.29	2.52	0.22
Other Medical Care Expenses	0.01	-	-	0.01	-	(0.01)
Other Fee For Service Expense	14.59	14.34	15.49	15.98	15.47	(0.51)
Transportation FFS	2.82	3.07	1.91	1.04	2.58	1.53
Total Claims	209.89	213.70	221.46	228.54	213.81	(14.73)
Medical & Care Management	5.73	6.82	6.28	6.41	7.02	0.61
Reinsurance	2.31	2.31	(3.83)	2.31	2.40	0.08
Claims Recoveries	(1.54)	0.12	1.12	(4.14)	-	4.14
Sub-total	6.50	9.25	3.57	4.58	9.07	4.49
Total Cost of Health Care	225.77	232.38	234.36	244.52	232.93	(11.59)
Contribution Margin	36.91	26.37	25.90	16.33	**33.72**	**(17.39)**
Administrative Expenses						
Salaries and Wages	3.63	4.85	3.83	4.65	5.06	0.42
Payroll Taxes and Benefits	0.90	1.09	0.84	0.93	1.02	0.09
Total Travel and Training	0.03	0.02	0.05	0.04	0.05	0.00
Outside Service - ACS	9.37	9.04	9.12	9.18	9.62	0.44
Outside Services - Other	0.46	0.29	0.31	0.25	0.71	0.47
Accounting & Actuarial Services	0.38	0.26	0.22	0.19	0.31	0.12
Legal Expense	0.42	0.49	0.32	0.24	0.33	0.09
Insurance	0.09	0.09	0.09	0.09	0.11	0.02
Lease Expense -Office	0.16	0.16	0.27	0.26	0.28	0.02
Consulting Services Expense	3.89	3.20	3.44	4.07	1.36	(2.71)
Translation Services	0.04	0.00	0.01	0.03	0.21	0.19
Advertising and Promotion Expense	0.03	0.00	-	-	0.03	0.03
General Office Expenses	0.49	0.78	1.06	0.88	0.65	(0.23)
Depreciation & Amortization Expense	0.01	0.15	0.04	0.04	0.07	0.03
Printing Expense	0.22	0.00	0.02	0.02	0.07	0.05
Shipping & Postage Expense	0.30	0.41	0.00	0.06	0.02	(0.04)
Interest Exp	-	-	0.02	0.29	0.08	(0.21)
Total Administrative Expenses	**20.48**	**20.89**	**19.64**	**21.21**	**19.98**	**(1.24)**
Net Income / (Loss)	**16.43**	**5.49**	**6.26**	**(4.89)**	**13.74**	**(18.63)**

Income Statement Comparison
For The Nine Months Ended March 31, 2013

	Mar'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership	874,061	869,535	4,526
Revenue:			
Premium	$ 226,820,785	$ 228,219,070	$ (1,398,285)
Reserve for Rate Reduction	(1,050,970)	(1,041,818)	(9,152)
MCO Premium Tax	(1,680)	(5,423)	3,743
Total Net Premium	**225,768,135**	**227,171,829**	**(1,403,694)**
Other Revenue:			
Interest Income	90,634	134,099	(43,465)
Miscellaneous Income	345,000	345,000	(0)
Total Other Revenue	435,633	**479,099**	(43,466)
Total Revenue	**226,203,768**	**227,650,928**	**(1,447,160)**
Medical Expenses:			
Capitation	7,403,632	7,352,513	(51,119)
Incurred Claims:			
Inpatient	40,230,273	40,022,413	(207,860)
LTC/SNF	60,642,567	62,305,683	1,663,116
Outpatient	24,186,279	25,640,157	1,453,878
Laboratory and Radiology	2,030,787	2,088,240	57,453
Emergency Room Facility Services	4,684,742	4,658,953	(25,789)
Physician Specialty Services	18,556,855	17,972,851	(584,004)
Pharmacy	30,580,485	28,960,159	(1,620,326)
Other Medical Professional	2,499,237	2,426,906	(72,331)
Other Medical Care Expenses	4,958		(4,958)
Other Fee For Service Expense	13,924,771	14,141,210	216,439
Transportation	2,419,581	2,617,534	197,953
Total Claims	199,760,535	200,834,106	1,073,571
Medical & Care Management Expense	5,208,165	5,275,768	67,603
Reinsurance	129,989	(1,070,263)	(1,200,252)
Claims Recoveries	(2,186,912)	-	2,186,912
Sub-total	3,151,243	4,205,505	1,054,262
Total Cost of Health Care	**210,315,410**	**212,392,124**	**2,076,714**
Contribution Margin	**15,888,359**	**15,258,804**	**629,555**
General & Administrative Expenses:			
Salaries and Wages	3,261,383	3,240,144	(21,239)
Payroll Taxes and Benefits	832,280	797,745	(34,535)
Total Travel and Training	46,068	49,032	2,964
Outside Service - ACS	8,201,976	8,224,229	22,253
Outside Service - RGS	23,674	23,674	0
Outside Services - Other	380,133	387,396	7,263
Accounting & Actuarial Services	260,306	173,627	(86,679)
Legal Expense	285,136	234,536	(50,600)
Insurance	77,232	82,366	5,134
Lease Expense - Office	153,695	159,046	5,351
Consulting Services Expense	2,311,794	1,900,736	(411,058)
Translation Services	13,453	28,568	15,115
Advertising and Promotion Expense	9,491	11,650	2,159
General Office Expenses	670,241	529,352	(140,889)
Depreciation & Amortization Expense	31,899	36,630	4,731
Printing Expense	50,269	62,424	12,155
Shipping & Postage Expense	45,040	34,239	(10,801)
Interest Exp	408,495	301,401	(107,094)
Total G & A Expenses	**17,062,563**	**16,276,795**	**(785,768)**
Net Income / (Loss)	**$ (1,174,204)**	**$ (1,017,991)**	**$ (156,213)**

Statement of Cash Flows

	MAR '13 YTD
Cash Flow From Operating Activities	
Collected Premium	$ 256,731,251
Miscellaneous Income	90,634
Paid Claims	
Medical & Hospital Expenses	(179,573,280)
Pharmacy	(30,909,696)
Capitation	(7,088,781)
Reinsurance of Claims	(2,298,890)
Reinsurance Recoveries	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(18,150,164)
Repay Initial Net Liabilities	-
MCO Taxes Expense	-
Net Cash Provided/(Used) by Operating Activities	**18,801,074**
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	2,200,000
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(67,268)
Net Cash Provided/(Used) by Investing/Financing	**2,132,732**
Net Cash Flow	**$ 20,933,806**
Cash and Cash Equivalents (Beg. of Period)	25,554,098
Cash and Cash Equivalents (End of Period)	46,487,904
	$ 20,933,806
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	(1,174,204)
Depreciation & Amortization	31,899
Decrease/(Increase) in Receivables	34,777,762
Decrease/(Increase) in Prepaids & Other Current Assets	(656,862)
(Decrease)/Increase in Payables	5,048,533
(Decrease)/Increase in Other Liabilities	(678,334)
Change in MCO Tax Liability	1,680
Changes in Claims and Capitation Payable	(732,713)
Changes in IBNR	(17,816,685)
	18,801,074
Net Cash Flow from Operating Activities	**$ 18,801,074**

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Top 12 Drugs by Dollar

March 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
BENEFIX	1	$147,627.89	$147,627.89
NEULASTA	29	$124,691.90	$4,299.72
ADVAIR DISKU	373	$85,266.76	$228.60
LANTUS	463	$76,342.00	$164.89
VENTOLIN HFA	1532	$60,294.09	$39.36
OMEPRAZOLE	1442	$46,423.50	$32.19
DIVALPROEX	473	$46,067.28	$97.39
FLUTICASONE	1035	$44,363.54	$42.86
HYDROCO/APAP	2732	$42,278.36	$15.48
PANTOPRAZOLE	566	$40,717.17	$71.94
VENLAFAXINE	321	$40,216.36	$125.28
ENBREL SRCLK	17	$38,991.01	$2,293.59

SCRIPT CARE, LTD.

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Top 12 Drugs by Rx

March 2013

Medication	# of Scripts	Amount Paid	Amount Paid/ Rx
HYDROCO/APAP	2732	$42,278.36	$15.48
AMOXICILLIN	2063	$13,170.95	$6.38
METFORMIN	1587	$9,056.86	$5.71
VENTOLIN HFA	1532	$60,294.09	$39.36
IBUPROFEN	1521	$5,347.66	$3.52
OMEPRAZOLE	1442	$46,423.50	$32.19
LEVOTHYROXIN	1281	$8,356.57	$6.52
IBUPROFEN	1279	$9,049.50	$7.08
LISINOPRIL	1199	$4,387.83	$3.66
LORATADINE	1170	$8,977.92	$7.67
FLUTICASONE	1035	$44,363.54	$42.86
AZITHROMYCIN	1005	$24,807.54	$24.68

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Top 12 Drugs by Therapeutic Class

March 2013

Code	Therapeutic Class	# of Scripts	Amount Paid
44	Antiasthmatic	3765	$333,227.70
27	Antidiabetic	3863	$281,926.45
72	Anticonvulsant	4171	$249,236.10
58	Antidepressants	4760	$180,927.62
61	Stimulants/Anti-Obesity Anorexiants	1135	$174,924.55
85	Misc. Hematological	158	$166,921.63
66	Analgesics-Anti-Inflammatory	3668	$161,137.53
21	Antineoplastics	295	$155,521.38
65	Analgesics-Narcotic	4460	$146,394.59
82	Hematopoitic Agents	1743	$141,533.66
49	Ulcer Drugs	2778	$120,794.66
40	Misc. Cardiovascular	25	$103,253.50

SCRIPT CARE, LTD.

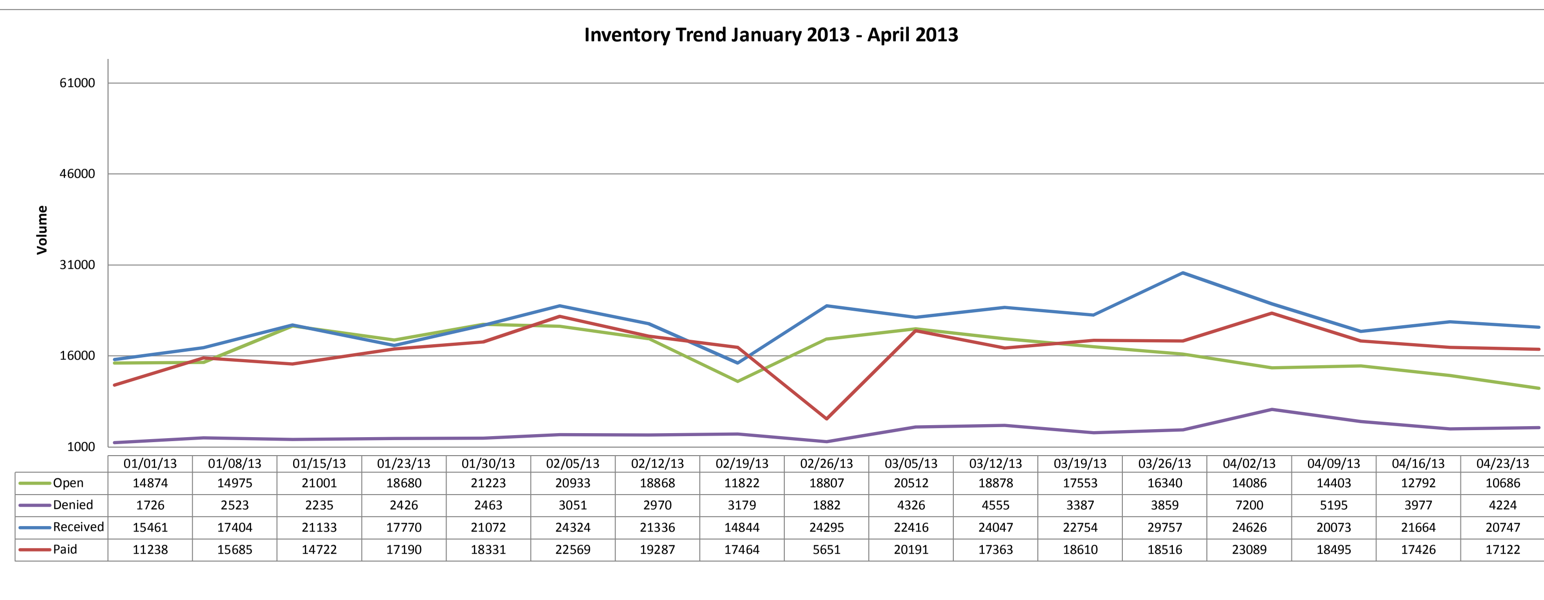
Gold Coast Health Plan - Inventory Trend Comparison

From 01/01/13 thru 04/23/13

Week	Open	Denied	Received	Paid	
01/01/13	14874	1726	15461	11238	
01/08/13	14975	2523	17404	15685	
01/15/13	21001	2235	21133	14722	
01/23/13	18680	2426	17770	17190	*inventory day late due to delayed payment run
01/30/13	21223	2463	21072	18331	*inventory day late due to delayed payment run
02/05/13	20933	3051	24324	22569	
02/12/13	18868	2970	21336	19287	
02/19/13	11822	3179	14844	17464	
02/26/13	18807	1882	24295	5651	*Check run time moved from 5:30pm to 12:00pm. Claims processed after 12pm will reflect on next report.
03/05/13	20512	4326	22416	20191	
03/12/13	18878	4555	24047	17363	
03/19/13	17553	3387	22754	18610	
03/26/13	16340	3859	29757	18516	
04/02/13	14086	7200	24626	23089	
04/09/13	14403	5195	20073	18495	
04/16/13	12792	3977	21664	17426	
04/23/13	10686	4224	20747	17122	

Month*	Open	Denied	Received	Paid	# GCHP business days	Average Received in Month	Average Paid in Month
January	90753	11373	92840	77166	21	4,421	3,675
February	70430	11082	84799	64971	19	4,463	3,420
March	73283	16127	98974	74680	21	4,713	3,556
April	51967	20596	87110	76132 note - not a complete month			

* Counts of claims may actually span an earlier or later month than shown and are summarized according to weekly check run.



	01/01/13	01/08/13	01/15/13	01/23/13	01/30/13	02/05/13	02/12/13	02/19/13	02/26/13	03/05/13	03/12/13	03/19/13	03/26/13	04/02/13	04/09/13	04/16/13	04/23/13
Open	14874	14975	21001	18680	21223	20933	18868	11822	18807	20512	18878	17553	16340	14086	14403	12792	10686
Denied	1726	2523	2235	2426	2463	3051	2970	3179	1882	4326	4555	3387	3859	7200	5195	3977	4224
Received	15461	17404	21133	17770	21072	24324	21336	14844	24295	22416	24047	22754	29757	24626	20073	21664	20747
Paid	11238	15685	14722	17190	18331	22569	19287	17464	5651	20191	17363	18610	18516	23089	18495	17426	17122

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May 20, 2013

Tatum Team

Cassie Undlin

Debbie Rieger

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Tatum Status Update

Tatum is concentrating on five primary areas for their engagement:

- *Project Management* – providing oversight on key initiatives.
- *Staff Evaluation and Development* – improving departmental cohesiveness through development of policies and procedures, making staffing recommendations and restructuring where needed.
- *Operational Optimization* – assessing the "as is" state of current operations, and recommending and/or developing tools to further enhance operations.
- *System Optimization and Configuration* – working with internal and external resources to enhance and further automate key processes.
- *Transitioning* – transferring work to GCHP staff with appropriate amount of training and documentation

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Transition Plan:

Transition Item:	GCHP Resource:	Completion Date:
Project Management		
• Specialty contract	Ruth Watson, COO	June 30
• Plan to Plan toolkit	Ruth Watson, COO/Sherri Bennett, Network Management	June 30
• Enrollment issues	Luis Aguilar, Member Services	June 30
• Long term care	Target	June 1
• Recoveries Management	Percy Mayfield, Claims Manager	June 30
Staff Evaluation/Development		
• IT Director	Melissa Scrymgeour, IT Director	Complete
• Network Management	Ruth Watson, COO	June 30
• Member Services	Ruth Watson, COO	June 30
• Claims	Ruth Watson, COO	June 30
• Interdepartmental communications	Ruth Watson, COO	June 30
• Vendor Management	Ruth Watson, COO	June 30

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Transition Plan:

Transition Item:	GCHP Resource:	Completion Date:
Operational Optimization		
• Claims Processing	Ruth Watson, COO/ Percy Mayfield	June 30
• Network Management Reorganization	Sherri Bennett	Complete
• Member Services Reorganization	Luis Aguilar	May 30
• Vendor Management	Ruth Watson, COO/Andre Galvan	June 30
• Financial Recovery Project	Various, will be complete	June 30
System Optimization/Configuration		
• ICES	Percy Mayfield/Jenny Palm	June 30
• Milliman Configuration	Melissa Scrymgeour	Complete
• System Config IKA setup	Ruth Watson, COO	June 30
• IKA Updates 5.1, 5.3	Melissa Scrymgeour	Complete
• Work Flow Management	Andre Galvan	June 1

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Objectives/Accomplishments:

Transition Item:	Target Completion:	Completion Date:
Project Management		
• Specialty contract	May 30	
• Plan to Plan toolkit	June 30	
• Enrollment issues;		
• Part A	April 30	Operational
• LTC	April 30	Operational
• Admin	June 30	
• Long term care	June 1	90% Operational
Staff Evaluation/Development		
• Provider Relations	June 30	
• Member Services	June 30	
• Claims	June 30	
• Interdepartmental communications	June 30	
• Vendor Management	June 30	

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Objectives/Accomplishments:

Transition Item:	Target Completion:	Completion Date:
Operational Optimization		
• Claims Processing	June 30	
• **Enrollment**	May 30	May 30
• Provider Contracting	March 31	Complete
• Vendor Management	Ruth Watson, COO	
• Financial Recovery Project	June 30	
System Optimization/Configuration		
• ICES	June 30	
• System Config IKA setup	March 30	April 30
• Work Flow Management	June 1	

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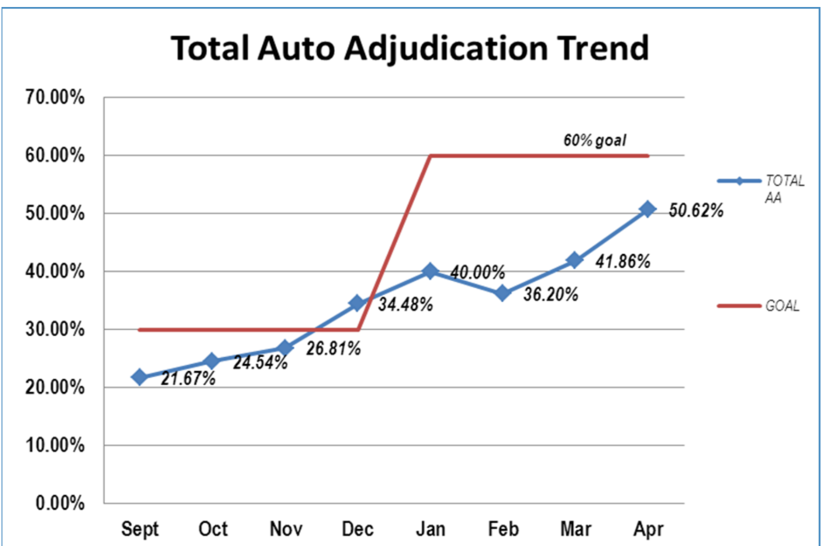
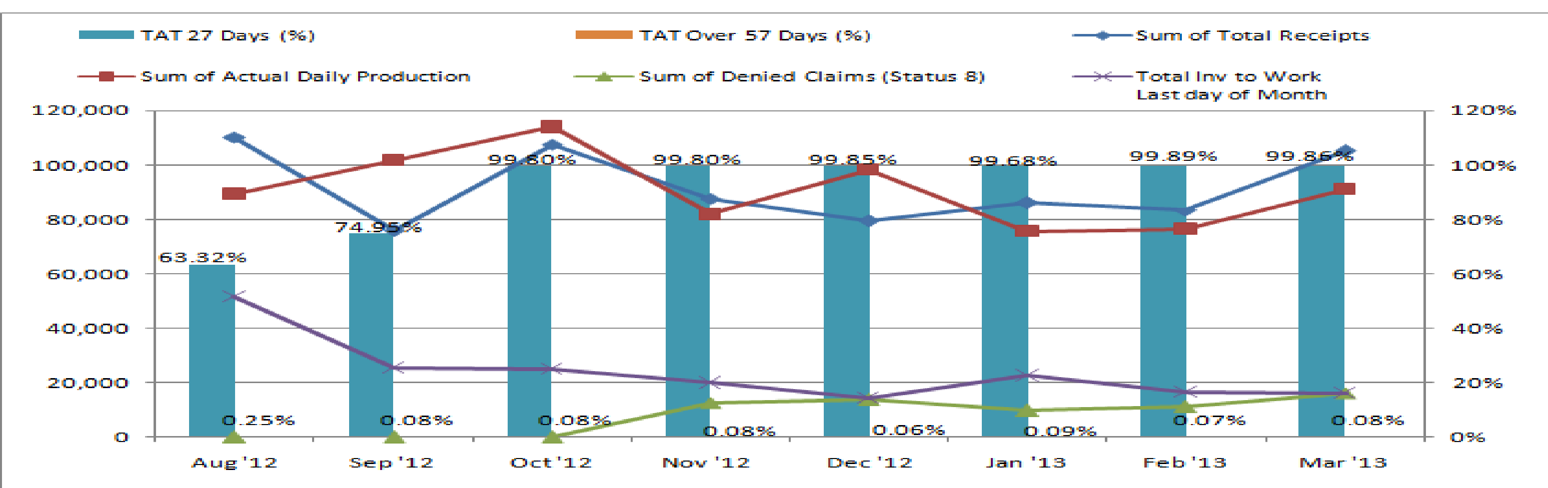
Operational Optimization – Claims Stats:



Auto Adjudicate Target:
51% by April 11, 2013
60% by June 30, 2013

Inventory Analysis



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Medi-Cal Budget Update
May Revise

May 20, 2013

State Budget Summary

✓ Tax revenues are $4.6 billion more than predicted in January 2013

Three key areas generated the surplus:

- Increasing income tax and sales tax revenues
- Expenditure growth slowed significantly
- Changes in the tax revenue system- voter-approved Proposition 30 created unanticipated revenue by increasing personal income tax rates for the wealthiest households

Medi-Cal May Revise Budget

January Proposal

- County vs. Statewide Option
- Realignment consideration
- Medi-Cal with no LTSS

May Proposal

- Statewide Option – transition of LIHPs to MC or Exchange.
- Full Medi-Cal with LTSS asset test – if approved by CMS.
- Realignment based on county experience and increased human services responsibility.

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Medi-Cal May Revise Budget

January Proposal

- County Vs. Statewide Option
- Realignment consideration
- Medi-Cal with no LTSS

May Proposal

- Statewide Option – transition of LIHPs to MC or Exchange.
- Full Medi-Cal with LTSS asset test – if approved by CMS.
- Realignment based on county experience and increased human services responsibility.

AB 97 Rate Reduction

January Proposal

- Implementation of AB 97 - 10% cut.
  - Retroactive in FFS Only
  - Prospective in Managed Care.
  - Still being litigated.

May Revise

- No change
- Advocates Support CMA efforts to repeal AB 97 –
- Legislation to Repeal AB 97: SB 640 and AB 900

Efficiency Factors

January Proposal

- No tangible proposal in January.
- Assumes same level of saving as AB 97 retro in Managed Care – backdoor rate cut.
- Universal concern/ opposition expressed in committee hearings.

May Revise

- DHCS – efficiency factor proposal has been dropped in the budget - not actuarially sound.
- Will continue to look at “rate efficiencies”.
- Confirmed per Senate Budget Committee analysis.

MCO Tax Extension

January Proposal

- Indefinite extension with revenue used to backfill the state General Fund obligation for Medi-Cal and create a “rainy day” fund.

MCO Tax Extension

May Revise

- FY 12-13 – GPT to fund Healthy Families obligations – $128.1 M
- FY 13-14 onward – Sales Tax (4%) – $342.9 M
  - CCI savings backfill
  - “supplemental payment to plans”
  - “services for children and SPDs” – verbal tie to SPD rates

New May Revise Proposals

- Move of AIM-linked infants (250-300% FPL) to Medi-Cal – DHCS requested CAHP support.
- Move of MC pregnancy only and newly qualified immigrants with fewer than 5 years to HBEX – include MC wrap around and state payment of all cost sharing.
- MRMIP move to HBEX on January 1, 2014.
- MRMIB phased out in July 2014.

Gold Coast Health Plan's Mission

To Improve the Health of Our Members Through the Provision of the Best Possible Quality Care and Services

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Questions ?

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Health Care Reform Update

May 20, 2013

www.goldcoasthealthplan.org

Presentation Overview

- Medi-Cal Expansion
- Covered California (Health Benefit Exchange)
- Delivery System Challenges
- The Remaining Uninsured (Post PPACA)
- Outreach to the Eligible
- Gold Coast Readiness

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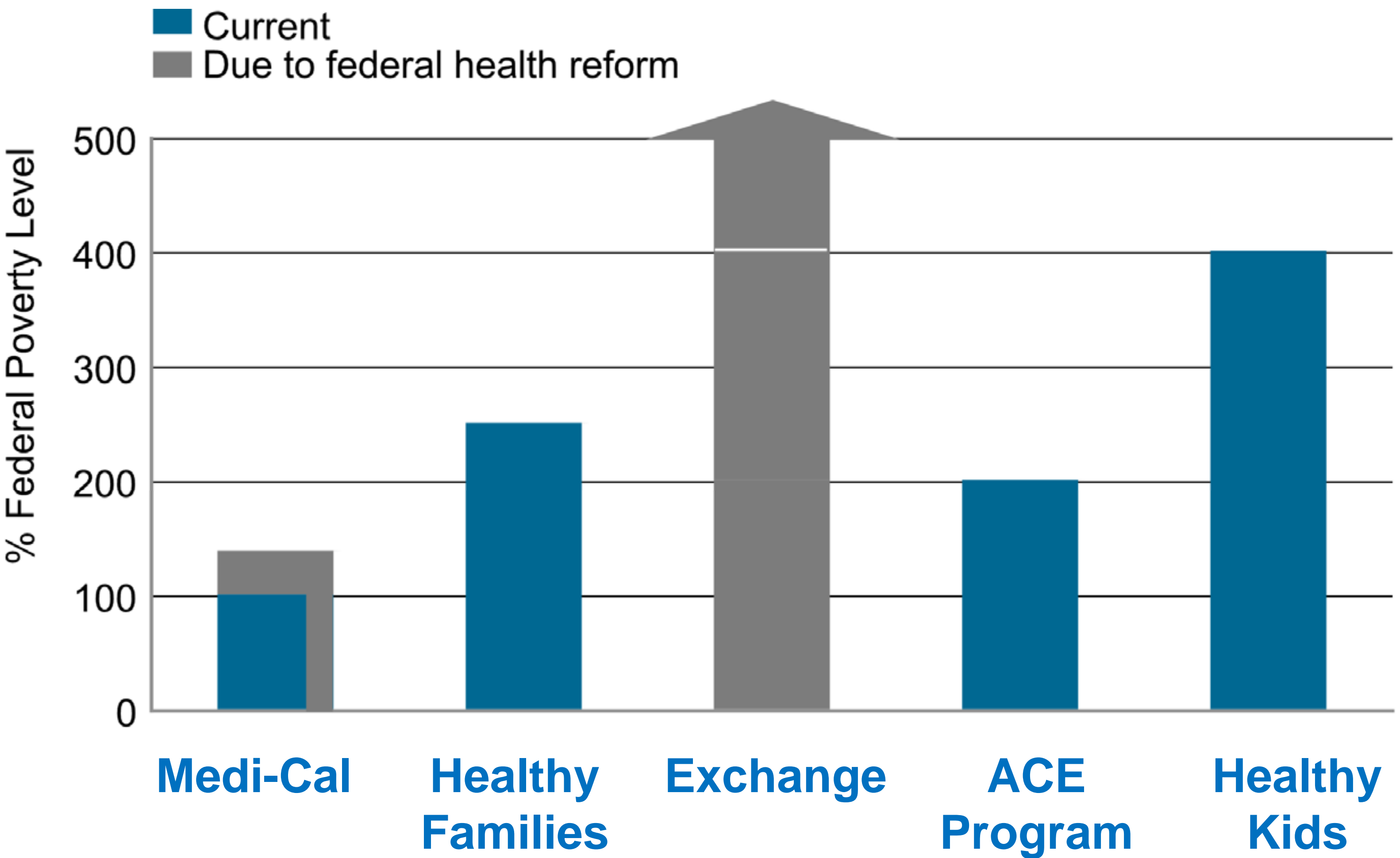
Income Eligibility Levels, 2014



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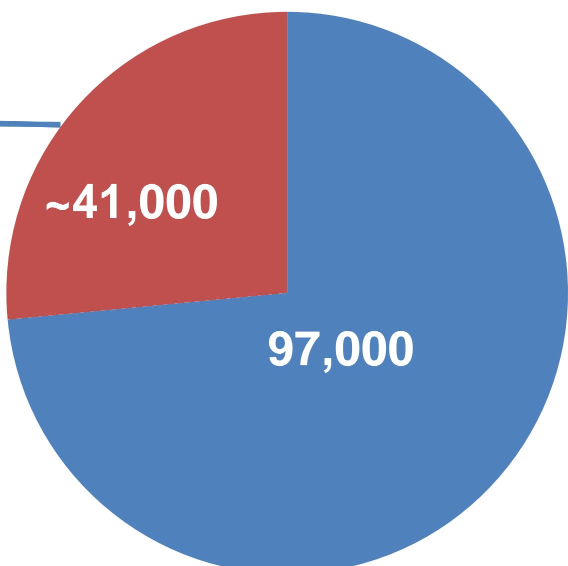
Medi-Cal Enrollment Will Increase Approximately 43 Percent by 2014

Expansion Population

- ACE MCE 11,000
- Uninsured 10,000
- Healthy Families 20,000



Medi-Cal Expansion - Financing

- State's costs for newly eligible:
  - Covered 100% by federal government in first three years of expansion
  - Gradually drops to 90 percent in 2020 and beyond
  - States must implement full expansion to receive these funds
- Increases reimbursement for primary care providers to 100% of Medicare rates
  - Feds pay 100% of additional costs, but only for 2013 and 2014

Medi-Cal Expansion - Eligibility

- About 7 million covered currently in California
- About 1 million are currently eligible but not enrolled
- Approximately 2.2 million will be newly eligible

Source: UCLA Center for Health Policy

Medi-Cal Expansion Benefits

- State has option to offer few benefits than full scope Medi-Cal, but per ACA:
  - Must include 10 essential health benefits **plus** behavioral health services, prescription drugs and family planning
  - Blind/disabled, duals and patients in facilities or medically frail are exempt from reduced coverage
  - New Group: Adults under 65 with income up to 138% Federal Poverty Level (FPL)

Special Legislative Session

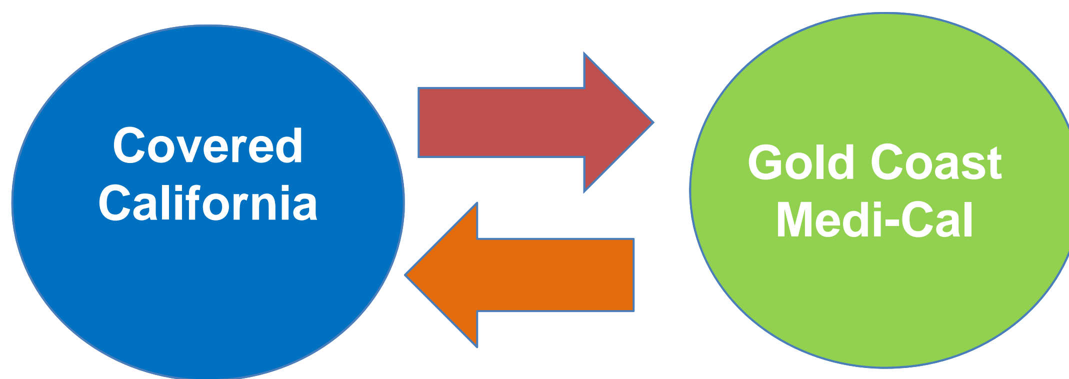
- Opened January 28, 2013 to enact federal ACA provisions
- Agenda
  - **Eligibility, enrollment and retention rules:** Need a state statute on conforming to federal laws for new eligibility
  - **Bridge to reform:** Establishing low-cost health coverage in the exchange for individuals up to 200% of FPL
  - **Individual and small group insurance market reforms:** Reintroduction of legislation passed last session but vetoed by governor due to pending presidential election

Covered California

- California's Health Benefit Exchange
  - 7 geographical exchanges
- First open enrollment period
  - October 1, 2013 to March 31, 2014
  - Coverage effective January 1, 2014
- 2.2 million expected to be eligible statewide
- Four "metal" plan ratings ranging from 60%-90% coverage; members pay out of pocket for portion not covered

Delivery System Challenges

- Adequate number for providers to serve the newly eligible
- Higher need for behavioral health services and care coordination
- Safety net stability if the newly eligible switch providers
- Continuity of care challenges due to churn between exchange and Medi-Cal



Federal & State Outreach

- Federal Government pledged $43 million in federal funds for outreach grants
- The California Endowment pledged $225 million over the next four years to boost enrollment in Medi-Cal and increase number of PCPs

Gold Coast Readiness

- Partnership with health care partners to ensure smooth transition
  - Provider network analysis
  - Utilization patterns
  - Ensuring care continuity (prescriptions, authorizations for pending treatment, etc.)

- Operational readiness review to identify gaps and resource needs
  - Refinement of expansion population estimate
  - Increased staffing based upon established budget drivers
    - Ex: number of calls, number of claims processed per FTE

Gold Coast Readiness (Continued)

- Expansion of provider network
  - Work closely with traditional safety net providers
  - Stakeholder engagement process, similar to duals demonstration

- Monitor media messages related to Medi-Cal expansion or Covered California that may cause confusion among members and other stakeholders

- Participate in outreach, enrollment and education activities with the Ventura County community

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Questions ?

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Utilization

And

Care Management Update

May 20, 2013

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UM/CM FOCUS FOR 2013

Inpatient Hospital Utilization

Readmission Rate

Emergency Room Utilization

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INPATIENT HOSPITAL UTILIZATION

Progress:

-Urgent Discharge Line Activated

-Staffing: Discharge Planner Hired

-Technology: -Direct Access to Inpatient Records

-Working on Electronic Transfer of Census Data

Results:

	Sept 2011 – Aug 2012	Jan 2012 – Dec 2012	March 2012 – Feb 2013
Bed days/1000	410	348*	297
Average length of stay	4.94	4.81	4.71

*Verified with Payment Information through April 2013

Top Inpatient Diagnoses by ICD9 (listed in order of expense)
February 2012 through March 2013

V3000 - SINGLE LB IN-HOSP W/O CS SINGLETON BIRTH
V3001 - SINGLE LB IN-HOSP W CS SINGLETON BIRTH C-SECTION
0389 - SEPTICEMIA
V5811 - CHEMOTHERAPY
51883 - CHRONIC RESPIRATORY FAIL
65421 - PREV C-DELIVERY-DELIVRD
486 - PNEUMONIA
20510 - CML
64511 - POST TERM DELIVERY
66411 - DELIVERY W 2 DEG LACERATION
28983 - MYELOFIBROSIS
66401 - DELIVERY W 1 DEG LACERATION
V5789 - REHABILITATION PROC NEC
4800 - VIRAL PNEUMONIA
20402 - ALL
5712 - ALCOHOL CIRRHOSIS LIVER
03843 - PSEUDOMONAS SEPTICEMIA
51881 - ACUTE RESPIRATRY FAILURE
20500 - AML
6826 - CELLULITIS OF LEG

READMISSION RATE

- September 2011 through December 2012 - 15.34%
- HEDIS final report Summer 2013
- Discharge Planner anticipating discharge, providing help with placement, DME, linking to Care Managers
- Goal: In-home visit with follow-up calls

Discharge Planning
April – May 2013
In place approximately 2 – 3 weeks, 31 cases

Home health 18/31 (58%)
Home infusion 7/31 (23%)
DME 8/31 (26%)
PCP follow up 12/31 (39%) no show for appt made at discharge – another appt made
Care Management referral 12/31 (39%)
New dialysis 2/31 (6%)
Placement 10/31 (32%)

- Acute rehab 3/31
- Skilled nursing facility 2/31
- Subacute 1/31
- Long term care 1/31
- Hospital transfer 2/31
- Board and care 1/31

Emergency Room Utilization

Focus

- Navigator position filled
- Urgent Care hours identified
- Script
- Working to get real time ER face sheets
- Nursing hotline
- Care Manager involvement

Top Emergency Room Diagnoses

- Respiratory tract infection
- Abdominal pain
- Sprain
- Skin Infection
- Headache
- Ear infection
- Back pain

- Urinary tract infection
- Chest pain
- Nausea and vomiting
- Asthma
- Allergic reaction
- Virus

- Tooth and jaw pain
- Diabetes