



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

**County of Ventura Government Center
Hall of Justice - Pacific Conference Room
800 S. Victoria Avenue, Ventura, CA 93009**

**Monday, May 18, 2015
3:00 PM**

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT A Speaker Card must be completed and submitted to the Clerk of the Board by anyone wishing to comment:

- **Public Comment** – Comments regarding items not on the agenda but within the subject matter jurisdiction of the Commission.
- **Agenda Item Comment** – Comments within the subject matter jurisdiction of the Commission pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Commission Chair during Commission's consideration of the item.

1. APPROVE MINUTES

- a. Special Meeting of April 15, 2015
- b. Regular Meeting of April 27, 2015

2. CONSENT ITEMS

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, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT (805) 437-5509. 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 (VCMCC) dba
Gold Coast Health Plan May 18, 2015 Commission Meeting Agenda (continued)**
LOCATION: County of Ventura Government Center - Hall of Justice - Pacific Conference Room
800 S. Victoria Avenue, Ventura, CA 93009

TIME: 3:00 PM

PAGE: 2 of 2

- a. March 2015 Financials

3. APPROVAL ITEMS

- a. Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Certification Vendor

4. ACCEPT AND FILE ITEMS

- a. CEO Update
- b. COO Update
- c. CIO Update

5. INFORMATIONAL ITEMS

- a. FY 2015-16 GCHP Operating and Capital Budget

CLOSED SESSION

- a. **Conference With Legal Counsel - Anticipated Litigation**
Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9
Number of Cases: Unknown

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on June 22, 2015 at County of Ventura Government Center Hall of Justice - Pacific Conference Room 800 S. Victoria Avenue, Ventura, CA 93009

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, 711 E. DAILY DRIVE, SUITE #106, CAMARILLO, CA.

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**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Special Commission Meeting Minutes**

April 15, 2015

(Not official until approved)

Notice of said meeting was duly given in the time and manner prescribed by law. Affidavit of compliance is on file in the Clerk of the Board's Office.

CALL TO ORDER

Chair Araujo called the meeting to order at 4:02 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

Antonio Alatorre, Clinicas del Camino Real, Inc.

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program

Peter Foy, Ventura County Board of Supervisors

David Glycer, Private Hospitals / Healthcare System

Darren Lee, Private Hospitals / Healthcare System

Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS

Lanyard Dial, MD, Ventura County Medical Association

Barry Fisher, Ventura County Health Care Agency

Michelle Laba, MD, Ventura County Medical Center Executive Committee

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

Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE

Ruth Watson, Chief Operations Officer and Interim Chief Executive Officer

John Meazzo, Interim Chief Financial Officer

Traci R. McGinley, Clerk of the Board

Scott Campbell, Legal Counsel

Guillermo Gonzalez, Government Relations Director

Steven Lalich, Communications Director

Allen Maithel, Controller

Al Reeves, MD, Chief Medical Officer

Melissa Scrymgeour, Chief Information Officer

Lyndon Turner, Financial Analysis Director

PUBLIC COMMENT

None.

1 APPROVAL ITEMS

a. Authorization to Begin Process to Secure Additional Medi-Cal Funds Through an Intergovernmental Transfer (IGT)

Interim CEO Watson reviewed the written report. Discussion was held regarding the IGT process and how the funds. She highlighted that more data is required this year than previous; such as Medi-Cal members served, scopes of services provided, costs of services including charges, payments and unreimbursed costs.

Discussion was held regarding the additional Medicaid funds that come into the State, go through the County system and then benefit the County in general. Cost data from the State is used to develop rates for the State of California and the additional funds that go to the County system drive the Medicaid compensation received by the State

The costs that come through the county system benefit the county in general in terms of raising our rates later because they look at the money that comes into the County. We may not get the money directly but will increase and impact the rates we will get from the Medicaid funds through the State.

Commissioner Foy moved to direct the CEO begin the process to secure additional Medi-Cal funds through an Intergovernmental Transfer (IGT), subject to legal counsel review. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Foy, Glycer, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Fisher, Laba and Pawar.

CLOSED SESSION

Legal Counsel Campbell explained the purpose of the Closed Session items,

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:15 p.m. regarding the following items:

- a. Conference With Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to paragraph (2) of subdivision (d) of
Section 54956.9
Number of Cases: Unknown**

- b. Conference With Labor Negotiators Pursuant to Government Code Section 54957.8**
Agency Designated Representatives: Scott Campbell, legal counsel; Stacy Diaz, Human Resources Director and Gold Coast Health Plan Commissioners
Unrepresented Employee: Chief Executive Officer
- c. Public Employee Appointment Pursuant to Government Code Section 54957**
Title: Chief Executive Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 8:02 p.m.

Legal Counsel Campbell stated there were no announcements from Closed Session.

ADJOURNMENT

Meeting adjourned at 8:05 p.m.

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

April 27, 2015

(Not official until approved)

CALL TO ORDER

Chair Araujo called the meeting to order at 3:03 p.m. in the Hall of Administration – Lower Plaza Assembly Room at the County of Ventura Government Center, 800 S. Victoria Avenue, Ventura, CA 93009.

Pledge of Allegiance was recited.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

Antonio Alatorre, Clinicas del Camino Real, Inc.

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program

Barry Fisher, Ventura County Health Care Agency

Michelle Laba, MD, Ventura County Medical Center Executive Committee

Darren Lee, Private Hospitals / Healthcare System

Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS

Lanyard Dial, MD, Ventura County Medical Association

Peter Foy, Ventura County Board of Supervisors

David Glycer, Private Hospitals / Healthcare System

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

Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE

Ruth Watson, Chief Operations Officer and Interim Chief Executive Officer

John Meazzo, Interim Chief Financial Officer

Traci R. McGinley, Clerk of the Board

Scott Campbell, Legal Counsel

Brandy Armenta, Compliance Director

Stacy Diaz, Human Resources Director

Michael Foord, Manager IT Infrastructure

William Freeman, Network Operations Director

Anne Freese, Pharmacy Director

Guillermo Gonzalez, Government Relations Director

Lupe Gonzalez, Director of Health Education, Outreach, Cultural and Linguistic Services

Steven Lalich, Communications Director

Tami Lewis, Operations Director

Allen Maithel, Controller

Kim Osajda, Quality Improvement Director
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer
Lyndon Turner, Financial Analysis Director
Nancy Wharfield, MD, Associate Chief Medical Officer

PUBLIC COMMENT

None.

1. APPROVE MINUTES

a. Regular Meeting of March 23, 2015

Clerk of the Board McGinley noted that the minutes needed to be corrected to reflect that Guillermo Gonzalez, Government Affairs Director was in attendance at the meeting.

Commissioner Fisher moved to approve the Regular Meeting Minutes of March 23, 2015 as corrected. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glyer and Pawar.

CLOSED SESSION

Legal Counsel Campbell explained the purpose of the Closed Session items.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 3:11 p.m. regarding the following items:

a. Conference With Labor Negotiators Pursuant to Government Code Section 54957.8

Agency Designated Representatives: Scott Campbell, Legal Counsel; Stacy Diaz, Human Resources Director and Gold Coast Health Plan Commissioners
Unrepresented Employee: Chief Executive Officer

b. Public Employee Appointment Pursuant to Government Code Section 54957

Title: Chief Executive Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 3:26 p.m.

Chair Araujo announced that the Commission voted unanimously to appoint Dale Villani as the Plan's new Chief Executive Officer (CEO).

2. CONSENT ITEMS

a. Approve Chief Executive Officer (CEO) Employment Agreement

Commissioner Pupa moved to approve the Chief Executive Officer (CEO) Employment Agreement. Commissioner Lee seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

b. Accept and File CFO Update – February Financials

Commissioner Lee moved to accept and file the CFO Update – February Financials. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

c. Accept and File Investment Committee Update

Commissioner Alatorre moved to accept and file the Investment Committee Update. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

3. APPROVAL ITEMS

a. Department of Health Care Services (DHCS) Contract Amendment A16

Interim CEO Watson reviewed the report with the Commission.

Commissioner Alatorre moved to authorize the CEO to execute DHCS Contract Amendment A16. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

b. Investment Controls Policy and Procedures

John Meazzo, Interim Chief Financial Officer, reviewed the presentation with the Commission highlighting the controls implemented to prevent risks, and how the Finance Department will manage the investment transactions and monitor pooled investments. Discussion was also held regarding banking controls that GCHP has put into place.

Commissioner Pupa moved to approve the Investment Controls Policy and Procedures. Commissioner Laba seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

c. Quality Improvement 2014 Work Plan Evaluation

Quality Improvement Director Kim Osajda, reviewed the report with the Commission. She noted that the final HEDIS rates have not been received, but the Plan will be focusing on rates that were problematic in the prior year.

Areas for improvement were identified in the consumer assessment of health care providers and systems survey; as well an access to care survey conducted by Network Operations.

Quality Improvement Director Osajda also reviewed improvement projects, state-wide and internal, utilization monitory matrix and facility site review metrics.

Commissioner Alatorre moved to approve the 2014 Quality Implement Work Plan Evaluation. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

d. Quality Improvement Committee Report – 1st Quarter 2015

CMO Reeves reviewed the Quality Improvement Committee Report. There was additional discussion regarding the monitoring of actions by the Medical Board of California against GCHP providers.

The Commission requested that additional information be provided on grievances and appeals.

Commissioner Alatorre moved to approve the 2015 1st Quarter Quality Improvement Committee Report. Commissioner Fisher seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.

NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

e. Quality Improvement Program and Work Plan - 1st Quarter 2015

Quality Improvement Director Kim Osajda presented revised 2015 QIP description and major changes were highlighted. The new 2015 GCHP work plan includes goals, metric, target completion dates, action steps, monitoring and improvement activities.

The 2015 work plan will be based on HEDIS rates and aligns with DHCS Medi-Cal managed care program quality strategy.

She noted that as priorities change they may dictate changing the work plan.

Commissioner Fisher moved to approve the 2015 Quality Improvement Program and Work Plan. Commissioner Pupa seconded. The motion carried with the following votes:’

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

4. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson reviewed the CEO Update with the Commission.

b. COO Update

Interim CEO Watson presented the report to the Commission.

c. CIO Update

CIO Scrymgeour provided an overview of the written report to the Commission.

f. Health Services Update

Associate Chief Medical Officer, Dr. Wharfield, reviewed the written report.

Commissioner Pupa moved to accept and file the CEO, COO, CIO and Health Services Updates. Commissioner Alatorre seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Fisher, Laba, Lee and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Dial, Foy, Glycer and Pawar.

COMMENTS FROM COMMISSIONERS

None.

CLOSED SESSION *(continued)*

Legal Counsel Campbell explained the purpose of the Closed Session items and added that the anticipated litigation is related to LULAC report, as well as discussion regarding Interim CEO performance evaluation and pay.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:57 p.m. regarding the following items:

- c. **Conference With Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to paragraph (2) of subdivision
(d) of Section 54956.9
Number of Cases:** Unknown

- d. **Closed Session Pursuant to Government Code Section 54957
Public Employee Performance Evaluation
Title:** Interim Chief Executive Officer and Chief Operating Officer

- e. **Conference With Labor Negotiators Pursuant to Government Code Section
54957.6
Agency Designated Representatives:** Scott Campbell, legal counsel; Stacy
Diaz, Human Resources Director and Gold Coast Health Plan Commissioners
Unrepresented Employee: Interim Chief Executive Officer and Chief Operating
Officer

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 7:30 p.m.

Legal Counsel Campbell stated there were no announcements from Closed Session.

ADJOURNMENT

Meeting adjourned at 7:31 p.m.



AGENDA ITEM 2.a.

TO: Gold Coast Health Plan Commission
FROM: Lyndon Turner, Financial Analysis Director
DATE: May 18, 2015
RE: March 2015 Financials

SUMMARY:

Staff is presenting the attached March 2015 financial statements (unaudited) of Gold Coast Health Plan (Plan) for the Commission to accept and file. These financials were reviewed by the Executive / Finance Committee on May 7, 2015 where the Committee recommended that the Commission accept and file these financials.

BACKGROUND / DISCUSSION:

The Plan staff has prepared the March 2015 financial package, including balance sheet, income statements and statement of cash flows.

FISCAL IMPACT:

Highlights of Year-To-Date Financial Results:

On a year-to-date basis through March, the Plan's gain in unrestricted net asset is approximately \$52.9 million compared to the \$12.6 million budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$92.8 million, which exceeds both the budget of \$45.0 million by \$47.8 million and the State minimum required TNE amount of \$23.4 million by \$69.3 million. As in prior reports, the Plan's TNE amount includes \$7.2 million County of Ventura lines of credit. The March TNE was 396% of the State required TNE, but 104% below the average 6 County Organized Health Systems of

500%.

Highlights of March Financial Results:

Membership - March membership of 185,971 exceeded budget by 21,603 members. The majority of the growth was in the Adult Expansion (AE) category, accounting for approximately 70% of the total growth in membership.

Revenue - March net revenue was \$40.0 million or \$11.4 million below the budgeted amount of \$51.4 million. The variance was primarily due to a \$14.7 million revenue reduction related to the AE claims reserve reduction mentioned below. The revenue reduction was necessary to maintain a medical loss ratio (MLR) of 85% for this aid group. On a per-member per-month (PMPM) basis, net revenue was \$215.10, or \$97.63 under the budget of \$312.73.

Health Care Costs – March health care cost were \$31.4 million or \$16.4 million below budget. On a PMPM basis, reported health care cost for March was \$168.76 compared to a budgeted amount of \$290.65. The positive variance is largely due to the release of certain claims reserves connected to the Adult Expansion population. Other highlights include:

- **Capitation** – Higher than budget by \$1.2 million, mainly due to higher than anticipated members being covered by capitated providers. Also included are the Adult Expansion members (499 in March 2015) recently designated as covered by the Kaiser capitation agreement, but not contemplated in the budget.
- **LTC / SNF** – An additional accrual for AB 1629 rate increases was again included for Long Term Care (LTC) facilities. New rates were published by the Department of Health Care Services (DHCS) in late January. However, a recent announcement by DHCS indicated that the rates contained errors, and a revision date of early May has been communicated.
- **Pharmacy** – Lower than expected utilization in the AE category, again contributed to savings of approximately \$4.8 million. Last month, AE Pharmacy costs appeared to be moderating after rising in the prior months. However, costs again appear to be gaining momentum. On a PMPM basis, March AE Pharmacy was \$51.00 as compared to \$46.57 in February.
- **Physician ACA 1202** - An ACA 1202 payment was made in March in the amount of \$6.1 million. This figure does not appear on the Income Statement because the transactions had been recognized and accrued in previous periods.
- **Adult Expansion Reserve** – Approximately \$2.9 million related to April 2014 was released pursuant to the planned Incurred But Not Paid (IBNP) alignment methodology disclosed in prior months. Additional reserves of \$10.9 million were released or avoided by continued step-wise reduction of book-to-budget rates. The release and avoidance of these reserves affected most categories of service.

Administrative Expenses - For the month of March, overall operational costs were \$3.1 million

or \$149,000 over budget. Higher than budgeted legal fees and outside services were offset by positive variance due to lower personnel and related personnel expenses. The following were the primary contributors to the large variances:

- Outside Services (ACS / Xerox and Beacon Health Strategies) - over budget by \$214,000 due to growth in membership.
- Legal Fees - over budget by \$155,000 due to continued legal services and ongoing services associated with the investigation being overseen by the Special Investigation Ad Hoc Committee. Year to date legal expenses of \$2.01 million exceeded the budget by \$1.75 million.
- Consulting - under budget by \$80,000 due to increase use of in-house services and delays in budgeted projects.

Cash + Medi-Cal Receivable – The total of Cash and Medi-Cal Premium Receivable balances of \$316 million reported as of March 31, 2015. This total includes pass-through payments for Managed Care Organizations (MCO) tax of \$3.3 million and AB 85 of \$6.4 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of March 31, 2015 was \$307 million or \$147.2 million better than the budgeted level of \$159.5 million.

Investment Portfolio - During the month of March, \$50 million was transferred to a short term investment pool account (Cal Trust).

RECOMMENDATION:

Staff requests that the Commission accept and file the (unaudited) March 2015 financial statements.

CONCURRENCE:

May 7, 2015 Executive / Finance Committee

Attachments:

March 2015 Financials

References:



FINANCIAL PACKAGE

For the month ended March 31, 2015

TABLE OF CONTENTS

Financial Overview
Membership
Statement of Financial Positions
Statement of Revenues, Expenses and Changes in Net Assets
YTD Statement of Revenues, Expenses and Changes in Net Assets
Monthly Cash Flow
YTD Cash Flow

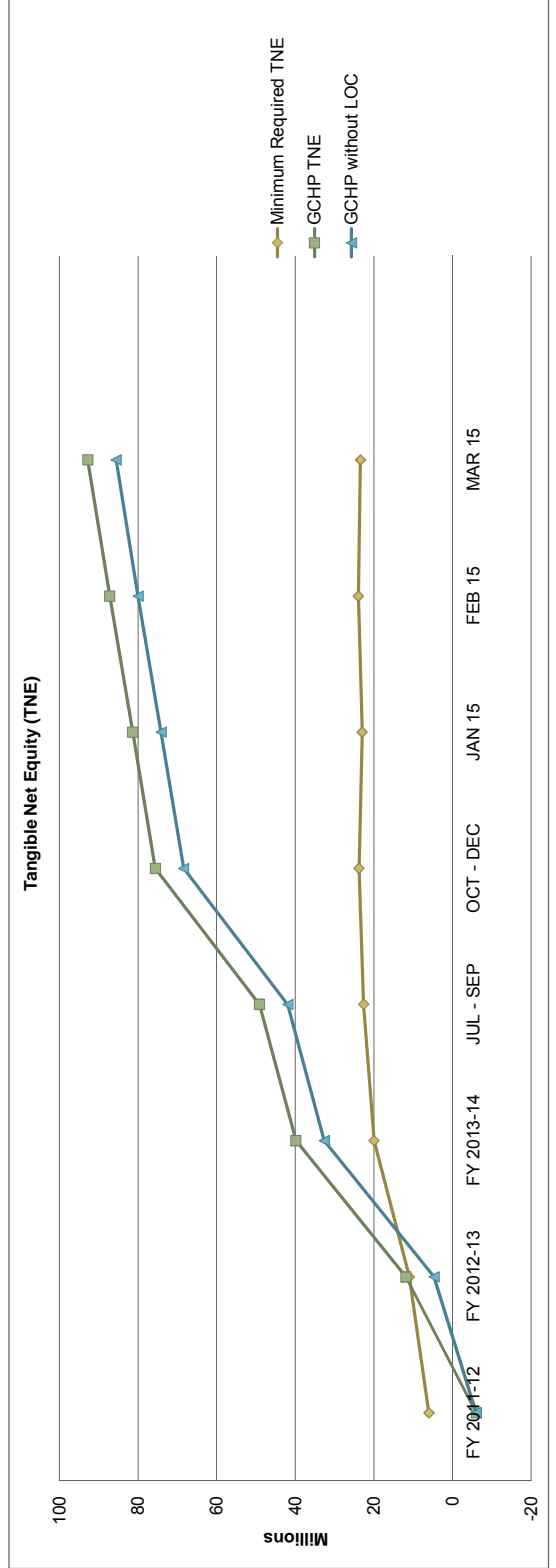
APPENDIX

Cash Trend Combined
Paid Claims and IBNP Composition
Total Expense Composition
Pharmacy Cost & Utilization Trends

GOLD COAST HEALTH PLAN
Financial Results Summary

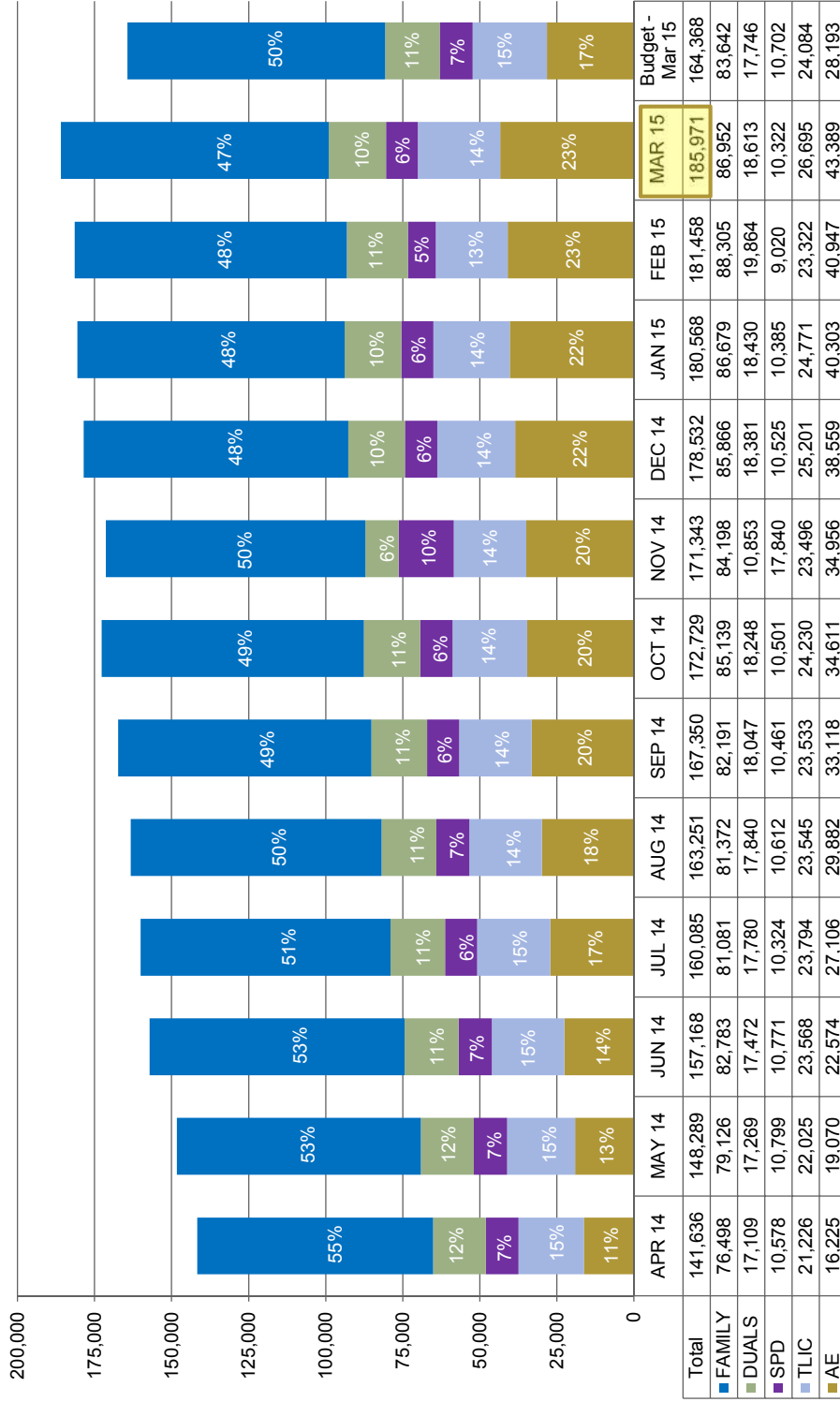
Description	AUDITED*			UNAUDITED	FY 2014-15					Budget Comparison		
	FY 2011-12	FY 2012-13	FY 2013-14		JUL - SEP	OCT - DEC	JAN 15	FEB 15	MAR 15	Budget Mar 15	Variance Fav / (Unfav)	Variance Fav / (Unfav)%
Member Months	1,258,189	1,223,895	1,553,660		490,686	522,604	180,568	181,458	185,971	164,368	21,603	13.1 %
Revenue <i>pmpm</i>	304,635,932 242.12	315,119,611 257.47	423,995,809 272.90		158,761,380 323.55	142,036,566 271.79	37,959,896 210.22	45,092,826 248.50	40,042,445 215.32	51,420,215 312.84	(11,377,770) (97.52)	(22.1)% (31.2)%
Health Care Costs <i>pmpm</i>	287,353,672 228.39	280,382,704 229.09	369,321,385 237.71		141,486,486 288.34	106,577,061 203.93	29,428,716 162.98	36,161,087 199.28	31,383,625 168.76	47,774,231 290.65	16,390,606 121.90	34.3 % 41.9 %
% of Revenue	94.3%	89.0%	87.1%		89.1%	75.0%	77.5%	80.2%	78.4%	92.9%	14.5%	15.6 %
Admin Exp <i>pmpm</i>	18,891,320 15.01	24,013,927 19.62	26,751,533 17.22		7,994,304 16.29	8,969,982 17.16	2,802,558 15.52	3,069,186 16.91	3,071,297 16.51	2,919,785 17.76	(151,512) 1.25	(5.2)% 7.0 %
% of Revenue	6.2%	7.6%	6.3%		5.0%	6.3%	7.4%	6.8%	7.7%	5.7%	(2.0)%	(35.1)%
Total Increase / (Decrease) in Unrestricted Net Assets <i>pmpm</i>	(1,609,063) (1.28)	10,722,980 8.76	27,922,891 17.97		9,280,590 18.91	26,489,523 50.69	5,728,622 31.73	5,862,553 32.31	5,587,523 30.05	726,199 4.42	4,861,323 25.63	669.4 % 580.0 %
% of Revenue	-0.5%	3.4%	6.6%		5.8%	18.6%	15.1%	13.0%	14.0%	1.4%	12.5%	888.0 %
YTD	16,769,368 36%	16,138,440 68%	19,964,221 100%		22,600,707 100%	23,789,982 100%	22,974,997 100%	23,957,363 100%	23,415,058 100%	25,554,233 100%	(2,139,175) (8.4)%	(8.4)%
Minimum Required TNE	6,036,972	10,974,139	19,964,221		22,600,707	23,789,982	22,974,997	23,957,363	23,415,058	25,554,233	(2,139,175)	(8.4)%
GCHP TNE	(6,031,881)	11,891,099	39,813,991		49,094,581	75,584,104	81,312,726	87,175,279	92,762,801	44,974,912	47,787,889	106.3 %
TNE Excess / (Deficiency)	(12,068,853)	916,960	19,849,770		26,493,874	51,794,122	58,337,729	63,217,916	69,347,744	19,420,680	49,927,064	257.1 %
% of Required TNE level			199%		217%	318%	354%	364%	396%	176%		
% of Required TNE level (excluding \$7.2 million LOC)			163%		185%	287%	323%	334%	365%	148%		

Note: TNE amount includes \$7.2 million related to the Lines of Credit (LOC) from Ventura County.
* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).



GOLD COAST HEALTH PLAN

Membership - Rolling 12 Month



SPD = Seniors and Persons with Disabilities **TLIC = Targeted Low Income Children** **AE = Adult Expansion**
 Note: Beginning in Apr 14 actual membership reflects new Dual definition as implement by DHCS. Prior months have not been restated.

Statements of Financial Position

	03/31/15	02/28/15	Unaudited FY 2013-14
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	\$ 312,962,102	\$ 278,626,873	\$ 60,176,698
Total Investments	50,003,271	-	-
Medi-Cal Receivable	3,460,281	66,951,446	114,632,056
Provider Receivable	851,023	838,001	395,129
Other Receivables	171,850	172,085	1,821,475
Total Accounts Receivable	4,483,154	67,961,532	116,848,660
Total Prepaid Accounts	879,800	986,764	994,278
Total Other Current Assets	81,702	81,702	81,719
Total Current Assets	368,410,028	347,656,871	178,101,355
Total Fixed Assets	1,098,164	1,111,807	1,163,269
Total Assets	\$ 369,508,192	\$ 348,768,677	\$ 179,264,625
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurring But Not Reported	\$ 123,937,654	\$ 132,199,095	\$ 92,710,021
Claims Payable	10,477,609	11,250,773	9,482,660
Capitation Payable	5,785,044	4,873,728	2,054,265
Physician ACA 1202 Payable	11,160,498	17,294,099	12,765,516
AB 85 Payable	6,392,456	5,795,708	1,245,284
Accounts Payable	384,330	1,844,584	2,875,709
Accrued ACS	1,416,456	1,348,519	0
Accrued Expenses	1,293,928	1,121,154	748,120
Accrued Premium Tax	3,331,525	1,018,265	15,775,120
Accrued Interest Payable	63,298	60,770	42,062
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	710,474	708,123	760,032
Total Current Liabilities	165,413,273	177,974,818	138,918,788
Long-Term Liabilities:			
DHCS - Reserve for Capitation Recoup	110,870,590	83,120,415	0
Other Long-term Liability-Deferred Rent	346,527	344,832	71,845
Deferred Revenue - Long Term Portion	115,000	153,333	460,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	118,532,117	90,818,581	7,731,845
Total Liabilities	283,945,391	268,793,398	146,650,634
Net Assets:			
Beginning Net Assets	32,613,991	32,613,991	4,691,101
Total Increase / (Decrease in Unrestricted Net Assets)	52,948,810	47,361,288	27,922,890
Total Net Assets	85,562,801	79,975,279	32,613,991
Total Liabilities & Net Assets	\$ 369,508,192	\$ 348,768,677	\$ 179,264,625

FINANCIAL INDICATORS			
Current Ratio	2.23 : 1	1.95 : 1	1.28 : 1
Days Cash on Hand	272	213	34
Days Cash + State Capitation Rec	276	264	100
Days Cash + State Capitation Rec (less Tax Liab)	273	263	91

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FY 2014-15 Monthly Trend			Current Month		
	DEC 14	JAN 15	FEB 15	MAR 15		Variance Fav / (Unfav)
				Actual	Budget	
Membership (includes retro members)	178,532	180,568	181,458	185,971	164,368	21,603
Revenue:						
Premium	\$ 67,600,543	\$ 57,987,902	\$ 60,901,975	\$ 59,433,011	\$ 53,469,602	\$ 5,963,409
Reserve for Rate Reduction	(7,222,493)	(18,562,220)	(13,980,481)	(14,663,168)	0	(14,663,168)
MCO Premium Tax	(930,197)	(1,552,396)	(1,913,763)	(4,806,046)	(2,105,366)	(2,700,680)
Total Net Premium	59,447,852	37,873,286	45,007,731	39,963,798	51,364,237	(11,400,439)
Other Revenue:						
Miscellaneous Income	68,651	38,333	38,333	38,333	38,333	(0)
Total Other Revenue	68,651	38,333	38,333	38,333	38,333	(0)
Total Revenue	59,516,503	37,911,620	45,046,064	40,002,131	51,402,570	(11,400,439)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	3,004,545	4,913,161	3,459,155	4,052,943	2,828,022	(1,224,921)
FFS Claims Expenses:						
Inpatient	10,389,370	6,798,007	4,843,204	5,097,394	10,610,863	5,513,469
LTC/SNF	9,058,853	5,668,717	10,126,507	5,762,933	7,590,814	1,827,880
Outpatient	4,421,489	2,102,800	2,533,435	2,281,965	2,781,394	499,429
Laboratory and Radiology	1,239,938	407,913	46,028	162,651	851,859	689,208
Physician ACA 1202	4,942,182	0	3,134,914	0	0	0
Emergency Room	1,773,425	1,748,011	1,042,118	1,194,168	1,645,486	451,318
Physician Specialty	4,232,969	2,992,152	1,791,663	2,021,708	3,412,261	1,390,553
Primary Care Physician	3,187,156	2,395,610	673,648	934,447	2,734,683	1,800,236
Home & Community Based Services	1,429,964	1,689,076	775,691	956,829	835,975	(120,854)
Applied Behavior Analysis Services	392	532	8,265	11,165	0	(11,165)
Mental Health Services	642,434	890,605	415,979	678,589	775,363	96,775
Pharmacy	5,436,966	6,101,836	5,532,105	6,006,966	10,809,203	4,802,237
Adult Expansion Reserve	(3,500,000)	(8,100,000)	0	0	0	0
Other Medical Professional	409,206	170,093	111,261	151,825	287,085	135,260
Other Medical Care	38	387	0	0	0	0
Other Fee For Service	1,744,277	437,370	250,180	660,972	963,767	302,795
Transportation	792,920	206,816	75,730	(50,918)	338,017	388,935
Total Claims	46,201,577	23,509,925	31,360,727	25,870,693	43,636,770	17,766,076
Medical & Care Management Expense	1,075,547	1,058,868	1,016,692	1,079,869	1,108,910	29,041
Reinsurance	(206,923)	441,960	502,015	480,408	200,528	(279,879)
Claims Recoveries	872,871	(495,199)	(177,502)	(100,289)	0	100,289
Sub-total	1,741,495	1,005,629	1,341,205	1,459,988	1,309,439	(150,550)
Total Cost of Health Care	50,947,617	29,428,716	36,161,087	31,383,625	47,774,231	16,390,606
Contribution Margin	8,568,886	8,482,904	8,884,977	8,618,506	3,628,339	4,990,167
General & Administrative Expenses:						
Salaries and Wages	724,287	673,399	711,273	736,114	843,621	107,507
Payroll Taxes and Benefits	265,074	212,026	189,329	195,625	233,503	37,878
Travel and Training	9,763	4,732	10,869	8,984	15,684	6,700
Outside Service - ACS	1,370,254	1,342,906	1,349,555	1,447,875	1,233,634	(214,240)
Outside Services - Other	143,598	140,431	151,651	153,238	158,414	5,177
Accounting & Actuarial Services	10,000	10,000	14,585	5,415	0	(5,415)
Legal	378,862	169,276	289,180	188,244	33,334	(154,910)
Insurance	18,265	16,863	33,940	32,538	14,583	(17,955)
Lease Expense - Office	63,318	67,130	64,785	65,957	64,354	(1,603)
Consulting Services	9,194	12,434	12,475	37,106	116,819	79,713
Translation Services	401	4,125	3,990	5,466	7,083	1,617
Advertising and Promotion	147	5,237	2,057	1,178	15,479	14,302
General Office	87,687	85,544	182,426	131,637	90,101	(41,537)
Depreciation & Amortization	16,530	16,530	16,530	18,111	26,388	8,278
Printing	0	21,486	1,089	365	27,895	27,530
Shipping & Postage	17,239	2,088	22,696	25,648	23,892	(1,756)
Interest	15,949	17,143	9,641	15,268	15,000	(268)
Total G & A Expenses	3,130,570	2,801,351	3,066,071	3,068,769	2,919,785	(148,984)
Total Operating Gain / (Loss)	5,438,317	5,681,553	5,818,906	5,549,737	708,554	4,841,183
Non Operating:						
Revenues - Interest	47,435	48,276	46,762	40,314	17,645	22,669
Expenses - Interest	1,746	1,207	3,115	2,528	0	(2,528)
Total Non-Operating	45,690	47,070	43,647	37,785	17,645	20,141
Total Increase / (Decrease) in Unrestricted Net Assets	5,484,006	5,728,622	5,862,553	5,587,523	726,199	4,861,323
Full Time Employees				152	169	17

PMPM Statement of Revenues, Expenses and Changes in Net Assets

	DEC 14	JAN 15	FEB 15	MAR 15		Variance
				Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	178,532	180,568	181,458	185,971	164,368	21,603
Revenue:						
Premium	378.65	321.14	335.63	319.58	325.31	(5.72)
Reserve for Rate Reduction	(40.45)	(102.80)	(77.05)	(78.85)	0.00	(78.85)
MCO Premium Tax	(5.21)	(8.60)	(10.55)	(25.84)	(12.81)	(13.03)
Total Net Premium	332.98	209.75	248.03	214.89	312.50	(97.60)
Other Revenue:						
Miscellaneous Income	0.38	0.21	0.21	0.21	0.23	(0.03)
Total Other Revenue	0.38	0.21	0.21	0.21	0.23	(0.03)
Total Revenue	333.37	209.96	248.25	215.10	312.73	(97.63)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Vision)</u>	16.83	27.21	19.06	21.79	17.21	(4.59)
<u>FFS Claims Expenses:</u>						
Inpatient	58.19	37.65	26.69	27.41	64.56	37.15
LTC/SNF	50.74	31.39	55.81	30.99	46.18	15.19
Outpatient	24.77	11.65	13.96	12.27	16.92	4.65
Laboratory and Radiology	6.95	2.26	0.25	0.87	5.18	4.31
Physician ACA 1202	27.68	0.00	17.28	0.00	0.00	0.00
Emergency Room	9.93	9.68	5.74	6.42	10.01	3.59
Physician Specialty	23.71	16.57	9.87	10.87	20.76	9.89
Primary Care Physician	17.85	13.27	3.71	5.02	16.64	11.61
Home & Community Based Services	8.01	9.35	4.27	5.15	5.09	(0.06)
Applied Behavior Analysis Services	0.00	0.00	0.05	0.06	0.00	(0.06)
Mental Health Services	3.60	4.93	2.29	3.65	4.72	1.07
Pharmacy	30.45	33.79	30.49	32.30	65.76	33.46
Adult Expansion Reserve	(19.60)	(44.86)	0.00	0.00	0.00	0.00
Other Medical Professional	2.29	0.94	0.61	0.82	1.75	0.93
Other Medical Care	0.00	0.00	0.00	0.00	0.00	0.00
Other Fee For Service	9.77	2.42	1.38	3.55	5.86	2.31
Transportation	4.44	1.15	0.42	(0.27)	2.06	2.33
Total Claims	258.79	130.20	172.83	139.11	265.48	126.37
Medical & Care Management Expense	6.02	5.86	5.60	5.81	6.75	0.94
Reinsurance	(1.16)	2.45	2.77	2.58	1.22	(1.36)
Claims Recoveries	4.89	(2.74)	(0.98)	(0.54)	0.00	0.54
Sub-total	9.75	5.57	7.39	7.85	7.97	0.12
Total Cost of Health Care	285.37	162.98	199.28	168.76	290.65	121.90
Contribution Margin	48.00	46.98	48.96	46.34	22.07	24.27
General & Administrative Expenses:						
Salaries and Wages	4.06	3.73	3.92	3.96	5.13	1.17
Payroll Taxes and Benefits	1.48	1.17	1.04	1.05	1.42	0.37
Travel and Training	0.05	0.03	0.06	0.05	0.10	0.05
Outside Service - ACS	7.68	7.44	7.44	7.79	7.51	(0.28)
Outside Services - Other	0.80	0.78	0.84	0.82	0.96	0.14
Accounting & Actuarial Services	0.06	0.06	0.08	0.03	0.00	(0.03)
Legal	2.12	0.94	1.59	1.01	0.20	(0.81)
Insurance	0.10	0.09	0.19	0.17	0.09	(0.09)
Lease Expense - Office	0.35	0.37	0.36	0.35	0.39	0.04
Consulting Services	0.05	0.07	0.07	0.20	0.71	0.51
Translation Services	0.00	0.02	0.02	0.03	0.04	0.01
Advertising and Promotion	0.00	0.03	0.01	0.01	0.09	0.09
General Office	0.49	0.47	1.01	0.71	0.55	(0.16)
Depreciation & Amortization	0.09	0.09	0.09	0.10	0.16	0.06
Printing	0.00	0.12	0.01	0.00	0.17	0.17
Shipping & Postage	0.10	0.01	0.13	0.14	0.15	0.01
Interest	0.09	0.09	0.05	0.08	0.09	0.01
Total G & A Expenses	17.54	15.51	16.90	16.50	17.76	1.26
Total Operating Gain / (Loss)	30.46	31.46	32.07	29.84	4.31	25.53
Non Operating:						
Revenues - Interest	0.27	0.27	0.26	0.22	0.11	0.11
Expenses - Interest	0.01	0.01	0.02	0.01	0.00	(0.01)
Total Non-Operating	0.26	0.26	0.24	0.20	0.11	0.10
Total Increase / (Decrease) in Unrestricted Net Assets	30.72	31.73	32.31	30.05	4.42	25.63

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For Nine Months Ended March 31, 2015

	MAR 15 Year-To-Date		Variance Fav / (Unfav)
	Actual	Budget	
Membership (includes retro members)	1,561,287	1,445,662	115,625
Revenue			
Premium	\$ 534,949,768	\$ 457,400,600	\$ 77,549,168
Reserve for Rate Reduction	(91,182,358)	0	(91,182,358)
MCO Premium Tax	(20,582,814)	(18,010,149)	(2,572,665)
Total Net Premium	423,184,596	439,390,452	(16,205,856)
Other Revenue:			
Miscellaneous Income	375,318	344,997	30,321
Total Other Revenue	375,318	344,997	30,321
Total Revenue	423,559,914	439,735,449	(16,175,535)
Medical Expenses:			
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	29,236,608	24,433,352	(4,803,256)
FFS Claims Expenses:			
Inpatient	68,678,077	89,853,027	21,174,950
LTC / SNF	75,688,339	67,723,298	(7,965,040)
Outpatient	24,080,703	23,743,368	(337,335)
Laboratory and Radiology	4,868,757	6,918,539	2,049,782
Physician ACA 1202	8,077,096	0	(8,077,096)
Emergency Room	11,493,864	13,902,727	2,408,864
Physician Specialty	24,789,628	29,303,561	4,513,933
Primary Care Physician	17,486,716	22,798,088	5,311,372
Home & Community Based Services	11,592,256	7,514,364	(4,077,892)
Applied Behavior Analysis Services	20,353	0	(20,353)
Mental Health Services	5,257,935	6,742,845	1,484,910
Pharmacy	49,956,192	82,911,087	32,954,896
Adult Expansion Reserve	(8,100,000)	0	8,100,000
Other Medical Professional	1,923,920	2,416,546	492,626
Other Medical Care	756	0	(756)
Other Fee For Service	6,524,546	8,387,844	1,863,298
Transportation	2,035,626	2,790,556	754,930
Total Claims	304,374,761	365,005,850	60,631,088
Medical & Care Management Expense	9,197,077	9,630,587	433,511
Reinsurance	3,114,469	1,763,708	(1,350,762)
Claims Recoveries	(885,940)	0	885,940
Sub-total	11,425,606	11,394,295	(31,311)
Total Cost of Health Care	345,036,975	400,833,496	55,796,521
Contribution Margin	78,522,939	38,901,952	39,620,987
General & Administrative Expenses:			
Salaries and Wages	6,138,697	7,391,098	1,252,401
Payroll Taxes and Benefits	1,766,789	1,968,395	201,606
Travel and Training	94,645	201,659	107,013
Outside Service - ACS	11,963,545	10,862,814	(1,100,731)
Outside Services - Other	1,181,507	1,263,179	81,672
Accounting & Actuarial Services	134,641	250,000	115,359
Legal	2,047,437	300,000	(1,747,437)
Insurance	189,399	131,250	(58,149)
Lease Expense - Office	577,778	579,186	1,408
Consulting Services	275,250	1,116,633	841,383
Translation Services	40,530	63,747	23,217
Advertising and Promotion	18,427	223,351	204,924
General Office	978,703	1,370,082	391,379
Depreciation & Amortization	146,281	215,238	68,958
Printing	63,189	176,557	113,368
Shipping & Postage	95,763	177,254	81,492
Interest	146,431	135,000	(11,431)
Total G & A Expenses	25,859,013	26,425,443	566,430
Total Operating Gain / (Loss)	\$ 52,663,926	\$ 12,476,509	\$ 40,187,417
Non Operating			
Revenues - Interest	333,200	150,942	182,257
Expenses - Interest	48,315	0	(48,315)
Total Non-Operating	284,884	150,942	133,942
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 52,948,810	\$ 12,627,451	\$ 40,321,359
Net Assets, Beginning of Year	32,613,991		
Net Assets, End of Year	<u>85,562,801</u>		

Statement of Cash Flows - Monthly

	MAR 15	FEB 15	JAN 15
Cash Flow From Operating Activities			
Collected Premium	\$ 134,811,271	\$ 75,979,999	\$ 65,158,436
Miscellaneous Income	40,314	46,762	48,276
State Pass Through Funds	4,383,049	9,450,060	2,598,890
<u>Paid Claims</u>			
Medical & Hospital Expenses	(35,848,764)	(22,042,511)	(22,846,193)
Pharmacy	(5,781,444)	(6,738,450)	(6,128,544)
Capitation	(3,141,517)	(3,068,241)	(2,997,785)
Reinsurance of Claims	(480,408)	(502,015)	(487,795)
State Pass Through Funds Distributed	(1,446,016)	(9,701,452)	(2,811,581)
Paid Administration	(4,795,844)	(1,729,687)	(4,626,082)
MCO Tax Received / (Paid)	(3,383,516)	(2,614,091)	(3,969,326)
Net Cash Provided / (Used) by Operating Activities	84,357,126	39,080,373	23,938,297
Cash Flow From Investing / Financing Activities			
Net Acquisition of Investments	(50,003,271)	-	-
Net Acquisition of Property / Equipment	(18,626)	(110,638)	(12,875)
Net Cash Provided / (Used) by Investing / Financing	(50,021,897)	(110,638)	(12,875)
Net Cash Flow	\$ 34,335,229	\$ 38,969,735	\$ 23,925,422
Cash and Cash Equivalents (Beg. of Period)	278,626,873	239,657,138	215,731,716
Cash and Cash Equivalents (End of Period)	312,962,102	278,626,873	239,657,138
	\$ 34,335,229	\$ 38,969,735	\$ 23,925,422
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	5,587,523	5,862,553	5,728,622
Depreciation & Amortization	32,269	30,689	30,689
Decrease / (Increase) in Receivables	63,478,378	7,440,201	4,671,870
Decrease / (Increase) in Prepays & Other Current Assets	106,964	(20,190)	70,705
(Decrease) / Increase in Payables	(6,751,516)	5,523,148	(43,607,863)
(Decrease) / Increase in Other Liabilities	27,713,537	20,577,717	62,534,720
Change in MCO Tax Liability	2,313,260	(601,867)	(2,219,500)
Changes in Claims and Capitation Payable	138,152	848,138	4,512,479
Changes in IBNR	(8,261,441)	(580,015)	(7,783,425)
	84,357,126	39,080,373	23,938,297
Net Cash Flow from Operating Activities	84,357,126	\$ 39,080,373	\$ 23,938,297

Statement of Cash Flows - YTD

	<u>MAR 15</u>
Cash Flow From Operating Activities	
Collected Premium	\$ 668,484,430
Miscellaneous Income	333,199
State Pass Through Funds	49,674,937
<u>Paid Claims</u>	
Medical & Hospital Expenses	(222,765,889)
Pharmacy	(53,530,221)
Capitation	(25,523,654)
Reinsurance of Claims	(4,409,809)
State Pass Through Funds Distributed	(44,819,678)
Paid Administration	(29,357,376)
MCO Taxes Received / (Paid)	(35,088,665)
Net Cash Provided / (Used) by Operating Activities	<u>302,997,275</u>
Cash Flow From Investing / Financing Activities	
Net Acquisition of Investments	(50,003,271)
Net Acquisition of Property / Equipment	(208,601)
Net Cash Provided / (Used) by Investing / Financing	<u>(50,211,872)</u>
Net Cash Flow	<u><u>\$ 252,785,403</u></u>
Cash and Cash Equivalents (Beg. of Period)	60,176,698
Cash and Cash Equivalents (End of Period)	312,962,102
	<u><u>\$ 252,785,403</u></u>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	52,948,810
Depreciation & Amortization	273,707
Decrease / (Increase) in Receivables	112,365,506
Decrease / (Increase) in Prepaids & Other Current Assets	114,495
(Decrease) / Increase in Payables	2,984,718
(Decrease) / Increase in Other Liabilities	110,800,272
Change in MCO Tax Liability	(12,443,595)
Changes in Claims and Capitation Payable	4,725,728
Changes in IBNR	31,227,633
	<u><u>302,997,275</u></u>
Net Cash Flow from Operating Activities	<u><u>\$ 302,997,275</u></u>

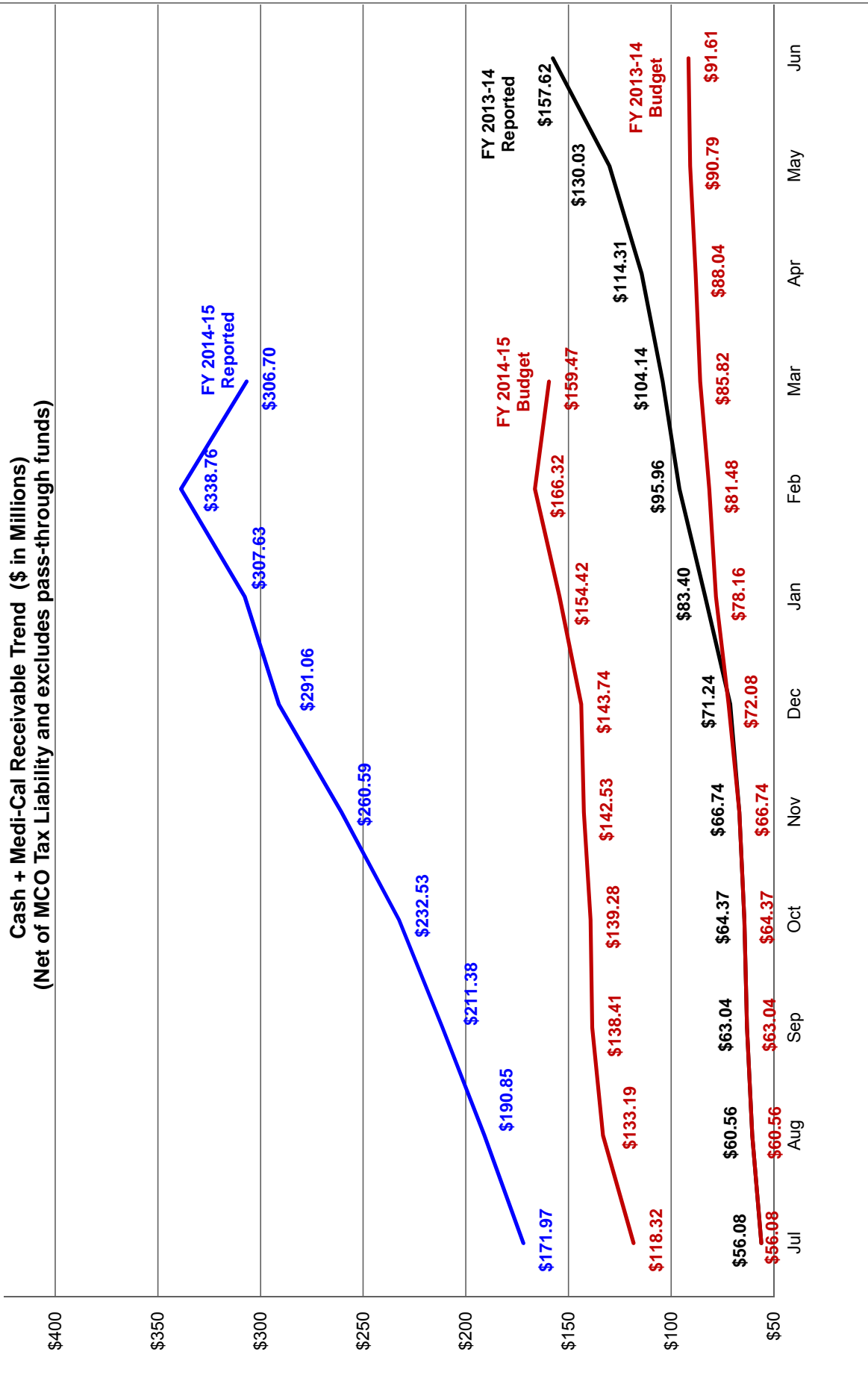


For the month ended March 31, 2015

APPENDIX

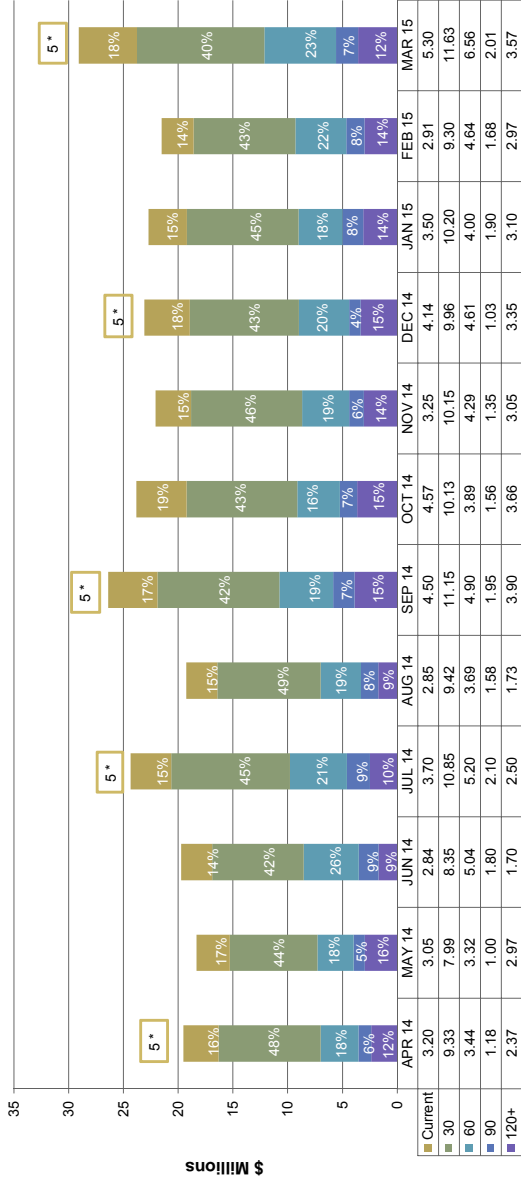
Cash Trend Combined
Paid Claims and IBNP Composition
Total Expense Composition
Pharmacy Cost Trend
Pharmacy Cost & Utilization Analysis

**GOLD COAST HEALTH PLAN
MAR 15**



**GOLD COAST HEALTH PLAN
MAR 15**

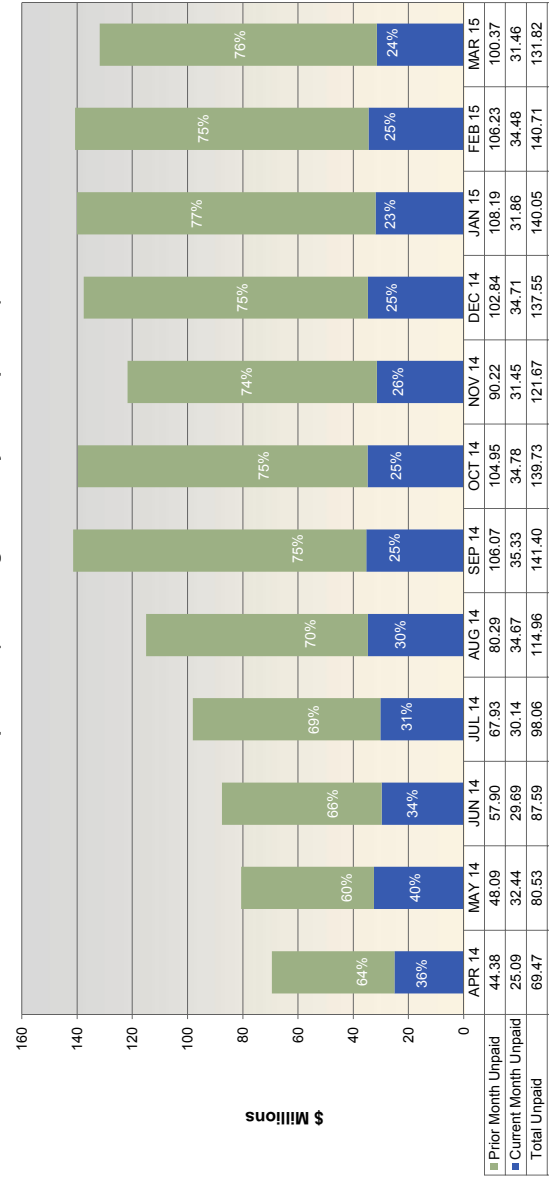
Paid Claims Composition (excluding Pharmacy and Capitation Payments)



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

* Months indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

IBNP Composition (excluding Pharmacy and Capitation)



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

GOLD COAST HEALTH PLAN

Total Expense Composition



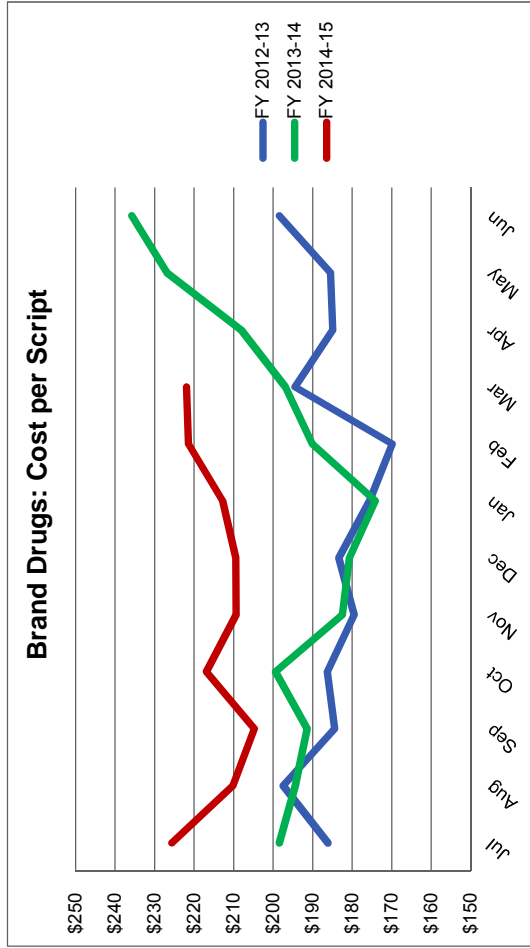
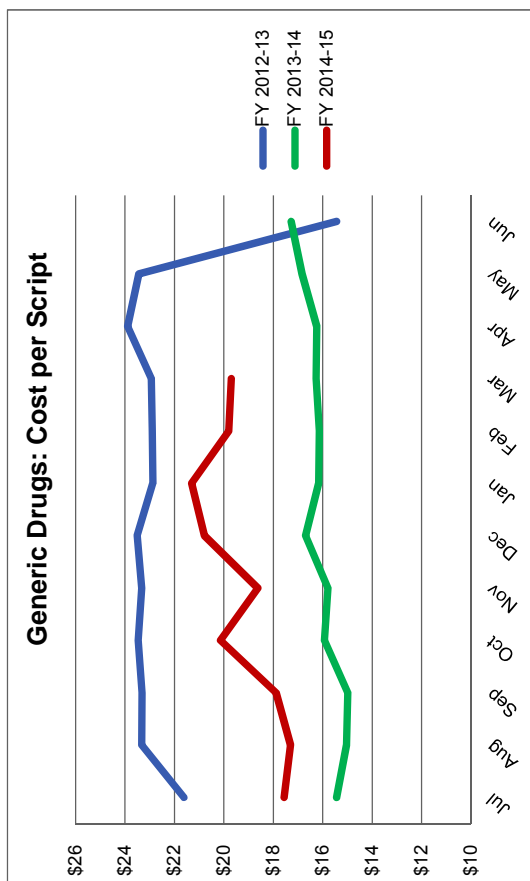
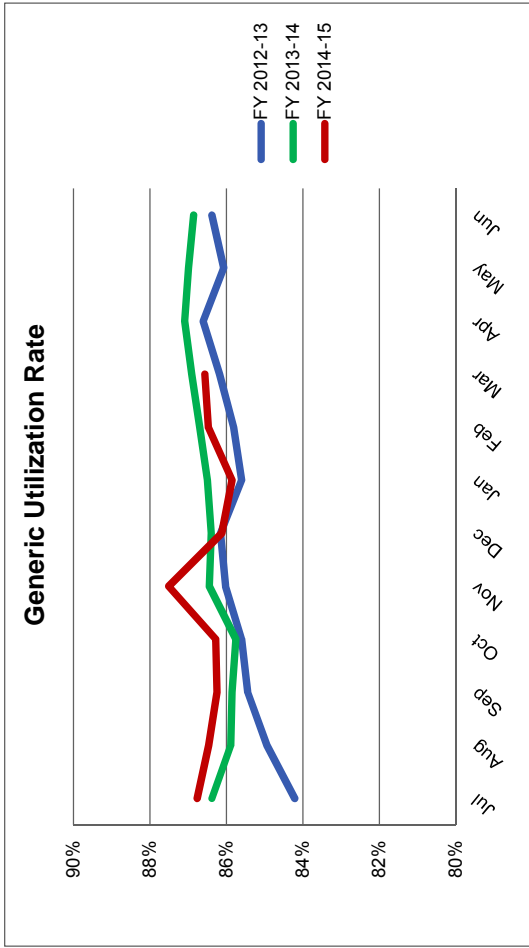
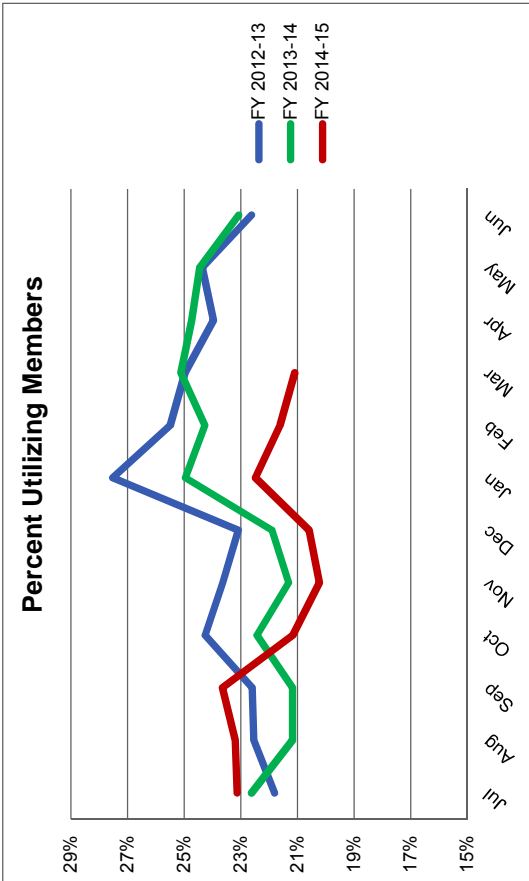
Note: November 14 reflects an adjustment in medical expenses as a result of the Adult Expansion allowance for revenue recoup.

GOLD COAST HEALTH PLAN

Pharmacy Cost Trend



**GOLD COAST HEALTH PLAN
Pharmacy Analysis**



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**Gold Coast
Health Plan**SM
A Public Entity

CAQH CORE Certification

Presented by: **Melissa Scrymgeour, CIO**
May 2015



Overview

The Affordable Care Act (ACA) of 2010 established a set of operating rules to enable administrative simplification by:

- Augmenting existing HIPAA transactions and,
- Streamlining information exchange across healthcare organizations

Benefits to implementing operating rules:

- Enhance interoperability between providers and payers
- Streamline eligibility, benefits, and claim data transactions
- Reduce the amount of time and resources Payers and Providers spend on administrative functions

ACA Section 1104 requires all HIPAA covered entities to comply with the ACA mandated standards and applicable operating rules by their compliance dates.

CAQH CORE is an industry-wide stakeholder collaboration committed to the development and adoption of common operating rules for administrative transactions.

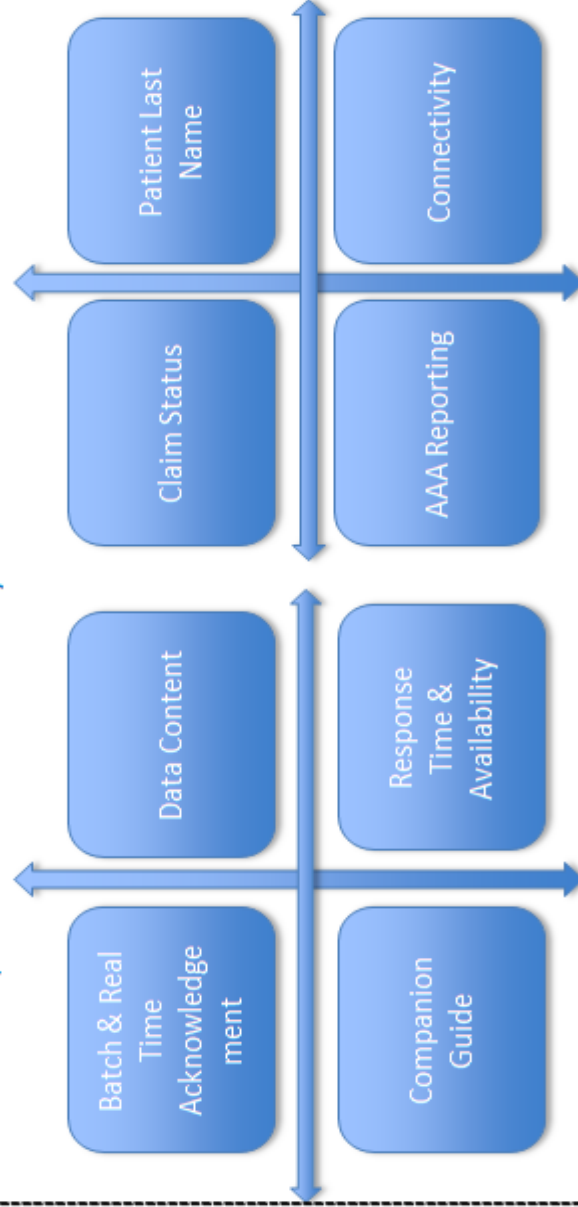
- 140 CORE Participants represent a wide range of all key stakeholders
- Health and Human Services (HHS) has adopted the CAQH CORE Operating Rules to fulfill the ACA Section 1104 Federal mandate.

Per the HHS Notice of Proposed Rulemaking (NPRM), covered entities must complete the requirements for the first ACA-mandated certification by [December 31, 2015](#).

Operating Rules – Phase I, II & III

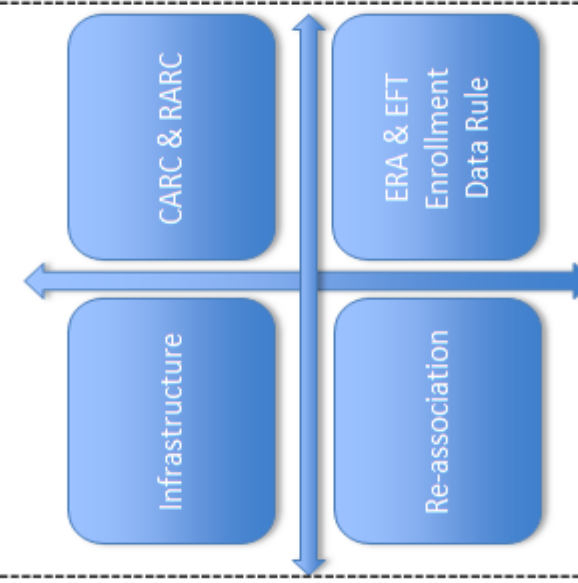
Operating Rules Phase I & II

- Phase I rules focused on promulgating Operating Rules to increase the usefulness of, and reduce the administrative challenges associated with, eligibility and benefit inquiries
- Phase II rules are built on the Phase I rules, with additional rules for patient identifiers, accumulators, claims status and connectivity



Operating Rules Phase III

- This CORE rule builds upon and extends the Phase I and Phase II CORE infrastructure rules to the conduct of the v5010 X12 835



Penalties for Non-Compliance

- The ACA directs the Secretary of HHS to assess penalties against health plans that fail to complete the ACA-mandated certification
 - The penalty fee will be \$1 per covered life until certification is complete
- The penalty shall not exceed, on an annual basis, either:
 - \$20 per covered life under such plan **OR**
 - \$40 per covered life under the plan if such plan has knowingly provided inaccurate or incomplete information
- The estimated penalty for non-compliance for a Health Plan, based on their membership, is below:

Membership	Estimated Yearly Penalty	Comments
150,000	\$3 Million	Penalty doubles if knowingly inaccurate info. *additional penalty of 1.5M for HIPAA non compliance
500,000	\$10 Million	Penalty doubles if knowingly inaccurate info. *additional penalty of 1.5M for HIPAA non compliance
1 million	\$20 Million	Penalty doubles if knowingly inaccurate info. *additional penalty of 1.5M for HIPAA non compliance

Current State

Phase	Rules Total by Phase	Certification Readiness Status
1	7 rules	Certification Ready for 1 of 7
2	5 rules	Not Certification Ready
3	5 rules	Not Certification Ready

*Based on gap analysis conducted by Xerox / ACS

- Xerox / ACS high level work estimate – 11,600 hours to remediate and certify for Phases I-III.

Proposed Solution

Edifecs Operating Rules Solution

- Packaged software as a service solution (SaaS)
- Turn key solution geared for quick deployment
- Estimated timeline is 6 months from Contract execution
- Significantly reduces the cost and time required to achieve complete Operating Rules compliance
- Only CORE certified testing vendor (170 HIPAA Covered Entities certified using Edifecs)

Capability	Benefits
Scalable HIPAA and CORE validation, and orchestration engine with out-of-the-box transaction workflows for Operating Rules phases I, II and III transactions and CORE compliant connectivity solution	<ul style="list-style-type: none"> • Stay compliant in production with changing requirements for Operating Rules Phase I, II and III • Minimize changes to customer systems in order to achieve CORE Compliance • Reduce cost and time to implement and achieve compliance

Estimated Costs

Edifecs Operating Rules Solution	
Implementation Services (1x fee)	\$52,100
Subscription Fee Over 3-yr. Agreement	\$396,200
Estimated Total 3-yr. Spend	\$448,300

- Edifecs offers tiered pricing for annual subscription fees based on total membership.
- A collaboration of local Health Plans is currently negotiating the proposed rates and additional tier membership pricing.
- Plans will execute separate services agreements for the solution.

Request for Proposal (RFP)

- Under normal circumstances, GCHP would submit a bid for the project work using a Request for Proposal (RFP).
- GCHP's standard RFP timeline is a 17-week process.
- Timeline puts GCHP at risk to meet CMS 12/31/2015 certification deadline.
- Evaluated Xerox / ACS solution proposal against Edifecs.
- Xerox / ACS solution proposal requires reallocation of key technical resources already working on critical projects.
- Estimated cost for Xerox / ACS is ~\$1MM.
- Edifecs is an expert in the space and has already developed a team and plan to deliver the solution within required deadline.
- Collaboration of local health plans provides for collective bargaining in Edifecs solution pricing.

Recommendation

- Move forward with the Edifecs Core Operating Rules solution to meet CAQH CORE Certification requirements
- Continue discussions and pricing negotiations with Edifecs through the local health plan collaboration.
- Commission authorizes the CEO to negotiate and execute a services contract with Edifecs for the CORE Operating Rules solution, with approval to extend services for future CORE transaction requirement phases.

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AGENDA ITEM 4a

To: Gold Coast Health Plan Commission
From: Ruth Watson, Interim CEO / Chief Operating Officer
Date: May 18, 2015
Re: CEO Update

Intergovernmental transfer (IGT)

GCHP received a letter from DHCS on April 7, 2015 (dated April 6) regarding the Intergovernmental Transfer (IGT) Program for Rate Year 2013-14. The letter directed the Plan and funding entity (VCMC) to provide required materials within 21 days from the date of the letter. Plan staff has worked closely with VCMC to complete the funding entity's voluntary letter of interest and additional documentation regarding Medi-Cal members served, scope of services, costs of services along with primary contact persons and the funding entity's participation level (i.e., expected percentage of dollars to fund). These materials were submitted to DHCS on April 27, 2015.

GCHP and VCMC received a response from DHCS on May 1, 2015 confirming the maximum funding level of \$6,917,403. The available IGT amount is the nonfederal share of the differences between the Medi-Cal managed care plan's contracted capitation rates and the top of the plan's actuarially sound rate range, as determined by DHCS. The response also outlined a requirement of completing additional documents. Templates were provided for:

1. Rate Range Intergovernmental Agreement Template
2. Rate Range IGT Assessment Agreement (20% fee)
3. Rate Range Template Health Plan – Provider Agreement
4. IGT Funding Questions

Drafts of these documents were submitted to DHCS on May 11, 2015 for review. The approved documents are expected to be returned on May 18, 2015. Signed agreements are to be returned to DHCS by June 17, 2015. Depending on final CMS approval, final letters and wire transfers are expected to be received from DHCS sometime during the August 3 and August 10, 2015 timeframe.

ACA 1202

DHCS contacted all plans on May 13, 2015 and reiterated that following the December 31, 2014 end of the federal grant, ACA 1202 should have no longer been applied. However, DHCS realized that payments for ACA 1202 were still being made after December 31st, 2014 and informed plans that a correction in the capitation payment system will occur during May 2015. Any payments issued for ACA 1202 to plans for periods after January 1, 2015 will be recouped. The funds will be reconciled in plans' May 2015 capitation payments. The state capitation payment system will no longer include the ACA 1202 rate, and all future capitation payments to plans will accurately omit the ACA 1202 rate. GCHP staff have properly accounted for the excess payment as a liability, and estimates that approximately \$2,815,000 will be clawed back by DHCS. The excess payments have been limited to the rates connected to the Adult Expansion population. The settlement will be treated as a satisfaction of a liability and will have no effect on the Plan's net results.

California Children's Services Program

The California Children's Services (CCS) Program is a joint State-county program providing medical case management and authorization of services for California children with serious chronic medical conditions. CCS services have historically been carved out from Medi-Cal managed care plans. The CCS Program is authorized through December 2015.

While the CCS Program was not included in the state's 1115 waiver application, the state DHCS is in discussion with the California Children's Hospital Association to create an ACO-type network of hospitals to provide care and coordination of services to children in the CCS Program. At the federal level, legislation has been introduced in the House of Representatives with bipartisan support. The Advancing Care for Exceptional (ACE) Kids Act of 2015 would establish a Medicaid Children's Care Coordination Program whereby designated children's hospitals would provide care coordination for children with complex conditions.

The California Children's Hospital Association proposal has generated concern among COHS plans regarding access to care issues for children not near a children's hospital.

There is consensus among LHPC member plans, including GCHP, to not relinquish the CCS benefit from Medi-Cal managed care plans. LHPC supports elimination of the current bifurcated system and a move toward a whole-person approach e.g. one system of care for the child that includes primary care through a Medi-Cal managed care plan.

Children’s Health Insurance Program (CHIP) Reauthorization

On April 15, the United States Senate approved, and President Obama signed into law, a two-year funding extension of the CHIP Program through FY 2017. While the CHIP Program is authorized through 2019, only a two-year funding extension through 2017 was approved by the Senate. Democrat Senators had insisted on a four-year extension of CHIP to align CHIP funding with the program’s authorization period, which ends in FY 2019. Approximately 1.2 million low-income children and pregnant women receive health services that are funded through California’s CHIP Programs. These programs include:

- Medicaid expansion for low-income children and pregnant women
- Optional Targeted Low Income Children’s Program

1115 Waiver

On March 27, 2015 the California Department of Health Care Services (DHCS) submitted its 1115 waiver renewal application to the Centers for Medicare and Medicaid Services (CMS). The new waiver proposal dubbed “Medi-Cal 2020” is estimated to bring up to \$20 billion in federal funding over a five year period for the state’s Medi-Cal Program. The current 1115 Medicaid waiver expires on October 31, 2015. DHCS has set a waiver renewal implementation date of November 1, 2015.

Through the Medi-Cal 2020 waiver, the state hopes to implement various Medi-Cal Program initiatives that include: Whole Person Care Pilot Programs; Housing and Supportive Services Programs; and Workforce Development Programs. The housing and supportive services component, if approved by CMS, would allow Medi-Cal managed care plans the flexibility to fund and provide housing-based care management to utilizers of high cost services and those experiencing or at risk of homelessness. Details of the housing proposal and other initiatives are currently under development with stakeholder input.

CMS Proposed Rule Change in Medicaid Mental Health

On Monday April 6, 2015, the CMS proposed a change in Medicaid rules for behavioral health in Medicaid managed care. Under the proposed rule change states would be required to include provisions requiring parity in contracts for Medicaid managed care. The proposed rule change would prohibit states from carving out mental health or substance-abuse treatment services from Medicaid managed care contracts. The proposed rule change would also require plans to provide an explanation to plan enrollees for denying reimbursement or payment for mental health and substance-abuse services. CMS is accepting public comment on this proposed rule change until June 9, 2015.

FQHC Payment Reform

Legislation is moving through the State Legislature (SB 147) that would authorize a three-year Medi-Cal alternative payment methodology (APM) pilot program for county and community-based federally qualified health centers (FQHCs) that volunteer to participate, beginning no sooner than July 2016. The objective of the pilot is to test payment and delivery reform that promotes value over volume and ultimately delivers improved access, better care, and improved health outcomes for Medi-Cal beneficiaries.

Under the pilot, the wrap around payment from DHCS to the FQHC will be converted into a clinic-specific, per-member-per-month (PMPM) capitation rate for each category of aid included in the pilot. Health plans would pass through the wrap around capitation (aka wrap cap) from DHCS to the FQHC, which, along with the base payment the plan would have already been paying to the FQHC, ensures the FQHC is receiving a PPS-equivalent capitation per category of aid included in the pilot.

Behavioral Health Subaccount

GCHP staff participated in a DHCS-conference call to discuss the Behavioral Health Subaccount (BHS) which funds:

- Specialty Mental Health Services
- Drug Medi-Cal
- Residential perinatal drug services and treatment
- Drug court operations and other non-Drug Medi-Cal programs

The BHS account currently has approximately \$1 billion to fund the above mentioned programs and services in 2014-15. The State Controller makes monthly allocations from the BHS account to counties. Base allocations for the 2014-15 fiscal years have not been set. DHCS is soliciting written comments and input from stakeholders and plans on three key questions to help establish base allocations:

- What should be the factor(s) for allocating growth? Why?
- How would the factor(s) be measured?
- How should the factors be prioritized and weighted?

Legislative Update

The State Legislature is in the first year of a two-year Legislative Session. On Monday, April 6th the State Senate and Assembly reconvened from the week-long Easter Recess. The State Senate and Assembly Health Committees held several hearings in the month of April concerning Medi-Cal provider reimbursement rates and network adequacy. The Chairmen of both Senate and Assembly Health Committees have indicated that they want build support in the legislature for the bills they introduced, AB 366 and SB 243, that would

increase Medi-Cal reimbursement rates. The Governor is expected to release a revised state budget around the second the week of May. It is unclear whether the Governor's revised state budget will include any increases in Medi-Cal provider rates.

The following is an updated list of Medi-Cal bills categorized by program area that were heard in various legislative committees during the month of April. In order for these bills to be considered for the Governor's signature, they must be approved by the Legislature on or before September 11, 2015.

Finance

AB 366 (Bonta) Medi-Cal: reimbursement: provider rates-- Would require claims for payments pursuant to the inpatient hospital reimbursement methodology to be increased by a yet to be determined percentage for the 2015-16 fiscal year, and would require, commencing July 1, 2016, and annually thereafter, DHCS to increase each diagnosis-related group payment claim amount based on increases in the medical component of the California Consumer Price Index. This bill was approved by the Assembly Health Committee and sent to the Committee on Appropriations on April 15, 2015.

SB 147 (Hernandez) Federally qualified health centers--would require DHCS to authorize a 3-year alternative payment methodology pilot project for FQHCs that would be implemented in any county and FQHC willing to participate. This bill was approved by the Senate Health Committee and sent to the Committee on Appropriations on April 15, 2015.

SB 243 (Hernandez) Medi-Cal: reimbursement: provider rates-- Would require claims for payments pursuant to the inpatient hospital reimbursement methodology to be increased by ___ percent for the 2015-16 fiscal year, and would require, commencing July 1, 2016, and annually thereafter, DHCS to increase each diagnosis-related group payment claim amount based on increases in the medical component of the California Consumer Price Index. This bill was approved by the Senate Health Committee and sent to the Committee on Appropriations on April 22, 2015.

SB 610 (Pan) Medi-Cal: federally qualified health centers and rural health clinics: managed care contracts – Requires DHCS to finalize a new rate within 90 days after an FQHC's or RHC's submission of a scope-of-service rate change. Requires that, with respect to a new FQHC or RHC that has elected for the department to establish its reimbursement rate based on projected allowable costs, DHCS finalize that rate within 90 days after the submission of the actual cost report from the first full 12 months of operation. This bill was approved by the Senate Health Committee and sent to the Committee on Appropriations on April 22, 2015.

Health Education

AB 1162 (Holden) Medi-Cal: tobacco cessation – Provides that tobacco cessation services are covered benefits under the Medi-Cal program and requires that those services

include, at a minimum, unlimited quit attempts, defined to include at least 4 counseling sessions and a 90-day treatment regimen of any medication approved by the FDA for tobacco cessation. This bill was approved by the Assembly Health Committee and sent to the Committee on Appropriations on April 21, 2015.

Pharmacy

AB 463 (Chiu) Pharmaceutical Cost Transparency—Would require manufacturers of a prescription drug, made available in California, that has a wholesale acquisition cost of \$10,000 or more annually or per course of treatment, to file a report no later than May 1 of each year, with the Office of Statewide Health Planning and Development. Said reports would include the costs and profits for each qualifying drug. This bill was held over in the Assembly Health Committee.

Medi-Cal Expansion

SB 4 (Lara) Health care coverage: immigration status-- declares the intent of the Legislature to make Medi-Cal and affordable health coverage and care to all Californians, regardless of immigration status. This bill was approved by the Senate Health Committee on a 7-0 vote and sent to the Committee on Appropriations on April 15, 2015.

Community Outreach Update

On Saturday, June 6, 2015, at Plaza Park in downtown Oxnard, GCHP will be hosting the 4th Annual Community Resource Fair from 10:00 AM to 2:00 PM. Invitation letters and registration forms were emailed to various community based agencies throughout Ventura County. Media campaign is scheduled to be released by May 15, 2015 in local English and Spanish radio stations. Communications Department is working with print media to publish the flyer in the local English and Spanish newspapers. In addition, the flyer will be posted in local e-Newsletters and websites.

We are pleased to announcement that as of May 1, 2015, a total of 30 agencies have confirmed participation in the resource fair. In addition, GCHP will have representation from various departments on-site to assist the community and members. Below is a listing participating agencies and GCHP Departments that have confirmed participation:

American Cancer Society	Kids and Families Together	Ventura County Behavioral Health Department
Alzheimer’s Association	Livingston Memorial Visiting Nurse Association &	Ventura County – Child Health and Disability

	Hospice	Prevention (CHDP) Program
Beacon Health Strategies	Oxnard Fire Department	Ventura County Department of Child Support Services
Child Development Resources	Oxnard Police Department – Mobile Crash Car Trailer	Ventura County Public Health – Chronic Disease Prevention Program
Clinicas del Camino Real	MICOP	Ventura Transportation Services
Community Action of Ventura County	Planned Parenthood	Vision Services Plan
Community Memorial Hospital	Rainbow Connection	Gold Coast Health Plan - Departments
Dignity Health, St. John's Hospital – Mobile Unit	Shield Healthcare	Health Education
Every Women Counts	Tobacco Bus – Ventura County Public Health Department	Health Services – Care Management
FOOD Share, Inc.	United Parents	Member Services
First 5 Ventura County	Ventura County – Alcohol and Drug Program	Pharmacy
Gold Coast Ambulance	Ventura County Area Agency on Aging - HICAP	GHCP Information Booth

Summary of Monthly Outreach Events

During the month of March 2015, GCHP participated in eleven (11) community outreach activities. Below is a summary report of the total number of participants reached and materials distributed during the month of March 2015.

April 2015

During the month of April 2015, GCHP outreach team reach over 500 individuals and distributed over 1,100 materials to various groups and organizations. Outreach team participated in ten (10) community outreach events throughout the county.

SBIRT (Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training)

The Health Education Department will host an SBIRT Training in Ventura County. The training will be held on May 20, 2015, from 12:45 PM – 5:00 PM at the Family Medicine Residency and Specialty Care Center, Academic Auditorium in Ventura. The training is

Co-Sponsored by the University of California Los Angeles, (UCLA) Integrated Substance Abuse Programs (ISAP) and the California Department of Health Care Services. For more information regarding the training, please contact the Health Education Department at healtheducation@goldchp.org.

Diabetes Education

The Health Education Department has identified various diabetes education classes sponsored by contracted hospitals, clinics, and/or community healthcare partners. Classes are available in English and Spanish and throughout the county. The Health Education Department has compiled a listing of diabetes education classes available to our members through either their primary care provider, ancillary providers, or community based agencies that provide diabetes education throughout the Ventura County. For information about classes and/or workshops, please refer to the GCHP Event Calendar for a schedule of classes.

Compliance Update

Gold Coast Health Plan (GCHP) had auditors from Audits & Investigations (A&I) a division within the Department of Health Care Services (DHCS) from February 17- February 25, 2015. The purpose of the onsite is to conduct the annual medical audit which includes: interviewing staff, review files and processes. The review period of the audit was December 1, 2013 through November 30, 2014. The plan was slated to receive the draft report on April 13, 2015 however A&I has informed the Plan the draft report will be delayed to May 2015 exact date is to be determined.

The DHCS corrective action plan, Financial (Addendum A) remains open and the plan continues to submit items on a monthly basis as required and defined by the CAP. Compliance continues to monitor and ensure all employees and temporary employees are trained and retrained on HIPAA and Fraud, Waste & Abuse. In addition, compliance & information technology staff conducts random internal audits for HIPAA and PHI issues. Compliance staff has revised all of the HIPAA privacy policies and procedures and are creating a comprehensive privacy program.

GCHP continues to meet all regulatory contract submission requirements. In addition to routine deliverables GCHP provides weekly and monthly reports to DHCS as a part of ongoing monitoring activities. All regulatory agency inquiries and requests are handled timely and required information is provided within the required timeframe. Compliance staff is actively engaged in sustaining contract compliance.

GCHP compliance committee will meet on May 28 to review and request approval on revisions made to the existing GCHP code of conduct and compliance committee charter.

GCHP is required to conduct delegation oversight audits on functions which are delegated. Routine reporting from delegates to the Plan is contractually required and must be actively monitored. Reporting statistics from delegates can be found in the compliance dashboard. An annual audit schedule was created and staff is working through each audit.

A six month follow up meeting was conducted on claims for the specialty contract agreement on March 30, 2015. A corrective action plan (CAP) was issued on April 7, 2015 and was closed on April 25, 2015. A six month follow up audit was conducted on May 4, 2015 specific to claims processing on our mental health behavioral organization MBHO. A CAP was issued on May 14, 2015.

The Plan continues to monitor delegates through contractual required reporting. Reports are reviewed and when deficiencies are identified the Plan issues letters of non-compliance. This process is monitored, tracked and reported to the compliance committee. In addition the aggregate information is provided to the commission on the compliance dashboard.

COMPLIANCE REPORT 2014

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Hotline A confidential telephone and web-based process to collect info on compliance, ethics, and FWA	5	9	6	2	6	2	6	2	8	11	3	8
Hotline Referral *FWA	0	0	0	0	0	0	2	0	1	1	0	0
Hotline Referral *FWA	0	0	0	0	0	0	1	0	0	0	0	0
Hotline Referral	1	5	5	2	6	2	3	1	6	10	2	8
Hotline Referral	2	2	0	0	0	0	0	0	1	0	1	0
Hotline Referral	2	2	1	0	0	0	1	0	0	0	0	0
Delegation Oversight The committee's function is to ensure that delegated activities of subcontracted entities are in compliance with standards set forth from GCHP contracts with DHCS and all applicable regulations	8	8	8	8	8	8	8	8	8	8	8	8
	8	9	21	24	21	16	26	34	22	32	22	40
	3	0	0	0	1	0	0	1	1	1	0	1
Delegation Oversight	0	0	0	0	0	0	1	1	3	1	1	2
Delegation Oversight	3	0	0	0	0	0	1	0	1	2	0	1
Audits External regulatory entities evaluate GCHP compliance with contractual obligations.	1	0	1	0	0	0	0	0	0	0	0	0
	1	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	1	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	5	9	6	2	6	2	6	4	8	11	3	8
	0	0	1	0	0	1	1	0	0	0	0	0
	5	9	5	2	6	1	5	0	8	11	3	8
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	1	0	0	0	1	0	1	0	0	1
Fraud, Waste & Abuse The Fraud Waste and Abuse Prevention process is intended to prevent, detect, investigate, report and resolve suspected and /or actual FWA in GCHP daily operations and interactions, whether internal or external.	0	3	0	1	1	2	1	4	4	3	0	0
	0	3	0	1	1	2	1	0	4	3	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	1	0	0	0	0	0	0	1	7	0	0

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
HIPAA Internal Audits Conducted	0	0	0	0	1	0	0	1	0	0	0	0
Training Sessions	49	11	71	44	21	27	96	18	17	17	14	3
Fraud, Waste & Abuse Prevention	22	4	63	26	6	4	8	8	5	5	4	1
Fraud, Waste & Abuse Prevention (Member Orientations)	2	2	2	2	4	4	4	0	0	1	1	0
Code of Conduct	1	1	5	7	5	7	8	3	5	5	4	1
HIPAA (Individual Training)	24	4	1	9	5	5	73	7	5	5	4	1
HIPAA (Department Training)	0	0	0	0	1	3	3	0	2	1	1	0

** Reporting Requirements are defined by functions delegated and contract terms. Revised contracts, amendments or new requirements from DHCS may require additional requirements from subcontractors as a result the number is fluid

** Audits- Please note multiple audits have been conducted on the Plan, however many occurred in 2012 and 2013 and will be visible on the annual comparison dashboard

** This report is intended to provide a high level overview of certain components of the compliance department and does not include/reflect functions the department is responsible for on a daily basis.



COMPLIANCE REPORT 2015

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Hotline A confidential telephone and web-based process to collect info on compliance, ethics, and FWA	0	1	0	0								
Hotline Referral *FWA	0	0	0	0								
Hotline Referral *FWA	0	0	0	0								
Hotline Referral	5	4	9	4								
Hotline Referral	0	0	0	0								
Hotline Referral	0	1	0	0								
Delegation Oversight The committee's function is to ensure that delegated activities of subcontracted entities are in compliance with applicable set forth from GCHP contracts with DHCS and all applicable regulations	8	8	8	8								
Reporting Requirements Reviewed **	47	33	37	68								
Audits conducted	3	0	2	1								
Letters of Non-Compliance	0	0	0	2								
Corrective Action Plan(s) Issued to Delegates	1	1	1	1								
Audits External regulatory entities evaluate GCHP compliance with contractual obligations.	0	2	0	0								
Medical Loss Ratio Evaluation performed by DMHC via interagency agreement with DHCS	0	0	0	0								
DHCS Facility Site Review & Medical Records Review *Audit was conducted in 2013*	0	0	0	0								
HEDIS Compliance Audit (HSAG)	0	1	0	0								
DHCS Member Rights and Program Integrity Monitoring Review *Review was conducted in 2014*	0	0	0	0								
DHCS Medical Audit *Audit was conducted in 2014*	0	1	0	0								
Fraud, Waste & Abuse The Fraud Waste and Abuse Prevention process is intended to prevent, detect, investigate, report and resolve suspected and /or actual FWA in GCHP daily operations and interactions, whether internal or external.	5	4	9	4								
Total Investigations	0	0	0	0								
Investigations of Providers	5	4	9	4								
Investigations of Members	0	0	0	0								
Investigations of Other Entities	0	0	0	0								
Fulfillment of DHCS/DOJ or other agency Claims Detail report Requests	0	0	0	0								
HIPAA Appropriate safeguards, including administrative policies and procedures, to protect the confidentiality of health information and ensure compliance with HIPAA regulatory requirements.	2	4	2	1								
Referrals	1	4	2	1								
State Notification	0	4	0	0								
Federal Notification	0	1	0	2								

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
HIPAA Internal Audits Conducted	1	0	0	0								
Training Sessions	12	4	9	3								
Fraud, Waste & Abuse Prevention	4	1	3	1								
Fraud, Waste & Abuse Prevention (Member Orientations)	0	1	0	0								
Code of Conduct	4	1	3	1								
HIPAA (Individual Training)	4	1	3	1								
HIPAA (Department Training)	0	0	0	0								

** Reporting Requirements are defined by functions delegated and contract terms. Revised contracts, amendments or new requirements from DHCS may require additional requirements from subcontractors as a result the number is fluid
 ** Audits- Please note multiple audits have been conducted on the Plan, however many occurred in 2012 and 2013 and will be visible on the annual comparison dashboard
 ** This report is intended to provide a high level overview of certain components of the compliance department and does not include/reflect functions the department is responsible for on a daily basis.



4th Annual Community Resource Fair

Saturday, June 6, 2015
10:00 am – 2:00 pm
Plaza Park, Downtown Oxnard
500 S. 'C' Street, Oxnard, CA 93030

For more information please call the Health Education Department at:
805.437.5500
or email outreach@goldchp.org

If you need interpreter services or special assistance to participate, please contact us by May 22, 2015.



4ª Feria Anual de Recursos Comunitarios

sábado, 6 de junio de 2015
10:00 am – 2:00 pm
La Placita en el Centro de Oxnard
500 S. 'C' Street, Oxnard, CA 93030

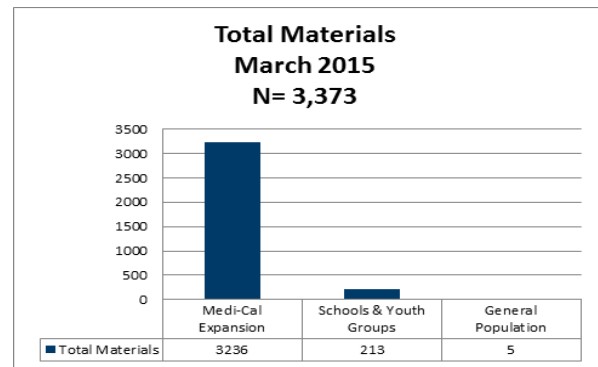
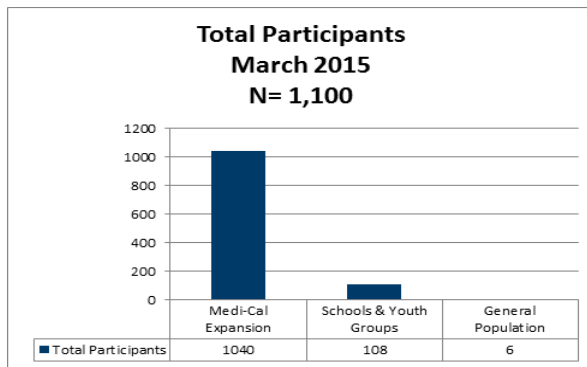
Para más información por favor llame a el Departamento de Educación de la Salud at:
805.437.5500
O por email outreach@goldchp.org

Si necesita servicios de intérprete o asistencia especial para participar, por favor llame antes del 22 de mayo de 2015.

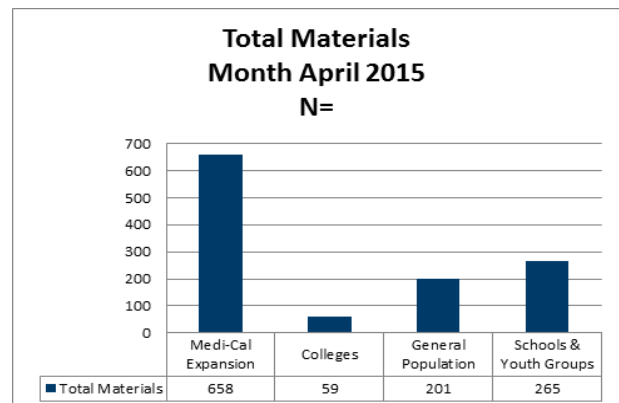
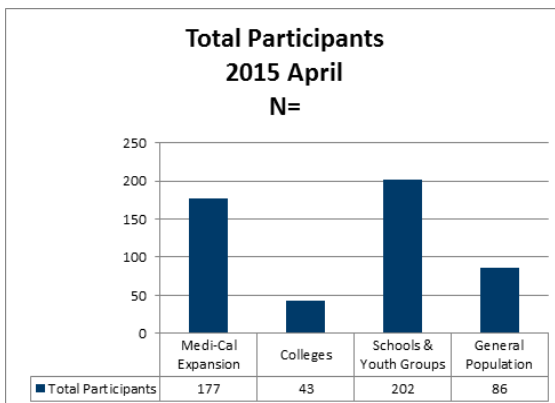


Summary of Monthly Outreach Events

March 2015



April 2015





AGENDA ITEM 4.b.

TO: Gold Coast Health Plan Commission

FROM: Ruth Watson, Interim CEO

DATE: May 18, 2015

RE: COO Update

SUMMARY:

OPERATIONS UPDATE

Membership Update – May 2015

Gold Coast Health Plan (GCHP) added another 2,723 members in May, bringing the total membership to 187,029 as of May 1, 2015. GCHP's membership has increased by 68,517 (57.8%) since the start of Medi-Cal Expansion. The cumulative new membership since January 1, 2014 is summarized as follows:

L1 (Low Income Health Plan) – 3,908
 M1 (Adult Expansion) – 37,519
 7U (CalFresh Adults) – 3,083
 7W (CalFresh Children) – 813
 7S (Parents of 7Ws) – 379
 Traditional Medi-Cal – 22,815

The M1 aid code membership continues to increase each month. Conversely, L1 membership continues to decrease as the LIHP population is re-determined into other aid codes. GCHP had a potential of 83 new members transitioning from Covered CA as of May 1, 2015; all but 8 of the potential members were included on the May 834 eligibility file received from DHCS. GCHP has reached out to the Department of Health Care Services (DHCS) to obtain additional information regarding the status of these 8 members.

	14-Jan	14-Feb	14-Mar	14-Apr	14-May	14-Jun
L1	7,618	8,083	8,154	8,134	8,118	7,975
M1	183	1,550	2,482	4,514	7,279	10,910
7U	0	0	1,741	3,584	3,680	3,515
7W	0	0	0	684	714	691

Claims Processing Accuracy – financial accuracy remained above the 98% goal in April at 98.11%. Procedural accuracy also exceeded the goal of 97% in April at 99.87%.

Call Volume – call volume remained above 10,000 calls during April; the number of calls received in April was 10,638.

Average Speed to Answer (ASA) – GCHP exceeded the goal of answering calls within 30 seconds or less. The combined result (Member, Provider and Spanish lines) for April was 6.0 seconds.

Abandonment Rate – the abandonment rate continued to remain exceedingly low. April's combined result was 0.27% compared to a goal of 5% or less.

Average Call Length – the combined result of 8.05 minutes in April was above the goal of 7.0 minutes.

Grievance and Appeals – GCHP received 107 member grievances and 43 provider grievances (related to claim payment disputes) during April. The number of member grievances received per 1,000 members was 0.58; excluding the balance billing issues this number would drop to 0.09. The estimated statewide average is 0.4 per 1,000 members for all managed care plans based on Q3 2014 data (this is the most recent data published by DHCS). GCHP recently queried the other COHS and learned that none of them include balance billing issues in their member grievance statistics. GCHP will be evaluating this issue and may re-categorize balance billing issues as a complaint instead of a grievance. The G&A team is providing information to Network Operations so staff can educate providers that balance billing a member is not allowed.

Type of Member Grievances	Number of Grievances
Accessibility – Lack of PCP Availability	2
Balance Billing	91
Benefits/Coverage	1
Denial/Refusals	1
Eligibility	1
Quality of Care	9
Quality of Service	2

There were no clinical appeals in April. Of the two State Fair Hearings scheduled during the month, one was withdrawn and one was dismissed.

AB 85 Capacity Tracking – VCMC has a total of 25,317 Adult Expansion members assigned to them as of April 2015. VCMC's target enrollment is 65,765 and is currently at 38.5% of the enrollment target.

Noteworthy Activities – Operations continues to lead or be involved in the following projects:

- Business Continuity Plan (BCP) – Business Impact Analysis interviews have been completed which brings a close to Phase 3 of the project. The next two phases will focus on determining the Mission Critical functions and recovery capabilities/gaps (Phase 4) and development of a custom BCP which will identify workarounds for critical business processes, personnel needed, communications, etc. (Phase 5).
- ICD-10 Readiness – work continues towards implementation of the new code set which is effective for dates of service on or after October 1, 2015. GCHP will be holding Provider Town Hall and training sessions over the next several months to assist providers in their preparation and readiness for the transition to ICD-10.
- Crossover Claims – GCHP started utilizing the weekly Crossover Claims file provided by DHCS in April. Given the claims submission lag and processing time by Medicare, GCHP only received ~300 claims with dates of service on or after April 1, 2015 during April. This volume will continue to grow; we could see upwards of an additional 15,000-20,000 claims per month as a result of utilizing this file.

The 2015-16 Member Handbook has been submitted to DHCS and is currently pending approval. GCHP is targeting use of the new handbook beginning with July 2015 new member packets.

BACKGROUND / DISCUSSION:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

CONCURRENCE:

N/A

Attachments:

Claims Metrics - April 2015, Call Center Metrics - April 2015, Grievance & Appeals Metrics - April 2015, Auto Assignment by PCP - May 2015

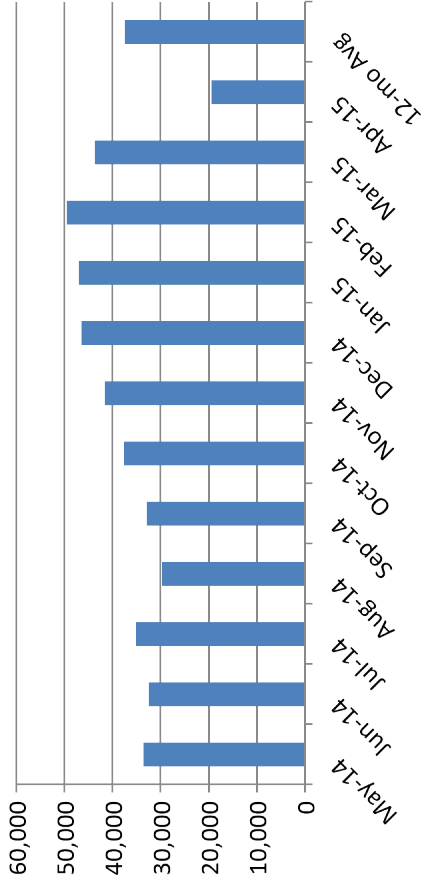
References:

N/A

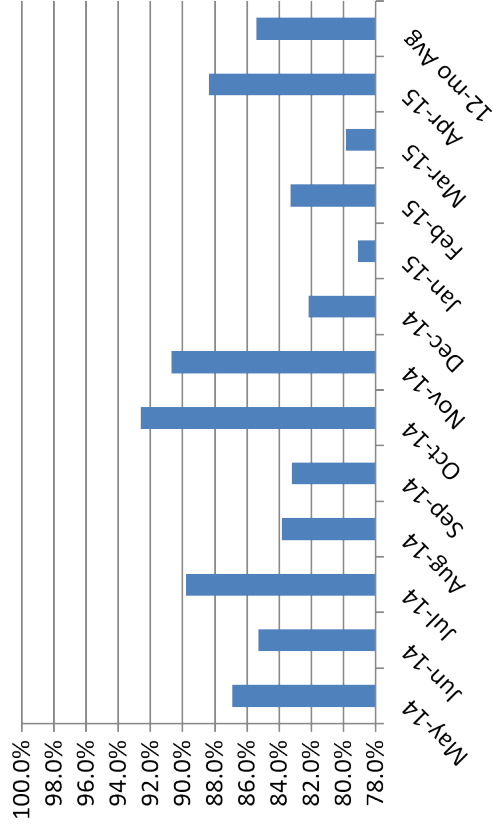
GCHP Claims Metrics – April 2015

- Although the 30 Day Turnaround Time (TAT) was not met in April, the result of 88.37% was a significant improvement. The first two weeks in May are over 99%.
- Ending Inventory decreased by 24,000 claims from March and equals 3 Days Receipt on Hand (DROH) compared to goal of 5 days
- Financial and Procedural Accuracy both exceeded required Service Levels

Ending Inventory

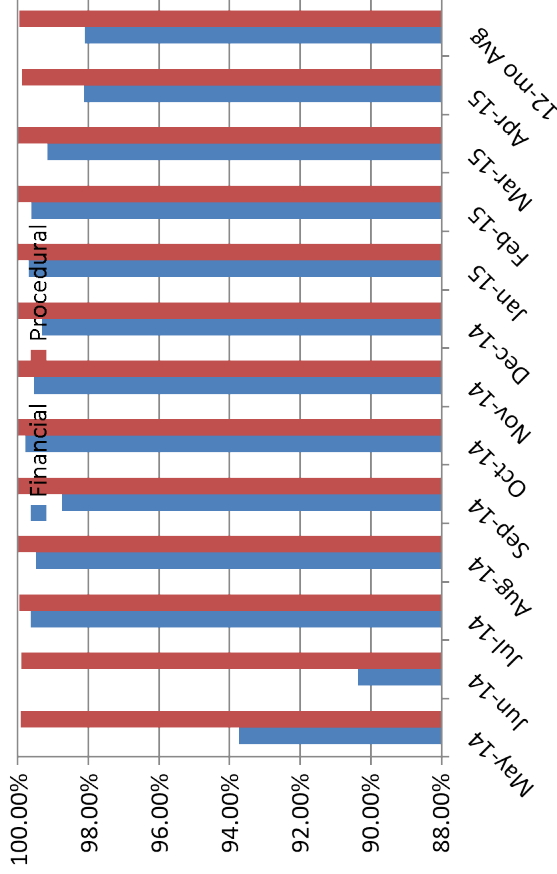


Clean Claims Processed within 30 Calendar Days



Regulatory requirement – 90% of clean claims must be processed within 30 calendar days

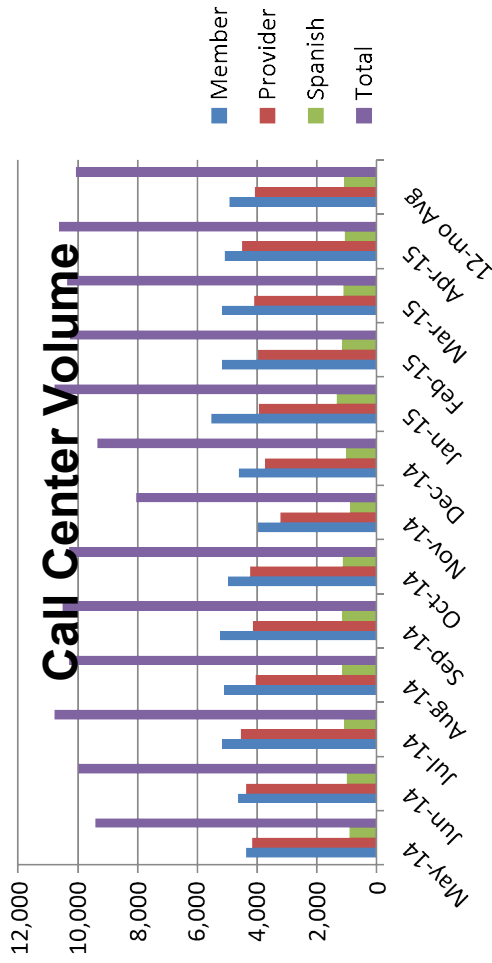
Financial and Procedural Accuracy



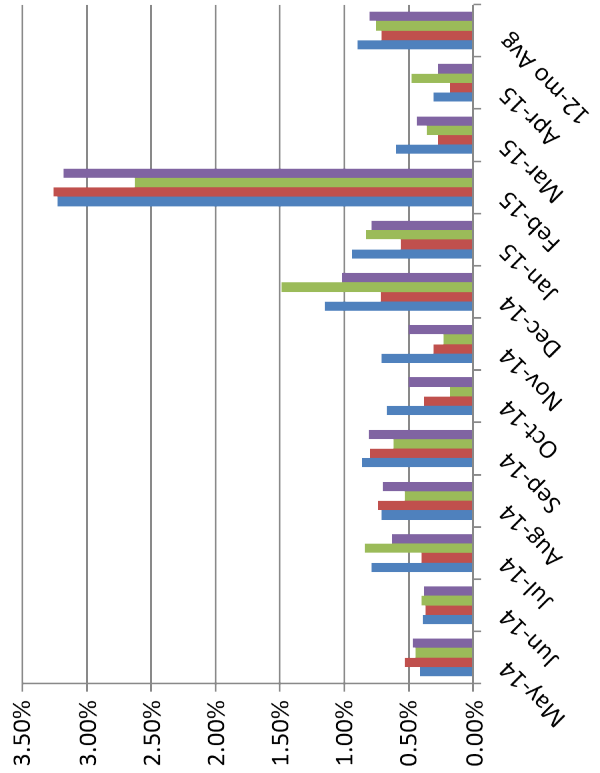
Financial Accuracy – 98% or higher
Procedural Accuracy – 97% or higher

GCHP Call Center Metrics – April 2015

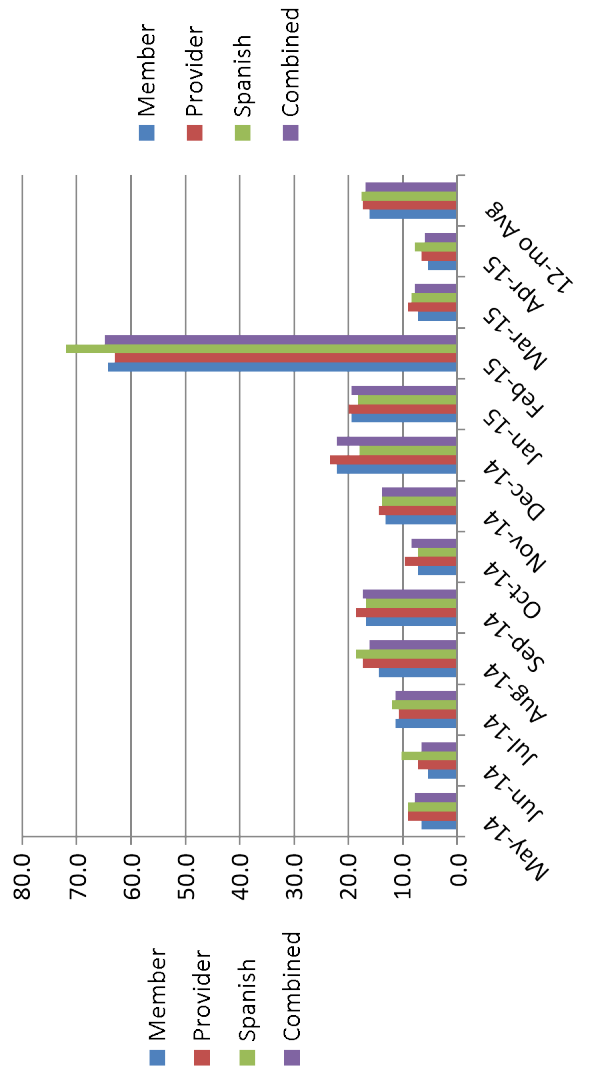
- Call volume remained above 10,000 calls for the month (10,638)
- ASA (6.0 seconds) and Abandonment Rate (0.27%) were both well within goal



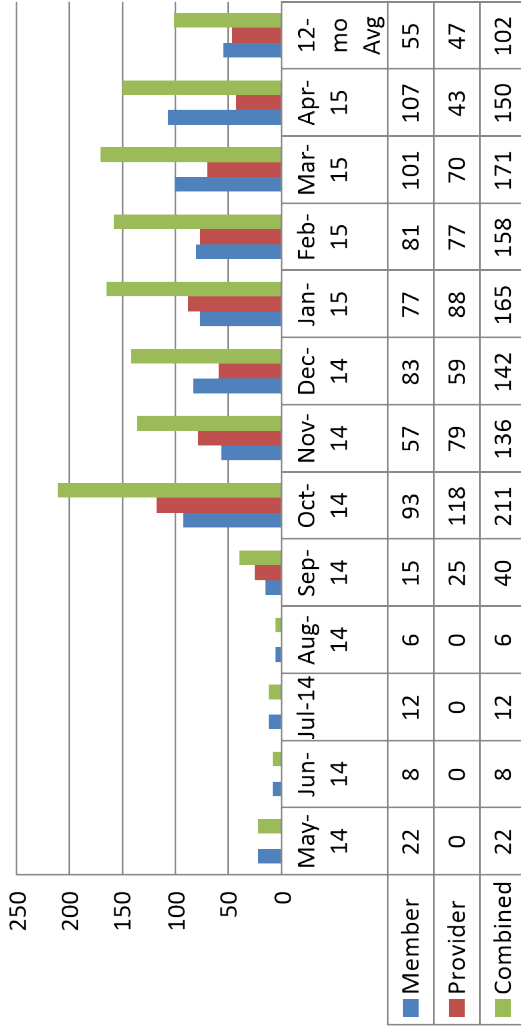
Abandonment Rate (goal of 5% or less)



Average Speed of Answer (ASA) (goal is 30 seconds or less)



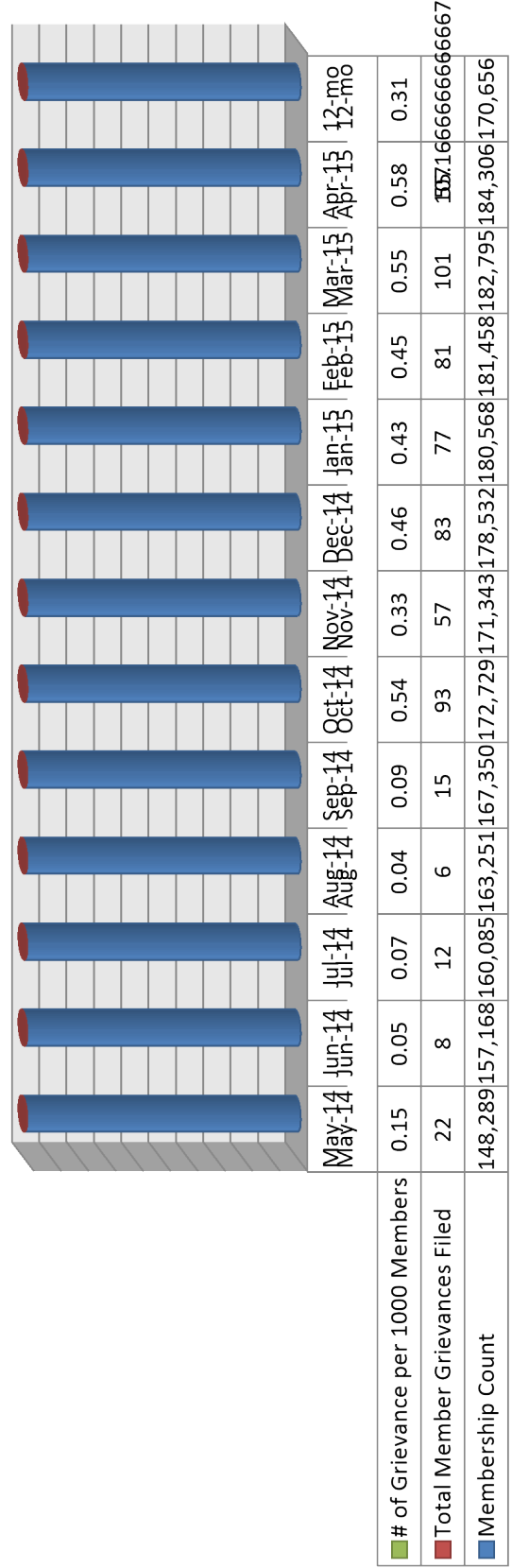
Total Grievances per Month



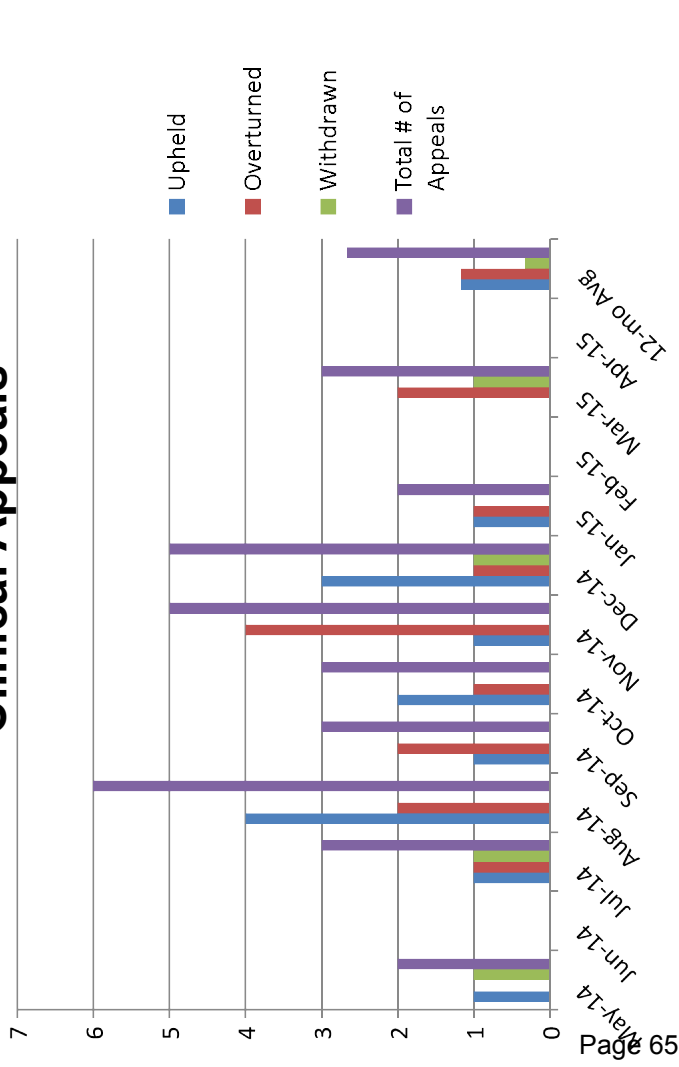
GCHP Grievance & Appeals Metrics – April 2015

- GCHP received a total of 150 grievances in April; the majority of the member grievances were for providers who were balance billing the member
- GCHP received 0.58 member grievances per 1,000 members (including balance billing issues; without balance billing the results would be 0.09); the statewide estimated average is 0.4 grievances per 1,000 members

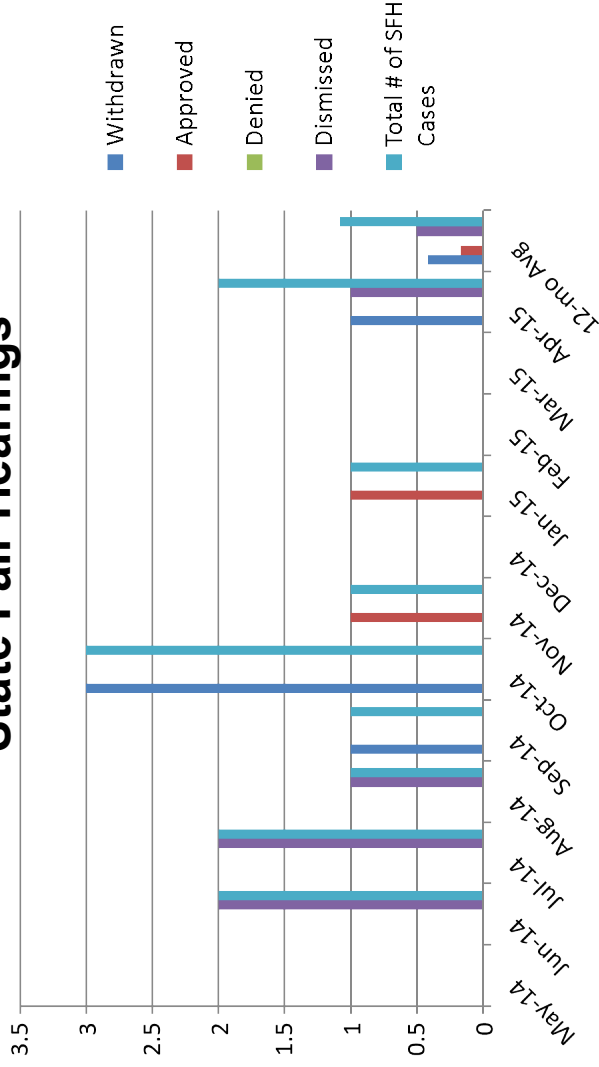
Member Grievances per 1,000 Members



Clinical Appeals



State Fair Hearings



GCHP Grievance & Appeals Metrics – April 2015

- GCHP received a total of 150 grievances in April; the majority of the member grievances were for providers balance billing the member
- GCHP received .58 member grievances per 1,000 members; the statewide estimate is 0.4 grievances per 1,000 members (does not include balance billing)

- Two State Fair Hearings (SFH) were scheduled for April; one was withdrawn and one was dismissed
- GCHP has an average of one SFH scheduled per month

GCHP Auto Assignment by PCP/Clinic as of May 1, 2015

	May-15		Apr-15		Mar-15		Feb-15		Jan-15		Dec-14	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
AB85 Eligible	1,489		2,342		1,609		2,248		1,311		1,350	
VCMC	1,116	74.95%	1,756	74.98%	1,206	74.95%	1,686	75.00%	983	74.98%	1,012	74.96%
Balance	373	25.05%	586	25.02%	403	25.05%	562	25.00%	328	25.02%	338	25.04%
Regular Eligible	1,620		1,420		1,277		3,069		1,357		1,215	
Regular + AB85 Balance	1,993		2,006		1,680		3,631		1,685		1,553	
Clinicas	508	25.49%	513	25.57%	421	25.06%	793	21.84%	373	22.14%	323	20.80%
CMH	233	11.69%	236	11.76%	193	11.49%	339	9.34%	178	10.56%	160	10.30%
Independent	53	2.66%	65	3.24%	37	2.20%	68	1.87%	48	2.85%	43	2.77%
VCMC	1,199	60.16%	1,192	59.42%	1,029	61.25%	2,431	66.95%	1,086	64.45%	1,027	66.13%
Total Assigned	3,109		3,762		2,886		5,317		2,668		2,565	
Clinicas	508	16.34%	513	13.64%	421	14.59%	793	14.91%	373	13.98%	323	12.59%
CMH	233	7.49%	236	6.27%	193	6.69%	339	6.38%	178	6.67%	160	6.24%
Independent	53	1.70%	65	1.73%	37	1.28%	68	1.28%	48	1.80%	43	1.68%
VCMC	2,315	74.46%	2,948	78.36%	2,235	77.44%	4,117	77.43%	2,069	77.55%	2,039	79.49%

Auto Assignment Process

- 75% of eligible Adult Expansion (AE) members (M1 & 7U) are assigned to the County as required by AB 85
- The remaining 25% are combined with the regular eligible members and assigned using the standard auto assignment process, i.e., 3:1 for safety net providers and 1:1 for all others
- The County's overall auto assignment results will be higher than 75% since they receive 75% of the AE members plus a 3:1 ratio of all other unassigned members
- VCMC's target enrollment is 65,765
 - VCMC has 25,317 assigned Adult Expansion members as of April 1, 2015 and is currently at 38.5% of capacity

AGENDA ITEM

To: Gold Coast Health Plan Commission

From: Melissa Scrymgeour, Chief Information Officer

Date: May 18, 2015

Re: CIO Update

Project Management Office (PMO)

Since the April 27, 2015 Commission Meeting, the Plan has closed one project and will kick off another before the end of May. The PMO currently has a total of 11 active portfolio projects and has been supporting the project planning efforts for FY 2015-2016.

May 2015 PMO Project Activity Highlights:

- Kick off Provider Data Management Optimization (PDMO) project (late May)
- Closed Xerox/ACS Service Organization Control (SOC)

June 2015 PMO Planned Project Activity Highlights:

- Close Crossover Claims project.
- Kick off ACS Data Warehouse Extract Optimization project.
- Complete the IKA and ICES system upgrades. This project was targeted for completion in May, but delayed due to technical issues with the ICES claims editing software. The issue is now resolved and the project schedule has been updated to reflect a June implementation.

FY2014-15 GCHP Projects:

- **ICD-10 Readiness (Phase 1 & Phase 2):** Transition all systems and providers from ICD-9 to ICD-10 by the revised Center for Medicaid and Medicare Services (CMS) mandated date of 10/15/2015.
- **Disease Management (DM) Program (Roadmap & Program):** Contractually required. Introduce formal DM program to better manage health outcomes for targeted member population. The initial Diabetes program will benefit roughly 10k members and help build a model for other diseases (CHF, COPD, and Prenatal).
- **Member Satisfaction:** Gauge and measure member satisfaction with GCHP, as requested by the Commission.

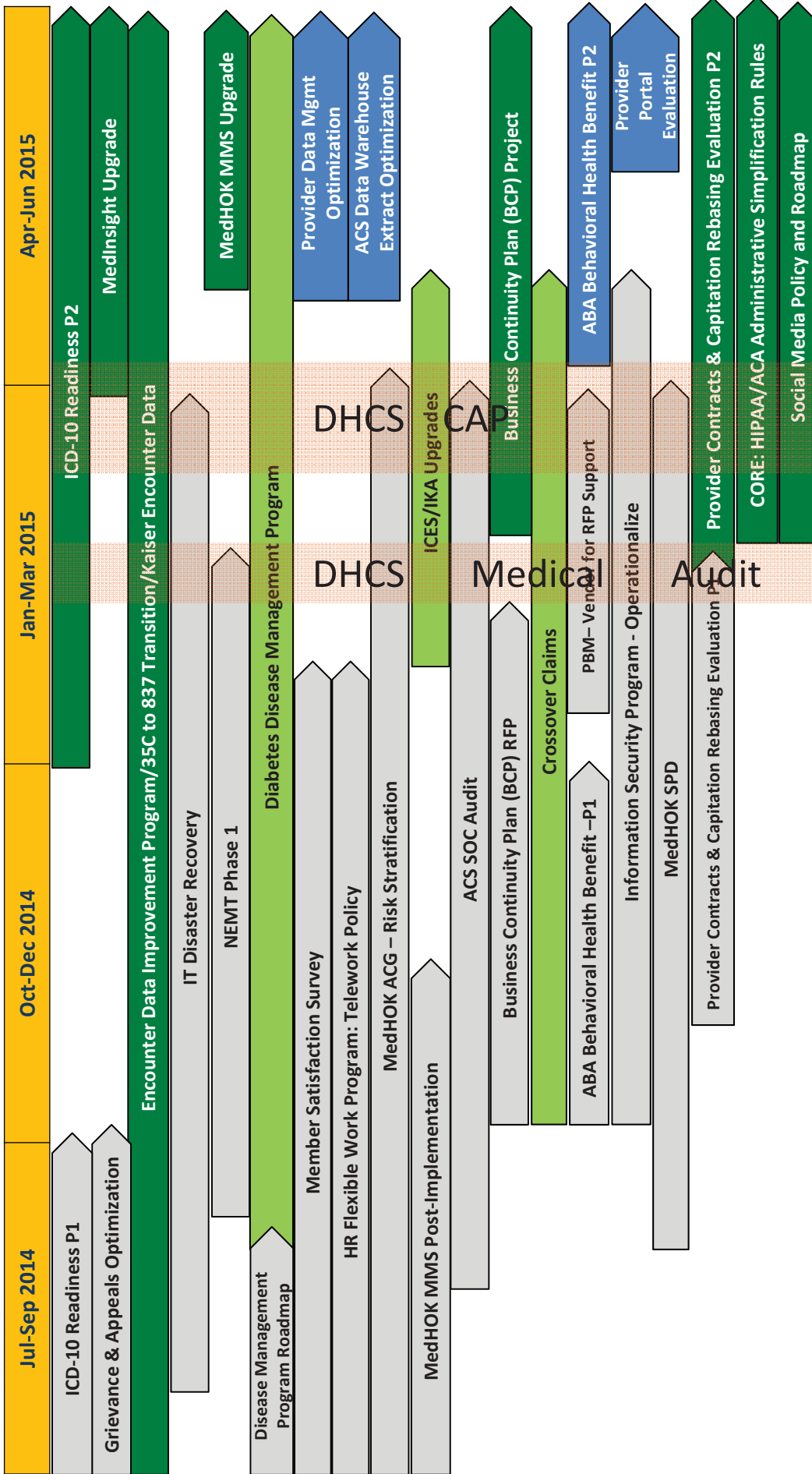
- **Xerox/ACS Service Organization Control (SOC) Audit:** Recommended by Plan financial auditor.
- **Encounter Data Improvement Project (EDIP):** Contractual requirement for State EDIP initiative. The State requires managed care plans to submit complete, accurate, timely and reasonable encounter data in a HIPAA compliant file format.
- **Delegation & Oversight Framework:** Institute standard delegation and oversight requirements, policies, and procedures for establishing provider contracts.
- **Business Continuity Planning (RFP & Implementation):** Contractual requirement to draft plan for critical business process resumption in the event of an emergency.
- **IT Disaster Recovery Planning:** Contractual requirement to draft plan for data and system recovery in the event of an emergency for business critical functions.
- **Crossover Claims:** Further optimizes claims processing accuracy and efficiencies to appropriately handle claims where a portion is covered by Medicare.
- **Operationalize Information Security Program:** Required to ensure ongoing HIPAA and HITECH (Health Information Technology for Economic and Clinical Health Act-2009) compliance.
- **Social Media Policy & Roadmap:** Establish a communication strategy via social media platforms to members, providers and the general community.
- **ACA Core Administrative Simplification Rules (CORE):** Regulatory requirement to utilize standard electronic transaction sets as defined under the Affordable Care Act.
- **HR Flexible Work Program-Telework Policy:** Implement initiatives to attract and retain staff. Under consideration are a telework strategy, employee recognition, and flexible work schedules.
- **Pharmacy Benefits Manager (PBM) Implementation:** Consulting Vendor for RFP creation, RFP and possible implementation of new PBM.
- **MedHOK ACG-Risk Stratification:** Implement MedHOK ACG module for member risk stratification. Supports the GCHP disease management program.
- **Provider Contracts & Capitation Rebasing Evaluation 9 (Phase 1 & Phase 2):** Evaluation of provider capitation rates.
- **MedInsight Upgrade:** Upgrade of the existing Milliman MedInsight Business Intelligence (BI) Tool; moving from and on premise to hosted solution.
- **Provider Portal Evaluation:** Evaluate provider portal solutions in effort to streamline provider online experience for eligibility and claim inquiries, and authorization requests. Supports Plan “valued and trusted partner” strategy.
- **MedHOK SPD:** Implement MedHOK functional enhancements to meet State SPD assessment and reporting requirements.
- **MedHOK MMS Post Implementation:** Implement system fixes to resolve MedHOK post-implementation issues.

- **ICES / IKA Upgrades:** Software version upgrade for core administration processing and claims editing systems.
- **ACS Data Warehouse Extract Optimization:** Implement improvements to the nightly IKA data extract process for GCHP reporting.
- **Non-Emergent Medical Transportation (NEMT)-(Phase 1 & Phase 2):** Modify non-emergent medical transportation processes to ensure sustained regulatory and contractual compliance. Analyze and evaluate alternatives to existing benefit.
- **Behavioral Health Benefit for Autism Spectrum Disorder (ABA)-(Phase 1 & Phase 2):** Regulatory requirement to introduce Applied Behavioral Analysis (ABA). ABA is a Medi-Cal covered benefit for Autism Spectrum Disorder (ASD) effective September 15, 2014.
- **Provider Data Management Optimization (PDMO):** Optimization of the collection, maintenance and storage of Plan provider data to support business needs and ensure ongoing regulatory compliance.



5/2015: GCHP Projects "At a Glance"

LEGEND:
 GREEN- Active Projects (Lighter GREEN reflects Project Extensions)
 BLUE -Approved FY14/15 Projects
 Dark BLUE-Delayed Start
 GREY-Closed





Fiscal Year 2015-16 Budget Development Process

Executive / Finance Committee Meeting
Ruth Watson, Interim CEO
May 18, 2015

www.goldcoasthealthplan.org



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Introduction

Gold Coast Health Plan's (GCHP) FY 2015-16 (07/01/15-06/30/16) budget is summarized in this document and reflects the following major assumptions:

- Membership – growth based on Statewide projection, adjusted for Ventura County historical percentage and recent trend
- Revenue – rates based on latest Rate Development Template submitted to State, with standard modeling applied
- Health Care Costs – reflective of recent Plan experience with estimates of pending provider reimbursement enhancements
- Project Needs – incorporates Plan-wide proposal of projects to support strategic plan (to be finalized with Commission and new CEO)

Introduction

Major items that are pending:

- Potential Adult Expanded (AE) Rate Reduction (high probability)
- State Policy Changes (e.g. Behavioral Health, ABA, new benefits)
- Membership – undocumented immigrants, continued expansion
- CCS – potential future direction
- Review of final State FY 2015-16 budget
- FQHC Payment Reform
- CMS Proposed Rule Changes
- 1115 Waiver expires October 2015
- Finalization of FY 2013-14 Audit

Highlights

- 2 year growth: average monthly enrollment up 50%; revenue up 44%
- Staffing, support and compliance costs increasing along with caseload growth and mix changes

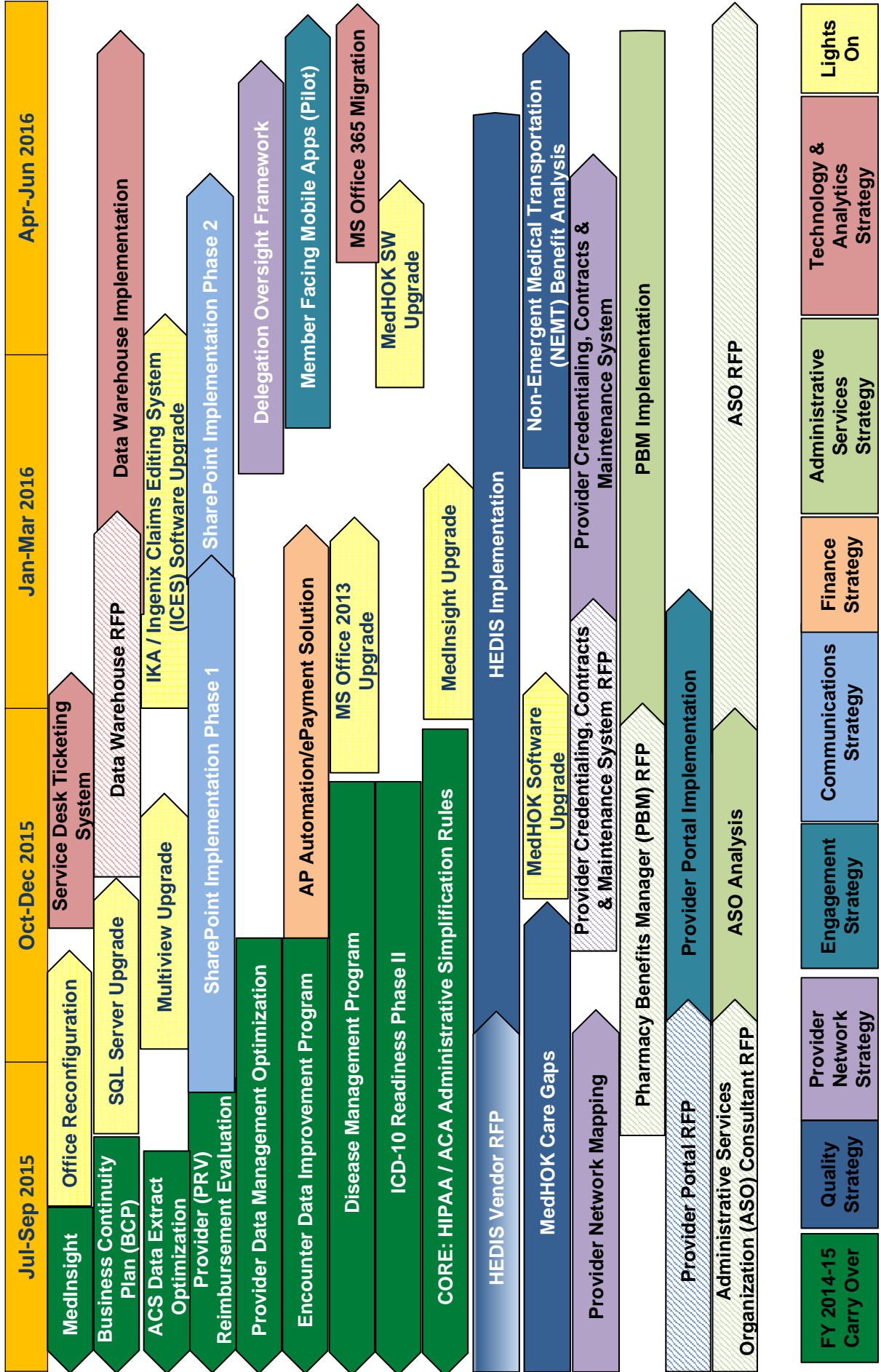
	FY 2013-14	Projected FY 2014-15 *	Budget FY 2015-16
(Amounts are stated in thousands, except Enrollment and %)			
Average Monthly Enrollment	129,472	177,104	194,648
Premium Revenue	\$ 423,843	\$ 568,239	\$ 608,796
Health Care Costs	\$ 371,063	\$ 484,310	\$ 553,597
Administrative Expense	\$ 24,622	\$ 37,519	\$ 42,285
Income from Operations	\$ 28,157	\$ 46,409	\$ 12,914
Non-Operating Income (Expense)	\$ (234)	\$ 331	\$ 1,183
Net Income	\$ 27,923	\$ 46,740	\$ 14,097
Medical Cost Ratio (MCR)	87.5%	85.2%	90.9%
Administrative Cost Ratio (ACR)	5.8%	6.6%	6.9%
Administrative Expense - PMPM	\$ 15.85	\$ 17.65	\$ 18.10
TNE**	\$ 39,814	\$ 86,554	\$ 93,451

* Reflects actual experience through 3/31/15 and estimates from 4/1/15 to 6/30/15

** TNE includes \$7.2M in lines of credit for FY 2013-14 and Projected FY 2014-15. Line of Credit paid in FY 2015-16



GCHP FY 2015-16 Project Portfolio
"At a Glance"



Membership

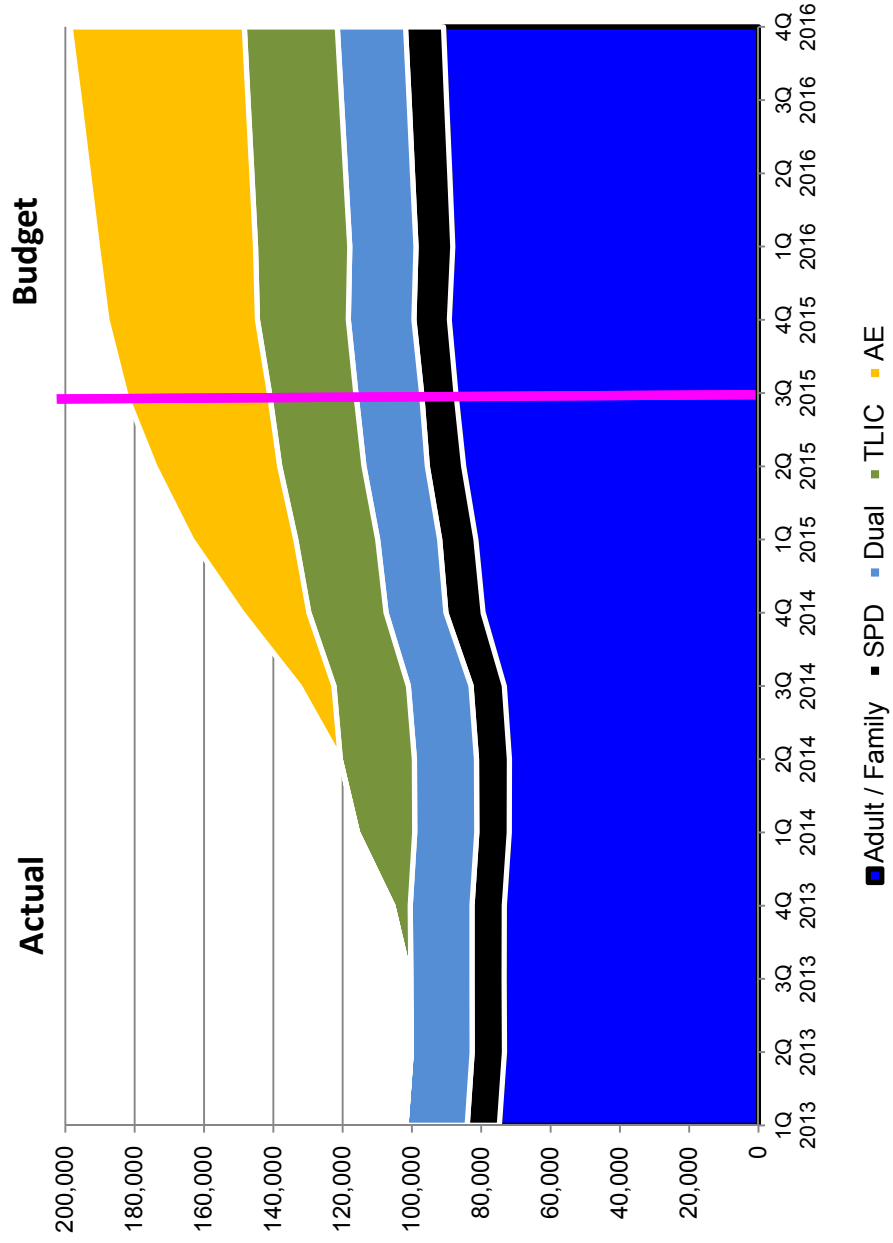
Average monthly membership is expected to grow by approximately 10% over the coming fiscal year

- Statewide Medi-Cal membership of 12.2 million expected by 06/30/16
- State estimates that 32% of population will be covered by Medi-Cal
- Ventura County Medi-Cal membership growth has outpaced statewide Medi-Cal managed care by approximately 3.5%
- Adult / Family membership growing due to increased outreach/media attention on health insurance/exchange (7U, 7W have presumptive eligibility)
- Most growth from AE membership. Plan estimates to have 45,000 AE members on 07/01/15 and grow to 50,800 members by 06/30/16

Membership

Aid Category - Members	FY 2013-14	Projected FY 2014-15 <small>(Stated in Averaged Member Months)</small>	Budget FY 2015-16	June 2016 <small>Membership</small>
Adult/Family	74,164	85,785	89,558	91,215
Dual	17,798	17,896	19,399	19,758
SPD	9,784	10,892	10,783	10,983
Traditional Medi-Cal	101,745	114,573	119,740	121,956
<i>Annual Percentage Growth - Traditional Medi-Cal</i>		12.6%	4.5%	
TLIC (Healthy Families)	20,410	24,770	27,015	26,775
Adult Expansion (AE)	7,317	37,761	47,892	50,808
Total Average Membership	129,472	177,104	194,648	199,540
<i>Annual Percentage Growth - Entire Population</i>		36.8%	9.9%	

Members by Aid Category By Fiscal Year Quarter



Revenue

FY 2015-16 Revenue Assumptions:

- CY 2013 RDT data used
 - Data applied to DHCS / Mercer rate models
 - Compared to GCHP trends applied to RDT, is more conservative
 - Results in overall reduction of 1% for Traditional population
- Special items
 - TLIC now combined with Child/Family rates (2013 experience)
 - Mental Health based on multi-year State rate sheet
 - Adult Expansion assumes 15% cuts at 07/01/15 and 01/01/16
 - Hep-C drug carve-out continues with kick payments at current rate
 - AB97 cuts reflected at rate similar to FY 2014-15
 - LTC rate increases at 08/01/15
- As in prior financials, pass-through items not considered (SB 78 Sales Tax, Hospital Quality Assurance Fee, AB 85 provider payments)

Revenue

Items that are pending:

- Adult Expansion recalculation of rates
 - Blending / Acuity factors likely to be lowered
 - Underwriting gain lowered to 2% (\$2.88 pmpm or \$138,000 / month)
- FY 2013-14 IGT currently in process
- FY 2015-16 efficiency adjustments
- Trend – Mercer considering a variety of sources
- Admin component dropping slightly
- Risk adjustment (Child, Adult, Aged & Disabled non-dual)
- Mental Health rates may be adjusted by recent experience



Revenue by Member Category

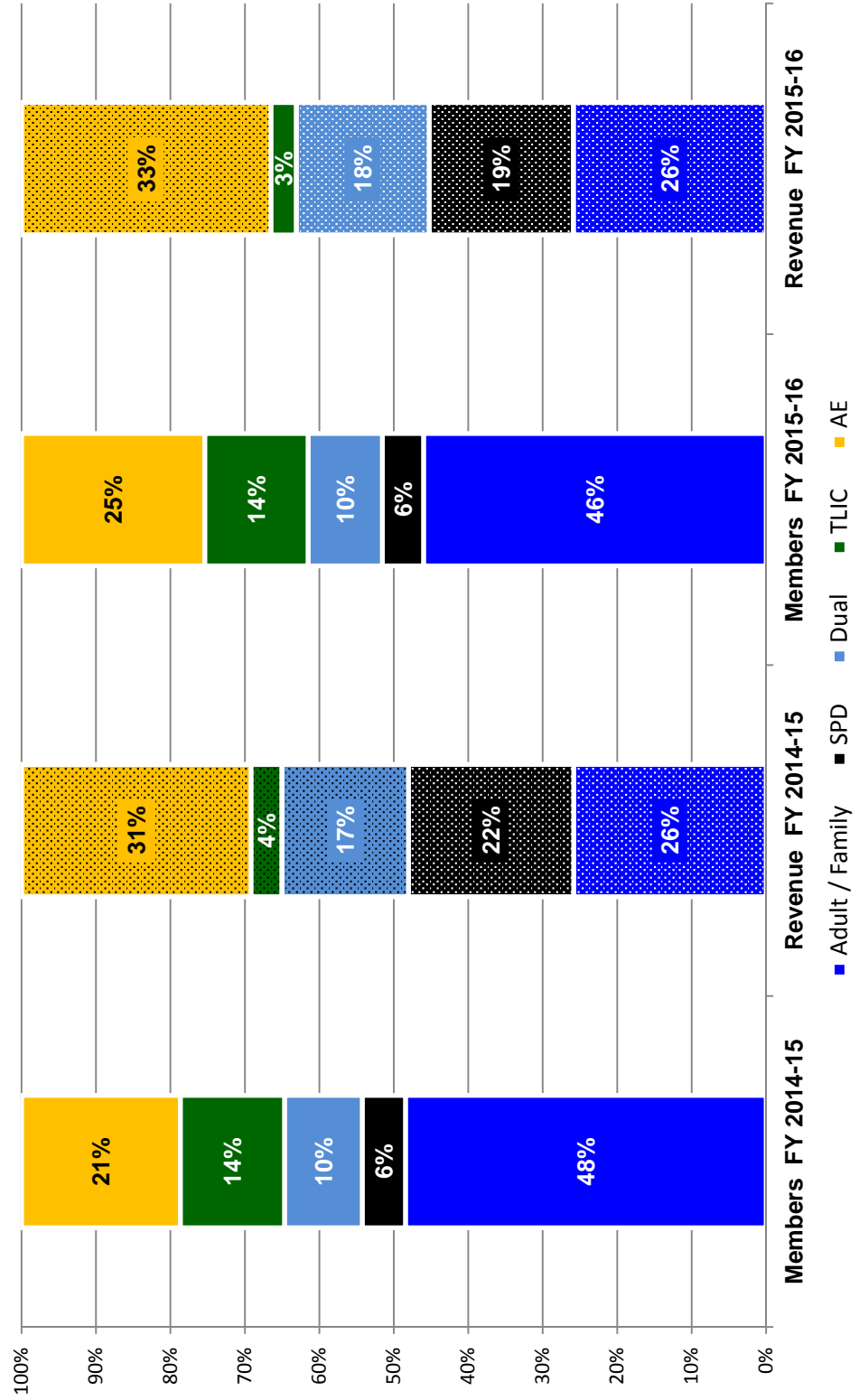
- Total revenue expected to grow 44% from FY 2013-14
- Revenue growth largely due to membership increases

Member Category	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
Traditional	\$ 332,706	\$ 369,342	\$ 383,313
	<i>PMPM</i> \$ 272.50	\$ 268.64	\$ 266.77
TLIC (Healthy Families)	22,739	23,543	20,731
	<i>PMPM</i> \$ 92.84	\$ 79.21	\$ 63.95
AE (Adult Expansion)	67,437	174,863	204,293
	<i>PMPM</i> \$ 768.05	\$ 385.90	\$ 355.47
Total Revenue	\$ 422,882	\$ 567,748	\$ 608,336
<i>Averaged PMPM, Aggregate</i>	<i>\$ 272.18</i>	<i>\$ 267.14</i>	<i>\$ 260.44</i>

(Amounts are stated in thousands of \$)

Membership Mix and Revenue Impact

Revenue Mix Being Driven by Adult Expansion Population



Health Care Costs

FY 2015-16 Health Care Cost assumptions include the following:

- Base experience – 12-24 months of historical experience utilized by major category of service for each aid group
- Inpatient – overall increase of 14.8% assumes contract revisions for network hospitals
- Outpatient Augmentation – 143.44% of Medi-Cal rates for certain services translates to 3.2% overall increase
- Specialist – 20% increase for all contracted providers
- LTC – AB 1629 increase of 2.75%; potential additional increases contemplated
- Adult Expansion population – based on 15 months’ experience plus trend for ramp-up
- Capitation – full year of recently increased rates

Pharmacy

- Pharmacy expense assumptions
 - Utilization (scripts per member) assumed to increase 3% from FY 2014-15 to FY 2015-16
 - Assumed unit cost for scripts to increase by 7%
 - AE utilization increasing
 - New Hepatitis C drugs
 - Utilization estimated at blended rate; new DHCS policy pending
 - Sovaldi, Harvoni, Olysio and Viekira Pak

Health Care Costs

Items that are pending:

- Net reinsurance costs pending final reinsurance premium
- Actual costs of AE still developing – 24 months average time to fully integrate new population into managed care
- Review of final State budget and potential contractual requirements
- Mental Health experience not fully developed
- ABA costs estimated at \$1.87 pmpm for Child population – Regional Center

Health Care Costs

Health care costs expected to grow by 49% from FY 2013-14

	FY 2013-14	Projected FY 2014-15 (in thousands)	Budget FY 2015-16
Capitation *	\$ 20,216	\$ 40,037	\$ 50,682
Claims:			
Inpatient	\$ 161,113	\$ 194,598	\$ 224,914
Outpatient	\$ 52,492	\$ 53,438	\$ 56,784
Professional/Mental Health	\$ 41,149	\$ 75,164	\$ 83,525
Pharmacy	\$ 55,355	\$ 70,029	\$ 87,074
Other * *	\$ 28,876	\$ 36,501	\$ 29,561
Care Management	\$ 11,862	\$ 14,543	\$ 21,056
	350,847	444,273	502,915
Total	\$ 371,063	\$ 484,310	\$ 553,597

Total Health Care Costs in PMPM	FY 2013-14	Projected FY 2014-15	Budget FY 2015-16
	\$ 238.83	\$ 227.88	\$ 237.01

* Includes PCP, Specialty, Non-emergency transportation, and Vision

** Other claims include all other fee-for-service expenses, reinsurance and transportation expenses

Administrative Expenses

- Plan needs to fund:
 - Growing membership requires increased staffing and supporting expenses
 - Maintain ongoing CAP requirements
 - Increased regulatory and compliance needs
 - Project needs
 - Continue building of infrastructure
- Employee training and development
- Ongoing legal costs
- ACS fees tied to increased enrollment; variable cost
- Other variable costs include Beacon, Milliman Care Guidelines
- Administrative Cost Ratio (administrative expense as a percentage of revenue) is estimated to be 6.9%

Administrative Expenses Crosswalk

FY 2014-15 Administrative Expense Budget	\$ 32,501,000	%
FY 2015-16 Administrative Expense Budget	42,285,000	
Increase in Administrative Expense Budget Request	<u>\$ 9,784,000</u>	100%

Growth-based and Significant Enhancement Projects:

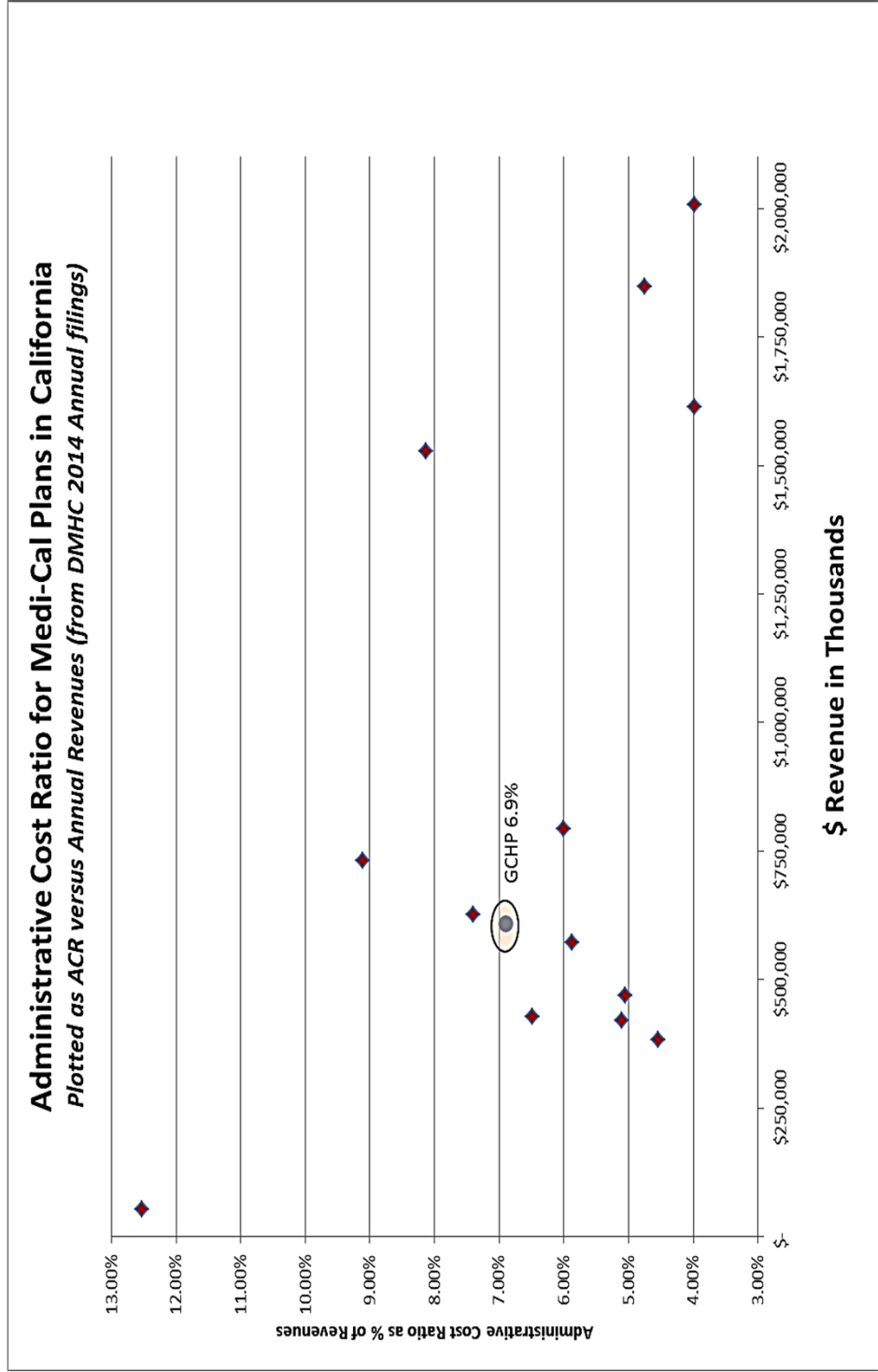
ACS	\$ 3,478,000	
Beacon Health	684,000	
Personnel expenses	2,622,000	
Projects:		
Sharepoint	\$ 180,000	
Data Warehouse	319,000	
Provider Portal	<u>346,000</u>	
	\$ 845,000	
	<u>\$ 7,629,000</u>	78%

Other Administrative Expenses:

Legal expense	\$ 650,000	
Software expenses	674,000	
Consulting expenses	271,000	
Facilities expenses for rent economics and additional space	294,000	
Operating expenses	<u>266,000</u>	
	<u>\$ 2,155,000</u>	22%

Administrative Expenses

GCHP estimated administrative cost ratio (ACR) is in line with other plans of GCHP size



Staffing

- Staffing needs increase due to continued growth in membership and mix changes, ongoing compliance / regulatory / CAP needs, and building of infrastructure

	Projected FY 2014-15	Budget FY 2015-16
Beginning of Year	128	169
Non-Medical Hires	25	21
Medical Hires *	16	14
End of Year	169	204

* Medical personnel are financially reported as medical costs

- Salaries consistent with Commission-approved pay grades / ranges.
- Merit increases. Other education programs focused on staff development, skills enhancement and team building also included.

Consulting Contracts

Major consulting contracts estimated to be over \$100K annually:

Consultant	Duties	Projected FY 2014-15	Budget FY 2015-16
Health Management Associates Inc. (HMA)	Performs strategic planning, contract management, and assistance to PRC-P&P streamline	\$ 25,000	\$ 100,000
Hewitt HR Consulting	Performs assistance and consultation on human resources topics, issues and management	\$ -	\$ 100,000
ASO RFP Consultant	Performs analyses and assistance in connection with preparation of RFP for ASO project	\$ -	\$ 250,000
Financial Auditor (McGladrey & Pullen LLP)	Performs financial audit required by the state and answers on-going questions related to financial statement development	131,000	\$ 150,000
Actuarial Consultants (Milliman)	Performs assistance related to claims reserving, state rate development data requests, provider capitation and risk analysis	\$ 34,000	\$ 97,000
Legal Services (Anderson Kill Wood & Bender; Atkinson, Andelson, Loya, Ruud & Romo; Best, Best and Krieger; Kennaday, Leavitt & Deponde; Thompson, Coe & O'Meara; Kelly A. Ryan)	Performs support for Commission and Committee meetings, employee issues, and review of contracts (for both vendor and provider)	\$ 2,857,000	\$ 1,050,000

Professional Associations

Organization	Projected FY 2014-15	Budget FY 2015-16
California Association of Health Plans (CAHP)	\$ 6,500	\$ 6,500
Association of Community Affiliated Plans (ACAP)	\$ 34,500	\$ 34,000
Local Health Plans of California (LHPC)	\$ 70,000	\$ 70,000

Capital Budget

New capital expenditures for FY 2015-16 budget are:

Description	Estimated Amount to be Capitalized
Office expansion, reconfiguration of current space, office furniture and fixtures for additional personnel	\$ 889,000
System upgrades to existing IT infrastructure	196,300
Data warehouse - to replace the Plan's existing data marts	261,000
Development cost to provider network mapping software	30,000
Servers for provider credentialing, contracting and maintenance system	40,000
Development of mobile apps to pilot for member self service and support	200,000
Servers for support new HEDIS vendor	40,000
Total	\$ 1,656,300

Capital assets, including office furniture and fixtures, computer equipment, software and leasehold improvements, whose acquisition costs exceed \$1,500 are accounted for in the capital budget. Purchases less than \$1,500 are included in the administration budget.

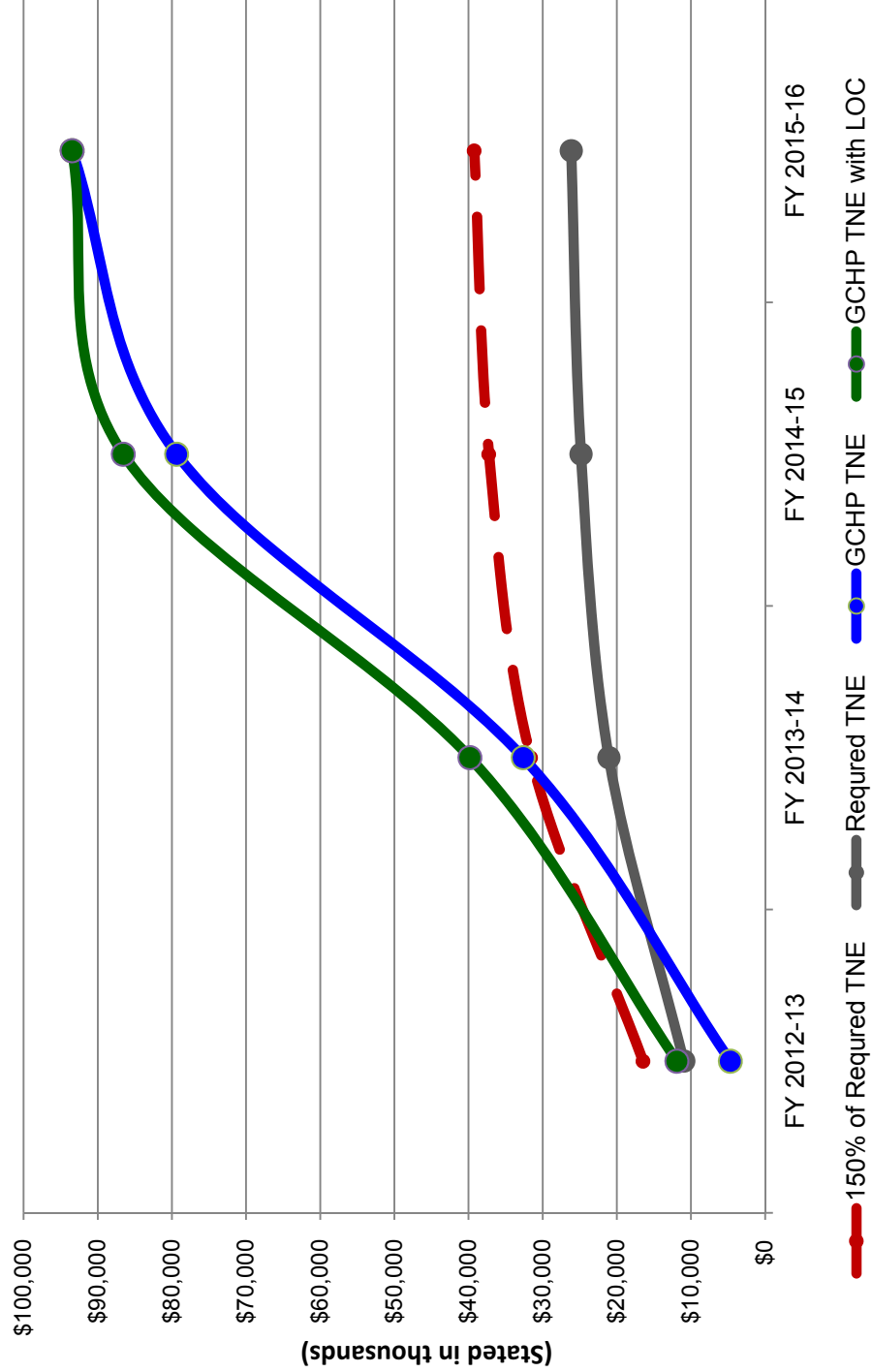
Tangible Net Equity

As of 6/30/16,

- the Plan is projected to be at a TNE of \$93.5 million, which exceeds the minimum required TNE of \$26.1 million (357% of minimum required)
- the minimum required TNE is higher due to the growth and mix of membership
- the Plan projects full payment of the LOCs during FY 2015-16

	Projected FY 2014-15	Budget FY 2015-16	Change
	(\$ amounts stated in thousands)		
Minimum required TNE (100%)	\$ 24,831	\$ 26,146	\$ 1,315
GCHP TNE (includes LOCs)	\$ 86,554	\$ 93,451	\$ 6,897
TNE Excess	\$ 61,723	\$ 67,305	\$ 5,582
GCHP TNE as a % of Minimum Required TNE	<u>348.6%</u>	<u>357.4%</u>	
150% of Minimum Required TNE	\$ <u>37,247</u>	\$ <u>39,218</u>	\$ <u>1,972</u>
Excluding the \$7.2 million lines of credit from TNE, GCHP TNE would be:			
GCHP TNE (without LOCs)	\$ 79,354	\$ 93,451	\$ 14,097
GCHP TNE as a % of Minimum Required TNE	<u>319.6%</u>	<u>357.4%</u>	
GCHP TNE as a % of 150% Minimum Required TNE	<u>213.1%</u>	<u>238.3%</u>	

Tangible Net Equity



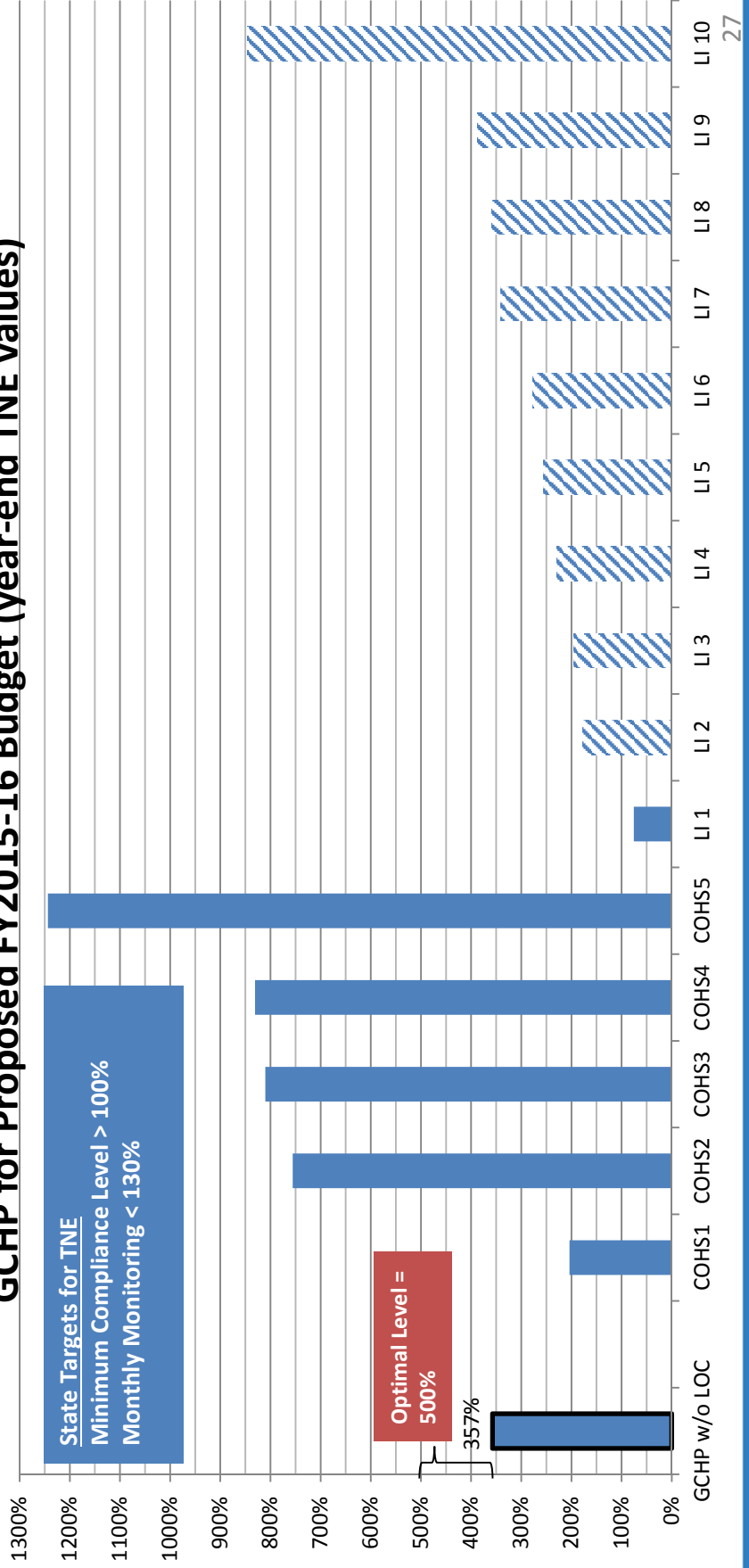
- GCHP TNE grows to \$93.5M and is 357% of minimum TNE of \$26.1M and 238% better than 150% of minimum TNE of \$39.2M
- All LOCs are projected to be paid during FY 2015-16

Tangible Net Equity

- Plan will continue to work with Commission to develop strategy for appropriate TNE level

% TNE to Required - Public Plans

Q4 2014 (from DHCS Medi-Cal Managed Care Dashboard) GCHP for Proposed FY2015-16 Budget (year-end TNE values)



Balance Sheet

	Actual 6/30/14	Projected 6/30/15	Budget 6/30/16
(in thousands)			
Assets			
Cash and marketable securities	\$ 60,177	\$ 302,384	\$ 398,215
Other current assets	117,925	99,518	62,603
Capital assets (net of accum depr)	178,102	401,902	460,818
Total Assets	\$ 179,265	\$ 403,064	\$ 462,892
Liabilities and Net Position			
Medical claims payable	\$ 104,247	\$ 146,465	\$ 146,154
Other accrued liabilities	35,204	30,525	26,483
Subordinated loan	139,451	176,990	172,637
Other long-term liabilities	7,200	7,200	-
Total Liabilities	146,651	139,520	196,804
Net Position	32,614	79,354	93,451
Total Liabilities and Net Position	\$ 179,265	\$ 403,064	\$ 462,892



Income Statement

	FY 2013-14	Projected FY 2014-15 <small>(in thousands)</small>	Budget FY 2015-16
Member Months	1,554	2,125	2,336
Revenues	\$ 423,843	\$ 568,239	\$ 608,796
Health Care Costs:			
Capitation	20,216	40,037	50,682
Claims:			
Inpatient	161,113	194,598	224,914
Outpatient	52,492	53,438	56,784
Professional/Mental Health	41,149	75,164	83,525
Pharmacy	55,355	70,029	87,074
Other	28,876	36,501	29,561
Care Management	11,862	14,543	21,056
Total Health Care Costs	350,847	444,273	502,915
	371,063	484,310	553,597
Administrative Expenses	24,622	37,519	42,285
Operating Gain	28,158	46,409	12,914
Non-operating revenue (expense)	(234)	331	1,183
Increase in Net Position	\$ 27,923	\$ 46,740	\$ 14,097

Items Pending

Additional Items to be added in future presentations:

- Vendor Contracts over \$100,000 annually
- Vendor Contracts less than \$100,000
- ~~Consulting Contracts~~
- ~~Professional Association fees~~
- ~~Capital Budget~~
- ~~Tangible Net Equity~~
- ~~Financial Statements~~

Next Steps

- Staff will update analyses as additional information is available
- Ongoing discussions will take place with Executive / Finance Committee and Commission as scheduled:
 - Commission Meeting 05/18/15
 - Executive / Finance Committee Meeting 06/04/15
 - Commission Meeting 06/22/15 Final approval