

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

**Antonio Alatorre  
Lanyard Dial, M.D.  
Supervisor Peter Foy  
Michelle Laba, M.D.  
Gagan Pawar, M.D.**

**Shawn Atin  
Barry Fisher  
David Glycer  
Darren Lee  
Dee Pupa**

Dale Villani  
Patricia Mowlavi  
C. Albert Reeves, M.D.  
Scrymgeour

Ruth Watson  
Scott Campbell  
Melissa

**January 25, 2016**

The Commission met in regular session in the Multi-Purpose Room at the County of Ventura Government Center – Hall of Administration 800 South Victoria Avenue, Ventura, California. The meeting was called to order by Commissioner Alatorre at 3:00 p.m.

**ROLL CALL**

Present: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

Absent: Supervisor Peter Foy, David Glycer and Gagan Pawar, M.D.

Commissioner Alatorre presided.

**PLEDGE OF ALLEGIANCE**

Commissioner Alatorre led the Pledge of Allegiance.

**CONSENT ITEMS**

**1. Minutes**

**RECOMMENDATION**

Approve minutes of regular meetings of September 26, 2015, November 16, 2015 and Special meeting of October 13, 2015.

Commissioner Fischer moved to approve the recommendation. Commissioner Pupa seconded. The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

NOES: None.

ABSENT: Supervisor Peter Foy, David Glyer and Gagan Pawar, M.D.

Commissioner Alatorre declared the motion carried.

## **2. Financials – October and November 2015**

### RECOMMENDATION

To accept the Financial Reports as presented for October and November of 2015.

### DISCUSSION

Commissioner Fisher moved to approve the recommendation. Commissioner Pupa seconded. The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

NOES: None.

ABSENT: Supervisor Peter Foy, David Glyer and Gagan Pawar, M.D.

Commissioner Alatorre declared the motion carried.

## **3. Internal Audit Plan**

### RECOMMENDATION

To accept the Audit Plan as presented.

### DISCUSSION

The audit plan was reviewed and the Commission did not have questions.

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

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

NOES: None.

ABSENT: Supervisor Peter Foy, David Glycer and Gagan Pawar, M.D.

Commissioner Alatorre declared the motion carried.

#### **4. Financial Audit Contract for Fiscal Year 2015 -2016**

##### **RECOMMENDATION**

To accept the appointment of Moss Adams as presented.

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

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

NOES: None.

ABSENT: Supervisor Peter Foy, David Glycer and Gagan Pawar, M.D.

Commissioner Alatorre declared the motion carried.

##### **FORMAL ACTION ITEMS**

Counsel Scott Campbell requested that both formal action items No. 5 and No. 9 be reviewed and discussed at this time.

#### **5. Election of Chair and Vice Chair**

#### **9. Appointment of Executive Finance Commissioners**

Counsel Scott Campbell stated that upon reviewing the terms of Commission service, four terms were to end in March of 2016 as well as some terms for the Executive Finance Commissioners. His recommendation was to extend the terms of the Chair and Vice Chair in until the Commission seats expiring in March of 2016 have been filled in order to assure that the elected officers can serve their full terms. Counsel will present an amendment to the bylaws in order to sync Commission terms with the election of Commission officer.

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

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, and Dee Pupa.

NOES: None.

ABSENT: Supervisor Peter Foy, David Glyer and Gagan Pawar, M.D.

Commissioner Alatorre declared the motion carried.

## **6. Tangible Net Equity (TNE) and Working Capital Reserve Fund Policy**

Commissioner Pawar arrived at 3:11 p.m.

Commissioner Foy arrived at 3:19 p.m.

CFO Mowlavi presented the Tangible Net Equity and Working Capital Reserve Fund Policy for review and approval. This policy supports the long-term financial stability of Gold Coast Health Plan.

TNE is similar to retained earnings, fund balance or net position. TNE is calculated subtracting liabilities from assets.

The state of California requires a minimum TNE. The policy goes into detail regarding the specific calculations.

The three key elements of the policy include:

1. Establishing a minimum TNE maintenance target goal
2. Establishing and maintaining liquid reserve funds.
3. Establishing a payment protocol for delays in receipt of State Capitation Revenue.

Staff is proposing a TNE target of 500%. This is based on input from the state, consideration of economic cycles, the Plan's maturity, financial commitments, financial longevity and future business needs as well as a review of other County Organized Health Systems (COHS) TNE position.

GCHP, at \$123M, has the 2<sup>nd</sup> lowest TNE compared to other COHS (see chart). As of November, TNE is at 541% or \$9 million in excess of the 500% target.

The Plan is currently exploring various options including alternative payment strategies, such as value based payments and other opportunities in support of GCHP's mission

The Working Capital Reserve Fund supports financial stability by maintaining reserve funds to cover 3 months of medical and administrative expenses and funds for

Commission approved capital projects and other long term liabilities whose payments are projected for the current operating cycle. In the past there have been delay of payments. Commissioner Fisher asked what is longest delay, CFO Mowlavi responded that she was aware of a 3 month delay prior to the Brown administration.

Should there be delays in state capitated revenue and if the Plan's unrestricted cash proves to be inadequate to pay health care providers and vendors, liquid reserve funds will be used for two months or until the liquid reserve funds reach a level equaled to one month's projected working capital requirement. When the level of liquid reserve funds falls to one month's projected working capital requirement, management may cease payments to health care providers and vendors until such time as the State restores capitation revenue to the Plan.

Commissioner Lee questioned whether the 500% of minimum required TNE was appropriate and recommended a threshold range between 400% – 500%. Discussions continued around appropriate range. Commissioner Lee motioned to approve TNE and Working Capital Reserve Fund with TNE Target between 400% and 500% of state minimum requirement. Commissioner Fisher seconded.

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Peter Foy, Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D., and Dee Pupa.

NOES: None.

ABSENT: David Glycer

Commissioner Alatorre declared the motion carried.

## **7. Furniture for Office Expansion**

Ruth Watson, Chief Operations Officer stated that due to a growth in staff, the current building is out of space. There are still pending positions that have not been filled because there is nowhere to house them at present.

The pre-bid is at a government rate with three vendors approved. GCHP is requesting permission to do one source bid at a cost of \$400,000 which includes contingency. Commissioner Lee asked if the government rate is less, Ms. Watson stated that the rate is supposed to be less. Commissioner Foy stated that in one of his prior experiences the government rate was not used because it was very expensive. He asked why not go back to the other vendor. COO Watson stated the other bidder had opted out of bidding. Commissioner Foy asked what was pricing before and Ms. Watson stated lower prices but cubicles are different. Commissioner Foy asked what is government approved, Ms. Watson stated there is a different tier for government pricing, the theory is that government pricing is better and she also stated that if we delay, we put off construction. Commissioner Foy is concerned about cost. Ms. Watson stated that we are currently paying rent for space not being used. Commissioner Atin asked if the

furniture chosen was appropriate with the mission of the organization. Ms. Watson stated she wanted good ergonomics as well as furniture to last ten year. Currently the plan is to try and stay under \$400,000. The furniture at the 711 Daily building was inherited for \$1.00 on the first and second floor. Commissioner Lee stated he understood it is hard to get competitive bids.

Commissioner Lee moved to approve the request. Commissioner Dial seconded.

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Peter Foy, Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D. and Dee Pupa.

NOES: None.

ABSENT: David Glycer.

Commissioner Alatorre declared the motion carried.

**8. State of California Contract Amendment No. A03 to Agreement No. 10-87129**

CEO Villani informed the Commission that the State has issued an amendment for abortion services at no additional impact. CEO Villani is requesting permission to sign the amendment to contract for payment of services for the Hyde Act.

Commissioner Lee moved to approve the request. Commissioner Dial seconded.

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D. and Dee Pupa.

NOES: None.

ABSTAIN: Peter Foy.

ABSENT: David Glycer.

Commissioner Alatorre declared the motion carried.

**10. Appointment of Commissioners to Screen Candidate for the Chief Diversity Officer**

The Commission has previously decided that a sub-committee of five people, including three Commissioners, will be selected to screen candidates for the Chief Diversity Officer position. Counsel to the Commission asked if there were three Commissioners

who would be interested in participating on the interview panel. Commissioners Atin, Lee and Alatorre volunteered. Dr. Jaime Casillas and Aaron Hinojosa will also participate. The HRCD Committee will narrow down candidates and then present to the Commission.

Commissioner Lee moved to approve the three volunteers. Commissioner Fisher seconded.

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Peter Foy, Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D. and Dee Pupa.

NOES: None.

ABSENT: David Glycer.

## **REPORTS**

### **11. Chief Executive Officer Update**

Traci McGinley has resigned from her position and GCHP is now actively recruiting for a new Clerk of the Commission. Maddie Gutierrez-Roberts is currently working as interim Clerk of the Commission until the position is filled. Currently there is only one potential candidate. The Commissioners declined to participate in the process for selection of a new Clerk to the Commission. Ralph Oyaga has been hired as Executive Director of Government Relations.

Procurements for the Pharmacy Benefits Manager (PBM) and Healthcare Effectiveness Data and Information Set (HEDIS) vendors are coming to a close. The final recommendation for Executive Finance Committee will be presented to the Commission on February 22, 2016.

The Plan is currently conducting an employee survey, which consists of approximately 70 questions which include items focused on diversity. Focus groups are being evaluated and an action plan is being developed. Commissioner Foy stated he was very excited on the direction the organization is going.

Per Diem nurses – managed behavioral health cap was lifted. ASO Vendor claimed audits need Cap – so it was issued.

CEO Villani introduced Marlen Torres, Government and External Relations Manager, who gave a brief informational presentation.

- Ms. Torres highlighted that on Thursday, January 7<sup>th</sup>, Governor Brown released his proposed FY 2016-17 budget.
- The Governor's budget includes \$85.1B for the Medi-Cal program, and projects.

- Caseload-It is projected that 13.5M individuals will be enrolled in Medi-Cal by the end of the fiscal year.
- The MCO Tax budget proposes a tax reform package to extend a federally permissible managed care organization (MCO) tax. The MCO tax would be implemented for 3 years (starting in 2016). In order to implement an MCO tax a two-thirds vote in the Legislature is needed. Our trade organizations have been actively involved in discussions with the administration. Overall, it is not expected that the MCO tax will negatively impact GCHP.
- The Full-Scope Medi-Cal for Undocumented Children budget includes \$182M to provide full-scope coverage to approximately 170,000 children, under 19 years of age, starting May 1, 2016.
- Starting in 2017, the State will start assuming a 5% share of the Medi-Cal expansion population costs. The budget assumes 740M in GF cost.
- The "Medi-Cal" 2020 waiver was approved by CMS for five (5) years. Starting January 1, 2016-December 31, 2020. Total funding for the waiver is \$6.2B with a potential for additional funding in the Global Payment Program. The waiver includes the following elements:
  - Delivery system transformation and alignment incentive program for designated public hospitals and district/municipal hospitals (PRIME)
  - A Global Payment Program for designated public hospitals for services for the remaining uninsured
  - Whole Person Care Pilot Program
  - Dental Transformation Incentive Program
  - Two assessments will be conducted throughout the course of the waiver. The first is related to public hospitals. The second assessment is regarding access care for beneficiaries in Medi-Cal managed care.

CEO Villani stated Dr. Wharfield, Associate Chief Medical Officer is working with Johnson Gil on the Whole Person Care Pilot. Commissioner Alatorre asked about outreach to undocumented children. This outreach is now going on. The term undocumented has been replaced with a new term which is "Unsatisfied Documentation" status. COO Watson stated the outreach has only been done by the State not GCHP as yet.

## **12. Chief Medical Officer (CMO) Update**

Dr. Reeves stated GCHP had a booth and was a sponsor of the Senior Summit. GCHP was recognized by the Board of Supervisors with a certificate. A successful diabetes health fair was held at the Oxnard Public Library where Dr. Wharfield was a speaker. The New Diabetes Management Program was also introduced.



### **13. Health Services Update**

Year-to-date performance was reviewed and projections are increasing. There is a huge population of undetected Diabetes. Education materials and classes are offered. There has been a study showing Hispanics are twice more likely to have diabetes – the County has dashboards for comparison. Complication rates were reviewed. CEO Villani stated it is the beginning of analyzing data and creating intervention strategies to target these issues.

### **14. Chief Financial Officer (CFO) Update**

CFO Mowlavi provided status on the ACA 1202 Program is just concluding. Currently, about \$8 million remains in the program. Fiscal year to date financial highlights for the five months ending November 30, 2015 showed a \$22.8 million gain in unrestricted net assets which was driven by higher than expected growth in membership in the Adult Expansion (AE) category of aid and lower than anticipated health care and administrative costs. The Medical Loss Ratio (MLR) is targeted to be between 85 to 91 percent of revenue. Through November the MLR was 86 percent of revenue and has been increasing over the fiscal year with the month of November at 91 percent of revenue. The Administrative Cost ratio (ACR) is targeted to be between 5 and 8 percent of revenue. Through November, the ACR was at 6 percent which was favorable to the budget. This favorable variance was driven primarily by labor related savings. Tangible Net Equity (TNE) is targeted to be 500 percent of the minimum State requirement. As of November, TNE was \$123 million or 541 percent, excluding the \$7,2 million County of Ventura lines of credit.

### **15. Chief Operations Officer (COO) Update**

There is a large decrease, the first in 2 years, this indicates a 70% increase in members, but watching closely. Commissioner Foy asked if not like L.A. COO Watson stated LA Care has a different system – Challenges: has issue qualifying eligibility - members not allowed to terminate. Commission Foy asked when will we know, COO Watson responded end of January; expansion / membership has been added. Data needs to be reviewed.

Encounter Data Performance – GCHP is Number 1 in State; data submitted on time. The State will have an impact on the rate. GCHP got 100% in State between staff and County providers. The Call Center performance has been impacted – there are long wait times. We are currently in procurement for a consultant to evaluate the Plan's ASO model. COO Watson will present a recommendation at next Commission meeting. Commissioner Atin asked about numbers. COO Watson stated the Call Center has a large turnover. Commissioner Atin asked how many employees to answer calls, COO Watson stated approximately 24 only answer calls for GCHP. Question is: Do we

continue to outsource Call Center or do in-house? Need consultant to review strategy. Commissioner Foy stated it could be expensive; maybe look at a different call group.

#### **16. Chief Information and Strategy Officer (CISO) Update**

The project portfolio consists of 42 initiatives. Since the November Commission meeting, the Plan has completed five projects.

Project Portfolio supports the approved strategic plan and reflects roughly 39k resource hours.

#### **17. Human Resources Cultural Diversity Sub-Committee Update**

The job description has been finalized and posted and will now go forward with candidates. Employee Survey has 17 questions specifically related to Cultural Diversity. In addition, there will be 14 sessions for employee training. The employee hotline has been established and in the past 3 months there have been no calls or reports.

Commissioner Dial moved to approve all updates. Commissioner Fisher seconded.

The vote was as follows:

AYES: Antonio Alatorre, Shawn Atin, Lanyard Dial, M.D., Barry Fisher, Peter Foy, David Glyer, Michelle Laba, M.D., Darren Lee, Gagan Pawar, M.D. and Dee Pupa.

NOES: None.

ABSENT: None.

Commissioner Alatorre declared the motion carried.

#### **RECESS:**

The meeting was recessed at 4:47 p.m.

#### **CLOSED SESSION**

Closed Session reconvened at 5:07


- a. Conference with Legal Counsel – Existing Litigation
- b. Conference with Legal Counsel – Anticipated Litigation

There was no reportable action.

#### **ADJOURNMENT**

Closed Session was adjourned at 6:17p.m.

APPROVED:

  
Magdalen Gutierrez-Roberts, Interim Clerk of the Board