

**Ventura County Medi-Cal Managed
Care Commission (VCOMMCC) dba
Gold Coast Health Plan
Special Executive / Finance Committee Meeting**

Executive Conference Room, 711 E. Daily Drive, Suite 106, Camarillo, CA
Wednesday, May 7, 2014
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

ELECTION OF TEMPORARY CHAIR

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. [April 3, 2014 Regular Executive / Finance Meeting Minutes](#)

2. NOMINATION COMMITTEE

a. Consideration of Candidates for Chairperson and Vice Chairperson for Purposes of Confirmation and Recommendation to Commission

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
Special May 7, 2014 Executive / Finance Committee Meeting Agenda (continued)**

PLACE: Executive Conference Room, 711 E. Daily Drive, Suite 106, Camarillo, CA

TIME: 3:00 p.m.

3. ACCEPT AND FILE ITEMS

- a. [CEO Update](#)
- b. [March Financials](#)

4. INFORMATIONAL ITEMS

- a. [GCHP Priorities & Initiatives for FY 2014-15 Budget Planning](#)
- b. [FY 2014-15 Budget Development Process](#)

COMMENTS FROM COMMISSIONERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee will be held on June 5, 2014 at 3:00 p.m. in the Executive Conference Room at 711 E. Daily Drive, Suite 106, Camarillo, CA

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

April 3, 2014

(Not official until approved)

CALL TO ORDER

Chair Gonzalez called the meeting to order at 3:02 p.m. in Suite 280 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

COMMITTEE MEMBERS PRESENT

David Glycer, Private Hospitals / Healthcare System

Robert Gonzalez, MD, Ventura County Medical Health System

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

Dee Pupa, Ventura County Medical Health System

ABSENT / EXCUSED

Vacant Seat, Vice-Chair

STAFF IN ATTENDANCE

Michael Engelhard, CEO

Michelle Raleigh, CFO

Nancy Kierstyn Schreiner, Legal Counsel

Traci R. McGinley, Clerk of the Board

Guillermo Gonzalez, Government Affairs Director

Steve Lalich, Communications Director

Allen Maithel, Controller

Al Reeves, MD, CMO

Melissa Scrymgeour, CIO

Ruth Watson, COO

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. January 9, 2014 Regular Meeting Minutes

Committee Member Glycer moved to approve the January 9, 2013 Regular Meeting Minutes. Committee Member Pawar seconded. The motion carried with the following vote:

AYE: Glycer, Gonzalez and Pawar.

NAY: None.

ABSTAIN: Pupa.
ABSENT: None.

2. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reviewed the written report with the Committee.

b. February Financials

CFO Raleigh reviewed the February financials and highlighted that the GCHP's net income is approximately \$3 million above what was assumed in the budget. This has allowed Tangible Net Equity (TNE) to be approximately \$26.2 million, which exceeds the February State required TNE.

Discussions were held as to when GCHP might start paying off the Lines of Credit (LOC) with County of Ventura. Options to begin LOC repayment are being discussed with DHCS.

Committee Member Pupa moved to accept the CEO Report and the February Financials. Committee Member Glycer seconded. The motion carried with the following vote:

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

3. INFORMATIONAL ITEMS

a. Update on Auditor Recommendations

CFO Raleigh reviewed the presentation with the Committee.

b. Legislative Update

This matter was not reviewed and there were no questions from the Committee.

COMMENTS FROM COMMITTEE MEMBERS

Committee member Gonzalez asked if the Executive / Finance Committee Meetings could be held at GCHP's new location in Camarillo after the relocation. He also asked about the Committee meeting less often and if it must go before the Commission.

Legal Counsel Kierstyn Schreiner responded that the Bylaws do not require the change in meeting frequency go before the Commission.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner noted that there was currently no need to meet on Closed Session Item #2 and therefore the following Closed Session Item was removed:

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

Legal Counsel Kierstyn Schreiner then explained the purpose of the Closed Session item.

ADJOURN TO CLOSED SESSION

The Committee adjourned to Closed Session at 3:49 p.m. regarding the following item:

1. **Closed Session Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9** – St. Rita's Haven v. Gold Coast Health Plan, et al, Superior Court of California, County of Los Angeles, Case Number PC055569

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 3:53 p.m.

Legal Counsel Kierstyn Schreiner announced that there was no reportable action.

ADJOURNMENT

Meeting adjourned at 3:54 p.m.

AGENDA ITEM 3a

To: Gold Coast Health Plan Executive / Finance Committee

From: Michael Engelhard, Chief Executive Officer

Date: May 7, 2014

Re: CEO Update

OPERATIONS UPDATE

Membership

Total enrollment for May increased to more than 148,000 with the addition of 5,893 members. Since January, the Plan has added 28,013 members. While the ACA- driven Medi-Cal expansion has been the primary cause of the membership increase – 8,118 from the ACE / LIHP program, 7,279 new Medi-Cal Expansion members and 4,268 members from the state's outreach to CalFRESH members – GCHP has also experienced growth of 8,222 in the traditional Medi-Cal population. This latter figure is likely due to increased awareness of the Medi-Cal benefit due to Plan, County, State and Federal outreach campaigns.

FINANCE UPDATE

Adult Expansion Capitation Rates

Milliman (outside actuarial firm) has finalized PCP and Specialty contract capitation rates to be paid to providers for the Adult Expansion members. The Plan will be working with applicable providers this month with a targeted date to implement these rates on June 1, 2014.

GOVERNMENT AFFAIRS UPDATE

Medi-Cal Vision Services for Children

On Tuesday, April 29, 2014, the Department of Health Care Services (DHCS) held a conference call with various stakeholders to discuss ways to increase access and utilization of vision care services for children in Medi-Cal. Stakeholders proposed the following solutions to increase access and utilization:

- Aggressively reduce the backlog of issuing Medi-Cal ID numbers to optometrists. Stakeholders reported that it currently may take up to 15 months to receive a Medi-Cal provider ID number.
- Increase the use of vision mobile clinics at school sites.

- Allow beneficiaries to receive eye exams and glasses every twelve months as opposed to every twenty-four months.

Stakeholders stated that these changes would increase children's access and utilization by up to twenty-seven percent. Representatives of First 5 LA proposed the following:

- Establish a contract between Medi-Cal Plans and optometrists willing to treat children at school sites and pay providers a lump sum for services rendered.
- Payment / reimbursement should be higher than current payment rates in order to attract more providers.

Adult Dental Services Restored in the Medi-Cal Program

On May 1, 2014, adult dental services were restored to the Medi-Cal Program for beneficiaries age 21 years of age and older. Restored services include: examinations, x-rays, fluoride treatments, fillings, and full dentures. These services will be provided through the state's Denti-Cal Program.

Legislation

The following Medi-Cal related bills are pending in the State Legislature

SB 964 Health plans: timeliness standards

- This bill requires county organized health systems (COHS) to comply with timeliness of access standards and reporting procedures adopted by the Department of Managed Health Care (DMHC).
- Proponents of this bill argue that DHCS and DMHC are not currently working together on audits and that timely access and network adequacy standards are not being met by all Medi-Cal managed care plans especially in rural counties. Opposition: the California Association of Health Plans (CAHP) has adopted an oppose position on this bill while the Local Health Plans of California (LHPC) has expressed concerns with the "unnecessary administrative burden" that additional reporting requirements this bill will impose on plans.

SB 986 Medi-Cal managed care: exemption from plan enrollment

- Extends an existing Medi-Cal managed care exemption for beneficiaries with transplants if deemed medically necessary by the treating provider.

SB 1005 Health care coverage: immigration status

- Extends eligibility for full-scope Medi-Cal benefits to individuals who are otherwise eligible for those benefits but for their immigration status. It also creates a health exchange for undocumented immigrants similar to Covered CA.
- This bill passed out of the Senate Appropriation on a vote of 6-1.

SB 1081 Federally Qualified Health Centers

- Authorizes a 3 year FQHC pilot program implementing an alternative payment methodology using capitated wrap-around payments to FQHCs through Medi-Cal managed care health plans. Would allow patients to receive multiple services from FQHCs on the same day.
- On April 30, 2014 this bill passed out of the Senate Appropriations Committee on a 5-1 vote.

SB 1341 Medi-Cal: Statewide Automated Welfare System

- Requires that the Statewide Automated Welfare System (SAWS) be the system of record for Medi-Cal containing all Medi-Cal eligibility rules and case management functionality. Proponents of this bill say that the CalHEERS system is resulting in confusion and conflicting notices being sent to consumers. They further state that this bill would reduce the impact of future Medi-Cal eligibility backlogs similar to the current backlog.

AGENDA ITEM 3b

To: Gold Coast Health Plan Executive / Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: May 7, 2014

Re: March 2014 Financials

SUMMARY

Staff is presenting the attached March 2014 financial statements of Gold Coast Health Plan (Plan) for review by the Executive / Finance Committee. The Plan requests that the Executive / Finance Committee recommend approval of these financials to the Commission.

BACKGROUND / DISCUSSION

The Plan has prepared the March 2014 financial package, including balance sheet, income statements and statements of cash flows.

FISCAL IMPACT

Year-To-Date Results

On a year-to-date basis, the Plan's net income is approximately \$15.6 million compared to \$12.7 million assumed in the budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$27.5 million, which exceeds both the budget of \$24.5 million by \$3.0 million and the State required TNE amount as of March 31, 2014 of \$15.1 million (84% of \$18.0 million, which is the amount needed to achieve 100% of the calculated TNE requirement) by \$12.4 million. Please note the following:

1. The Plan's TNE amount includes \$7.2 million in lines of credit with the County of Ventura.
2. On the "Financial Overview" page attached, the YTD TNE excludes the Affordable Care Act (ACA) 1202 funds since the Plan is continuing discussions with the State regarding whether these payments to qualifying providers are actual "pass through" funds, as assumed in the budget.

March 2014 Results

Other items to note for the month include:

Membership - March membership of 136,917 exceeded budget by 2,018 members. This is a 14% increase from the December 31, 2013 total of 120,275 and a 35% increase over March 2013 enrollment of 101,443.

Revenue – March net revenue was \$37.7 million or \$0.6 million less than budget of \$38.3 million. On a per member per month (PMPM) basis, net revenue was \$275.63 PMPM which was \$8.23 PMPM less than budget of \$283.84 PMPM. The variance is driven by:

- Membership mix being different than estimated in the budget, primarily driven by lower than expected Adult Expansion membership of approximately 1,600 members below budget, resulting in revenue of approximately \$1.1 million lower.
- Gains in other membership categories (particularly Adult / Family and TLIC) helped to mitigate the revenue shortfall with approximately \$0.5 million of offsetting revenue gains above budget for those categories.

Health Care Costs – Health care costs for March were \$34.2 million and were \$0.3 million better than budget. On a PMPM basis, reported health care costs were \$249.87 PMPM versus a budgeted amount of \$255.64. Highlights of March variances include:

- Inpatient – The increase was seen mainly in trailing claims for January and February, with more inpatient days than anticipated.
- Long-Term Care – Last month's accrual for estimated AB 1629 rate increases due to selected facilities was updated to also include the March estimate of payment due.
- Outpatient – A slight downward trend since January has occurred. More importantly, a substantial amount of refunds and adjustments related to prior months' outpatient services was processed in March, leading to reduced reserve calculations.
- Pharmacy – Pharmacy expense have risen substantially, due in part to the new Adult Expansion population and a new Hepatitis C drug (Sovaldi). However, the increase in utilization among the new population has not achieved the rate as expected in the revised budget.

As with February reported financials, the March financials reflect an estimated 85% MLR for pharmacy. However the additional reserve still results in a total expense below budget. Other services will be evaluated as claims data is received. The Plan consulted with its auditing firm and it agreed with the way the Plan is currently reporting this contract provision.

Administrative Expenses – For the month, overall operational costs were \$2.2 million or \$0.3 million better than budget. The favorable variance resulted primarily from lower than forecasted personnel costs due to timing of new hires versus budget projections. The headcount at March 31, 2014 was 112 versus a budget of 132. In

addition, a budgeted mailing of address change notices was not required resulting in savings of \$75 thousand, resulting in a positive variance in Shipping & Postage.

Cash + Medi-Cal Receivable - The total of Cash and Medi-Cal Premium Receivable balances of \$122.3 million reported as of March 31, 2014 included a MCO Tax component amounting to \$17.6 million. Excluding the impact of the tax, the total of Cash and Medi-Cal Receivable balance as of March 31, 2014 was \$104.7 million, or \$14.5 million better than the budgeted level of \$86.3 million.

Note that subsequent to closing the books for February, staff found that both the Medi-Cal Receivable and Accrued Premium Tax accounts included approximately \$8.1 million that had previously been recorded on the balance sheet. These entries have been reversed in preparing the March 2014 financials. This adjustment had no impact on the Plan's net income or TNE.

As noted in the Monthly Cash Flow report are provider payments made in March for ACA 1202 and AB 85.

As noted previously, the State has not yet been paying GCHP capitation rates that include the new mental health benefit. It is anticipated that payments will begin in the next couple of months, because a temporary rate increase has been included in a recent contract amendment. This is anticipated to be a temporary rate increase until CMS has approved the State mental health rate estimates.

Fixed Assets – Work at the Plan's new offices at 711 East Daily Drive progressed with substantial completion in April. The move was achieved as planned on April 7, 2014. Capital expenditures for the new facility are expected to be \$682,000 and were approved by the Commission in January 2014. The cost incurred through March was approximately \$261,883.

RECOMMENDATION

Staff requests the Executive / Finance Committee recommend approval of the March, 2014 financial statements to the Plan's Commission.

CONCURRENCE

N/A

Attachment

March 2014 Financial Package



FINANCIAL PACKAGE

For the month ended March 31, 2014

TABLE OF CONTENTS

- Financial Overview
- Membership
- Income Statement
- PMPM Income Statement by Month
- Paid Claims and IBNP Composition

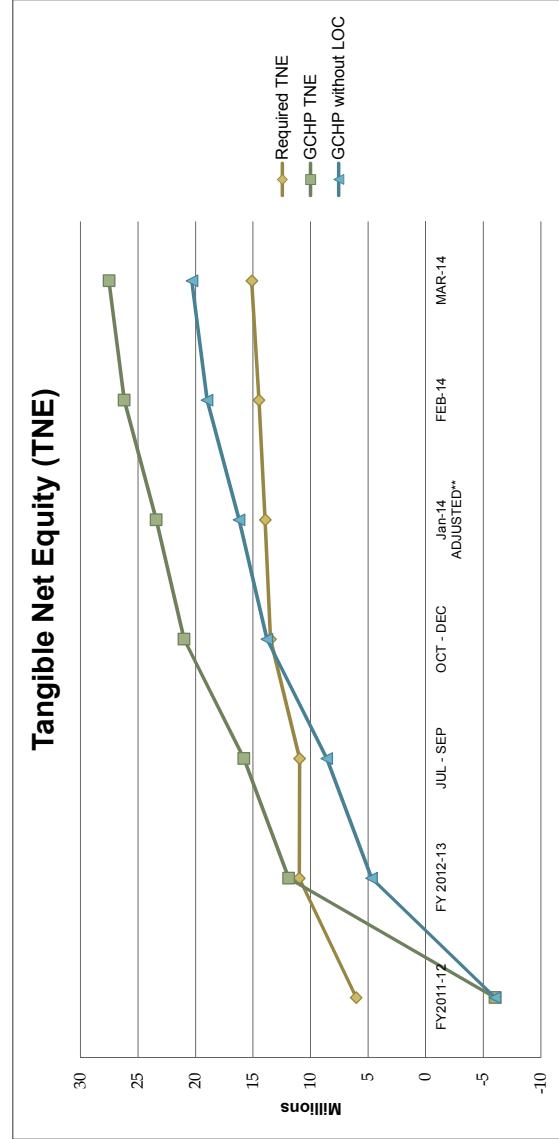
APPENDIX

- Comparative Balance Sheet
- Cash & Medi-Cal Receivable Trend
- Statement of Cash Flows
- YTD Income Statement
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends

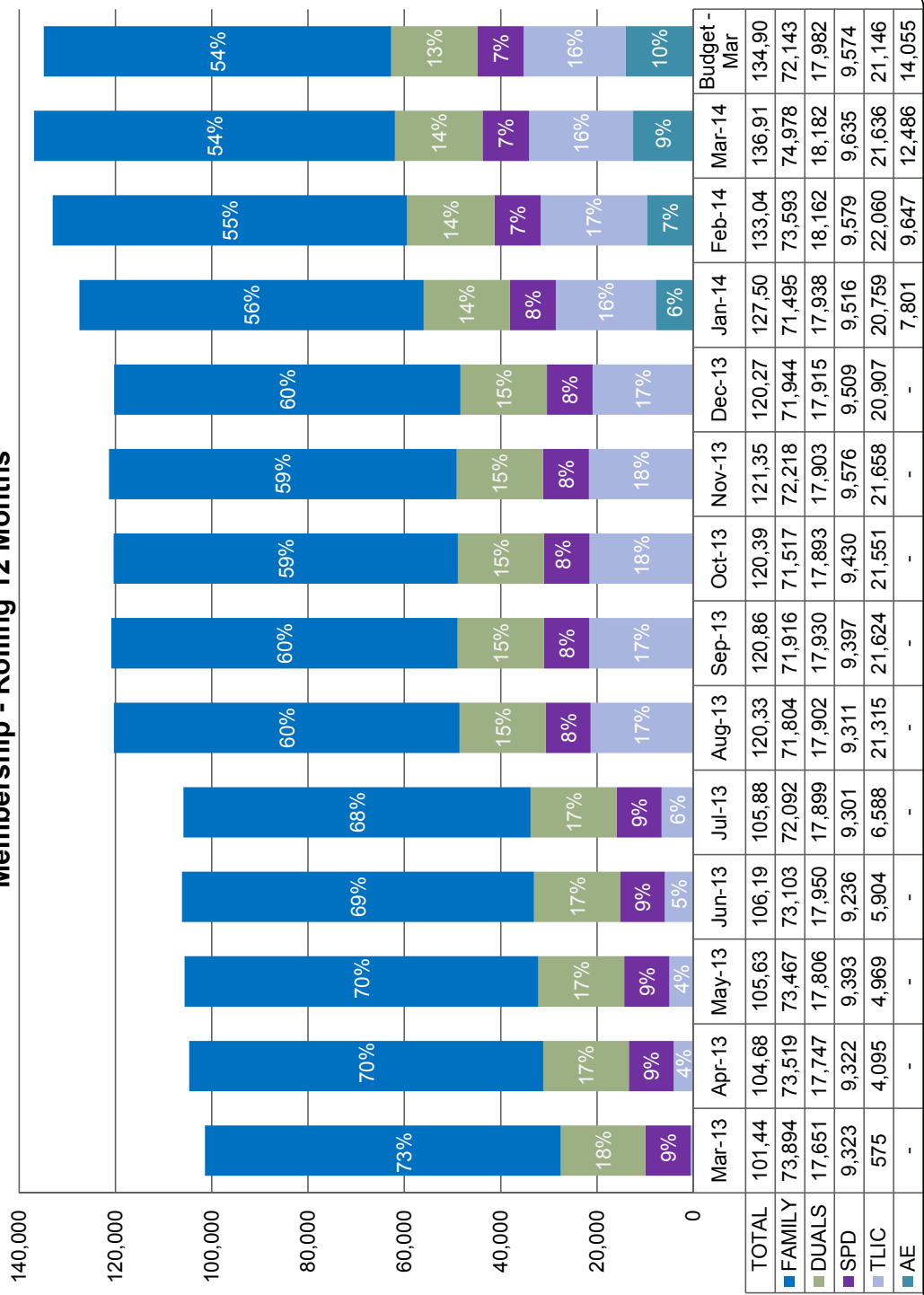
Financial Overview

Description	AUDITED*					UNAUDITED FY 2013-14 Actual					Budget Comparison		
	FY 2011-12	FY 2012-13	JUL - SEP	OCT - DEC	Jan-14 ADJUSTED*	FEB-14	MAR-14	YTD ADJUSTED**	Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %		
Member Months	1,258,189	1,223,895	347,079	362,021	127,509	133,041	136,917	1,106,567	1,104,846	1,721	0.2 %		
Revenue	304,635,932	315,119,611	81,988,709	84,070,456	33,239,770	35,881,985	37,739,031	272,919,951	274,989,257	(2,069,306)	(0.8)%		
<i>prmpm</i>	242.12	257.47	236.22	232.23	260.69	269.71	275.63	246.64	248.89	(2.26)	(0.9)%		
Health Care Costs	287,353,672	280,382,704	71,875,533	72,867,512	28,583,258	30,952,027	34,211,809	238,490,139	243,062,002	4,571,863	1.9 %		
<i>prmpm</i>	228.39	229.09	207.09	201.28	224.17	232.65	249.87	215.52	220.00	4.47	2.0 %		
% of Revenue	94.3%	89.0%	87.7%	86.7%	86.0%	86.3%	90.7%	87.4%	88.4%	-1.0%	-1.1%		
Admin Exp	18,891,320	24,013,927	6,202,007	6,014,475	2,245,874	2,154,133	2,197,102	18,813,593	19,289,402	455,810	2.4 %		
<i>prmpm</i>	15.01	19.62	17.87	16.61	17.61	16.19	16.05	17.00	17.44	0.44	2.5 %		
% of Revenue	6.2%	7.6%	7.6%	7.2%	6.8%	6.0%	5.8%	6.9%	7.0%	0.1%	1.6%		
Net Income	(1,609,063)	10,722,980	3,911,169	5,188,469	2,410,637	2,775,825	1,330,120	15,816,219	12,657,852	2,958,367	23.4 %		
<i>prmpm</i>	(1.28)	8.76	11.27	14.33	18.91	20.86	9.71	14.11	11.46	2.66	23.2 %		
% of Revenue	-0.5%	3.4%	4.8%	6.2%	7.3%	7.7%	3.5%	5.7%	4.6%	1.1%	24.3%		
100% TNE	16,769,368	16,138,440	16,112,437	16,056,217	16,597,381	17,247,717	17,988,276	17,988,276	17,809,708	178,568	1.0 %		
% TNE Required	36%	68%	68%	84%	84%	84%	84%	84%	84%				
Required TNE	6,036,972	10,974,139	10,956,457	13,487,223	13,941,800	14,488,083	15,110,152	15,110,152	14,960,154	149,997	1.0 %		
GCHP TNE	(6,031,881)	11,891,099	15,802,268	20,990,738	23,401,375	26,177,200	27,507,320	27,507,320	24,548,952	2,958,367	12.1 %		
TNE Excess / (Deficiency)	(12,068,853)	916,960	4,845,810	7,503,516	9,459,575	11,689,117	12,397,168	12,397,168	9,588,798	2,808,370	29.3 %		

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).
 ** Adjusted results remove the ACA 1202 payments (\$5.2 million) from both revenue and health care costs in order to compare to the budget (since budget assumed these funds were passed through



Membership - Rolling 12 Months



SPD = Seniors and Persons with Disabilities
 TLIC = Targeted Low Income Children
 AE = Adult Expansion

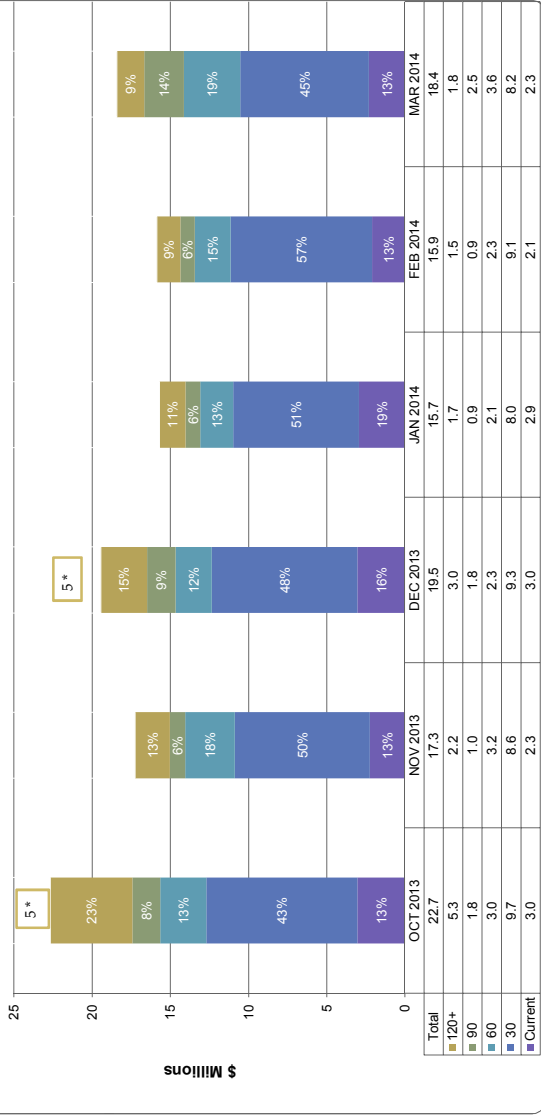
Income Statement Monthly Trend

	FY2013-14 Monthly Trend			Current Month		
	DEC 2013	JAN 2014	FEB 2014	MAR 2014		Variance Fav/(Unfav)
				Actual	Budget	
Membership (includes retro members)	120,275	127,509	133,041	136,917	134,899	2,018
Revenue:						
Premium	\$ 29,047,006	\$ 40,250,143	\$ 37,669,204	\$ 39,652,832	\$ 40,073,630	\$ (420,798)
Reserve for Rate Reduction	(281,754)	(425,684)	(387,418)	(440,736)	(257,603)	(183,133)
MCO Premium Tax	(1,110,666)	(1,467,377)	(1,451,360)	(1,529,127)	(1,577,899)	48,772
Total Net Premium	27,654,585	38,357,083	35,830,427	37,682,970	38,238,128	(555,158)
Other Revenue:						
Interest Income	12,031	11,688	14,272	17,728	12,824	4,904
Miscellaneous Income	38,333	38,333	37,286	38,333	38,333	-
Total Other Revenue	50,364	50,021	51,559	56,061	51,157	4,904
Total Revenue	27,704,949	38,407,105	35,881,985	37,739,031	38,289,285	(550,254)
Medical Expenses:						
Capitation (PCP, Specialty, Kasier, NEMT & Visior)	1,610,161	1,609,561	1,679,455	1,704,134	1,668,928	(35,206)
FFS Claims Expenses:						
Inpatient	4,491,812	5,733,670	5,139,891	7,940,779	7,512,141	(428,638)
LTC/SNF	6,923,947	6,871,300	7,988,436	7,256,361	6,066,456	(1,189,906)
Outpatient	3,189,204	3,582,927	3,057,728	2,631,325	3,419,904	788,579
Laboratory and Radiology	111,157	352,687	450,809	609,596	536,348	(73,248)
Physician ACA 1202	-	5,167,335	104,094	102,189	-	(102,189)
Emergency Room	729,901	850,311	871,674	975,817	1,058,665	82,848
Physician Specialty	2,305,009	2,353,215	1,930,722	2,433,750	2,674,527	240,777
Mental Health Services	-	225,017	233,276	254,043	191,825	(62,218)
Pharmacy	3,210,998	3,863,088	5,657,345	5,648,117	6,526,499	878,382
Other Medical Professional	149,068	141,578	192,695	218,265	189,603	(28,662)
Other Medical Care	3,608	(1,935)	-	3,645	-	(3,645)
Other Fee For Service	1,645,707	2,634,006	2,870,527	3,250,414	3,430,063	179,649
Transportation	67,551	86,625	83,111	79,919	89,403	9,484
Total Claims	22,827,961	31,859,823	28,580,309	31,404,220	31,695,434	291,214
Medical & Care Management Expense	830,780	824,092	774,659	828,605	914,815	86,209
Reinsurance	(1,553,135)	(395,380)	104,962	308,761	206,395	(102,366)
Claims Recoveries	(259,182)	(147,503)	(187,358)	(33,912)	-	33,912
Sub-total	(981,537)	281,209	692,263	1,103,455	1,121,210	17,755
Total Cost of Health Care	23,456,586	33,750,593	30,952,027	34,211,809	34,485,572	273,763
Contribution Margin	4,248,363	4,656,511	4,929,959	3,527,222	3,803,713	(276,491)
General & Administrative Expenses:						
Salaries and Wages	592,047	596,197	577,942	584,952	656,716	71,764
Payroll Taxes and Benefits	151,109	187,611	90,406	144,143	153,081	8,939
Travel and Training	4,315	4,276	9,270	7,364	13,724	6,360
Outside Service - ACS	940,933	968,191	1,024,850	1,044,479	1,061,303	16,824
Outside Services - Other	19,158	79,142	180,177	82,663	103,154	20,491
Accounting & Actuarial Services	12,500	56,250	14,226	29,239	13,333	(15,905)
Legal	88,066	114,004	47,032	71,044	36,340	(34,704)
Insurance	13,265	9,615	12,477	12,120	10,792	(1,328)
Lease Expense - Office	25,980	28,480	28,979	28,979	38,480	9,501
Consulting Services	42,604	46,831	53,700	57,096	94,977	37,882
Translation Services	3,602	8,387	2,554	5,197	2,417	(2,780)
Advertising and Promotion	1,883	-	790	(790)	23,110	23,900
General Office	115,766	96,638	83,285	73,897	122,066	48,168
Depreciation & Amortization	7,015	7,015	7,015	7,015	34,708	27,693
Printing	2,022	10,344	862	21,503	10,456	(11,047)
Shipping & Postage	562	14,021	5,822	464	77,995	77,531
Interest	18,828	18,873	14,746	27,738	10,896	(16,842)
Total G & A Expenses	2,039,656	2,245,874	2,154,133	2,197,102	2,463,549	266,446
Net Income / (Loss)	\$ 2,208,708	\$ 2,410,637	\$ 2,775,825	\$ 1,330,120	\$ 1,340,165	\$ (10,045)

PMPM Income Statement Comparison

	Actual Monthly			MAR 2014		Variance
	DEC 2013	JAN 2014	FEB 2014	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	120,275	127,509	133,041	136,917	134,899	2,018
Revenue:						
Premium	241.50	283.14	283.14	289.61	297.06	(7.45)
Reserve for Rate Reduction	(2.34)	(2.91)	(2.91)	(3.22)	(1.91)	(1.31)
MCO Premium Tax	(9.23)	(10.91)	(10.91)	(11.17)	(11.70)	0.53
Total Net Premium	229.93	269.32	269.32	275.22	283.46	(8.23)
Other Revenue:						
Interest Income	0.10	0.11	0.11	0.13	0.10	0.03
Miscellaneous Income	0.32	0.28	0.28	0.28	0.28	(0.00)
Total Other Revenue	0.42	0.39	0.39	0.41	0.51	(0.10)
Total Revenue	230.35	269.71	269.71	275.63	283.84	(8.20)
Medical Expenses:						
<u>Capitation (PCP, Specialty, Kasier, NEMT & Visior</u>	13.39	12.62	12.62	12.45	12.37	0.07
FFS Claims Expenses:						
Inpatient	37.35	38.63	38.63	58.00	55.69	(2.31)
LTC/SNF	57.57	60.04	60.04	53.00	44.97	(8.03)
Outpatient	26.52	22.98	22.98	19.22	25.35	6.13
Laboratory and Radiology	0.92	3.39	3.39	4.45	3.98	(0.48)
Physician ACA 1202	-	0.78	0.78	0.75	-	(0.75)
Emergency Room	6.07	6.55	6.55	7.13	7.85	0.72
Physician Specialty	19.16	14.51	14.51	17.78	19.83	2.05
Mental Health Services	-	1.75	1.75	1.86	1.42	(0.43)
Pharmacy	26.70	42.52	42.52	41.25	48.38	7.13
Other Medical Professional	1.24	1.45	1.45	1.59	1.41	(0.19)
Other Medical Care	0.03	-	-	0.03	-	(0.03)
Other Fee For Service	13.68	21.58	21.58	23.74	25.43	1.69
Transportation	0.56	0.62	0.62	0.58	0.66	0.08
Total Claims	189.80	214.82	214.82	229.37	234.96	5.59
Medical & Care Management Expense	6.91	5.82	5.82	6.05	6.78	0.73
Reinsurance	(12.91)	0.79	0.79	2.26	1.53	(0.73)
Claims Recoveries	(2.15)	(1.41)	(1.41)	(0.25)	-	0.25
Sub-total	(8.16)	5.20	5.20	8.06	8.31	0.25
Total Cost of Health Care	195.02	232.65	232.65	249.87	255.64	5.77
Contribution Margin	35.32	37.06	37.06	25.76	28.20	(2.44)
General & Administrative Expenses:						
Salaries and Wages	4.92	4.34	4.34	4.27	4.87	0.60
Payroll Taxes and Benefits	1.26	0.68	0.68	1.05	1.13	0.08
Travel and Training	0.04	0.07	0.07	0.05	0.10	0.05
Outside Service - ACS	7.82	7.70	7.70	7.63	7.87	0.24
Outside Services - Other	0.16	1.35	1.35	0.60	0.76	0.16
Accounting & Actuarial Services	0.10	0.11	0.11	0.21	0.10	(0.11)
Legal	0.73	0.35	0.35	0.52	0.27	(0.25)
Insurance	0.11	0.09	0.09	0.09	0.08	(0.01)
Lease Expense - Office	0.22	0.22	0.22	0.21	0.29	0.07
Consulting Services	0.35	0.40	0.40	0.42	0.70	0.29
Translation Services	0.03	0.02	0.02	0.04	0.02	(0.02)
Advertising and Promotion	0.02	0.01	0.01	(0.01)	0.17	0.18
General Office	0.96	0.63	0.63	0.54	0.90	0.37
Depreciation & Amortization	0.06	0.05	0.05	0.05	0.26	0.21
Printing	0.02	0.01	0.01	0.16	0.08	(0.08)
Shipping & Postage	0.00	0.04	0.04	0.00	0.58	0.57
Interest	0.16	0.11	0.11	0.20	0.08	(0.12)
Total G & A Expenses	16.96	16.19	16.19	16.05	18.26	2.22
Net Income / (Loss)	18.36	20.86	20.86	9.71	9.93	(0.22)

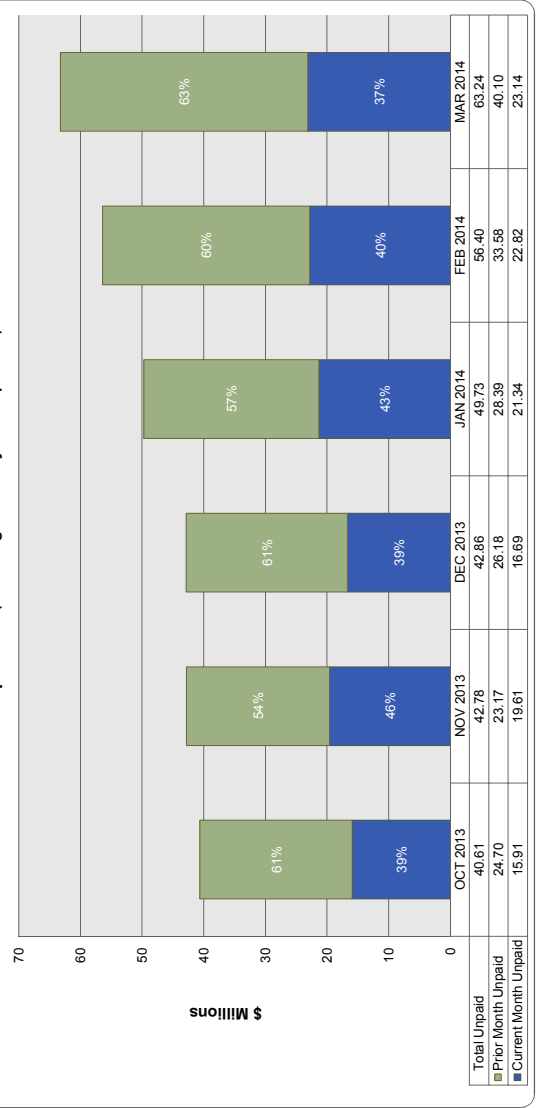
Paid Claims Composition (excluding Pharmacy and Capitation Payments)



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.



For the month ended March 31, 2014

APPENDIX

- Comparative Balance Sheet
- Cash & Medi-Cal Receivable Trend
- Statements of Cash Flow
- YTD Income Statement
- Total Expenditure Composition
- Pharmacy Cost & Utilization Trends

Comparative Balance Sheet

	3/31/14	2/28/14	Audited FY 2012-13	
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	\$ 73,664,068	\$ 68,790,390	\$50,817,760	
Medi-Cal Receivable*	48,613,745	52,050,271	11,683,076	Refer to note below
Provider Receivable	150,150	425,870	1,161,379	
Other Receivables	173,318	178,153	300,397	
Total Accounts Receivable	48,937,213	52,654,294	13,144,852	
Total Prepaid Accounts	623,292	720,548	324,419	
Total Other Current Assets	299,093	251,438	10,000	
Total Current Assets	123,523,665	122,416,670	64,297,030	
Total Fixed Assets	1,364,847	1,234,241	230,913	
Total Assets	\$ 124,888,513	\$ 123,650,911	\$ 64,527,943	

LIABILITIES & FUND BALANCE

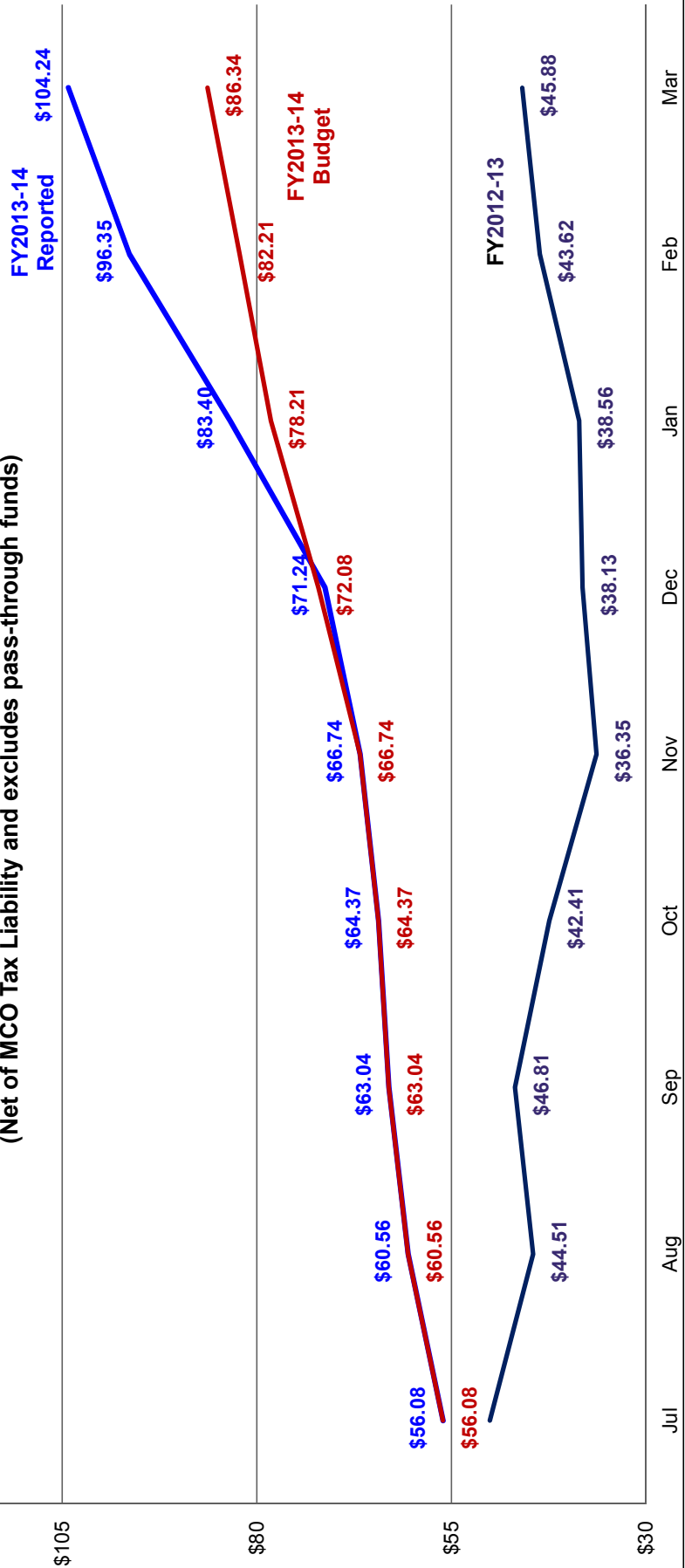
Current Liabilities				
Incurred But Not Reported	\$ 61,100,924	\$ 53,809,826	\$29,901,103	
Claims Payable	7,509,972	6,477,413	9,748,676	
Capitation Payable	1,388,007	1,366,703	1,002,623	
Physician ACA 1202 Payable	3,357,133	5,271,429	-	Partial ACA 1202 payment made to qualifying providers
AB85 Payable	525,951	735,137		AB85 payment made to County
Accrued Premium Reduction	2,096,754	1,656,018	-	
Accounts Payable	208,214	238,242	1,751,419	
Accrued ACS	1,023,582	1,095,479	422,138	
Accrued Expenses	911,980	1,023,244	477,477	
Accrued Premium Tax*	17,616,483	24,146,001	7,337,759	Refer to note below
Accrued Interest Payable	35,207	33,466	9,712	
Current Portion of Deferred Revenue	460,000	460,000	460,000	
Accrued Payroll Expense	571,987	547,421	605,937	
Total Current Liabilities	96,806,193	96,860,378	\$ 51,716,843	
Long-Term Liabilities				
Deferred Revenue - Long Term Portion	575,000	613,333	920,000	
Notes Payable	7,200,000	7,200,000	7,200,000	
Total Long-Term Liabilities	7,775,000	7,813,333	8,120,000	
Total Liabilities	104,581,193	104,673,711	59,836,843	
Beginning Fund Balance	4,691,101	4,691,101	(6,031,881)	
Net Income Current Year	15,616,219	14,286,099	10,722,981	
Total Fund Balance	20,307,320	18,977,200	4,691,100	
Total Liabilities & Fund Balance	\$ 124,888,513	\$ 123,650,911	\$ 64,527,943	

* Note: Feb'14 balances include anticipated MCO Tax, reversed in March

FINANCIAL INDICATORS			
Current Ratio	1.28 : 1	1.26 : 1	1.24 : 1
Days Cash on Hand	61	62	58
Days Cash + State Capitation Receivable	101	110	72
Days Cash + State Capitation Rec (less Tax Liab)	86	88	63

Cash + Medi-Cal Receivable Trend (\$ in Millions)

(Net of MCO Tax Liability and excludes pass-through funds)



Statement of Cash Flows - Monthly

	MAR '14	FEB '14	JUN'13
Cash Flow From Operating Activities			
Collected Premium	\$ 35,133,669	\$ 47,761,779	\$ 52,138,834
Miscellaneous Income	17,728	14,273	8,594
State Pass Through Funds	423,117	342,152	34,346,474
<u>Paid Claims</u>			
Medical & Hospital Expenses	(20,564,629)	(15,766,152)	(17,277,826)
Pharmacy	(4,562,358)	(4,420,992)	(4,009,168)
Capitation	(1,689,109)	(1,601,382)	(1,162,302)
Reinsurance of Claims	(308,761)	(308,946)	(240,430)
State Pass Through Funds Distributed	(735,259)		(34,346,474)
Paid Administration	(2,674,644)	(1,509,345)	(2,616,623)
MCO Tax Received / (Paid)	-	-	829,564
Net Cash Provided/ (Used) by Operating Activities	5,039,755	24,511,385	27,670,643
Cash Flow From Investing/Financing Activities			
Proceeds from Line of Credit			-
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(166,076)	(64,987)	(31,026)
Net Cash Provided/(Used) by Investing/Financing	(166,076)	(64,987)	(31,026)
Net Cash Flow	\$ 4,873,678	\$ 24,446,398	\$ 27,639,617
Cash and Cash Equivalents (Beg. of Period)	68,790,390	44,343,991	23,068,235
Cash and Cash Equivalents (End of Period)	73,664,068	68,790,390	50,817,760
	\$ 4,873,678	\$ 24,446,398	\$ 27,749,525
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	1,330,120	2,775,825	4,109,976
Depreciation & Amortization	35,470	35,321	11,407
Decrease/(Increase) in Receivables	3,717,081	1,654,180	22,788,941
Decrease/(Increase) in Prepays & Other Current Ass	49,602	(79,327)	769,972
(Decrease)/Increase in Payables	(1,869,629)	2,301,865	(1,578,838)
(Decrease)/Increase in Other Liabilities	(38,333)	(38,333)	(121,667)
Change in MCO Tax Liability	(6,529,517)	9,560,469	1,433,012
Changes in Claims and Capitation Payable	1,053,864	324,792	1,913,029
Changes in IBNR	7,291,098	7,976,594	(1,655,189)
	5,039,755	24,511,385	27,670,643
Net Cash Flow from Operating Activities	\$ 5,039,755	\$ 24,511,385	\$ 27,670,643

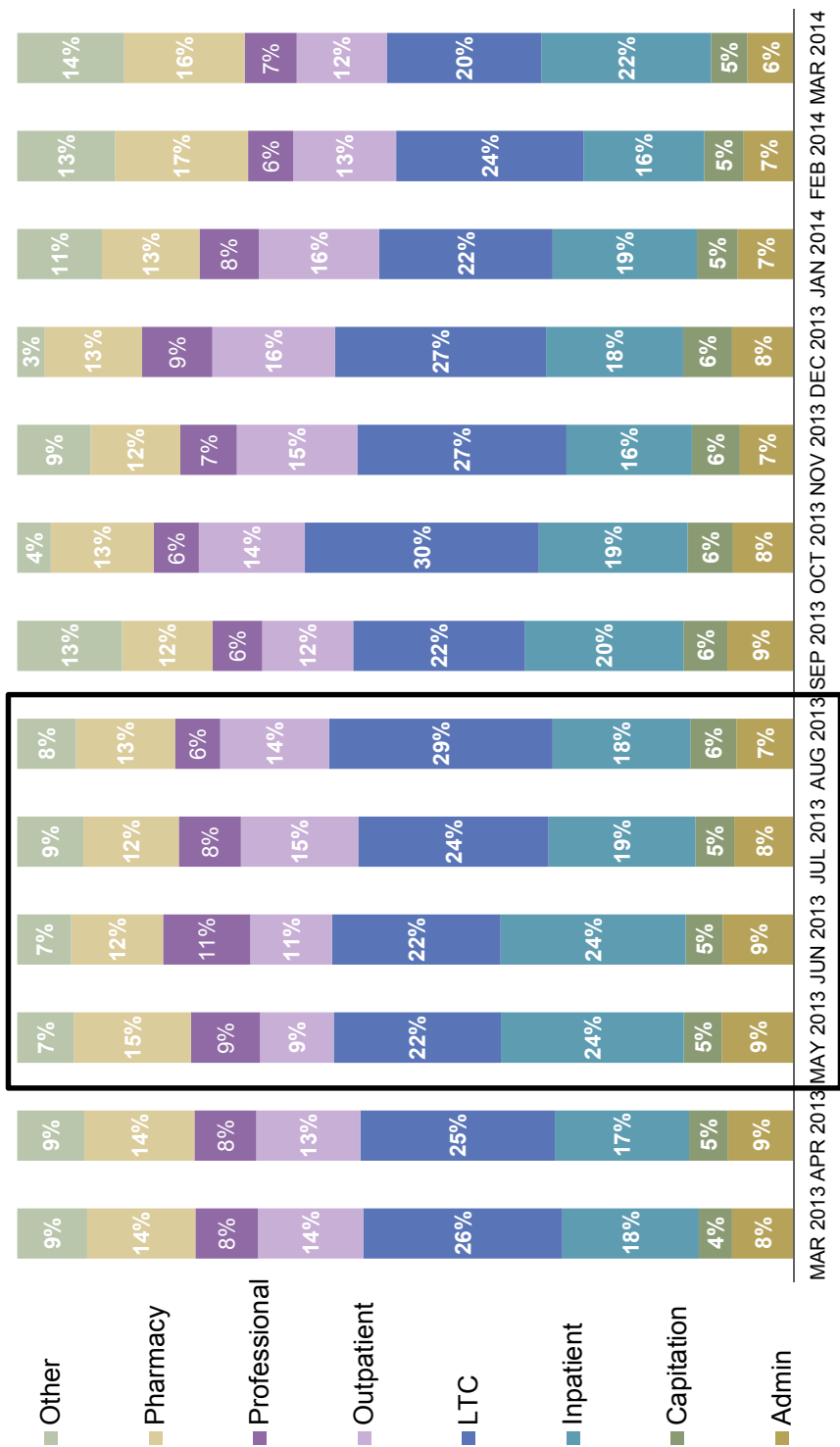
Statement of Cash Flows - YTD

	MAR 2014 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 253,816,400
Miscellaneous Income	108,204
State Pass Through Funds	61,939,223
<u>Paid Claims</u>	
Medical & Hospital Expenses	(156,209,183)
Pharmacy	(33,509,882)
Capitation	(13,726,589)
Reinsurance of Claims	(2,529,292)
State Pass Through Funds Distributed	(60,695,114)
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(24,216,459)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(826,566)
Net Cash Provided/(Used) by Operating Activities	24,150,740
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(1,304,431)
Net Cash Provided/(Used) by Investing/Financing	(1,304,431)
Net Cash Flow	\$ 22,846,308
Cash and Cash Equivalents (Beg. of Period)	50,817,760
Cash and Cash Equivalents (End of Period)	73,664,068
	\$ 22,846,308
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	15,616,219
Depreciation & Amortization	171,652
Decrease/(Increase) in Receivables	(35,792,361)
Decrease/(Increase) in Prepays & Other Current Assets	(587,966)
(Decrease)/Increase in Payables	5,464,125
(Decrease)/Increase in Other Liabilities	(346,155)
Change in MCO Tax Liability	10,278,724
Changes in Claims and Capitation Payable	(1,853,320)
Changes in IBNR	31,199,821
	24,150,740
Net Cash Flow from Operating Activities	\$ 24,150,740

Income Statement
For The Nine Months Ended March 31, 2014

	Mar '14 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	1,106,567	1,104,846	1,721
Revenue			
Premium	\$ 290,786,708	\$ 287,270,543	\$ 3,516,165
Reserve for Rate Reduction	(2,096,754)	(1,592,261)	(504,492)
MCO Premium Tax	(11,054,825)	(11,130,977)	76,152
Total Net Premium	277,635,129	274,547,305	3,087,824
Other Revenue:			
Interest Income	108,203	96,952	11,252
Miscellaneous Income	343,953	345,000	(1,047)
Total Other Revenue	452,157	441,952	10,205
Total Revenue	278,087,286	274,989,257	3,098,029
Medical Expenses:			
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	14,128,022	14,131,203	3,181
FFS Claims Expenses:			
Inpatient	47,587,418	50,006,978	2,419,560
LTC/SNF	63,856,647	58,816,012	(5,040,636)
Outpatient	26,455,945	26,715,324	259,379
Laboratory and Radiology	2,207,398	2,253,182	45,785
Physician ACA 1202	5,373,618	-	(5,373,618)
Emergency Room	7,110,445	7,226,636	116,191
Physician Specialty	17,740,530	18,797,198	1,056,667
Mental Health Services	712,336	575,323	(137,013)
Pharmacy	34,558,609	37,352,163	2,793,554
Other Medical Professional	1,418,258	1,344,111	(74,147)
Other Medical Care	6,939	-	(6,939)
Other Fee For Service	18,673,048	18,905,026	231,979
Transportation	732,949	752,376	19,426
Total Claims	226,434,140	222,744,329	(3,689,811)
Medical & Care Management Expense	6,938,550	7,077,453	138,903
Reinsurance	(1,684,239)	(890,983)	793,256
Claims Recoveries	(2,159,000)	-	2,159,000
Sub-total	3,095,311	6,186,470	3,091,159
Total Cost of Health Care	243,657,474	243,062,002	(595,472)
Contribution Margin	34,429,812	31,927,254	2,502,557
General & Administrative Expenses:			
Salaries and Wages	4,861,002	4,966,341	105,339
Payroll Taxes and Benefits	1,167,013	1,167,463	450
Travel and Training	70,235	120,401	50,166
Outside Service - ACS	8,772,989	8,751,202	(21,787)
Outside Services - Other	486,526	410,095	(76,430)
Accounting & Actuarial Services	221,328	169,946	(51,381)
Legal	573,052	398,267	(174,785)
Insurance	106,998	102,689	(4,309)
Lease Expense - Office	246,341	267,843	21,502
Consulting Services	940,397	1,131,796	191,399
Translation Services	36,049	25,976	(10,073)
Advertising and Promotion	24,069	111,617	87,549
General Office	797,232	906,772	109,540
Depreciation & Amortization	59,053	118,157	59,104
Printing	91,238	160,486	69,247
Shipping & Postage	46,928	186,267	139,338
Interest	313,144	274,085	(39,059)
Total G & A Expenses	18,813,593	19,269,402	455,810
Net Income / (Loss)	\$ 15,616,219	\$ 12,657,852	\$ 2,958,367

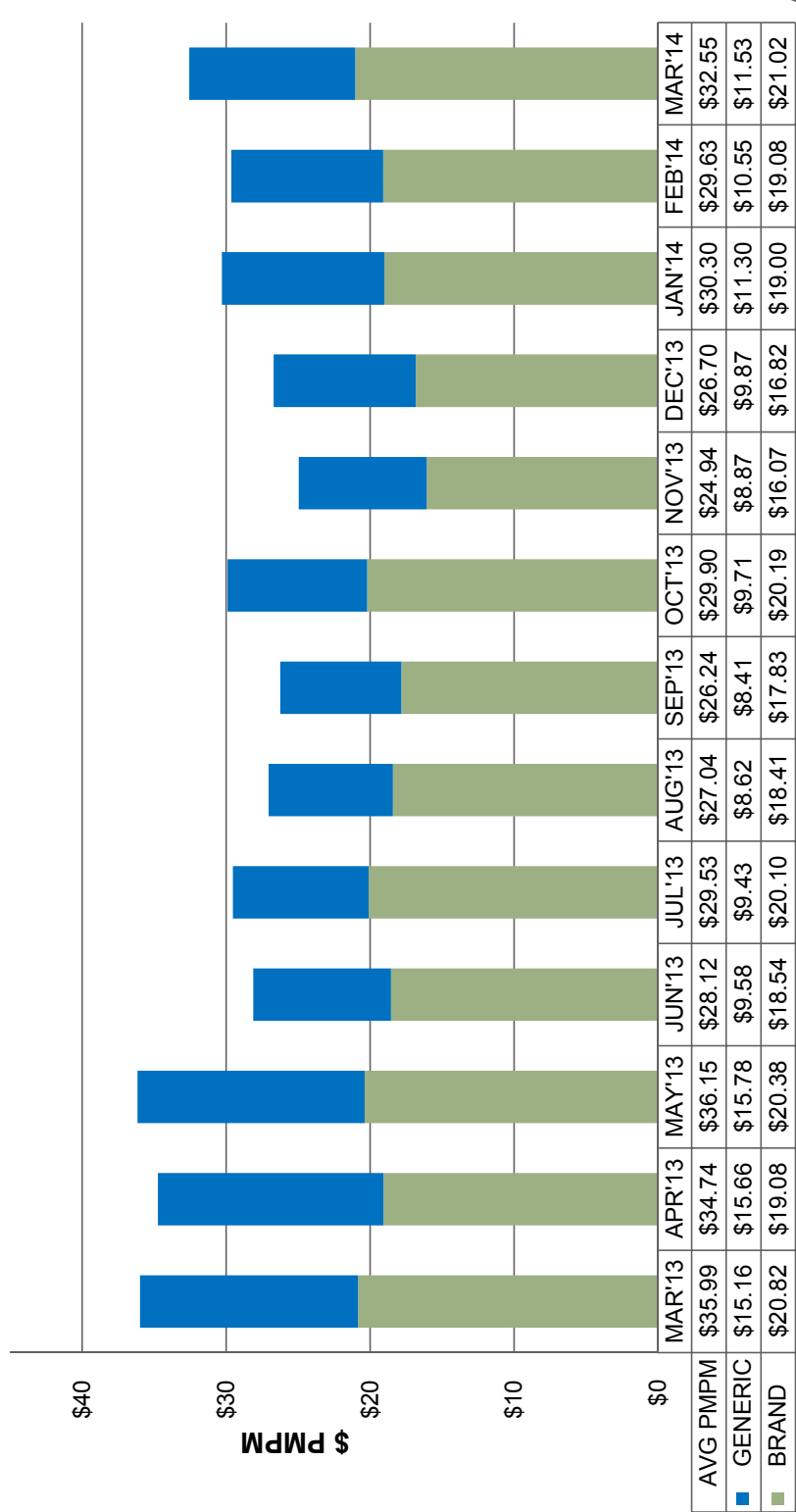
Total Expense Composition



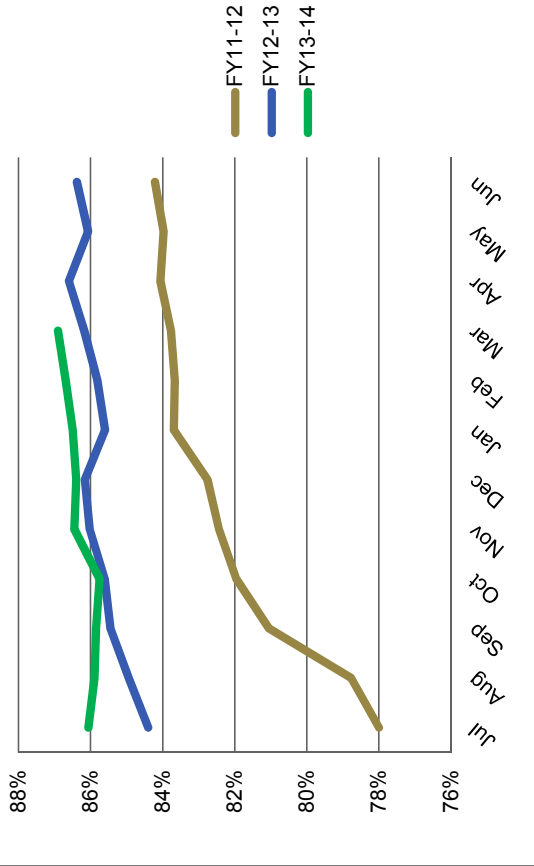
In May 2013, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. Further changes have been made with the assumption of the TLIC population and its affect on various categories of service. Therefore, the months of May - August represent the transitioning to a new methodology.

Beginning January 2014, "Other" category includes ACA 1202 physician supplement and mental health expenses.

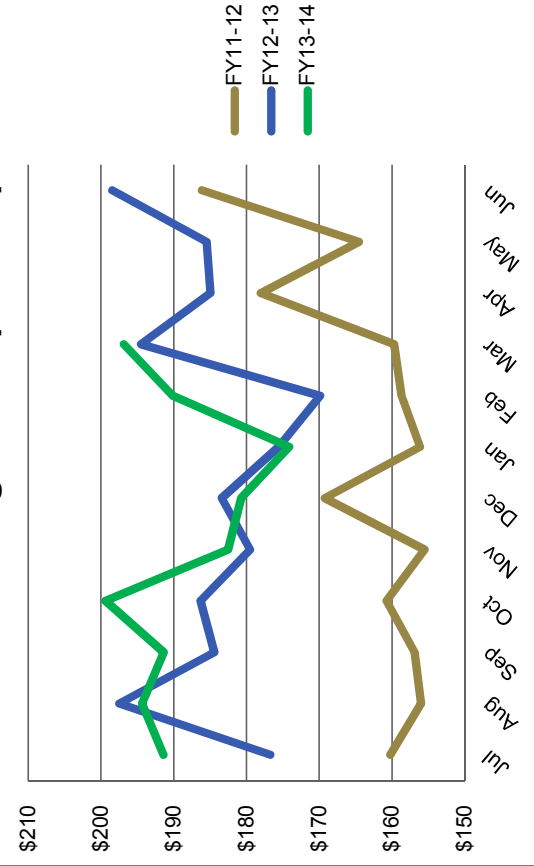
Pharmacy Cost Trend



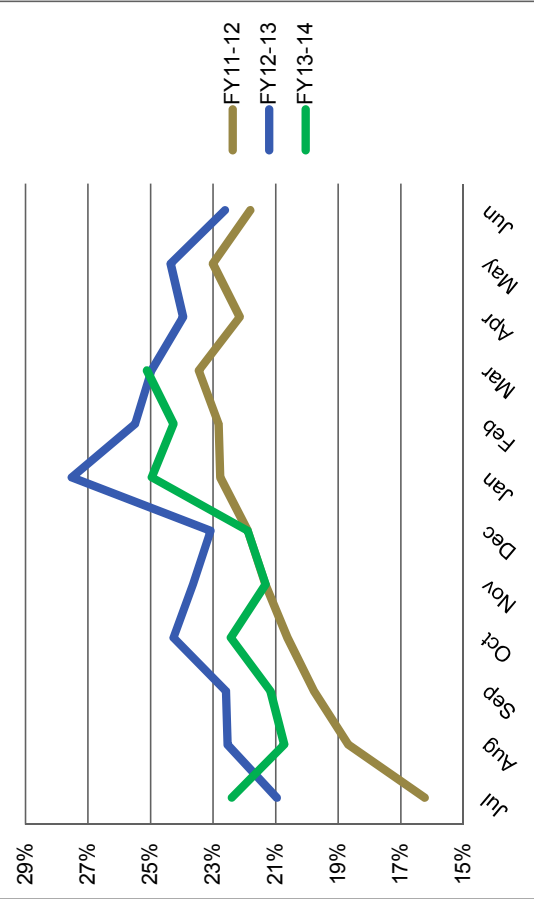
Generic Utilization Rate



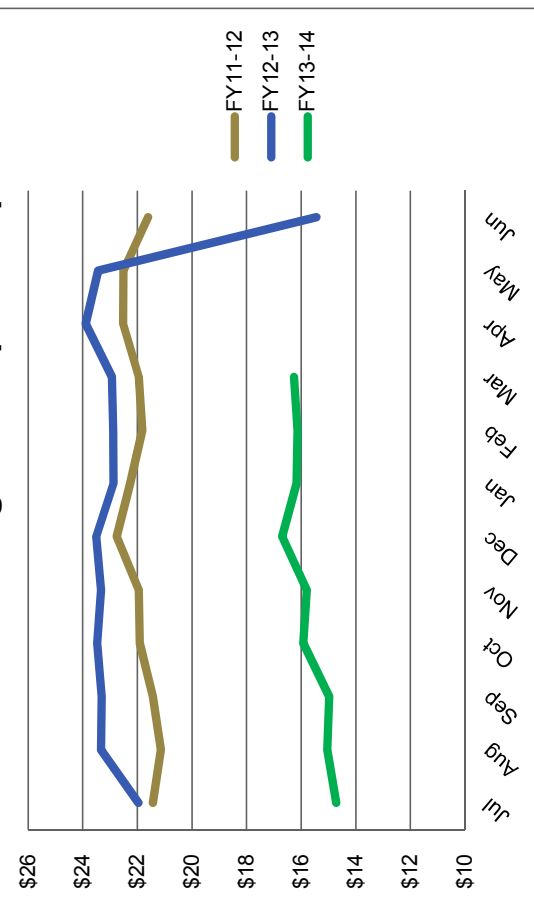
Brand Drugs: Cost per Script



Percent Utilizing Members



Generic Drugs: Cost per Script



AGENDA ITEM 4a

To: Gold Coast Health Plan Executive / Finance Committee

From: Michael Engelhard, CEO

Date: May 7, 2014

RE: GCHP Priorities & Initiatives for FY 2014-15 Budget Planning

To facilitate development of the FY 2014-15 budget, staff assembled potential key programs or initiatives that may be required or desired to be undertaken over the next three years. Staff evaluated multiple factors to determine what work may or will be required in 2014, 2015 and 2016, including:

1. State Medi-Cal program changes
2. Federal health care reform
3. Corrective Action Plan fixes requiring ongoing work
4. Quality improvement plans and disease management programs
5. Expanded infrastructure and process improvement
6. Increased caseload from higher enrollment and acuity
7. Increased compliance and oversight to address greater regulatory examinations

A chart showing this high-level three-year outlook is shown as Attachment A. This outlook was developed based on currently available information. If state or federal requirements change, staff will respond to the changing regulatory environment and re-prioritize projects and initiatives as needed.

Based on the three-year outlook, staff identified a list of budget priorities for FY 2014-15. This is shown as Attachment B.

The projects are a mix of regulatory and contractual requirements, as well as operational and technology initiatives targeted to improve quality for the Plan's members, and further improve business processes and operational efficiencies.

The list also includes an evaluation of the Plan's two largest contracts – Scriptcare, GCHP's Pharmacy Benefits Manager (PBM), and Xerox / ACS, the Plan's Administrative Services Organization (ASO). Both of these contracts have termination dates of June 30, 2016. From a risk perspective, staff determined it was not practical to put both contracts out for bid via an RFP process and potentially have simultaneous conversions occur should both incumbents not be awarded a new contract via the RFP process. Therefore, it is staff's intention to recommend the extension of one of these two major contracts and to

develop an RFP for the other. There is not a recommendation at this time on either contract.

FY 2014-15 PROPOSED PROJECTS AND BUDGET PRIORITIES:

- **ICD-10 Readiness:** Transition all systems and providers from ICD-9 to ICD-10 by the revised Center for Medicaid and Medicare Services (CMS) mandated date of October 15, 2015.
- **Disease Management (DM) Program:** Contractually required. Introduce formal DM program to better manage health outcomes for targeted member population. The initial DM program will focus on diabetes and will benefit roughly 10,000 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.
- **Grievance & Appeals Optimization:** Enhance grievance and appeals processes to ensure sustained regulatory and contractual compliance.
- **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:** Contractual requirement to draft plan for critical business process resumption in event of emergency.
- **Disaster Recovery Planning:** Contractual requirement to draft plan for data and system recovery in event of 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 (Health Insurance Portability and Accountability Act-1996) 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:** Implement initiatives to attract and retain staff. Under consideration are a telework strategy, employee recognition, and flexible work schedules
- **ASO or PBM RFP:** Vendor evaluation and RFP for Xerox / ACS (ASO) or Scriptcare (PBM). Both contracts expire in June 2016.
- **MedHOK ACG-Risk Stratification:** Implement MedHOK ACG module for member risk stratification. (Included in MedHOK MMS Implementation budget).
- **Provider Contracts & Capitation Rebasing Evaluation:** Evaluation of provider capitation rates and / or other reimbursement mechanisms.
- **MedHOK Provider Portal:** Implement MedHOK provider portal to streamline provider online experience for eligibility and claim inquiries, and authorization requests. Supports Plan “valued and trusted partner” strategy.
- **Provider Credentialing System (PCS) RFP & Implementation:** Selection and procurement of provider data and credentialing management software.

GCHP intends to hold a strategic planning session with the Commission later this calendar year to gain insight and concurrence on the Plan’s overall three or five year strategy.



ATTACHMENT A: GCHP 3-Year Outlook (DRAFT)

Optional/Uncertain

	2014/2015 Yr. 1	2015/2016 Yr. 2	2016 and beyond Yr. 3 and beyond
Programs			
BHP/Bridge			
CCS		CCS into Managed Care (1115 Waiver)	
CCI		CCI - MLTSS	CCI - Duals
- Duals		NCQA Certification	
NCQA		BHP/Bridge Plan (CY2015 – Not Likely; CY2016 – Recommended)	
Knox Keene – Required for Bridge		Knox Keene License	
QI &			
HEDIS/Quality Improvement Programs/NCQA Processes			
Care Management			
Population Management Strategy			
Network Contracting Strategy		24-hr Nurse Hotline - Evaluation	HIT Strategy – Telehealth/eConsult
Infrastructure			
HR Strategy			
“Best Place to Work” Strategy			
Major Contract Review		ASO (Xerox/ACS) – Expires 6/2016	
		PBM (Scriptcare) – Expires 6/2016	
Compliance		Delegation Oversight Strategy	
Operations		Privacy/Information Security Strategy	
Community Involvement		“Valued and Trusted Partner” (Easy to do business with) Strategy	
		Collaboration and Community Organization Integration Strategy	
Data			
Encounter Data Improvement			
Analytics & Finance			
Data Governance Strategy		BI Tool Evaluation	
Data Warehouse Optimization			
TNE Strategy			
Technology			
eBusiness			
Provider Portal Strategy		Member Portal Strategy	
		Vendor ePayment	
Systems and Tools		Ancillary Systems Evaluation	
Infrastructure		Mobile and Collaboration Strategy	
Community Based IT Strategy		Data Center Strategy	
			HIE (Health Information Exchange)

Attachment A Glossary:

Basic Health Plan (BHP): BHP is an optional program created by the federal Affordable Care Act (ACA). Through BHP states can offer health coverage to individuals transitioning out of Medicaid. BHP covers individuals with annual incomes between 133 and 200 percent of the Federal Poverty Level (FPL). Benefits under BHP include the ten essential health benefits mandated by the ACA. The ten essential benefits include:

Outpatient care, emergency room visits, mental health and substance use disorder services, prescription drugs, durable medical equipment needed for recovery, lab tests, pre and postnatal care, as well as pediatric services.

Bridge Plan: Due to a delay in BHP final rules being issued, California created the Bridge Plan for individuals transitioning out of Medi-Cal with annual incomes between 139 and 250 percent of the FPL. The Bridge Plan includes the ten essential health benefits covered under BHP. In order for health plans to participate in this program they must be a Qualified Health Plan.

Under the Affordable Care Act, a Qualified Health Plan is an insurance plan that is certified by the Health Insurance Marketplace, provides essential health benefits, follows established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts), and meets other requirements. A qualified health plan will have a certification by each Marketplace in which it is sold.

California Children Services (CCS): Provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children under age 21 with CCS-eligible medical conditions.

Coordinated Care Initiative (CCI): This initiative is comprised of two programs, Cal MediConnect and Managed Long-Term Services and Supports (MLTSS). Under CCI these two programs will be streamlined and administered by a designated Medi-Cal Managed Care Plan (MCP).

Dual Beneficiaries are eligible for both Medicare and Medi-Cal. Under Cal MediConnect, dual beneficiaries' Medi-Cal benefits are required to be managed by an MCP. However, dual beneficiaries can choose to keep and use their Medicare benefits on a fee-for-service (FFS).

Managed Long-Term Services and Supports (MLTSS): Refers to the delivery of long term services and supports through capitated Medicaid managed care programs. Increasing numbers of States are using MLTSS as a strategy for expanding home- and community-based services, promoting community inclusion, ensuring quality and increasing efficiency. Includes home- and community-based services such as In-Home Supportive Services (IHSS), Community-Based Adult Services (CBAS), and the Multipurpose Senior Services Program (MSSP).

National Committee for Quality Assurance (NCQA): An independent, not-for-profit organization dedicated to assessing and reporting on the quality of managed care plans. The NCQA provides Health Plan Accreditation which identifies Qualified Health Plans eligible to participate in state health insurance exchange marketplaces.

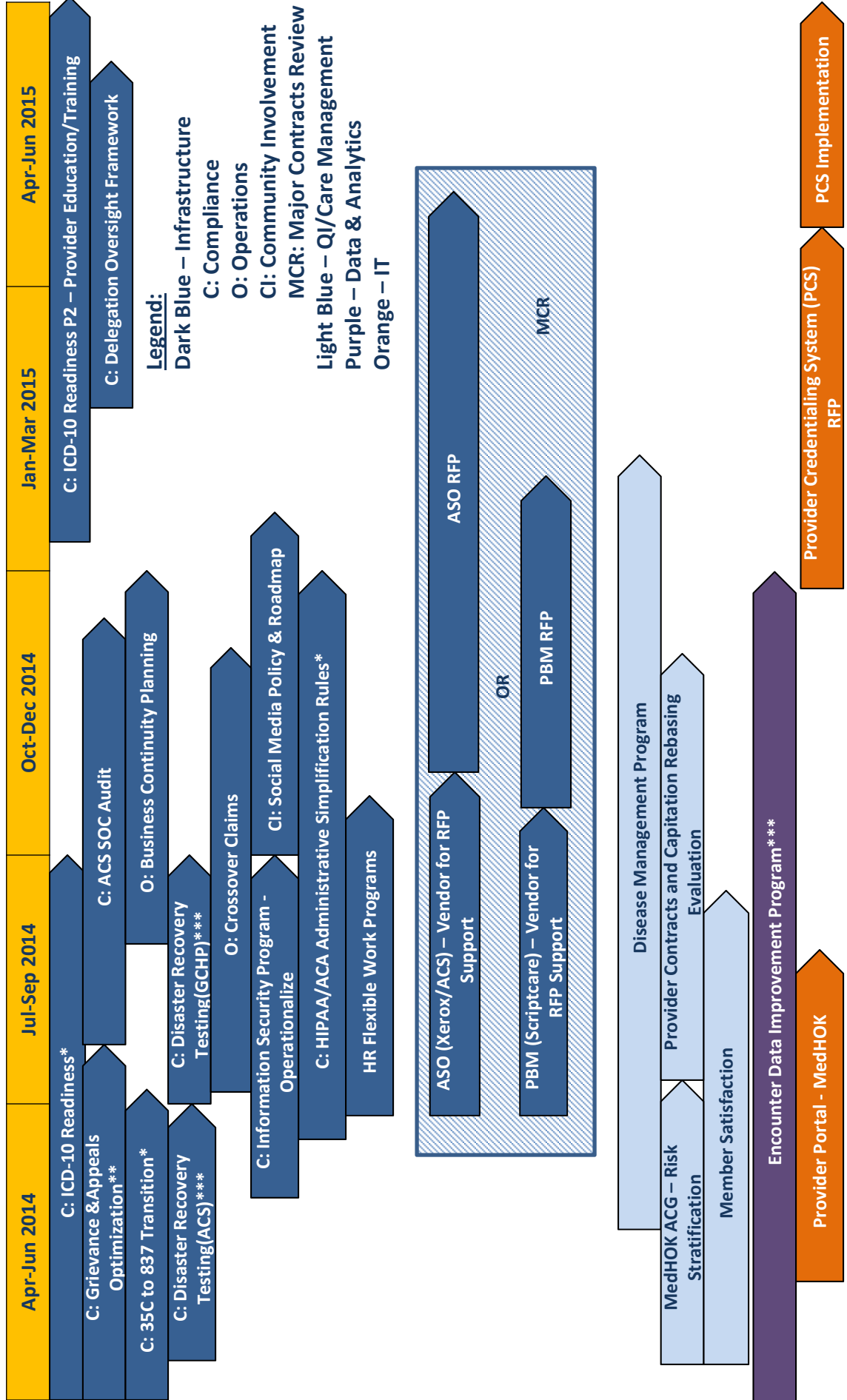
Knox Keene License – required for Bridge Plan Program Participation. A Knox Keene License is granted by the California Department of Managed Health Care to regulate health care service plans. This license ensures that these organizations meet certain minimum standards and gives plans authorization to conduct business in California.



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ATTACHMENT B: GCHP FY2014/2015 Proposed Projects

* Regulatory Requirement
** CAP Requirement
*** Contract Requirement





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Fiscal Year 2014-15 Budget Development Process

Executive / Finance Committee Meeting

Michelle Raleigh, CFO

May 7, 2014



Agenda

- Introduction
- Key Budget Drivers
- Projects
- Highlights
- Membership
- Revenue
- Administrative Expenses
- Next Steps

Introduction

- Gold Coast Health Plan (GCHP or Plan) is preparing the budget for FY 2014-15 (07/01/14-06/30/15)
- Today's presentation focuses on
 - Key Drivers & Projects
 - Membership Projections & Mix
 - Revenue Estimates
 - Administrative Expense Metrics
- At future meetings, staff will update analyses and provide additional estimates of:
 - Health Care Costs
 - Tangible Net Equity

Key Budget Drivers

- Membership Growth & Mix
 - New populations (e.g., LIHP, MCE, CaFRESH)
- Project Needs
- Health Care Costs
 - New Benefits (e.g., mental health, Hepatitis C drugs)
 - Carved out Benefits (e.g., hemophilia drugs)
 - Roll-back of AB97 provider reductions (pending)
 - State Budget Changes (e.g., statewide formulary?)
- Ongoing compliance and response to 2012/2013 Corrective Action Plans (CAPs) and Medical Loss Ratio Evaluation (MLRE)



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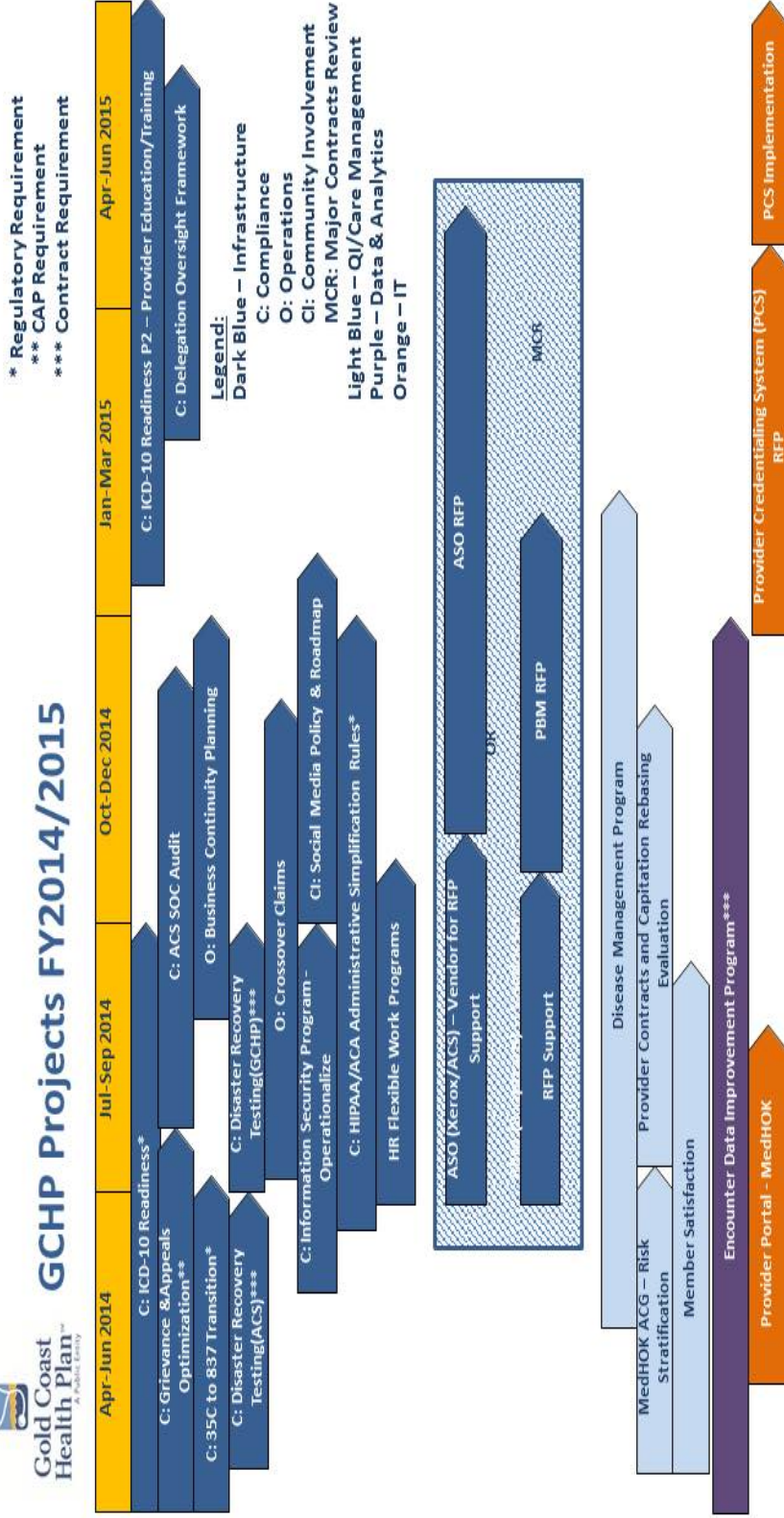
Projects

GCHP staff has identified the following projects for FY 2014-15 (as discussed in today's agenda item #4(a))



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GCHP Projects FY2014/2015



Highlights

- 2-year growth: Enrollment up 50%, Revenue up 79%
- Staffing, support and compliance costs increasing along with caseload

	FY 2012-13	Projected FY 2013-14 *	Budget FY 2014-15
	(Amounts are stated in thousands, except %)		
Average Monthly Enrollment	101,991	125,956	153,106
Premium Revenue	\$ 315,120	\$ 392,831	\$ 562,766
Health Care Costs	\$ 280,383	\$ 347,117	TBD
Administrative Expense	\$ 24,014	\$ 26,293	TBD
Net Income	\$ 10,723	\$ 19,421	\$ TBD
MLR	89.0%	88.4%	TBD
ALR	7.6%	6.7%	TBD
Administrative Expense - PMPM	\$ 19.62	\$ 17.40	\$ TBD
TNE	\$ 11,891	\$ 31,312	\$ TBD

* Reflects actual experience through 03/31/14 and estimates from 04/01/14 to 06/30/14

Membership

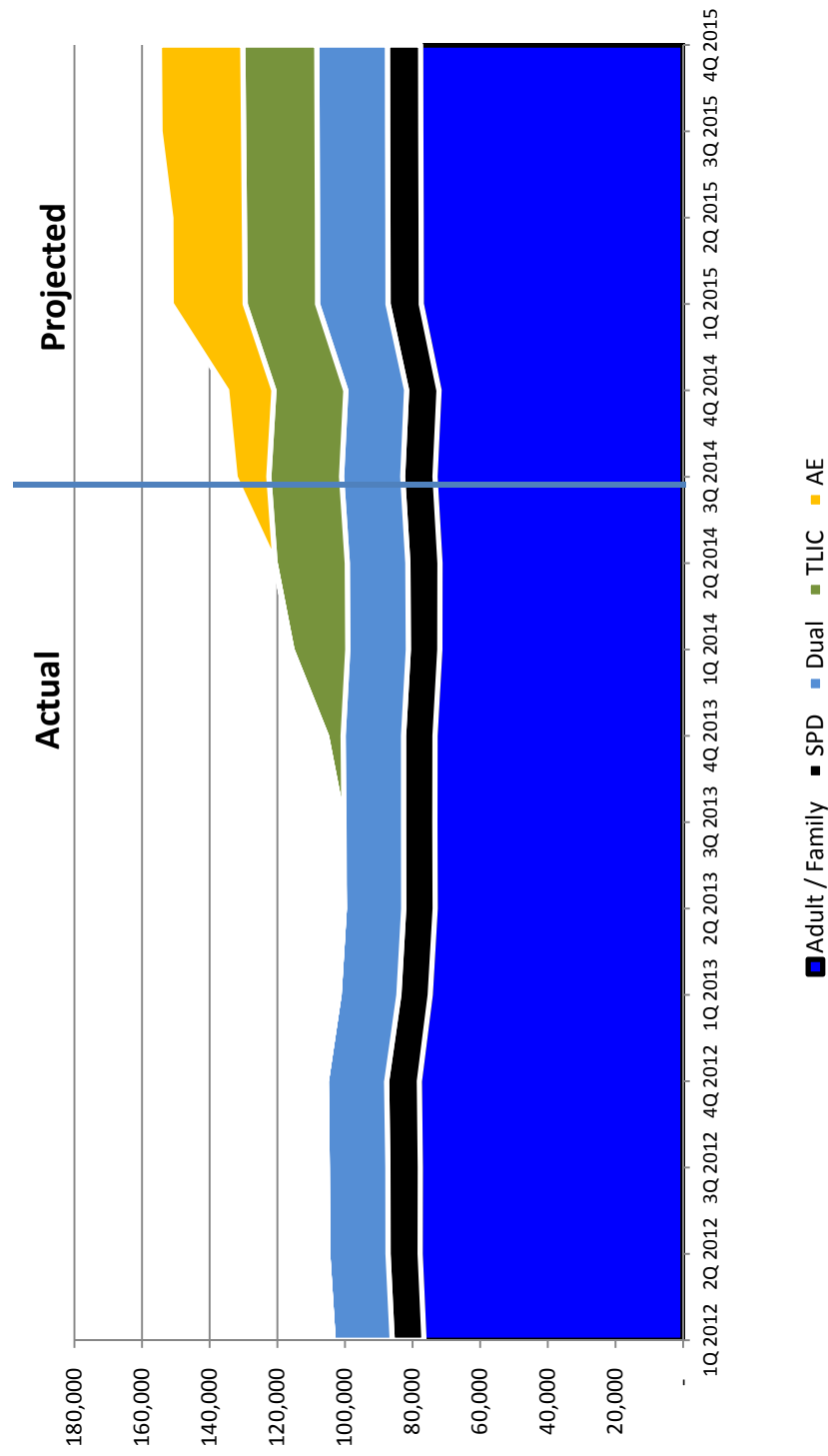
Aid Category - Members *	FY 2012-13	Projected FY 2013-14	Budget FY 2014-15
	(Stated in Averaged Member Months)		
Adult / Family	73,714	72,341	77,520
Dual	17,672	17,975	20,867
SPD	9,302	9,499	9,830
TLIC (Healthy Families) - See Note (1)	1,303	20,154	21,635
Adult Expansion (AE) - See Note (2)	-	5,986	23,254
Total	101,991	125,956	153,106
		<i>23.5%</i>	<i>21.6%</i>

* Member categories have been grouped to include as follows: Senior and persons with disabilities (SPD) includes Aged-Medi-Cal, Disabled-Medi-Cal, Long-term Care-Medi-Cal, and Breast and Cervical Cancer Treatment Plan (BCCTP). Dual includes Aged-Dual, Disabled-Dual, and Long-term Care-Dual. Other member categories include: Targeted Low Income Children (TLIC), and Adult Expansion (AE).

Note:

- 1) TLIC transition occurred on 08/01/13.
- 2) AE started 01/01/14 with LIHP transition and other Medi-Cal Expansion members, including CalFresh. It is estimated that the Plan would have 21,600 AE members on 07/01/14 and grow to 24,200 members by 06/30/15.

Members by Aid Category By Fiscal Year Quarter



Membership Mix and Revenue Impact

Revenue Mix Being Driven by Adult Expansion Population



Revenue

- **Draft FY 2014-15 Revenue Assumptions**
 - Most recent State capitation rates are assumed to stay the same throughout FY 2014-15 (actual rates not known until after start of fiscal year)
 - Adult Expansion rates will be recalculated during the next Fiscal Year – timing, process, and methodology pending from the State
 - As in prior financials, the following items were not included in the budget because the funds are passed through:
 - Sales Tax (SB78)
 - Hospital Quality Assurance Fee (HQAF)
 - Pending or unknown items:
 - ACA 1202 Payments & Reconciliation
 - FY 2012-13 IGT
 - Adult Expansion rate recalculation

Revenue

- Overall PMPMs – FY 2014-15 increases due to projected membership mix changes
- Mental health – incremental increases in FY 2014-15 for Family, SPD, TLIC & AE
- TLIC – step-up in rates throughout FY 2013-14 (blended rate shown)

Total Revenue in PMPM (See Note)	FY 2012-13	Projected FY 2013-14	Budget FY 2014-15
Adult / Family	\$ 129.58	\$ 127.88	\$ 130.55
SPD	\$ 847.31	\$ 902.77	\$ 914.66
Dual	\$ 439.60	\$ 381.69	\$ 381.21
<i>Averaged PMPM for Existing Categories</i>	<i>\$ 250.69</i>	<i>\$ 247.53</i>	<i>\$ 250.11</i>
TLIC (Healthy Families)	\$ 77.90	\$ 89.09	\$ 92.08
AE (Adult Expansion)	\$ -	\$ 726.83	\$ 729.98
<i>Averaged PMPM - Aggregate</i>	<i>\$ 248.49</i>	<i>\$ 250.29</i>	<i>\$ 300.66</i>
Total Revenue (stated in thousands)	FY 2012-13 \$ <u>315,120</u>	Projected FY 2013-14 \$ <u>392,831</u>	Budget FY 2014-15 \$ <u>562,766</u>

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

Administrative Expenses

- Departments produced initial budgets and staffing requests
- Initial estimates currently being reviewed by Plan Leadership
- MLRE being performed by State may impact how expenses are classified
- Plan needs to fund:
 - Growing membership with change in member mix
 - Ongoing CAP requirements and other State requests
 - New regulatory and compliance needs
- Initial estimate of Administrative Loss Ratio (administrative expense as a percentage of revenue) range from 6.0% to 6.6% or \$18.50 to \$20.14 per member per month.

Next Steps

- Staff will update analyses as information is available and expenses are vetted
- Ongoing discussions will take place with Executive / Finance Committee and Commission as scheduled:
 - Commission Meeting 05/19/14
 - Executive/Finance Committee Meeting 06/05/14
 - Commission Meeting 06/23/14 - request final approval