Gold Coast Health Plan[SM]
A Public Entity

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

Adjourn and Reconvene for

Audit Committee Meeting

Executive Conference Room at Gold Coast Health Plan
711 E. Daily Drive, Suite 106, Camarillo, CA 93010
Thursday, January 7, 2016
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL *(Executive / Finance Committee)*

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 Committee.
- **Agenda Item Comment** - Comments within the subject matter jurisdiction of the Committee pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Committee Chair during Committee's consideration of the item.

1. **APPROVE MINUTES**
   a. November 5, 2015 Regular Executive/ Finance Committee Meeting Minutes

2. **APPROVAL ITEMS**
   a. Total Net Equity (TNE) and Working Capital Policy

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

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ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMITTEE 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.

3. ACCEPT AND FILE ITEMS

a. CEO Update
b. COO Update
c. Financials – October and November 2015
d. Investment Committee November 30, 2015 Report

COMMENTS FROM COMMITTEE MEMBERS

ADJOURN TO AUDIT COMMITTEE MEETING

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee will be held on March 3, 2016 at 3:00 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

CALL TO ORDER / ROLL CALL *(Audit Committee)*

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1. APPROVAL ITEMS

a. FY 2015-16 External Auditor Contract with Moss Adams
b. Audit Plan

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

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COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

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

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Ventura County Medi-Cal Managed Care Commission (VCMMCC) dba Gold Coast Health Plan (GCHP) Executive / Finance Committee Meeting Minutes
November 5, 2015
(Not official until approved)

CALL TO ORDER

Vice-Chair Alatorre called the meeting to order at 3:10 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT
Antonio Alatorre, Clinicas del Camino Real, Inc.
Gagan Pawar, MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS
David Glyer, Private Hospitals / Healthcare System
Vacant, County of Ventura

STAFF IN ATTENDANCE
Ruth Watson, Chief Operating Officer
Patricia Mowlavi, Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
Danita Fulton, Senior Human Resources Director
Steven Lalich, Communications Director
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. October 8, 2015 Regular Meeting Minutes

Committee Member Pupa moved to approve the October 8, 2015 Regular Meeting Minutes. Vice-Chair Alatorre seconded. The motion carried with the following vote:

AYE: Alatorre and Pupa.
NAY: None.
ABSTAIN: Pawar.
ABSENT: Glyer.

2. ACCEPT AND FILE ITEMS

a. CEO Update

COO Watson reviewed the CEO report; updating the Committee on the reissuance of the Pharmacy Benefit Manager (PBM) Request for Proposals (RFP). The current PBM Contract with Script Care expires June 30, 2016. The Plan is negotiating with Script Care for an extension of the contract; however, if the Plan is unable to negotiate new terms, the contract will automatically renew.

In response to Vice-Chair Alatorre's questions regarding the negotiations, Legal Counsel Campbell explained that if negotiations are successful there will be significant cost reductions. Negotiations are for a three month extension with options for additional extensions if needed.

With regard to the Managed Behavioral Health Organization (MBHO), Beacon Health Strategies, COO Watson explained that GCHP issued a Corrective Action Plan (CAP) in May due to claims processing. Two subsequent CAP letters were issued due to continued deficiencies. The Plan is reviewing an extension to the current contract which expires December 31, 2015. This will allow a Request for Information (RFI) to be issued in November to assess other potential MBHO vendors.

COO Watson reported that the Plan responded to an RFI from the State regarding a Home Health Program to build an advance care management system for a small group of high risk members with complex care needs. Responding to the RFI will allow, but not require, the Plan to further participate. CMO Reeves added that the services were to coordinate the care of the most complex members, approximately 3-5% of the population. The service would include housing, transportation, social workers and home visits.

b. CFO Update – September Financials

CFO Mowlavi informed the Committee that the FY 2013-14 audit from McGladrey was filed in early October. She reported that audits typically take three months, she was happy to report that GCHP's new auditors, Moss Adams, is pushing to complete the FY 2014-15 in only six weeks. The audited financials will be filed as soon as they are published by Moss Adams. Having the audits completed brings the Plan closer to the State allowing repayment of the lines of credit to Ventura County.

CFO Mowlavi reviewed the financial dashboard. She added that staff has been working on a forecast model which they will then present to the Commission.

Committee Member Pawar asked if hospitalizations had increased in the Adult Expansion (AE) population. CMO Reeves responded that overall the AE population was utilizing more services, hospitalizations included.

Committee Member Pawar asked if GCHP had enough Primary Care Physicians (PCPs) if the Plan were to receive an additional 30,000 members. COO Watson responded that the Plan did not expect to receive a large increase; however depending on the number of undocumented children coming onto the Plan there is a concern that the Plan may not

have a sufficient number of pediatricians. The State requires 1:2,000 and the Plan is at 1:1,300 but would prefer the numbers to be higher. CMO Reeves noted that if they previously did not have coverage that there could be access issues. COO Watson added that the State will notify the 120,000 undocumented workers regarding this coverage. What is unknown is how many of the 120,000 have children and whether they are citizens or undocumented.

Committee Member Pawar asked if there was a plan to obtain additional pediatricians. COO Watson responded that it was being discussed but a plan had not been formulated.

CMO Reeves added that a large number of family doctors recently joined the Plan through Identity Medical Group; however, GCHP does not yet know how many of the doctors are pediatricians. The group has also, temporarily at least, limited the number of members they are willing to accept.

Committee Member Pupa moved to accept and file the CEO Update and the CFO Update – September Financials. Committee Member Pawar seconded. The motion carried with the following vote:

AYE: Alatorre, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: Glyer.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 3:35 p.m.

Gold Coast Health Plan[SM]
A Public Entity

AGENDA ITEM 2.a.

To: Gold Coast Health Plan Commission / Executive & Finance Committee

From: Patricia Mowlavi, CFO

Date: January 7, 2016

Re: Total Net Equity (TNE) and Working Capital Reserve Funds Policy

SUMMARY:
Staff is presenting the Tangible Net Equity and Working Capital Reserve Fund Policy for review and approval.

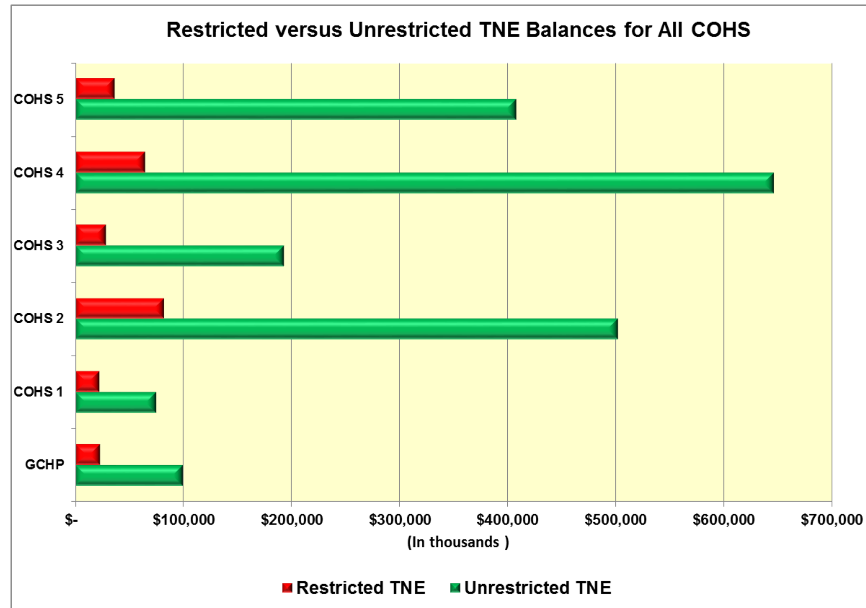
BACKGROUND / DISCUSSION:
This policy establishes guidelines around Tangible Net Equity (TNE) and Working Capital Reserve Funds (liquid reserve funds) in support of the long-term financial stability of Gold Coast Health Plan (GCHP or Plan).

Key elements of the policy include:
- Establishing a minimum TNE maintenance target goal.
- Establishing and maintaining liquid reserve funds.
- Establishing a payment protocol for delays in receipt of State Capitation Revenue.

A more in-depth review of the elements of the policy follows.

Establishing a minimum TNE maintenance target goal
The Plan's goal is to maintain a minimum TNE amount of at least 500% of the State required TNE calculation. This goal was established 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.

As of November 30, 2015, GCHP TNE was approximately $123 million or 541% of the State required TNE, excluding the $7.2 million County of Ventura lines of credit (LOC). The chart below, shows the TNE position in relation to other COHS and details the Restricted TNE (statutorily required) portion. GCHP has the second to lowest TNE compared to all other COHS.

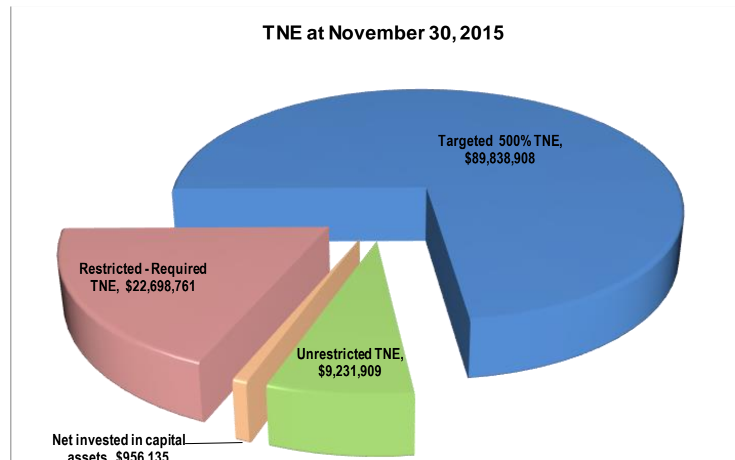


GCHP's TNE position is further refined in the table and chart below which identify the components of total TNE and reflects $9 million in excess TNE over the targeted goal (541% - 500% goal), as of November 30, 2015. The Plan is currently exploring various options including alternative payment strategies, such as value based payments and other opportunities in support of GCHP's mission.

TNE at November 30, 2015

Net invested in capital assets	$	956,135
Restricted - Required TNE	$	22,698,761
Targeted 500% TNE	$	89,838,908
Unrestricted TNE	$	9,231,909
Total TNE	$	122,725,714
GCHP TNE 500% Target	$	113,493,805
Amount Over Target	$	9,231,909

Note: TNE excludes LOC



Establishing and maintaining working capital reserve (liquid reserve funds)
In order to meet the Plan's current and future financial obligations, a working capital or liquid reserve fund will be established to cover 3 months of medical and administrative expenses. In addition, liquid reserve funds will be maintained to ensure that financial obligations for Commission approved capital projects and other long term liabilities whose payments are projected for the current operating cycle are met.

Establishing a payment protocol for delays in receipt of State Capitation Revenue
Should capitation revenue from the state be delayed and 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.

The policy also allows for management to create additional reserve funds as necessary to ensure the long-term wellness of the Plan.

FISCAL IMPACT:
Policy establishes guidelines to support GCHP's long-term financial solvency and supports a key strategy of being a responsible fiscal steward of public funds.

RECOMMENDATION:
Staff seeks the Committee's approval of the Tangible Net Equity and Working Capital Reserve Fund Policy.

Title: Tangible Net Equity and Working Capital Reserve Funds	**Policy Number:**
Department: Accounting and, Financial Planning and Analysis	**Effective Date:**
CEO Approved:	**Revised:**

1. **Policy:**

Gold Coast Health Plan's ("GCHP" or "Plan") policy is to establish, maintain, and utilize Tangible Net Equity ("TNE") and Working Capital Reserve funds for the benefit of GCHP's long-term financial solvency.

a. It is the Plan's policy to comply with all provisions of its contract with the California Department of Health Care Services ("DHCS") as a County Organized Health System ("COHS"), including maintenance of statutorily required levels of tangible net equity ("TNE") as defined in Title 28, Managed Health Care, California Code of Regulations §1300.76 ("CCR Section 1300.76"). The required statutory TNE amount is a stated legal "capitalization" amount and is not reflective of the amount of actual working capital required by the Plan to ensure continuance of operations and/or long-term financial sustainability.

b. It is the Plan's policy to comply with requirements related to reservations of TNE as outlined in Title 28, Managed Health Care, California Code of Regulations §1300.84.3 ("CCR Section 1300.84.3").

c. In addition to setting aside funds to meet TNE requirements, GCHP shall establish, and maintain appropriate levels of working capital reserves (more commonly referred to as "liquid reserve funds") to ensure that current and future financial obligations of the Plan are met.

2. **Required Tangible Net Equity**

CCR Section 1300.76 requires the TNE amount to be calculated based on either revenue or medical cost. Because of its current business structure, Gold Coast calculates its required TNE amount based on medical cost.

a. Except for that provided for a newly established COHS as detailed in subsection 2b following, CCR Section 1300.76 states that the required TNE be at least equal to the greater of:

1) $1 million; or

2) The sum of two percent of the first $150 million of annualized premium revenues plus one percent of annualized premium revenues in excess of $150 million; or

3) An amount equal to the sum of:

a) Eight percent of the first $150 million of annualized health care expenditures except those paid on a capitated basis or managed hospital payment basis; plus

b) Four percent of the annualized health care expenditures, except those paid on a capitated basis or managed hospital payment basis, which are in excess of $150 million; plus

c) Four percent of annualized hospital expenditures paid on a managed hospital payment basis.

b. CCR Section 1300.76 provides for a TNE phase-in period for a newly established COHS. The phase-in period is a progressive TNE milestone schedule allowing for the new COHS to operate for a period of time at less than 100% required TNE. The new COHS must achieve minimum TNE amounts by specific milestone dates as defined in paragraphs 1) through 6) as follow:

a) 20 percent of the TNE amount required as per above subsection 2a of this policy within 6 months of the COHS' inception date.

b) 36 percent of the TNE amount required as per above subsection 2a of this policy within 12 months of the COHS' inception date.

c) 52 percent of the TNE amount required as per above subsection 2a of this policy within 18 months of the COHS' inception date.

d) 68 percent of the TNE amount required as per above subsection 2a of this policy within 24 months of the COHS' inception date.

e) 84 percent of the TNE amount required as per above subsection 2a of this policy within 30 months of the COHS' inception date.

f) 100 percent of the TNE amount required as per above subsection 2a of this policy within 36 months of the COHS' inception date.

c. CCR Section 1300.84.3 defines certain specific situations that require reservations of TNE.

3. <u>Actual Tangible Net Equity</u>

For the purpose of this section "*net equity*" means the excess of total assets over total liabilities, excluding liabilities which have been subordinated in a manner acceptable to the DHCS. *TNE* means *net equity* reduced by the value assigned to intangible assets including, but not limited to, goodwill; going concern value; organizational expense; starting-up costs; obligations of officers, directors, owners, or affiliates which are not fully secured, except short-term obligations of affiliates for goods or services arising in the normal course of business which are payable on the same terms as equivalent transactions with non-affiliates and which are not past due; long term prepayments of deferred charges, and nonreturnable deposits. An obligation is fully secured for the purposes of this subsection if it is secured by tangible collateral, other than by securities of the Plan or an affiliate, with equity of at least 130 percent of the amount owing (reference CCR Section 1300.76 (e).

a. To ensure financial longevity, it is the Plan's goal to maintain a minimum TNE amount of at least 500% of the required TNE amount.

4. Accounting For Tangible Net Equity

a. Tangible Net Equity is reported in account 900-3000 in the general ledger. Increases to TNE result from net income for the fiscal period. Decreases to TNE result from net loss for the fiscal period.

b. TNE is comprised of three components:

1) *Net invested in capital assets.* This amount is the aggregate net book value ("NBV") of the Plan's capital assets. NBV is the original cost of an asset, less any accumulated depreciation, accumulated depletion, or accumulated amortization, and less any accumulated impairment. The Plan's Capital Assets Policy should be referenced for additional information on asset cost, depreciation, depletion, amortization and impairment.

2) *Restricted – Required Tangible Net Equity.* CCR Section 1300.76 states that this is the statutorily required TNE amount for the Plan. Reference to above Section 2 of this policy for discussion on the methodology used to compute the required TNE amount.

3) *Unrestricted net position*. The unrestricted net position amount is total TNE (reference to above Section 3) less *net invested in capital assets* (from paragraph 4.b.1) above) and less *restricted – required tangible net equity* (from paragraph 4.b.2) above).

c. *Net invested in capital assets* and *restricted-required tangible net equity* are considered statutory required reserve funds of the Plan's TNE.

5. Financial Reporting of TNE

a. The Director of Finance is responsible for ensuring the propriety of the Plan's TNE and required TNE amounts.

b. The CFO or designee shall update the Commission on the Plan's TNE and required TNE amounts. The TNE amount, including any accumulated reserve for allocation, shall be shown on GCHP's balance sheet.

6. Working Capital or Liquid Reserve Funds

The Plan shall establish and maintain liquid reserve funds to ensure that it is able to meet its current and future financial obligations. Liquid reserve funds are accounts or securities that can be easily converted to cash at little or no loss of value. Examples of liquid reserve funds include: cash, money in bank accounts, money markets mutual funds, U.S. treasury bills, etc.

a. It shall be the goal of the Plan to maintain liquid reserve funds whose amount is no less than the greater of the combined budgeted medical and administrative expenses for the

ensuing three months period; or, the combined actual medical and administrative expenses for the most recent three months period.

b. The Plan shall also maintain liquid reserve funds to ensure that financial obligations arising from unfinished or in-process Commission approved capital projects carried-over from prior fiscal years, Commission approved capital projects for the current fiscal year and other long term liabilities whose payments are projected for the current operating cycle are met.

c. If Capitation Revenue from the State is Delayed:

1) In the event of a delay in the Plan's receipt of capitation revenue from the State and the Plan's unrestricted cash falls to a level requiring the use of liquid reserve funds for continuous payments to health care providers and vendors for medical and administrative expenses incurred in the operations of the Plan, management is authorized to use liquid reserve funds for two months or until the liquid reserve funds amount reaches a level equaled to one-month's projected working capital requirement.

a) Examples of medical and administrative expenses eligible for payment by liquid reserve funds include wages payable and other payroll related expenses, liabilities owed to health care providers and vendors, MCO tax liability, and other expenses incurred in the operations of the Plan

2) 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.

3) Once capitation from the State is resumed, restoration of liquid reserve funds to its appropriate amount shall be a priority.

d. Management may create additional reserve funds as necessary to ensure the long-term wellness of the Plan.

Attachments:
None

References:

Title 28, California Code of Regulations, Sections 1300.76 and 1300.84.3.

Title: Tangible Net Equity and Working Capital Reserve Funds	**Policy Number:**
Department: Accounting and, Financial Planning and Analysis	**Effective Date:**
CEO Approved:	**Revised:**

Revision History:

Review Date	Revised Date	Approved By

AGENDA ITEM 3.c.

To: Gold Coast Health Plan Commission
From: Patricia Mowlavi, CFO

Date: January 7, 2016

Re: Financials – October and November, 2015

SUMMARY:
Staff is presenting the attached fiscal year to date November 2015 financial statements (unaudited) 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 staff has prepared the fiscal year to date November 2015 financial package, including statements of financial position, statement of revenues, expenses and changes in net assets, and statement of cash flows.

FISCAL IMPACT:

Financial Highlights

Overall Performance – For the five months ending November 30, 2015, the Plan's gain in unrestricted net assets was approximately $22.8 million compared to the $6.0 million budget. The favorable variance was largely due to higher than expected growth in membership in the Adult Expansion (AE) category of aid. Also contributing to the variance was lower than anticipated health care and administrative costs.

Tangible Net Equity – Favorable operating results contributed to a Tangible Net Equity (TNE) level of approximately $130.0 million, which exceeded the budget of $85.9 million by $44.0 million. November's TNE was 541% of the State required TNE, excluding the $7.2 million County of Ventura lines of credit (LOC). The sharp rise in the TNE multiple reflects an increase in capitated arrangements which are excluded from the required TNE calculation.

Membership – November membership of 200,385 exceeded budget by 5,474 members. The increase was primarily in the Adult Expansion (AE) category, which grew by 4,654 members this fiscal year. October membership also exceeded budget by 4,347.

Revenue – For the month ending November, fiscal year to date net revenue was $268.7 million or $6.8 million favorable to budget. The positive variance was primarily due to increase in membership with higher capitation rates (Adult Expansion).

Revenue includes a $12.6 million reserve for rate reductions associated with AE. This reserve represents an expected refund, to DHCS, of rate overpayments (DHCS was paying at July 1, 2014 rates rather than the July 1, 2015 published rates) and the anticipated refund of revenue to achieve a medical loss ratio (MLR) of 85%, for this aid category. (The MLR is calculated by dividing health care costs by revenue.) In November, DHCS began using the new reduced AE rates to calculate current month's revenue.

Health Care Costs – For the month ending November, fiscal year to date health care costs were $231.3 million or $7.7 million favorable to budget. Health care costs increased by $3.3 million or 7% in November over October driven by increased Inpatient utilization. The MLR for the fiscal year is 86%. Additional detail by major line item follows:

- Capitation – For the fiscal year, capitation was $40.0 million or $9.6 million unfavorable to budget. The unfavorable variance was driven by the Enhanced Adult Expansion Capitation program, which was revised effective July 2015, as well as higher than budgeted capitated membership growth.
- Fee for Service – For the fiscal year, total claims expense was $184.9 million compared to a budget of $198.5 million. While there was some movement of services between categories, the overall variance is driven by lower than expected Inpatient, LTC/SNF and Specialty Physician costs.
- Pharmacy – For the fiscal year, overall Pharmacy was $37.7 million or $67,000 favorable to budget driven by lower than budgeted costs in Adult and Family aid categories.
- Physician ACA 1202 – An ACA 1202 payment of $360,000 was made in October. An additional $560,000 payment was made in December.

Administrative Expenses – For the month ending November, fiscal year to date administrative costs totaled $14.7 million or $2.3 million favorable to budget. Costs associated with Outside Services, which is driven by membership, was offset by savings in personnel expenses.

The administrative cost ratio (ACR) is 5.5% or 1% favorable to budget. (The ACR is calculated by dividing administrative expenses by total revenue.)

Cash and Medi-Cal Receivable – Total Cash and Medi-Cal Premium Receivable balances were $463.7 million, as of November 30, 2015. This includes pass-through payments for AB 85 of $1.8 million and Managed Care Organizations (MCO) tax of $4.1 million. Excluding the impact of the pass through amount, the total of Cash and Medi-Cal Receivable balance as of November 30, 2015 was $457.8 million or $36.6 million over the budgeted level of $421.1 million.

Investment Portfolio – As of November 30, 2015, the value of the investments were as follows:

- Short-term Investments $260.3 million: Cal Trust $80.2 million; Ventura County Investment Pool $80.1 million; LAIF CA State $50.0 million; Commercial paper and bonds $50.0 million (Commercial Paper will mature in December with value of $45 million).
- Long-term Investments (Bonds) $24.5 million.

FINANCIAL PACKAGE
For the month ended November 30, 2015

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Statement of Revenues, Expenses and Changes in Net Assets
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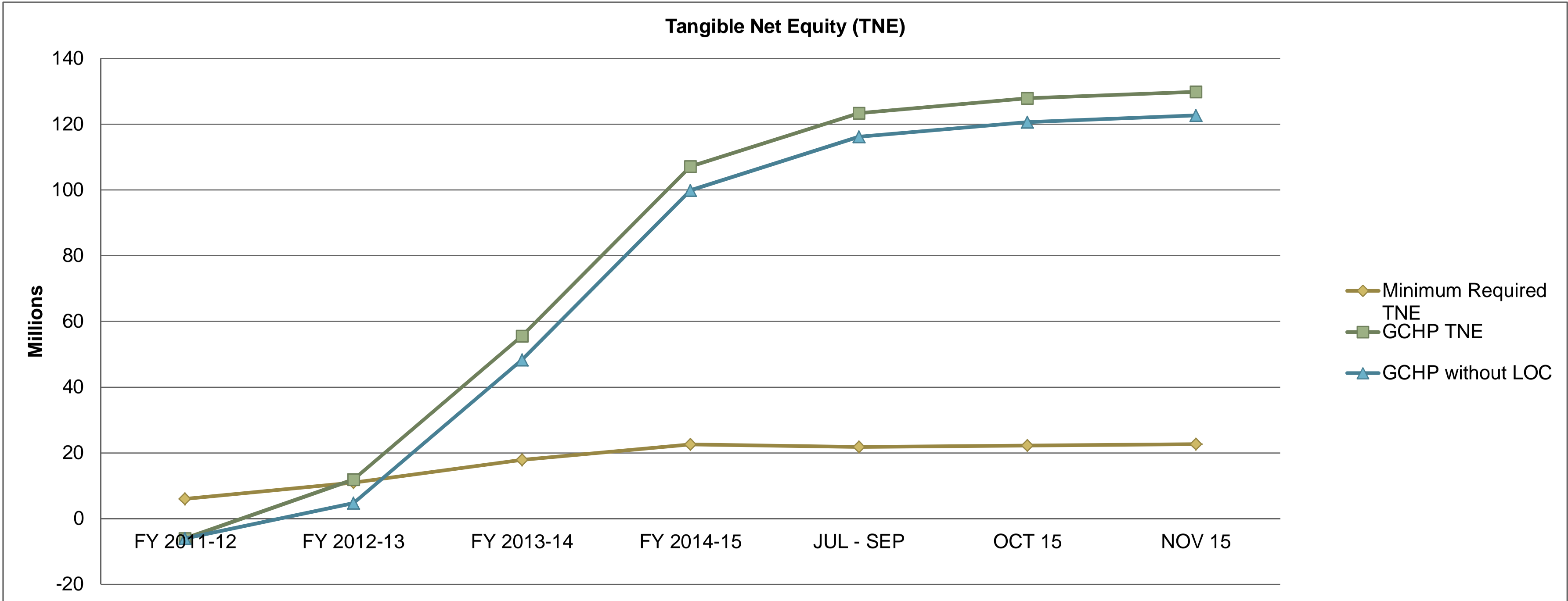
Monthly Cash Flow
Cash Trend Combined
Membership
Total Expense Composition
Paid Claims and IBNP Composition
Pharmacy Cost & Utilization Trends

GOLD COAST HEALTH PLAN
FINANCIAL RESULTS SUMMARY

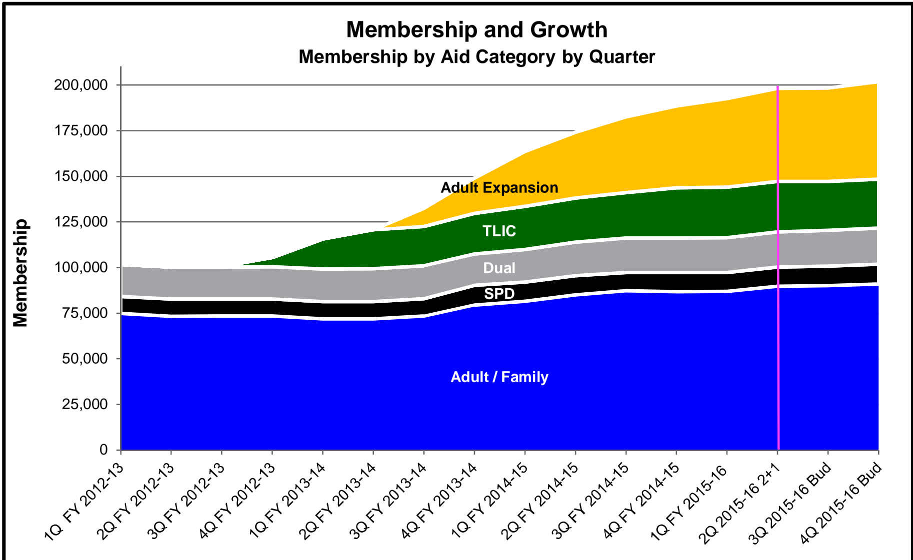
	AUDITED*	AUDITED*	AUDITED	AUDITED	FY 2015-16				Budget Comparison		
Description	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**	**JUL - SEP**	**OCT 15**	**NOV 15**	**NOV 15 FYTD**	**Budget FYTD**	**Variance Fav / (Unfav)**	**Variance Fav / (Unfav)%**
Member Months	**1,258,189**	**1,223,895**	**1,553,660**	**2,130,979**	**578,056**	**198,148**	**200,385**	**976,589**	**963,528**	13,061	1.4 %
Revenue	**304,635,932**	**315,119,611**	**402,701,476**	**595,607,370**	**162,960,677**	**52,508,015**	**53,274,568**	**268,743,260**	**261,931,947**	6,811,313	2.6 %
pmpm	*242.12*	*257.47*	*259.20*	*279.50*	*281.91*	*264.99*	*265.86*	*275.19*	*271.85*	3.34	1.2 %
Health Care Costs	**287,353,672**	**280,382,704**	**327,305,832**	**509,183,268**	**137,845,237**	**45,086,757**	**48,350,456**	**231,282,450**	**238,945,762**	7,663,312	3.2 %
pmpm	*228.39*	*229.09*	*210.67*	*238.94*	*238.46*	*227.54*	*241.29*	*236.83*	*247.99*	11.16	4.5 %
% of Revenue	94.3%	89.0%	81.3%	85.5%	84.6%	85.9%	90.8%	86.1%	91.2%	5.2 %	5.7 %
Admin Exp	**18,891,320**	**24,013,927**	**31,751,533**	**34,814,049**	**8,827,059**	**2,951,994**	**2,901,309**	**14,680,361**	**17,026,568**	2,346,207	13.8 %
pmpm	*15.01*	*19.62*	*20.44*	*16.34*	*15.27*	*14.90*	*14.48*	*15.03*	*17.67*	2.64	14.9 %
% of Revenue	6.2%	7.6%	7.9%	5.8%	5.4%	5.6%	5.4%	5.5%	6.5%	1.0 %	16.0 %
Total Increase / (Decrease) in Unrestricted Net Assets	**(1,609,063)**	**10,722,980**	**43,644,110**	**51,610,053**	**16,288,381**	**4,469,265**	**2,022,803**	**22,780,450**	**5,959,617**	16,820,833	282.2 %
pmpm	*(1.28)*	*8.76*	*28.09*	*24.22*	*28.18*	*22.56*	*10.09*	*23.33*	*6.19*	17.14	277.1 %
% of Revenue	-0.5%	3.4%	10.8%	8.7%	10.0%	8.5%	3.8%	8.5%	2.3%	6.2%	272.6 %
YTD											
100% TNE	16,769,368	16,138,440	17,867,986	22,556,530	21,819,072	22,266,192	22,698,761	22,698,761	24,539,354	(1,840,593)	(7.5)%
% TNE Required	36%	68%	100%	100%	100%	100%	100%	100%	100%		
Minimum Required TNE	6,036,972	10,974,139	17,867,986	22,556,530	21,819,072	22,266,192	22,698,761	22,698,761	24,539,354	(1,840,593)	(7.5)%
GCHP TNE	**(6,031,881)**	**11,891,099**	**55,535,211**	**107,145,264**	**123,433,646**	**127,902,910**	**129,925,714**	**129,925,714**	**85,938,888**	**43,986,825**	**51.2 %**
TNE Excess / (Deficiency)	**(12,068,853)**	**916,960**	**37,667,225**	**84,588,734**	**101,614,573**	**105,636,718**	**107,226,953**	**107,226,953**	**61,399,535**	**45,827,418**	**74.6 %**
% of Required TNE level			**311%**	**475%**	**566%**	**574%**	**572%**	**572%**	**350%**		
% of Required TNE level (excluding $7.2 million LOC)			**271%**	**443%**	**533%**	**542%**	**541%**	**541%**	**321%**		

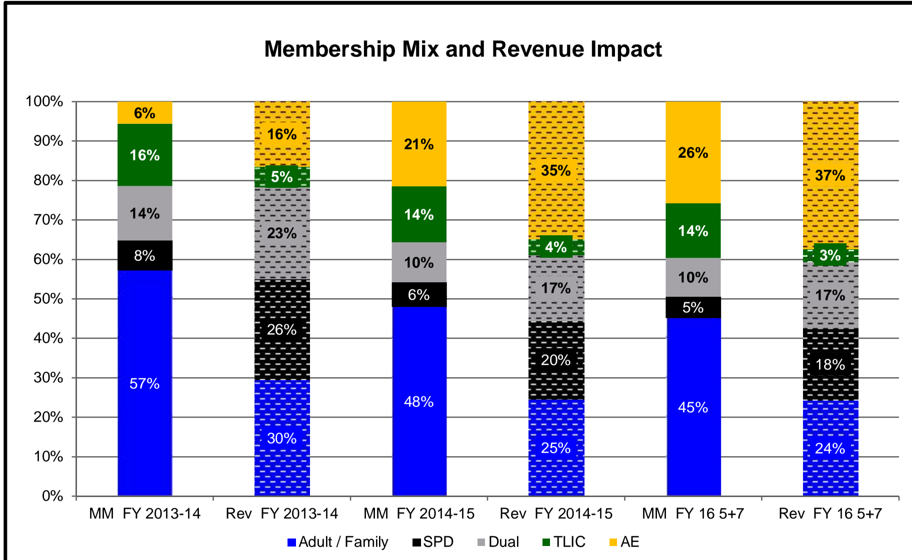
Note: TNE amount includes $7.2 million related to the Lines of Credit (LOC) from Ventura County.
* Audited amounts reflect financial adjustments made by auditors, but exclude presentation reclassifications without P&L impact (i.e. reporting package kept the same).

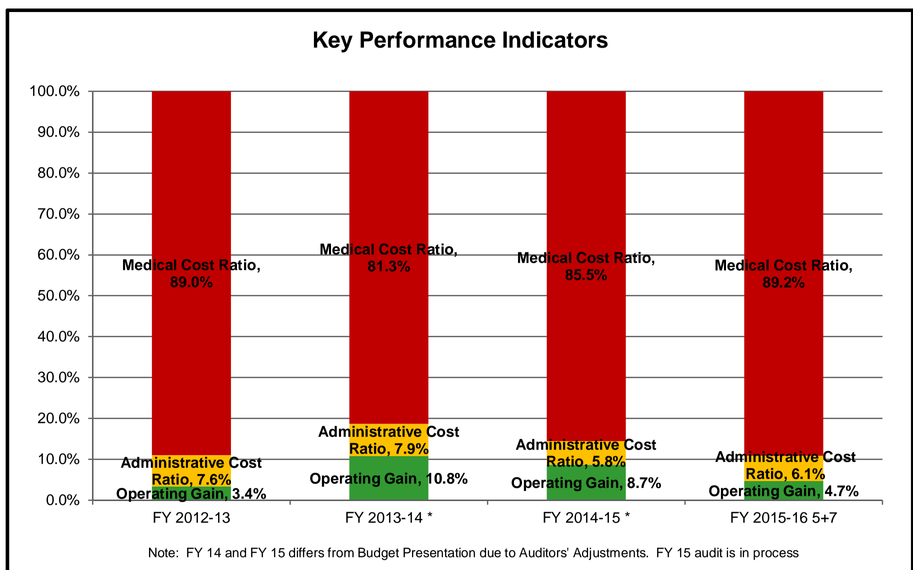
GOLD COAST HEALTH PLAN
TANGIBLE NET EQUITY (TNE) CHART



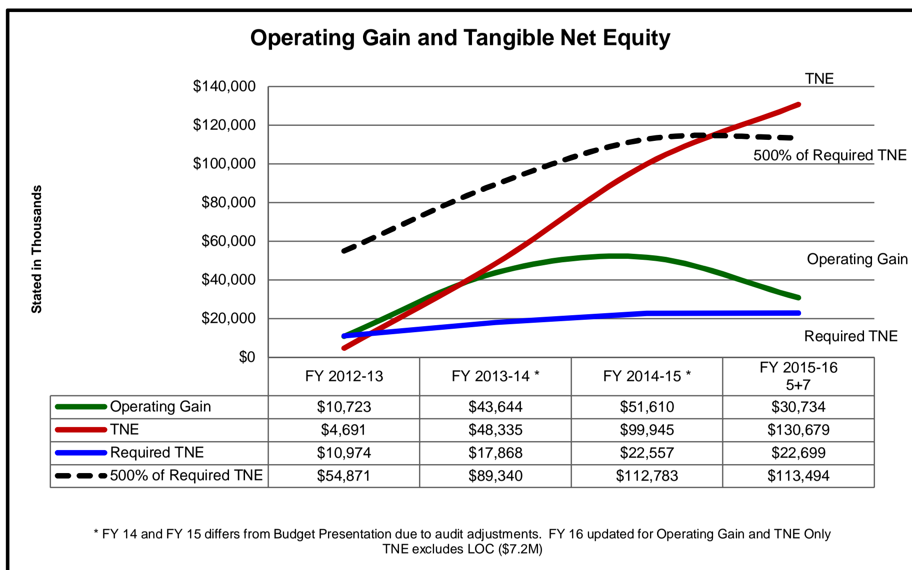
FINANCIAL PERFORMANCE DASHBOARD
FOR MONTH ENDING NOVEMBER 30, 2015







Note: FY 14 and FY 15 differs from Budget Presentation due to Auditors' Adjustments. FY 15 audit is in process



	FY 2012-13	FY 2013-14 *	FY 2014-15 *	FY 2015-16 5+7
Operating Gain	$10,723	$43,644	$51,610	$30,734
TNE	$4,691	$48,335	$99,945	$130,679
Required TNE	$10,974	$17,868	$22,557	$22,699
500% of Required TNE	$54,871	$89,340	$112,783	$113,494

* FY 14 and FY 15 differs from Budget Presentation due to audit adjustments. FY 16 updated for Operating Gain and TNE Only
TNE excludes LOC ($7.2M)

Note: 5+7 indicates 5 months of actual results followed by 7 months of forecasts

For the month ended November 30, 2015

APPENDIX

Statement of Financial Positions

YTD Statement of Revenues, Expenses and Changes in Net Assets

Statement of Revenues, Expenses and Changes in Net Assets

Statement of Financial Positions

YTD Cash Flow

Monthly Cash Flow

Cash Trend Combined

Membership

Total Expense Composition

Paid Claims and IBNP Composition

Pharmacy Cost & Utilization Trends

STATEMENT OF FINANCIAL POSITION

	11/30/15	10/31/15	09/30/15	Audited FY 2013-14
ASSETS				
Current Assets:				
Total Cash and Cash Equivalents	**$ 142,007,241**	**$ 113,497,885**	**$ 89,376,678**	**$ 60,176,698**
Total Short-Term Investments	**260,280,302**	**260,218,693**	**260,184,464**	**0**
Medi-Cal Receivable	61,369,356	62,291,090	64,573,064	119,538,688
Interest Receivable	441,372	358,970	302,757	0
Provider Receivable	932,608	618,992	596,315	395,129
Other Receivables	172,025	172,044	171,740	1,821,475
Total Accounts Receivable	**62,915,360**	**63,441,096**	**65,643,876**	**121,755,292**
Total Prepaid Accounts	1,540,371	1,338,926	1,673,177	994,278
Total Other Current Assets	133,545	81,702	81,702	81,719
Total Current Assets	**466,876,820**	**438,578,301**	**416,959,896**	**183,007,987**
Total Fixed Assets	**956,135**	**981,894**	**1,004,681**	**1,163,269**
Total Long-Term Investments	**24,531,226**	**24,554,488**	**24,577,733**	**0**
Total Assets	**$ 492,364,181**	**$ 464,114,682**	**$ 442,542,310**	**$ 184,171,256**
LIABILITIES & NET ASSETS				
Current Liabilities:				
Incurred But Not Reported	$ 60,459,311	$ 55,476,902	$ 61,456,059	$ 40,304,158
Claims Payable	11,683,971	11,320,074	6,002,510	9,482,660
Capitation Payable	29,096,440	28,417,041	27,247,178	12,444,575
Physician ACA 1202 Payable	10,600,928	10,600,928	10,965,642	12,765,516
AB 85 Payable	1,779,287	3,275,907	3,243,135	2,325,587
Accounts Payable	2,507,055	565,247	5,166,071	2,875,709
Accrued ACS	1,604,232	1,593,827	0	0
Accrued Expenses	106,251,563	10,094,486	9,437,545	5,748,120
Accrued Premium Tax	4,122,354	4,742,315	4,047,112	15,925,782
Accrued Interest Payable	90,109	84,179	80,835	42,062
Current Portion of Deferred Revenue	268,333	306,667	345,000	460,000
Accrued Payroll Expense	978,546	960,437	881,101	760,032
Total Current Liabilities	**229,442,130**	**127,438,011**	**128,872,189**	**103,134,200**
Long-Term Liabilities:				
DHCS - Reserve for Capitation Recoup	132,379,703	208,190,569	189,686,725	24,970,000
Other Long-term Liability-Deferred Rent	616,634	583,193	549,751	71,845
Deferred Revenue - Long Term Portion	0	0	0	460,000
Notes Payable	7,200,000	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	**140,196,337**	**215,973,761**	**197,436,476**	**32,701,845**
Total Liabilities	**369,638,467**	**343,411,772**	**326,308,665**	**135,836,045**
Net Assets:				
Beginning Net Assets	99,945,264	99,945,264	99,945,264	4,691,101
Total Increase / (Decrease in Unrestricted Net A	22,780,450	20,757,646	16,288,381	43,644,110
Total Net Assets	**122,725,714**	**120,702,910**	**116,233,646**	**48,335,211**
Total Liabilities & Net Assets	**$ 492,364,181**	**$ 464,114,682**	**$ 442,542,310**	**$ 184,171,256**

FINANCIAL INDICATORS				
Current Ratio	2.03 : 1	3.44 : 1	3.24 : 1	1.77 : 1
Days Cash on Hand	235	233	217	116
Days Cash + State Capitation Rec	271	271	257	347
Days Cash + State Capitation Rec (less Tax Lia	268	268	255	316

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FIVE MONTHS ENDING NOVEMBER 30, 2015

	November 15 Year-To-Date		Variance
	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	976,589	963,528	13,061
Revenue			
Premium	$ 292,377,101	$ 292,484,168	$ (107,067)
Reserve for Rate Reduction	(12,615,000)	(20,015,431)	7,400,431
MCO Premium Tax	(11,512,349)	(10,728,456)	(783,893)
Total Net Premium	**268,249,752**	**261,740,281**	**6,509,471**
Other Revenue:			
Miscellaneous Income	493,508	191,666	301,842
Total Other Revenue	493,508	**191,666**	301,842
Total Revenue	**268,743,260**	**261,931,947**	**6,811,313**
Medical Expenses:			
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	40,001,699	30,421,139	(9,580,560)
FFS Claims Expenses:			
Inpatient	44,382,779	48,701,429	4,318,650
LTC / SNF	41,885,063	45,113,962	3,228,899
Outpatient	17,393,897	15,758,880	(1,635,017)
Laboratory and Radiology	1,598,818	1,107,857	(490,961)
Emergency Room	6,940,575	6,426,712	(513,863)
Physician Specialty	17,454,481	20,653,962	3,199,481
Primary Care Physician	5,543,498	6,541,123	997,625
Home & Community Based Services	5,626,226	6,175,870	549,644
Applied Behavior Analysis Services	251,480	492,224	240,744
Mental Health Services	1,991,496	2,208,313	216,818
Pharmacy	37,689,498	37,756,250	66,752
Provider Reserve	0	2,841,699	2,841,699
Other Medical Professional	827,782	1,024,863	197,081
Other Medical Care	739	0	(739)
Other Fee For Service	2,720,518	2,981,297	260,779
Transportation	630,086	708,128	78,042
Total Claims	184,933,123	198,492,569	13,559,446
Medical & Care Management Expense	6,572,559	8,669,674	2,097,115
Reinsurance	763,586	1,362,380	598,794
Claims Recoveries	(988,517)	0	988,517
Sub-total	6,347,628	10,032,054	3,684,426
Total Cost of Health Care	**231,282,450**	**238,945,762**	**7,663,312**
Contribution Margin	**37,460,811**	**22,986,185**	**14,474,626**
General & Administrative Expenses:			
Salaries and Wages	3,594,712	4,233,372	638,660
Payroll Taxes and Benefits	966,623	1,250,853	284,230
Travel and Training	77,644	300,944	223,300
Outside Service - ACS	7,844,355	7,452,866	(391,489)
Outside Services - Other	716,246	870,775	154,529
Accounting & Actuarial Services	88,590	197,000	108,410
Legal	172,680	437,500	264,820
Insurance	170,539	135,840	(34,699)
Lease Expense - Office	330,171	434,700	104,529
Consulting Services	292,169	578,367	286,198
Advertising and Promotion	48,199	31,020	(17,179)
General Office	705,077	1,200,166	495,089
Depreciation & Amortization	102,814	157,652	54,838
Printing	22,710	60,045	37,335
Shipping & Postage	38,919	64,615	25,696
Interest	127,796	106,819	(20,977)
Total G & A Expenses	**15,299,244**	**17,512,534**	**2,213,290**
Total Operating Gain / (Loss)	**$ 22,161,566**	**$ 5,473,651**	**$ 16,687,915**
Non Operating			
Revenues - Interest	638,281	500,000	138,281
Expenses - Interest	19,398	14,034	(5,364)
Total Non-Operating	618,883	485,966	132,917
Total Increase / (Decrease) in Unrestricted Net Assets	$ 22,780,450	$ 5,959,617	$ 16,820,833
Net Assets, Beginning of Year	99,945,264		
Net Assets, End of Year	122,725,714		

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FY 2015-16 Monthly Trend			Current Month		
	AUG 15	SEP 15	OCT 15	NOVEMBER 2015 Actual	NOVEMBER 2015 Budget	Variance Fav / (Unfav)
Membership (includes retro members)	193,867	194,875	198,148	200,385	194,911	5,474
Revenue:						
Premium	$ 57,880,936	$ 61,599,815	$ 58,478,429	$ 59,641,624	$ 59,587,360	$ 54,264
Reserve for Rate Reduction	(350,000)	(1,360,000)	(4,008,000)	(4,057,000)	(4,143,915)	86,915
MCO Premium Tax	(2,279,062)	(2,425,493)	(2,302,588)	(2,348,389)	(2,183,086)	(165,303)
Total Net Premium	**55,251,874**	**57,814,322**	**52,167,841**	**53,236,235**	**53,260,359**	**(24,124)**
Other Revenue:						
Miscellaneous Income	38,333	38,333	340,175	38,333	38,333	(0)
Total Other Revenue	38,333	38,333	340,175	38,333	38,333	(0)
Total Revenue	**55,290,207**	**57,852,656**	**52,508,015**	**53,274,568**	**53,298,692**	**(24,125)**
Medical Expenses:						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	8,374,655	7,787,648	8,769,026	8,427,985	6,213,513	(2,214,472)
FFS Claims Expenses:						
Inpatient	12,017,812	8,229,483	6,591,724	9,783,188	9,947,990	164,802
LTC / SNF	7,700,632	7,865,679	9,041,831	8,114,443	9,097,027	982,584
Outpatient	2,643,296	3,102,655	3,745,058	3,888,244	3,208,431	(679,813)
Laboratory and Radiology	285,529	407,192	245,011	417,957	226,128	(191,829)
Emergency Room	1,469,605	1,337,763	1,377,596	1,408,873	1,306,554	(102,319)
Physician Specialty	3,229,913	3,704,106	3,323,918	3,574,803	4,212,973	638,170
Primary Care Physician	1,152,060	1,246,805	1,080,484	1,058,710	1,326,658	267,948
Home & Community Based Services	1,314,514	1,243,477	1,046,240	1,161,347	1,245,417	84,070
Applied Behavior Analysis Services	47,436	49,314	47,495	67,271	163,955	96,684
Mental Health Services	259,327	344,811	298,755	278,330	448,729	170,399
Pharmacy	7,245,754	7,879,357	7,939,073	7,785,843	7,687,359	(98,484)
Adult Expansion Reserve	0	0	0	0	0	0
Provider Reserve	0	0	0	0	576,498	576,498
Other Medical Professional	111,134	176,404	192,042	213,077	208,783	(4,294)
Other Medical Care	0	0	341	0	0	0
Other Fee For Service	401,396	570,136	604,476	554,146	604,248	50,102
Transportation	78,685	122,272	152,765	137,567	144,203	6,636
Total Claims	37,957,093	36,279,454	35,682,998	38,443,800	40,404,953	1,961,153
Medical & Care Management Expense	1,440,569	1,238,703	1,322,188	1,276,963	1,738,051	461,088
Reinsurance	273,383	276,955	(342,165)	284,242	278,888	(5,354)
Claims Recoveries	(202,687)	(250,030)	(345,290)	(82,534)	0	82,534
Sub-total	1,511,265	1,265,628	634,733	1,478,672	2,016,939	538,267
Total Cost of Health Care	**47,843,013**	**45,332,729**	**45,086,757**	**48,350,456**	**48,635,405**	**284,949**
Contribution Margin	**7,447,194**	**12,519,927**	**7,421,259**	**4,924,112**	**4,663,287**	**260,825**
General & Administrative Expenses:						
Salaries and Wages	773,532	715,375	724,858	664,080	888,009	223,929
Payroll Taxes and Benefits	193,404	195,413	193,656	186,552	262,356	75,804
Travel and Training	12,243	18,388	19,290	16,969	55,946	38,977
Outside Service - ACS	1,632,136	1,578,000	1,594,863	1,642,121	1,507,116	(135,005)
Outside Services - Other	138,017	155,310	128,132	161,411	177,530	16,119
Accounting & Actuarial Services	0	5,930	25,280	17,380	20,000	2,620
Legal	91,347	(35,214)	(30,846)	47,671	87,500	39,829
Insurance	32,645	35,303	34,973	34,973	27,168	(7,805)
Lease Expense - Office	66,034	66,034	66,034	66,034	86,940	20,906
Consulting Services	87,665	70,228	97,990	19,345	137,268	117,923
Advertising and Promotion	5,613	8,447	0	6,116	9,640	3,524
General Office	151,257	120,298	158,598	126,141	189,663	63,522
Depreciation & Amortization	20,463	20,463	20,768	20,768	37,394	16,626
Printing	5,911	1,849	12,756	1,512	3,410	1,898
Shipping & Postage	87	883	22,202	2,938	4,379	1,441
Interest	28,058	17,407	28,884	33,702	21,587	(12,115)
Total G & A Expenses	**3,238,411**	**2,974,114**	**3,097,438**	**3,047,714**	**3,515,906**	**468,192**
Total Operating Gain / (Loss)	**4,208,783**	**9,545,813**	**4,323,821**	**1,876,398**	**1,147,381**	**729,017**
Non Operating:						
Revenues - Interest	111,384	138,558	148,789	152,335	100,000	52,335
Expenses - Interest	3,590	3,247	3,344	5,930	2,843	(3,087)
Total Non-Operating	**107,794**	**135,311**	**145,444**	**146,405**	**97,157**	**49,248**
Total Increase / (Decrease) in Unrestricted Net Assets	**4,316,578**	**9,681,123**	**4,469,265**	**2,022,803**	**1,244,538**	**778,266**
Full Time Employees				**167**	**200**	**33**

PMPM - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

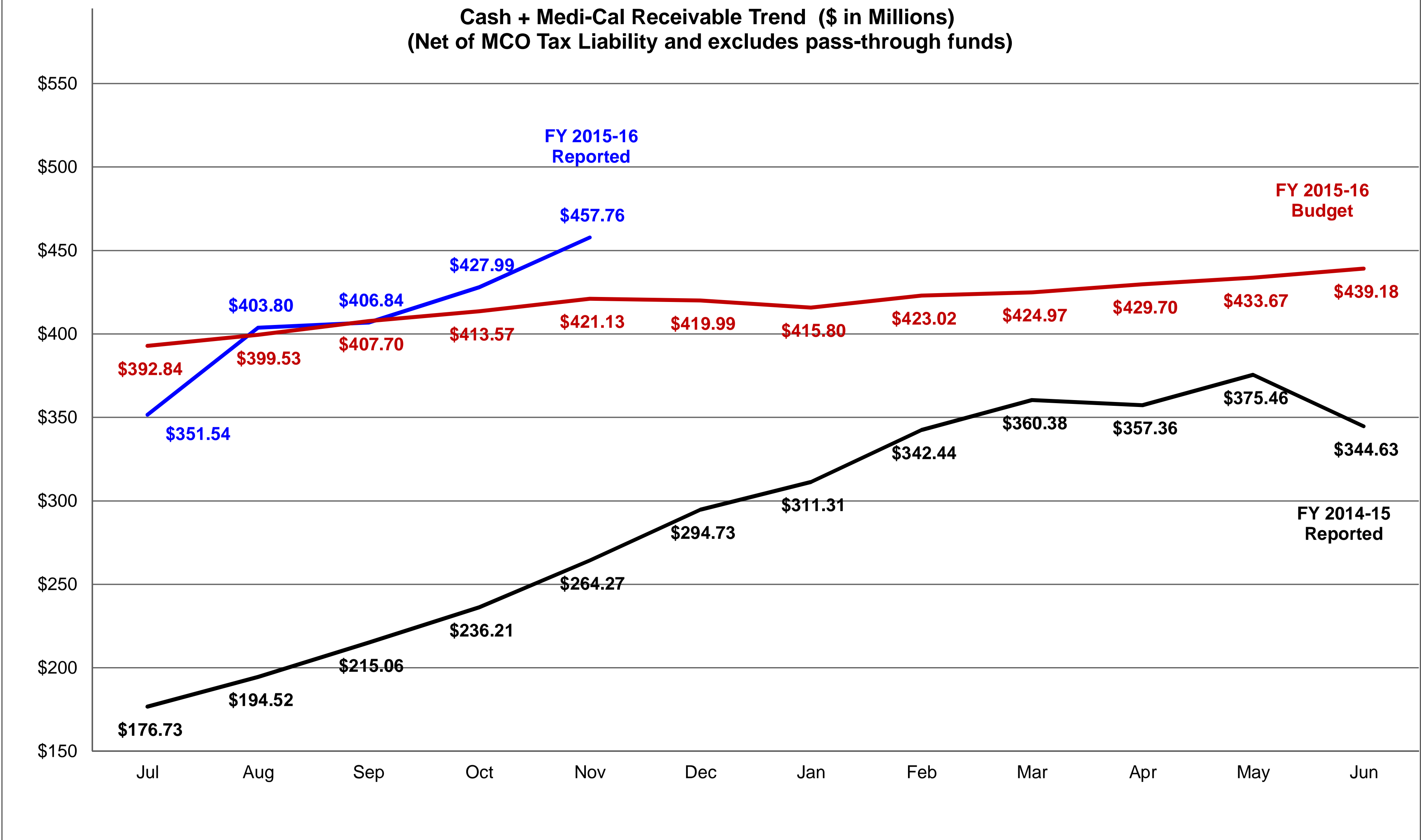
	AUG 15	SEP 15	OCT 15	NOVEMBER 2015 Actual	NOVEMBER 2015 Budget	Variance Fav / (Unfav)
Membership (includes retro members)	193,867	194,875	198,148	200,385	194,911	5,474
Revenue:						
Premium	298.56	316.10	295.13	297.64	305.72	(8.08)
Reserve for Rate Reduction	(1.81)	(6.98)	(20.23)	(20.25)	(21.26)	1.01
MCO Premium Tax	(11.76)	(12.45)	(11.62)	(11.72)	(11.20)	(0.52)
Total Net Premium	**285.00**	**296.67**	**263.28**	**265.67**	**273.25**	**(7.59)**
Other Revenue:						
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	0.20	0.20	1.72	0.19	0.20	(0.01)
Total Other Revenue	0.20	0.20	1.72	0.19	0.20	(0.01)
Total Revenue	**285.20**	**296.87**	**264.99**	**265.86**	**273.45**	**(7.59)**
Medical Expenses:						
Capitation (PCP, Specialty, Kasier, NEMT & Vision)	43.20	39.96	44.25	42.06	31.88	(10.18)
FFS Claims Expenses:						
Inpatient	61.99	42.23	33.27	48.82	51.04	2.22
LTC / SNF	39.72	40.36	45.63	40.49	46.67	6.18
Outpatient	13.63	15.92	18.90	19.40	16.46	(2.94)
Laboratory and Radiology	1.47	2.09	1.24	2.09	1.16	(0.93)
Emergency Room	7.58	6.86	6.95	7.03	6.70	(0.33)
Physician Specialty	16.66	19.01	16.77	17.84	21.61	3.78
Primary Care Physician	5.94	6.40	5.45	5.28	6.81	1.52
Home & Community Based Services	6.78	6.38	5.28	5.80	6.39	0.59
Applied Behavior Analysis Services	0.24	0.25	0.24	0.34	0.84	0.51
Mental Health Services	1.34	1.77	1.51	1.39	2.30	0.91
Pharmacy	37.37	40.43	40.07	38.85	39.44	0.59
Adult Expansion Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Provider Reserve	0.00	0.00	0.00	0.00	2.96	2.96
Other Medical Professional	0.57	0.91	0.97	1.06	1.07	0.01
Other Medical Care	0.00	0.00	0.00	0.00	0.00	0.00
Other Fee For Service	2.07	2.93	3.05	2.77	3.10	0.33
Transportation	0.41	0.63	0.77	0.69	0.74	0.05
Total Claims	195.79	186.17	180.08	191.85	207.30	15.45
Medical & Care Management Expense	7.43	6.36	6.67	6.37	8.92	2.54
Reinsurance	1.41	1.42	(1.73)	1.42	1.43	0.01
Claims Recoveries	(1.05)	(1.28)	(1.74)	(0.41)	0.00	0.41
Sub-total	7.80	6.49	3.20	7.38	10.35	2.97
Total Cost of Health Care	246.78	232.62	227.54	241.29	**249.53**	**8.24**
Contribution Margin	**38.41**	**64.25**	**37.45**	**24.57**	**23.93**	**0.65**
General & Administrative Expenses:						
Salaries and Wages	3.99	3.67	3.66	3.31	4.56	1.24
Payroll Taxes and Benefits	1.00	1.00	0.98	0.93	1.35	0.42
Travel and Training	0.06	0.09	0.10	0.08	0.29	0.20
Outside Service - ACS	8.42	8.10	8.05	8.19	7.73	(0.46)
Outside Services - Other	0.71	0.80	0.65	0.81	0.91	0.11
Accounting & Actuarial Services	0.00	0.03	0.13	0.09	0.10	0.02
Legal	0.47	(0.18)	(0.16)	0.24	0.45	0.21
Insurance	0.17	0.18	0.18	0.17	0.14	(0.04)
Lease Expense - Office	0.34	0.34	0.33	0.33	0.45	0.12
Consulting Services	0.45	0.36	0.49	0.10	0.70	0.61
Translation Services	0.00	0.00	0.00	0.00	0.00	0.00
Advertising and Promotion	0.03	0.04	0.00	0.03	0.05	0.02
General Office	0.78	0.62	0.80	0.63	0.97	0.34
Depreciation & Amortization	0.11	0.11	0.10	0.10	0.19	0.09
Printing	0.03	0.01	0.06	0.01	0.02	0.01
Shipping & Postage	0.00	0.00	0.11	0.01	0.02	0.01
Interest	0.14	0.09	0.15	0.17	0.11	(0.06)
Other/ Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total G & A Expenses	16.70	15.26	15.63	15.21	18.04	2.83
Total Operating Gain / (Loss)	21.71	48.98	21.82	9.36	5.89	3.48
Non Operating:						
Revenues - Interest	0.57	0.71	0.75	0.76	0.51	0.25
Expenses - Interest	0.02	0.02	0.02	0.03	0.01	(0.02)
Total Non-Operating	0.56	0.69	0.73	0.73	0.50	0.23
Total Increase / (Decrease) in Unrestricted Net Assets	22.27	49.68	22.56	10.09	6.39	3.71

STATEMENT OF CASH FLOWS - FYTD

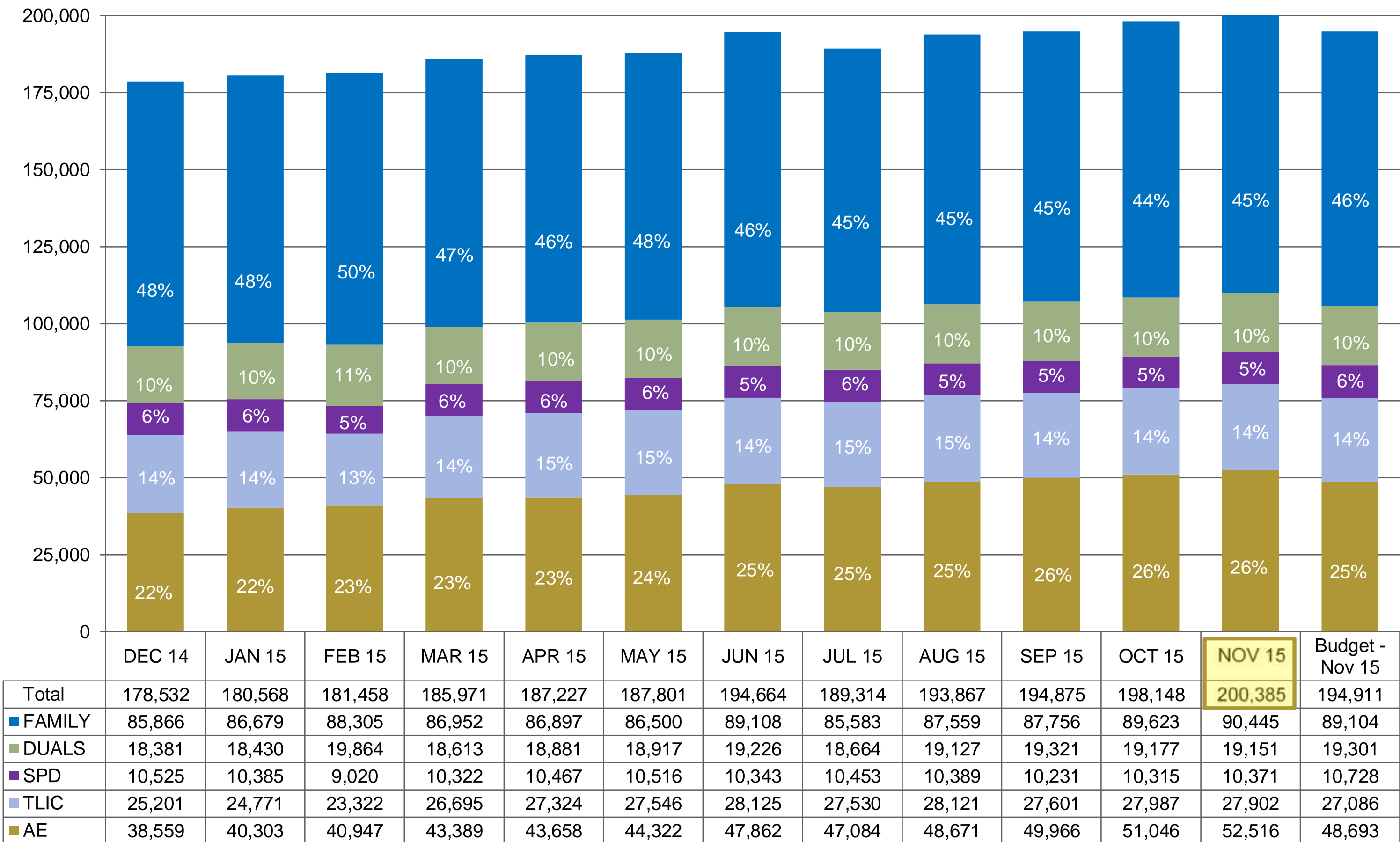
	NOV 15
Cash Flow From Operating Activities	
Collected Premium	$ 429,184,841
Miscellaneous Income	564,472
State Pass Through Funds	47,231,323
Paid Claims	
Medical & Hospital Expenses	(146,288,652)
Pharmacy	(39,783,740)
Capitation	(48,685,146)
Reinsurance of Claims	(1,384,716)
State Pass Through Funds Distributed	(26,216,344)
Paid Administration	(19,096,292)
MCO Taxes Received / (Paid)	(15,691,018)
Net Cash Provided / (Used) by Operating Activities	**179,834,728**
Cash Flow From Investing / Financing Activities	
Net Acquisition of Investments	(95,073,809)
Net Dis/Prem Amortization of Investments	73,809
Net Acquisition of Property / Equipment	(45,628)
Net Cash Provided / (Used) by Investing / Financing	**(95,045,628)**
Net Cash Flow	**$ 84,789,100**
Cash and Cash Equivalents (Beg. of Period)	57,218,141
Cash and Cash Equivalents (End of Period)	142,007,241
	$ 84,789,100
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income / (Loss)	22,780,450
Depreciation & Amortization	173,606
Net Dis/Prem Amortization of Investments	(73,809)
Decrease / (Increase) in Receivables	68,634,736
Decrease / (Increase) in Prepaids & Other Current Assets	(825,383)
(Decrease) / Increase in Payables	96,625,662
(Decrease) / Increase in Other Liabilities	(8,615,358)
Change in MCO Tax Liability	480,781
Changes in Claims and Capitation Payable	(7,433,122)
Changes in IBNR	8,087,165
	179,834,728
Net Cash Flow from Operating Activities	**$ 179,834,728**

STATEMENT OF CASH FLOWS - MONTHLY

	NOV 15	OCT 15	SEP 15
Cash Flow From Operating Activities			
Collected Premium	$ 76,117,540	$ 75,884,536	$ 68,284,834
Miscellaneous Income	113,988	137,805	123,815
State Pass Through Funds	1,796,588	17,612,139	4,517,957
Paid Claims			
Medical & Hospital Expenses	(25,481,591)	(28,454,257)	(30,834,324)
Pharmacy	(8,587,538)	(8,251,177)	(7,880,591)
Capitation	(7,839,138)	(7,599,163)	(25,287,425)
Reinsurance of Claims	(284,242)	(278,965)	(276,955)
State Pass Through Funds Distributed	(1,725,782)	(15,888,984)	(3,244,866)
Paid Administration	(1,909,868)	(6,161,977)	(2,234,571)
MCO Tax Received / (Paid)	(3,681,432)	(2,866,610)	(9,135,503)
Net Cash Provided / (Used) by Operating Activi	**28,518,525**	**24,133,346**	**(5,967,628)**
Cash Flow From Investing / Financing Activities			
Net Acquisition of Investments	(38,347)	(10,984)	(14,743)
Net Dis/Prem Amortization of Investments	38,347	10,984	14,743
Net Acquisition of Property / Equipment	(9,168)	(12,139)	(11,131)
Net Cash Provided / (Used) by Investing / Finar	**(9,168)**	**(12,139)**	**(11,131)**
Net Cash Flow	**$ 28,509,357**	**$ 24,121,207**	**$ (5,978,760)**
Cash and Cash Equivalents (Beg. of Period)	113,497,885	89,376,678	95,355,438
Cash and Cash Equivalents (End of Period)	142,007,241	113,497,885	89,376,678
	$ 28,509,357	**$ 24,121,207**	**$ (5,978,760)**
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	2,022,803	4,469,265	9,681,123
Net Dis/Prem Amortization of Investments	(38,347)	(10,984)	(14,743)
Depreciation & Amortization	34,927	34,927	34,621
Decrease / (Increase) in Receivables	525,735	2,202,780	(5,459,203)
Decrease / (Increase) in Prepaids & Other Curr	(253,289)	334,251	(74,222)
(Decrease) / Increase in Payables	96,636,709	(2,599,318)	(13,856,973)
(Decrease) / Increase in Other Liabilities	(75,815,757)	18,498,952	15,463,661
Change in MCO Tax Liability	(619,960)	695,203	(5,277,645)
Changes in Claims and Capitation Payable	1,043,296	6,487,426	(10,358,404)
Changes in IBNR	4,982,409	(5,979,156)	3,894,156
	28,518,525	24,133,346	(5,967,628)
Net Cash Flow from Operating Activities	**28,518,525**	**24,133,346**	**(5,967,628)**


GOLD COAST HEALTH PLAN
NOVEMBER 2015
Cash + Medi-Cal Receivable Trend ($ in Millions)
(Net of MCO Tax Liability and excludes pass-through funds)
$550
$500
$450
$400
$350
$300
$250
$200
$150
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY 2015-16
Reported
$351.54
$403.80
$406.84
$427.99
$457.76
FY 2015-16
Budget
$392.84
$399.53
$407.70
$413.57
$421.13
$419.99
$415.80
$423.02
$424.97
$429.70
$433.67
$439.18
FY 2014-15
Reported
$176.73
$194.52
$215.06
$236.21
$264.27
$294.73
$311.31
$342.44
$360.38
$357.36
$375.46
$344.63

GOLD COAST HEALTH PLAN



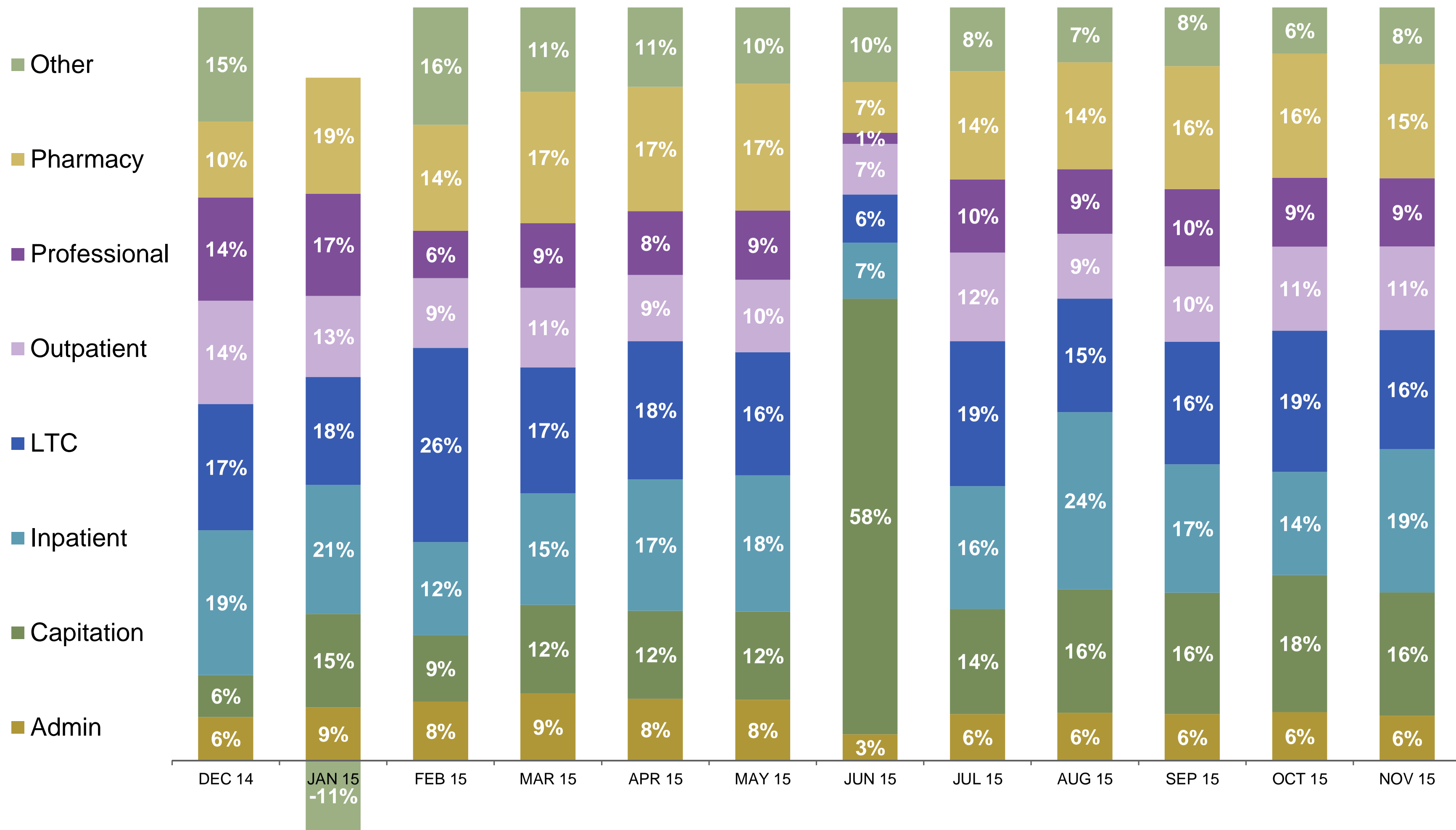
	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15	Budget - Nov 15
Total	178,532	180,568	181,458	185,971	187,227	187,801	194,664	189,314	193,867	194,875	198,148	200,385	194,911
FAMILY	85,866	86,679	88,305	86,952	86,897	86,500	89,108	85,583	87,559	87,756	89,623	90,445	89,104
DUALS	18,381	18,430	19,864	18,613	18,881	18,917	19,226	18,664	19,127	19,321	19,177	19,151	19,301
SPD	10,525	10,385	9,020	10,322	10,467	10,516	10,343	10,453	10,389	10,231	10,315	10,371	10,728
TLIC	25,201	24,771	23,322	26,695	27,324	27,546	28,125	27,530	28,121	27,601	27,987	27,902	27,086
AE	38,559	40,303	40,947	43,389	43,658	44,322	47,862	47,084	48,671	49,966	51,046	52,516	48,693

	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15	Budget - Nov 15
FAMILY	48%	48%	50%	47%	46%	48%	46%	45%	45%	45%	44%	45%	46%
DUALS	10%	10%	11%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
SPD	6%	6%	5%	6%	6%	6%	5%	6%	5%	5%	5%	5%	6%
TLIC	14%	14%	13%	14%	15%	15%	14%	15%	15%	14%	14%	14%	14%
AE	22%	22%	23%	23%	23%	24%	25%	25%	25%	26%	26%	26%	25%

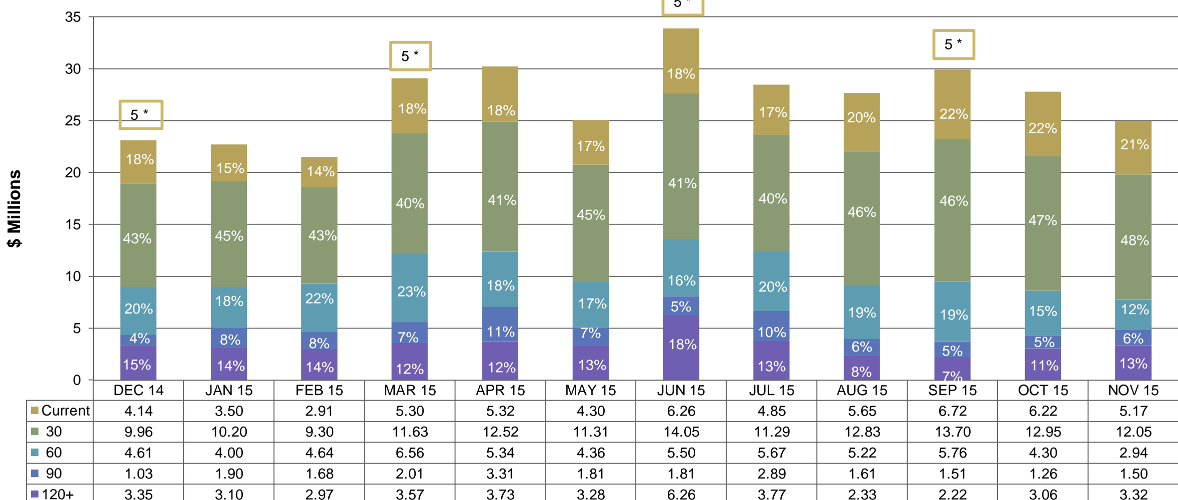
SPD = Seniors and Persons with Disabilities TLIC = Targeted Low Income Children AE = Adult Expansion

Note: Beginning in Apr 14 actual membership reflects new Dual definition as implement by DHCS. Prior months have not been restated.

GOLD COAST HEALTH PLAN

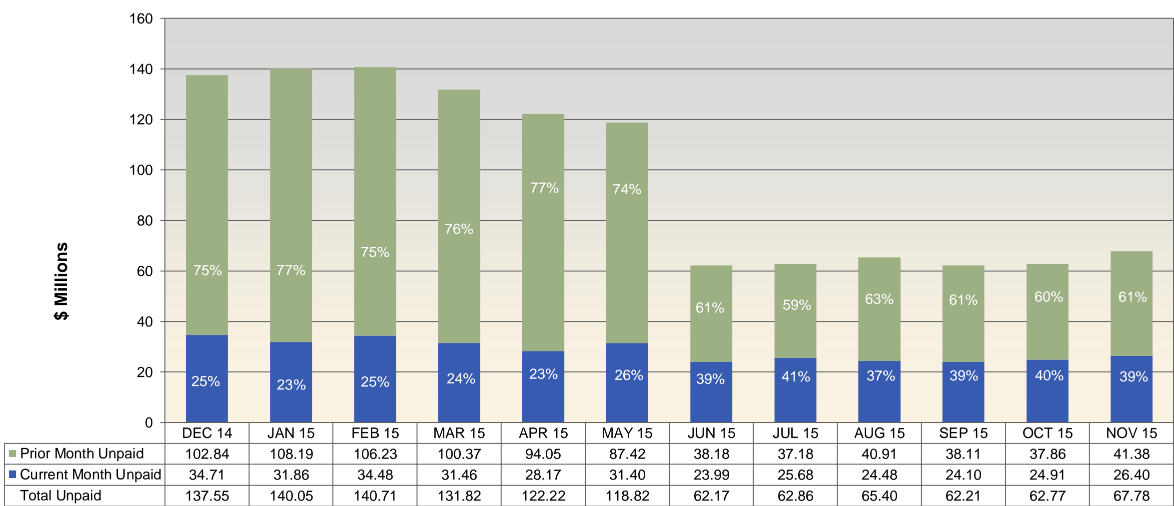


GOLD COAST HEALTH PLAN
NOVEMBER 2015



	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15
Current	4.14	3.50	2.91	5.30	5.32	4.30	6.26	4.85	5.65	6.72	6.22	5.17
30	9.96	10.20	9.30	11.63	12.52	11.31	14.05	11.29	12.83	13.70	12.95	12.05
60	4.61	4.00	4.64	6.56	5.34	4.36	5.50	5.67	5.22	5.76	4.30	2.94
90	1.03	1.90	1.68	2.01	3.31	1.81	1.81	2.89	1.61	1.51	1.26	1.50
120+	3.35	3.10	2.97	3.57	3.73	3.28	6.26	3.77	2.33	2.22	3.06	3.32

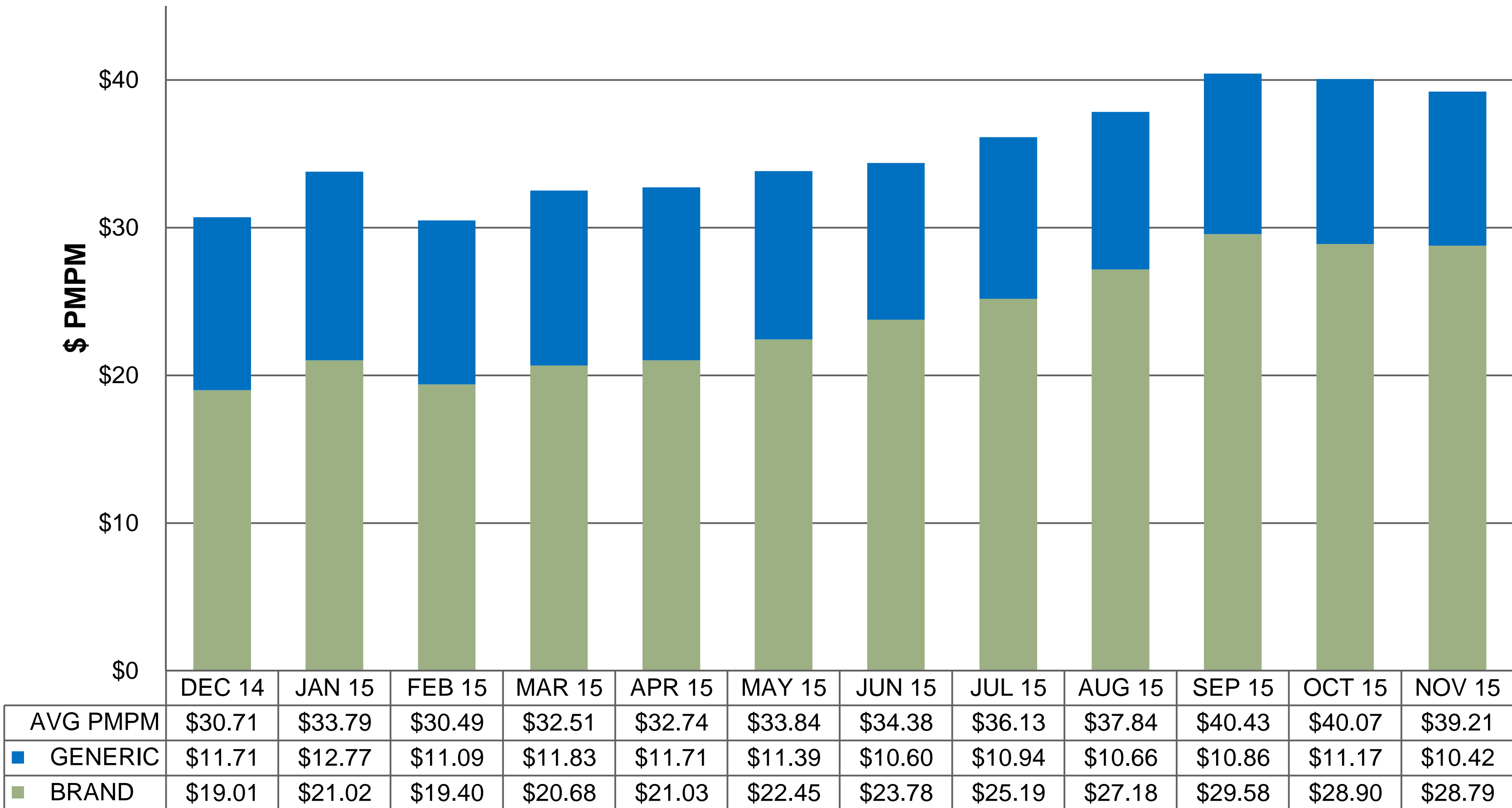
Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.
Months Indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.



	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15
Prior Month Unpaid	102.84	108.19	106.23	100.37	94.05	87.42	38.18	37.18	40.91	38.11	37.86	41.38
Current Month Unpaid	34.71	31.86	34.48	31.46	28.17	31.40	23.99	25.68	24.48	24.10	24.91	26.40
Total Unpaid	137.55	140.05	140.71	131.82	122.22	118.82	62.17	62.86	65.40	62.21	62.77	67.78

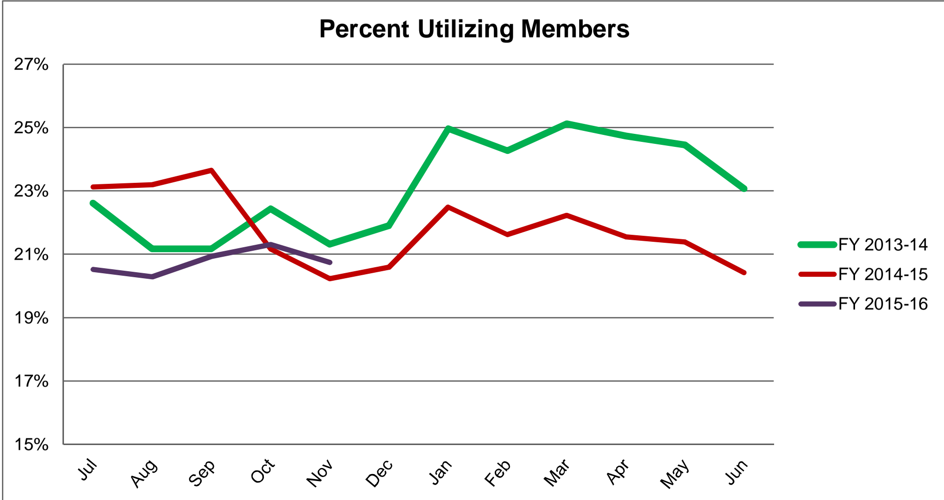
Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.
June 2015 - reflects the Enhanced Adult Capitation program and reclassification of fee-for-service expense to capitation expense.

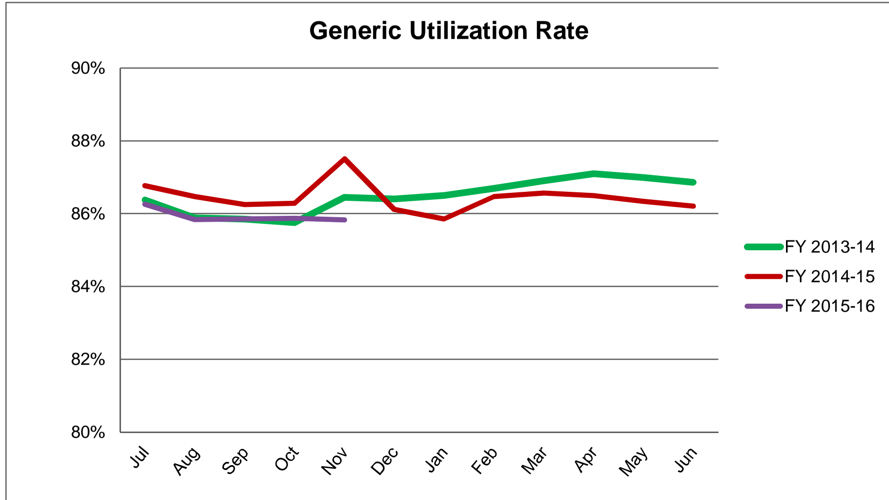
GOLD COAST HEALTH PLAN



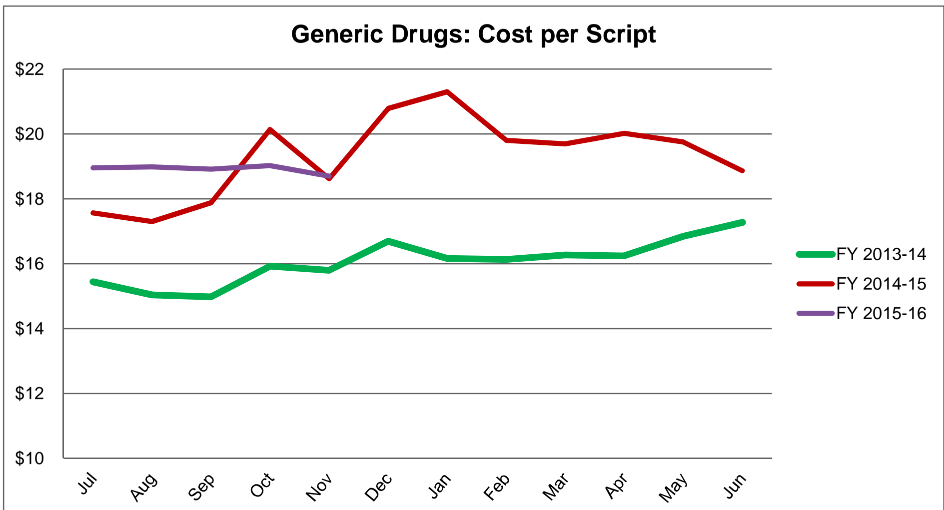
	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15
AVG PMPM	$30.71	$33.79	$30.49	$32.51	$32.74	$33.84	$34.38	$36.13	$37.84	$40.43	$40.07	$39.21
GENERIC	$11.71	$12.77	$11.09	$11.83	$11.71	$11.39	$10.60	$10.94	$10.66	$10.86	$11.17	$10.42
BRAND	$19.01	$21.02	$19.40	$20.68	$21.03	$22.45	$23.78	$25.19	$27.18	$29.58	$28.90	$28.79

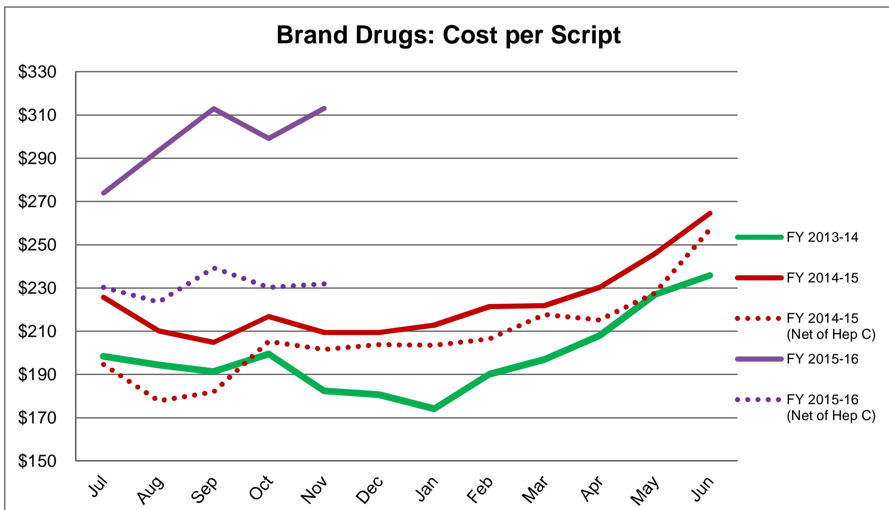
GOLD COAST HEALTH PLAN
PHARMACY ANALYSIS





Effective Oct 14, Dual members were responsible for prescription copays, lowering the percentage of utilizing members.





Gold Coast Health Plan[SM]
A Public Entity

www.goldcoasthealthplan.org

AGENDA ITEM 3.d.

To: Gold Coast Health Plan Commission

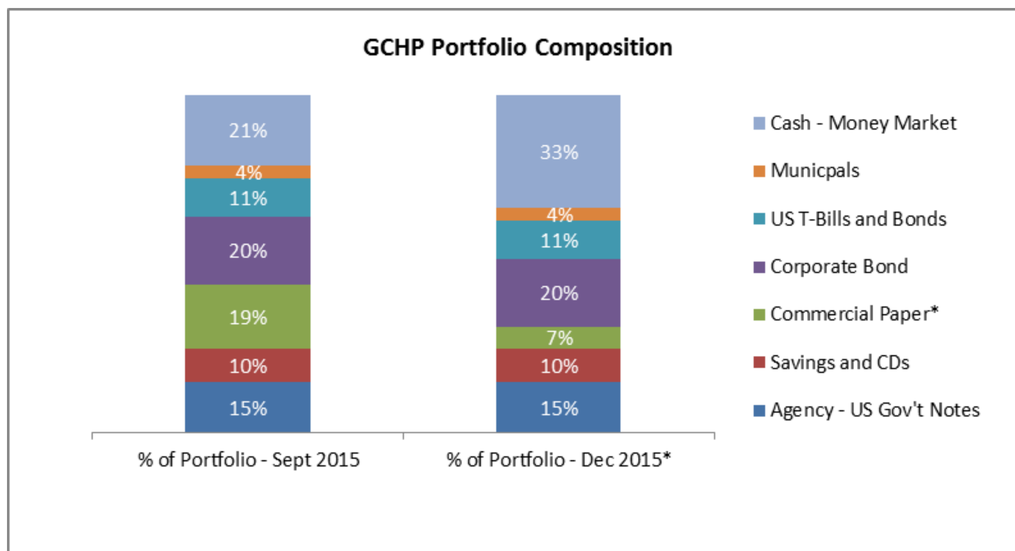
From: Patricia Mowlavi, CFO

Date: January 7, 2016

Re: Investment Committee November 30, 2015 Report

The Investment Committee met on November 30, 2015. The Investment Policy, which became effective March 1, 2015, was reviewed and found current with no changes recommended or warranted. The foremost objective of the policy is the safety of principal. The portfolio is diversified to mitigate risk and structured over various maturities to meet GCHP's ongoing cash needs.

The value of the portfolio as of the most recent quarter, September 30, 2015, was approximately $360 million with an average yield of 0.42%. The next portfolio valuation update will be December 31, 2015. In December, $45 million of commercial paper will mature and will coincide with the scheduled recoupment of the approximately $96.3 million (at November 30, 2015) in AE rate overpayments, which will be paid back to the state beginning in January 2016, in four monthly installments.



As of November, DHCS offered direct deposits of capitated revenue to specific banks. GCHP worked closely with Bank of the West and DHCS to accommodate this, which significantly improves time of receipt.

AGENDA ITEM 1.a.

To: Audit Committee

From: Patricia Mowlavi, CFO

Date: January 7, 2016

Re: FY 2015-16 External Auditor Contract with Moss Adams

SUMMARY:
Staff proposes to utilize Moss Adams LLP (Moss Adams) to perform the GCHP's FY 2015-16 financial audit and provide accounting expertise.

BACKGROUND / DISCUSSION:
The Plan's contract with DHCS requires an annual audit be performed on the Plan's financial statements. This audit provides confidence to the community and the Commission that the Plan's financial condition is accurately represented and that proper controls are in place. To meet these needs, the Plan hires a firm qualified to perform this annual financial audit.

Moss Adams was selected to perform the Plan's FY 2014-15 financial audit due to their Med-Cal expertise. The Plan's former auditors, McGladrey LLP, no longer provides support for Medi-Cal health plans..

FISCAL IMPACT:
The financial audit and anticipated expertise and support is estimated not to exceed $150,000.

RECOMMENDATION:
Staff recommends Moss Adams LLP be appointed as the FY 2015-16 external audit firm.

Gold Coast Health Plan[SM]
A Public Entity

AGENDA ITEM 1.b.

To: Audit Committee

From: Patricia Mowlavi, CFO

Date: January 7, 2016

Re: Audit Plan

SUMMARY:
Staff is presenting the Internal Audit Plan for review and approval by the Audit Committee.

BACKGROUND / DISCUSSION:
The Internal Audit Plan provides independent, objective assurance of the Plan's risk management, internal controls and governance and the processes in place for ensuring effectiveness, efficiency and economy.

FISCAL IMPACT:
The establishment of the Internal Audit Plan will not result in any immediate fiscal impact.

RECOMMENDATION:
Staff recommends approval of the Internal Audit Plan.

Attachments:
Internal Audit Plan

Internal Audit Plan

Internal audit provides independent, objective assurance over an organization's risk management, internal control and governance and the processes in place for ensuring effectiveness, efficiency and economy.

Each audit plan will be different and tailored to the organization's needs. However, there are common elements that the audit committee should expect to see when reviewing the audit plan, albeit in practice these elements might be presented in many different ways. These elements are discussed below.

Overview of the audit approach

The audit committee should expect the audit planning document to set out that the audit plan has been developed by:

- Taking account of the risks identified by the organization
- Using the internal auditor's experience of the organization and the sector more generally to identify other areas of risk which may warrant attention
- Discussing all identified risks and other relevant issues with the organization's management to identify the potential scope of internal audit.

Risk-focused internal audit coverage

Where the organization's risk management policy allocates each risk a likelihood and impact rating between 'high' and 'low', the audit plan might for example focus on 'high' and 'medium' priority risks over (say) a three-year period. However the internal audit is focused, the audit committee should be fully informed of:

- which areas are being addressed
- how many audit days have been allocated to each area
- when the fieldwork is being undertaken
- when the internal auditors will report their findings.

Exhibit 1 (below) illustrates which risks identified by the organization are addressed by the internal audit plan.

Other reviews

The internal audit strategy may address some *ad hoc* areas that do not feature as a high or medium risk. These are nevertheless areas where the organization would benefit from an internal audit review, or they are being reviewed to provide assurance to the audit committee and external auditors regarding operation of the key financial and management information systems. The audit days, fieldwork and reporting expectations for these areas should also be identified in the audit plan.

Contingencies

It is important to adopt a flexible approach in determining internal audit resources, in order to accommodate any unforeseen audit needs. The audit plan should give an indication as to how many 'person days' have been allowed for contingencies.

Follow-up

For internal audit to be as effective as possible, its recommendations need to be implemented. Specific resources should be included within the plan to provide assurance to the organization and the audit committee that agreed audit recommendations have been implemented effectively and on a timely basis.

Planning, reporting and liaison

The audit committee should expect the internal audit plan to identify a number of audit days relating to the following:

- quality control review by director
- production of reports, including the strategic plan and annual internal audit report
- attendance at audit committee meetings
- regular contact with the organization's management
- liaison with external audit
- internal quality assurance reviews.

Timing

The audit plan should set out the timing of the fieldwork and confirm the form and timeliness of reports to management and the audit committee. For example:

- a report for each area of work undertaken within X days of finishing the fieldwork
- a progress report for each audit committee meeting
- an annual report on internal audit coverage to the audit committee (reporting to fit in with the committee meeting dates).

Internal audit performance indicators

The internal auditor might propose a series of performance indicators against which management and the audit committee can measure the audit's performance. An example of proposed indicators is included as Exhibit 3.

Exhibit 1: Internal audit plan – focus on the organization's key risks
KEY RISKS – 2016

1. Recent Accounting Pronouncements (TBD)
2. Use of Estimates
3. Cash Concentration
4. New Systems
    a. TBD
5. Subsequent Events
6. Regulatory environment/changes
7. Industry challenges
    a. Decreased reimbursements
    b. Clinical innovation
    c. Transformations of care delivery models
    d. Physician relationships, compensation models
    e. Bundled payments
    f. Business continuity
        i. Supply chain disruptions
    g. Reducing operating costs
    h. Engaging consumers in preventative health
    i. Integrating non-acute services
    j. Managing in uncertainty
    k. Building new non-conventional relationships with commercial payers
    l. Demand for nurses
    m. Value based purchasing
    n. New workforce models
    o. Population health management
8. Technology and privacy
9. Consumer expectations
    a. Convenience
    b. Pricing transparency
    c. Quality reporting
    d. Consumerism – finding greater value for each healthcare dollar spent
    e. Increased consumer interest in public scorecards
10. Reputation
    a. Governance
    b. Organizational culture
    c. Cost control – needs not wants
    d. Business justification for expenses
11. Social factors
    a. Demographic changes
    b. Political polarization
12. External factors
    a. Joint Ventures
    b. Business Associates
    c. Vendor relationships

   d. Outsourced vendors

13. Fraud and abuse prevention
   a. Ghost employees and ghost vendors
   b. Cash diversion
   c. Supply chain (purchasing schemes)
   d. Warehouse
   e. Conflicts of interest/kickbacks from vendors

Internal Audit Plan – Exhibits

Exhibit 2: Audit Plan 2016

No.	Project Name	Project Start Date	Project End Date	Duration (Days)	Resources			Budgeted Hours
					Director	Consultant	Consultant	
					Martin Haisma	TBD	TBD	
1	Purchasing/Expenditures	1/15/16	2/15/15	20	0.100	0.400	0.000	160
2	State Action Plan Review	2/16/15	3/15/15	20	0.100	0.400	0.000	160
3	Revenue	3/16/15	4/16/15	20	0.050	0.100	0.100	160
4	IT General Controls	4/16/15	6/16/15	40	0.200	0.500	0.500	320
Totals								800

Exhibit 3: Performance indicators

Performance indicator	Target
Percentage of audit work delivered by qualified staff	60%
Operational plan to be submitted by September each year	September of each year
Follow-ups to be performed within 1 year of the audit taking place	Within 1 year of assignments
Issue of draft reports within 30 days of work being completed	30 working days
Issue of final report within 10 working days of receipt of management responses	10 working days
Recommendations made compared with recommendations accepted	80%
Internal audit attendance at audit committee meetings	100%
Issue of internal audit annual report	September of each year