

**Medi-Cal Managed Care Commission (VCMMCC)
dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
January 26, 2015**

CALL TO ORDER

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

SWEAR IN OF NEW COMMISSIONER

Darren Lee was sworn in by Clerk of the Board McGinley.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

Antonio Alatorre, Clinicas del Camino Real, Inc.
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Lanyard Dial, MD, Ventura County Medical Association
Barry Fisher, Ventura County Health Care Agency
David Glycer, Private Hospitals / Healthcare System
Michelle Laba, MD, Ventura County Medical Center Executive Committee
Darren Lee, Private Hospitals / Healthcare System
Gagan Pawar, MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMISSION MEMBERS

Peter Foy, Ventura County Board of Supervisors
Vacant, Medi-Cal Beneficiary Advocate

STAFF IN ATTENDANCE

Ruth Watson, Chief Operations Officer and Interim Chief Executive Officer
John Meazzo, Interim Chief Financial Officer
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
Brandy Armenta, Compliance Director
Stacy Diaz, Human Resources Director
Anne Freese, Pharmacy Director
Guillermo Gonzalez, Government Relations Director
Steven Lulich, Communications Director
Tami Lewis, Operations Director
Allen Maithel, Controller
Kim Osajda, Quality Improvement Director

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

PUBLIC COMMENT

None.

1. APPROVE MINUTES

a. Regular Meeting of November 24, 2014

Commissioner Fisher moved to approve the Regular Meeting Minutes of November 24, 2014. Commissioner Pupa seconded. The motion carried with the following votes:

AYE: Alatorre, Araujo, Dial, Fisher, Glycer, Laba, Lee, Pawar and Pupa.

NAY: None.

ABSTAIN: None.

ABSENT: Foy.

To accommodate the consultant's schedule, the Legislative Update Informational Item was heard next.

5. INFORMATIONAL ITEMS

a. Legislative Update and State Budget Presentation – Don Gilbert and Trent Smith of Edelstein Gilbert Robson & Smith, LLC (GCHP Legislative Advocate)

Don Gilbert stated that this last election brought a lot of changes; many of the committees will have new members as well as leaders. One of the largest changes occurred earlier in the day; the Governor announced that Jennifer Kent was appointed as the Director of Health Care Services. He and Trent have worked with Jennifer over the years; she is a good appointment and knows the issues. He closed stating that his firm will continue to meet with the Department of Health Care Services staff, as well as the Director, to keep them apprised of topics relevant to the Plan.

Trent Smith reported on regulations that would impact the Plan.

- The most significant bill they believe will be introduced would require COHS to obtain Knox Keene licenses. COHS are the only plans currently exempt, but the Department of Health Care Services contract has most of the same requirements as a Knox Keene license.
- At the end of 2014 the federal government ruled that the MCO tax and other similar types of arrangements are no longer viable as currently defined. The State brought in approximately \$1 billion per year of federal funds by using this type of tax structure and unless the State comes up with a new tax, it will no longer obtain these funds. He explained that the problem with a new tax is that it would apply to

- both Commercial and Medi-Cal Plans.
- The Governor has put \$300 million aside to fund the unexpected expense last year of the Hepatitis C medications; and
- The Governor seems to be pushing those covered by California Children Services (some of the most ill children) into Managed Care; this will be a very controversial topic.

Commissioner Dial asked about overtime pay for the in-home personal caregiver services, as at both the federal and state levels, these workers have not been paid overtime. Trent Smith explained that it has now been ruled that these workers are entitled to a 7% pay increase and that the MCO tax is needed to help fund this increase.

Commissioner Dial asked about the assisted suicide bill that was introduced and whether it would be funded through managed care. Trent Smith responded that they will have to look into the possible effects on managed care.

2. CONSENT ITEMS

a. Accept and File CFO Update – October and November Financials

Interim CFO Meazzo reviewed the CFO Update and provided a general overview of the financials.

Commissioner Dial asked how it was determined that the expenses were reduced with the AE adjustment. Interim CEO Watson explained that the TNE for this population is not showing an 85% MLR, and that this was similar experience to other Medi-Cal Plans. The Plans are concerned that the State's 20% rate cuts for the AE population are premature as the utilization data is not complete.

In response to questions from Chair Araujo regarding the TNE and membership, Financial Analysis Director Turner explained that TNE is driven by health care costs. If we make an adjustment as we did in November, it lowers the TNE.

Commissioner Dial moved to approve the CFO Update – December Financials. Commissioner Alatorre seconded. The motion carried with the following votes:

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

3. APPROVAL ITEMS

a. Provider Reimbursement Increases

Interim CEO Watson reviewed the report with the Commission.

Commissioner Pupa asked if the \$7.2 million line of credit with the County was under

review by the State. Interim CEO Watson explained that discussions are on hold because the State requires GCHP's audited financial statement before they will allow payback of the line of credit to the County. The Special Investigation must be completed before GCHP can re-engage the auditors to complete the audit and obtain an audited financial statement.

Commissioner Alatorre asked if the State provided the Plan with an extension. Interim CEO Watson responded that a deadline has not been provided, but the Plan keeps the State informed on the status of the Special Investigation.

Interim CEO Watson explained that the Plan included pediatricians in the rate increase proposal because they are a huge and tactical part of the provider network and make up the largest percentage of independent providers that are not capitated. Commissioner Fisher asked if any other options were discussed. Interim CEO Watson responded that this is just the start of the reimbursement increase evaluation process.

The Plan will work with Providers to develop quality programs for additional reimbursement for the Adult Expansion (AE) population. Programs need to be designed around that specific population. A program that focuses on members plan-wide will not satisfy the State MLR corridor for AE.

Commissioner Fisher asked how the increases will affect FQHC's. Interim CEO Watson responded that it was her understanding that it provides the funds sooner, but does not change the ultimate reimbursement since that is set by the federal government. However, the Plan can do some pay for performance or reimburse for other programs that FQHC's might desire to do for this population.

Chair Araujo asked about the effect on safety-net providers in the County who have larger numbers of FQHC's and rural clinics, and other cost reimbursement methods. CEO Watson responded that it would affect them the same. Chair Araujo encouraged staff to find other ways of augmenting these types of providers.

Interim CEO Watson stated that GCHP will partner with Plan providers for their feedback and ideas around ways to develop these programs. The Plan will put together big picture parameters on how the program will look, along with funding.

Commissioner Dial asked how the Plan would reimburse for HEDIS quality items, etc. Interim CEO Watson explained that staff was working on options.

Interim CEO Watson stressed that this needed to be done with the providers, but we need to do this as partners and make sure any pay for performance programs are data driven and auditable.

Chair Araujo stated that other types of providers were discussed during the Executive / Finance Committee, and he would like to see those included as well.

Commissioner Alatorre stated that there was a \$27 million profit from last year, and without the reserves, the Plan's net income is \$68 million. In response to Commissioner Dial's inquiry about whether the Plan should use a portion of the funds to look at pay for performance programs, Commissioner Alatorre, explained that the Executive / Finance Committee discussed rate increases that included risk pool arrangements and pay for performance programs such as reimbursements for Patient Centered Medical Home certification.

Interim CEO Watson said it would serve the Plan well to invest in these types of programs.

Commissioner Glycer moved to approve the Provider Reimbursement Increases. Commissioner Dial seconded. The motion carried with the following votes:

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

b. DHCS Contract Amendment A15

Interim CEO Watson reviewed the report with the Commission.

Commissioner Dial moved to approve the DHCS Contract Amendment A15 and authorize the CEO to execute the amendment. Commissioner Fisher seconded. The motion carried with the following votes:

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

4. ACCEPT AND FILE ITEMS

a. Special Investigation Ad Hoc Committee Report

Commissioner Fisher reported that an initial rough draft report is anticipated February 17, 2015. To date, \$581,296 has been spent. We will see that start to trickle down over the next few weeks.

b. CEO Update

Interim CEO Watson reviewed the written CEO Update with the Commission.

Commissioner Glycer asked about the large increase in compliance calls. Compliance Director Armenta explained that the calls came through the compliance hotline; however they were not related to compliance. The calls were all member-related and were either grievance or customer service calls.

c. COO Update

Interim CEO Watson presented the report.

Chair Araujo asked for clarification around the definition of Financial and Procedural Accuracy. He requested a report that showed the accuracy results on an annualized basis.

Operations Director Lewis reported that the ACS contract contains service levels around financial and procedural accuracy. The financial section is based on a random audit of 2% of the claims processed during the course of the month and they must be at 98% accuracy. Procedural accuracy is when the dollar amount was correct, but other data was not correct. Director Lewis explained that there were two months in 2014 where the financial accuracy metric was below standard because there were high dollar claims included in the audit which skewed the overall accuracy rates.

d. CIO Update

CIO Scrymgeour provided a review of the CIO Update.

e. Health Services Update

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

Commissioner Fisher moved to Accept and File Agenda Items 4a through 4e. Commissioner Alatorre seconded. The motion carried with the following votes:

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

COMMENTS FROM COMMISSIONERS

None.

CLOSED SESSION

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 3:48 p.m. regarding the following items:

- a. Public Employee Appointment Pursuant to Government Code Section 54957**
Title: Chief Financial Officer

RETURN TO OPEN SESSION

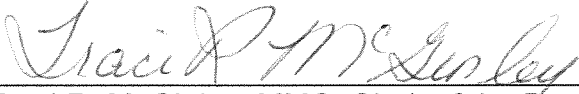
The Regular Meeting reconvened at 4:49 p.m.

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

ADJOURNMENT

Meeting adjourned at 4:49 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board