



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

**Executive Finance Committee  
AGENDA**

**Regular Meeting**

**Thursday, April 23, 2026 – 3:00 p.m.**

**Members of the public can participate using the Conference Call Number below.**

**Conference Call Number: 805-324-7279**

**Conference ID Number: 791 678 300#**

233 Corte Linda  
Santa Paula CA 93060

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda.

Persons wishing to address VCMCC are limited to three (3) minutes unless the Chair of the Commission extends time for good cause shown. Comments regarding items not on the agenda must be within the subject matter jurisdiction of the Commission.

Members of the public may attend the meeting in person, call in, using the numbers above, or can submit public comments to the Committee via email by sending an email to [ask@goldchp.org](mailto:ask@goldchp.org). If members of the public want to speak on a particular agenda item, please identify the agenda item number. Public comments submitted by email should be under 300 words.

**CONSENT**

- 1. Approval of Executive Finance Committee regular meeting minutes of Exec. Finance meetings of January 22, 2026, and special meeting minutes of February 19, 2026.**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

**RECOMMENDATION:** Approve the minutes as presented

## **PRESENTATION**

### **2. Baker Tilly Audit Information**

Staff: Jeff Register, Interim Chief Financial Officer / Controller  
Baker Tilly Representatives

RECOMMENDATION: Accept and file the presentation

## **FORMAL ACTION**

### **3. Signature Authority and Procurement Policy Revisions**

Staff: Jeff Register, Interim Chief Financial Officer / Controller  
Bob Bushey, Executive Director of Procurement  
Scott Campbell, General Counsel

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care Commission to, 1) increase the General Authorization Limit of the existing Signature Authority policy to the limits noted in Table 2, 2) assign the Chief Financial Officer or Director of Procurement as the Plan's authorized agent to sign all non-claims related contracts and purchase orders, and 3) revise the single/sole source competitive bidding threshold in the Procurement policy from \$50,000 to \$200,000.

### **4. Advance Payment Agreement to County**

Staff: Felix L. Nunez, M.D., Chief Executive Officer

RECOMMENDATION: GCHP staff recommend that the Executive Finance Committee recommend that Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute an Advance Payment Agreement in the amount of \$30,000,000 with the County of Ventura.

### **5. March Financials**

Staff: Jeff Register, Interim Chief Financial Officer / Controller  
Felix L. Nunez, M.D., Chief Executive Officer

RECOMMENDATION: Approve the financials as presented.

## **ADJOURNMENT**

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Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. 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.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

## **AGENDA ITEM NO. 1**

**TO:** Executive Finance Committee  
**FROM:** Maddie Gutierrez, MMC – Sr. Clerk of the Board  
**DATE:** April 23, 2026  
**SUBJECT:** Meeting Minutes for regular Exec. Finance meeting of January 22, 2026,  
and special meeting minutes of February 19, 2026.

### **RECOMMENDATION:**

Approve the minutes.

### **ATTACHMENTS:**

Copy of the Executive Finance Committee regular meeting minutes of January 22, 2026,  
and special meeting minutes of February 19, 2026.

**Ventura County Medi-Cal Managed Care Commission (VCMCC)  
Executive/Finance Committee  
Regular Meeting**

**January 22, 2026**

**CALL TO ORDER**

Committee Chair Laura Espinosa called the meeting to order at 3:11 p.m. The meeting was held in the Community Room, 711 E. Daily Drive, Suite 110 Camarillo, California.

**ROLL CALL**

Present: Commissioners Anwar Abbas, James Corwin, Laura Espinosa, and Dee Pupa

Absent: Commissioner Anna Monroy

GCHP Executive Team in attendance: CEO Felix Nunez, M.D., CHR Paul Aguilar, CIO Eve Gelb, Sara Dersch, Erik Cho, CPPO, CMO James Cruz, M.D., CCO Robert Franco, CMEEA Marlen Torres, COO Suma Simcoe, CDO Ted Bagley, and General Counsel, Scott Campbell.

GCHP Staff In attendance: Lupe Harrion, Jeff Register, Susana Enriquez-Euyoque, T.J. Piwowarski, David Kirkpatrick, Josephine Gallella, Lucy Marrero, Lupe Gonzalez, Michelle Espinoza, Vicki Wrihster, Kim Timmerman, and Pshyra Jones.

Guests: Baker Tilly Representatives: Stelian Damu, Kimberly Sokoloff, and Ashley Merda

**PUBLIC COMMENT**

None.

**CONSENT**

- 1. Approval of Executive Finance Committee special meeting minutes of October 23, 2025, and December 18, 2025.**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

**RECOMMENDATION:** Approve the minutes as presented.

Commissioner Pupa motioned to approve the minutes as presented. Commissioner Abbas seconded the motion.

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Laura Espinosa, and Dee Pupa

NOES: None.

ABSENT: Commissioner Anna Monroy

The clerk declared the motion carried.

**FORMAL ACTION**

**2. November 2025 Financials**

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Receive and file the financial report.

Sara Dersch, Chief Financial Officer, stated she will review the month to date and year to date financials for the organization. She stated it was a challenging month. We did have a revenue corridor, a take-back. This takeback is related to the UIS risk corridor from 2024, which was the first year that we were able to enroll adults and adult expansion eligible members that were UIS. The premiums we received were far more than the claims we paid. As part of our MLR filing for 2024 which was completed at the end of this past December, we did disclose that there was a significant variance. The state is taking back \$21.1 million. CFO Dersch noted that we did have another reserve set up for the targeted rate increase for the federally qualified health centers. There was a concern that our system was not adjudicating those claims accurately, so we put up a reserve just in case. It turned out that our system was adjudicating correctly so there was no need for reserve that we had been holding, and we released \$23.3million.

Commissioner Pupa asked for clarification on risk corridors. She stated that she understood that there were multiple entities providing services and they all report their claims and sometimes they take them from some entities and give them back to other entities to adjust and spread the risk. It is nothing we did wrong; we just had better experience with claims than some of the other entities. CFO Dersch stated that it was correct, then stated this was the first year for UIS. There was no history that could be used to determine what an appropriate rate premium revenue rate would be because this was a category of aid that had not been covered before, only an estimate could be made. When we calculated the total cost of claims for that category of aid, it was less than the premiums that we received during calendar 2024. Which was the same thing with Adult Expansion. To pay that money back, the state will withhold future

premium revenue payments. This was the first year for that risk corridor so there will be discussions with the state on what our MLR is for 2024 and part of that discussion will include a component for that UIS Adult Expansion population. We will have an opportunity to advocate on our behalf.

We are also going through a claims clean-up for the Health Edge system that went live on July 1, 2024. Over the last six to eight months, we have done substantial clean up with claims dating back to 2024. We were not including all of the costs because we still had claims that were in pending status that had not been processed, so we are currently recalculating the total cost of care for that Adult Expansion UIS category and we will have an opportunity to refile that MLR with an updated risk corridor number, and have an opportunity to reclaim some of those revenues. Discussions regarding MLR will begin mid-February. CEO Nunez stated that we looked at other sister plans had similar liability, but there was nothing to the extent that we had. Although we may not be able to recover the full amount it is worthwhile for us to pursue refiling and ensure that the amount we owe is correct. Commissioner Pupa stated it sounds like the claims were understated. Commissioner Espinosa asked if this was connected to a sanction. CEO Nunez responded no. CFO Dersch stated our rates for 2025 were lower for that adult premium. We have done some initial calculations as we do not owe anything with the 2025 data. When looking at other health plans and they were not in the condition that we were in, it points to our issue with the claims. We need to uncover what that is. We have seen older claims come through (back to eighteen months). It is not just for the month to month, it is claims that are older. It artificially inflates our incurred but not reported or incurred but not paid reserve. We are working through the final backlogs and inventories that we have and anticipate seeing that number improve.

Our administrative expense for the month is favorable. As part of our MLR filing, we were able to move dollars from our admin spend to medical costs. This does not impact on our net income. CFO Dersch noted that through the claims cleanup we have not had payment integrity, which is going back and validating what we paid to the providers was an accurate amount. This will resume this year, and we also have not had prior authorization to claim matching which will be going live February 1.

From a year-to-date perspective, this is the stub period (July through December of 2025) we are at a \$36.8 million deficit which is not where we thought we would be. We thought we would have a small surplus. Part of the challenge was that revenue take back that was not anticipated. There are also interest expenses that we are incurring for claims paid greater than forty-five days, this is also adding to the deficit. She stated that there has been a great change in the management of medically tailored meals, and we expect to see improvements in those costs soon. Historically there are retro rate increases in long-term care that there is no way we can anticipate every month that impacts us. Beginning 2026 we will no longer have retroactive long-

term care rate increases, instead we will know in time and be able to establish a reserve instead of being retroactive.

At the end of November our TNE was at 570% of the minimum required amount, which is still healthy. CFO Dersch noted that the regulators expect us to hold at approximately 500%.

Our membership continues to be favorable. We continue to monitor our administrative costs and hold those in line wherever we can. We had a total net income loss for the month of \$8.3 million versus the budgeted \$4 million.

CFO Dersch stated from a year-to-date perspective the long-term care and some of the outpatient services are influenced by the IBNP. We have also called out the home and community-based services, which are \$19.3 million unfavorable from a year-to-date basis, which is primarily the medically tailored meals.

CFO Dersch noted that the interest expense that we are paying on our aged claims are averaging approximately \$420,000 per month on our interest expense. We do anticipate this number will come down, it still is a significant dollar amount that has influenced our deficit, and we could have spent better uses elsewhere.

Paul Aguilar, Chief of Human Resources & Organization Performance Officer, reviewed labor expense. He stated that we have an active head count of 477 in the organization. We are close to our target. We have 142 contingent laborers, fifteen temps and 127 contractors. Most of the contractors are with our D-SNP, and we anticipate they will be exiting at the end of March. The contingent labor will continue. Commissioner Espinosa asked if GCHP was in a hiring freeze. MR. Aguilar stated that he is calling it a “pause” while we work on stabilizing operations. A process was built that if there is escalation, it is run through CEO Nunez.

Commissioner Espinosa asked if we are required to report our TNE annually or on the fiscal year or quarterly. CFO Dersch stated we report quarterly. There are required regulatory filings that are quarterly for both DHCS and DMHC and we will be reporting to CMS now that we are live with our Medicare product.

Commissioner Abbas motioned to approve the November Financials. Commissioner Corwin seconded the motion.

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Laura Espinosa, and Dee Pupa

NOES: None.

ABSENT: Commissioner Anna Monroy

The clerk declared the motion carried.

### **3. 2026 Budget**

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Receive and recommend that the Commission approve the 2026 budget.

Sara Dersch, Chief Financial Officer, stated she wanted to share what we can expect this year. In October our 2026 targets, budget targets were presented, and we got feedback from the Commission. We have now incorporated some of the recommendations made by this commission.

We are projecting an 86.3%MLR and projecting a 10.2 administrative cost ratio. We are planning to stick close to these targets, if possible, improve them over the year. The Executive Team has collaborated closely with other key leaders in developing actions, the levers that we can pull should our membership change drastically than what we are currently projecting. We are projecting a break-even budget with most of what we normally want to keep as retained savings to use in future years. Instead, we are using that to fully fund our quality programs with hospitals and providers. A final change is that we now have a Medicare line that will influence our final consolidated spend for the year.

We will be watching membership material changes, and if they change, we will present a reforecast to the commission. The changes could be increased membership or decreased membership. We will have the hiring pause until we get better clarification on the disposition of our members. We are on that pause for the next one or two months and then we will have a better idea and better confidence in what our membership is going to be. We can either open and fill some of the open positions or we can continue the pause.

CEO Nunez stated we anticipate a challenging year. We are also preparing ourselves for 2027 and 2028, which are going to be much more difficult years regarding enrollment. We need to retain membership – that is important to us. Membership drives revenue. Retaining membership is going to be a key part of the work this year. Commissioner Pupa stated we have had challenges before, but this is unlike anything we have experienced. Regarding the budget, she asked if there was a way to put a disclaimer on the budget that would be fluid because we are going to need to flex and change direction depending on if funding loosens up or tightens. She stated she would

have for us to be nailed down to a budget and then end up being way off. She would like to see flexibility or a fluid budget.

CFO Dersch stated that is why we are going to do reforecasts every quarter because it does change, and we cannot hold ourselves to manage to metrics and dollars that we established in January when July comes. It is a vastly different membership picture. We have already begun to identify levers that we can pull to ensure that we maintain our medical loss ratio at approximately 86.3% and our administrative loss ratio at 10.2%. If we can do that, then we are putting as much money back into the community and into the providers, as well as quality programs. It is key that we monitor and have plans ready to go so that we are not trying to figure out how to mitigate so that come mid-year we are in front of it and working on it. Commissioner Pupa asked if when we do the projections, will we be adjusting the budget or adjusting the projections. CFO Dersch stated we will be adjusting the budget. She went on to say that when she says reforecast, it is a new budget. We will report on our results versus the original budget versus budget established in quarter two, budget established in quarter three, so we track the trend of our key indicators. We will report on those indicators monthly. We want to anticipate and develop a game plan. We have already developed the hiring pause, which is part of the plan for what is to come in 2026 and use in 2027 and beyond if the indicators are trending in a negative direction. Enrollment is going to be a key indicator which we will be watching closely and reporting to Commission. Commissioner Corwin asked if CFO Dersch will be modifying the budget or just keeping track with a forecast spreadsheet and keeping the Commission involved. CFO Dersch stated you have the original budget, and we are holding true to our MLR and our Admin. If we hold true to those percentages then we will ensure we have a positive net income for Medi-Cal products. Commissioner Corwin then stated the budget would functionally stay intact. CFO Dersch stated he is correct, and we will ensure we have fiscal rigor and discipline. She stated that she was hoping for a fluid budget. She noted that all our providers will be going through a challenging time too. It is hard to do projections, if we keep a fluid budget, we can adjust as we go. We want to be flexible with the constant change in landscape. As we go through the year and we learn what our trends are, as membership changes, we keep those in line, and we will continue to support the providers and the community to the extent that is feasible for us. This will be a constant conversation every time the Commission meets. We need to manage our business over the remainder of the year.

Besides administrative expense, there are other metrics we will watch closely – enrollment by category of aid is critical; it will tell us the needs of our members. We are watching the spend by categories of service. We need to stick to our budgeted amounts and lean on the conservative side.

CFO Dersch stated she had good news from an enrollment perspective. She noted that we have the best attrition rates out of all the plans, and this reflects the work that

we are doing. We work hard to keep members re-enrolled in a timely manner, especially now that the UIS population cannot re-enroll if they drop from the roster. This is critical work, and we have budgeted for additional work to help with re-determination. Our RISE grants will focus on enrollment for this year and next year because there will be more challenges in 2027 and 2028. The right path for us is to be able to ensure that we are resilient going through this year and it is also critical for managing our future medical costs. She noted that we are adding \$1 million to the RISE Grant program, and if we can add more, we will. CFO Dersch stated that we will also be looking at the value we get from our vendors. We will not only look at the value but also opportunities to enhance the value.

CFO Dersch stated she wanted to review the Medicare budget. Currently we are projecting 1200 members by year end. This is a conservative number. We have passed the 400-member threshold, and we are only a few weeks into the new year, so it is a good start. From a premium revenue perspective, we are looking at approximately \$18.5 million in revenue. Our admin expense is what is currently driving the deficit. We are projecting a \$11 million deficit for this program. We should cross into profitability when we have between 9,000 to 10,000 members, and we capture the accurate risk score. That will ensure that we are receiving enough dollars in premiums to cover expected costs. From a consolidated perspective our net income will be a deficit of \$8.7 million, which is small. Our TNE will be between 520% to 550%, which is still healthy.

Commissioner Abbas motioned to approve the 2026 Proposed Budget. Commissioner Pupa seconded the motion.

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Laura Espinosa, and Dee Pupa

NOES: None.

ABSENT: Commissioner Anna Monroy

The clerk declared the motion carried.

#### **4. Revision to Tangible Net Equity (TNE) Policy**

Staff: Sara Dersch, Chief Financial Officer

**RECOMMENDATION:** Staff requests that the Executive Finance committee recommends the Commission approve the revision of the TNE policy.

Sara Dersch, Chief Financial Officer, stated there have been some federal challenges. She believes it would be appropriate to modify our TNE policy to be one that both protects the assets that we need to remain fiscally viable but also gives us flexibility to reach out and work with our community partners, the providers and with other organizations to ensure quality care to our members. The current policy was set in 2024 by the commission. It was to maintain a 700% tangible net equity. With the challenges we are facing the 700% is not feasible. Our recommendation is that we target a range of 500 to 700%, TNE is fluid, and it changes every day based on how much cash we have and what our IBNR is. This range is a healthy range, and it will provide us with a safety net that we need should there be an unexpected occurrence.

This will give us flexibility to partner with our providers on quality improvements and to grow other programs. We will continue to grow Medicare as well. This will give us flexibility to serve the county as we all see fit.

Commissioner Pupa motioned to approve the revision to the TNE policy. Commissioner Abbas seconded the motion.

Roll Call Vote:

**AYES:** Commissioners Anwar Abbas, James Corwin, Laura Espinosa, and Dee Pupa

**NOES:** None.

**ABSENT:** Commissioner Anna Monroy

The clerk declared the motion carried.

## 5. **2025 Stub Period Audit Kick-Off**

Staff: Sara Dersch, Chief Financial Officer  
Baker Tilly Representatives

RECOMMENDATION: Receive and file the information

Stelian Damu of Baker Tilly, along with his colleagues were going to present the plan for the six-month audit for the ending period of December 2025.

Kimberly Sokoloff of Baker Tilly reviewed the scope of services that they will provide to the health plan. The audit services are for the six-month period ending December 31, 2025. She noted that they are required under professional auditing standards to identify certain areas of the financial statements to go a bit deeper in applying audit procedures over the specific term that is required to be used as significant risks. This does not imply there are any vulnerabilities in these areas in the organization. With a six-month period, the statement of operations, the revenues, and the expense amounts are half of what they typically are. There may be a need to ask questions and perform procedures that have not been needed in the past. With the stub period there will be six to eight months of claims payment data which should suffice to allow a conclusion on the reasonableness of management's method.

Ashley Merda of Baker Tilly stated that during the prior year audit there was a significant deficiency surrounding a high volume of post closed journal entries driven by various reasons. It was acknowledged that the accounting and finance team observed turnover around the financial annual close which caused a strain on the team. Management has been working to remediate these issues for the current period audit.

Baker Tilly is in constant communication with management regarding proposed adjustments, recommendations for improvement and any additional fees that may be incurred.

The Committee went into Closed Session at 4:40 p.m.

## **CLOSED SESSION**

### **6. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: Chief Executive Officer.

### **7. CONFERENCE WITH LABOR NEGOTIATORS**

Agency designated representatives: Paul Agular, Chief Human Resources and  
Organizational Performance Officer

Unrepresented Employee: Chief Executive Officer

## **ADJOURNMENT**

There was no reportable action. The meeting adjourned at 5:14 p.m.

Approved:

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Maddie Gutierrez, MMC  
Clerk to the Commission

**Ventura County Medi-Cal Managed Care Commission (VCOMMCC)  
Executive/Finance Committee  
Special Meeting via Teleconference**

**February 19, 2026**

**CALL TO ORDER**

Committee Vice Chair Dee Pupa called the meeting to order at 3:02 p.m. The meeting was held virtually. The Clerk was in the Community Room, 711 East Daily Drive Suite 110, Camarillo, California.

**ROLL CALL**

Present: Commissioners Anwar Abbas, Anna Monroy, and Dee Pupa

Absent: Commissioners James Corwin, and Laura Espinosa

GCHP Staff in attendance: CEO Felix Nunez, M.D., CHR Paul Aguilar, Holly Krull, Sr. Director of Strategy & Operations, and General Counsel, Scott Campbell.

**PUBLIC COMMENT**

None.

The Committee went into Closed session at 3:04 p.m.

**CLOSED SESSION**

Commissioner Corwin joined the meeting at 3:07 p.m.

Commissioner Espinosa joined the meeting at 4:12 p.m.

- 1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**  
Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:  
One case.
- 2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
Title: Chief Executive Officer.

## **ADJOURNMENT**

No reportable action. The meeting adjourned at 4:36 p.m.

Approved:

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Maddie Gutierrez, MMC  
Sr.Clerk to the Commission



**AGENDA ITEM NO. 2**

TO: Executive Finance Committee  
FROM: Jeff Register, Interim Chief Financial Officer / Controller  
DATE: April 23, 2026  
SUBJECT: Baker Tilly Audit Information

**PowerPoint with  
Verbal Presentation**

**ATTACHMENTS:**

*Baker Tilly Documents*

**DRAFT**  
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Report of Independent Auditors  
and Financial Statements

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan**

For the Period July 1, 2025, to December 31, 2025, and Year Ended  
June 30, 2025

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**Management's Discussion and Analysis**

**DRAFT**  
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# Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan Management's Discussion and Analysis

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The intent of the Management's Discussion and Analysis is to provide readers with an overview of the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan's (GCHP or the Plan) financial activities for the six-month period ended December 31, 2025 and fiscal year ended June 30, 2025. This overview is provided in conjunction with the Plan's six-month period ended December 31, 2025 and fiscal year ended June 30, 2025, financial statements. Readers should review this overview in conjunction with GCHP's financial statements and accompanying notes to the financial statements to enhance their understanding of the financial performance.

## Gold Coast Health Plan Overview

On June 2, 2009, the Ventura County Board of Supervisors approved the implementation of a county-organized health system (COHS) model to transition Ventura County Medi-Cal members from a fee-for-service model to a managed care model. Ordinance No. 4409 (April 2010) established the Ventura County Medi-Cal Managed Care Commission as an oversight entity. The Commission's 12 members oversee a single plan—Gold Coast Health Plan—to serve Ventura County Medi-Cal beneficiaries.

As a COHS, the Plan has an exclusive contract (the Contract) with the State of California (the State) Department of Health Care Services (DHCS) to arrange for the provision of health care services to Ventura County's approximately 240,000 Medi-Cal beneficiaries at December 31, 2025. The Plan receives virtually 100% of its revenue in the form of capitation from the State of California.

## Overview of the Financial Statements

This annual report consists of financial statements and notes to those statements, which reflect GCHP's financial position and results of operations for the six-month period ended December 31, 2025 and fiscal year ended June 30, 2025. The financial statements of GCHP include the statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements.

- The statements of net position include all GCHP's assets and liabilities, using the accrual basis of accounting.
- The statements of revenues, expenses, and changes in net position present the results of operating activities during the fiscal year and the resulting change in net position.
- The statements of cash flows report on the net cash provided by operating activities, as well as other sources, and uses of cash from investing, capital, and related financing activities.

The following discussion and analysis addresses GCHP's overall program activities.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Management's Discussion and Analysis**

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**Financial Highlights**

The table below presents condensed statements of net position of the Plan as of December 31, 2025, and June 30, 2025, and 2024:

**Table 1 – Condensed Statements of Net Position as of Fiscal Periods Ended**  
(Dollars in Thousands)

	December 31, 2025	June 30,		Change			
		2025	2024	December 31, 2025 - June 30, 2025		June 30, 2025 - 2024	
				Amount	Percentage	Amount	Percentage
<b>ASSETS</b>							
Current assets and other assets	\$ 674,178	\$ 727,607	\$ 757,240	\$ (53,429)	(7.3)%	\$ (29,633)	(3.9)%
Capital assets, net	175	295	553	(120)	(40.7)%	(258)	(46.7)%
<b>Total assets</b>	<b>\$ 674,353</b>	<b>\$ 727,902</b>	<b>\$ 757,793</b>	<b>\$ (53,549)</b>	<b>(7.4)%</b>	<b>\$ (29,891)</b>	<b>(3.9)%</b>
<b>LIABILITIES</b>							
Current liabilities	\$ 404,712	\$ 402,869	\$ 391,342	\$ 1,843	0.5 %	\$ 11,527	2.9 %
Noncurrent liabilities	23,231	25,180	3,677	(1,949)	(7.7)%	21,503	584.8 %
<b>Total liabilities</b>	<b>427,943</b>	<b>428,049</b>	<b>395,019</b>	<b>(106)</b>	<b>(0.0)%</b>	<b>33,030</b>	<b>8.4 %</b>
<b>NET POSITION</b>							
Invested in capital assets	26,343	295	553	26,048	8829.8 %	(258)	(46.7)%
Restricted net position	322	316	-	6	100.0 %	316	0.0 %
Unrestricted net position	219,745	299,242	362,221	(79,497)	(26.6)%	(62,979)	(17.4)%
<b>Total net position</b>	<b>246,410</b>	<b>299,853</b>	<b>362,774</b>	<b>(53,443)</b>	<b>(17.8)%</b>	<b>(62,921)</b>	<b>(17.3)%</b>
<b>Total liabilities and net position</b>	<b>\$ 674,353</b>	<b>\$ 727,902</b>	<b>\$ 757,793</b>	<b>\$ (53,549)</b>	<b>(7.4)%</b>	<b>\$ (29,891)</b>	<b>(3.9)%</b>

**Six-month Period Ended December 31, 2025**

- As of December 31, 2025 and June 30, 2025, total assets were \$674,353,000 and \$727,902,000, respectively, a decrease of \$53,549,000 or 7.4% due to a decreases in the Medi-Cal receivable from the State and provider receivables and prepaid expenses and other assets, partially offset by increases in cash and cash equivalents and Intangible right to use subscription assets.
- Total liabilities as of December 31, 2025, \$427,943,000, were flat compared with \$428,049,000 as of June 30, 2025. Decreases in medical claims liability and accounts payable were offset by increases payable to the State of California, accrued expenses and capitation payable.
- The Plan's total net position decreased by \$53,443,000, or 17.8%, during the six-month period ended December 31, 2025. This decrease in net position was primarily attributable to the impact of the Calendar Year 2024 UIS Risk Corridor, estimated provider settlements and increased medical expenses.
- Tangible Net Equity (TNE) at December 31, 2025, was 510% of the DHCS required minimum of \$48,329,000.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Management's Discussion and Analysis**

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**Fiscal Year 2025**

- As of June 30, 2025 and 2024, total assets were \$727,902,000 and \$757,793,000, respectively, a decrease of \$29,891,000 or 3.9% due to a decrease in cash and cash equivalents partially offset by increases in the Medi-Cal receivable from the State and provider receivables.
- Total liabilities as of June 30, 2025, were \$428,049,000 compared with \$395,019,000 as of June 30, 2024, an 8.4% increase. The increase was primarily driven by an increase in medical claims liability because of short-term delays in claims payments due to the implementation of major new operational technological infrastructure.
- The Plan's total net position decreased by \$62,921,000, or 17.3%, during fiscal year 2025. This planned decrease in net position was attributable to a commitment to community reinvestment through the use of provider quality incentives tied directly to State thresholds as defined by the California Department of Healthcare Services' Managed Care Accountability Set metrics, grants to support local placement of clinical specialists, continued investment in GCHP's technological infrastructure, and the operational readiness to support a mandated Medicare Dual-Special Needs Program line of business required by January 1, 2026.
- Tangible Net Equity (TNE) at June 30, 2025, was 647% of the DHCS required minimum of \$46,327,000.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
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**Results of Operations**

As mentioned above, GCHP's six-month period ended December 31, 2025, operations and nonoperating revenues and expenses, net, resulted in a \$53,443,000 decrease in net position. As mentioned above, GCHP's fiscal year 2025 operations and nonoperating revenues and expenses, net, resulted in a \$62,921,000 decrease in net position. The following table shows the changes in revenues and expenses for six-month period ended December 31, 2025, compared to fiscal year 2025 and 2025 compared to 2024:

**Table 2 – Revenues, Expenses, and Changes in Net Position for**  
(Dollars in Thousands)

	December 31, 2025	June 30, 2025	2024	Change			
				December 31, 2025 - June 30, 2025		June 30, 2025 - 2024	
				Amount	Percentage	Amount	Percentage
Capitation revenues	\$ 778,464	\$1,545,925	\$1,488,842	\$(767,461)	(49.6)%	\$ 57,083	3.8 %
Total operating revenues	778,464	1,545,925	1,488,842	(767,461)	(49.6)%	57,083	3.8 %
Provider capitation	50,694	93,841	101,503	(43,147)	(46.0)%	(7,662)	(7.5)%
Claim payments to providers and facilities	462,597	910,836	805,271	(448,239)	(49.2)%	105,565	13.1 %
Other medical	31,166	36,246	44,720	(5,080)	(14.0)%	(8,474)	(18.9)%
Reinsurance, net of recoveries	2,504	1,241	(6,615)	1,263	101.8 %	7,856	(118.8)%
Total health care expenses	546,961	1,042,164	944,879	(495,203)	(47.5)%	97,285	10.3 %
Salaries, benefits, and compensation	30,615	50,427	43,968	(19,812)	(39.3)%	6,459	14.7 %
Professional fees	37,572	79,716	76,398	(42,144)	(52.9)%	3,318	4.3 %
General administrative fees	9,367	22,057	9,588	(12,690)	(57.5)%	12,469	130.0 %
Supplies, occupancy, insurance, and other	1,027	2,830	2,124	(1,803)	(63.7)%	706	33.2 %
Premium tax	204,788	410,247	422,751	(205,459)	(50.1)%	(12,504)	(3.0)%
Depreciation	4,661	14,782	4,114	(10,121)	(68.5)%	10,668	259.3 %
Total administrative expenses	288,030	580,059	558,943	(292,029)	(50.3)%	21,116	3.8 %
Total operating expenses	834,991	1,622,223	1,503,822	(787,232)	(48.5)%	118,401	7.9 %
Operating (loss) income	(56,527)	(76,298)	(14,980)	19,771	(25.9)%	(61,318)	409.3 %
Interest income	6,794	18,555	19,155	(11,760)	(63.5)%	(600)	(3.2)%
Interest expense	(3,710)	(5,178)	(1,353)	1,468	(28.4)%	(3,825)	282.7 %
Total nonoperating revenues and expenses, net	3,084	13,377	17,802	(10,293)	(77.1)%	(4,425)	(24.9)%
(Decrease) increase in net position	(53,443)	(62,921)	2,822	9,478	(15.1)%	(65,743)	(2329.7)%
Total net position, beginning of year	299,853	362,774	359,952	(62,921)	(17.3)%	2,822	0.8 %
Total net position, end of year	\$ 246,410	\$ 299,853	\$ 362,774	\$ (53,442)	(17.8)%	\$ (62,921)	(17.3)%

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Management’s Discussion and Analysis**

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**Enrollment, Capitation Revenue, and Health Care Expenses**

**Enrollment**

Enrollment is divided into aid categories, which correspond to specific rates of capitation to be received by the Plan from the State. During the six months ended December 31, 2025, the Plan served an average of 240,328 members per month, compared to an average of 244,294 members per month in fiscal year 2025 and 249,944 per month in fiscal year 2024. The enrollment changes from fiscal year 2025 to December 31, 2025 are attributed to the impact of normal population fluctuations as well as the impact of external actions, including legislation and immigration enforcement. The enrollment changes from fiscal year 2024 to 2025 are attributed to normal population fluctuations.

**Table 3 – Medi-Cal Enrollment by Aid Category**  
(Shown as Average Member Months)

Enrollment Category	December 31,	June 30,	
	2025	2025	2024
Child	83,843	87,388	92,023
Adult	37,912	39,208	40,260
Adult Expansion	80,113	80,935	82,524
Seniors and Persons with Disabilities (SPD)	11,382	11,317	11,454
SPD - Dual	26,324	24,705	22,968
Long Term Care (LTC)	50	60	54
LTC - Dual	704	681	661
Total average monthly enrollment	240,328	244,294	249,944

Significant aid categories are defined as follows:

1. Child: Qualifying members under age 21.
2. Adult: Qualifying members between the ages of 21 and 64.
3. Adult Expansion (AE): Refers to members who became eligible for the Medi-Cal program effective January 1, 2014, as a result of the implementation of the Affordable Care Act (ACA) and the expanded eligibility criteria for Medicaid.
4. Senior and Persons with Disabilities (SPD)\*: Includes individuals who are 65 years of age and older who receive supplemental security income (SSI) checks, or are medically needy if their income and resources are within the Medi-Cal limits, and individuals who met the criteria for disability set by the Social Security Administration and the State Program-Disability and Audit Program Division.
5. Long-Term Care (LTC)\*: Includes frail, elderly, nonelderly adults with disabilities and children with developmental disabilities, and other disabling conditions requiring long-term care services.

\* “Dual” coverage refers to enrollees who are eligible for both Medi-Cal and Medicare Parts A, B, and D.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Management's Discussion and Analysis**

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**Six-month period ended December 31, 2025**

**Capitation Revenue**

Capitation revenue (capitation received by the Plan from the State) is determined by rates set by the State at the beginning of the plan year and generally are effective for the entire year. The State may, on occasion, provide updated rates during the fiscal year. Total revenue for the six months ended December 31, 2025, was \$778,464,00, a 49.6% decrease from fiscal 2025 due to a 6 month period of time.

Extrapolated to a full 12 months, this would be \$1,556,928,000 and represents a 0.7% rate increase from the prior year. The increase was primarily attributable to a general increase in expected medical costs.

Note that the capitation revenue was reduced by \$21,124,000 related to the impact of the Calendar Year 2024 UIS Risk Corridor.

**Health Care Expenses**

Aggregate health care expenses for the six months ended December 31, 2025, were \$546,961,000, a 47.5% decrease from fiscal 2025 due to a 6 month period of time. Extrapolated to a full 12 months, this would be \$1,093,923,000 compared to \$1,042,165,000 in fiscal year 2025, which represents an increase of 5.0%. The Plan's medical loss ratio, or health care expenses as a percent of operating revenues (net of MCO taxes), was 95.3% in the six months ended December 31, 2025, compared to 91.8% in fiscal year 2025. Note that the health care expenses include \$13,555,000 in estimated provider settlement expenses.

Note the following regarding the components of health care expenses:

1. Provider capitation represents monthly payments for members assigned to primary care providers who have agreed to accept risk to provide specific services (when needed) to their members. Rates are fixed by contract and are generally known at the beginning of the fiscal year. Capitation expense for the six months ended December 31, 2025, was \$50,694,000, a 46.0% decrease from fiscal 2025 due to a 6 month period of time. Extrapolated to a full 12 months, this would be \$101,388,000, or \$7,547,000 higher than in fiscal year 2025. The increase was primarily due to an increase in the capitation rates paid to providers, partially offset by a decrease in capitated membership.
2. Other medical, including care management expense was \$31,166,000 for the six months ended December 31, 2025, a 14.0% decrease from fiscal 2025 due to a 6 month period of time, and includes \$13,555,000 in estimated one-time provider settlement expenses. Excluding the one-time expenses and extrapolating to a full 12 months, this would be \$35,222,000, or \$1,024,000 and 2.8% lower than in fiscal year 2025.
3. Total reinsurance, net of recoveries and provider refunds resulted in a \$2,504,000 increase to health care expenses in the six months ended December 31, 2025, versus a \$1,241,000 increase in fiscal year 2025.

# Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan Management's Discussion and Analysis

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## Administrative Expenses

Total administrative expenses were \$288,029,000 for the six months ended December 31, 2025, a 50.3% decrease from fiscal 2025 due to a 6 month period of time. Extrapolated to a full 12 months, this would be \$576,058,000 compared to \$580,059,000 in fiscal year 2025, for a decrease of \$4,001,000. The decrease was driven by a decrease in depreciation and amortization expense, partially offset by continuing development of an infrastructure to support the required Medicare Dual-Special Need Program line of business to be offered effective January 1, 2026.

## Fiscal Year 2025

### Capitation Revenue

Capitation revenue (capitation received by the Plan from the State) is determined by rates set by the State at the beginning of the plan year and generally are effective for the entire year. The State may, on occasion, provide updated rates during the fiscal year. Total revenue for fiscal year 2025 was \$1,545,925,000, a 3.8% increase from the prior year. The increase was primarily attributable to a general increase in expected medical costs.

### Health Care Expenses

Aggregate health care expenses were \$1,042,164,000 in fiscal year 2025, compared to \$944,879,000 in fiscal year 2024, which is an increase of 10.3%. The Plan's medical loss ratio, or health care expenses as a percent of operating revenues (net of MCO taxes), was 91.8% in fiscal year 2025, compared to 88.6% in fiscal year 2024. Note that the health care expenses include \$36,200,000 in provider incentives and grants.

Note the following regarding the components of health care expenses:

1. Provider capitation represents monthly payments for members assigned to primary care providers who have agreed to accept risk to provide specific services (when needed) to their members. Rates are fixed by contract and are generally known at the beginning of the fiscal year. Capitation expense for fiscal year 2025 was \$93,841,000 or \$7,662,000 lower than in fiscal year 2024. The decrease was primarily due to lower capitated membership than the prior year.
2. Other medical, including care management, expense was \$36,246,000 in fiscal year 2025, or \$8,474,000 and 18.9% lower than in fiscal year 2024. The continued material spend was primarily due to the continuation of the Quality Incentive Pool and Program.
3. Total reinsurance, net of recoveries and provider refunds resulted in a \$1,241,000 increase to health care expenses in fiscal year 2025, versus a \$6,615,180 reduction in fiscal year 2024.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Management’s Discussion and Analysis**

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**Administrative Expenses**

Total administrative expenses were \$580,059,000 in fiscal year 2025, compared to \$558,943,000 in fiscal year 2024, for an increase of \$21,116,000. The increase was predominantly due staffing and augmentation associated with the supporting the new claims and enrollment processing capabilities that went live on July 1, 2024. To a lesser extent, the operational and technological development of an infrastructure to support the required Medicare Dual-Special Need Program line of business to be offered effective January 1, 2026, also influenced the increase in administrative expenses.

**Tangible Net Equity**

GCHP is required by DHCS to maintain certain levels of TNE. Regulatory TNE levels are determined by formula and are based on specified percentages of revenue and medical expenses. Driven by its operating performance, the Plan’s TNE at December 31, 2025, was \$246,410,000, which exceeded the required TNE amount of \$48,329,000. The Plan’s TNE at June 30, 2025, was \$299,853,000, which exceeded the required TNE amount of \$46,327,000.

**Table 4 – Tangible Net Equity (TNE)**  
(Dollars in Thousands)

	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Actual TNE, beginning balance	\$ 299,853	\$ 362,774	\$ 359,952
Change in net position	<u>(53,443)</u>	<u>(62,921)</u>	<u>2,822</u>
Actual TNE, ending balance	<u>\$ 246,410</u>	<u>\$ 299,853</u>	<u>\$ 362,774</u>
Required TNE	<u>\$ 48,329</u>	<u>\$ 46,327</u>	<u>\$ 37,010</u>

**Requests for Information**

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of GCHP’s operations. If the reader has questions or would like additional information about GCHP, please direct the request to GCHP, 711 East Daily Drive, Suite 106, Camarillo, CA 93010, or call 805-437-5500.

## Report of Independent Auditors

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## **Financial Statements**

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**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Statements of Net Position  
December 31, 2025 and June 30, 2025**

	December 31, 2025	June 30, 2025
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 312,068,151	\$ 290,718,208
Short-term investments	106,685,365	104,396,027
Capitation receivable	156,518,148	213,250,889
Provider receivables	13,571,218	34,764,364
Reinsurance and other receivables	9,631,292	9,357,192
Prepaid expenses and other assets	18,607,280	29,928,112
Total current assets	617,081,454	682,414,792
RESTRICTED DEPOSIT	321,510	315,518
CAPITAL ASSETS, net	174,371	294,447
INTANGIBLE RIGHT TO USE LEASE, net of accumulated amortization	1,742,361	2,326,265
INTANGIBLE RIGHT TO USE SUBSCRIPTION, net of accumulated amortization	55,032,872	42,550,737
Total assets	\$ 674,352,568	\$ 727,901,759
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Medical claims liability	\$ 155,298,660	\$ 205,452,176
Capitation payable	21,796,691	7,526,516
Payable to the State of California	59,126,121	36,908,360
Accounts payable	-	6,704,869
Accrued payroll and employee benefits	10,929,318	9,850,497
Accrued premium tax	106,146,397	105,862,040
Accrued expenses and other	44,037,425	23,528,657
Current portion of lease and subscription liability	7,376,788	7,035,804
Total current liabilities	404,711,400	402,868,919
LEASE AND SUBSCRIPTION LIABILITY, net of current portion	23,230,757	25,180,339
Total liabilities	427,942,157	428,049,258
<b>NET POSITION</b>		
Net invested in capital assets	26,342,059	294,447
Restricted	321,510	315,518
Unrestricted net position	219,746,842	299,242,536
Total net position	246,410,411	299,852,501
Total liabilities and net position	\$ 674,352,568	\$ 727,901,759

See accompanying notes.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Period from July 1, 2025 to December 31, 2025 and Year Ended June 30, 2025**

	<u>Six Months Ended December 31, 2025</u>	<u>Year Ended June 30, 2025</u>
<b>OPERATING REVENUES</b>		
Capitation revenues	\$ 778,463,987	\$1,545,925,340
Total operating revenues	<u>778,463,987</u>	<u>1,545,925,340</u>
<b>OPERATING EXPENSES</b>		
Health care expenses		
Provider capitation	50,694,364	93,841,260
Claim payments to providers and facilities	462,596,963	910,835,843
Other medical	31,166,117	36,246,182
Reinsurance, net of recoveries	<u>2,503,916</u>	<u>1,241,262</u>
Total health care expenses	<u>546,961,360</u>	<u>1,042,164,547</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries, benefits, and compensation	30,614,649	50,427,447
Professional fees	37,571,631	79,715,691
General administrative fees	9,366,522	22,056,617
Supplies, occupancy, insurance, and other	1,026,796	2,830,108
Premium tax	204,788,367	410,247,122
Depreciation and amortization	<u>4,661,352</u>	<u>14,782,481</u>
Total administrative expenses	<u>288,029,317</u>	<u>580,059,466</u>
Total operating expenses	<u>834,990,677</u>	<u>1,622,224,013</u>
Operating loss	<u>(56,526,690)</u>	<u>(76,298,673)</u>
<b>NONOPERATING REVENUES AND EXPENSES, NET</b>		
Interest income	6,794,265	18,554,583
Interest expense	<u>(3,709,665)</u>	<u>(5,177,860)</u>
Total nonoperating revenues and expenses, net	<u>3,084,600</u>	<u>13,376,723</u>
Decrease in net position	(53,442,090)	(62,921,950)
NET POSITION, beginning of year	<u>299,852,501</u>	<u>362,774,451</u>
NET POSITION, end of year	<u>\$ 246,410,411</u>	<u>\$ 299,852,501</u>

See accompanying notes.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Statements of Cash Flows**

**Period from July 1, 2025 to December 31, 2025 and Year Ended June 30, 2025**

	Six Months Ended December 31, 2025	Year Ended June 30, 2025
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Capitation revenues received	\$ 857,414,488	\$ 1,487,099,691
Reinsurance premiums paid	(2,503,916)	(4,633,735)
Payments to providers and facilities	(559,375,422)	(1,018,606,714)
Payments of premium tax	(204,504,010)	(443,154,219)
Payments of administrative expenses	(52,375,863)	(141,216,182)
	<u>38,655,277</u>	<u>(120,511,159)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(20,000)	(88,451)
Interest payments	(3,709,665)	(5,177,860)
Payments on subscription liability	(16,954,992)	(26,626,794)
Payments on lease liability	(757,776)	(1,423,798)
	<u>(21,442,433)</u>	<u>(33,316,903)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of deposit	(321,510)	(315,518)
Interest income	4,458,609	13,887,483
	<u>4,137,099</u>	<u>13,571,965</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>21,349,943</b>	<b>(140,256,097)</b>
Cash and cash equivalents, beginning of year	290,718,208	430,974,305
Cash and cash equivalents, end of year	<u>\$ 312,068,151</u>	<u>\$ 290,718,208</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (56,526,690)	\$ (76,298,673)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation and amortization	4,661,352	14,782,481
Changes in assets and liabilities		
Receivables	77,698,104	(64,635,273)
Prepaid expenses and other assets	11,320,832	(662,476)
Medical claims liability	(50,153,516)	47,706,081
Capitation payable	14,270,175	(3,486,431)
Payable to the State of California	22,217,762	(19,485,928)
Accounts payable	(6,704,920)	2,032,918
Accrued premium tax	284,357	(32,907,097)
Accrued payroll and employee benefits	1,078,820	2,695,454
Accrued expenses and other	20,509,001	9,747,785
	<u>38,655,277</u>	<u>(120,511,159)</u>

See accompanying notes.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Notes to Financial Statements**

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**Note 1 – Organization and Operations**

Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan (GCHP or the Plan) is a county-organized health system (COHS) organized to serve Medi-Cal beneficiaries living in Ventura County, California. The formation of GCHP was approved by the Board of Supervisors of the County of Ventura in December 2009 through the adoption of Ordinance No. 4409.

As a COHS, GCHP maintains an exclusive contract (the Contract) with the State of California Department of Health Care Services (DHCS) to arrange for the provision of health care services to Ventura County's approximately 240,000 Medi-Cal beneficiaries. All of GCHP's revenues are earned from the State of California (the State) in the form of capitation payments. Revenue is primarily based on enrollment and capitation rates as provided for in the Contract. The Plan began providing services to Medi-Cal beneficiaries in July 2011. In August 2013, the State of California transferred the Healthy Families Program members in Ventura County into the Medi-Cal program, Targeted Low Income Program. In January 2014, the federal Affordable Care Act (ACA) expanded health coverage to certain adults age 19 or older and under 65 and resulted in new enrollment through Adult Expansion (AE) and other population groups. In January 2022, the DHCS launched a new program to improve the health and wellbeing of Medi-Cal members beyond traditional medical services, make services work together better, and improve the quality of services called California Advancing and Innovating Medi-Cal (CalAIM). Upon implementation of the program, the Plan began offering a new benefit, Enhanced Care Management (ECM), and new services called Community Supports.

**Note 2 – Compliance with the DHCS, Concentration Risk, Tangible Net Equity, and Restricted Net Position**

As a limited licensure plan under Knox-Keene Health Care Service Plan Act of 1975, GCHP is required to maintain a minimum deposit balance. As of December 31, 2025, and June 30, 2025, approximately \$322,000 and \$316,000, respectively, is presented as a restricted deposit and restricted net position on the accompanying statements of net position.

GCHP's contract with the DHCS includes several financial and nonfinancial requirements. As established by the contract, GCHP is required to meet and maintain a minimum level of tangible net equity (TNE). TNE is defined as the excess of total assets over total liabilities, excluding subordinated liabilities and intangible assets.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Notes to Financial Statements**

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Required and actual TNE are as follows:

	Six Months Ended December 31, 2025	Year Ended June 30, 2025
	(in thousands)	
Actual TNE, beginning balance	\$ 299,853	\$ 362,774
Change in net position	(53,443)	(62,921)
Reportable TNE	<u>\$ 246,410</u>	<u>\$ 299,853</u>
Required TNE	<u>\$ 48,329</u>	<u>\$ 46,327</u>

The ability of GCHP to continue as a going concern is dependent on its continued compliance with the DHCS requirements. The loss of this contract would have an adverse effect on GCHP's future operations.

**Note 3 – Summary of Significant Accounting Policies**

**Basis of presentation** – GCHP is a county-organized health system governed by a 12-member Ventura County Medi-Cal Managed Care Commission appointed by the Ventura County Board of Supervisors. Effective for the fiscal year ended June 30, 2011, GCHP began reporting as a discrete component unit of the County of Ventura, California. The County made this determination based on the County Board of Supervisors having the right to elect 100% of the GCHP Commissioners.

**Basis of accounting** – GCHP uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis, using the economic resources measurement focus. The accompanying financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB).

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair value of financial instruments** – The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these financial instruments. The carrying amounts reported in the statement of net position for capitation receivable, provider receivables, reinsurance and other receivables, prepaid expenses and other assets, medical claims liability, capitation payable, accounts payable, payable to the State of California, accrued payroll and employee benefits, accrued premium tax, and other liabilities approximate their fair values as they are expected to be realized within the next fiscal year.

**Cash and cash equivalents** – Cash and cash equivalents include highly liquid instruments purchased with an original maturity of three months or less when purchased.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Notes to Financial Statements**

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**Custodial credit risk-deposits** – Custodial credit risk is the risk that in the event of a bank failure, GCHP may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. As of December 31, 2025 and June 30, 2025, all accounts were covered by posted collateral.

**Investments** – Investments are stated at fair value in accordance with GASB Codification Section 150. The fair value of investments is estimated based on quoted market prices, when available. For debt securities not actively traded, fair values are estimated using values obtained from external pricing services or are estimated by discounting the expected future cash flows, using current market rates applicable to the coupon rate, credit, and maturity of the investments. Certain external investment pools are carried at amortized cost.

All investments with an original maturity of one year or less when purchased are recorded as current investments, unless designated or restricted for long-term purposes.

**Capitation receivable** – Capitation receivable represents capitation revenue for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, received subsequent to December 31, 2025 and June 30, 2025, respectively. Capitation receivable also includes final revenue rate adjustments based on communications from the DHCS. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering payment history, financial condition, and current economic conditions. Subsequent adjustments to the contracted rates or enrollments are recognized in the period the adjustment is determined.

**Provider receivables** – Provider receivables are recorded for all claim refunds or advance payments due from providers. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering payment history, financial condition, and current economic conditions. As of June 30, 2025, the provider receivable balance included approximately \$34,000,000 outstanding from a provider advance to a related party, which was paid in full during the six-month period ended December 31, 2025.

**Reinsurance** – In the normal course of business, the Plan seeks to reduce the loss that may arise from events that cause unfavorable medical claim results by reinsuring certain levels of risk in various areas of exposure with a reinsurer. Amounts recoverable from reinsurance are estimated in a manner consistent with the development of the medical claim liability.

Amounts recoverable from reinsurers that relate to paid claims are classified as assets and as a reduction to medical expenses incurred. Reinsurance premiums paid are included in medical expenses.

**Capital assets** – Capital assets are stated at cost at the date of acquisition. The costs of normal maintenance, repairs, and minor replacements are expensed when incurred. Capital assets acquired but not yet placed into service are reported as construction in progress. Construction-in-progress assets are not depreciated until they are placed into service.

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Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Long-lived assets are periodically reviewed for impairment. The estimated useful lives of three to seven years are used for furniture, fixtures, computer equipment, and software. Leasehold improvements are depreciated over the life of the lease or estimated useful life, whichever is shorter. Depreciation expense for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, was approximately \$140,000 and \$347,000, respectively.

Intangible right to use subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the Subscription-Based Information Technology Arrangements (SBITA) vendor at the commencement of the subscription term and capitalizable initial implementation costs, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets. Refer to Note 8 for additional information.

**Medical claims liability, capitation payable, and medical expenses** – GCHP establishes a claims liability based on estimates of the ultimate cost of claims in process and a provision for claims incurred but not yet reported, which is actuarially determined based on historical claims payment experience and other operational changes. In cases where adequate historical claims payment experience does not yet exist for a new population, a book-to-budget methodology is used in which GCHP relies on state-developed medical rates or medical loss ratios to estimate claims liabilities.

Such reserves are continually monitored and reviewed, with any adjustments made as necessary in the period the adjustment is determined. Management believes that the claims liability is adequate and fairly stated; however, this liability is based on estimates, and the ultimate liability may differ from the amounts provided.

GCHP has provider services agreements with several health networks in Ventura County, whereby the health networks provide care directly to covered members or through subcontracts with other health care providers. Payment for the services provided by the health networks is on a fully capitated basis. The capitation amount is based on contractually agreed-upon terms with each health network. GCHP may withhold amounts from providers at an agreed-upon percentage of capitation payments made to ensure the financial solvency of each contract. The capitation expense is included in provider capitation in the statements of revenues, expenses, and changes in net position.

Medical claims payments to a related party amounted to approximately \$71,103,000 and \$106,790,000 during the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively and are included in claim payments to providers and facilities on the accompanying statements of revenues, expenses, and changes in net position.

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**Payable to the State of California** – The liability as of December 31, 2025 and June 30, 2025, was approximately \$59,126,000 and \$36,908,000, respectively, due to State of California funding programs that have minimum Medical Loss Ratio (MLR) requirements and potential amounts due back to the State. The majority of the balance as of December 31, 2025 represents an estimate due back to the State of California for the Unsatisfactory Immigration Status risk corridor for the period January 1, 2024 through December 31, 2024, ECM risk corridor for the period of January 1, 2023 through December 31, 2025, and an estimate for premium rate adjustments and overpayments. The majority of the balance as of June 30, 2025, represents an estimate due back to the State of California for the ECM risk corridor for the period of January 1, 2023 through June 30, 2025, and an estimate for premium rate adjustments and overpayments. As of December 31, 2025 and June 30, 2025, the estimated amount due related to the ECM risk corridor was approximately \$17,749,000 and \$16,799,000, respectively. The liability may vary depending on actual claims experience and final reconciliation and audit results. This liability is presented in the payable to the State of California in the accompanying statements of net position.

**Accounts payable and accrued expenses** – GCHP is required to estimate certain expenses, including accrued payroll, payroll taxes, and professional services fees, as of each statement of net position date and make appropriate accruals based on these estimates. Estimates are affected by the status and timing of services provided relative to the actual level of services performed by the service providers. The date on which certain services commence, the level of services performed on or before a given date, and the cost of services are often subject to judgment. These judgments are based upon the facts and circumstances known at the date of the financial statements. For the periods presented in the financial statements, there were no material adjustments to the estimates for accrued payroll, payroll taxes, and professional services fees.

**Premium deficiency reserves** – GCHP performed an analysis of its expected future health care and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve would be accrued. A premium deficiency reserve was not required as of December 31, 2025 and June 30, 2025.

**Accrued compensated absences** – GCHP accrues compensated absences in accordance with GASB Statement No. 101, Compensated Absences (GASB 101) GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

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GCHP's policy permits eligible employees to accrue vacation based on their individual employment agreements. Unused vacation may be carried over into subsequent years, up to limits indicated in their employment agreements. Accumulated vacation will be paid to the employee upon separation from service with GCHP. All compensated absences are accrued and recorded in accordance with GASB 101 and are included in accrued payroll and employee benefits in the accompanying statements of net position. GCHP provides paid sick leave. Unused sick hours carry over from one year to the next. Unused time under this policy is not paid out at the time of separation from employment.

**Premium taxes** – On December 15, 2023, the Centers for Medicare and Medicaid Services (CMS) approved the MCO tax authorized by Assembly Bill 119 (Chapter 13, Statutes of 2023) and submitted by DHCS on June 29, 2023. The MCO tax was approved with an effective date of April 1, 2023, through December 31, 2026, as provided in AB 119 and requested by DHCS. The MCO tax model is based on enrollment in each applicable health plan using data for January 1, 2022, through December 31, 2022, year, as modified by DHCS, and for known or anticipated changes that will affect Medi-Cal enrollment on or after January 1, 2024. GCHP's MCO tax liability for the period July 1, 2025 to December 31, 2025, is approximately \$204,788,000, of which \$106,146,000 remains unpaid as of December 31, 2025. GCHP's MCO tax liability for the year ended June 30, 2025, is approximately \$410,247,000, of which \$105,862,000 remains unpaid as of June 30, 2025.

**Net position** – Net position is broken down into three categories, defined as follows:

*Net invested in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable (if any) to the acquisition, construction, or improvement of those assets.

*Restricted* – This component of net position consists of external constraints placed on net asset used by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. There was approximately \$322,000 and \$316,000 classified as restricted net position based upon constraints imposed by enabling legislation as of December 31, 2025 and June 30, 2025, respectively.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of "restricted" or "net invested in capital assets."

**Revenue recognition** – Capitation revenue received under the Contract is recognized during the period in which GCHP is obligated to provide medical service to the beneficiaries. This revenue is based on estimated enrollment provided monthly by the DHCS and capitation rates as provided for in the DHCS Contract. Enrollment and the capitation rates are subject to retrospective changes by the DHCS. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the DHCS for these retrospective changes in estimates. These estimates are continually monitored and reviewed, with any changes in estimates recognized in the period when determined.

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During the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, GCHP received approximately \$11,000 and \$21,742,000, respectively, of supplemental fee revenue from the DHCS as a hospital quality assurance fee (HQAF) as a result of SB 229. This program uses hospital fees assessed by the State to draw down federal matching funds, that are then distributed to qualifying hospitals.

DHCS implemented a managed care Designated Public Hospital (DPH) Quality Incentive Pool (QIP) that was expanded effective July 1, 2020, under which managed care plans were directed to make QIP payments tied to performance on designated performance metrics in four strategic categories: primary care, specialty care, inpatient care, and resource utilization. The QIP payments are linked to delivery of services under the managed care plan contracts and increase the amount of funding tied to quality outcomes. During the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, GCHP received approximately \$59,700,000 and \$119,818,000, respectively, in QIP payments.

DHCS also established a Directed Payments DPH Enhanced Payment Program (EPP) under which managed care providers were directed to reimburse California's 21 DPHs for network contracted services delivered by DPH systems, enhanced by either a uniform percentage or dollar increment based on actual utilization of network contracted services. The State will evaluate the extent to which enhanced payments are achieving the goals identified. During the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, GCHP received approximately \$19,429,000 and \$17,959,000, respectively, through the EPP.

DHCS also established a Private Hospital Directed Payment Program (PHDPP) under which managed care providers were directed to reimburse private hospitals, as defined in WIC 14169.51, based on actual utilization of contracted services. The enhanced payment is contingent upon hospitals providing adequate access to service, including primary, specialty, and inpatient (both tertiary and quaternary) care. During the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, GCHP received approximately \$47,718,000 and \$32,918,000, respectively, through the PHDPP.

GCHP passed these HQAF, QIP, EPP, and PHDPP funds through to providers. These amounts were not reflected in the accompanying financial statements for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, as the amounts passed through to the providers do not meet requirements for revenue recognition under accounting standards issued by the GASB.

GCHP has an agreement with the DHCS to receive an intergovernmental transfer (IGT) through a capitation rate increase of \$48,289,000 and \$44,899,000 recorded in the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively. Under the agreement, these funds that are distributed to providers are not reported on the statements of revenues, expenses, and changes in net position, or the statements of net position, as these amounts do not meet requirements for revenue recognition under accounting standards issued by GASB. GCHP retained \$241,000 and \$226,000 the IGT during the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, for administrative costs.

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DHCS has established the CalAIM Incentive Payment Program (IPP). Under the program, GCHP is eligible to receive incentive payments from DHCS based on the successful completion of DHCS-established development goals, objectives, and measures of the program's priority areas. During the period July 1, 2025, to December 31, 2025, the Plan did not receive funds under this program, and no related revenue was recognized. The Plan received approximately \$8,001,000 in December 2024. The amount was recognized as revenue during the year ended June 30, 2025.

**Operating revenues and expenses** – GCHP's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with arranging for the provision of health care services. Operating expenses are all expenses incurred to arrange for the provision of health care services, as well as the costs of administration. Claims adjustment expenses are an estimate of the cost to process the claims and are included in operating expenses. Nonexchange revenues and expenses are reported as nonoperating revenues and expenses.

**Administrative expenses** – Administrative expenses are recognized as incurred and consist of administrative expenses that directly relate to the implementation and operation costs of the Plan. Capitation contract acquisition costs are expensed in the period incurred.

**Defined contribution plan** – GCHP has adopted, and its employees are participants in, the California Public Agencies Self-Directed Tax-Advantaged Retirement System (CPA STARS). CPA STARS is a California public trust organized under the laws of the State of California and includes the STARS 401(a) Retirement Plan (the 401 Plan), which is a retirement plan under Section 401(a) of the Internal Revenue Code. GCHP participation in the 401 Plan is defined by the 401(a) Trust Agreement and the 401 Plan Agreement between GCHP and CPA STARS.

All regular employees participate in the CPA STARS 401 Plan. Employee contributions to the 401 Plan are not allowed. GCHP makes employer contributions to the 401 Plan in an amount annually determined under the 401 Plan Agreement. For the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, GCHP contributions to the 401 Plan were \$2,842,000 and \$4,894,000, respectively.

**Deferred compensation plan** – GCHP has adopted, and its employees are participants in, the CPA STARS 457(b) deferred compensation plan (the 457 Plan). The 457 Plan was created in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their annual salary until future years. GCHP participation in the 457 Plan is defined by the 457 Trust Agreement between GCHP and CPA STARS. Employee participation in the 457 Plan is voluntary, and GCHP has not made any contributions. As such, there were no GCHP employer contributions for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025.

**Leases** – GCHP recognizes lease contracts or equivalents that have a term exceeding one year, the cumulative future payments on the contract exceed \$50,000, and that meet the definition of an other than short-term lease. GCHP uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using GCHP's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

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**Income taxes** – GCHP operates under the purview of the Internal Revenue Code, Section 501(a) and corresponding California Revenue and Taxation Code provisions. As such, GCHP is not subject to federal or state taxes. Accordingly, no provision for income tax has been recorded in the accompanying financial statements.

**Risk management** – GCHP is exposed to various risks of loss from torts, business interruption, errors and omissions, and natural disasters. Commercial insurance coverage is purchased by GCHP for claims arising from such matters. No claims have exceeded commercial coverage.

**Reclassifications** – Certain reclassifications have been made to the June 30, 2025, financial statements to conform to the December 31, 2025, presentation, with no impact to net position or change in net position.

**Recent accounting pronouncements** – In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). GASB 103 requires additional presentation and disclosure changes in the areas of management discussion & analysis, unusual or infrequent items, proprietary fund statement of revenues, expenses, and changes in fund net position, major component units, and budgetary comparison information. GCHP has elected to change its fiscal year-end from June 30 to December 31, effective December 31, 2025. As a result, there will be a six-month stub period ending December 31, 2025. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025. GCHP is reviewing the impact of the adoption of GASB 103 for the fiscal year ending December 31, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of GASB 104 is to provide users of government financial statements with essential information about certain types of capital assets. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right to use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription- Based Information Technology Arrangements* (SBITAs), also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. GASB 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB 104 is effective for GCHP during the year ending December 31, 2026. Management is evaluating the implementation of this statement on their financial statements.

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**Note 4 – Cash and Investments**

**Investments** – The Plan invests in obligations of the U.S. Treasury, other U.S. government agencies and instrumentalities, state obligations, corporate securities, and money market funds.

**Interest rate risk** – In accordance with its Annual Investment Policy (investment policy), GCHP manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with the Plan’s expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. The Plan maintains a low-weighted average maturity strategy, targeting a portfolio with maturities of three years or less, with the intent of reducing interest rate risk. Portfolios with low weighted average maturities are less volatile because they are less sensitive to interest rate changes. As of December 31, 2025 and June 30, 2025, the weighted average maturity of GCHP’s investments, including cash equivalents was approximately 1 day.

The Plan’s investments as of December 31, 2025, are summarized as follows:

Investment Type	Carrying Value	Maximum Maturity*	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
CalTrust Investment Fund	\$ 40,636,009	N/A	-	1
Local Agency Investment Fund	45,490,850	N/A	-	1
Ventura County Investment Pool	20,558,506	N/A	-	1
	<u>\$ 106,685,365</u>		<u>-</u>	<u>1</u>

\* Per investment policy (Gov’t code section 53601)

The Plan’s investments as of June 30, 2025, are summarized as follows:

Investment Type	Carrying Value	Maximum Maturity*	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
CalTrust Investment Fund	\$ 39,763,943	-	-	1
Local Agency Investment Fund	44,511,614	-	-	1
Ventura County Investment Pool	20,120,470	-	-	1
	<u>\$ 104,396,027</u>		<u>-</u>	<u>1</u>

\* Per investment policy (Gov’t code section 53601)

**Credit risk** – GCHP’s investment policy conforms to the California Government Code as well as to customary standards of prudent investment management. Credit risk is mitigated by investing in only permitted investments. The investment policy sets minimum acceptable credit ratings for investments from two nationally recognized rating services: Standard and Poor’s Corporation (S&P) and Moody’s Investor Service (Moody’s). For an issuer of short-term debt, the rating must be no less than “A-1” (S&P) or “P-1” (Moody’s), while an issuer of long-term debt shall be rated no less than an “A.”

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Credit ratings for investments and cash equivalents as of December 31, 2025, are summarized below:

Investment Type	Carrying Value	Minimum Legal Rating*	Exempt From Rating	Ratings as of Year-End (S&P / Moody's)			
				A-1 / P-1	A1 / AA+	A1 / A+	A2 / A
CalTrust Investment Fund	\$ 40,636,009	None	\$ 40,636,009	\$ -	\$ -	\$ -	\$ -
Local Agency Investment Fund	45,490,850	None	45,490,850	-	-	-	-
Ventura County Investment Pool	20,558,506	None	20,558,506	-	-	-	-
	<u>\$ 106,685,365</u>		<u>\$ 106,685,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Per investment policy (Gov't code section 53601)

Credit ratings of investment and cash equivalents as of June 30, 2025, are summarized below:

Investment Type	Carrying Value	Minimum Legal Rating*	Exempt from rating	Ratings as of Year-End (S&P / Moody's)			
				A-1 / P-1	A1 / AA+	A1 / A+	A2 / A
CalTrust Investment Fund	\$ 39,763,943	None	\$ 39,763,943	\$ -	\$ -	\$ -	\$ -
Local Agency Investment Fund	44,511,614	None	44,511,614	-	-	-	-
Ventura County Investment Pool	20,120,470	None	20,120,470	-	-	-	-
	<u>\$ 104,396,027</u>		<u>\$ 104,396,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Per investment policy (Gov't code section 53601)

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. GCHP's Policy does not contain any specific provisions to limit exposure to concentration of credit risk, but conforms to the California Government Code section 53601 to meet the percentage limits of investment holdings.

The Plan's percentage of portfolio as of December 31, 2025, is summarized below:

Investment Type	Issuer	Carrying Value	Percentage of Portfolio
CalTrust Investment Fund	Wells Fargo	\$ 40,636,009	38.1%
Local Agency Investment Fund	State of California Treasurer	45,490,850	42.6%
Ventura County Investment Pool	County of Ventura Treasurer	20,558,506	19.3%
Total Funds Available for Investments		<u>\$ 106,685,365</u>	<u>100.0%</u>

The Plan's percentage of portfolio as of June 30, 2025, is summarized below:

Investment Type	Issuer	Carrying Value	Percentage of Portfolio
CalTrust Investment Fund	Wells Fargo	\$ 39,763,943	38.1%
Local Agency Investment Fund	State of California Treasurer	44,511,614	42.6%
Ventura County Investment Pool	County of Ventura Treasurer	20,120,470	19.3%
Total Funds Available for Investments		<u>\$ 104,396,027</u>	<u>100.0%</u>

**Investments** – GCHP categorizes its fair value investments within the fair value hierarchy established by U.S. GAAP. The hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

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**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

**Level 3** – Significant unobservable inputs.

The following is a description of the valuation methodologies used for instruments at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

*External investment pools* – CalTrust is organized as a Joint Powers Authority established by public agencies in California for the purpose of pooling and investing local agency funds. A board of trustees supervises and administers the investment program of the trust. CalTrust has four pools: money market account, short-term, medium-term, and long-term. The Plan has deposits in the Short-Term Fund. Investments in CalTrust Short-Term Fund are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

The Plan is a voluntary participant in CalTrust. The Plan's investment in this pool is reported in the accompanying financial statements at amortized cost, based on the Plan's pro rata share of the respective pool as reported by CalTrust. As of December 31, 2025 and June 30, 2024, the Plan held approximately \$40,636,000 and \$39,764,000 in CalTrust, respectively.

The California State Treasurer's Office makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Each governmental entity may invest up to \$65,000,000 in the fund. Investments in the LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The Plan is a voluntary participant in the LAIF. The value of the Plan's investments in the LAIF is reported in the accompanying financial statements based on the Plan's pro rata share of the amortized cost value provided by the LAIF for the entire LAIF portfolio. As of December 31, 2025 and June 30, 2025, the Plan held approximately \$45,491,000 and \$44,512,000 in LAIF, respectively.

The Ventura County Investment Pool (VCIP) is available to local public governments, agencies, and school districts within Ventura County (the County). Wells Fargo Bank NA serves as custodian for the pool's investments. The portfolio is typically comprised of U.S. agency securities and high-quality, short-term instruments, resulting in a relatively short-weighted average maturity. Value calculations are based on market values provided by the County's investment custodian. Investments in the VCIP are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The Plan is a voluntary participant in the VCIP. The value of the Plan's investments in the VCIP is reported in the accompanying financial statements based on the Plan's pro rata share of the amortized cost value provided by the VCIP for the entire VCIP portfolio. As of December 31, 2025 and June 30, 2025, the Plan held approximately \$20,559,000 and \$20,120,000, respectively, in VCIP.

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The following tables present the fair value measurements of assets recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall.

The Plan had the following recurring fair value measurements as of December 31, 2025:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments not subject to fair value hierarchy				
CalTrust Investment Fund	\$ 40,636,009			
Local Agency Investment Fund	45,490,850			
Ventura County Investment Pool	20,558,506			
	<u>\$ 106,685,365</u>			

The Plan had the following recurring fair value measurements as of June 30, 2025:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments not subject to fair value hierarchy				
CalTrust Investment Fund	\$ 39,763,943			
Local Agency Investment Fund	44,511,614			
Ventura County Investment Pool	20,120,470			
	<u>\$ 104,396,027</u>			

**Note 5 – Administrative Services Agreements**

**Conduent, Inc. (Conduent), formerly Affiliated Computer Services** – GCHP entered into an agreement with Conduent on June 28, 2017, to provide certain operational services, for a two-year term with 4- to 6-month extensions beginning July 1, 2017. On May 1, 2019, GCHP and Conduent entered into a new agreement extending service through June 30, 2024. On July 1, 2024, GCHP and Conduent entered into a new agreement extending service through June 30, 2025. Included in the extension is a project to replace the existing technology platform with a new system and realign business processes. Compensation for these services is based on a per-member, per-month cost at varying membership levels. These costs are recorded as expenses in the period incurred. Total expenses for services provided for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, were approximately \$731,000 and \$5,231,000, respectively, and are reported in professional fees on the accompanying statements of revenues, expenses, and changes in net position.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Notes to Financial Statements**

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**Carelon Behavioral Health, LLC (Carelon)** – On April 14, 2014, GCHP entered into a two-year agreement with Carelon, previously known as Beacon Health Strategies, to provide administrative services to arrange for and support the administration of behavioral health services for GCHP. The agreement with Carelon was extended through December 31, 2025. Total expenses for Carelon were approximately \$4,413,000 and \$4,404,000 for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively, and are included in professional fees on the accompanying statements of revenues, expenses, and changes in net position.

**Netmark Business Services, LLC (Netmark)** – GCHP entered into an agreement with Netmark on September 26, 2023, to provide services as its Business Processing Organization for its claims processing. Total expenses for Netmark were approximately \$2,559,000 and \$1,348,000 for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively, and are included in professional fees on the accompanying statements of revenues, expenses, and changes in net position.

**Note 6 – Capital Assets**

Capital asset activity during the period July 1, 2025 to December 31, 2025, consisted of the following:

	Balance June 30, 2025	Increases	Transfers	Decreases	Balance December 31, 2025
Capital assets					
Leasehold improvements	\$ 1,804,976	\$ -	\$ -	\$ (19,901)	\$ 1,785,075
Software and equipment	2,779,177	-	-	(1,395,741)	1,383,436
Furniture and fixtures	1,252,545	20,000	-	(992,762)	279,783
<b>Total capital assets</b>	<b>5,836,698</b>	<b>20,000</b>	<b>-</b>	<b>(2,408,404)</b>	<b>3,448,294</b>
Less accumulated depreciation and amortization for					
Leasehold improvements	1,745,510	83,889	-	(77,214)	1,752,185
Software and equipment	2,582,368	50,677	-	(1,328,852)	1,304,193
Furniture and fixtures	1,214,373	5,510	-	(1,002,338)	217,545
<b>Total accumulated depreciation</b>	<b>5,542,251</b>	<b>140,076</b>	<b>-</b>	<b>(2,408,404)</b>	<b>3,273,923</b>
<b>Total capital assets, net</b>	<b>\$ 294,447</b>	<b>\$ (120,076)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,371</b>

**Ventura County Medi-Cal Managed Care Commission  
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Capital asset activity during the year ended June 30, 2025, consisted of the following:

	Balance June 30, 2024	Increases	Transfers	Decreases	Balance June 30, 2025
Capital assets					
Leasehold improvements	\$ 1,804,976	\$ -	\$ -	\$ -	\$ 1,804,976
Software and equipment	2,745,821	33,356	-	-	2,779,177
Furniture and fixtures	1,197,450	55,095	-	-	1,252,545
<b>Total capital assets</b>	<b>5,748,247</b>	<b>88,451</b>	<b>-</b>	<b>-</b>	<b>5,836,698</b>
Less accumulated depreciation and amortization for					
Leasehold improvements	1,586,891	158,619	-	-	1,745,510
Software and equipment	2,402,873	179,495	-	-	2,582,368
Furniture and fixtures	1,205,824	8,549	-	-	1,214,373
<b>Total accumulated depreciation</b>	<b>5,195,588</b>	<b>346,663</b>	<b>-</b>	<b>-</b>	<b>5,542,251</b>
<b>Total capital assets, net</b>	<b>\$ 552,659</b>	<b>\$ (258,212)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 294,447</b>

**Note 7 – Medical Claims Liability**

Medical claims liability and capitation payable consist of the following:

	Six Months Ended December 31, 2025	Year Ended June 30, 2025
Claims payable or pending approval	\$ 7,252,812	\$ 18,345,175
Capitation payable	21,796,691	7,526,516
Provisions for claims incurred but not yet reported and other	131,690,924	166,097,653
Directed payments to providers payable	16,354,924	21,009,348
	<b>\$ 177,095,351</b>	<b>\$ 212,978,692</b>

The cost of health care services is recognized in the period in which care is provided and includes an estimate of the cost of services that has been incurred but not yet reported. GCHP estimates accrued claims payable based on historical claims payments and other relevant information. Estimates are continually monitored and reviewed, and as settlements are made or estimates adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of claims paid is dependent on future developments, management is of the opinion that the accrued medical claims payable is adequate.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
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The following is reconciliation of the medical claims liability and capitation payable activity for the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025:

	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Medical claims liability and capitation payable at beginning of year	<u>\$ 212,978,692</u>	<u>\$ 168,759,042</u>
Incurred		
Current	561,456,970	1,034,336,516
Prior	<u>(15,017,802)</u>	<u>(5,454,766)</u>
Total incurred	<u>546,439,168</u>	<u>1,028,881,750</u>
Paid		
Current	418,971,987	851,212,516
Prior	<u>163,350,522</u>	<u>133,449,584</u>
Total paid	<u>582,322,509</u>	<u>984,662,100</u>
Medical claims liability and capitation payable at end of year	<u><u>\$ 177,095,351</u></u>	<u><u>\$ 212,978,692</u></u>

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities at any year end are continually reviewed and re-estimated as information regarding actual claim payments becomes known. This information is compared to the originally established prior reporting period liability. Negative amounts reported for incurred, related to prior years, result from claims being adjudicated and paid for amounts less than originally estimated. Results for the the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, included decreases of prior year incurred of approximately \$15,018,000 and \$5,455,000, respectively. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**Ventura County Medi-Cal Managed Care Commission  
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Notes to Financial Statements**

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**Note 8 – Commitments and Contingencies**

**Lease commitments** – GCHP leases office space and equipment under long-term operating lease agreements. A summary of the principal and interest amounts for the remaining leases is as follows as of December 31, 2025:

<u>Years Ending December 31,</u>	Minimum Lease	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,125,517	\$ 99,246
2027	1,056,432	44,876
2028	274,939	2,409
2029	-	-
2030	-	-
	<u>\$ 2,456,888</u>	<u>\$ 146,531</u>

**Intangible right to use lease asset** – The Plan reported approximately \$1,165,000 and \$1,164,000 as amortization expense on the statements of revenues, expenses, and changes in net position in the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively. Accumulated amortization was approximately \$6,553,000 and \$5,969,000 as of December 31, 2025 and June 30, 2025, respectively.

**Subscription-based information technology arrangements** – The Plan has several subscription contracts that expire at various dates through 2027, some of which have renewal options. For those contracts where renewal options are reasonably certain to be exercised, the Plan recognizes renewal option periods in the determination of its intangible right to use subscription asset and liability balances. The Plan uses an average rate of 2.92% to determine the present value of its subscription liabilities. The Plan reported approximately \$3,937,000 and \$13,268,000 as amortization expense on the statements of revenues, expenses and changes in net position in the period July 1, 2025 to December 31, 2025 and year ended June 30, 2025, respectively. Accumulated amortization was approximately \$15,084,000 and \$11,751,000 as of December 31, 2025 and June 30, 2025, respectively.

GCHP had the following intangible right to use subscription asset and subscription liability activities for the period July 1, 2025, to December 31, 2025:

	Balance	Increase	Decrease	Balance	Current Liability	Long-Term Liability
	June 30, 2025			December 31, 2025		
Intangible right to use subscription asset	56,222,876	16,419,508	(2,525,025)	\$ 70,117,359		
Less accumulated amortization	(13,672,139)	(3,937,373)	2,525,025	(15,084,487)		
Total intangible right to use subscription asset, net	<u>42,550,737</u>	<u>12,482,135</u>	<u>-</u>	<u>55,032,872</u>		
Subscription liability	<u>29,001,481</u>	<u>4,627,286</u>	<u>(5,478,110)</u>	<u>\$ 28,150,657</u>	<u>\$ 6,251,271</u>	<u>\$ 21,899,386</u>

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
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GCHP had the following intangible right to use subscription asset and subscription liability activities for the year ended June 30, 2025:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Current Liability	Long-Term Liability
Intangible right to use subscription asset	6,755,096	54,778,549	(5,310,769)	\$ 56,222,876		
Less accumulated amortization	(5,714,896)	(13,268,012)	5,310,769	(13,672,139)		
Total intangible right to use subscription asset, net	1,040,200	41,510,537	-	42,550,737		
Subscription liability	1,450,095	29,801,278	(2,249,893)	\$ 29,001,480	\$ 5,648,478	\$ 23,353,002

A summary of the principal and interest amounts for the subscription payments is as follows as of December 31, 2025:

<u>Years Ending December 31,</u>	<u>Minimum Subscription Principal</u>	<u>Interest</u>
2026	\$ 6,251,271	\$ 813,071
2027	6,357,020	650,057
2028	6,574,215	460,279
2029	6,287,848	264,239
2030	2,680,303	79,321
	<u>\$ 28,150,657</u>	<u>\$ 2,266,967</u>

**Litigation** – Through the course of ordinary business, the Plan became party to various administrative proceedings, mediations, and was party to various legal actions and subject to various claims arising as a result. During the period July 1, 2025 to ended December 31, 2025, the Plan has successfully resolved some matters, and other administrative and legal matters are still proceeding. As a result of pending administrative and legal matters, the Plan has recorded a liability for these contingencies. It is the opinion of management that the ultimate resolution of such claims will not have a material adverse effect on the financial statements.

**Regulatory matters** – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties. Management believes that GCHP is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**Ventura County Medi-Cal Managed Care Commission  
dba Gold Coast Health Plan  
Notes to Financial Statements**

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The Plan is also subjected to risks and uncertainties arising from potential changes in federal health care policy, funding, and budgetary adjustments affecting Medicare and Medicaid programs. Proposed and potential reductions in Medicaid funding could indirectly impact Medicare beneficiaries by placing additional strain on state budgets. Cuts to Medicaid, including the elimination of the enhanced federal match rate for expansion enrollees or the introduction of work requirements, could result in significant coverage losses, particularly among low-income individuals, persons with disabilities, and those with chronic health conditions. In response to reduced federal funding, states may increase taxes or reduce funding for other essential programs. Potential policy changes under consideration include reductions in the federal Medicaid matching rate, implementation of work requirements, more frequent eligibility redeterminations leading to disenrollments, the adoption of per-capita caps on federal funding, and the elimination of provider taxes that help offset Medicaid costs. If enacted, such changes could compel states to reduce benefits, lower provider reimbursement rates, and increase financial pressures on state budgets, which may adversely affect the Plan's operations, network adequacy, and financial performance. However, the timing, likelihood, and specific impact of these policy changes remain uncertain.

**Patient Protection and Affordable Care Act (PPACA)** – The ACA allowed for the expansion of Medicaid members in the State of California. Any future federal or state changes in eligibility requirements or federal and state funding could have an impact on the Plan. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the Plan are uncertain at this time.



# **Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan**

## **December 31, 2025 Stub Period Audit Results**

Discussion with Management, the Executive  
Finance Committee, and the Commission

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# Agenda

1. Scope of Services
2. Significant Risks Identified
3. Matters Required to be Communicated with Those Charged with Governance
4. Your Service Team
5. About Baker Tilly

# Scope of Services

We have performed the following services for Gold Coast Health Plan:

## Annual Audit

- Audit of the financial statements for the period of July 1, 2025 to December 31, 2025

## Non-Attest Services

- Assist management with drafting the financial statements for the period of July 1, 2025 to December 31, 2025, excluding management's discussion and analysis
- Consulting services associated with Adaptive Insights financial and budgeting solution
- Medical loss ratio review

# Significant Risks Identified

During the planning of the audit we have identified the following significant risks:

Significant Risks	Procedures
Capitation Revenue Recognition	We tested internal controls around revenue recognition, vouched membership, and rates to supporting documentation, and reconciled revenue recognized to monthly cash payments from the State of California. No findings noted.
Medical Claims Liability	We tested internal controls over the claims process, performed a lookback analysis on the prior year medical claims liability estimate, reviewed the actuarial specialist's model and report, and performed analytical procedures around the current year estimate. No findings noted.
Management Override of Controls	We performed inquiries of accounting and operational personnel, performed risk assessment procedures, and tested risk-based manual journal entry selections. No findings noted.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

Our audit of the financial statements included obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control or to identify deficiencies in the design or operation of internal control. Accordingly, we considered the entity's internal control solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are also responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

# Matters Required to be Communicated with Those Charged with Governance

## Significant Accounting Practices:

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures

The quality of the entity's accounting policies and underlying estimates are discussed throughout this presentation. There were no changes in the entity's approach to applying the critical accounting policies.

# Matters Required to be Communicated with Those Charged with Governance

Significant Unusual Transactions:

No significant unusual transactions were identified during our audit of the entity's financial statements.

# Matters Required to be Communicated with Those Charged with Governance

## Significant Difficulties Encountered During the Audit:

We are to inform those charged with governance of any significant difficulties encountered in performing the audit. Examples of difficulties may include significant delays by management, an unreasonably brief time to complete the audit, unreasonable management restrictions encountered by the auditor or an unexpected extensive effort required to obtain sufficient appropriate audit evidence.

No significant difficulties were encountered during our audit of the entity's financial statements.

# Matters Required to be Communicated with Those Charged with Governance

## Disagreements With Management:

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements, or the auditor's report.

There were no disagreements with management.

# Matters Required to be Communicated with Those Charged with Governance

Circumstances that affect the form and content of the auditor's report:

There were no circumstances that affected the form and content of the auditor's report.

# Matters Required to be Communicated with Those Charged with Governance

Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process:

There were no other findings or issues arising from the audit to report.

# Matters Required to be Communicated with Those Charged with Governance

## Uncorrected Misstatements:

Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the six-month period ended December 31, 2025 could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements, including disclosures, under audit.

There was one judgmental uncorrected misstatement identified as of December 31, 2025:

Dr. Claim Payments Expense	\$3.5 million
Cr. Provider Receivable	\$3.5 million

*Judgmental entry to reduce payment integrity receivable based on documented audit evidence received*

Current period reversals of the June 30, 2025 uncorrected misstatements:

Dr. Capitation Revenue	\$2.5 million
Cr. Beginning Net Position	\$2.5 million

*Maternity receivable true-up at June 30, 2025, based upon subsequent cash receipts*

Dr. Amortization Expense	\$2.0 million
Cr. Beginning Net Position	\$2.0 million

*Software subscription arrangement amortization true-up at June 30, 2025, based upon subledger reconciliation*

# Matters Required to be Communicated with Those Charged with Governance

Material, Corrected Misstatements:

There were no material corrected misstatements identified.

# Matters Required to be Communicated with Those Charged with Governance

## Representations Requested of Management

We requested certain representations from management that are included in the management representation letter that will be dated April 24, 2026.

See below for an excerpt of the management representation letter. A full version is available upon request.

April 24, 2026

Baker Tilly US, LLP  
333 Bush Street, 10<sup>th</sup> Floor  
San Francisco, CA 94104

We are providing this letter in connection with your audit of the financial statements of Ventura County Medi-Cal Managed Care Commission, dba Gold Coast Health Plan ("GCHP" or the "Plan"), a discrete component unit of the County of Ventura, California, which comprise the statements of net position and the related statements of revenues, expenses, and changes in net position, and cash flows as of December 31, 2025 and June 30, 2025, and for the six months ended December 31, 2025 and the year ended June 30, 2025 and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$995,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 24, 2026,

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

# Matters Required to be Communicated with Those Charged with Governance

## Management's Consultation with Other Accountants:

When we are aware that management has consulted with other accountants about significant auditing or accounting matters, we discuss with those charged with governance our views about the matters that were the subject of such consultation.

We are not aware of instances where management consulted with other accountants about significant auditing or accounting matters.

# Matters Required to be Communicated with Those Charged with Governance

Significant issues arising from the audit that were discussed, or the subject of correspondence with management:

No significant issues arose during the audit that have not been addressed elsewhere in this presentation.

# Matters Required to be Communicated with Those Charged with Governance

*AU-C 265, Communicating Internal Control Related Matters Identified in an Audit*

No material weaknesses were reported and no significant deficiencies to communicate.

# Your Service Team



**Kimberly Sokoloff**  
*Audit Engagement Principal*  
Kimberly.Sokoloff  
@bakertilly.com  
(925) 952-2506



**Aparna Venkateswaran**  
*Concurring Reviewer*  
Aparna.Venkateswaran  
@bakertilly.com  
(949) 517-9473



**Stelian Damu**  
*Client Service Principal*  
Stelian.Damu  
@bakertilly.com  
(818) 577-1914



**Ashley Merda**  
*Audit Senior Manager*  
Ashley.Merda  
@bakertilly.com  
(949) 517-9431



**Mariia Potts**  
*Audit Senior*  
Mariia.Potts  
@bakertilly.com  
(424) 425-5550



**Caitlyn McPherson**  
*Audit Senior*  
Caitlyn.McPherson  
@bakertilly.com  
(310) 295-3729



# About Baker Tilly

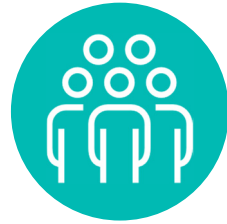
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# Our resources, your goals

Baker Tilly will continue to successfully guide our clients through changing landscapes with skills, stability, and strength as one of the oldest and largest advisory, tax, and assurance firms in the United States.



**6<sup>th</sup>**  
largest U.S.  
accounting firm



**11,000+**  
team members,  
1,000+ principals



**100+**  
years in  
business



**~3,400**  
Certified Public  
Accountants



**\$3B+**  
firm revenue  
in FY2024



**100+**  
worldwide  
office locations



**300+**  
workplace and  
culture awards

## INDUSTRY EXPERTISE

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The demand for vital health care services continues to rise amid a multitude of challenges that impact the quality, accessibility, and efficiency of care.

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Nearly  
**6,500**  
**HEALTH CARE  
CLIENTS**  
across the nation

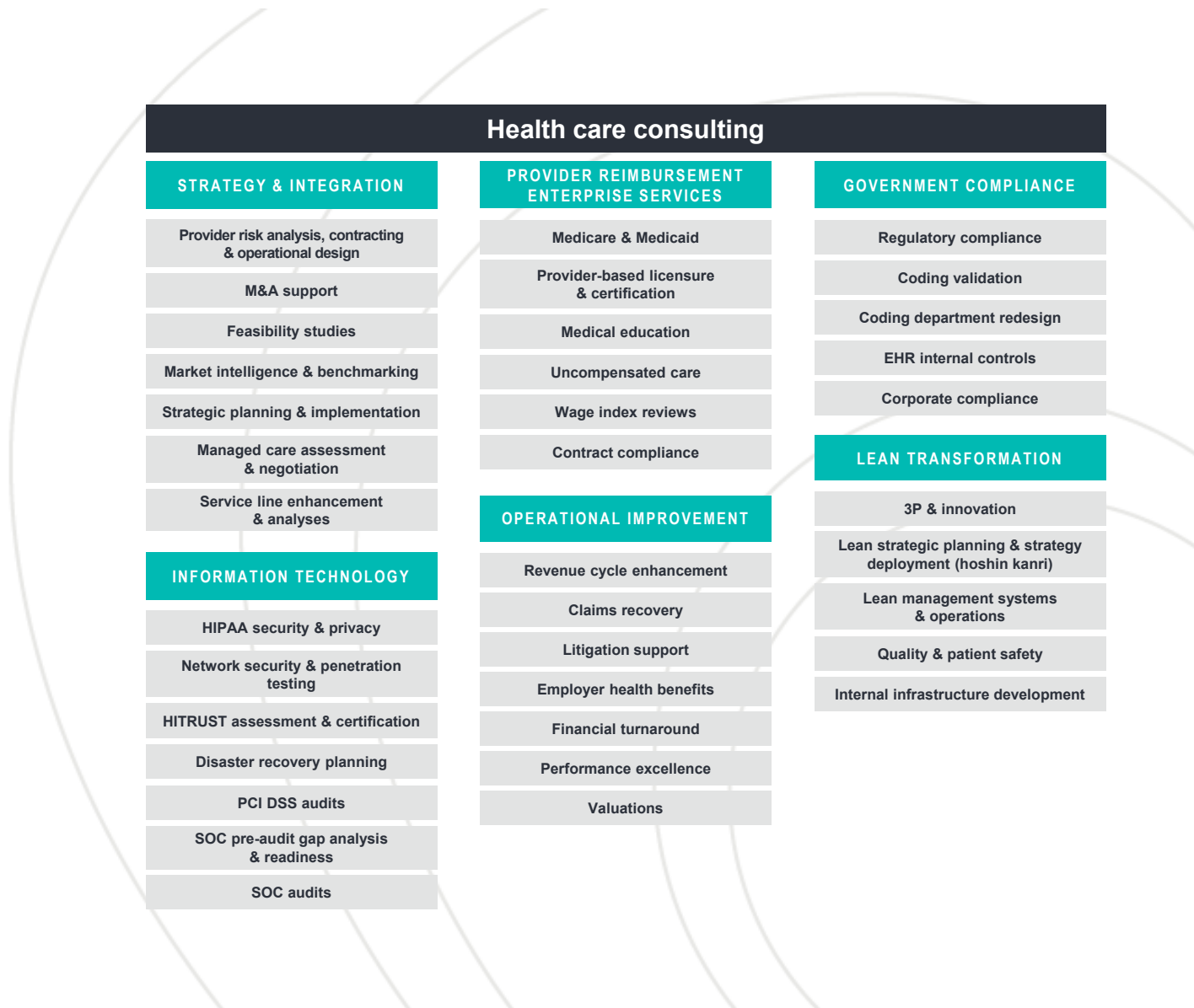
Nearly  
**500**  
**PROFESSIONALS**  
specializing  
in health care

More than  
**60**  
**PRINCIPALS**  
specializing  
in health care

**LEADERSHIP  
INVOLVEMENT**  
with AICPA Health Care  
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On-demand and live sessions with our professionals on technical and timely topics

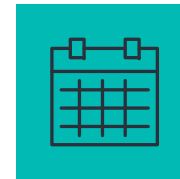
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## Reports & guides

A more in-depth look at significant changes and subjects across the accounting landscape

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## Events

Seminars, destination conferences, networking receptions, and charity events, among others

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# Thank you

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2024 Baker Tilly US, LLP



## **AGENDA ITEM 3**

To: Executive Finance Committee

From: Bob Bushey, Executive Director, Procurement

Date: April 23, 2026

Re: Signature Authority and Procurement Policy Revisions

### **EXECUTIVE SUMMARY**

Staff is recommending 1) increasing the General Authorization Limits in the Signature Authority policy, 2) designating the Chief Financial Officer or Director of Procurement as the Plan's authorized agent to sign certain non-claims related contracts, and 3) revising the single/sole source or competitive bidding threshold in the Procurement policy to align with industry best practices and increase operational efficiencies.

### **BACKGROUND / DISCUSSION**

#### **Background**

In January 2015 the Ventura County Medi-Cal Managed Care Commission ("Commission") approved a single policy titled Procurement Policy which included language on internal controls and General Authorizations Limit, procurement practices, including single/sole source or competitive bidding thresholds. In October 2016, the Plan restructured these policies into the Signature Authority Policy and the Procurement Policy. Except for one minor approved change to the Signature Authority Policy in May 2019, these policies have remained unchanged and require updates.

#### **Staff's concerns with the current policies:**

During the last decade, staff have been faced with several challenges in executing the current procurement policies. First, the level at which contracts must be brought to the Commission for approval either directly or pursuant to the Commission's Signature Authority policy is \$100,000. This amount has not changed since it was initially established, has not been adjusted for inflation and is not aligned with the practices of other similar plans. Second, under the current policies, the CEO is responsible for signing most contracts and reviewing and approving most purchase orders, even ministerial ones. Third, because the level required for competitive bidding is low (\$50,000), there are often delays in the contracting processes as the Plan's staff must seek bids for projects or resources for relatively minor amounts or complete sole source forms when the service of product can be justified without formal bidding.

Summarized, these concerns include the following:

- Slow cumbersome approval process for external contracts and any Purchase Order (PO).

PO/Contract Approval Cycle Times	
PO approved by Manager, Director, & Chief	4 – 6 days
PO approval by CFO & CEO	2 – 4 days
Commission approval by CEO	Can be up to 30 days
CEO must sign contract	2 – 3 days

- Long procurement cycle times causing slow speed to market on initiatives.
- Procurement resources are forced into transactional and compliance management, verses delivering strategic customer value.

**Solutions:**

Three proposed policy changes will deliver significant results.

1. Increase the General Authorization Limit from the levels in Table 1 to the levels in Table 2.

**Table 1**

Current General Authorization Limits (POs)							
General Authorization Limit	Title	PO Spend	# of POs	# of COs	Total POs & COs	Average Spend per PO	% of POs & COs
\$100K+	Commission	\$109,094,340	71	29	100	\$1,536,540	35%
\$50K - \$100K	CFO / CEO	3,171,720	39	14	53	81,326	18%
\$25K - \$50K	Chief	1,077,503	31	20	51	34,758	18%
\$5K - \$25K	Director	584,648	41	6	47	14,260	16%
\$1 - \$5K	Manager	69,785	34	3	37	2,053	13%
<b>Total</b>		<b>\$113,997,996</b>	<b>216</b>	<b>72</b>	<b>288</b>		<b>100%</b>

**Table 2**

Recommended General Authorization Limits (POs)							
General Authorization Limit	Title	PO Spend	# of POs	# of COs	Total POs & COs	Average Spend per PO	% of POs & COs
\$300K+	Commission	\$100,990,662	29	15	44	\$3,482,437	15%
\$150K - \$300K	CFO / CEO	6,622,337	30	10	40	220,745	14%
\$75K - \$150K	Chief	3,894,680	39	7	46	99,864	16%
\$25K - \$75K	Director	1,835,883	43	31	74	42,695	26%
\$1 - \$25K	Manager	654,434	75	9	84	8,726	29%
<b>Total</b>		<b>\$113,997,996</b>	<b>216</b>	<b>72</b>	<b>288</b>		<b>100%</b>

2. Delegate certain contract signatures to the Chief Financial Officer or Director of Procurement.
3. Increase the dollar threshold for single/sole source or competitive bidding from \$50,000 to \$200,000.

Each of these proposed changes will be discussed below.

**SIGNATURE AUTHORITY POLICY - GENERAL AUTHORIZATION LIMIT**

The current General Authorization Limit for employees that can approve a transaction is again set forth below in Table 1.

**Table 1**

Current General Authorization Limits (POs)							
General Authorization Limit	Title	PO Spend	# of POs	# of COs	Total POs & COs	Average Spend per PO	% of POs & COs
\$100K+	Commission	\$109,094,340	71	29	100	\$1,536,540	35%
\$50K - \$100K	CFO / CEO	3,171,720	39	14	53	81,326	18%
\$25K - \$50K	Chief	1,077,503	31	20	51	34,758	18%
\$5K - \$25K	Director	584,648	41	6	47	14,260	16%
\$1 - \$5K	Manager	69,785	34	3	37	2,053	13%
<b>Total</b>		<b>\$113,997,996</b>	<b>216</b>	<b>72</b>	<b>288</b>		<b>100%</b>

The appropriate approval level is determined by the amount of the total transaction, and the General Authorization Limit is established by job title. Commission approval is required for non-provider transactions over \$100,000. These transactions include, but are not limited to, purchase requisitions, check requests, purchase orders, contracts, leases, and capital expenditures – regardless of if such transactions were budgeted or unbudgeted. They also include transactions which are covered by the Commission’s Signature Authority policy which provides that: *All transactions associated with the projects and contract renewals listed in GCHP’s approved budget are hereby delegated to the Chief Executive Officer and do not require individual transactional approval from Ventura County Medi-Cal Managed Care Commission.* They do not include claims payments that are not processed and paid through GCHP accounts payable system; payments pursuant to provider contracts and capitation and payments of pass-through items designated by DHCS as available for disbursement to providers through various government programs.

Under the current Authorization Limits, the majority of the transactions (53% or 153 in total) are reviewed and approved at the CFO and CEO level or by the Commission directly or pursuant to the Commission’s Signature Authority policy. These transactions constitute 98% of the funds expended.

By adjusting the Authorization Limits upward to \$300,000 for Commission approval, 94.4% of the funds expended would still require Commission oversight and approval, but the level of senior management involvement in the day-to-day contract and PO transaction volume would be reduced from 153 POs and change orders to 84 POs and change orders. (a balance that supports less involvement in transactional volume with still a high involvement in spend approval is the overall objective)

Observations:

1. Low General Authorization Limit results in senior management involvement in **53%** of all transactions (Purchase Order/Contract approvals) and **98.5%** of the annual spend.
2. As noted, this is extremely inefficient, as it reduces PO cycle time, speed to market and bottlenecks the process.

Recommendations:

**1. INCREASED GENERAL AUTHORIZATION LIMITS**

- Increase the CEO General Authorization Limit from \$100,000 to \$300,000 to align to industry’s best practice levels and to create operational efficiencies and adjust other levels as set forth below and in Table 2.

Recommended General Authorization Limits (POs)							
General Authorization Limit	Title	PO Spend	# of POs	# of COs	Total POs & COs	Average Spend per PO	% of POs & COs
\$300K+	Commission	\$100,990,662	29	15	44	\$3,482,437	15%
\$150K - \$300K	CFO / CEO	6,622,337	30	10	40	220,745	14%
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<b>Total</b>		<b>\$113,997,996</b>	<b>216</b>	<b>72</b>	<b>288</b>		<b>100%</b>

- Most large dollar initiatives (**94.4%** of the spend, but only **29%** of all transactions) may still need review and approval from senior management and the Commission pursuant to the policy.
- Feedback from the CFO roundtable noted that our sister plans of comparable size & function have similar CEO General Authorization Limits to what we are recommending, but at the same time many of the plans are discussing that their current General Authorization Limits are also low. Alameda Alliance For Health just approved increasing their CEO General Authorization Limit from \$100,000 to \$1,500,000. Other Plans have the levels set forth below.

Plan	CEO General Authorization Limit
Kern Family Health Care	\$200,000
Health Plan of San Joaquin	\$200,000
Santa Clara Family Health Plan	\$250,000
CalOptima Health	\$250,000
CenCal Health	\$250,000

### AUTHORIZATION TO SIGN CONTRACTS

The second requested change impacts who can sign certain contracts. Currently, the Chief Executive Officer must sign most contracts and purchase orders implementing the contracts. This is extremely burdensome. The requested change would allow the Chief Financial Officer or the Director or Procurement the ability to sign certain contracts and purchase orders. All fiscal and purchasing policies would still need to be followed but the task of actually signing the documents would be delegated to the Chief Financial Officer or Director of Procurement. This will improve efficiency as it will reduce overall “busy work” that is currently required of the CEO. Providing this delegation to Procurement is a best practice thus, the “agency authority” that a procurement representative should have. The CEO would still be responsible for signing contracts with health care providers for the actual delivery of healthcare services, legal services, membership dues, grant agreements, sponsorships, employee benefit, utilities, insurance, business license and regulatory fees.

### PROCUREMENT POLICY - SINGLE/SOLE SOURCE OR COMPETITIVE BIDDING THRESHOLD

The current sole source or competitive bidding threshold is \$50,000. Due to the low limit, approximately **51%** of all procurements require a sole source or competitive bidding, representing **98%** of the spend.

Threshold	#of PO's	Spend \$	% Spend	% of PO's
Above \$50K	110	\$112,266,060	98%	51%
Below \$50K	106	\$1,731,936	2%	49%
<b>Total</b>	<b>216</b>	<b>\$113,997,996</b>	<b>100%</b>	<b>100%</b>

**Recommendation.** Increasing the sole source or competitive bidding threshold to \$200,000 will align to industry’s best practices and operational efficiencies and still allow for the majority of the annualized spend to require competitive bidding or a disciplined and factual sole source justification. Based upon past contracts, the impact of this change is displayed in the chart below.

Threshold	#of PO's	Spend \$	% Spend	% of PO's
Above \$200K	54	\$106,706,317	94%	25%
Below \$200K	162	\$7,291,679	6%	75%
<b>Total</b>	<b>216</b>	<b>\$113,997,996</b>	<b>100%</b>	<b>100%</b>

All large dollar initiatives (94% of spend) will still require competitive bidding and internal authorization from senior management and the Commission, granting the optimal level of review and oversight by the Plan’s executives and governing officials.

**RECOMMENDATION SUMMARY**

It is the Plan’s recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care Commission to, 1) increase the General Authorization Limit of the existing Signature Authority policy to the limits noted in Table 2, 2) assign the Chief Financial Officer or Director of Procurement as the Plan’s authorized agent to sign all non-claims related contracts and purchase orders, and 3) revise the single/sole source competitive bidding threshold in the Procurement policy from \$50,000 to \$200,000.

**Attachments**

- Signature Authority Policy
- Procurement Policy



<b>POLICY AND PROCEDURE</b>	
<b>TITLE:</b> Signature Authority Policy	
<b>DEPARTMENT:</b> Finance	<b>POLICY #:</b> FI-005
<b>EFFECTIVE DATE:</b> 10/24/16	<b>REVIEW/REVISION DATE:</b> 1/26/22, 5/20/19
<b>COMMITTEE APPROVAL DATE:</b> 1/26/22	<b>RETIRE DATE:</b> N/A
<b>PRODUCT TYPE:</b> Medi-Cal	<b>REPLACES:</b> N/A
	<b>CEO SIGNATURE:</b>

## **I. Purpose**

- A. The purpose of this policy is to establish consistent company-wide control over accounts payable disbursements, wire transfers, purchases, and contractual commitments made on the behalf of GCHP that are non-claim related. It is essential that potential transactions have all required approvals prior to GCHP making a commitment with the associated vendor or other outside party.
- B. This policy attempts to balance the need for corporate approval of transactions that could potentially have a material effect on GCHP as a whole against the need for departments to conduct their operations efficiently.

## **II. Background**

- A. Good internal controls require proper authorization of disbursement transactions to ensure that funds are expended in conformity with management's intentions.
- B. Gold Coast Health Plan ("GCHP") grants specific levels of signature authority to certain employees to authorize and approve the commitment or expenditure of GCHP funds ("GCHP Commitments"). This policy is intended to ensure that any GCHP Commitment is properly authorized prior to being made.

### III. Definitions

**Signature:** means written in the hand of the authorizing individual or an approved electronic signature format used in Workday. Signature stamps are not accepted.

### IV. Scope

- A. This policy is made on behalf of GCHP, applies to new transactions that will ultimately result in the use of GCHP assets. These transactions include, but are not limited to, purchase requisitions, check requests, purchase orders, contracts, leases, and capital expenditures – regardless of if such transactions were budgeted or unbudgeted. Exceptions include claims payments that are NOT processed and paid through GCHP accounts payable system; provider contracts and capitation contracts which are the responsibility of the associated Chief Officer to the extent they are routine and within budgetary expectations; payments of pass-through items designated by DHCS as available for disbursement to providers through various government programs. Invoice transactions that have been previously authorized by a requisition/purchase order do not require Signature Authority approval.

### V. Policy Statement

- A. GCHP's Finance Department is responsible for administering this policy. It is the responsibility of the requesting employee or business unit to obtain all necessary approvals prior to the issuance of a purchase order, signing of a contract, a capital expenditure, entering a lease agreement, etc. **No purchase orders should be issued, or contractual documents signed, or funds disbursed, until the required approvals have been obtained. Any revisions to this policy must be approved by the Ventura County Medical Managed Care Commission.**

## VI. Authorization Limits

- A. The appropriate approval level is determined by the amount of the total transaction.
- B. In situations where the appropriate level of management is not available for approval, the next higher level of management within the operating unit will apply. For control purposes, e-mails, should only be used in place of electronic signatures in Workday for urgent purchase order changes. Where the original document bears the original signatures, faxed/scanned copies are acceptable on an exception basis for urgent payment requests.
- C. The proper level of authorization for transactions is defined as, "The signature of at least one employee with authorization for the related cost center and an Authorization Limit greater than or equal to the total amount of the transaction." Reference Table 1 below for the Authorization Limits.

## VII. General Authorization:

- A. Employees are identified with Authorization Limits up to a specified amount based on their job title within GCHP (e.g., Manager, Director, Chief, Ventura County Medi-Cal Managed Care Commission). General disbursement Authorization Limits are designated in Table 1 below.

**Table 1**

GENERAL AUTHORIZATION	
Job Level	Authorization Limit
Ventura County Medi-Cal Managed Care Commission*	Over \$300,000
Chief Executive Officer	Up to \$300,000
Chief Financial Officer	All transactions over \$150,000 and under \$300,000
Department Chief	All transactions over \$75,000 and up to \$150,000
Department Director	Up to \$75,000
Department Manager	Up to \$25,000
Procurement Cardholders	Up to \$10,000

**\*Note The Ventura County Medi-Cal Managed Care Commission may delegate approval to the Chief Executive Officer. All transactions associated with the**



projects and contract renewals listed in GCHP's approved budget are hereby delegated to the Chief Executive Officer and do not require individual transactional approval from Ventura County Medi-Cal Managed Care Commission.

**VIII. Delegation of Authority:**

- A. Authority to approve check requests or requisitions/purchase orders under this Signature Authority Policy may be temporarily delegated to another employee during periods of planned absences. Delegation must be to a direct report at a Manager or above job level. Delegation of authority is initiated in Workday, (GCHP's purchasing system).
- B. Notwithstanding delegation, the responsibility for all actions remains with the originally authorized associate. At the time of signing any authorization to expend GCHP's funds, the employee to whom authority has been delegated must indicate on whose behalf the associate is exercising authority, i.e., "Joe Smith for Jane Doe."

**IX. Contracts and Authorized Agents:**

- A. The Chief Financial Officer or the Director of Procurement is GCHP's authorized agent to sign all non-claims-related contracts. Properly authorized requisitions/purchase orders from originating departments, serve as the internal authorization for the Chief Financial Officer or the Director of Procurement to make external funding commitments with Vendors of administrative goods and services. The Chief Financial Officer or the Director of Procurement may only temporarily delegate his/her authority to the Chief Executive Officer during periods of planned absences.

**X. Legal Review of Contracts:**

- A. Where practical, all contractual negotiations should be initiated from legally pre-approved standard agreements. Circumstances may arise where standard contract templates are not applicable. In these situations, a standard contract template may be modified, or a different contract format may be used. In every situation, if there are changes to a legally pre-approved contract, the Legal Department must review and approve such changes. If the contract is a statement of work/service order/schedule against a pre-approved master agreement and the terms and conditions contained in the statement of work/service order/schedule do not conflict with the master agreement terms



and conditions the Legal Department does not need to review the statement of work/service order/schedule.

**XI. Attachments**

A. N/A

**XII. References**

A. N/A

**XIII. Revision History**

<b>STATUS</b>	<b>DATE REVISED</b>	<b>REVIEW DATE</b>	<b>REVISION SUMMARY</b>
Approved		10/24/2016	VCMC Commission
Approved		10/24/2016	Dale Villani, CEO
	5/20/2019		Robert Bushey, Procurement Officer
Approved		01/29/2020	Robert Franco, Compliance Director
		01/26/2022	Robert Bushey, Procurement Officer
Approved		02/16/2022	Robert Franco, Chief Compliance Officer

<b>POLICY AND PROCEDURE</b>	
<b>TITLE:</b> Procurement Policy	
<b>DEPARTMENT:</b> Finance	<b>POLICY #:</b> FI-002
<b>EFFECTIVE DATE:</b> 11/01/16	<b>REVIEW/REVISION DATE:</b> 1/26/22, 5/20/19
<b>COMMITTEE APPROVAL DATE:</b> 1/26/22	<b>RETIRE DATE:</b> N/A
<b>PRODUCT TYPE:</b> Medi-Cal	<b>REPLACES:</b> N/A
	<b>CEO SIGNATURE:</b>

**I. Purpose**

- A. The purpose of this policy is to educate employees on the optimal methods to acquire goods and services.
- B. This policy is also intended to recognize the importance of objective vendor selection, cost-effective and efficient procurement processes, fact-based analysis, and cross-functional decision making.

**II. Policy Statement**

- A. Gold Coast Health Plan (“GCHP”) utilizes a wide variety of goods and services provided by external Vendors. This policy supports GCHP’s commitment to proactively control its cost base and ensures optimal value for GCHP in how goods and services are acquired in support of its business operations.
- B. Purchases that do not adhere to GCHP’s procurement procedures may:
  - 1. Place the company at undue risk
  - 2. Reduce the impact of preferred vendor agreements
  - 3. Cause GCHP to incur higher transaction costs
  - 4. Not leverage buyers’ trade skills to objectively select Vendors and negotiate agreements.

- C. All purchases are required to have proper levels of internal GCHP authorization in accordance with the Signature Authority Policy prior to making a commitment to a Vendor.

### III. Scope

- A. All goods and services obtained from external vendors are included within the scope of this policy.
- B. This policy does not include the purchasing and contracting with healthcare providers involved in the actual delivery of healthcare services. Other exclusions include legal services, membership dues, grant agreements, sponsorships, employee benefits, utilities, insurance, business licenses and regulatory fees.

### IV. Definitions

**Buyer:** Procurement department employees designated with buying authority for GCHP

**Contracted Vendor:** A contracted Vendor with a current Master Agreement that may include all security requirements, a Business Associate Agreement but *without* pre-negotiated pricing. Contracted Vendors should be used wherever possible to accelerate the order processing cycle time for all procurements under \$200,000.

**Order:** An official, contractual commitment to a Vendor for goods and or services (ex. Purchase Order, signed contract, etc.)

**Preferred Vendor:** A Vendor with a current Master Agreement that may include all security requirements, a Business Associate Agreement and pre-negotiated enterprise-wide pricing.

**Purchase Order:** A Purchase Order is the authorized document issued to a Vendor for the purchase of goods and/or services. Purchase Orders are electronic and created by a Buyer from a Requisition in Workday. Prior to being disbursed to a Vendor, the Workday Purchase Order will electronically obtain all internal authorizations in accordance with the Signature Authority Policy.

**Requestor:** An employee of GCHP requesting the purchase of goods and/or services in Workday.

**Requisition:** An electronic requisition originated by a Requestor in Workday and submitted to a Buyer. The Requisition describes the goods and/or services being requested, the estimated cost the recommended Vendor and internal accounting codes.

**Vendor:** An external organization providing goods or services

**Workday:** GCHP's financial system. Modules include Strategic Sourcing, Contracts, Procurement, Accounts Payable, Budgeting and General Ledger. Workday Procurement functionality includes electronic requisitioning with automated workflow configured for every Purchase Order in accordance with the Signature Authority Policy.

## **V. Purchasing Considerations**

### **A. Supplier Diversity**

1. GCHP is committed to be a valuable member of the communities in which it operates. To that end, equal opportunity will be afforded to Women and Minority Business Enterprises (WMBEs) to participate with us as Vendors, contractors and subcontractors of goods and services.

### **B. Behavioral Standards of Procurement**

1. Vendors are important assets to GCHP, as they both provide vital goods and services and represent potential customers. When dealing with Vendors, ALL GCHP employees must adhere to the ethical and legal standards for Vendor relationships as detailed in the Gold Coast Health Plan Ethics Policy, Policy Number: HR-006.
2. In addition to these standards, employees shall:
  - a. Consider the interests of GCHP in all transactions and abide by its established policies
  - b. Buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure
  - c. Subscribe to and work for honesty and truth in buying and selling, and report all forms and manifestations of commercial bribery
  - d. Avoid sharp practice, which is best defined as presenting inflated quantity needs to a Vendor to obtain the lowest unit price (see Section V, E).

#### C. Conflict of interest

1. The Political Reform Act of 1974 prohibits an employee from making, participating in the making, or using their position to influence a company decision where it is reasonably foreseeable that the decision may have a financial effect on the employee's economic interests. Reference Exhibit B. To proactively avoid a potential conflict of interest, an employee participating in the strategic sourcing process may be required to sign a Conflict-of-Interest Compliance Certification in the form of Exhibit C.

#### D. Disclosure of Confidential Information

1. Employees must protect all confidential and privileged procurement-related information that has been entrusted to them. Although employees' fundamental responsibility is to protect GCHP, employees also have a responsibility to the Vendors and firms with whom GCHP does business. Employees must avoid statements that would injure or discredit a Vendor or divulge confidential information that would give an unfair advantage to specific Vendors who are involved in a competitive bidding process.

#### E. Misuse of Buying Power

1. Employees must not misapply the purchasing power represented by their ability to award orders to Vendors. It is unethical, for example, to obtain low pricing based on discussions of large volume when the intent is to buy only a small quantity. Under the Federal Robinson-Patman Act, it is unlawful for employees to induce or obtain more favorable prices, terms, or conditions of purchase than those available to competing buyers.

#### F. Unfair Buying Tactics

1. Unfair buying involves purchases made based on an associate's favoritism for a Vendor. Friendship cannot be a basis for placing an order. Orders must be placed based on predefined qualitative and quantitative factors, and practical consideration factors including cost, quality, risk, and service. Any buying decision that runs counter to these considerations puts the interest of GCHP second to the interest of the Vendor and is therefore improper.

#### G. Samples from Vendors

1. All samples are the property of GCHP and must not accrue to the personal benefit of any associate. Samples are defined as solicited or unsolicited products submitted to GCHP for the purpose of evaluation.

#### H. Policy Exceptions

1. Exceptions to this policy are provided under Section VI, H.

#### I. Internal Authorization to Enter Into Commitments with Vendors

1. Prior to making a commitment to a Vendor, all purchases are required to have proper levels of internal GCHP authorization in accordance with the Signature Authority Policy. Requisitions linked to Purchase Orders serve as the internal electronic authorization for GCHP to enter commitments with Vendors of administrative goods and services. For a Non-Standard Sourced Agreement, the Requestor is responsible for ensuring that the procurement is compliant with GCHP policy, including but not limited to, internal authorizations, privacy, and security policies.

#### J. Contracts and Legal Requirements

1. Where practical, all contractual negotiations should be initiated from legally pre-approved standard agreements. Circumstances may arise where standard contract templates are not applicable. In these situations, a standard contract template may be modified, or a different contract format may be used. In every situation, if there are changes to a legally pre-approved contract, the Legal Department must review the changes. If the contract is a statement of work/service order/schedule against a pre-approved master agreement and the terms and conditions contained in the statement of work/service order/schedule do not conflict with the master agreement terms and conditions, the Legal Department does not need to review the statement of work/service order/schedule.
2. Once a contract has been signed, Procurement will maintain a repository of all contracts and manage activities. Such activities are to include but are not limited to expiration date notification, renewals, posting new contracts to the repository, and monitoring contract compliance.

#### K. Purchase Orders, Invoices, and Payments



1. Upon delivery of the good and/or service from an approved Purchase Order, the Vendor will issue an invoice to GCHP's Accounts Payable department referencing the associated Purchase Order number. Using Workday, Accounts Payable will electronically send the invoice to the Requestor for review. The Requestor is responsible for performing all receiving in the form of approving an invoice. Approving the invoice confirms that the quantity of goods or services listed on the invoice was rendered at the unit cost and at or below (below for partial delivery) the quantity listed on the associated line item of the Purchase Order. Once the invoice is approved the goods and/or services are then paid against the Purchase Order by Accounts Payable.

#### L. Change Orders to Goods or Services Already Procured

1. Change orders are required when Requestors want to make changes to existing Purchase Orders, or when goods and/or services are no longer required. Whenever possible, change orders for additional goods and/or services should be anticipated when initially drafting an agreement through the inclusion of renewal terms and predetermined extension pricing.
2. Change order requests require approval based on the authorization limits provided in the Signature Authority policy. The approval amount is the initial Purchase Order amount plus or minus all subsequent changes. Upon receiving the change order Requisition, the responsible Buyer updates the associated Purchase Order to reflect the new changes. Change orders are not intended to compensate for significant changes in scope or to start a new project with an incumbent Vendor.

#### M. Procurement Service Levels

1. Requests should be initiated with Procurement as soon as the needs arise using the Sourcing Intake Form noted in Section VI, A. Project durations for ad-hoc strategic sourcing projects range from ten to twenty-four weeks, based on the scope and complexity of the sourcing initiative. Factors specific to the project will be taken into consideration when establishing work plans and estimating project duration.

### **VI. Process for Acquiring Goods and Services**

GCHP's process for acquiring goods and services outlined below ensures that Procurement can deliver the most cost effective and efficient purchasing strategy for its customers, while simultaneously adhering to our company's guiding

principles and obligations as a public company. Failure to comply with these purchasing processes as outlined can result in serious consequences as outlined in Section II, B of this policy.

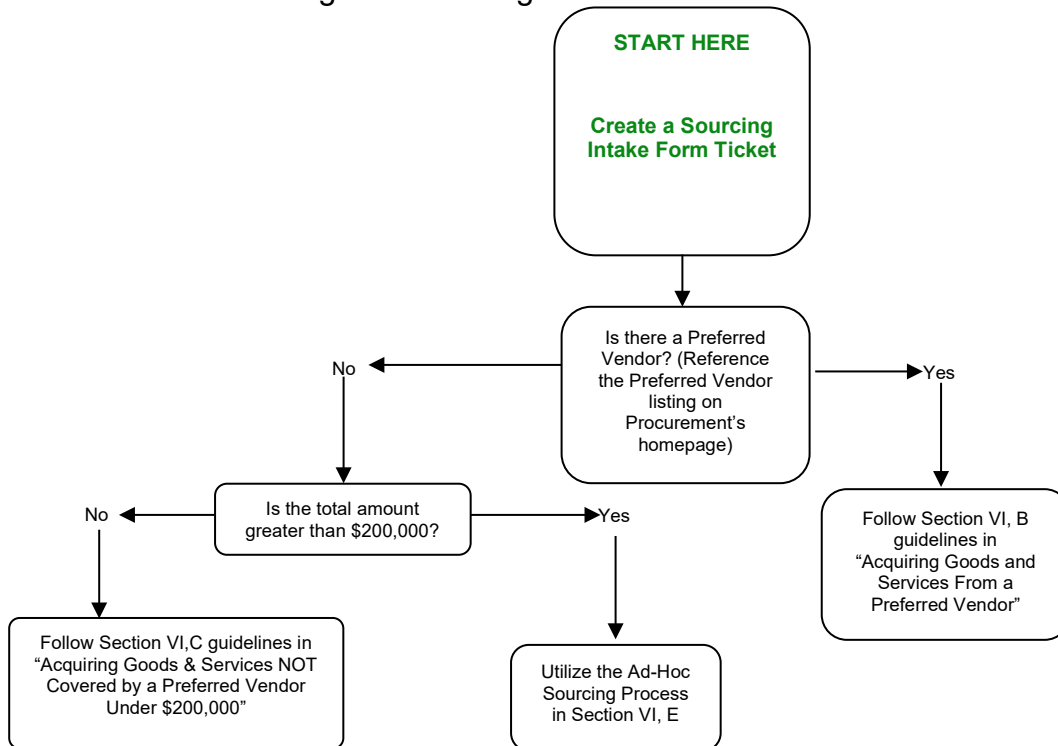
GCHP’s procurement procedures ensure the purchase of goods and services from external Vendors who provide the most cost effective, technically capable solution with favorable terms and conditions. Procurement seeks to pool GCHP-wide demand volume, reduce the number of Vendors, and to standardize goods and services.

This section provides a description of the procedures that employees should follow when requisitioning goods and services and requesting change orders to existing purchase orders.

**A. Acquiring Goods and Services**

1. Start your procurement by creating a Sourcing Intake Form located on the SharePoint Procurement homepage:  
<https://goldcoasthealthplan.sharepoint.com/sites/Procurement/SitePages/Start-Here--Sourcing-Intake-Process.aspx>
2. The Sourcing Intake Form ticket will automatically route the customer through the bidding process listed below.

Figure 1: Bidding Determination Process



## B. Acquiring Goods and Services from a Preferred Vendor

1. Procurement establishes legally approved Master Agreements with Preferred Vendors that if applicable, will include privacy and security requirements, including a Security Risk Assessment and Business Associate Agreement. These Preferred Vendor agreements may also contain enterprise-wide pre-negotiated pricing. Preferred Vendors are reviewed and updated regularly based on strategic sourcing projects and the evaluation of work performed. The only exception to this review practice is the immediate substitution or removal of a Preferred Vendor for the following reasons:
  - a. Instability of a Vendor
  - b. Regulatory requirements
  - c. Unethical business practices
  - d. Direct or indirect competition with a GCHP business
  - e. Vendor is acquired by others
2. The Preferred Vendor list is published in the Sourcing Intake Form located in the Procurement homepage section on SharePoint. The use of these Vendors will significantly reduce GCHP's administrative costs through reduced procurement cycle-time, reduced risk through legally approved contracts, and utilization of enterprise-wide demand for lower negotiated pricing. Using a Preferred Vendor over contracting with a new Vendor will provide faster and overall better customer experience.

## C. Acquiring Goods & Services NOT Covered by a Preferred Vendor under \$200,000

1. Goods and services that are not available through a Preferred Vendor and that total less than \$200,000 may not need to go through the strategic sourcing process discussed in Section VI, E below.
2. Instead, for procurements less than \$200,000 requestors should create a Sourcing Intake Form and leverage a Contracted Vendor wherever possible. If a Contracted Vendor is not available, then Procurement will work with the requestor to establish a contract. NOTE: The cycle time for Procurement to finalize a contract with legal may take up to three, (3) months.

D. Acquiring Goods & Services NOT Covered by a Preferred or Contracted Vendor That Total \$200,000 or More

1. Procurements requiring goods and services totaling \$200,000 or more that are not covered by a Preferred or Contracted Vendor, must utilize the ad-hoc strategic sourcing process discussed in Section E below. Anytime during the ad-hoc strategic sourcing process, the Requestor may submit a Requisition from Workday describing the goods or services being procured.
2. NOTE: The cycle time for Procurement to finalize this process and negotiate a contract with legal may take up to six, (6) months.

E. Strategic Sourcing Process

Strategic sourcing is an objective, fact-based process that utilizes an assembled Sourcing Team (that includes end user representatives) to define sourcing requirements and to select the Vendors that offer GCHP the best overall value. There are two types of strategically sourced scenarios:

1. Ad-Hoc Purchase:

One time / non-recurring purchase

Team size and composition determined by Requestor

Follows process outlined in Figure 2.

2. Repetitive Purchase:

Recurring purchases used to consolidate companywide demand for goods or services and establish preferred vendors

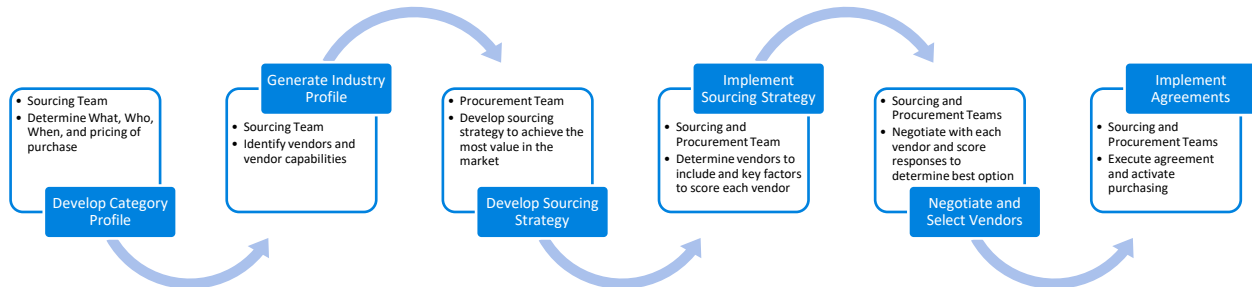
Team composition includes key business owners throughout organization and determined by Procurement

Follows process outlined in Figure 2.

Procurement is the primary department to distribute Requests For Proposal (RFP) and Requests For Quote (RFQ).

The following six strategic sourcing steps are the same for both the ad-hoc purchase and repetitive sourcing scenarios. However, the steps are expedited (“fast tracked”) for the ad-hoc purchase scenario.

Figure 2: Strategic Sourcing Process



#### F. Single or Sole Source

1. If there is only a single or sole source for the goods or services where the total purchase amount exceeds \$200,000, documentation shall be kept on file to substantiate the following:
  - a. Why the selected product and/or Vendor was chosen.
  - b. What the unique performance factors of the selected product/service are.
  - c. Why the specific factors are required.
  - d. Other products/services examined and rejected and the reasons they were rejected.
  - e. Why other sources providing like goods or services were found to be unacceptable.

#### G. Government Contracts

1. If eligible, GCHP may enroll in pre-negotiated state and municipal agreements. These agreements leverage much larger volume and may include price discounts and favorable terms and conditions that may not be available directly to GCHP. By enrolling in these agreements, GCHP does not need to use the strategic sourcing process to establish market competition and by default, the Vendors of these agreements become a Preferred Vendor.

## H. Customer Directed Purchase

1. There may be legitimate business reasons to acquire goods and services without using the services of Procurement. If Procurement is not fully engaged in the full spectrum of the process, the Requestor shall acknowledge that they have performed the appropriate process to protect the company from any undue risk and that they have elected to not utilize an existing Preferred Vendor. These exceptions shall be tracked and reported to senior management as a “Customer Directed Purchase.” Where these exceptions occur, the Chief of the Requester’s department must complete and sign the Customer Directed Purchase Exception Form attached as Exhibit A, prior to any purchase of goods or services. If the Customer Directed Purchase is already executed by the Requestor, Procurement will file and retain the contract record in the department’s contract repository. If a Customer Directed Purchase Exception Form is completed prior to contract execution, Procurement will route the contract for execution and retain the contract record in the department’s contract repository.
2. **NOTE: Employees should not sign contracts, GCHP’s Chief Financial Officer or Procurement Director are the ONLY authorized agent to execute non-claims-related agreements.**

## VII. RESPONSIBILITIES

### A. Departments and Employees (Requestors)

1. Obtain all proper authorized approvals
2. Adhere to GCHP’s ethical standards and legal requirements when dealing with Vendors.
3. Obtain goods and services in conformance with this policy.
4. Management approves the Purchase Order in accordance with their respective Authority levels provided in the Signature Authority Policy.
5. When required, work with Procurement to establish Sourcing Teams for goods and services obtained through GCHP’s Ad-hoc purchase Sourcing process, including developing RFx’s participating in Vendor proposal evaluation scoring and negotiations.
6. Abide with Vendor selection results based on pre-defined qualitative and quantitative factors.
7. Escalate disagreements on the outcome of the sourcing selection process to the Chief and Procurement Officer level.



8. Receive goods and/or services through invoice review and approval, if necessary.
9. Communicate any order issues to the responsible Buyer.
10. Initiate Change Orders and obtain proper authorized approval.

## B. Procurement

1. Adhere to GCHP's ethical standards and legal requirements when dealing with Vendors.
2. Initiate and conduct the Vendor selection process for repetitively sourced goods and services. Facilitate Requestors obtaining goods and services through the ad-hoc purchase sourcing process.
3. Review the Requisition for completeness and create the associated Purchase Order in accordance with each party's contractual understanding.
4. When appropriate, make recommendations and suggest alternatives regarding the goods and services requested.
5. Work with Requestors involved in the sourcing process to develop a TCO model, sourcing strategy, RFP and RFQ (if appropriate).
6. Manage all Vendor relationships and communications, including distribution of RFX's.
7. Research Vendor base and assist Requestors with Vendor selection for RFX's.
8. Initiate, conduct and conclude negotiations leading to the acquisition of all goods and services.
9. Work with Requestors and Vendors to resolve issues.
10. Review change orders for completeness and best practices.
11. Update Purchase Orders to reflect changes requested in the approved change orders.
12. Periodically reassess Preferred Vendor relationships.
13. Monitor compliance with this policy.
14. Handle unsolicited Vendor inquiries.
15. The Procurement Director gets involved in resolving Requestor disagreements regarding the final outcome of the sourcing selection process.

**C. Legal Department**

1. Reviews and approves alterations or amendments to the terms and conditions of GCHP's purchase orders or standard templates as well as all other types of agreements.

**D. Accounts Payable**

1. Redirects payment requests that do not follow the procedures outlined in this policy.
2. Pays invoices against Purchase Orders after proper invoice review and approval by the Requestor.

**VIII. Attachments**

A. N/A

**IX. References**

A. N/A

**X. Revision History**

<b>STATUS</b>	<b>DATE REVISED</b>	<b>REVIEW DATE</b>	<b>REVISION SUMMARY</b>
Reviewed	5/20/19	5/20/19	Robert Bushey
		01/29/2020	Robert Franco, Compliance Officer
Approved		02/09/2021	Robert Bushey, Procurement Officer
Approved		02/09/2021	PRC
		01/26/2022	Robert Bushey, Procurement Officer
Approved		02/16/2022	Robert Franco, Chief Compliance Officer

**Gold Coast Health Plan Approval: Signatures on File in C360**



**Exhibit A**

**Customer Directed Purchase Exception Form**

Requestor:			
Name:		Phone:	Date:
Department Name:		email:	
Vendor or Contract:			
Acknowledgement			
<ul style="list-style-type: none"> <li>Requestor acknowledge that they have assumed the responsibility of protecting GCHP from any undue risk (i.e., business, legal, information security, and privacy).</li> <li>Requestor acknowledge that they have elected to not use the services of Procurement prior to making a financial commitment.</li> </ul> <p>and /or</p> <ul style="list-style-type: none"> <li>Requestor acknowledge that they have elected to not utilize an existing Contracted or Preferred Vendor.</li> </ul>			
<b>Acceptance</b> I understand and accept the acknowledgements in this Customer Directed Purchase Exception Form. I also acknowledge that I understand the Purchasing Policy which can be found in GCHP's Compliance 360 Policy Library.			
Name:	Title:	Date:	Signature:



**Exhibit B**

**CONFLICT OF INTEREST CODE FOR  
VENTURA COUNTY MEDI-CAL MANAGED CARE COMMISSION  
dba Gold Coast Health Plan**

The Political Reform Act, Government Code section 81000 et seq., requires local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation (Cal. Code Regs. Title 2 § 18730) which contains the terms of a standard Conflict of Interest Code ("Standard Code..."), which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

The terms of California Code of Regulations, Title 2, section §18730 and any amendment to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference as the Conflict of Interest Code for the Ventura County Medi-Cal Managed Care Commission ("VCMCC"), and along with the designated positions requiring disclosure, constitute the Conflict of Interest Code of the VCMCC dba Gold Coast Health Plan (the "Code").

Pursuant to Section 4 of the Standard Code and Government Code section § 87500. subd. (j) and (o), people holding a designated positions described below shall file originals of their statements or economic interests with the VCMCC. With respect to the statements for each Commission Member and for the Chief Executive Officer, VCMCC shall retain copies thereof and forward the originals to the Clerk of the Ventura County Board of Supervisors (unless VCMCC is instructed otherwise). For all other persons holding the designated positions described below, VCMCC shall retain the originals of such statements.

This Code establishes no additional filing requirements for public officials specified by Government Code section § 87200 if they are designated in this Code in that same capacity or if the geographical jurisdiction of the VCMCC is the same as or is wholly included within the jurisdiction in which those persons must report their economic interest pursuant to Government Code sections § 87200, et seq.

A person holding a designated position with an assigned disclosure category shall:

(i) submit an initial statement of economic interest" within 30 days after the effective date of this Code and (ii) file annual statements of economic interest and other required statements pursuant to Section 5 of the Code as set forth in California Code of Regulations, title 2 section § 18730. Such statements shall be available for public inspection and reproduction as required by law, (Government Code Section § 81008).



**Exhibit C**

**CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT**

Project Name: \_\_\_\_\_

RFP ID#: \_\_\_\_\_

I certify that I have no personal or financial interest and no present or past employment or activity which would be incompatible with my participation in any activity related to the planning or procurement processes for the above-mentioned project. For the purpose of this certification, having a “financial interest” includes:

- a. Having an investment interest of \$2,000 or more in a bidder/proposer.
- b. Having an ownership or leasehold interest of \$2,000 or more in a bidder/proposer’s real property.
- c. Receiving income or promised income aggregating to \$500 or more in the previous 12 months from a bidder/proposer.
- d. Receiving gifts aggregating to \$460 or more in the previous 12 months from a bidder/proposer.

Financial interests include the community property interest in the investment, real property interest, income or gift, of my spouse or registered domestic partner. I will not acquire any personal or financial interest in any bidder or proposer without first disclosing the interest to Gold Coast Health Plan. I understand that it is my responsibility to comply with all State laws and Gold Coast Health Plan rules relates to ethics and conflicts of interest.

I certify that I will keep confidential and secure and will not copy, give or otherwise disclose any confidential information concerning the planning, processes, development or procedures of the Project which I learn in the course of my duties on the Project (“Project Information”) to any external party, except as authorized by the Procurement Lead. Project Information may be disclosed to other GCHP workforce members on a need-to-know basis. I understand that Project Information includes, but is not limited to, specifications, administrative requirements, and terms and conditions, and includes concepts and discussions as well as written or electronic materials. I understand that if I leave this Project before it ends, I must still keep all Information confidential. I agree to follow any instructions provided by the Procurement Lead relating to the confidentiality of Project Information.



I fully understand that any unauthorized disclosure I make may be a basis for disciplinary action, including dismissal. I agree to advise the Procurement Lead immediately in the event that I either learn or have reason to believe that any person who has access to Project confidential information has or intends to improperly disclose that information.

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Telephone No. \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **AGENDA ITEM NO. 4**

TO: Executive Finance Committee

FROM: Felix L. Nunez, M.D., Chief Executive Officer

DATE: April 23, 2026

SUBJECT: Advance Payment Agreement to County of Ventura

### **Summary and Background**

Gold Coast Health GCHP (GCHP) management seeks a recommendation from the Executive Finance Committee that the Commission approve an advance payment to the Ventura County Health Care Agency (VCHCA). This Advance Payment Agreement (APA) would be effective June 26, 2026. The APA would specify terms for a one-time payment in the amount of thirty million dollars (\$30,000,000.00) made by GCHP to the County of Ventura as payment made in advance of VCHCA services to be performed pursuant to the primary care provider, specialist, and hospital Provider Agreements and GCHP's complete processing of applicable claims. This funding is allowable for reasons stated below, including that it is to a governmental entity for the public purpose of supporting the continued operation and viability of a Safety Net Provider, which is essential to the ability of GCHP to provide an adequate network for its members.

The APA details an Advance Payment that would be repaid by September 30, 2026. The Advance Payment would support VCHCA's critical operational expenses and is necessary due to a cash flow strain impacted by delays in supplemental funding reimbursement from the State of California.

Major terms of the APA are as follows:

- A one-time Advance Payment would be made on June 26, 2026.
- The funds will be repaid by September 30, 2026.
- If the advance payment has not been fully repaid by September 30, 2026, GCHP may offset any unpaid amount against capitation payments, fee-for-service payments relating to claims submitted or processed for payment, or any other amounts due to VCHCA for subsequent months.
- GCHP is not recommending requiring an administrative fee to reimburse GCHP for the additional costs of administering this Advance Payment to demonstrate its partnership with the County. Should the Commission decide to impose such, a fee in the amount of \$189,440 is what could be imposed.

This Advance Payment Funding Agreement does not constitute a gift of public funds because (1) the funds advanced will be fully recouped within five months as described above, and (2) the advance payment would allow the County to continue to deliver medical care without disruption,

promotes the long-term viability of the provider network and will help maintain member satisfaction. (Cal Const art XVI, Section 6, *City and County of San Francisco* (1932) 216 C 187, 193), and further such funding further serves a purpose of GCHP, the donor agency. (*Golden Gate Bridge & Hwy. Dist. v. Luehring*, 4 Cal.App.3d 204 (1970).)

This request for an advance on capitation and claims payments is specifically within the authority and purpose of the Commission. The statutory purpose of the Commission is to “meet the problems of the delivery of publicly assisted medical care in the county and to demonstrate ways of promoting quality care and cost efficiency.” (Welf. & Inst. Code §14087.53.) The County Board of Supervisors ordinance establishing the Commission requires the Commission to, among other things, implement “reimbursement mechanisms which promote the long-term viability of a locally operated Medi-Cal managed care system and the existing participating provider networks inclusive of ‘Safety Net’ providers herein defined as Medi-Cal disproportionate share hospitals, county clinics, federally qualified health centers, and licensed rural health clinics” (Ord. 4613, Art. 6, 1380-4(c)). GCHP’s bylaws provide that the Commission shall deliver “medical care via a contracted provider network that will improve access to primary, specialty and ancillary services, ...[incorporate] a plan of service delivery and [implement] reimbursement mechanisms which promote the long-term viability of a locally operated Medi-Cal managed care system [and]...implement programs and procedures to ensure a high level of member satisfaction.”

### **Financial Impact**

The Advance Payment will result in a temporary reduction in GCHP’s reserves.

### **Recommendation**

GCHP staff recommend that the Executive Finance Committee recommend that Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute an Advance Payment Agreement in the amount of \$30,000,000 with the County of Ventura.



**AGENDA ITEM NO. 5**

**TO:** Executive Finance Committee

**FROM:** Jeff Register, Interim Chief Financial Officer-Controller

**DATE:** April 23, 2026

**SUBJECT:** March 2026 Year to Date Financial Results

**SUMMARY:**

Staff is presenting the attached March 2026 year-to-date (“YTD”) unaudited financial statements of Gold Coast Health Plan (“GCHP”) for review and approval.

**ATTACHMENT:**

March 2026 Financial Package

**APPENDIX:**

- Income Statement YTD
- Balance Sheet
- Statement of Cash Flow
- Statement of Investments and Cash Balances

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	For the Month Ended March 2026				Fiscal Year to Date Through March 2026			
	Mar 2026	Mar 2026	Fav / (Unfav)	%	Mar 2026	Mar 2026	Fav / (Unfav)	%
	ACTUALS	BUDGET			ACTUALS	BUDGET		
<b>Membership</b>	230,874	231,889	(1,015)	-0.4%	697,927	698,748	(821)	-0.1%
<b>Revenue</b>								
Premium	\$ 139,677,070	\$ 139,859,925	\$ (182,855)	-0.1%	\$ 420,843,178	\$ 421,480,235	\$ (637,057)	-0.2%
Facility Expense AB85								
Reserve for Cap Requirements	(539,315)	(246,783)	(292,532)	118.5%	(1,493,508)	(744,447)	(749,060)	100.6%
Incentive Revenue								
MCO Premium Tax	(35,905,164)	(34,604,855)	(1,300,309)	3.8%	(103,923,303)	(104,301,624)	378,320	-0.4%
<b>Total Net Premium</b>	<b>103,232,591</b>	<b>105,008,287</b>	<b>(1,775,696)</b>	<b>-1.7%</b>	<b>315,426,367</b>	<b>316,434,164</b>	<b>(1,007,797)</b>	<b>-0.3%</b>
<b>Other Revenue:</b>								
Miscellaneous Income	145	-	145		370	-	370	
<b>Total Other Revenue</b>	<b>145</b>	<b>-</b>	<b>145</b>		<b>370</b>	<b>-</b>	<b>370</b>	
<b>Total Revenue</b>	<b>103,232,736</b>	<b>105,008,287</b>	<b>(1,775,551)</b>	<b>-1.7%</b>	<b>315,426,737</b>	<b>316,434,164</b>	<b>(1,007,427)</b>	<b>-0.3%</b>
<b>Medical Benefits:</b>								
<u>Capitation:</u>								
PCP, Specialty, Kaiser, NEMT & Vision	4,056,418	4,505,101	448,683	10.0%	11,280,487	13,603,627	2,323,140	17.1%
ECM	1,804,063	1,066,043	(738,020)	-69.2%	4,878,456	3,213,552	(1,664,905)	-51.8%
<b>Total Capitation</b>	<b>5,860,482</b>	<b>5,571,144</b>	<b>(289,338)</b>	<b>-5.2%</b>	<b>16,158,943</b>	<b>16,817,179</b>	<b>658,235</b>	<b>3.9%</b>
<u>FFS Claims:</u>								
Inpatient	18,313,727	19,940,064	1,626,337	8.2%	62,784,623	60,064,125	(2,720,499)	-4.5%
LTC / SNF	14,915,959	16,781,314	1,865,355	11.1%	48,640,189	50,407,905	1,767,716	3.5%
Outpatient	8,391,203	9,696,673	1,305,470	13.5%	28,199,338	29,131,421	932,084	3.2%
Laboratory and Radiology	2,004,188	861,957	(1,142,231)	-132.5%	4,327,939	2,605,450	(1,722,488)	-66.1%
Directed Payments - Provider	829,385	812,672	(16,713)	-2.1%	2,338,613	2,444,169	105,557	4.3%
Emergency Room	5,472,643	4,371,588	(1,101,055)	-25.2%	14,338,319	13,110,801	(1,227,518)	-9.4%
Physician Specialty	10,892,081	7,303,781	(3,588,300)	-49.1%	29,014,555	21,992,408	(7,022,148)	-31.9%
Primary Care Physician	6,417,734	7,401,048	983,314	13.3%	16,080,081	22,228,184	6,148,103	27.7%
Home & Community Based Services	(2,365,403)	4,580,793	6,946,195	151.6%	9,630,246	13,688,107	4,057,861	29.6%
Medically Supportive Food	6,668,495	-	(6,668,495)		6,668,495	-	(6,668,495)	
Applied Behavior Analysis Services	5,944,488	5,432,088	(512,400)	-9.4%	15,769,637	16,175,482	405,844	2.5%
Pharmacy	231,303	137,190	(94,113)	-68.6%	566,086	357,304	(208,782)	-58.4%
Quality Incentive Provider Program (QIPP)	3,506,516	3,240,475	(266,041)	-8.2%	9,829,049	9,719,943	(109,105)	-1.1%
Other Medical Professional	432,904	1,837,185	1,404,282	76.4%	2,477,458	5,523,184	3,045,726	55.1%
Other Fee For Service	1,764,097	2,003,402	239,305	11.9%	5,637,134	6,016,452	379,318	6.3%
Settlements - Medical	(15,093)	-	15,093		(15,093)	-	15,093	
Transportation	250,017	494,072	244,055	49%	1,220,017	1,484,226	264,209	18%
<b>Total Claims</b>	<b>83,654,243</b>	<b>84,894,302</b>	<b>1,240,059</b>	<b>1.5%</b>	<b>257,506,686</b>	<b>254,949,162</b>	<b>(2,557,524)</b>	<b>-1.0%</b>
Provider Grant Program	943,745	915,161	(28,583)	-3%	3,017,716	2,729,353	(288,363)	-11%
Medical & Care Management	1,669,567	1,951,893	282,326	14%	5,038,010	5,881,991	843,981	14%
Reinsurance	(724,302)	307,217	1,031,519	336%	(884,347)	927,359	1,811,706	195%
Claims Recoveries	(126,246)	(158,333)	(32,087)	20%	(384,320)	(475,000)	(90,680)	19%
<b>Sub-total</b>	<b>1,762,764</b>	<b>3,015,939</b>	<b>1,253,175</b>	<b>42%</b>	<b>6,787,060</b>	<b>9,063,703</b>	<b>2,276,643</b>	<b>25%</b>
<b>Total Medical Benefits</b>	<b>91,277,488</b>	<b>93,481,384</b>	<b>2,203,896</b>	<b>2.4%</b>	<b>280,452,689</b>	<b>280,830,043</b>	<b>377,354</b>	<b>0.1%</b>
<b>Contribution Margin</b>	<b>11,955,248</b>	<b>11,526,902</b>	<b>428,345</b>	<b>3.7%</b>	<b>34,974,048</b>	<b>35,604,121</b>	<b>(630,073)</b>	<b>-1.8%</b>
<b>General &amp; Administrative Expenses:</b>								
Salaries, Wages & Employee Benefits	6,722,629	7,060,493	337,864	5%	20,794,866	21,181,480	386,614	2%
Training, Conference & Travel	18,190	52,500	34,310	65%	279,332	157,500	(121,832)	-77%
Outside Services	1,579,766	2,470,733	890,967	36%	5,180,478	7,412,199	2,231,721	30%
Professional Services	837,641	1,406,687	569,046	40%	2,404,750	4,220,062	1,815,313	43%
Occupancy, Supplies, Insurance & Others	3,764,366	2,754,097	(1,010,269)	-37%	10,299,273	8,262,291	(2,036,981)	-25%
ARCH/Community Grants	-	183,975	183,975	100%	37,889	551,924	514,035	93%
Sponsorships	5,000	61,325	56,325	92%	9,500	183,975	174,475	95%
Care Management Reclass to Medical	(1,669,567)	(1,951,893)	(282,326)	14%	(5,038,010)	(5,881,991)	(843,981)	14%
<b>G&amp;A Expenses</b>	<b>11,258,026</b>	<b>12,037,918</b>	<b>779,892</b>	<b>6%</b>	<b>33,968,077</b>	<b>36,087,441</b>	<b>2,119,364</b>	<b>6%</b>
D-SNP	(1,505,725)	-	1,505,725		1,294,296	-	(1,294,296)	
<b>Project Portfolio</b>	<b>(1,505,725)</b>	<b>-</b>	<b>1,505,725</b>		<b>1,294,296</b>	<b>-</b>	<b>(1,294,296)</b>	
<b>Total G&amp;A Expenses</b>	<b>9,752,301</b>	<b>12,037,918</b>	<b>2,285,617</b>	<b>19%</b>	<b>35,262,374</b>	<b>36,087,441</b>	<b>825,067</b>	<b>2%</b>
<b>Total Operating Gain / (Loss)</b>	<b>2,202,947</b>	<b>(511,015)</b>	<b>2,713,962</b>	<b>-531%</b>	<b>(288,326)</b>	<b>(483,320)</b>	<b>194,994</b>	<b>40.3%</b>
<b>Retro Premium Adj</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	
<b>Non Operating</b>								
Revenues - Interest	840,679	1,000,000	(159,321)	-15.9%	2,580,995	3,000,000	(419,005)	-14%
Expenses - Interest	-	-	-		-	-	-	
Gain/(Loss) on Sale of Asset	-	-	-		-	-	-	
<b>Total Non-Operating</b>	<b>840,679</b>	<b>1,000,000</b>	<b>(159,321)</b>	<b>-15.9%</b>	<b>2,580,995</b>	<b>3,000,000</b>	<b>(419,005)</b>	<b>-14%</b>
<b>Total Increase / (Decrease) in Unrestricted Net Assets</b>	<b>\$ 3,043,626</b>	<b>\$ 488,985</b>	<b>\$ 2,554,641</b>	<b>522%</b>	<b>\$ 2,292,669</b>	<b>\$ 2,516,680</b>	<b>\$ (224,011)</b>	<b>-9%</b>

**STATEMENT OF FINANCIAL POSITION**

	<u>As of Month Ending, March 2026</u>	<u>As of Month Ending, December 2025</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
<b>Total Cash and Cash Equivalents</b>	\$ 364,880,276	\$ 294,296,437
<b>Total Short-Term Investments</b>	<b>107,163,467</b>	<b>106,685,365</b>
Medi-Cal Receivable	164,638,183	156,518,148
Interest Receivable	1,176,673	808,060
Provider Receivable	10,523,962	13,571,218
Other Receivables	10,011,071	8,823,232
<b>Total Accounts Receivable</b>	<b>186,349,889</b>	<b>179,720,658</b>
Total Prepaid Accounts	14,901,960	8,959,028
Total Other Current Assets	320,246	320,402
<b>Total Current Assets</b>	<b>673,615,838</b>	<b>589,981,890</b>
<b>Total Fixed Assets</b>	<b>65,388,266</b>	<b>66,277,453</b>
<b>Total Long-Term Investments</b>		
<b>Total Assets</b>	<b>\$ 739,004,104</b>	<b>\$ 656,259,343</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities:</b>		
Incurred But Not Reported	\$ 144,358,086	\$ 131,690,924
Claims Payable	3,003,882	7,252,812
Capitation Payable	4,835,153	8,073,833
Physician Payable	13,376,997	11,519,669
DHCS - Reserve for Capitation Recoup	52,060,417	53,643,320
Lease Payable- ROU	6,551,084	7,376,788
Accounts Payable	67,714,008	(50)
Accrued ACS	391,536	407,101
Accrued Provider Incentives/Reserve	18,035,255	18,558,113
Accrued Expenses	16,684,804	25,109,584
Accrued Premium Tax	107,817,696	106,146,397
Accrued Payroll Expense	19,946,757	10,929,318
Quality Withhold	12,310,044	5,482,803
<b>Total Current Liabilities</b>	<b>467,689,545</b>	<b>386,618,343</b>
<b>Long-Term Liabilities:</b>		
Lease Payable - NonCurrent - ROU	22,611,644	23,230,757
<b>Total Long-Term Liabilities</b>	<b>22,611,644</b>	<b>23,230,757</b>
<b>Total Liabilities</b>	<b>490,301,189</b>	<b>409,849,100</b>
<b>Net Assets:</b>		
Beginning Net Assets	245,659,289	243,855,602
Total Increase / (Decrease in Unrestricted Net Assets)	3,043,626	2,554,641
<b>Total Net Assets</b>	<b>248,702,915</b>	<b>246,410,243</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 739,004,104</b>	<b>\$ 656,259,343</b>

<b>STATEMENT OF CASH FLOWS</b>		
	<b>For the Month Ended March 2026</b>	<b>Fiscal Year to Date Through March 2026</b>
<b>Cash Flows Provided By Operating Activities</b>		
Net Income (Loss)	\$ 3,043,625	\$ 2,292,669
<b>Adjustments to reconciled net income to net cash provided by operating activities</b>		
Depreciation on fixed assets	(1,209,115)	1,405,359
<b>Changes in Operating Assets and Liabilities</b>		
Accounts Receivable	11,914,082	(6,629,230)
Prepaid Expenses	4,457,366	(5,942,932)
Accrued Expense and Accounts Payable	61,766,513	72,130,309
Current Portion of Deferred Revenue	(980,271)	-
Claims Payable	1,445,886	(5,630,281)
MCO Tax liability	35,905,164	1,671,298
IBNR	5,000,830	12,667,161
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>121,344,081</b>	<b>71,964,353</b>
<b>Cash Flow Provided By Investing Activities</b>		
Proceeds from Investments	(88,101)	(478,102)
Purchase of Property and Equipment	(2,443,489)	(516,016)
<b>Net Cash (Used In) Provided by Investing Activities</b>	<b>(2,531,590)</b>	<b>(994,118)</b>
<b>Cash Flow Provided By Financing Activities</b>		
Lease Payable - ROU	(129,361)	(386,396)
<b>Net Cash Used In Financing Activities</b>	<b>(129,361)</b>	<b>(386,396)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>118,683,130</b>	<b>70,583,839</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>246,197,146</b>	<b>294,296,437</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 364,880,276</b>	<b>\$ 364,880,276</b>

<b>SCHEDULE OF INVESTMENTS AND CASH BALANCES</b>		
	<b>Market Value as of Month Ending, March 2026</b>	<b>Account Type</b>
Local Agency Investment Fund (LAIF)	\$ 45,696,151	Investment
Ventura County Investment Pool	20,558,506	Investment
CalTrust	40,908,810	Short-term investment
Bank of Montreal	367,225,070	Money market account
Columbia Bank	(2,344,794)	Operating accounts
<b>Investments and monies held by GCHP</b>	<b>\$ 472,043,743</b>	

# March 2026 YTD Results

Executive Finance Committee  
April 23, 2026

Felix L. Nunez, M.D., Chief Executive Officer  
Jeff Register, Interim Chief Financial Officer-Controller

Integrity

Accountability

Collaboration

Trust

Respect

# Executive Summary

- 2026 Capitated Premium Rates reflect a net 11.7% increase over 2025 Capitated Premium Rates
  - The magnitude of the adjustment acknowledges that prior rates were insufficient to adequately support medical expenses and administration of the plan
- Quarter end membership is unfavorable to budget by 1,015 members, or 0.4%, and has declined by approximately 7,000 members, or 2.9% since December 2025
- Overall performance for the quarter, although slightly unfavorable to budget, is largely in line with expectations
- Tangible Net Equity (TNE) is currently 543% of the State requirement, and is within the target range set by the Commission

# March 2026 Year-to-Date Financial Results

Item	Actual	Budget
Member Months	697,927	698,748
Revenue	\$315.4M	\$316.4M
<i>Revenue pmpm</i>	<i>\$451.95</i>	<i>\$452.86</i>
Medical Cost	\$267.6M	\$268.4M
<i>Medical Costs pmpm</i>	<i>\$383.43</i>	<i>\$384.09</i>
Medical Loss Ratio	84.8%	84.8%
Administrative Cost	\$35.3M	\$36.1M
<i>Admin Cost PMPM</i>	<i>\$50.52</i>	<i>\$51.65</i>
Administrative Loss Ratio	11.2%	11.4%
<b>Operating Results</b>	<b>\$12.6M</b>	<b>\$12.0M</b>
Investment Income	\$2.6M	\$3.0M
Quality Strategy (Grants/Incentives)	\$12.8M	\$12.4M
<b>Non Operating Results</b>	<b>(\$10.3M)</b>	<b>(\$9.4M)</b>
<b>Net Income/(Loss)</b>	<b>\$2.3M</b>	<b>\$2.5M</b>
TNE	\$248.7M	\$248.9M

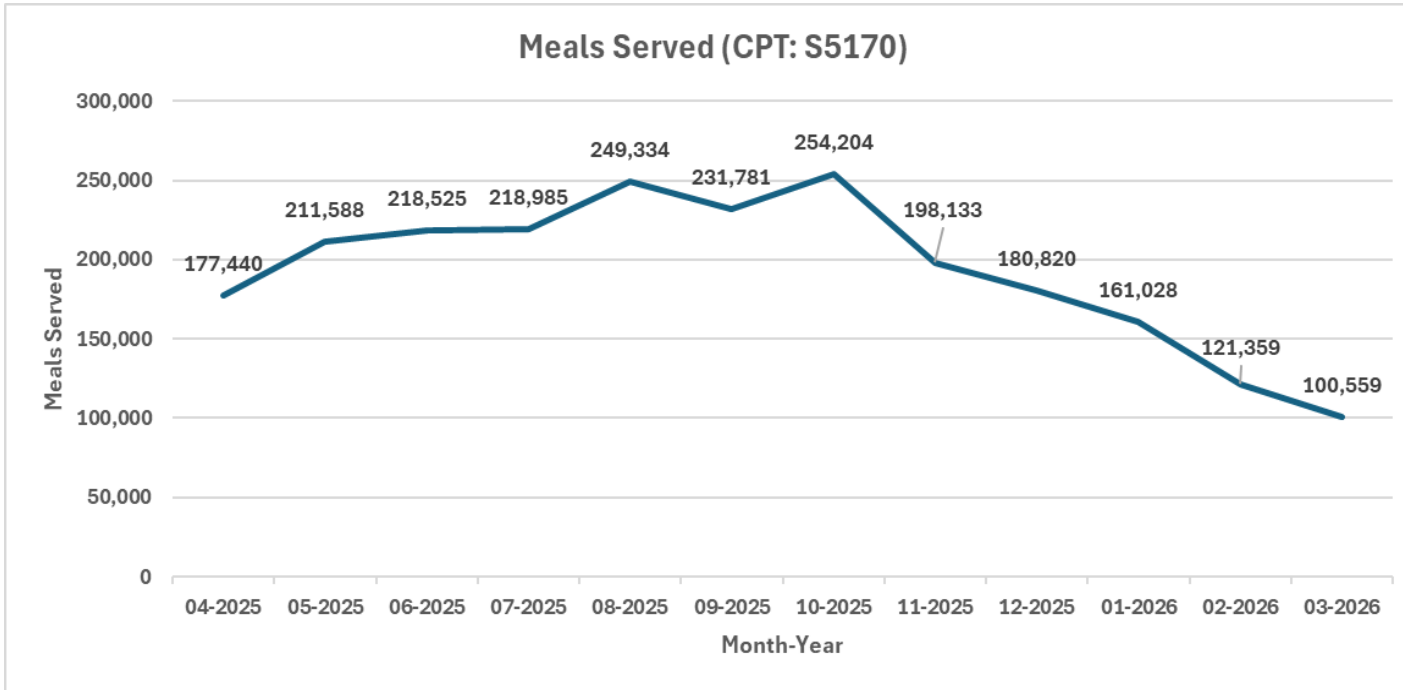
March YTD Results are largely tracking with budget across all categories:

## Highlights

- Membership is slightly below budget, driving volume related decreases in revenue and medical expense
- Medical Loss Ratio is aligned with budgeted expectations
- Administrative costs is \$0.8M, or 0.2%, favorable to budget
- Investment income is \$400K, or 14%, unfavorable to budget due to lower interest rates and balances
- Continued strong investment in Quality Strategy initiatives
- The March TNE is 543% of the state requirement

Note: The financial results presented are unaudited, preliminary, and subject to restatement.

# Medically Supportive Food Utilization



Reduction in utilization attributed to renewed program management and following state guidelines.

Goal is to maximize utilization and value without exceeding state premium payments.

*Note: March utilization not yet fully reported.*

# Membership Volumes and Rates

COA	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Rates
Adult Expansion - SIS	66,041	66,073	65,651	65,204	64,398	64,123	\$ 464.43
Adult - SIS	21,618	21,641	21,492	21,111	20,824	20,750	\$ 411.21
Child - SIS	80,158	80,130	79,743	79,407	78,748	78,273	\$ 151.35
SPD - SIS	9,156	9,115	9,093	9,030	8,974	8,934	\$1,474.57
SPD Dual - SIS	26,457	26,420	26,353	24,385	24,042	23,866	\$ 661.69
Long Term Care - SIS	32	33	32	31	31	34	\$1,474.57
Long Term Care - Dual - SIS	716	719	725	687	692	688	\$ 661.69
Adult Expansion - UIS	14,717	14,685	14,625	14,236	13,792	13,568	\$ 679.05
Adult - UIS	15,432	15,323	15,081	14,831	14,393	14,115	\$ 350.38
Child- UIS	4,524	4,385	4,310	4,213	4,080	4,026	\$ 135.34
SPD - UIS	1,822	1,822	1,818	1,807	1,789	1,739	\$1,560.75
SPD Dual - UIS	351	353	352	338	298	321	\$ 827.64
Long Term Care - UIS	14	14	14	15	17	17	\$1,560.75
Long Term Care - Dual - UIS	8	8	8	8	7	8	\$ 827.64
<b>Total</b>	<b>241,046</b>	<b>240,721</b>	<b>239,297</b>	<b>235,303</b>	<b>232,085</b>	<b>230,462</b>	

Note: The financial results presented are unaudited, preliminary, and subject to restatement. [118 of 119 pages](#) [Return to Agenda](#)

# Finance Department Update

## **Achievements:**

- Finance successfully went live in the new Workday platform effective January 1, 2026 for the following modules:
  - Procurement
  - Accounts Payable
  - General Ledger
- Achieved a 12 Business Day (BD) close in our third month on the new system
  - The goal is to consistently close within 10 BD and have reporting and analysis available by BD 14
- 2025 Stub Period Audit successfully completed

## **Windshield View:**

- 2025 Stub Period regulatory reporting due by April 30<sup>th</sup>
  - DHCS
  - DMHC
  - CMS
- 2026 Q1 regulatory reporting due by May 15<sup>th</sup>
  - DHCS
  - DMHC
  - CMS
- Workday Adaptive (budgeting and forecasting tool) scheduled to go-live in early May
- 3 + 9 Reforecast presentation scheduled for the May 18<sup>th</sup> Commission meeting
- Completion of 2027 Medicare Bid on track for June 1<sup>st</sup> submission to CMS
- Medicare risk adjustment audits to ensure appropriate member risk score assignment