



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

Executive/Finance Committee Meeting

Regular Meeting

Wednesday, April 21, 2021 – 3:00 p.m.

Community Room at Gold Coast Health Plan

711 E. Daily Drive, Suite 106, Camarillo, CA 93010

Executive Order N-25-20

Conference Call Number: 805-324-7279

Conference ID Number: 520 522 004#

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda. Persons wishing to address VCMMCC should complete and submit a Speaker Card.

Persons wishing to address VCMMCC 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 call in, using the numbers above, or can submit public comments to the Committee via email by sending an email to 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 Meeting Minutes of February 4, 2021 and corrected minutes of Special Executive Finance Committee meeting of December 10, 2020.**

Staff: Deborah Munday, Assistant Clerk to the Commission

RECOMMENDATION: Approve the minutes.

UPDATES

- 2. Cal-AIM: General Overview
Upcoming Enhanced Care Management (ECM) / In Lieu of Services (ILOS)
Requirements and Implementation**

Staff: Marlen Torres, Executive Director of Strategy & External Affairs
Pauline Preciado, Senior Director, Population Health & Equity

RECOMMENDATION: Receive and file the update.

- 3. Conduent, GCHP's Management Services Organization (MSO), regarding HSP Conversion**

Staff: Anna Sproule, Senior Director of Operations
Conduent Guest Speakers: Lisa Hopper, GM Commercial Payer and
Dave Bryan, VP Health Care Operations

RECOMMENDATION: Receive and file the update.

- 4. HSP Medi-Trac Update**

Staff: Eileen Moscaritolo, HMA Consultant

RECOMMENDATION: Receive and file the update.

FORMAL ACTION

5. Investment Policy

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend that the Commission approve the Investment Policy for a one-year period.

6. March 2021 Fiscal Year to Date Financials

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend that the Commission approve the March 2021 financial package.

CLOSED SESSION

7. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case.

8. PUBLIC EMPLOYEE APPOINTMENT

Titles: Chief Operations Officer
Medical Director

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

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: Deborah Munday, CMC –Assistant Clerk of the Board
DATE: April 21, 2021
SUBJECT: Executive Finance Committee Regular Meeting Minutes of February 4, 2021 and corrected Special Meeting Minutes of December 10, 2020.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copy of the Executive Finance Committee Regular Meeting Minutes of February 4, 2021 and corrected Special Meeting Minutes of December 10, 2020

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

February 4, 2021

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:05 p.m. via phone conference call. The Assistant Clerk was in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

The following GCHP staff was on the conference call:

- Margaret Tatar, Chief Executive Officer
- Dr. Nancy Wharfield, Chief Medical Officer
- Robert Franco, Chief Compliance Officer
- Kashina Bishop, Chief Financial Officer
- Ted Bagley, Chief Diversity Officer
- Marlen Torres, Executive Director of Strategies & External Affairs
- Michael Murguia, Executive Director, Human Resources
- Eileen Moscaritolo, HMA Consultant
- Anna Sproule, Senior Director of Operations
- Bob Bushey, Procurement Officer
- Jamie Louwerens, Director of Finance
- Helen Miller, Senior Director, IT
- Vicki Wrighster, Director Network Operations
- Carolyn Harris, Manager, Procurement Operations and Sourcing
- David Tovar, Senior Policy Analyst
- Susana Enriquez, Public Relations Manager
- Debbie Rieger, ETP Consultant
- Paula Cabral, Executive Assistant
- Scott Campbell, BBK
- Cathy Salenko, BBK

ROLL CALL

Present: Committee members Dee Pupa, Antonio Alatorre, Shawn Atin and Jennifer Swenson (arrived 3:15 pm).

PUBLIC COMMENT

None.

CONSENT

1. Approval of Executive Finance Committee Special Meeting Minutes of December 10, 2020.

Staff: Deborah Munday, Executive Assistant / Assistant Clerk to the Board

RECOMMENDATION: Approve the minutes.

Committee Member Alatorre motioned to approve the minutes with stated corrections.
Committee Member Atin seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Committee Member Jennifer Swenson

Committee Chair Pupa declared the motion carried.

General Counsel, Scott Campbell, requested direction from the Executive Finance Committee to add Closed Session item:

Initiation of Litigation Pursuant to Paragraph 4 of Subdivision D of Section 54956.9: One case

Committee Member Pupa motioned to add to Closed Session. Committee Member Atin seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Committee Member Jennifer Swenson

Committee Chair Pupa declared the motion carried.

UPDATES

2. Enterprise Transformation Project (ETP) Update

Staff: Eileen Moscaritolo, HMA Consultant

RECOMMENDATION: Approve the update as presented.

HMA Consultant, Eileen Moscaritolo, presented the update. Staff is currently working on moving from the existing system, IKA, to HSP MediTrac, and still in the testing phase. The area of focus is the authorization review.

The current go-live date is under review and we are working with the vendor to layout the timeline for testing and ensure our medical management and claims administration teams are comfortable with the testing. We are keeping providers updated. The leadership team and project team continue to work with Conduent on the HSP implementation as we receive more information related to any status of testing and potential date change. The Commission will be kept informed. Committee Member Alatorre asked for the go-live date. Ms. Moscaritolo stated the current goal is March 1, 2021. We are working with the team on authorizations.

Committee Member Atin motioned to approve. Committee Member Pupa seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Committee Member Jennifer Swenson

Committee Chair Pupa declared the motion carried.

3. Gold Coast Health Plan Solvency Action Plan (SAP) Update

Staff: Kashina Bishop, Chief Financial Officer
Robert Franco, Chief Compliance Officer

RECOMMENDATION: Receive and file the update.

Chief Financial Officer, Kashina Bishop, presented the update. We continue to be committed to the Solvency Action Plan and long-term viability and effectiveness. One of the main reasons we expanded the scope was to include internal control improvements and the cost of healthcare. We had previously focused on contracts and strategies. The executive team has made a more realistic assessment of what can successfully be achieved over the next several months and what is in the best

interest of Gold Coast Health Plan with long-term viability to focus on the fundamentals for those projects or initiatives that are essential to our success.

The fundamentals are the system conversion, implementation of AmericasHealth Plan, behavioral health integration, California Advancing & Innovating Medi-Cal (CalAIM), major provider contract renewals and continuation of internal control work. This means temporarily taking some activities under SAP off the table, such as outlier rate analysis and contractual updates. Current risks associated with this are bandwidth and staff burnout which is a concern to leadership. In the third quarter of 2021, there should be an increase to bandwidth to expand our focus areas and assess the priorities at that time.

Chief Compliance Officer, Robert Franco, discussed the Internal Control Workgroup. A definition had to be set for the team/work groups and all involved around internal controls. It is a process of ensuring the organization's objectives in organizational effectiveness and efficiency, reliable financial reporting, compliance with laws, regulations, and policies.

In Q4 2020 a work group was formed to strengthen Gold Coast Health Plan's internal controls, assisting with prioritization and tracking of escalated issues, the implementation of improvements and the execution of ongoing program projects and internal control process. Introduction was during the 2020 Strategic Planning retreat along with a detailed list of the controls that had already been addressed in 2020.

Improvements are an operational issue. When we started working from home last year, CEO Tatar began sending daily email communications to the staff. These are improvements we are doing and want to encourage staff to have independence to make these types of recommendations. Part of this work group is capturing and identifying the best way to implement and to assist with prioritization. Some improvements are coming from our provider community and are captured in many ways as they escalate through the chain of command.

Internal Controls were reviewed. CalAIM has been resurrected with the issuance of the governor's most recent budget and is going to require some strategic planning and preparation to ensure it is implemented the best way for our members. Our work group has been established and meet bi-weekly. We are level setting with internal business areas to provide standard updates and prioritization of issues. We will continue to provide updates to the Executive Finance Committee and the Commission. The Appendix with some ongoing projects has been captured from last year were reviewed.

CEO Tatar stated we are fully committed to instituting regular reports from our Chief Compliance Officer which include our fidelity to tightening internal controls. This was our first presentation, but it will become a regular part of our commitment to the Commission.

Committee Member Alatorre asked about the timeline for the SAP and if cost savings for each of the strategies had been quantified. CFO Bishop stated because of the risk of not prioritizing these to the organization we want to ensure we stay focused, not necessarily because of true savings, but because of risk mitigation. HSP is important, and a successful implementation of AmericasHealth Plan as well as behavioral health integration and CalAIM. A lot of these are requirements, and it is the same with internal controls, it is prevention and risk mitigation. Committee Member Alatorre stated these are not necessarily part of the Solvency Action Plan.

CEO Tater stated that we are committed to the fundamentals and we are aware that we have some unambiguous things that must be done with excellence. In review of the timeline chart summarizing from our perspective and based on the Strategic Planning exercise in December 2020; these are imperatives, and we can prepare for a future meeting and a better way of presenting. We will take back and refine our approach and quantification of the intercessions that are imperative. Committee Member Alatorre stated that would be helpful.

Committee Member Alatorre motioned to receive and file the update. Committee Member Pupa seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, Dee Pupa and Jennifer Swenson.

NOES: None.

ABSENT: None.

Committee Chair Pupa declared the motion carried.

FORMAL ACTION

4. Edrington Health Consulting

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends the Executive Finance Committee approve the amended contract and increase funding for the amendment.

CFO Bishop is seeking approval of an additional \$300K to the Edrington Health Consulting purchase order. Edrington is an important partner to Gold Coast Health Plan; they assist in our IBNP medical expense estimate, the rate development template we submit to the state and this submission is the basis for 100% of our revenue. They are also providing actuarial support for capitated and plan to plan agreements in January 2020. The Commission approved the current statement of work through December 2021 with a projected spend of \$350K due to staff vacancies,

bandwidth issues, and other critical work. We have utilized their services more than anticipated over the past year and they have been gracious with their billing and extended a 25% discount on services.

We recommend approval. If approved, it will go to consent at the February 22, 2021, Commission Meeting.

Committee Member Alatorre asked CFO Bishop to explain the services, \$300K is a tremendous amount of money. CFO Bishop stated this will cover the next 18 months. Edrington updates the IBNP medical estimates every month, and is critical around submission to the state, which is an undertaking. We have received positive feedback from the state on work submitted. It is expensive, but it is 100% of our revenue, therefore, getting it correct is critical. They have also assisted with other state admissions and have expanded their services to provide actuarial support. Their rates are less expensive than Milliman and work quality is better. There are open positions in Finance and Decision Support Services, as those are filled, we will transition work from Edrington to do some of this internally. We may use less than \$300K, but we want to ensure we have proper funding if needed to utilize their services. The work Edrington provides is very important with our relationship/submissions to the state.

Committee Member Alatorre stated that SOW 3 for \$350K (Combined Services Original Projected Spend) January 1, 2020 through December 31, 2021 covers the same period; he asked if those funds had already been spent and if the work could be done internally. CFO Bishop stated we had planned on transitioning the IBNP internally and worked with Edrington to train our staff. We faced some internal challenges with staff turnover and hope to transition some of the work. We believe within the next year or two we will be able to do some of this work internally.

HMA Consultant, Eileen Moscaritolo, stated as part of our budget this year we were approved for an advanced level of analytics within the organization. As a young plan and having outsourced a great deal of the primary processing, a lot of the data warehouse and infrastructure that a health plan usually has isn't quite in place. We are upgrading tools and are using Microsoft Suite products, etc., and this is part of a multi-faceted plan to bring those resources and skills in-house. There has been a lack of infrastructure and we have had more reliance on resources than other health plans might have in similar situations.

Committee Member Atin stated it appears we have outsourced and rely a lot on consultants. We pay premium for consulting services, and he appreciated the focus. CFO Bishop added that we are conscious of the cost and have utilized services where important. Submissions to the state are critical, it is not an area where we want to transition or not utilize Edrington until we are ready.

Committee Member Alatorre motioned to approve. Committee Member Pupa seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, Dee Pupa and Jennifer Swenson.

NOES: None.

ABSENT: None.

Committee Chair Pupa declared the motion carried.

5. Authorization to Retain Morgan Consulting for the Chief Operating Officer

Staff: Michael Murguia, Executive Director, Human Resources

RECOMMENDATION: Staff recommends that the Executive Finance Committee approve the retention of Morgan Consulting for the Chief Operating Officer search.

Executive Director, Human Resources, Michael Murguia, requested approval to secure a search firm for the Chief Operating Officer (COO) position. An internal search was performed but we were unable to secure a candidate. To initiate this search, it is approximately \$33K. We anticipate the search for the COO will cost between \$80K to \$90K. Mr. Murguia and CEO Tatar will meet with the group on February 11, 2021 to negotiate a deal. Final figures and agreements will be finalized by the February Commission meeting.

Committee Member Alatorre asked if there were internal candidates. Mr. Murguia stated we did have three finalists, two were not what we were looking for and one finalist we were unable to secure. Committee Member Atin asked why it was \$33K up front and how is it structured. Mr. Murguia stated we have not met with the search firm yet, but in review of a previous contract, they required one-third up front and the remaining two-thirds to retain the firm. Very often it is based on the compensation package and they get a percentage. Committee Member Atin asked if Mr. Murguia will negotiate payment if they are placed. Mr. Murguia stated he would try and negotiate the best deal and if a lower rate of overall costs was obtained, we would. This is a key position and we may need to spend some money. The internal search was done to the best of our ability and this is the best next step.

Committee Member Atin motioned to approve. Committee Member Pupa seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, Dee Pupa and Jennifer Swenson.

NOES: None.

ABSENT: None.

Committee Chair Pupa declared the motion carried.

The Committee moved to closed session at 3:44 pm

CLOSED SESSION

General Counsel, Scott Campbell stated there was no reportable action.

ADJOURNMENT

General Counsel, Scott Campbell adjourned the meeting at 4:32 pm

DRAFT

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

**CORRECTED MINUTES FOR:
December 10, 2020**

CALL TO ORDER

Committee Chair Pupa called the meeting to order at 3:03 pm via phone conference call. The Assistant Clerk was in the Bell Canyon Conference Room located at Gold Coast Health Plan (GCHP), 711 East Daily Drive, Camarillo, California.

The following GCHP staff was on the conference call:

- Margaret Tatar, Chief Executive Officer
- Nancy Wharfield, M.D., Chief Medical Officer
- Ted Bagley, Interim Chief Diversity Officer
- Kashina Bishop, Chief Financial Officer
- Bob Bushey, Procurement Officer
- Eileen Moscaritolo, HMA Consultant
- Marlen Torres, Executive Director, Strategy and External Affairs
- Anna Sproule, Senior Director of Operations
- Dr. Anne Freese, Director of Pharmacy
- Susana Enriquez, Communications & Marketing Manager
- Jamie Louwerens, Director Finance
- Michael Murguia, Executive Director, Human Resources
- Debbie Rieger, Senior Executive Business Transformation Consultant
- David Tovar, Senior Policy Analyst
- Vicki Wrighster, Contracts Manager
- Scott Campbell, BBK
- Cathy Salenko, BBK

ROLL CALL

Present: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa

Absent: Fred Ashworth and Jennifer Swenson

PUBLIC COMMENT

None.

CONSENT

1. Approval of Executive Finance Committee Regular Meeting Minutes of October 8, 2020.

Staff: Maddie Gutierrez, CMC – Clerk to the Commission
Deborah Munday, Executive Assistant/Assistant Clerk

RECOMMENDATION: Approve the minutes.

Committee member Atin motioned to approve the minutes. Committee member Alatorre seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Fred Ashworth and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

2. Behavioral Health Integration Program Oversight

Staff: Nancy Wharfield, M.D., Chief Medical Officer.

Dr. Wharfield stated there is a request to hire a resource to oversee the Behavioral Health Integration (BHI) programs in Ventura County. The Department of Health Care Services (DHCS) is utilizing Proposition 56 funds to help Plans move Behavioral Health Integration Programs into their provider networks. This was slated to begin this year; however, it was delayed by COVID and we only recently received the details of the requirements around the program. The Memos of Understanding (MOU) that are required by DHCS need to be submitted by December 30, 2020. Payment to the programs for years one and two will be dependent upon meeting the milestones described in the proposal. GCHP will be monitoring the work for DHCS to evaluate the programs and will report back. GCHP was awarded \$200,000 to cover the management of the programs in years one and two.

RECOMMENDATION: Authorize hire of staff to oversee DHCS Behavioral Health Integration programs in Ventura County.

Committee member Atin motioned to approve the oversight of the Behavioral Health Integration program. Committee member Alatorre seconded.

AYES: Committee members Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Fred Ashworth and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

3. Pharmacy Benefit Manager Contract Extension

Staff: Nancy Wharfield, M.D., Chief Medical Officer
Anne Freese, PharmD., Director of Pharmacy

RECOMMENDATION: Authorize CEO to sign an extension of the PBM contract to accommodate extension of Medi-Cal Rx implementation date.

Pharmacy Director, Anne Freese, presented the recommendation. With the extension of the Medi-Cal Rx implementation date from January 1, 2021 to April 1, 2021, an adjustment to the contract with the Pharmacy Benefit Manager (PBM), for that time period, is required.

During the process of negotiating the amendment with the PBM agreements were reached on several issues. One is to extend the date until March 31, 2021 and to reduce the termination notice requirement from 90 days to 45 days as it relates to Medi-Cal Rx implementation only. There is also an analysis of the documentation for the current price structure for Administrative fees and an agreement to extend pricing guarantees to a quarterly timeframe or to a timeframe similar to the current annual pricing. There would be additional costs to GCHP with the extension of services from December 31, 2020 to March 31, 2021, but with the amendment being negotiated, the fees would be similar to the existing fee and pricing, but costs would fluctuate depending upon utilization.

Committee member **Alatorre** motioned to approve the PBM Contract Extension. Committee member **Atin** seconded.

AYES: Committee members Antonio Alatorre, **Shawn Atin**, and Dee Pupa.

NOES: None.

ABSENT: **Fred Ashworth** and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

UPDATES

4. **Medi-Cal Rx Update**

Staff: Nancy Wharfield, M.D., Chief Medical Officer
Anne Freese, PharmD., Directory of Pharmacy

RECOMMENDATION: Approve the update as presented.

DHCS has extended the implementation date from January 1, 2021 to April 1, 2021. DHCS issued a press release which was forwarded to all Commissioners. The GCHP website has been updated with the new dates and information received from the State. The State will send a beneficiary notice explaining the extension. When information is received it will be shared with community providers and stakeholders. The extension will necessitate an adjustment to the PBM contract. There will be an additional communication in the first quarter from DHCS. Information will be shared as it is received.

The Outreach Program was initiated the first part of November 2020 prior to the extension of the implementation date. The Outreach Program will resume in February and March 2021 via radio and print media throughout the County. A 30-day notice letter was prepared for members on December 1, 2020, but was pulled before it was mailed. The 30-day notice letters will be reprinted with the new dates and in homes by March 1, 2021. New ID cards will be printed to remove Optum's information and replace it with the State's new phone number. This has been delayed until the end of March 2021 so that it will be with members by April 1, 2021.

Information regarding the new date will be shared with providers and pharmacies as it becomes available. Provider bulletins and a resource guide are updated with articles regarding Medi-Cal Rx will be available on the GCHP website.

Ongoing meetings with clinic partners, both systems and independents, will continue until the implementation date. The Pharmacy Department's email address at GCHP is provided and providers can reach out at any time. There is an additional email for the Medi-Cal Rx provider portal for technical assistance.

Committee Chair Pupa stated she appreciated all the work going into communicating with members. She added that regardless of how much information is provided, it will still be confusing for the members.

Committee member **Alatorre** motioned to approve the Medi-Cal Rx Update. Committee member **Pupa** seconded.

AYES: Committee members Antonio Alatorre, **Shawn Atin**, and Dee Pupa.

NOES: None.

ABSENT: **Fred Ashworth** and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

5. HSP Medi-Trac Update

Staff: Eileen Moscaritolo, HMA Consultant
Debbie Rieger, Sr. Executive Business Transformation Consultant

RECOMMENDATION: Approve the update as presented.

HMA Consultant, Eileen Moscaritolo, presented an update on the managed care system changes. GCHP plans to move from its current managed care system, Conduent, to a new platform. The move was scheduled to go live November 2020. GCHP and Conduent leadership reviewed a list of criteria and evaluated whether they were prepared to go live with the new system, which is the HSP Medi-Trac system. Both Conduent and GCHP leadership agreed they were not ready. The project plan is being reviewed and tests and training are being revised. A project plan with Conduent is being revised with the goal of going live in the first quarter of 2021. CEO Tatar will share the revised go-live date with the Commission.

The areas at risk were authorizations, such as pre-authorizations that providers receive to seek additional care for the members. The end-to-end workflow in the testing and loading of information between our authorization system into our managed care claim system for payment wasn't at a level that was tested adequately, which would create member abrasion and not be compliant with the tight regulatory requirements in issuing authorizations. Dr. Wharfield's team is continuing to test with vendor partners, the authorization system and Conduent.

Another focus area is financial accuracy and ensuring providers are reimbursed properly on the new system versus the old system. Fee schedules and provider contract terms will be reviewed to ensure providers are paid properly. This involves adjudicating the same set of claims on the old system and the new system looking for differences. The new system has enhanced capabilities allowing more edits and will be more stringent with data integrity of claims received. A deep dive into any differences between the two systems and financial accuracy will be done.

The third area is general testing to ensure everything moves through the system in a way that we can adequately issue capitation payments and provider checks. Conduent is responsible for most of the testing. GCHP team members assist with testing and the deep dive into the Medi-Cal guidelines and regulatory requirements. Providers are being updated on the GHCP website, provider communications, a dedicated email box for questions and webinars. Providers will be informed of a new date once we have it. We will be keeping an eye on the financials and solvency of the plan to ensure that migrating to a new system doesn't financially harm us with

inaccurate claims or capitation payments. This program remains within the budget that was approved for this multi-year project and we closely monitor the budget and evaluate any changes.

Committee member **Alatorre** motioned to approve the HSP Medi-Trac Update. Committee member **Atin** seconded.

AYES: Committee members Antonio Alatorre, **Shawn Atin**, and Dee Pupa.

NOES: None.

ABSENT: **Fred Ashworth** and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

6. October Fiscal Year to Date 2020 Presentation

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Approve the update as presented.

Chief Financial Officer, Kashina Bishop, reviewed the financial statements fiscal year to date through October 2020. There was a net gain in the month of October of \$2 million.

CFO Bishop noted that while we are presenting October, staff is almost complete on the November close and it appears there will be a loss. There were some long-term care claims that date back to October 2019. The good news is we are still performing much better than our budget expectations. Revenue is slightly better than budget expectations, as are medical expenses and administrative expenses which are substantially below budget. Fiscal year to date losses through October are \$186,000, an improvement from the budgeted loss of almost \$9 million.

Committee Member Alatorre asked about claims from October 2019. CFO Bishop stated it is new information that is being researched. November is not closed yet. Committee Member Alatorre asked for the dollar amount. CFO Bishop stated it was several claims from October 2019 going forward amounting to approximately \$50,000 per month. Our prior period change in cost estimate for long-term care was close to \$1 million, part of that was October claims, which also increases the estimates for the current month. An additional percent is being paid for the claims going forward after March 2020. Committee Member Alatorre asked if they are billing late and if payments can be reduced at three months, six months or nine months. CFO Bishop stated it is not being done currently but it will be implemented in the new system.

Tangible Net Equity (TNE) is \$77.1 million, which is 222% of the minimum required. Medical loss ratio is 94.6% and administrative ratio is 5.6%. Through the Solvency Action Plan, it is hoped to improve upon the forecast and be in compliance with the Commission approved TNE policy, which is between 400% and 500% of the required.

Ms. Bishop reviewed the financial impacts of COVID19. Membership is still increasing with the redeterminations pended through the emergency. The unfunded 10% increase to long-term care facility rates are still in effect. There are decreased costs in inpatient and emergency room (ER) costs being offset by other increases in long-term care facility, community-based adult services (CBAS) and lab costs.

An update on the Solvency Action Plan was given by Ms. Bishop. The first stages of HMS have been implemented which was to have HMS bill other insurance carriers if a member had another coverage. This started in October, they are billing the other health plans and going back three years. In the past two months approximately \$470,000 has been recovered. There is no impact to providers.

In the next stage of the Solvency Action Plan, there was a decision to put any further rate on contract changes on hold to the system conversion. It is hoped to have some of the analysis completed in January 2021 and any of the other contractual changes that we want to make through the Solvency Action Plan implemented by the end of March.

Aggregate revenues are over budget by \$12.4 million, 4%, with a good portion of that related to Proposition 56, \$9.2 million. There was also increased revenue related to fiscal year 2020.

Membership through October is approximately 210,000. Membership is expected to continue to grow to approximately 212,000 in November.

Medical Expenses are \$276.9 million, which is \$7 million over budget. This is mostly attributable to Proposition 56, without that, we would be under budget. Medical Loss Ratio is 94.6%.

Committee member Atin motioned to approve the October Fiscal Year to Date 2020 Presentation. Committee member Alatorre seconded.

AYES: Committee members Antonio Alatorre, **Shawn Atin**, and Dee Pupa.

NOES: None.

ABSENT: **Fred Ashworth** and Jennifer Swenson.

Committee Chair Pupa declared the motion carried.

CLOSED SESSION

7. PUBLIC EMPLOYEE APPOINTMENT

Position: Chief Operating Officer

The committee went into Closed Session at 3:43 p.m.

ADJOURNMENT

There was no reportable action. Committee Chair Dee Pupa adjourned the meeting at 5:25 p.m.

Approved:

Deborah Munday
Executive Assistant / Assistant Clerk to the Commission

DRAFT



AGENDA ITEM NO. 2

TO: Executive Finance Committee

FROM: Marlen Torres, Executive Director, Strategy & External Affairs
Pauline Preciado, Senior Director, Population Health & Equity

DATE: April 21, 2021

SUBJECT: Cal-AIM: General Overview
Upcoming Enhanced Care Management (ECM) / In Lieu of Services (ILOS)
Requirements and Implementation

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

Cal-AIM: General Overview
Upcoming Enhanced Care Management (ECM) / In Lieu of Services (ILOS) Requirements and Implementation

CalAIM Enhanced Care Management (ECM) / In Lieu of Services (ILoS) Executive Finance Meeting

April 21, 2021

Marlen Torres
Executive Director, Strategy
and External Affairs

Pauline Preciado
Senior Director, Population
Health & Equity

Integrity

Accountability

Collaboration

Trust

Respect

Agenda

1. CalAIM Overview
 - a. Previous Approach
 - b. Stakeholder Communication
 - c. Initiatives Timeline
2. What: ECM and ILOS
3. How and When: Implementation of ECM and ILOS
4. Current State and Implementation Approach
5. Program Timeline Review
6. Questions

Previous Approach

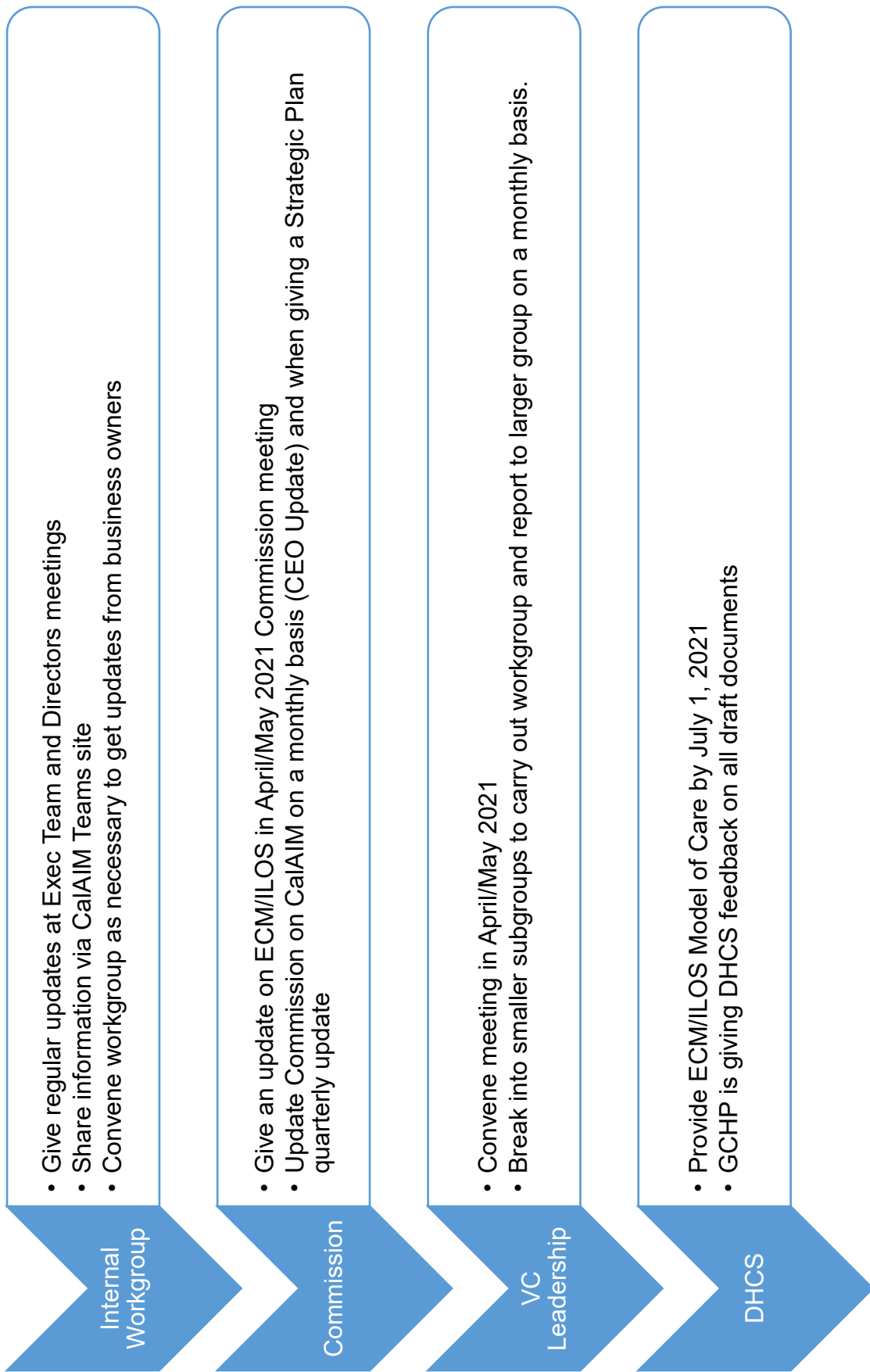
- Created internal workgroup made up of the leadership team
- Held meetings with Ventura County Leadership:

Ventura County Health Care Agency	Ventura County Public Health
Ventura County Area Agency on Aging	Ventura County Medical Center
Ventura County Human Services Agency	Ventura County Ambulatory Care
Whole Person Care Lead	Ventura County Probation
Ventura County Behavioral Health	

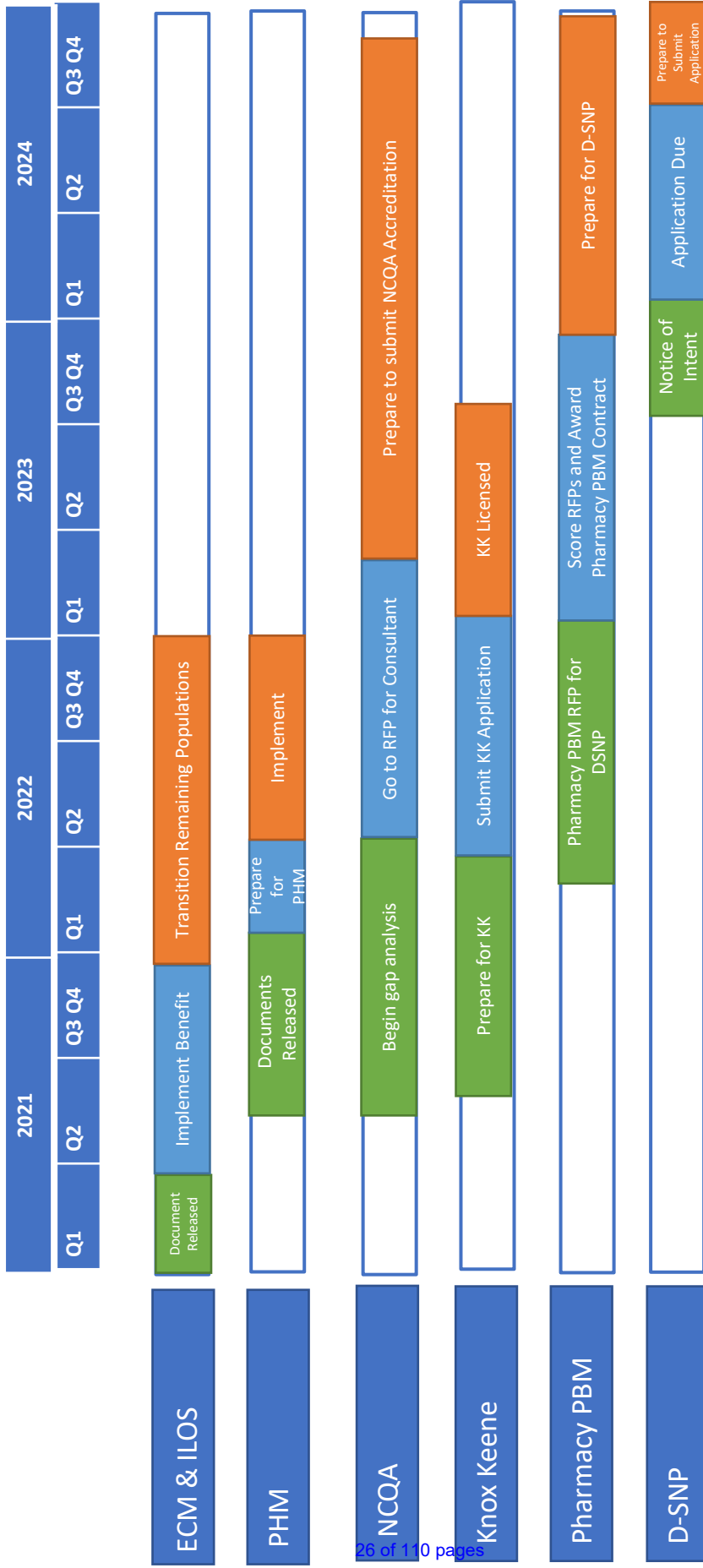
- Held meetings with health care leadership in Ventura County:

Clinicas del Camino Real	Ventura County Health Care Agency
Ventura County Medical Center	Los Robles Medical Center
Adventist Hospital	St. John's Hospital
Community Memorial Hospital	

Stakeholder Communication



CalAIM Implementation Timeline



Legend

- DHCS Released Documents
- Planning
- Implementation

ECM/ILOS: What

- A. Enhanced Care Management (ECM) benefit is designed to provide a whole-person approach to care that addresses the clinical and non-clinical needs of high-cost and/or high-need Medi-Cal beneficiaries.
 - 1. Systemic coordination of services
 - 2. Primarily community based, interdisciplinary
 - 3. High touch and comprehensive

- B. In Lieu of Services (ILOS), as identified by DHCS, are flexible wrap-around services that Managed Care Plans can integrate into their population health strategy and are provided as a substitute to, or to avoid, other covered services
 - 1. Complementary services with ECM benefits
 - 2. Addresses Social needs and/or social determinants of health (SDOH)

ECM/ILOS: How and When

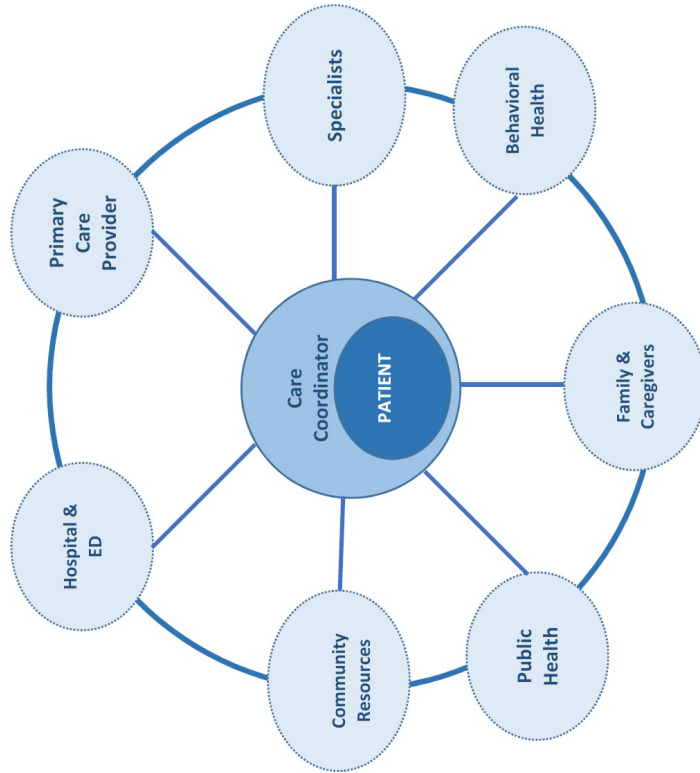
HOW:

1. DHCS urges plans to contract with Whole Person Care entities to deliver ECM and ILOS
2. DHCS also urges plans to select *all* ILOS services that it will offer to them to offer to enrollees
3. DHCS has already provided plans with template contract terms for contracts with the entities that will deliver ECM and ILOS
4. GCHP has provided comments to DHCS on the template contract terms, which GCHP shared with the Commission

WHEN:

1. DHCS has submitted its CMS waiver documents to stakeholders for a comment period
2. DHCS will then submit the waiver to CMS for approval
3. DHCS has committed to providing the plans with ECM and ILOS rates in May 2021
4. DHCS anticipates a phased in approach to EMC and ILOS implementation:
 - Phase I: Jan. 1, 2022
 - Phase II: July 1, 2022
 - Phase III: Jan. 1, 2023

WPC Model



Intensive, multi-disciplinary care coordination

- (Medical, mental health, alcohol and drug, social services)

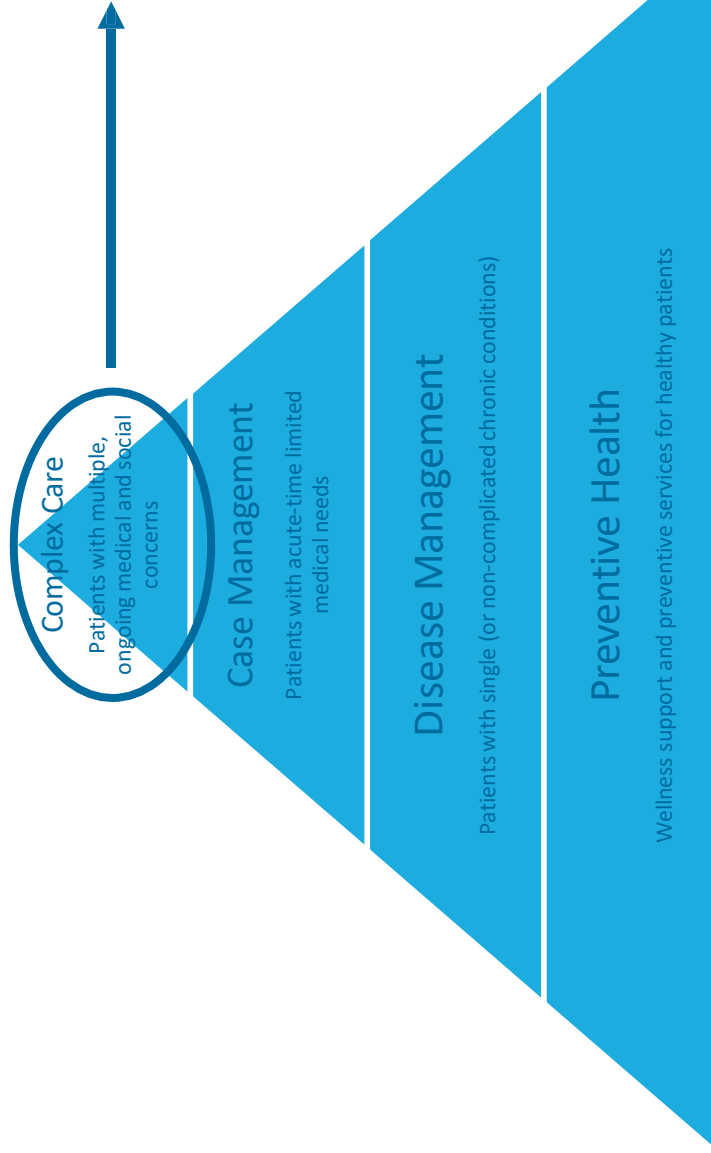
Frequent check-ins from community health workers

- (Help navigating the system, addressing barriers, building capacity for self-management)

Field-based services (at home or in the community)

- (RN, BH Clinician, Alcohol and Drug Treatment Specialist)

Types of Care Management



Mandatory ECM Populations:

- **High utilizers with frequent hospital or emergency room visits/admissions;**
- **Individuals at risk for institutionalization with Serious Mental Illness, children with Serious Emotional Disturbance or Substance Use Disorder with co-occurring chronic conditions;**
- **Individuals at risk for institutionalization, eligible for long-term care;**
- **Nursing facility residents who want to transition to the community;**
- **Children or youth with complex physical, behavioral, developmental, and oral health needs (i.e. CCS, foster care, youth with Clinical High-Risk syndrome, or first episode of psychosis); and**
- **Individuals experiencing homelessness, chronic homelessness or at-risk of becoming homeless**
- **Re-entry of individuals transitioning from incarceration**

Enhanced Care Managements (ECM): Target Populations

Seven Enhanced Care Management Target Populations

**** Individuals experiencing homelessness, chronic homelessness or who are at risk of becoming homeless.**

**** High utilizers with frequent hospital admissions, short-term skilled nursing facility stays, or emergency room visits.**

Individuals at risk for institutionalization with serious mental illness (SMI), children with serious emotional disturbance (SED) or substance use disorder (SUD) with co-occurring chronic health conditions

Children or youth with complex physical, behavioral, developmental and oral health needs (e.g., California Children Services, foster care, youth with clinical high-risk syndrome or first episode of psychosis).

Individuals at risk for institutionalization who are eligible for long-term care services.

Nursing facility residents who want to transition to the community.

Individuals transitioning from incarceration who have significant complex physical or behavioral health needs requiring immediate transition of services to the community.

**** WPC populations in Ventura County**

In Lieu of Services (ILOS)

**** ILOS are optional for Plans to provide & optional beneficiaries ****

DHCS list of Thirteen <u>In Lieu of Services</u>	
Housing Transition Navigation Services	Personal Care and Homemaker Services Asthma Remediation
Housing Deposits	Respite Services Meals/Medically Tailored Meals
Housing Tenancy and Sustaining Services	Day Habilitation Programs Sobering Centers
Short-Term Post-Hospitalization Housing	Nursing Facility Transition/Diversion to Assisted Living Facilities, such as Residential Care Facilities for the Elderly (RCFE) and Adult Residential Facilities (ARF) Environmental Accessibility Adaptations (Home Modifications)
Re recuperative Care (Medical Respite)	

Proposed In Lieu of Services

Benefit	Description	Does it exist in Ventura County?	Recommended GCHP Service
Services to Address Homelessness and Housing			
Housing deposits	Funding for one-time services necessary to establish a household, including security deposits to obtain a lease, first month's coverage of utilities, or first and last month's rent required prior to occupancy.	Yes, through Continuum of Care	Possible
Housing transition navigation services	Assistance with obtaining housing. This may include assistance with searching for housing and completing housing applications, as well as developing an individual housing support plan.	Yes, through Continuum of Care	Possible
Housing tenancy and sustaining services	Assistance with maintaining stable tenancy once housing is secured. This may include interventions for behaviors that may jeopardize housing, such as late rental payment and services, to develop financial literacy.	Yes, through Continuum of Care	Possible

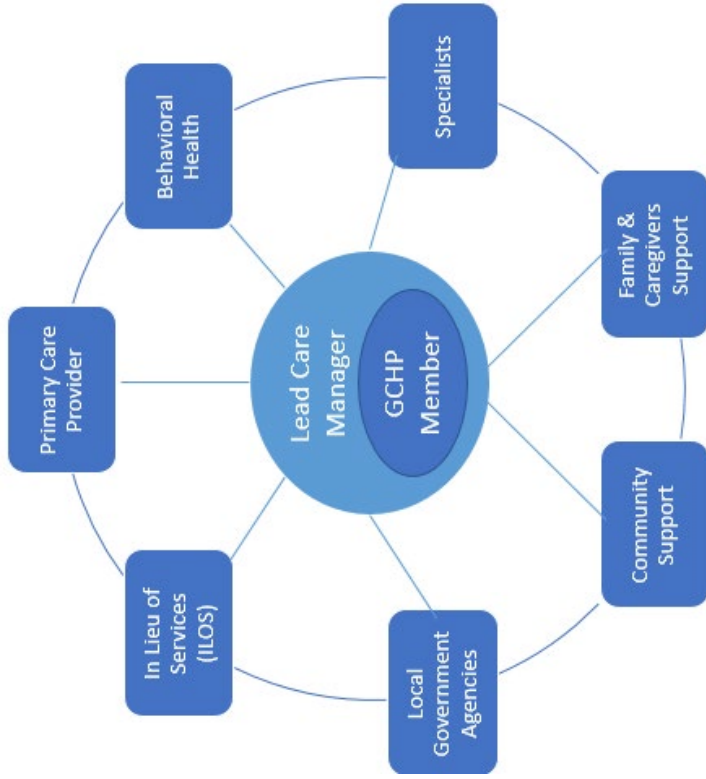
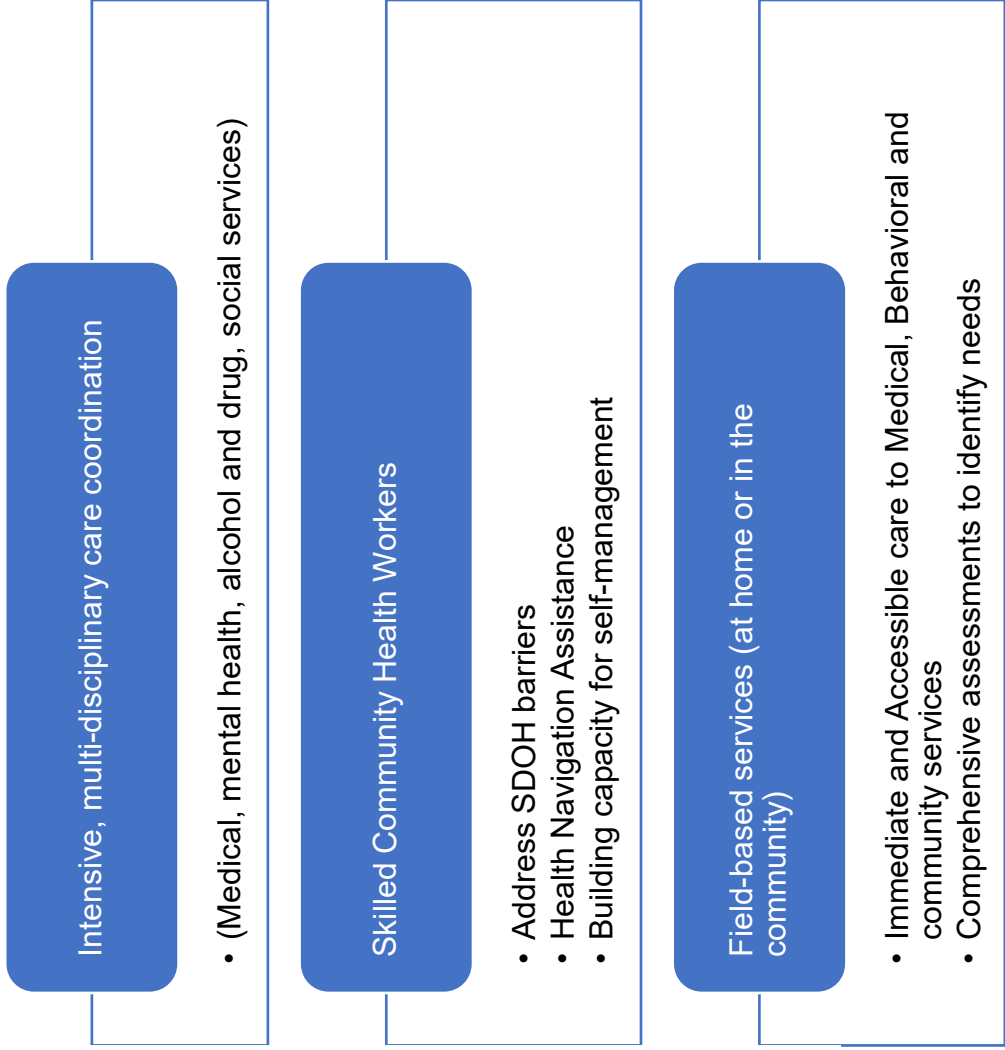
Proposed In Lieu of Services

Benefit	Description	Does it exist in Ventura County?	Recommended GCHP Service
Services for Long-Term Well-Being in Home-Like Settings			
Asthma remediation	Physical modifications to a beneficiary's home to mitigate environmental asthma triggers.	No*	Possible
Day habilitation programs	Programs provided to assist beneficiaries with developing skills necessary to reside in home-like settings, often provided by peer mentor-type caregivers. These programs can include training on use of public transportation or preparing meals.	Possible, need to conduct further research	Possible
Environmental accessibility adaptations	Physical adaptations to a home to ensure the health and safety of the beneficiary. These may include adaptations ramps and grab bars	Yes, wheelchair ramps organized through Community Based Organizations.	Possible
Meals/medically tailored meals	Meals delivered to the home that are tailored to meet beneficiaries' unique dietary needs, including following discharge from a hospital.	Yes (The Ventura County Area Agency on Aging has meals for seniors)	Possible
Nursing facility transition/diversion to assisted living facilities	Services provided to assist beneficiaries transitioning from nursing facility care to community settings or prevent beneficiaries from being admitted to nursing facilities.	Possible, need to conduct further research	Yes
Nursing facility transition to home	Services provided to assist beneficiaries transitioning from nursing facility care to home settings in which they are responsible for living expenses.	Possible, need to conduct further research	Yes
Personal care and homemaker services	Services provided to assist beneficiaries with daily living activities, such as bathing, dressing, housecleaning, and grocery shopping.	Yes, IHSS	Possible (need to understand IHSS overlap)

Proposed In Lieu of Services

Benefit	Description	Does it exist in Ventura County?	Recommended GCHP Service
Recuperative Services			
Recuperative care (medical respite)	Short-term residential care for beneficiaries who no longer require hospitalization, but still need to recover from injury or illness.	Yes	Yes
Respite	Short-term relief provided to caregivers of beneficiaries who require intermittent temporary supervision.	Yes (California Children Services)	Yes
Short-term post-hospitalization housing	Settings in which beneficiaries can continue receiving care for medical, psychiatric, or substance use disorder needs immediately after exiting a hospital.	Yes, (Ventura County Behavioral Health)	Possible
Sobering centers	Alternative destinations for beneficiaries who are found to be intoxicated and would otherwise be transported to an emergency department or jail.	No	Need to conduct research
<ul style="list-style-type: none"> a Restricted to use once in a lifetime, unless managed care plan can demonstrate cost-effectiveness of providing a second time. b New benefit introduced this year. Restricted to lifetime maximum amount of \$5000, unless beneficiary's condition changes dramatically. c Includes residential facilities for the elderly and adult residential facilities. d Does not include services already provided in the In-Home Supportive Services program. *Existed Previously between GCHP and VCPH			
Legislative Analyst's Office. (2021, March). <i>The 2021–22 Budget: CalAIM: Equity Considerations</i> . https://lao.ca.gov/reports/2021/4402/CalAIM-Equity-031221.pdf The title is <i>The 2021–22 Budget: CalAIM: Equity Considerations</i> and it can be found at https://lao.ca.gov/reports/2021/4402/CalAIM-Equity-031221.pdf			

ECM Model of Care: Person-Centered Approach



ECM Phases

1/1/2022

(Phase 1- WPC Populations)

7/1/2022

(Phase 2- All ECM populations x Incarceration populations)

1/1/2023

(Phase 3- All ECM Populations)

Homeless Population

Individuals experiencing homelessness, chronic homelessness or who are at risk of becoming homeless.

High utilizers

Individuals with frequent hospital admissions, short-term skilled nursing facility stays or emergency room visits.

At risk SMI, SUD, and children with (SED) populations

Serious mental illness (SMI), children with serious emotional disturbance (SED) or substance use disorder (SUD) with co-occurring chronic health conditions.

Children or youth with complex Needs

Physical, behavioral, developmental and oral health needs e.g., California Children Services, foster care, youth with clinical high-risk syndrome or first episode of psychosis).

Individuals at risk for institutionalization

Individuals who are eligible for long-term care services

High Risk Nursing facility residents

Residents who want to transition to the community

Individuals transitioning from incarceration

Who have significant complex physical or behavioral health needs requiring immediate transition of services to the community.

GCHP Current State and Implementation Plan

GCHP Current State and Implementation Plan

Current State in Ventura County:

- 1115 Waiver WPC Pilot Program led by the Health Care Agency (HCA)
- Payment Methodology & Rates: Expected May 2021 from DHCS
- Currently assessing County ILOS Landscape

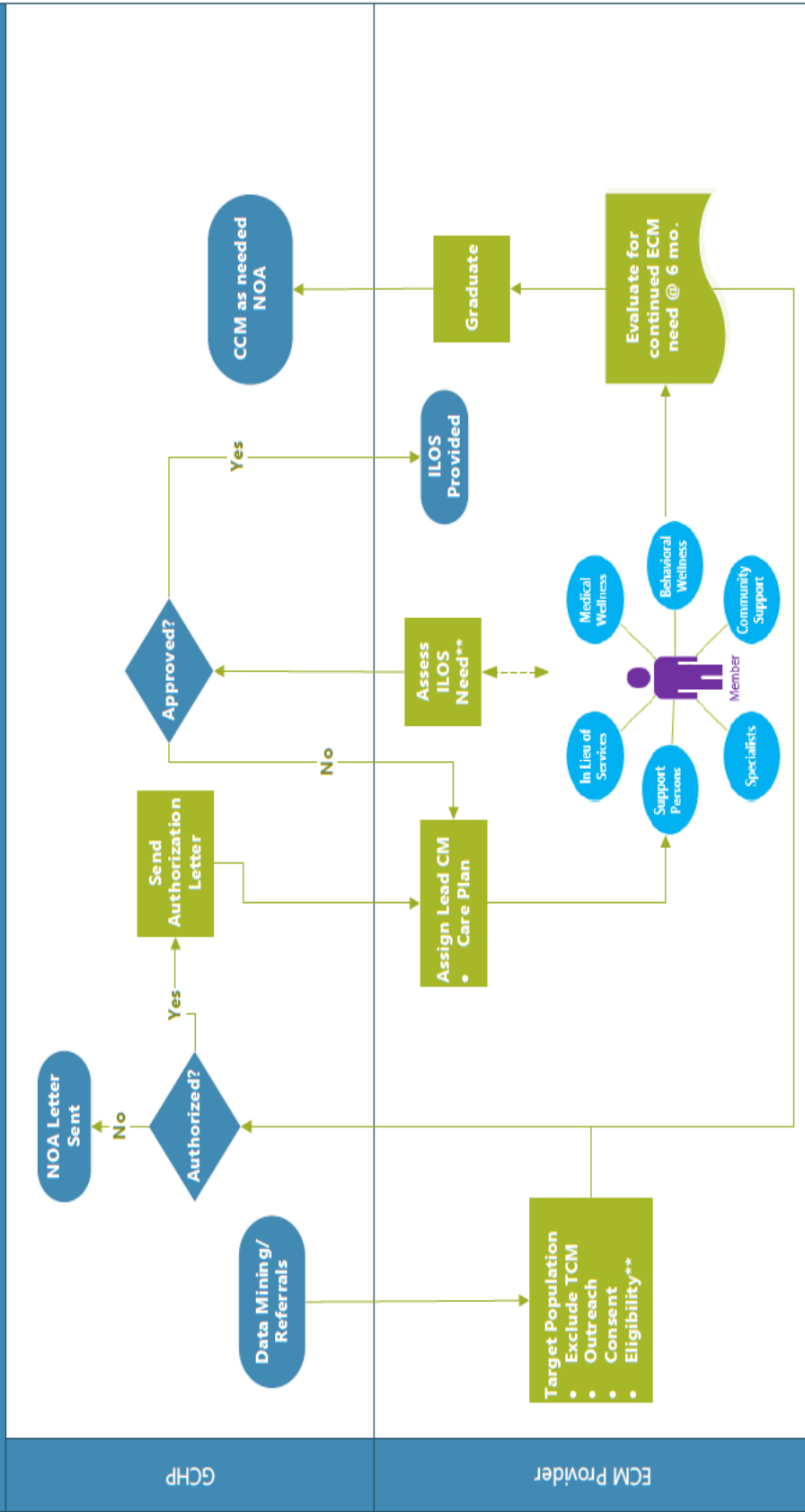
GCHP Implementation Plan

- Develop Model of Care in accordance with DHCS requirements
- Finalize workflows and referral policies and procedures with County
- Socialize template contract requirements with County of Ventura
- Conduct readiness review process for ECM and ILOS
- Secure approval from DHCS on Model of Care and applicable policies and procedures
- Pursue contract with *County of Ventura*
- Phase I Go Live Date: Jan. 1, 2022

Division of Responsibilities

Function	GCHP	ECM Provider
Data Mining	XX	
Outreach		XX
Member Consent		XX
Determine Eligibility for ECM		XX
Discharge ECM		XX
ECM Authorization	XX	
ECM Vendor Oversight	XX	
Reporting to MCP		XX
TCM Exclusion		XX
Reporting to DHCS	XX	
Payment for ECM	XX	
DHCS Program Compliance Oversight	XX	
Approval for ILOS Services	XX	
Oversight for ILOS Services	XX	
Payment for ILOS	XX	
Grievance & Appeals	XX	

ECM WORK FLOW

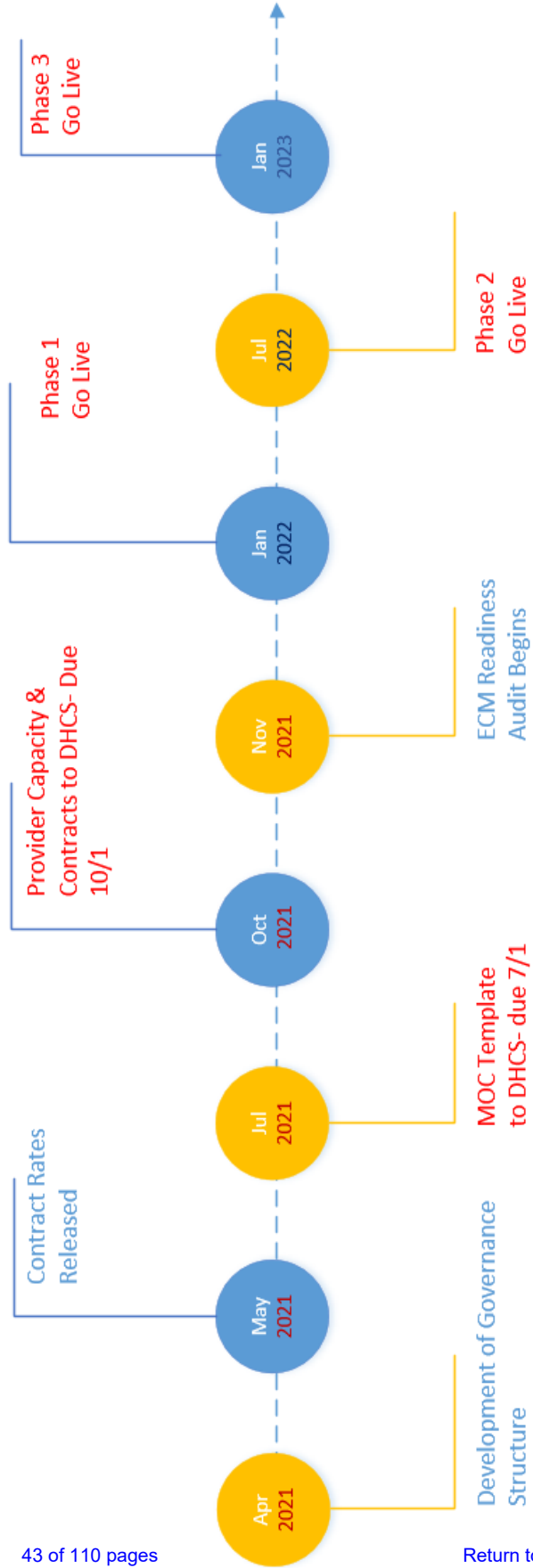


4/14/2021

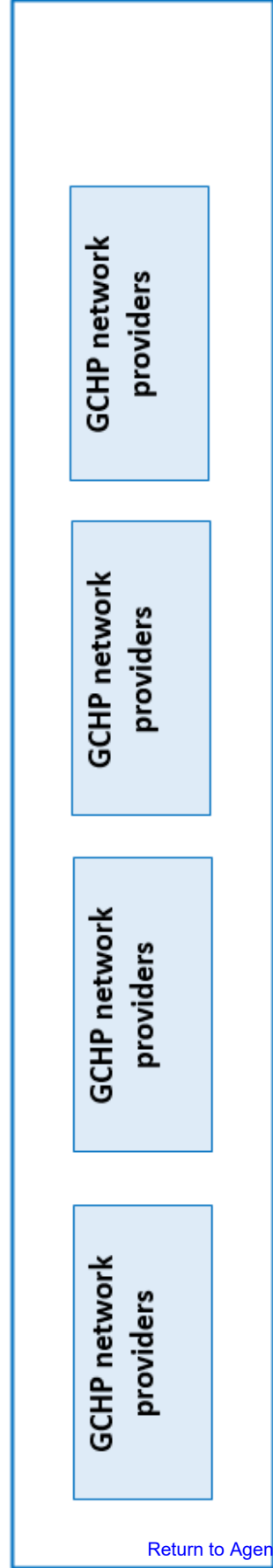
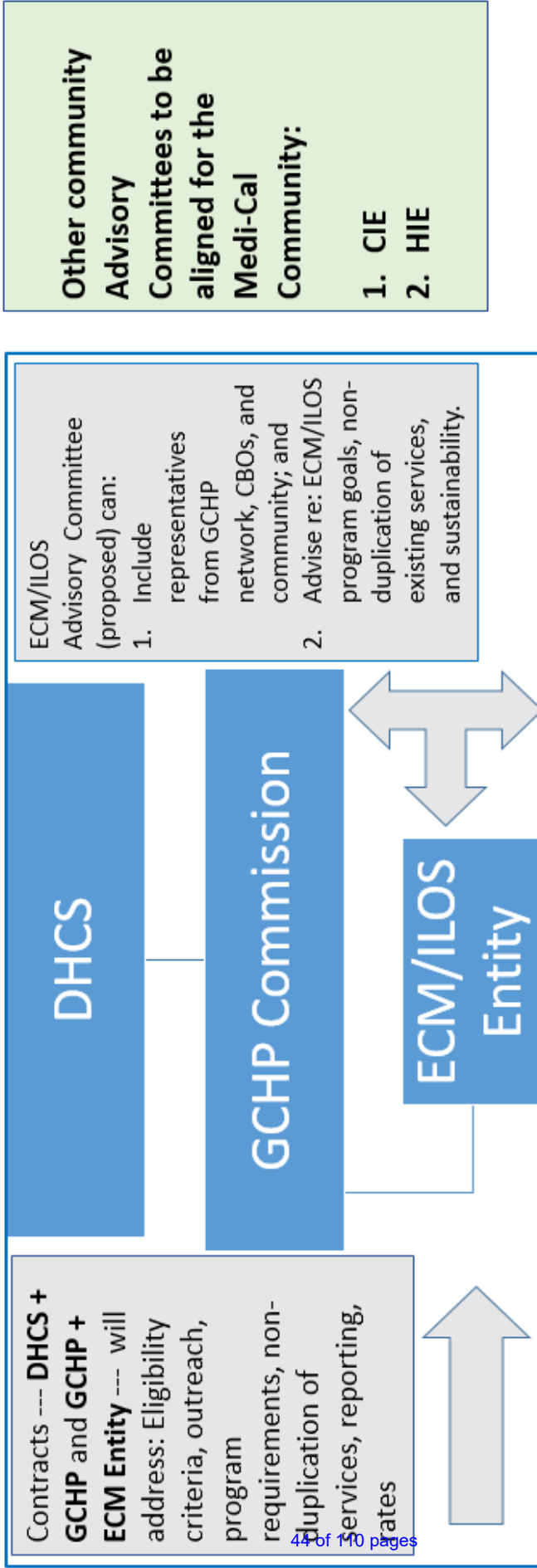
**Utilizing GCHP Guidelines

Project Timeline Review

Project Milestones



Proposed Governance Structure: Role of Advisory Committee



Questions



AGENDA ITEM NO. 3

TO: Executive Finance Committee

FROM: Anna Sproule, Senior Director of Operations
Guest Speakers: Lisa Hopper, GM Commercial Payer
Dave Bryan, VP Health Care Operations

DATE: April 21, 2021

SUBJECT: **Conduent, GCHP's Management Services Organization (MSO), regarding HSP Conversion**

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:
GCHP's Management Services Organization (MSO), regarding HSP Conversion Slide

Gold Coast Health Plan HSP Core Admin System Replacement

- Go Live May 1
- Cut Over
- Operational Readiness



AGENDA ITEM NO. 4

TO: Executive Finance Committee
FROM: Eileen Moscaritolo, HMA Consultant
DATE: April 21, 2021
SUBJECT: HSP Medi-Trac Update

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

HSP Medi-Trac Update

HSP Medi-Trac Update

April 21, 2021

Eileen Moscaritolo, HMA Consultant

HSP Medi-Trac

- HSP MediTrac Managed Care System
 - Upcoming go live 5/3/2021
 - Go live weekend
 - Post go live support
 - Ongoing communications
 - Provider Engagement
 - Webinars
 - Provider Portal roll out

Questions?





AGENDA ITEM NO. 5

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: April 21, 2021
SUBJECT: Investment Policy

SUMMARY:

California Government Code requires the Investment Policy (“Policy”) be reviewed and approved by the Gold Coast Health Plan (“GCHP”) Commission on an annual basis. The CFO is responsible for providing the Policy to the Executive Finance Committee. The Executive Finance Committee is responsible for recommending the Policy to the GCHP Commission for final approval. The last time the Policy was approved by the Commission was in 2015. GCHP staff has added this to the Executive Finance and Commission calendars and noted the annual requirement to ensure future compliance.

The GCHP Policy conforms to California Government Code section 53600 et seq., as well as customary standards of prudent investment management. The primary investment objectives are as follows:

1. Safety of Principal
2. Liquidity
3. Total Return

There have been non-substantive amendments to the Policy to improve language and maintain consistency with requirements under Government Code.

FISCAL IMPACT:

None

RECOMMENDATION:

Staff requests that the Executive Finance Committee recommend that the Commission approve the Investment Policy for a one-year period.

ATTACHMENTS:

Gold Coast Health Plan Investment Policy



Title: Gold Coast Health Plan Investment Policy	Policy Number: FI-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

Purpose:

This Investment Policy (“Policy”) sets forth the investment guidelines for all operating and surplus funds of Gold Coast Health Plan (“GCHP”). The Investments may only be made as authorized by this Policy. The GCHP Policy conforms to the California Government Code section 53600 et seq., as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the California Government Code or any other applicable law be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into this Policy. GCHP shall also comply with investment requirements contained within contracts that the GCHP may have with any government funding agencies, and such requirements shall be considered incorporated into this Policy.

Policy:

I. OBJECTIVES

GCHP’s investment objectives, in order of priority, are as follows:

1. Safety of Principal - Safety of principal is the foremost objective of GCHP. Each investment transaction shall seek to ensure that the risks of capital losses are minimized, including risks arising from institutional default, broker-dealer default, or erosion of market value of securities. GCHP shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk, to the extent reasonable under the circumstances.
2. Liquidity - Liquidity is the second most important objective of GCHP. The portfolio shall contain investments for which there is a secondary market or which otherwise offer the flexibility to be sold or liquidated within a reasonable amount time as set forth in this Policy with minimal risk of loss of either the principal or interest based upon then prevailing rates.
3. Total Return –GCHP’s portfolio shall be designed to earn a competitive rate of return (i.e., yield) within the confines of the California Government Code, this Policy, and adopted procedural structures.

The length of term for all investments shall be commensurate with the short, medium, and long-term cash flow needs of GCHP. Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with GCHP’s expected cash flow draws. It is explicitly recognized herein, however, that in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall investment return. Consideration will be given to debt securities that would trigger capital gains or losses as market interest rates fluctuate.



Title: Gold Coast Health Plan Investment Policy	Policy Number: FI-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

II. PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the “prudent investor” standard (California Government Code section 53600.3) and shall be applied in the context of managing an overall portfolio.

Pursuant to California Government Code section 53600.3, the “prudent investor” standard is as follows, “[w]hen investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

III. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. GCHP's officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with GCHP, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of GCHP's investments.

IV. DELEGATION OF AUTHORITY

Authority to manage GCHP's investment program is derived from California Government Code section 53600, et seq. Management responsibility for the investment program is vested in the solely in the Ventura County Medi-Cal Managed Care Commission (“Commission”) dba Gold Coast Health Plan. However, the Commission at its discretion may delegate to GCHP's Chief Financial Officer (“CFO”) the authority to invest, reinvest, purchase, acquire, exchange and sell investments in accordance with the Policy. Further, the CFO may recommend an independent licensed Investment Advisor (“Advisor”) and/or the investment department (“Trust Department”) with the current bank relationship (collectively the “Advisors”), to assist in managing the investment portfolio based upon this Policy. The Advisor must comply with this Policy and ensure that the investment objectives are met.



Title: Gold Coast Health Plan Investment Policy	Policy Number: FI-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

The CFO shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of one or more Advisors and subordinate investment staff.

The CFO and/or Advisor/s shall mitigate risk by following these guidelines:

- A. Pre-qualifying financial institutions with which it will do business through the utilization of Moody's Credit Review Service, Standard and Poor's Financial Institutions Ratings, and Moody's Commercial Paper Record.
- B. Diversifying the portfolio so that the failure of any one issuer or backer will not place any undue financial burden on the GCHP. Spreading investments over different investment types minimizes the impact a singular industry/investment class can have on the portfolio. Spreading investments over multiple credits/issuers within an investment type minimizes the credit exposure of the portfolio to any single firm/institution.
- C. Monitor all GCHP investments on a daily basis to anticipate and respond appropriately to a significant reduction in the credit worthiness of a depository.
- D. Structuring GCHP's portfolio so that securities mature at times to meet GCHP's ongoing cash needs. Spreading investments over various maturities minimizes the risk of portfolio depreciation due to a rise in interest rates. An unforeseen liquidity need allows no options if "all your eggs are in one basket."
- E. Restructure of the GCHP's portfolio to minimize the loss of market value or cash flow.
- F. Constructing a portfolio that will consist of securities with active secondary and resale markets. Any investment for which no secondary market exists, such as time deposits, shall not exceed 375 days and no investment shall have a maturity of more than 5 years (to minimize capital losses).

V. GUIDELINES FOR INVESTMENT

The CFO shall maintain and instruct Advisors to adhere to these investment protocols:

A. Liquidity

The GCHP's portfolio will be structured so that securities will mature at or about the same time as cash is needed to meet demands and in accordance with the economic projections mentioned above.



Title: Gold Coast Health Plan Investment Policy	Policy Number: FI-XXX
Department: Finance	Effective Date:
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B. Yield

The CFO and Advisors shall always attempt to obtain a competitive rate of return on any investment type consistent with the required safety, liquidity, and other parameters of this Policy, departmental procedures, and the laws of the State of California.

C. Internal Controls

The CFO shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, as well as unanticipated changes in financial markets.

D. Safekeeping of Securities

To protect against potential losses caused by the collapse of individual securities dealers, all securities owned by the GCHP, including collateral on repurchase agreements shall be held in safekeeping by a Trust Department, acting as agent for the GCHP under the terms of a custody agreement executed by the bank and the GCHP CFO. All trades executed between GCHP and a dealer will settle on a delivery vs. payment basis with a custodial bank. All security transactions engaged in by the CFO be countersigned by a second Finance Department official or employee, who the CFO has authorized to countersign security transactions.

E. Rating

With the exception of Local Agency Investment Fund (“LAIF”), insured deposits, and U.S. Finance and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by GCHP’s CFO with the assistance of Moody’s Commercial Paper Record, Moody’s Credit Report, and the S & P Financial Institutions Ratings Service.

If the rating of any depository drops during the course of time with which the GCHP has placed an investment, the investment will be matured at the earliest possible convenience.

If anyone security rating drops below A-1 or P-1 resulting in a split rating, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be approved by the CFO.

F. Financial Benchmarks



Title: Gold Coast Health Plan Investment Policy	Policy Number: FI-XXX
Department: Finance	Effective Date:
CEO Approved:	Revised:

GCHP's portfolio shall be designed to attain a market-average rate of return through budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance benchmark for the investment portfolio will be based upon the average yield on the U.S. Treasury security that most closely corresponds to the portfolios weighted average maturity ("WAM") and duration. These performance measures will be determined by the GCHP's CFO with the assistance of an Advisor and will be reviewed by the Executive Finance Committee on a semi-annual basis.

G. Periodic Review of the Investment Policy

The CFO is responsible for providing the Executive Finance Committee with this recommended Policy. The Executive Finance Committee is responsible for recommending the Policy to the GCHP Commissioners for final approval. This Policy shall be reviewed and approved by the GCHP Commissioners at a public meeting on an annual basis pursuant to section 53646(a)(2) of the Code.

H. Collateralization

Collateralization is required on two types of investments: bank deposits in excess of the current insurance limit and repurchase agreements.

Bank deposits in excess of \$250,000, or the current prevailing U.S. government insurance guarantee, may only be invested with financial institutions which participate in the California Local Agency Security Program ("LASP") administered by the California Department of Financial Institutions. LASP provides for collateral requirements, oversight and monitoring, and reporting by financial institutions.

Collateral is also required for repurchase agreements. The market value of securities that underlie a repurchase agreement shall not be allowed to fall below 102% of the value of the repurchase agreement and the value shall be adjusted no less than quarterly. Securities that can be pledged for collateral shall consist only of securities permitted in this policy.

I. Securities Lending

Investment securities shall not be lent to an Investment Manager, broker or any other entity.

J. Leverage



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Department: Finance	Effective Date:
CEO Approved:	Revised:

The investment portfolio, or investment portfolios, cannot be used as collateral to obtain additional investable funds.

K. Other Investments

Any investment not specifically referred to herein will be considered a prohibited investment.

L. Underlying Nature of Investments

GCHP shall not make investments in organizations which have a line of business that is visibly in conflict with the interests of public health (which shall be defined by the GCHP Commissioners). Furthermore, GCHP shall not make investments in organizations with which it has a business relationship through contracting, purchasing or other arrangements.

M. Derivatives

Investments in derivative securities are not allowed, except as to U.S. Finance STRIPS.

N. Investments

Investments shall be made in the securities presented on Exhibit 1.

VI. REPORTING AND REVIEW

The CFO is responsible for directing GCHP's investment program and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The CFO shall make a quarterly report to the Executive Finance Committee, and the GCHP Commissioners. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by GCHP;
2. A description of the funds, investments and programs (including lending programs) managed by contracted parties;
3. A market value as of the date of the report and the source of the valuation;
4. A statement of compliance with this Policy or an explanation for non-compliance; and



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5. A statement of the ability or inability to meet expenditure requirements for six months, as well as an explanation of why money is or will not be available as provided for in the statutory law governing the reporting requirements.

Additional Procedures Performed by CFO

1. The Operating Funds and Board-Designated (allocated) Reserve Funds targeted average maturities will be established and reviewed periodically.
2. Investment diversification and portfolio performance will be reviewed semi- annually to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this Policy.

VII. QUALIFICATIONS OF BROKERS, DEALERS, AND FINANCIAL INSTITUTIONS

The CFO shall transact business with Advisors, broker/dealer or with direct issuers, broker/dealers licensed by the State, National, or State chartered bank or savings institutions and primary government dealers designated by the Federal Reserve. Each approved broker/dealer must possess an authorizing certificate from the California Commissioner of Corporations as required by Section 25210 of the California Corporations Code. The firms they represent must:

1. be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or
2. be a State member of a national or state chartered bank, or
3. be a primary or regional dealer qualified under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Any Advisor or broker/dealer interested in conducting business with GCHP must have an office within the State of California and is required to fill out an extensive questionnaire maintained by the CFO. This questionnaire is then reviewed and approved by the Finance Committee and upon acceptance, permits GCHP to deal with the broker/dealer. Before engaging in investment transactions with any Advisor or broker/dealer, the CFO shall have received a signed Certification Form (“Form”). This Form shall attest that the Advisor or broker/dealer responsible for GCHP’s portfolio, has reviewed this Policy. That the individual understands the Policy; and, intends to present investment recommendations and transactions to GCHP that are appropriate under the terms and conditions of this Policy.



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CEO Approved:	Revised:

No broker/dealer may have made political contributions greater than the limits expressed in Rule G-37 of the Municipal Securities Rule Making Body to the CFO, Board of Supervisors, or candidate for those offices.

The Finance staff shall investigate dealers with which it will conduct business in order to determine: if the firm is adequately capitalized and meets the Federal Reserve’s minimum capital requirements for broker/dealer operations, makes markets in securities appropriate to GCHP’s Policy, the individual covering the account has a minimum of three years dealing with large institutional accounts, and receives three favorable recommendations from other short-term cash portfolio managers.

GCHP may engage the support services of Advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial or necessary financial protection of the GCHP financial resources. Advisors shall follow this Policy, State law and other such written instructions as provided by the Treasurer.

VIII. DUTIES AND RESPONSIBILITIES OF THE EXECUTIVE FINANCE COMMITTEE:

- A. The CFO with or without the assistance of an Advisor and staff are responsible for the day-to-day management of GCHP’s investment portfolio. The GCHP’s Commissioners are responsible for approval of GCHP’s Investment Policy. The Finance Committee shall not make or direct the GCHP staff to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Executive Finance Committee to advise on particular investment decisions of GCHP.
- B. The duties and responsibilities of the Executive Finance Committee shall consist of the following:
 - 1. Review any changes to GCHP’s Investment Policy before consideration by the GCHP’s Commissioners and recommend revisions, as necessary.
 - 2. Review semi-annually GCHP’s investment portfolio for conformance to the GCHP Investment Policy diversification and maturity guidelines, and make recommendations as appropriate.
 - 3. Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the GCHP’s Commissioners.



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4. Interview Advisors chosen by the CFO and propose the Advisor of choice to the GCHP's Commissioners for contracting.

Attachments:

Exhibit 1:

Investment of Surplus: California Government Code Section §§53600-53610

Deposit of Funds: California Government Code Section §§53630-53686

References:

Investment of Surplus: California Government Code Section §§53600-53610

Deposit of Funds: California Government Code Section §§53630-53686

U.S. Bankruptcy Code



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Revision History:

Review Date	Revised Date	Approved By
[]	[]	



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EXHIBIT 1

Investment of Surplus: California Government Code Section §§53600-53610
Deposit of Funds: California Government Code Section §§53630-53686

1. INVESTMENT DESCRIPTION

1.1 Federal Agencies

The purchase of federal agency debentures and mortgage-backed securities with a final maturity not exceeding five years from the date of purchase shall be limited to issues of the Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corp. (Freddie Mac), Student Loan Marketing Association (Sallie Mae), Tennessee Valley Authority (TVA), the Federal National Mortgage Corporation (Fannie Mae), Federal Agricultural Mortgage Corporation (Farmer Mac), or other federal agencies. TVA notes shall be limited to \$300 million. The maximum maturity of any one agency investment shall not exceed 1150 days.

1.2 Commercial Paper

Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by Standard and Poor's Corporation or Moody's Investors Service, Inc. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of \$500 million and an “A” or higher rating for the issuer’s debt, other than commercial paper, if any, as provided for by Moody’s Investors Service, Inc. or Standard and Poor’s Corporation. Purchases of eligible Commercial Paper may not exceed 270 days to maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of Commercial Paper may not exceed 40 percent of the GCHP’s surplus money that may be invested. No more than 10 percent of the GCHP’s surplus money available for investing may be invested in the outstanding paper of any single issuing corporation. The CFO shall establish a list of approved Commercial Paper issuers in which investments may be made.

1.3 Medium-Term Notes and Deposit Notes

Medium-term notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from



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the date of purchase, and rated in the top three note rates categories (Moody's designates AAA, A2, A, Standard & Poor's designates (AAA, AA, A). The aggregate investment in medium-term corporate notes may not exceed 20 percent of the GCHP's total portfolio or have a maturity of longer than 24 months, and no more than 10 percent of the total investment assets in the commercial paper and the medium-term notes of any single issuer.

1.4 U. S. Government

United States Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the full faith and credit of the United States Government are pledged for the payment of principal and interest. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years.

1.5 Bankers Acceptances

A bankers' acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers' acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of surplus funds with no more than 30 percent of the surplus funds in the bankers' acceptances of any one commercial bank. The CFO shall establish a list of those banks deemed most credit worthy for the investment in bankers' acceptances.

1.6 Negotiable Certificates of Deposit

Negotiable Certificates of Deposit ("NCD"s) are issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank (Yankee Certificates of Deposit) against funds deposited for a specified period of time and earn specified or variable rates of interest. The CFO may invest up to 30 percent of surplus funds in NCDs. NCDs shall be limited to those institutions rated "AA" or better by Moody's and "AA" or better by Standard and Poor's C.D. Rating Service.

NCDs differ from other Certificates of Deposit in that they are liquid securities which are traded in secondary markets. The maximum term to maturity of any NCD shall be 6 months. The CFO shall establish a list of eligible financial institutions which will be eligible for investment.

This Policy prohibits investment of GCHP funds, or funds in the custody of GCHP, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Commission, or a person with investment decision-making authority in the



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CFO’s office, budget office, auditor-controller’s office, or treasurer’s office of GCHP also serves on the board of directors, or any committee appointed by the Commission, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

1.7 Certificates of Deposit

Certificates of Deposit are deposits by the CFO in commercial banks or savings and loan associations within the State of California and pass the same ratings criteria as outlined under the above mentioned section “Negotiable Certificates of Deposit.” Local institutions shall receive preference for deposits up to \$250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed 375 days and shall be insured by the FDIC.

1.8 Repurchase agreements

The GCHP may invest in repurchase agreements with a final termination date not exceeding one year collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed above, with the maturity of the collateral not exceeding ten years and with banks and dealers of primary dealer status recognized by the Federal Reserve with which the GCHP has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed one-year. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the transaction and shall be adjusted no less than quarterly. Collateral shall be held in GCHP’s custodian bank, as safekeeping agent, the investments and repurchase agreements shall be in compliance if the value of the underlying securities is brought up to 102% no later than the next business day.

In order to conform with provisions of the U.S. Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed five years to maturity.

There shall be a \$75 million dollar limitation in repurchase agreements entered into with any one institution.

1.9 Local Agency Investment Fund

The Local Agency Investment Fund (“LAIF”) is a fund controlled by the State and pursuant to California Government Code section 16429.1. GCHP may determine the



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length of time for which its investments will be on deposit in the LAIF account. The LAIF account pays interest quarterly. There shall be no limitation as to the percentage of the portfolio which can be invested in this category, unless a limitation is established by LAIF.

1.10 County Pooled Investment Funds

GCHP may invest funds with the Ventura County Treasurer (“County”) that are not required for immediate needs, pursuant to California Government Code section 53684. GCHP may withdraw the funds in accordance with criteria established by the County for withdrawals from the County Treasury. The County Treasury apportions interest quarterly. The CFO may invest up to 20 percent of surplus funds in the County Treasury.

1.11 California Asset Management Program (“CAMP”)

CAMP is a California Joint Powers Authority (“JPA”) established in 1989 to provide California public agencies with professional investment services and is permitted pursuant to California Government Code section 53601(p). The aggregate investment pool shall not exceed 10 percent of the total portfolio.

1.12 Money Market Funds

Money Market Funds registered under the Investment Company Act of 1940 that (1) are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); (2) strive to maintain a net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in the applicable California statutes; (4) have a rating of at least two of the following: AAAm by Standard and Poor’s, Aaa by Moody’s or AAA/V1+ by Fitch; and (5) retain an investment advisor registered or exempt from registration with the SEC with no less than five years’ experience managing money market funds with assets under management in excess of \$500,000,000. No more than 10 percent of the GCHP’s total portfolio may be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20 percent of the total portfolio.

1.13 Ineligible Investments

Investments not described above as authorized investments or not identified in the following schedule are ineligible for purchase. The Policy specifically prohibits the investment of any funds in common stock, financial futures, options, inverse floaters, range notes, or mortgage-derived, interest-only strips. No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods. The limitation in California Government Code section 53601.6 does



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not apply to investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 that are authorized pursuant to California Government Code section 53601(l).

2. PARTIAL INVESTMENTS REFERENCE SCHEDULE:

Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
U.S Treasury Obligations	53601(b)	No Limit	5 Years	None	Notes, bonds, bills
Federal Agencies	53601(f)	No Limit	5 Years	None	Federal agency or U.S. government sponsored enterprise obligations, participations, or other instruments
State Obligations (CA and others)	53601(c) and (d)	No Limit	5 Years	Underlying A, A-1	<ul style="list-style-type: none"> Registered state warrants, treasury notes or bonds of California Registered treasury notes or bonds from any of the other 49 states
California Local Agency Bonds	53601(e)	No Limit	5 Years	Underlying A, A-1	Bonds, notes, warrants or other evidence of indebtedness of any local agency within California
Corporate Medium-Term Notes	53601(k)	<ul style="list-style-type: none"> 30% of portfolio 10% single issuer (incl. commercial paper) 	5 Years	A	Issued by <ul style="list-style-type: none"> Domestic corporations or Depository institutions licensed by the United States of any state and operating in the United States



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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
Negotiable Certificates of Deposit	53601(i)	<ul style="list-style-type: none"> • 30% of portfolio • 5% single issuer 	5 Years	A	<ul style="list-style-type: none"> • Issued by nationally or state-chartered banks; savings or federal associations; state of federal credit unions; or federally licensed or state licensed branches of foreign banks. And • Per 53638 deposits may not exceed bank shareholder equity; total net worth of depository savings or federal association; unimpaired capital and surplus of a credit union; unimpaired capital and surplus of industrial loan companies



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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
Supranationals	53601(q)	<ul style="list-style-type: none"> • 15% of portfolio • 5% single issuer 	5 Years	“AA’ rating category or its equivalent or better	U.S. dollar denominated senior unsecured unsubordinated obligations issued by or unconditionally guaranteed by: <ul style="list-style-type: none"> • International Bank for Reconstruction and Development • International Finance Corporation • Inter-American Development Bank
Bankers’ Acceptances	53601(g)	<ul style="list-style-type: none"> • 40% of portfolio • 30% single issuer 	180 Days	A-1	

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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
Commercial Paper (Non-Pooled Funds)	53601(h)(2)(c)	<ul style="list-style-type: none"> • 25% of portfolio • 10% of the outstanding commercial paper from a single issuer 	270 Days or less	A-1	<ul style="list-style-type: none"> • Corporation must be organized and operating within the United States; have assets in excess of \$500 million; and have at least an A rating on its long term debt, if any; or • Corporation must be organized within the United States as a special purpose corporation, trust, or limited liability company; have program wide credit enhancements including, but not limited to over collateralization, letters of credit or a surety bond.
Repurchase Agreements	53601(j)	30% of base portfolio value	1 year	N/A	<ul style="list-style-type: none"> • Subject to a Master Repurchase Agreement with a Primary Dealer approved by the Commission; • Comply with Government Code 53601(j)



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Bank Deposits – Collateralized or FDIC Insured	53630 et seq.	No Limit	5 Years	Satisfactory rating from national bank rating service from CRA review	<ul style="list-style-type: none"> • Amounts up to \$250,000 per institution are insured by the FDIC • Amounts over the insurance limit must be placed with financial institutions participating in the California Local Agency Security Program, providing for collateralization of public funds • Per 53638 deposits may not exceed bank shareholder equity; total net worth of depository savings or federal association; unimpaired capital and surplus of a credit union; unimpaired capital and surplus of industrial loan companies • Treasurer may waive collateral for the portion of nay deposits insured pursuant to federal law • The use of private sector
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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
					entities authorized by 53601.8 to assist in the placement of deposits are NOT permitted
Local Agency Investment Fund ("LAIF")	16429.1 et seq.	As permitted by LAIF	N/A	N/A	
County Pooled Investment Funds	27133	<ul style="list-style-type: none"> 20% of portfolio 	N/A	None	
Joint Powers Authority Pool	53601(p)	<ul style="list-style-type: none"> 15% of portfolio 10% from single pool or maximum allowed by JPA whichever is less 	N/A	None	JPA must be: <ul style="list-style-type: none"> Organized pursuant to Section 6509.7; Invest in securities in 53601 subdivisions (a) to (o); and Retain investment advisor register or exempt from advisor register or exempt from registration with the SEC, with at least 5 year's experience, and has assets under management in excess of \$500 million.



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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality*	Other Constraints
Money Market Funds	53601(l)	<ul style="list-style-type: none"> 20% of portfolio, no more than 10% in any one fund 	N/A	Fund must either have the highest ranking by not less than 2 NRSROs	Retain an investment adviser registered or exempt from registration with the SEC with 5 years' experience managing money market funds in excess of \$500 million
Mutual Funds	53601(l)	<ul style="list-style-type: none"> 20% of portfolio 10% from single mutual fund company 	N/A	Fund must either have the highest ranking by not less than 2 NRSROs	<ul style="list-style-type: none"> Fund must invest in securities that comply with the investment restrictions of 53601(a) through (k) and (n) through (o); and Retain an investment adviser registered or exempt from registration with the SEC with 5 years' experience managing money market funds in excess of \$500 million.



AGENDA ITEM NO. 6

TO: Executive Finance Committee

FROM: Kashina Bishop, Chief Financial Officer

DATE: April 21, 2021

SUBJECT: March 2021 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached March 2021 fiscal year-to-date (“FYTD”) financial statements of Gold Coast Health Plan (“GCHP”) for review and approval.

BACKGROUND/DISCUSSION:

The staff has prepared the unaudited March 2021 FYTD financial package, including statements of financial position, statement of revenues and expenses, changes in net assets, and statement of cash flows.

Financial Overview:

GCHP experienced a gain of \$6.6 million for the month of March 2021, bringing the FYTD net gain to \$10.2 million. This is a significant improvement from the budget projections that had indicated an anticipated loss of ~\$13 million in the first nine months of the fiscal year. The improvement from budget projections is attributed to increased revenue due to changes in prior year membership estimates and favorable CY2021 rates, administrative savings, and medical expense estimates that are currently less than budget by a narrow margin.

Solvency Action Plan (SAP) Update:

To ensure the long-term viability of GCHP and consistent with Commission direction, your management team remains focused on the SAP. Further, your management team remains committed to implementation of solvency-related actions in a manner that respects the provider community and mitigates any adverse impact on our providers. The SAP is comprised of three main categories: cost of healthcare, internal control improvements and contract strategies. The primary objectives within each of these categories is as follows:

1. Cost of healthcare – to ensure care is being provided at the optimal place of service which both reduces costs and improves member experience.

2. Internal control improvements – to ensure GCHP is operating effectively and efficiently which will result in administrative savings and safeguard against improper claim payments.
3. Contracting strategies – to ensure that GCHP is reimbursing providers within industry standard for a Medi-Cal managed care plan and moving toward value-based methodologies.

In addition to the comprehensive list of internal control improvements provided as an appendix to the Strategic Plan, GCHP management has made the following progress in connection with the Commission-approved SAP:

Category	Current Focus	Annualized impact in savings
Cost of Healthcare	Revision to Non-Pharmacy Dispensing Site Policy	\$7-10 million
Internal Control Improvements	Interest expense reduction/PDR turnaround time	\$500,000
	HMS Implementation	\$2.3 million
	Formalization of internal control workgroup	N/A
	Formalization of the contract steering committee	N/A
	Change Control Document (CCD) Process Improvement	N/A
	Ensure appropriate approval on all contract amendments	N/A
	Provider settlement review	TBD
Contracting Strategies	Reduction of LTC facility rates to 100% of the Medi-Cal rate	\$1.8 million
	Rate reduction to tertiary hospital	\$1.3 million
	Reduction of adult expansion PCP rates	\$4.5 million
TOTAL ANNUAL SAVINGS		\$17.4-20.4 million

The focus going forward will be on Phase 2 of the Solvency Action Plan, which involves the below initiatives. We are pleased to report that the GCHP Provider Advisory Committee has created a subcommittee to propose changes for Phase 2 of the SAP. Your management team acknowledges the Commission recommendation that we (a) assess the impacts of the identified interventions and (b), based thereon, forecast future excess TNE levels resulting from the interventions. We are, of course, committed to that process and, accordingly, when we can responsibly forecast the impact of an intervention, we do. We are also, however, committed to implementation of solvency-related actions in a manner that respects the providers and mitigates any adverse impact on them (and in turn our members). To that end and mindful of the initiatives identified below, we will have to assess intervention impact as we refine the specific approach we are employing to achieve the intervention. Further, we owe it to the community to continue the hard

work of tightening our internal controls and improving our contracting efforts, including our contract terms and conditions, our amendment process, our processes for recoupment, and our processes for DOFR and DOAR negotiation and documentation.

Category	Current Focus	Annualized impact in savings
Cost of Healthcare	LANE – avoidable ER analysis	TBD
	Pro-active transplant management approach	TBD
	Analysis of leakage to out of area providers	TBD
Internal Control Improvements*	Review of provider contracts for language interpretation and validation	N/A
	Develop revised provider contract templates and a standard codified DOFR template	N/A
	Improve quality and completeness of encounter data	Revenue implications
	California Children’s Services – ED Diversion	\$500,000
	Implementation of additional claims edit system (CES) checks to minimize payment errors	TBD
Contracting Strategies	Expansion of capitation arrangements	Required TNE and risk reductions
	LANE/HCPCS analysis	TBD
	Outlier rate analysis	TBD
	Consideration of across the board reductions	TBD

* this is a sub-set of the internal control improvements with direct impacts to the SAP and providers. Staff will periodically update the Commission on the comprehensive list.

The management team has concluded that it is imperative that GCHP have a keen focus on fundamental activities that are essential to our success. While the intensive work on internal control improvement continues, some strategies under Phase 2 will be temporarily on hold, to mitigate risk and potential provider abrasion. The fundamental initiatives are:

1. HSP System Conversion
2. Americas Health Plan
3. Behavioral Health Integration
4. CalAim
5. Major provider contract renewals
6. Continuation of internal control improvement activities

Staff will keep the Commission informed on the progress of these initiatives and the impacts to Phase 2 of the SAP. We anticipate there will be increased bandwidth for Phase

2 in the third quarter of 2021. Over the next several of months, we will continue to finalize the approach and forecast the impact to the TNE where feasible.

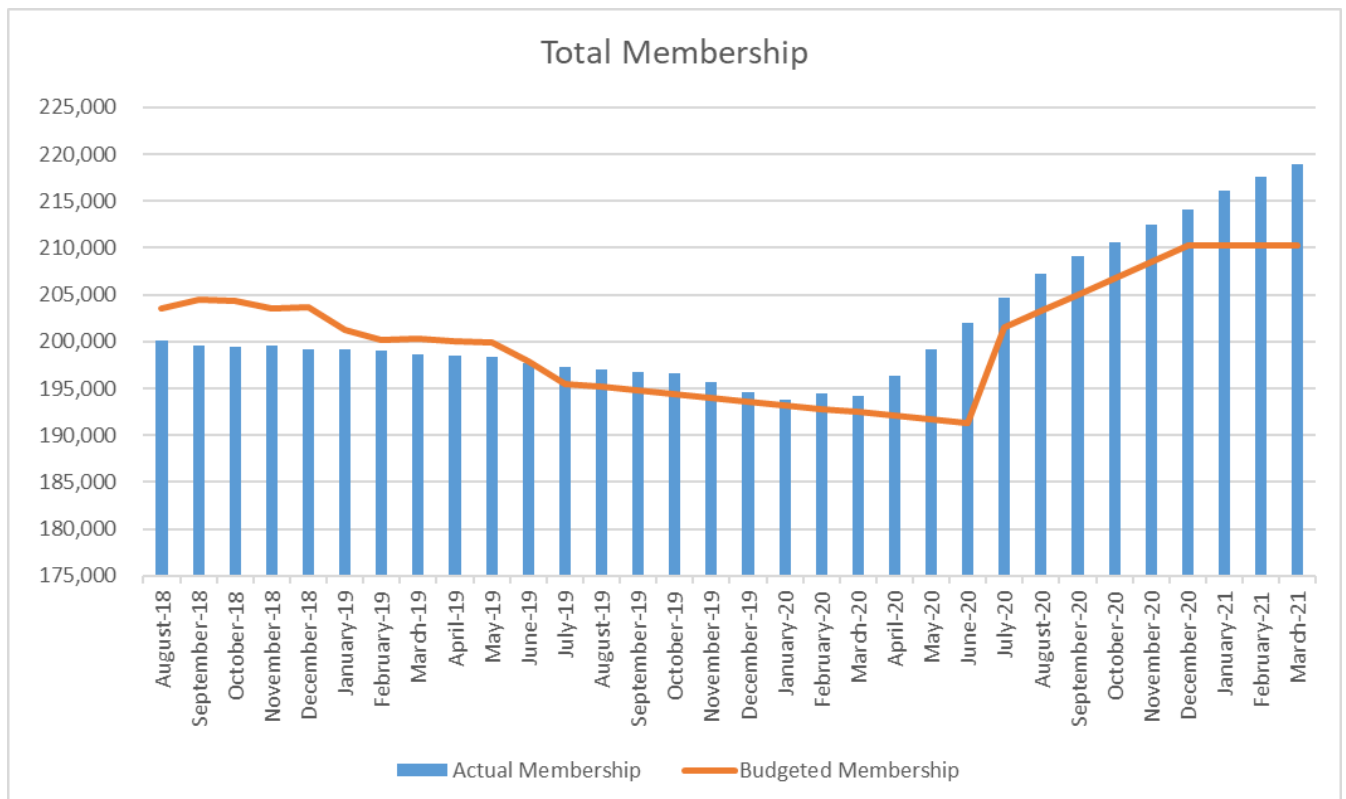
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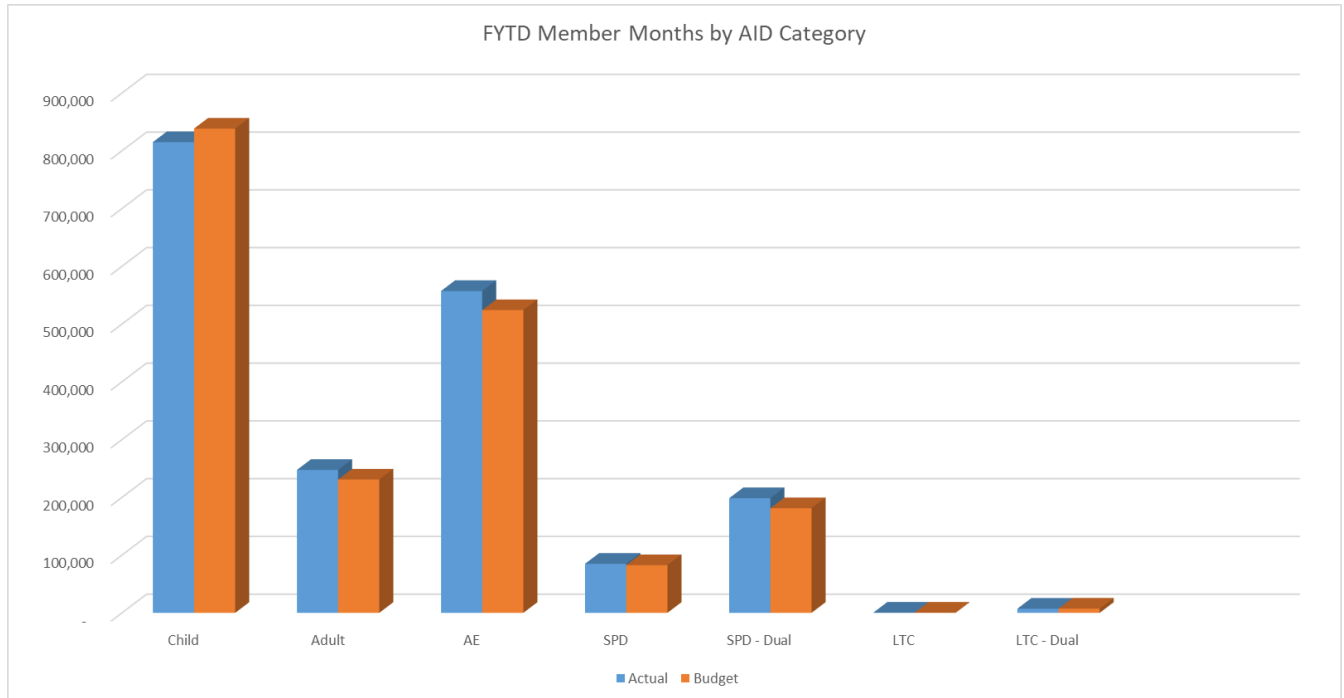
GCHP experienced a net gain of \$6.6 million for the month of March 2021.

March 2021 FYTD Highlights:

1. Net gain of \$10.2 million, a \$22.8 million favorable budget variance.
2. FYTD net revenue is \$677.0 million, \$70.0 million over budget.
3. FYTD Cost of health care is \$630.6 million, \$52.3 million over budget.
4. The medical loss ratio is 93.1% of revenue, 2.1% less than the budget.
5. FYTD administrative expenses are \$36.7 million, \$5.4 million under budget.
6. The administrative cost ratio is 5.4%, 1.9% under budget.
7. Current membership for March is 218,091.
8. Tangible Net Equity is \$87.5 million which represents approximately 35 days of operating expenses in reserve and 246% of the required amount by the State.

Note: To improve comparative analysis, GCHP is reporting the budget on a flexible basis which allows for updated revenue and medical expense budget figures consistent with membership trends.





Revenue

Net Premium revenue is \$677.0 million; a \$70.0 million and 12% favorable budget variance. The primary drivers of the budget variance are revenue associated with directed payments, CY2021 rates that are more favorable than projected, and revenue to account for pharmacy expenses that were anticipated to be carved out in January 2021..

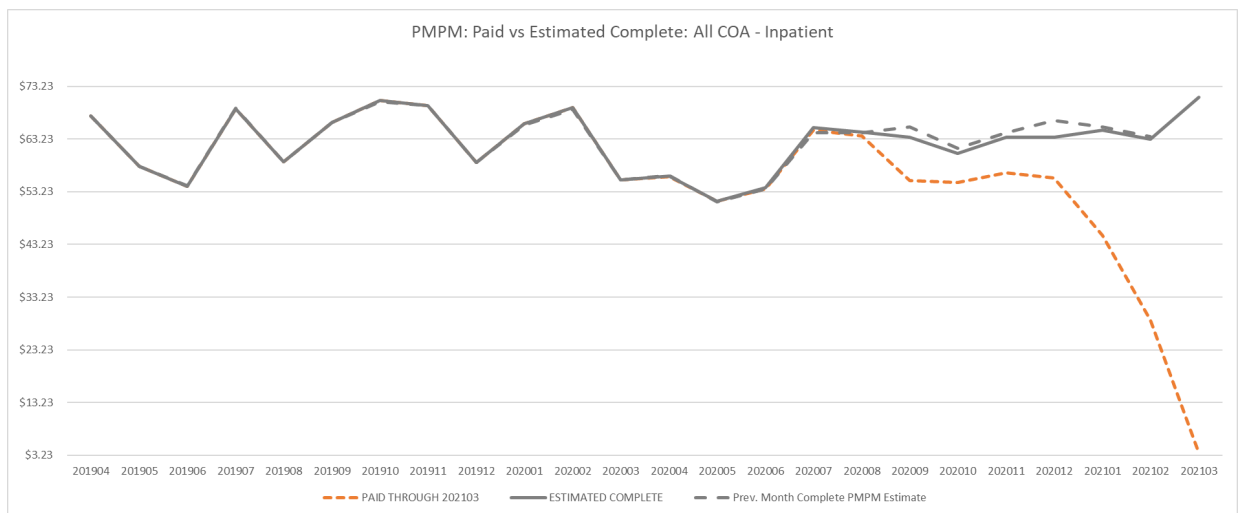
Health Care Costs

FYTD Health care costs are \$630.6 million; a \$52.3 million and 9% unfavorable budget variance.

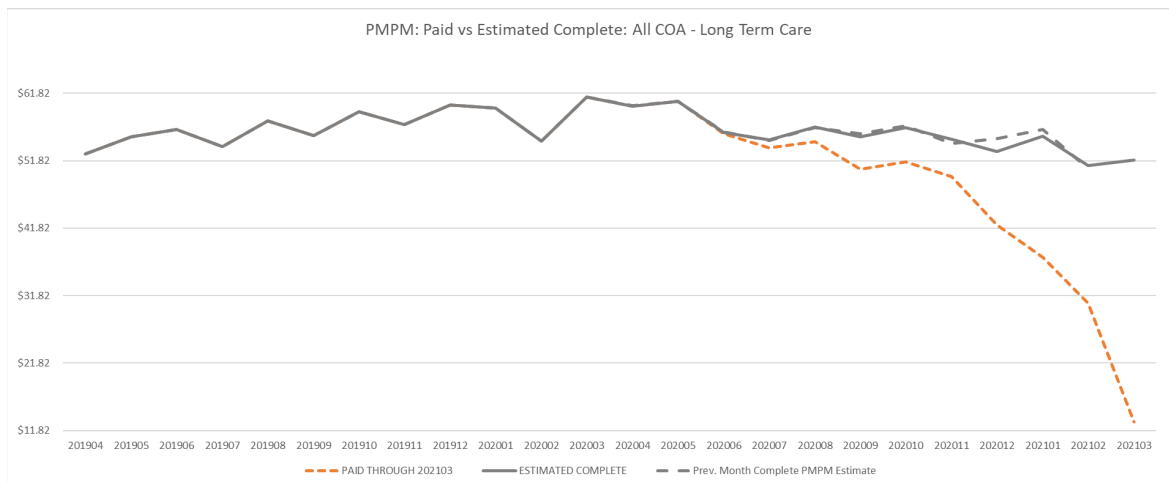
Notable variances from the budget are as follows:

1. Directed payments for Proposition 56 are over budget by \$19.8 million. GCHP did not budget for Proposition 56 expenses as the May revise of the State budget had removed funding for Proposition 56. The State budget in June ultimately included Proposition 56 funding. GCHP receives funding to offset the expense.
2. Pharmacy is over budget by \$37.8 million. GCHP budgeted for pharmacy to be carved-out effective 1/1/2021 but, that transition has since been postponed. DHCS added back in the pharmacy component to the rates through March and will be further revising the CY 2021 rates due to the continued delay.

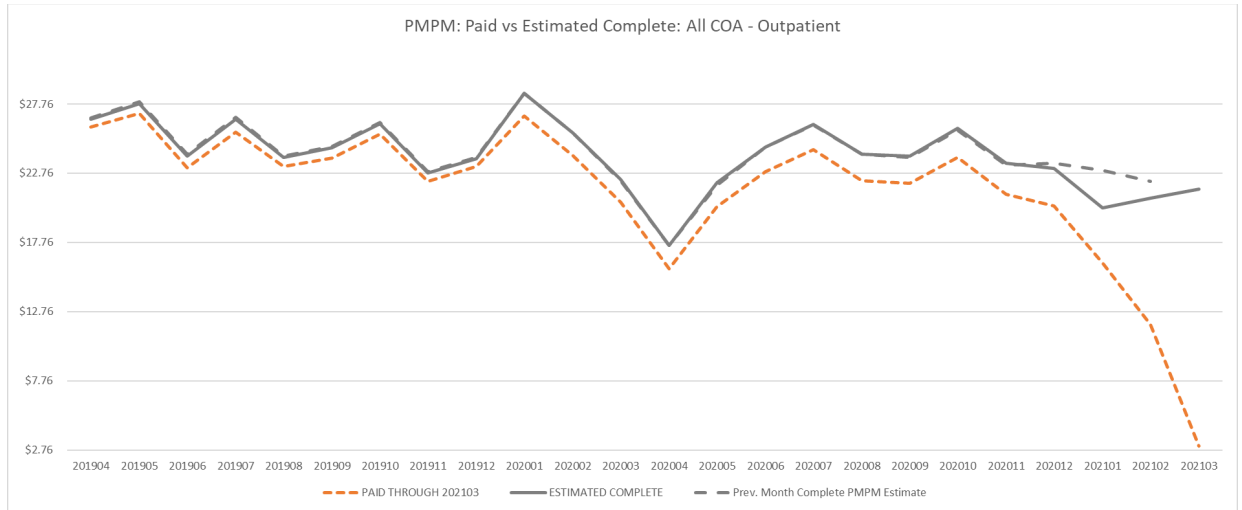
3. Laboratory and Radiology expense are over budget by \$2.6 million due to COVID testing. DHCS has recognized the increased cost for lab and radiology and increased the CY 2021 rates accordingly.
4. Home & Community Based Services are over budget by \$2.6 million due to an increase in Community Based Adult Service utilization. The delivery approach was modified to allow for services to be provided at home due to COVID. GCHP has noted an increase in days following this change.
5. Inpatient hospital costs are under budget by \$5.4 million (4%) due to decreased utilization from COVID-19 and the increase in membership.



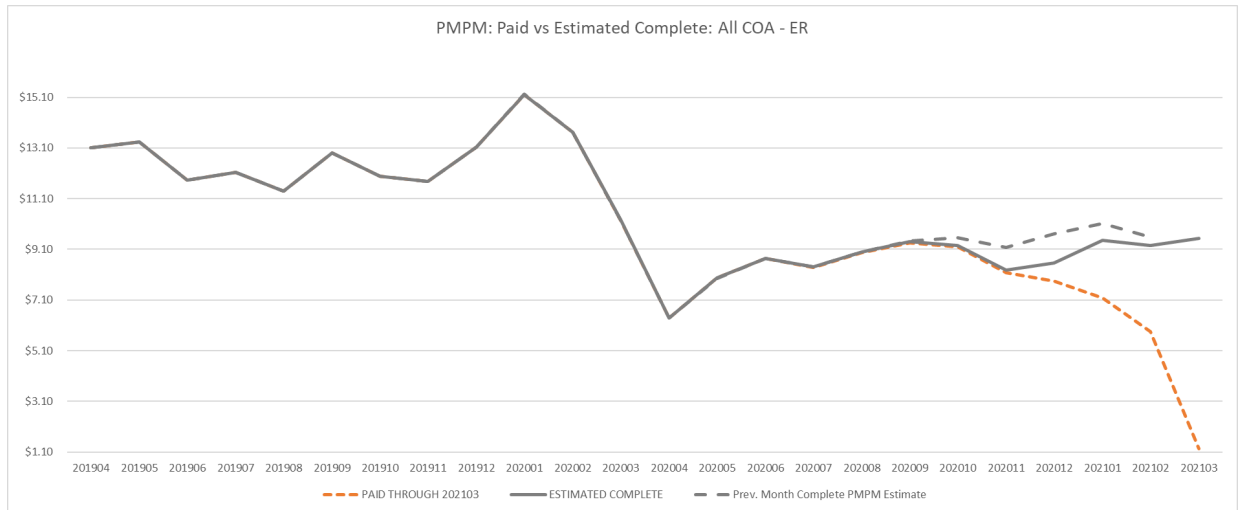
6. Long term care (LTC) expenses are over budget by \$3.7 million (4%). The State increased facility rates by 10% effective March 1, 2020 through the emergency. The full impact was mitigated through the Solvency Action Plan and the reduction of LTC contractual rates to 100% of the Medi-Cal fee schedule. DHCS has recognized the increased cost and increased the CY 2021 rates accordingly.



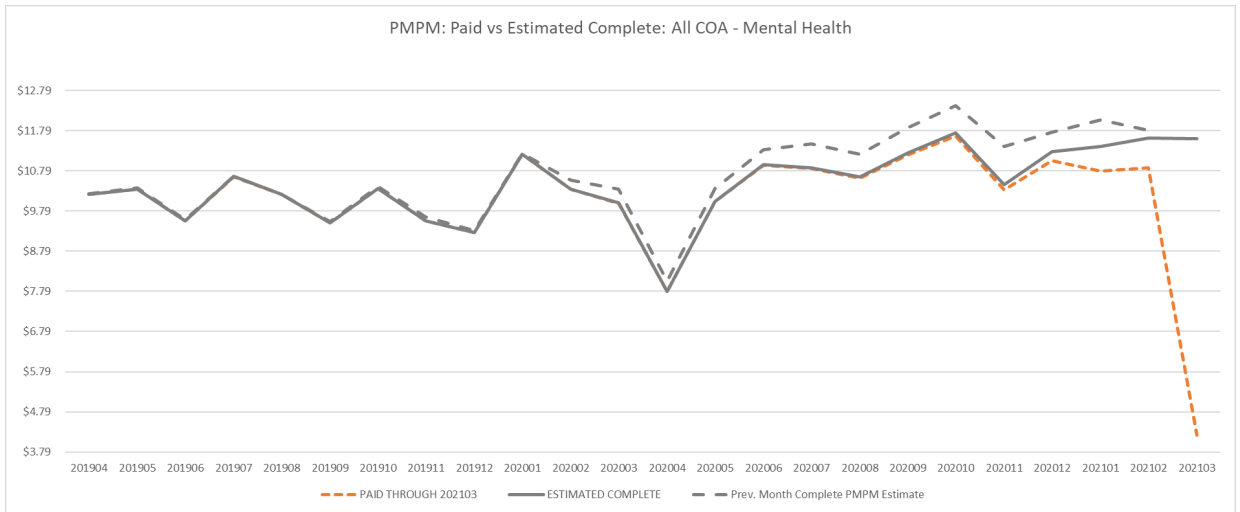
7. Outpatient expenses are under budget by \$5.2 million (11%) due to COVID-19 and the increased membership.



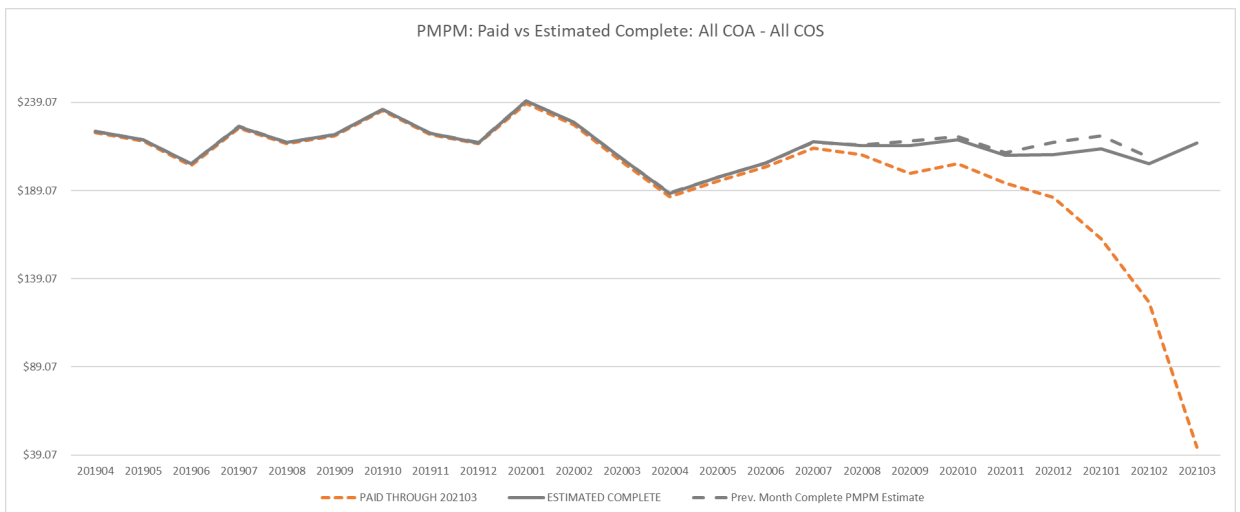
8. Emergency Room expenses are under budget by \$7.5 million (30%) due to decreased utilization associated with COVID-19.



9. Mental and behavioral health services are over budget by \$3.6 million (19%) due to additional services being provided during the pandemic.



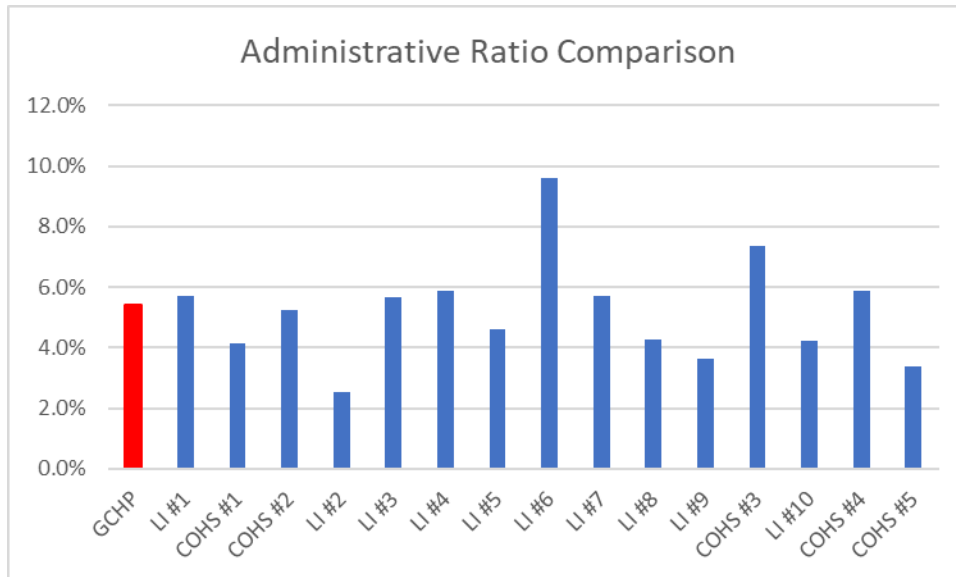
10. Total fee for service health care pmpm costs excluding capitation and pharmacy, and considering date of service, are under budget by \$12.02 PMPM (5.3%).



Note: Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as “Incurred but Not Paid” (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred but Not Reported and Claims Payable. The total liability is the difference between the estimated costs (the orange line above) and the paid amounts (in grey above).

Administrative Expenses

The administrative expenses are currently running within amounts allocated to administration in the capitation revenue from the State. In addition, the ratio is comparable to other public health plans in California, as indicated in the below chart.



For the fiscal year to date through March, administrative costs were \$36.7 million and \$5.4 million below budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 5.4% versus 7.3% for budget.

Cash and Short-Term Investment Portfolio

At March 31, the Plan had \$181.8 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$43.3 million; LAIF CA State \$206,750; the portfolio yielded a rate of 2.5%.

Medi-Cal Receivable

At March 31, the Plan had \$94.1 million in Medi-Cal Receivables due from the DHCS.

RECOMMENDATION:

Staff requests that the Executive Finance Committee recommend that the Commission approve the March 2021 financial package.

CONCURRENCE:

N/A

ATTACHMENT:

March 2021 Financial Package



FINANCIAL PACKAGE

For the month ended March 31, 2021

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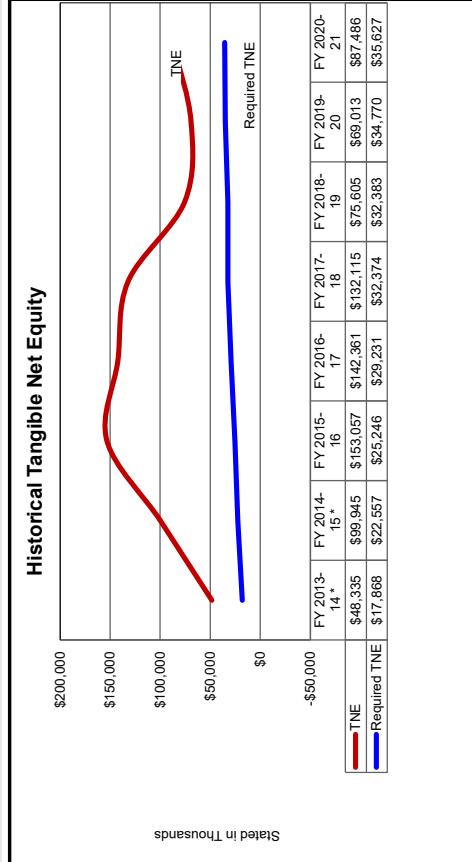
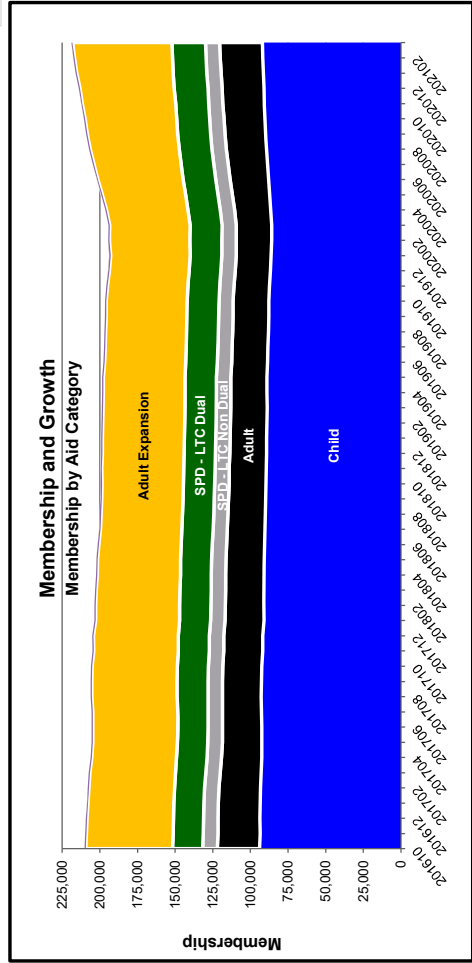
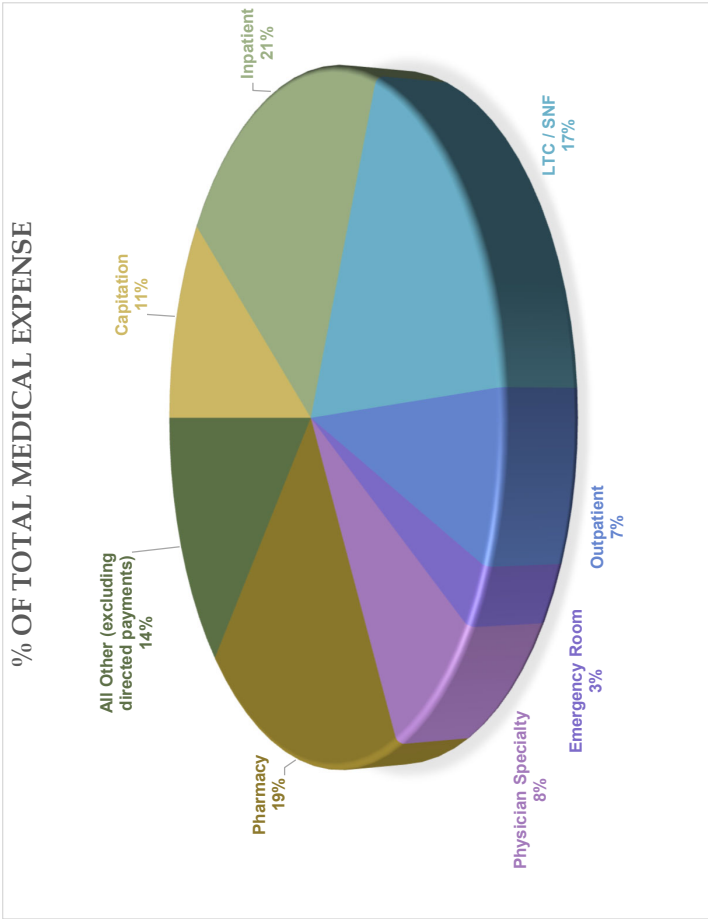
- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- FYTD PMPM Budget to Actual Analysis - Fee for Service by AID Category
- Statement of Cash Flows

Gold Coast Health Plan
Executive Dashboard as of March 31, 2021

	FYTD 20/21 Budget*	FYTD 20/21 Actual	FY 19/20 Actual	FY 18/19 Actual
Average Enrollment	207,322	210,442	196,012	198,140
PMPM Revenue	\$ 319.57	\$ 357.47	\$ 348.73	\$ 299.23
Medical Expenses				
Capitation	\$ 33.67	\$ 34.17	\$ 24.93	\$ 23.90
Inpatient	\$ 69.11	\$ 66.45	\$ 65.19	\$ 62.09
LTC / SNF	\$ 54.60	\$ 56.72	\$ 59.20	\$ 56.06
Outpatient	\$ 26.13	\$ 23.44	\$ 25.81	\$ 25.88
Emergency Room	\$ 12.99	\$ 9.06	\$ 11.97	\$ 12.14
Physician Specialty	\$ 26.03	\$ 25.58	\$ 27.63	\$ 26.71
Pharmacy	\$ 42.58	\$ 62.67	\$ 61.05	\$ 56.60
All Other (excluding directed payments)	\$ 31.99	\$ 44.37	\$ 41.07	\$ 38.20
Total Per Member Per Month	\$ 297.10	\$ 322.46	\$ 316.86	\$ 301.58
Medical Loss Ratio	95.3%	93.1%	94.6%	102.0%

Total Administrative Expenses	\$ 42,075,978	\$ 36,721,269	\$ 50,821,685	\$ 46,655,880
% of Revenue	7.3%	5.4%	6.2%	6.6%
TNE	\$ 50,232,476	\$ 87,485,598	\$ 71,272,142	\$ 75,604,948
Required TNE	\$ 27,745,713	\$ 35,626,856	\$ 34,685,521	\$ 32,382,791
% of Required	181%	246%	205%	233%

* Flexible Budget (uses actual membership & member mix against budgeted rates)



STATEMENT OF FINANCIAL POSITION

	<u>03/31/21</u>	<u>02/28/21</u>	<u>01/31/21</u>
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	138,373,872	106,772,924	144,110,772
Total Short-Term Investments	43,473,227	43,441,526	43,409,825
Medi-Cal Receivable	94,091,006	109,370,411	90,173,253
Interest Receivable	134,656	145,355	156,071
Provider Receivable	875,437	951,352	1,301,727
Other Receivables	6,670,713	7,625,070	6,670,713
Total Accounts Receivable	101,771,811	118,092,188	98,301,764
Total Prepaid Accounts	1,752,703	1,480,851	1,842,980
Total Other Current Assets	153,789	153,789	153,789
Total Current Assets	285,525,402	269,941,279	287,819,130
Total Fixed Assets	1,284,137	1,327,072	1,370,008
Total Assets	\$ 286,809,538	\$ 271,268,351	\$ 289,189,138
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurring But Not Reported	\$ 78,532,144	\$ 80,477,902	\$ 76,265,360
Claims Payable	25,955,386	22,860,140	16,283,531
Capitation Payable	16,759,214	16,626,226	16,548,187
Physician Payable	19,780,353	20,776,690	19,767,166
DHCS - Reserve for Capitation Recoup	6,027,259	6,068,585	6,068,815
Accounts Payable	253,467	1,582,942	25,485
Accrued ACS	3,138,523	1,568,665	4,721,851
Accrued Provider Reserve	1,207,370	1,137,972	1,069,161
Accrued Pharmacy	19,868,361	19,855,515	13,065,074
Accrued Expenses	5,456,758	3,244,600	49,262,305
Accrued Premium Tax	19,409,220	12,939,480	6,469,740
Accrued Payroll Expense	1,915,041	2,223,150	2,066,213
Total Current Liabilities	198,303,095	189,361,866	211,612,890
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	1,020,845	1,027,039	1,033,233
Total Long-Term Liabilities	1,020,845	1,027,039	1,033,233
Total Liabilities	199,323,941	190,388,906	212,646,123
Net Assets:			
Beginning Net Assets	77,323,271	77,323,271	77,323,271
Total Increase / (Decrease in Unrestricted Net Assets)	10,162,327	3,556,175	(780,256)
Total Net Assets	87,485,598	80,879,445	76,543,015
Total Liabilities & Net Assets	\$ 286,809,538	\$ 271,268,351	\$ 289,189,138

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR MONTH ENDED March 31, 2021

	March 2021		March 2021 Year-To-Date		Variance		Variance	
	Actual	Budget	Actual	Budget	Fav / (Unfav)	%	Actual	Budget
Membership (includes retro members)	216,861	1,893,982	1,865,896	28,086	2%			
Revenue	\$ 87,568,830	\$ 739,071,260	\$ 607,038,106	\$ 132,033,154	22%	\$ 390.22	\$ 325.33	\$ 64.89
Premium	(1,500,000)	(3,800,000)	(3,800,000)	(3,800,000)	0%	(2.01)	-	(2.01)
Reserve for Cap Requirements	(6,469,740)	(58,227,660)	-	(58,227,660)	0%	(30.74)	-	(30.74)
MCO Premium Tax	79,599,090	677,043,600	607,038,106	70,005,494	12%	357.47	325.33	32.14
Other Revenue:	1,565	2,033	-	2,033	0%	0.00	-	0.00
Miscellaneous Income	1,565	2,033	-	2,033	0%	0.00	-	0.00
Total Other Revenue	79,600,654	677,045,633	607,038,106	70,007,527	12%	357.47	325.33	32.14
Medical Expenses:	7,392,537	64,722,513	63,953,087	(769,426)	-1%	34.17	34.27	0.10
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	14,262,592	125,853,357	131,268,590	5,415,233	4%	66.45	70.35	3.90
FFS Claims Expenses:	10,626,358	107,423,287	103,721,256	(3,702,031)	-4%	56.72	55.59	(1.13)
Inpatient	3,589,582	44,386,006	49,636,667	5,250,662	11%	23.44	26.60	3.17
LTC / SNF	651,413	6,219,737	3,582,506	(2,637,231)	-74%	3.28	1.92	(1.36)
Outpatient	2,275,631	19,830,018	-	(19,830,018)	0%	10.47	-	(10.47)
Laboratory and Radiology	1,324,667	17,159,695	24,683,846	7,524,150	30%	9.06	13.23	4.17
Directed Payments - Provider	5,011,703	48,449,615	49,436,931	987,316	2%	25.58	26.50	0.91
Emergency Room	1,281,821	13,329,438	11,775,318	(1,554,120)	-13%	7.04	6.31	(0.73)
Physician Specialty	1,844,281	17,704,822	15,078,177	(2,626,645)	-17%	9.35	8.08	(1.27)
Home & Community Based Services	2,631,484	22,683,476	19,040,750	(3,642,725)	-19%	11.98	10.20	(1.77)
Applied Behavioral Analysis/Mental Health Service	14,946,826	118,701,561	80,886,759	(37,814,801)	-47%	62.67	43.35	(19.32)
Pharmacy	69,398	949,314	866,250	(83,064)	-10%	0.50	0.46	(0.04)
Provider Reserve	378,900	2,781,737	3,421,203	639,467	19%	1.47	1.83	0.36
Other Medical Professional	45,553	76,867	76,867	(76,867)	0%	0.04	-	(0.04)
Other Medical Care	955,365	7,060,290	6,361,541	(698,749)	-11%	3.73	3.41	(0.32)
Other Fee For Service	400,158	2,789,918	1,503,470	(1,286,447)	-86%	1.47	0.81	(0.67)
Transportation	60,295,732	555,399,136	501,263,264	(54,135,871)	-11%	293.24	268.64	(24.60)
Total Claims	1,438,075	11,424,088	10,920,028	(504,060)	-5%	6.03	5.85	(0.18)
Medical & Care Management Expense	328,919	2,456,305	2,155,110	(301,195)	-14%	1.30	1.16	(0.14)
Reinsurance	(43,721)	(3,431,993)	-	3,431,993	0%	(1.81)	-	1.81
Claims Recoveries	1,723,273	10,448,401	13,075,138	2,626,737	20%	5.52	7.01	1.49
Sub-total	69,411,542	630,570,050	578,291,489	(52,278,560)	-9%	332.93	309.93	(23.01)
Total Cost of Health Care	10,189,112	46,475,584	28,746,617	17,728,967	62%	24.54	15.41	9.13
Contribution Margin	2,192,705	18,569,065	19,798,073	1,229,008	6%	9.80	10.61	0.81
General & Administrative Expenses:	3,055	13,868	122,947	109,079	89%	0.01	0.07	0.06
Salaries, Wages & Employee Benefits	2,053,814	18,702,006	18,885,208	183,202	1%	9.87	10.12	0.25
Training, Conference & Travel	226,800	3,570,764	2,658,638	(912,126)	-34%	1.89	1.42	(0.46)
Outside Services	625,622	5,243,581	7,034,944	1,791,363	25%	2.77	3.77	1.00
Professional Services	(1,438,075)	(11,424,089)	(10,920,028)	504,061	-5%	(6.03)	(5.85)	0.18
Occupancy, Supplies, Insurance & Others	3,663,921	34,675,195	37,579,782	2,904,587	8%	18.31	20.14	1.83
Care Management (Reclass to Medical G&A Expenses)	(52,602)	2,046,074	4,496,196	2,450,122	54%	1.08	2.41	1.33
Project Portfolio	3,611,319	36,721,269	42,075,978	5,354,709	13%	19.39	22.55	3.16
Total G&A Expenses	6,577,793	9,754,314	(13,329,361)	23,083,676	-173%	5.15	(7.14)	12.29
Total Operating Gain / (Loss)	28,359	406,926	675,000	(268,074)	-40%	0.21	0.36	(0.15)
Non Operating	-	1,086	-	1,086	0%	0.00	-	0.00
Revenues - Interest	28,359	406,926	675,000	(268,074)	-40%	0.21	0.36	(0.15)
Gain/(Loss) on Sale of Asset	-	1,086	-	1,086	0%	0.00	-	0.00
Total Non-Operating	28,359	408,012	675,000	(266,988)	-40%	0.21	0.36	(0.15)
Total increase / (Decrease) in Unrestricted Net Assets	\$ 6,606,152	\$ 10,162,327	\$ (12,654,361)	\$ 22,816,688	-180%	\$ 5.36	\$ (6.78)	\$ 12.15

FYTD PMPM BUDGET TO ACTUAL ANALYSIS - FEE FOR SERVICE BY AID CATEGORY

	Adult			Child			Adult Expansion		
	Budget	Actual	Variance %	Budget	Actual	Variance %	Budget	Actual	Variance %
Inpatient	\$ 127.76	\$ 120.46	\$ (7.30) -6%	\$ 5.89	\$ 4.90	\$ (0.99) -17%	\$ 115.89	\$ 103.03	\$ (12.86) -11%
Outpatient	45.38	38.95	(6.43) -14%	4.33	2.41	(1.92) -44%	38.39	36.00	(2.39) -6%
ER	17.37	14.57	(2.80) -16%	10.05	4.49	(5.56) -55%	13.90	13.90	(2.83) -17%
LTC	8.07	16.44	8.37 104%	0.31	0.46	0.15 50%	22.62	22.34	(0.28) -1%
PCP	6.55	9.10	2.55 39%	5.84	4.93	(0.91) -16%	5.76	7.41	1.65 29%
Specialty	45.29	43.74	(1.55) -3%	4.15	4.75	0.60 14%	41.44	38.45	(2.99) -7%
Pharmacy	60.76	98.85	38.09 63%	7.74	9.98	2.24 29%	73.38	107.73	34.35 47%
Mental Health/ABA	5.59	6.63	1.04 19%	8.94	11.09	2.15 24%	5.62	6.21	0.59 11%
All Other	10.52	12.68	2.16 20%	1.32	2.17	0.85 65%	12.50	14.47	1.97 16%
Total	\$ 327.30	\$ 361.42	\$ 34.12 10%	\$ 48.56	\$ 45.18	\$ (3.38) -7%	\$ 332.32	\$ 349.54	\$ 17.22 5%
FYTD Member Months	230,831	246,977	16,146 7%	838,385	804,526	(33,859) -4%	524,106	551,587	27,481 5%

	Seniors and Persons with Disabilities (SPD)			SPD - Dual			Long Term Care (LTC)		
	Budget	Actual	Variance %	Budget	Actual	Variance %	Budget	Actual	Variance %
Inpatient	\$ 278.29	\$ 318.60	\$ 40.31 14%	\$ 20.41	\$ 22.00	\$ 1.59 8%	\$ 718.39	\$ 943.33	\$ 224.94 31%
Outpatient	99.58	101.15	1.57 2%	20.41	20.77	0.36 2%	241.02	167.40	(73.62) -31%
ER	28.23	21.85	(6.38) -23%	1.93	1.38	(0.55) -29%	16.69	13.94	(2.75) -16%
LTC	152.37	145.18	(7.19) -5%	97.30	89.08	(8.22) -8%	7,887.21	9,211.80	1,324.59 17%
PCP	14.91	23.07	8.16 55%	4.52	4.14	(0.38) -8%	11.22	4.61	(6.61) -59%
Specialty	79.53	92.32	12.79 16%	21.16	19.35	(1.81) -9%	236.73	273.26	36.53 15%
Pharmacy	205.38	340.49	135.11 66%	3.51	6.51	3.00 85%	227.85	240.95	13.10 6%
Mental Health/ABA	76.95	81.38	4.43 6%	1.19	1.26	0.07 6%	3.61	-	(3.61) -100%
All Other	77.37	86.17	8.80 11%	52.05	72.51	20.46 39%	535.61	294.58	(241.03) -45%
Total	\$ 1,012.60	\$ 1,210.21	\$ 197.61 20%	\$ 222.48	\$ 237.00	\$ 14.52 7%	\$ 9,878.32	\$ 11,149.87	\$ 1,271.55 13%
FYTD Member Months	82,503	92,286	9,783 12%	181,125	186,092	4,967 3%	306	458	152 50%

	LTC - Dual		
	Budget	Actual	Variance %
Inpatient	\$ 61.59	96.86	\$ 35.27 57%
Outpatient	13.61	17.61	4.00 29%
ER	0.72	7.73	7.01 968%
LTC	7,413.24	7,487.47	74.23 1%
PCP	0.55	4.49	3.94 717%
Specialty	11.61	18.00	6.39 55%
Pharmacy	0.05	19.21	19.16 37863%
Mental Health/ABA	0.65	0.30	(0.35) -54%
All Other	155.38	177.55	22.17 14%
Total	\$ 7,657.39	\$ 7,829.22	\$ 171.83 2%
FYTD Member Months	7,362	7,107	(255) -3%

FFS expenses budgeted based on CY 2019 PMPM data, with the following trend assumptions:

- Inpatient - 1% annual trend and known contractual changes.
- ER - 1% annual trend and known contractual changes.
- LTC - 2.5% estimated fee schedule change
- Specialty Physician - 1% estimated fee schedule change
- Mental Health/ABA - 2% annual increase due to utilization.
- Pharmacy - 5% overall annual increase.
- Home and Community Based Services - 2% annualized increase due to utilization.

STATEMENT OF CASH FLOWS	March 2021	FYTD 20-21
Cash Flows Provided By Operating Activities		
Net Income (Loss)	\$ 6,606,152	\$ 10,162,328
Adjustments to reconciled net income to net cash provided by operating activities		
Depreciation on fixed assets	42,936	373,053
Disposal of fixed assets	-	9,684
Amortization of discounts and premium	-	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	16,320,378	8,098,309
Prepaid Expenses	(271,852)	(929)
Accrued Expense and Accounts Payable	2,179,156	4,293,759
Claims Payable	2,231,897	14,674,042
MCO Tax liability	6,469,740	(15,096,060)
IBNR	(1,945,758)	26,762,806
Net Cash Provided by (Used in) Operating Activities	<u>31,632,649</u>	<u>49,276,992</u>
Cash Flow Provided By Investing Activities		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	(31,701)	(433,003)
Purchase of Investments plus Interest reinvested	-	-
Purchase of Property and Equipment	-	(56,546)
Net Cash (Used In) Provided by Investing Activities	<u>(31,701)</u>	<u>(489,549)</u>
Increase/(Decrease) in Cash and Cash Equivalents	31,600,948	48,787,443
Cash and Cash Equivalents, Beginning of Period	106,772,924	89,586,429
Cash and Cash Equivalents, End of Period	<u><u>138,373,872</u></u>	<u><u>138,373,872</u></u>

March 2021 Financial Statements

April 21, 2021

Kashina Bishop
Chief Financial Officer

Financial Overview:



March NET GAIN \$ 6.6 M



FYTD NET GAIN \$10.2 M



TNE is \$87.5 M and 246% of the minimum required



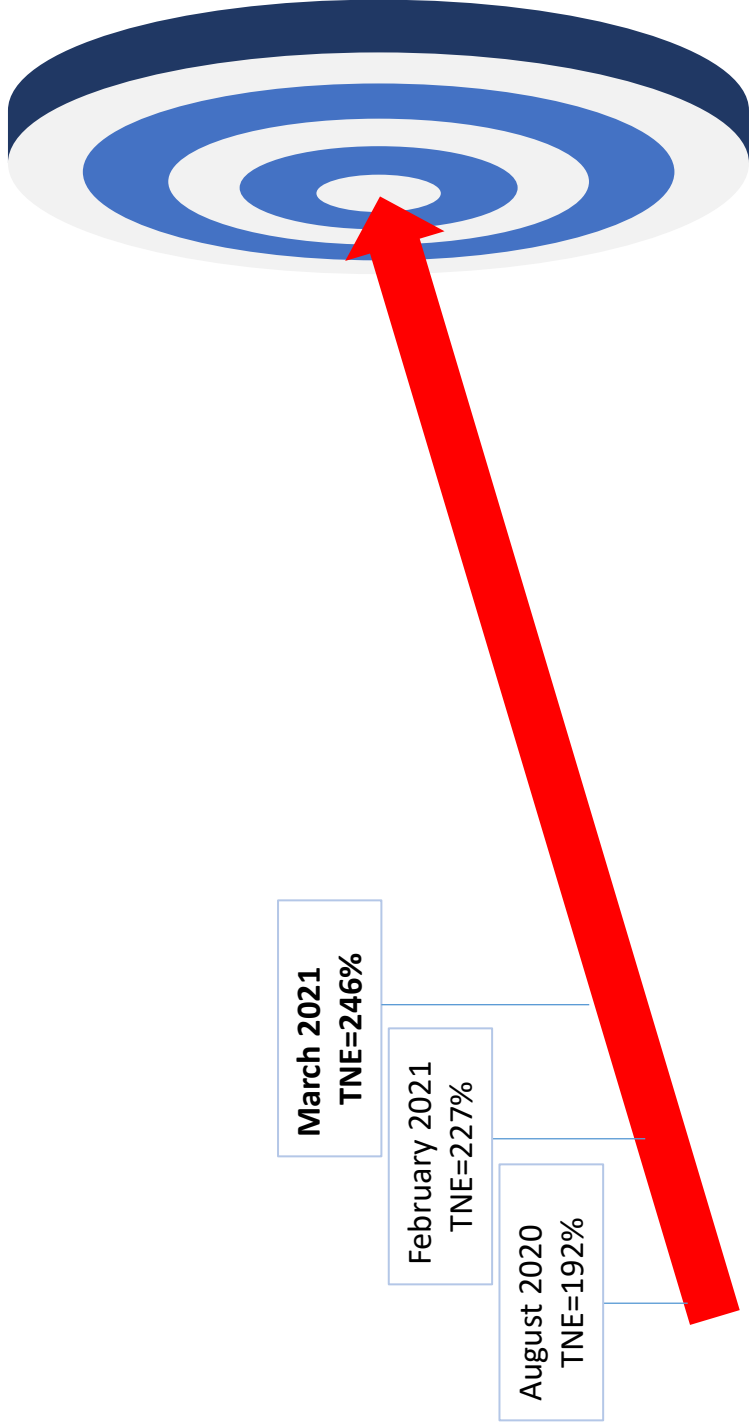
MEDICAL LOSS RATIO 93.1%



ADMINISTRATIVE RATIO 5.4%

Solvency Action Plan

Target: TNE % = 400-500% of Required



Update on the Solvency Action Plan:

Category	Current Focus	Annualized impact in savings
Cost of Healthcare	Revision to Non-Pharmacy Dispensing Site Policy	\$7-10 million
Internal Control Improvements	Interest expense reduction/PDR turnaround time	\$500,000
	HMS Implementation	\$2.3 million
	Formalization of internal control workgroup	N/A
	Formalization of the contract steering committee	N/A
	Change Control Document (CCD) Process Improvement	N/A
Contracting Strategies	Ensure appropriate approval on all contract amendments	N/A
	Provider settlement review	TBD
	Reduction of LTC facility rates to 100% of the Medi-Cal rate	\$1.8 million
	Rate reduction to tertiary hospital	\$1.3 million
	Reduction of adult expansion PCP rates	\$4.5 million
TOTAL ANNUAL SAVINGS		\$17.4-20.4 million

Change Control Document (CCD) Internal Control/Process Improvement







Significance: 75% of GCHP's expenses are processed through Conduent via capitation and fee for service claims payments (FYTD - \$500.5 million). The communication tool utilized to make changes is a CCD.

Risks to mitigate:

1. Inability to oversight and measure Conduent CCD metrics against service level agreements.
2. Inability to oversight GCHP Provider system demographic and rate changes
3. Improper implementation of CCD.

Change Control Document (CCD) Internal Control/Process Improvement

1. New Automated Process

Change Priority	<input type="radio"/> Medium <input checked="" type="radio"/> High <input type="radio"/> Emergency
Regulatory?	<input type="radio"/> Yes <input checked="" type="radio"/> No 
Due Date	<input type="text" value="3/12/21"/> 
CCD Request Type	<input type="text" value="Maintenance"/> 
CCD Change Type	<input type="text" value="Service Request"/> 
CCD Project Impacts	<input type="text" value="Technical/System"/>
CCD Project Mgr Comments	<input type="text"/>
CCD Work Around	<input type="text" value="Select One"/> 
CCD Other Comments	<input type="text"/>
CCD Classification	<input type="text" value="Select One"/>
CCD IT Resources (hours)	<input type="text"/> 
CCD Conduent Hours	<input type="radio"/> Small (up to 79) <input type="radio"/> Medium (80-250) <input type="radio"/> Large (251-1000) <input type="radio"/> Major (over 1000)
CCD GCHP Hours	<input type="radio"/> Small (up to 79) <input type="radio"/> Medium (80-250) <input type="radio"/> Large (251-1000) <input type="radio"/> Major (over 1000)
CCD Client Billable	<input type="text" value="Select One"/>
CCD Detail Design CCD Required	<input type="text" value="Select One"/>

Change Control Document (CCD) Internal Control/Process Improvement

2. Creation of Change Control Boards with regularly scheduled meetings

GCHP Internal Change Control Board

Conduent Internal Change Control Board

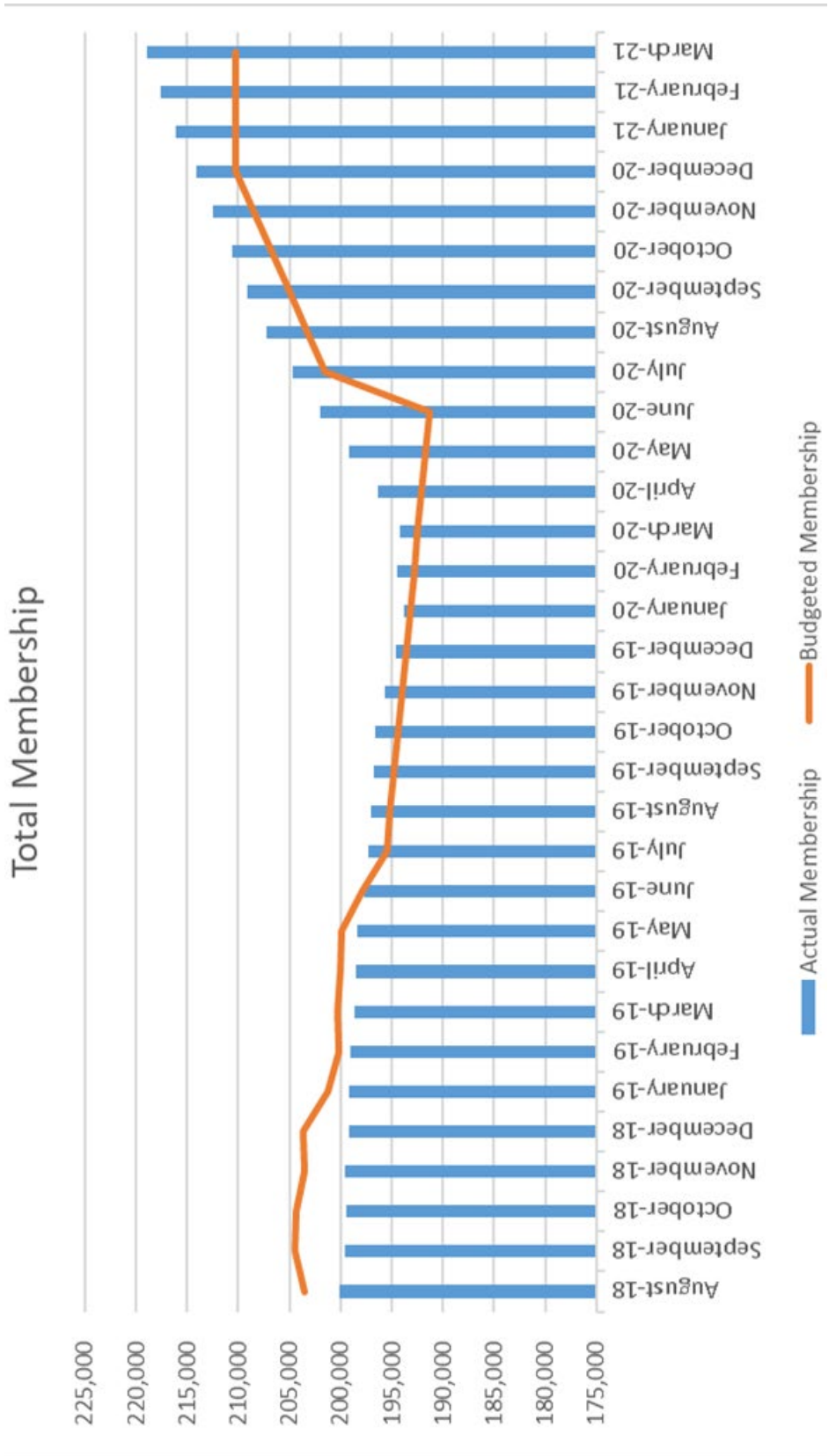
Joint Change Control Board

Revenue

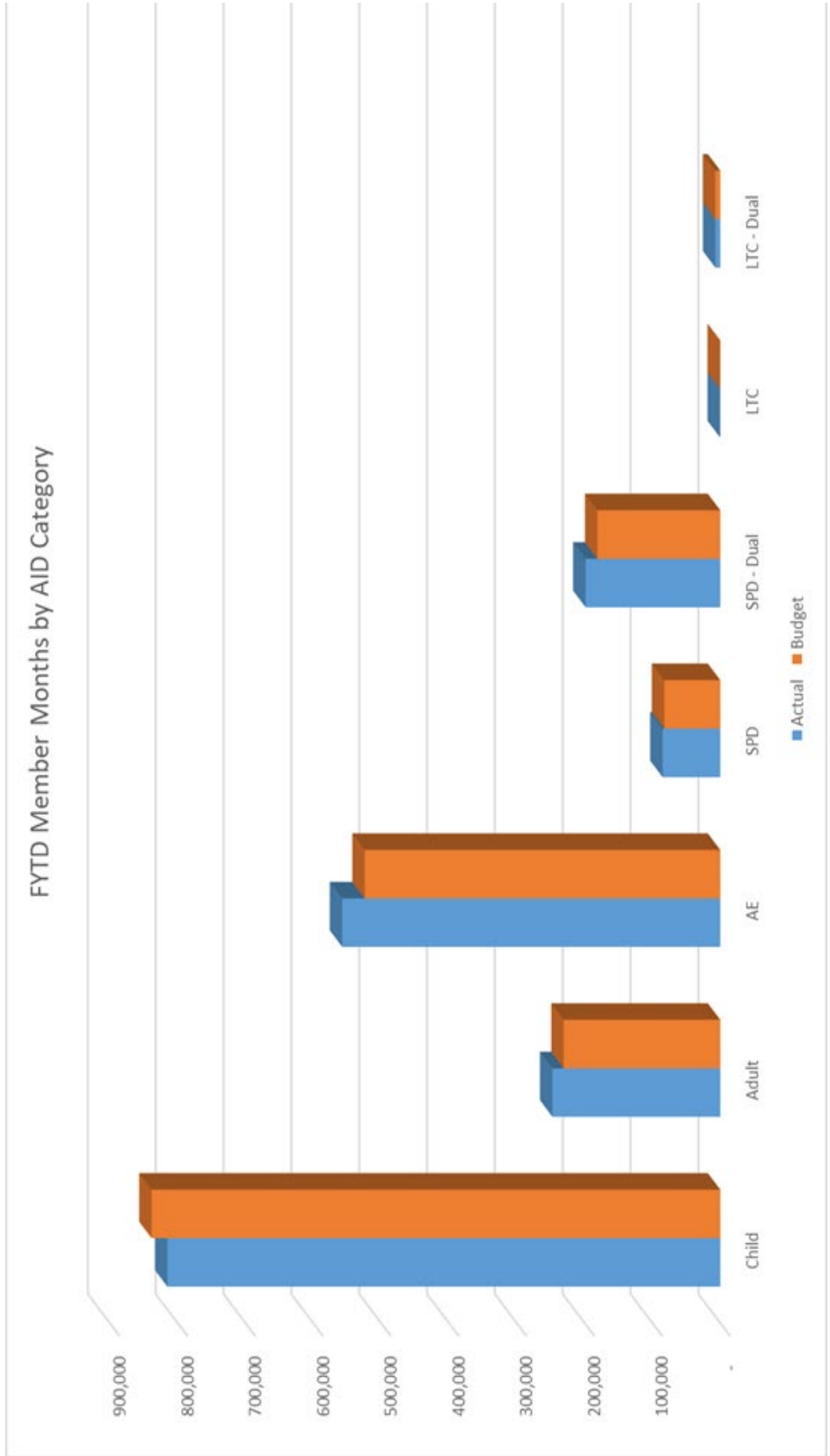
Net Premium revenue is \$677.0 million, over budget by \$70.0 million and 12%.

- Revenue for Proposition 56 is \$22.8 million.
- Revenue for the pharmacy add on is \$40.9 million.
- Increase in revenue related to FY 19-20.
- Favorable CY 2021 rates.

Membership trends



Membership trends

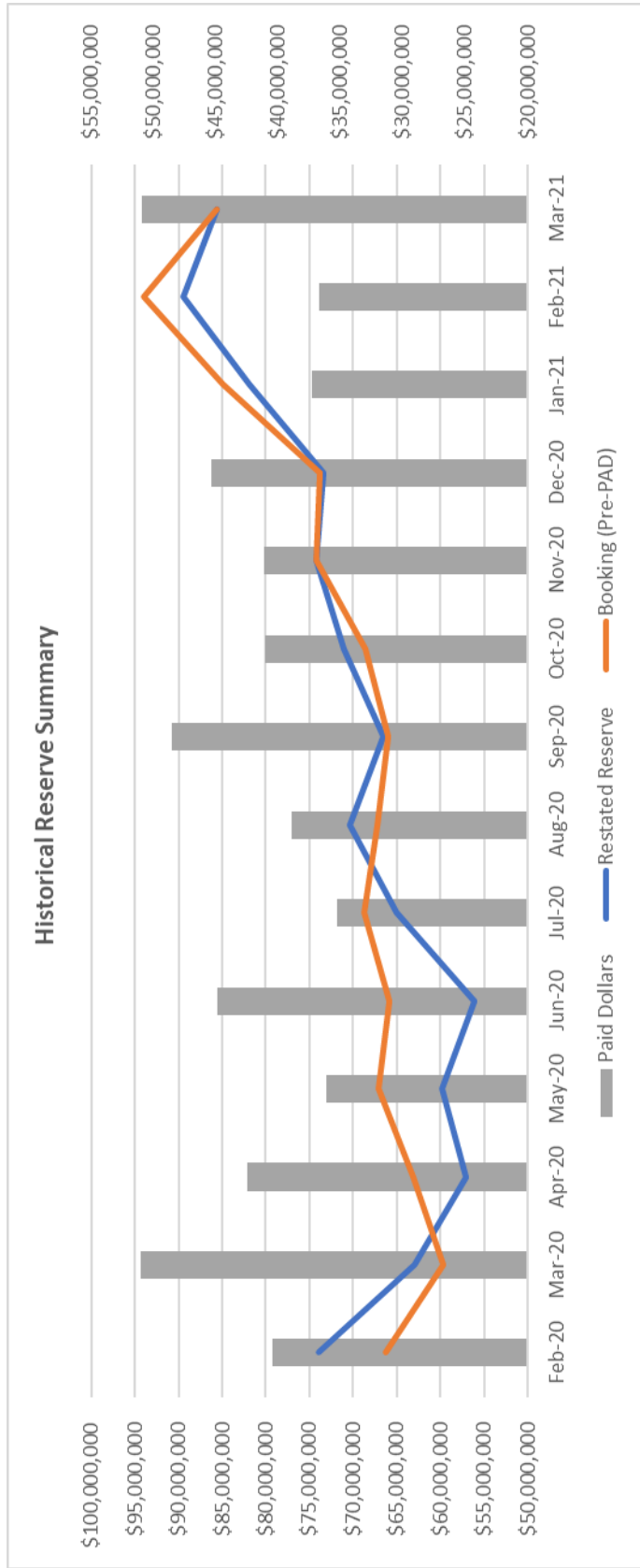


Medical Expense

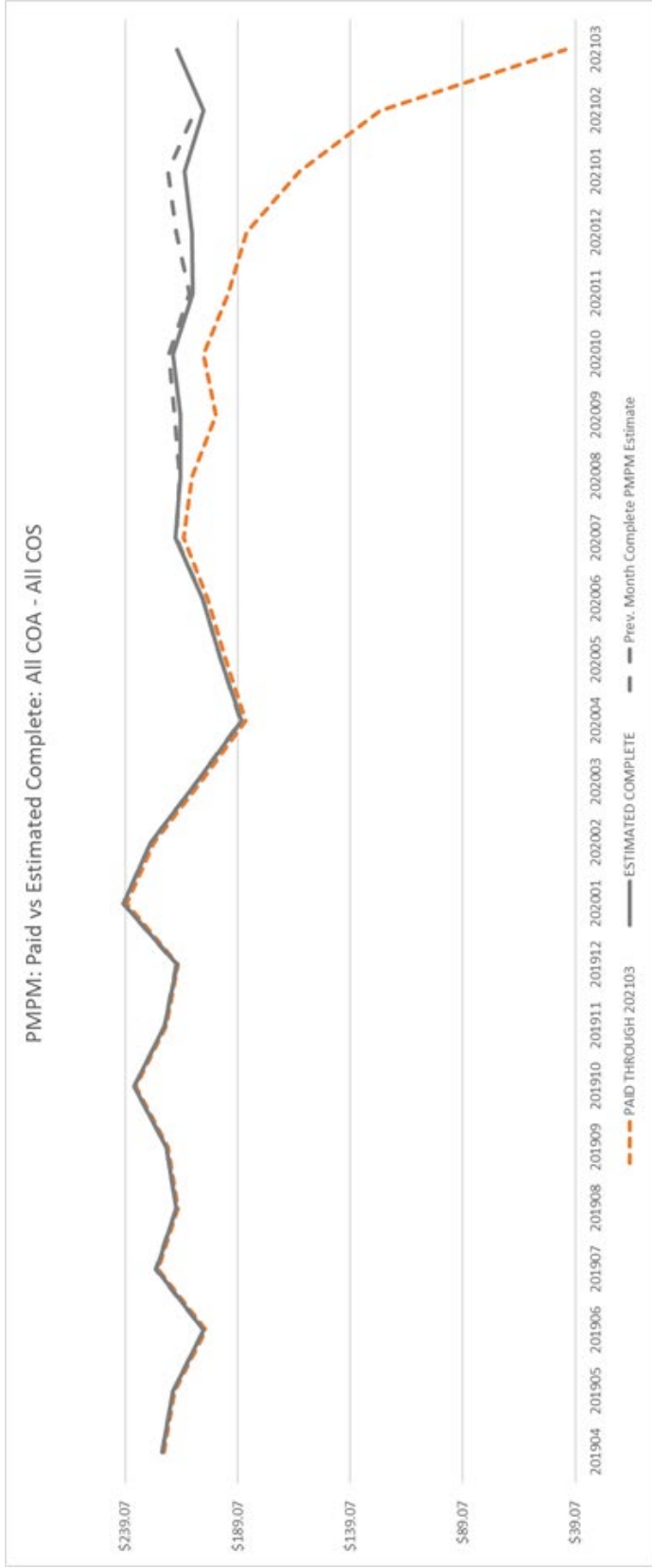
FYTD Health care costs are \$561.2 million and \$39.0 million over budget. Medical loss ratio is 93.9%, a 1.6% budget variance.

- Directed payments over budget by \$19.8 M.
- Pharmacy expense over budget by \$37.8 M.
- COVID related increases to lab and radiology, home and community based services, long term care, and mental and behavioral health services are offsetting savings. Medical expense in line with budget in aggregate.

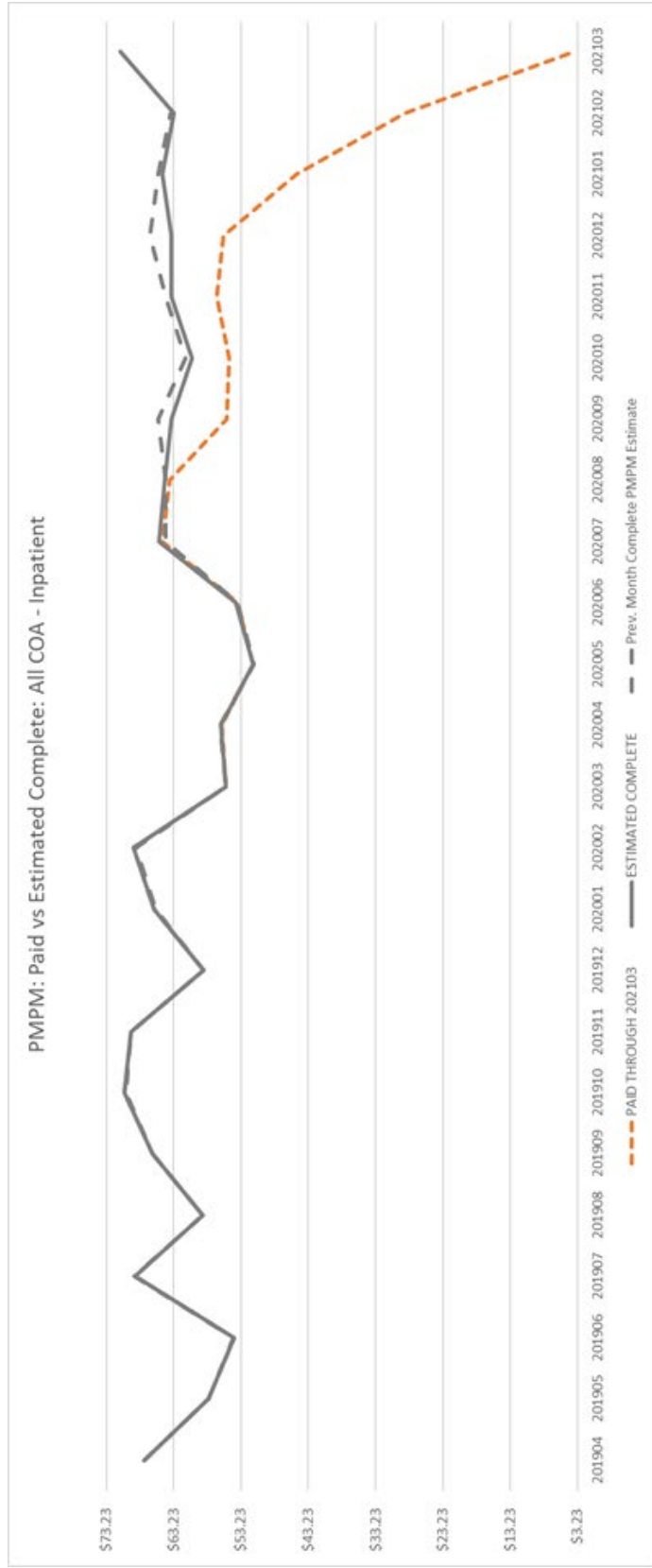
Incurring But Not Paid (IBNP) Medical Expense Reserve



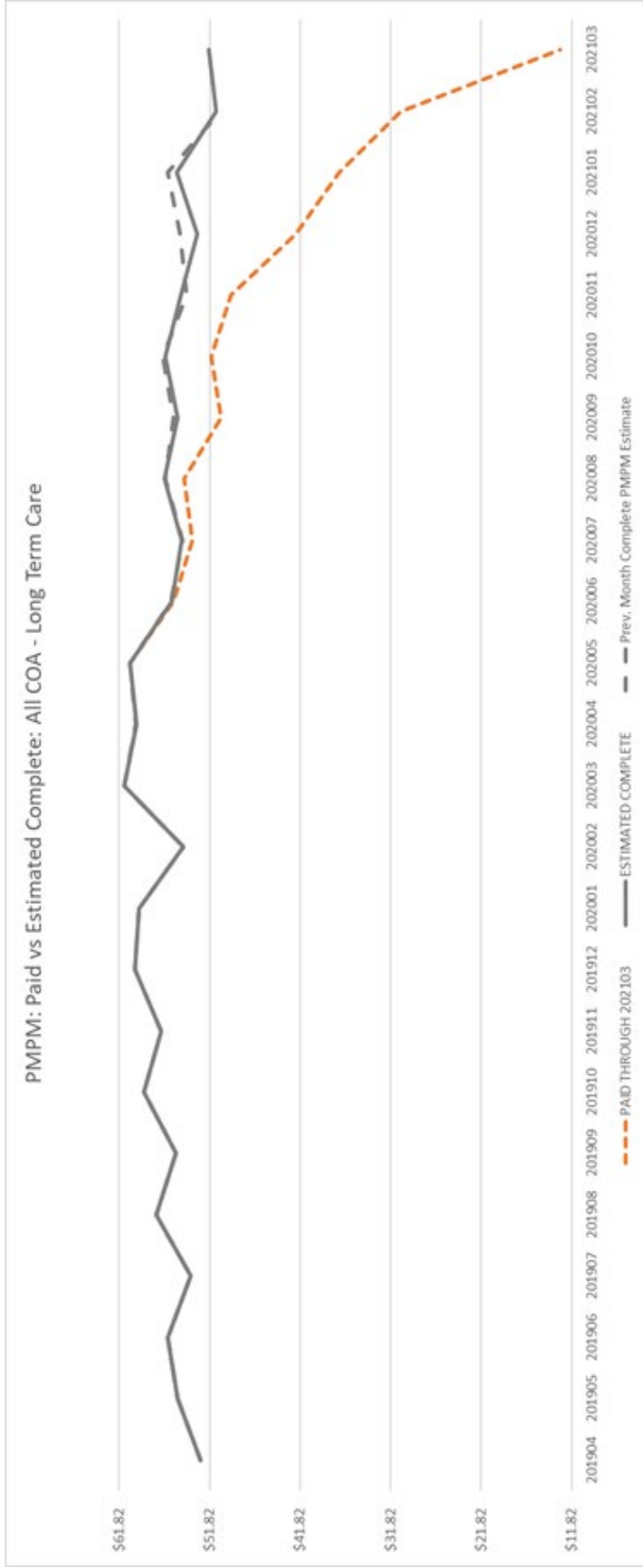
Incurring But Not Paid (IBNP) Medical Expense Reserve



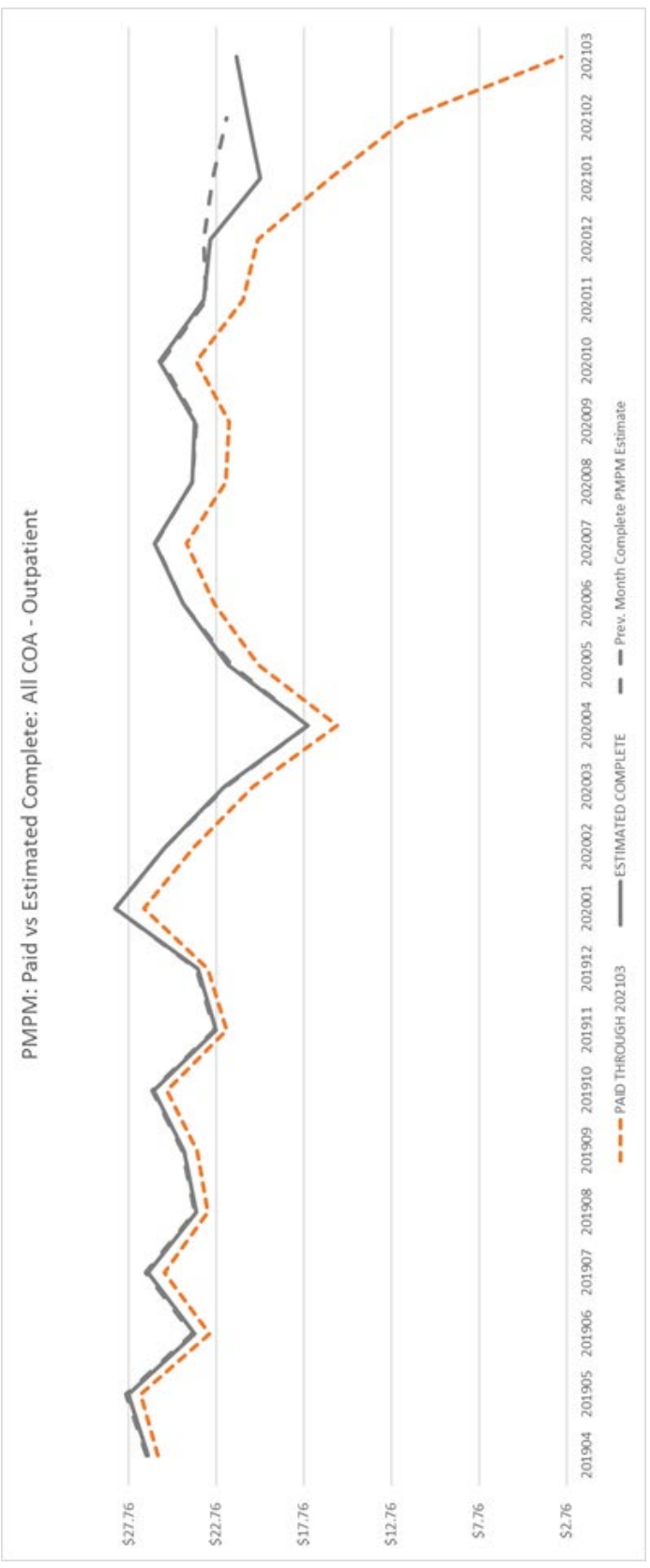
Inpatient Medical Expenses: Under Budget by \$5.4 Million (4%)



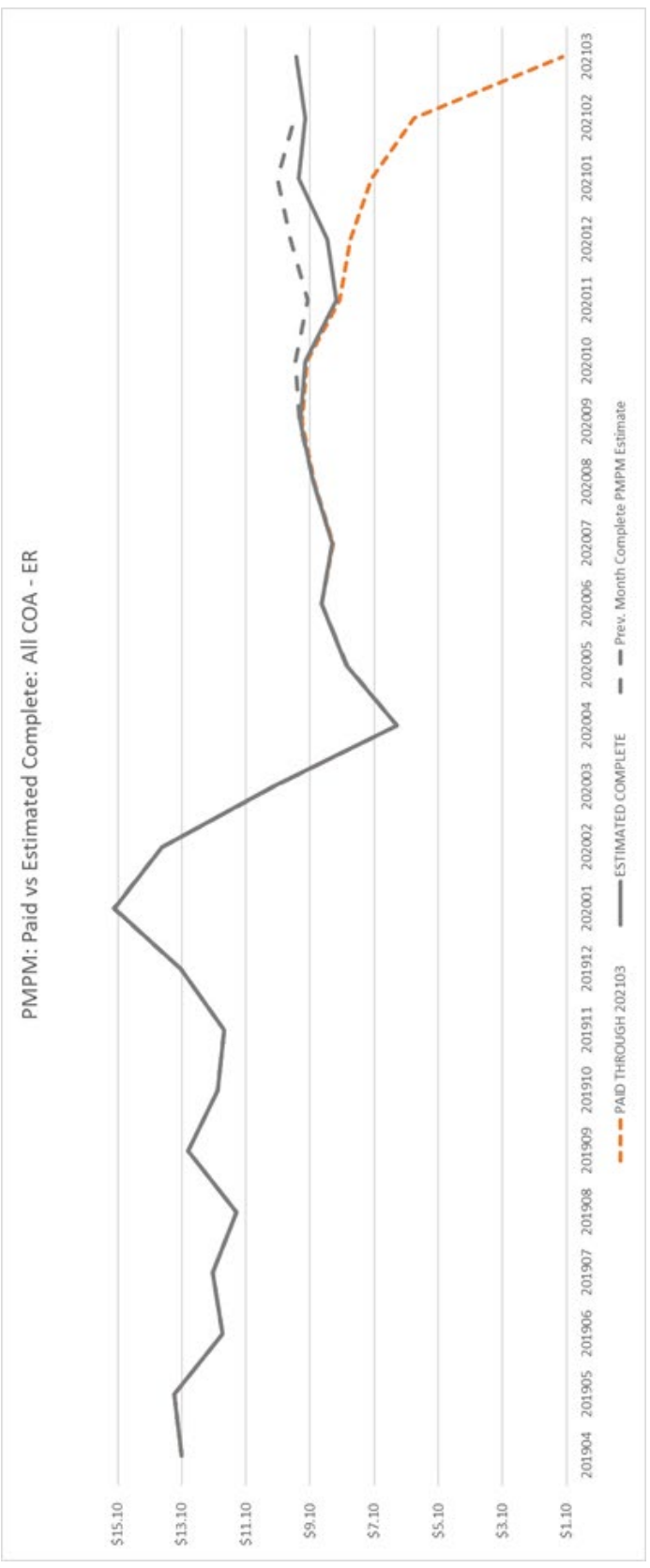
Long Term Care Expenses: Over budget by \$3.7 million (4%)



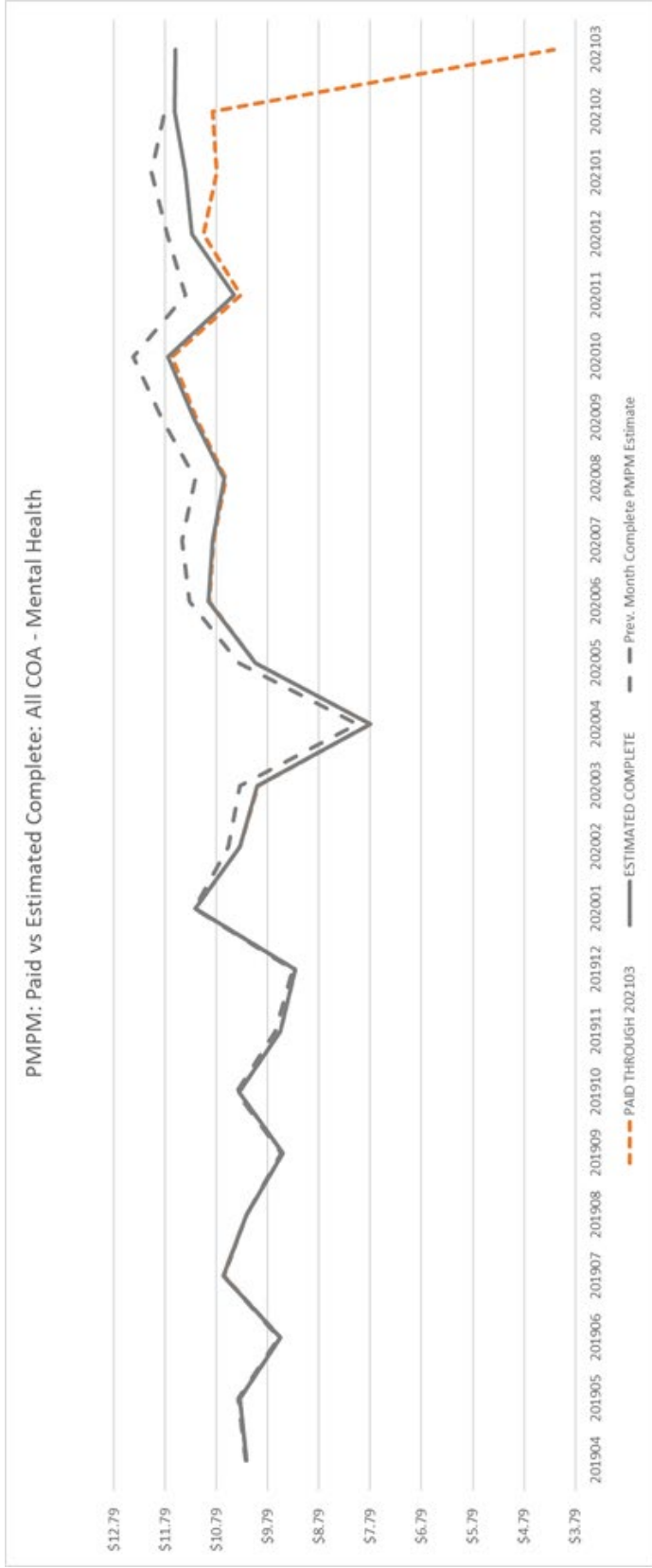
Outpatient Expenses: Under budget by \$5.2 million (11%)



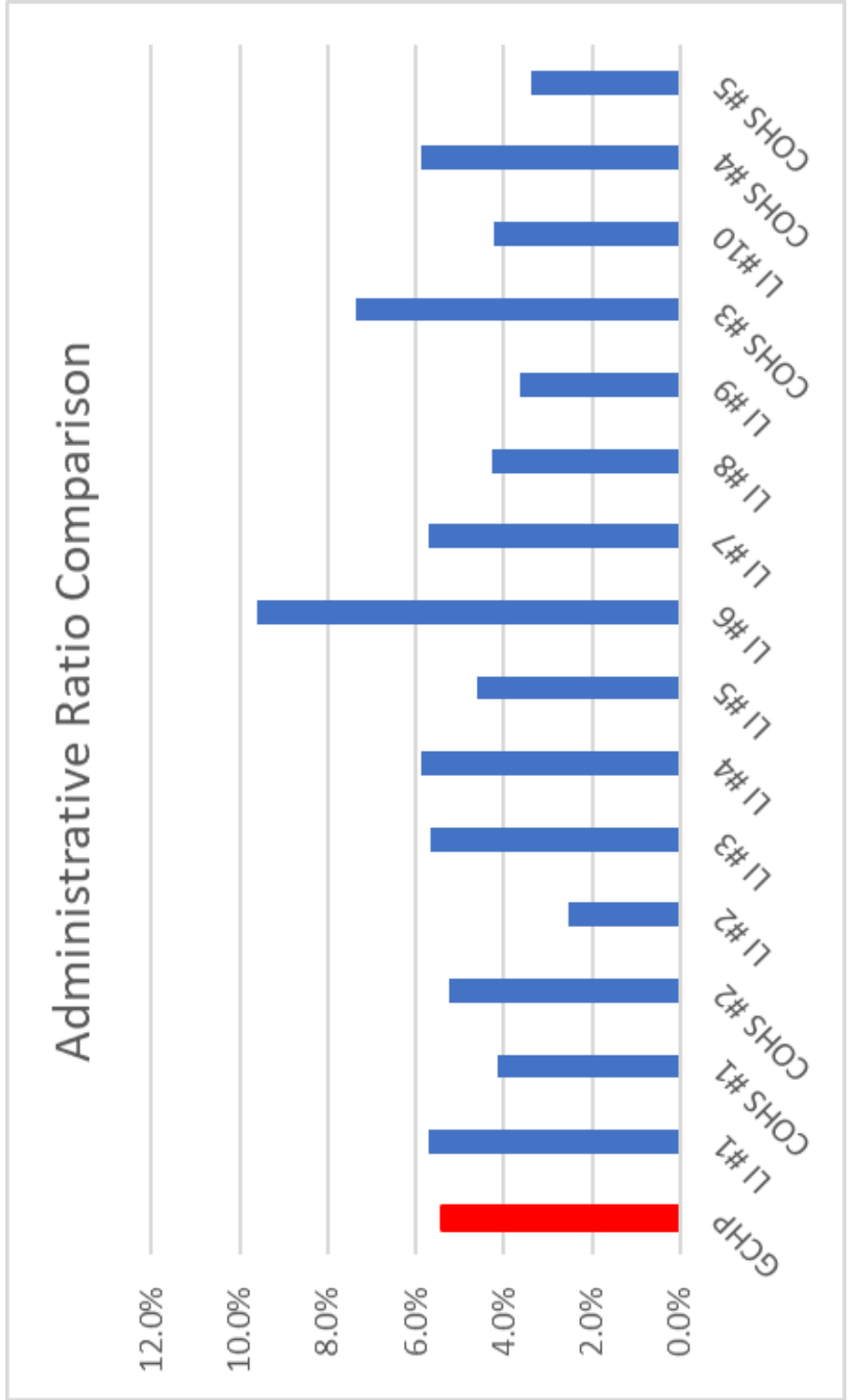
Emergency Room Expenses: Under budget by \$7.5 million (30%)



Mental and Behavioral Health: Over budget by \$3.6 million (19%)



Administrative Ratio Comparison



Financial Statement Summary

	March 2021	FYTD	FYTD Budget	Budget Variance
Net Capitation Revenue	\$ 79,600,654	\$ 677,045,633	\$ 607,038,106	\$ 70,007,527
Health Care Costs	69,411,542	630,570,050	578,291,489	52,278,560
Medical Loss Ratio		93.1%	95.3%	
Administrative Expenses	3,611,319	36,721,269	42,075,978	(5,354,709)
Administrative Ratio		5.4%	7.3%	
Non-Operating Revenue/(Expense)	28,358	408,010	675,000	(266,989)
Total Increase/(Decrease) in Net Assets	\$ 6,606,152	\$ 10,162,326	\$ (12,654,361)	\$ 22,816,687
Cash and Investments	\$ 181,847,099			
GCHP TNE	\$ 87,485,598			
Required TNE	\$ 35,626,856			
% of Required	246%			

Questions?

Staff requests the Executive Finance Committee recommend approval of the unaudited financial statements for March 2021.