

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

Executive/Finance Committee Meeting

Regular Meeting

Thursday, August 19, 2021 – 3:00 p.m.

Community Room at Gold Coast Health Plan

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

Governor's Executive Order

Conference Call Number: 805-324-7279

Conference ID Number: 131 011 042#

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.

INTRODUCTION

Introduction of new Chief Operations Officer, Mr. Nick Ligouri

Staff: Margaret Tatar, Chief Executive Officer

CONSENT

1. Approval of Executive Finance Committee Meeting Minutes for June 24, 2021

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes.

UPDATES

2. Conduent Update

Staff: Anna Sproule, Sr. Director of Operations

Guest Speakers: Sheila Curr, President, Commercial Healthcare/Conduent
Mark Forsberg, VP, Portfolio Leader/Conduent

RECOMMENDATION: Receive and file the update.

3. HSP Medi-Trac Update

Staff: Anna Sproule, Sr. Director of Operations

Robert Franco, Chief Compliance Officer

RECOMMENDATION: Receive and file the update.

FORMAL ACTION

4. July 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 July 2021 financial package.

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: Maddie Gutierrez, MMC -Clerk of the Board
DATE: August 19, 2021
SUBJECT: Executive Finance Committee Regular Meeting Minutes of June 24, 2021.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copy of the Executive Finance Committee Regular Meeting Minutes for June 24, 2021.

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

June 24, 2021

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:06 p.m. via phone conference call. The 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
- Kim Timmerman, Director of Quality Improvement
- Bob Bushey, Procurement Officer
- Jamie Louwerens, Director of Finance
- Helen Miller, Senior Director, IT
- Vicki Wrighster, Director Network Operations
- Susana Enriquez, Public Relations Manager
- Calley Cederloff, Communications Specialist
- Paula Cabral, Executive Assistant
- Scott Campbell, BBK
- Cathy Salenko, BBK
- Rich Egger, BBK
- Stelian Damu, Moss Adams Rep.
- Kimberly Sokoloff, Moss Adams Rep.

ROLL CALL

Present: Commissioners Dee Pupa, Antonio Alatorre, and Shawn Atin.

Absent: Commissioners Andrew Lane and Jennifer Swenson.

PUBLIC COMMENT

None.

FORMAL ACTION

1. Moss Adams GCHP Audit Entrance

Staff: Kashina Bishop, Chief Financial Officer
Moss Adams Reps: Steilan Damu, Engagement Partner and
Kimberly Sokoloff, Senior Manager, Audit

Chief Financial Officer, Kashina Bishop, introduced the Moss Adams presenters. Mr. Steilan Damu stated he will review the 2020/21 audit plan for GCHP. He stated would like to communicate the plan for the audit. He stated it is important to have communication and would like to incorporate Commissioner feedback on the audit report. Mr. Damu reviewed the responsibilities and noted the audit process has been refreshed.

Ms. Sokoloff noted there are significant audit areas which will be points of focus:

- Internal controls over financial reporting
- Valuation of investments & related financial statement disclosures
- Capitation revenue and receivables
- Medical claims liability and
- Nonroutine transactions

Ms. Sokoloff stated they will test additional controls in revenue and claims expense. She reviewed client expectations and how Moss Adams will meet those expectations. Ms. Sokoloff also reviewed the 2021 timeline.

Commissioner Alatorre asked about the settlement of the OIG. Ms. Sokoloff stated details will be available at year-end and a recommendation on action or non-action on the matter.

Ms. Sokoloff reviewed new accounting standards with the Exec. Finance Committee. Mr. Damu stated the audit will be virtual this year, this is the second year it will be done virtually due to the pandemic. In October, Moss Adams and GCHP will ask for Commission approval of financial statements and exit meeting.

Commissioner Antonio Alatorre motioned to accept the Moss Adams GCHP Audit Entrance information. Commissioner Pupa seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Andrew Lane and Jennifer Swenson

Commission Chair Pupa declared the motion carried.

Commission Chair Pupa stated the Exec. Finance Committee would go into the first Closed Session at 3:24 p.m.

CLOSED SESSION #1

2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

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

3. REPORTS INVOLVING TRADE SECRETS

Discussion will concern: New Services and Programs
Estimated Date of Public Disclosure: Fall, 2021

The Executive Finance Committee returned from the first Closed Session at 4:24 p.m. General Counsel, Scott Campbell stated there was no reportable action.

CONSENT

4. Approval of Executive Finance Committee Meeting Minutes of April 21, 2021.

Staff: Maddie Gutierrez, Clerk to the Board

RECOMMENDATION: Approve the minutes.

Commissioner Dee Pupa motioned to approve the minutes. Commissioner Alatorre seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Andrew Lane and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

UPDATES

5. HSP MediTrac Update

Staff: Eileen Moscaritolo, HMA Consultant

RECOMMENDATION: Approve the update as presented.

HMA Consultant, Eileen Moscaritolo, stated there have been challenges during the transition. She noted claims are backlogged. Claims must be paid within thirty (30) – forty-five (45) days, depending on the submission, and some claims are pending sixty (60) days. Call Center volume has increased, and they have extended their morning and evening hours.

There has been a major change in the authorization process. Ms. Moscaritolo met with Chief Medical Officer, Nancy Wharfield, M.D., and they agreed to move authorizations to 100% faxing. These concerns have been expressed to Conduent, and they agreed to an enhancement. There will be testing to find a fix for the issue. Ms. Moscaritolo stated the Go-Live has been rough. GCHP has done extensive provider outreach. A webinar was offered on June 23rd for long-term care providers, and over one hundred (100) providers attended. Outreach will continue.

Ms. Vicki Wrighster, Director of Network Operations, Anna Sproule, Senior Director of Operations and Nicole Kanter, Director of Utilization Management have worked diligently with Conduent, they meet daily. The Executive Team also meets with Conduent and they are also keeping DHCS informed.

Commissioner Alatorre asked if we are tracking provider complaints and/or how they are mitigated. He requested the information be presented in the HSP Update via a report, at the full Commission meeting. Ms. Moscaritolo stated she will have the information for the full Commission meeting.

Commissioner Alatorre stated there are a lot of provider complaints. Ms. Moscaritolo stated we want to hear from providers. There is a provider email box and the team are responsive to providers via the email box.

Commissioner Pupa asked about Claims inventory, she stated she was aware that it had gone from 20,000 to 80,000 to 90,000, and she asked what it is now. Ms. Moscaritolo responded it is now approximately 130,000, we are counting everything.

Commissioner Shawn Atin motioned to approve the update. Commissioner Alatorre seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Andrew Lane and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

FORMAL ACTION

6. April/May 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 April/May 2021 financial package.

Chief Financial Officer, Kashina Bishop reviewed the April & May 2021 Financials. The April net gain is \$4.7million. May net gain is \$4.5 million The total fiscal year to date gain is \$19.4 million.

Our TNE is currently 266% of the minimum required. Medical Loss Ratio is 92.3% and Administrative Ratio is 5.4%

Our membership trend is growing, and we currently have 220,000 members. CFO Bishop reviewed medical expenses and noted FYTD health care costs are \$772.6 million and \$80.6 million over budget. She noted there has been a financial impact due to the system conversion.

Inpatient medical expenses are under budget by \$6.1 million, Long-term care expenses are over budget by \$4.5 million, outpatient expenses are under budget by \$7.1 million, Emergency Room expenses are under budget by \$9.0 million and Mental & Behavioral Health is over budget by \$4.1 million. Net capitation revenue for April 2021 is \$79,872,414 and for May 2021 it was \$79,921,216. Fiscal Year to Date is \$836,839,263. CFO Bishop noted there are challenges with reserves. The financial summary was reviewed.

Commissioner Alatorre noted it was great to see the turnaround.

Commissioner Antonio Alatorre motioned to approve the April/May 2021 Financials.
Commissioner Atin seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Andrew Lane and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

7. Fiscal Year 2021-2022 Operating and Capital Budget

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: The Plan requests that the Executive Finance Committee recommend approval of the Fiscal Year 2021-2022 Operating and Capital budgets, and corresponding contract renewals outlined in the appendix to the Commission.

Chief Financial Officer, Kashina Bishop reviewed the 2021-2022 Operating and Capital Budget. She noted we are conservatively forecasting a net gain of \$16.6 million, which would bring the TNE to 314% by end of June 2022. We are on track with our plan for improvement. She noted the budget is broken down into two (2), six (6) months categories. Revised capitation rates were reviewed. We anticipate the pharmacy carve-out in January 1, 2022.

CFO Bishop reviewed the four (4) year forecasts. She anticipates we will continue to grow and anticipated the TNE will be over 400% by 2023. She noted there are upcoming risks we need to track.

Membership is estimated to continue to grow. CFO Bishop reviewed medical expense assumptions, medical and revenue expenses are budget flexible and we will continue to work with the State and County for Enhanced Care Management (ECM). She reviewed total FFS Medical expenses, Inpatient FFS Medical Expenses, Outpatient FFS Medical Expenses and Long-term Care FFS Medical Expenses. CFO Bishop noted our administrative budget is \$70million and we need to make sure we stay under \$70million per State guideline- we anticipate the rate to stay at \$62million.

CFO Bishop reviewed the Operating 2021/22 administrative budget incorporating the Strategic Plan; she wanted to assure the Commission that any additions made within the administrative budget were rooted in the Strategic Plan. Any new positions or new projects are aligned with the Strategic Plan major goals and initiatives. The administrative budget is a fixed budget – there is no flexibility. She noted one of our major expenses is Conduent, which is an outside service. She reviewed new positions and justifications. CFO Bishop reviewed major drivers which includes HMA

Consulting budget, increase in Edrington Health Consulting, increase in HR Employee recruitment, and increase in IT consulting services.

CFO Bishop called upon HMA Consultant Eileen Moscaritolo to review the project portfolio budget. Ms. Moscaritolo was no longer on the call. CFO Bishop reviewed the list of major projects. She reviewed new initiatives. The total administrative budget is \$62 million. History and trends were also reviewed. There is a decrease in administrative cost ratio. Capital budget is over by \$1 million in IT and Infrastructure. Net gain for July 1 through December 31, 2021 was \$4,851,870. Net gain for January 1, through June 30, 2022 is \$11,781,385. Total net gain is \$16,633,255.

Commissioner Pupa asked about the uptick in January 1 through June 30, 2022, primarily being due to the pharmacy carve out. CFO Bishop responded she was correct, but there is also the rate increase and a small decline in membership.

Commissioner Pupa thanked CFO Bishop and the team for all the work. She appreciated the advance discussions on the budget. Commissioner Atin thanked CFO Bishop for the comprehensive report. Commissioner Alatorre stated he appreciated the pre-meeting to review the budget.

Commissioner Shawn Atin motioned to approve the FY 2021/2022 Operating and Capital Budget. Commissioner Alatorre seconded.

AYES: Commissioners Antonio Alatorre, Shawn Atin, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Andrew Lane and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

CLOSED SESSION #2

8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

9. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Operations Officer

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

ADJOURNMENT

The meeting was adjourned at 5:55 pm

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission



AGENDA ITEM NO. 2

TO: Executive Finance Committee

FROM: Sheila Curr, President, Commercial Healthcare/Conduent
Mark Forsberg, VP, Portfolio Leader/Conduent

DATE: August 18, 2021

SUBJECT: Conduent Update

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

Conduent Update



Conduent Update

Submitted August 11, 2021: for August 19th Executive Finance and August 23rd Full Commission meetings

GCHP Enterprise Transformation Project

Update

- In the face of ongoing difficulties, Conduent continues to make Gold Coast its **highest priority project**.
 - The Senior Leadership Team is engaged in daily oversight to assist the working teams.
- While the project has realized **challenges**; the Conduent team is actively working and resolving post conversion issues, daily, and targeting complete resolution of high priority issues in the coming weeks.
 - Conduent has closed 309 identified post conversion issues to date.
- Committed to **achieving compliance steady state** for all operational components.
- Conducted on-site meeting to review expectations and outline challenges at a leadership level

Implementation

- Tracking of post conversion issues and enhancements and progress towards completion provided daily
- Dedicated team inclusive of Project Management, Information Technology and Operations are engaged to provide guidance across all working teams
 - Leads are actively engaged in all workstreams to track progress, escalate issues and provide daily executive updates.
- Check point meetings and conference calls on a daily/weekly cadence to **monitor progress and address issues**

Inventory Reduction

- Despite ongoing labor market challenges, Conduent continues to recruit in the market and has added team members from across the company, skilled in automation, agile project management, and overall product/IT expertise – to focus on inventory reduction and issue resolution.
- **Multiple accelerators executed** to address inventory reduction efforts:
 - People:
 - Additional internal staff shifted to reduction efforts from all verticals within the organization along with active external recruiting and hiring.
 - Conduent continues to increase its focus on the California landscape to hire individuals with Medi-Cal/Medicaid experience.
 - Employee incentives in place for both claims processing and call center staff.
 - Process:
 - Recommendations for process review and updated Desk Level Procedures being provided and reviewed as identified.
 - Conduent has worked with Gold Coast to determine opportunities for streamlining procedures.

Inventory Reduction (cont.)

- **Multiple accelerators executed** to address inventory reduction efforts (cont.):
 - Technology:
 - Conduent's automation and IT/product experts are focused on automating inventory through the system and work with Gold Coast daily to bring ideas for review/approval.
- Tracking of inventory metrics and progress towards completion provided daily. Conduent is driving towards having inventory within Service Level Agreement thresholds in the coming weeks
- Client inventory reviews to confirm priorities conducted daily

Contact Center

- **Continuous additions to staff** to manage additional call center volumes and wait times
- Cross skilling of resources for all queues
 - The remaining five resources have been moved to training to complete the upskilling process.
- Fax line added to allow providers to fax Authorization Status Requests
- Changes in operating procedures are **documented** and incorporated into processing manuals
- Quality reviews will be increased based on two additional resources for the QA team.

Provider Portal

- Finalizing the Provider Portal – Vendor Authorizations Enhancement
 - Priority CCDs will be addressed
 - Additional functionality will be prioritized for development and delivery between GCHP and CNDT
- The collaborative and integrated planning includes all stakeholders and a schedule that all parties are committing to meet.
 - Refinement of this schedule includes participation/planning from GCHP, CNDT, and MHK.
- The current scope of delivery focuses on immediate needs for vendor capabilities.
 - Conduent has scheduled a review of an alternative portal to meet future GCHP needs

Q&A



AGENDA ITEM NO. 3

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Anna Sproule, Sr. Director of Operations
Robert Franco, Chief Compliance Officer

DATE: August 19, 2021

SUBJECT: HSP / MediTrac Go-Live Update

VERBAL PRESENTATION

AGENDA ITEM NO. 4

TO: Executive Finance Committee

FROM: Kashina Bishop, Chief Financial Officer

DATE: August 19, 2021

SUBJECT: July 2021 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached July 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 2022 FYTD financial packages, 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 \$6.3 million for the month of July 2021 and is favorable to the budget for July 2021 by \$5.3M. The favorability is due to CY 2021 rate adjustments received in July 2021, timing of administrative and project expenses, and medical expense estimates that are currently less than budget by a narrow margin.

Solvency Action Plan (SAP):

GCHP is on the right trajectory to ensure its long-term viability. That said, GCHP remains in a vulnerable position and must continue to build reserves to levels that are, at minimum, consistent with the Commission policy. To that end, your management team remains focused on the next phases of the SAP and that solvency-related actions are implemented in a manner that respects the provider community and mitigates any adverse impact on our providers or members.

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.

The management team concluded several months ago that it is imperative that GCHP have a keen focus on fundamental activities that are essential to its providers and members, most notably the system conversion and implementation of CalAim. This has and will continue to cause some delay in implementing some of the below initiatives, but the focus and hard work remains particularly on the efforts to tighten internal controls.

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/HCPSC analysis	TBD
	Outlier rate analysis	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.

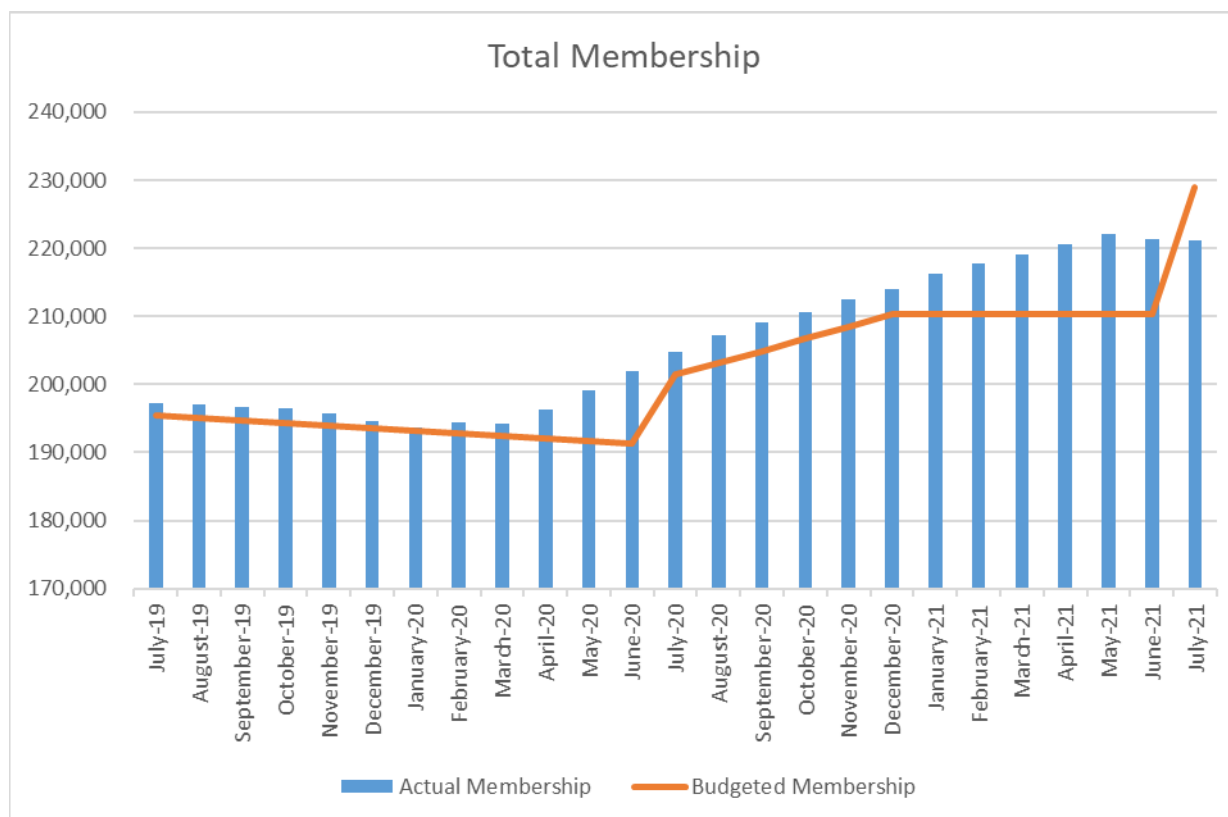
Financial Report:

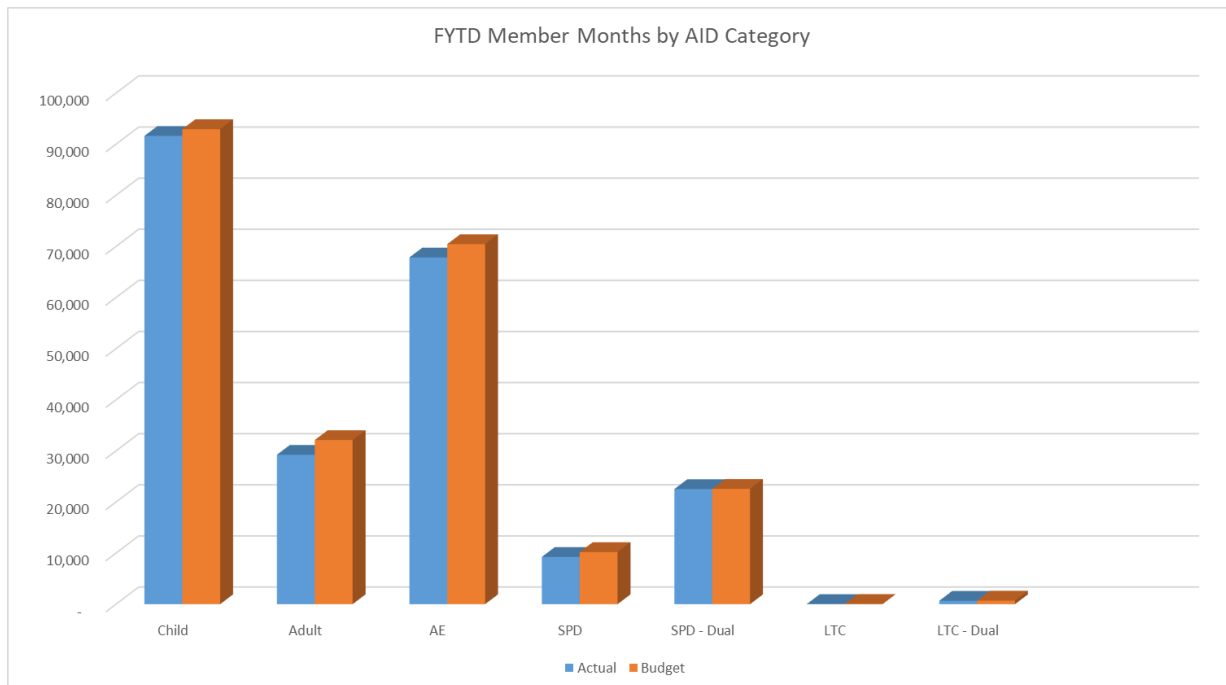
GCHP is reporting net gains of \$6.3 million for the month of July 2021.

July 2021 FYTD Highlights:

1. Net gain of \$6.3 million, a \$5.3 million favorable budget variance.
2. FYTD net revenue is \$83.3 million, \$881,586 over budget.
3. FYTD Cost of health care is \$73.0 million, \$2.7 million under budget.
4. The medical loss ratio is 87.6% of revenue, 4.5% less than the budget.
5. FYTD administrative expenses are \$4.0 million, \$1.8 million under budget.
6. The administrative cost ratio is 4.8%, 2.2% under budget.
7. Current membership for July is 222,328.
8. Tangible Net Equity is \$107.3 million which represents approximately 43 days of operating expenses in reserve and 293% 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 \$83.3 million; a \$881,496 and 1% favorable budget variance. The primary driver of the budget variance is additional revenue from CY2021 favorable rate adjustments received after budget was finalized of ~\$800K for Rx add-ons and COVID-19 adjustments.

Health Care Costs

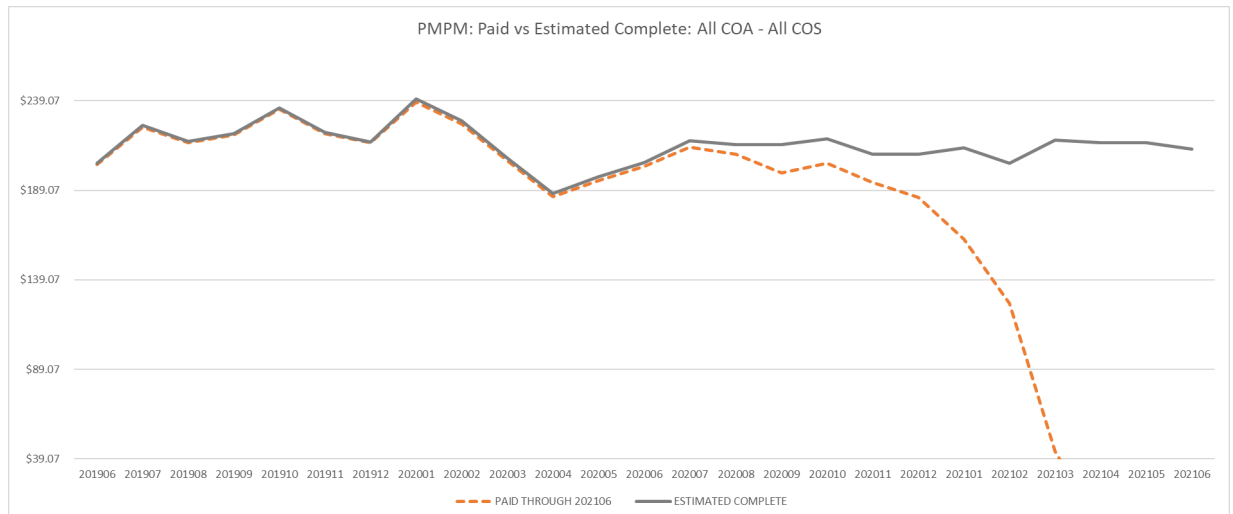
FYTD Health care costs are \$73.0 million; a \$2.7 million and 4% favorable budget variance.

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.

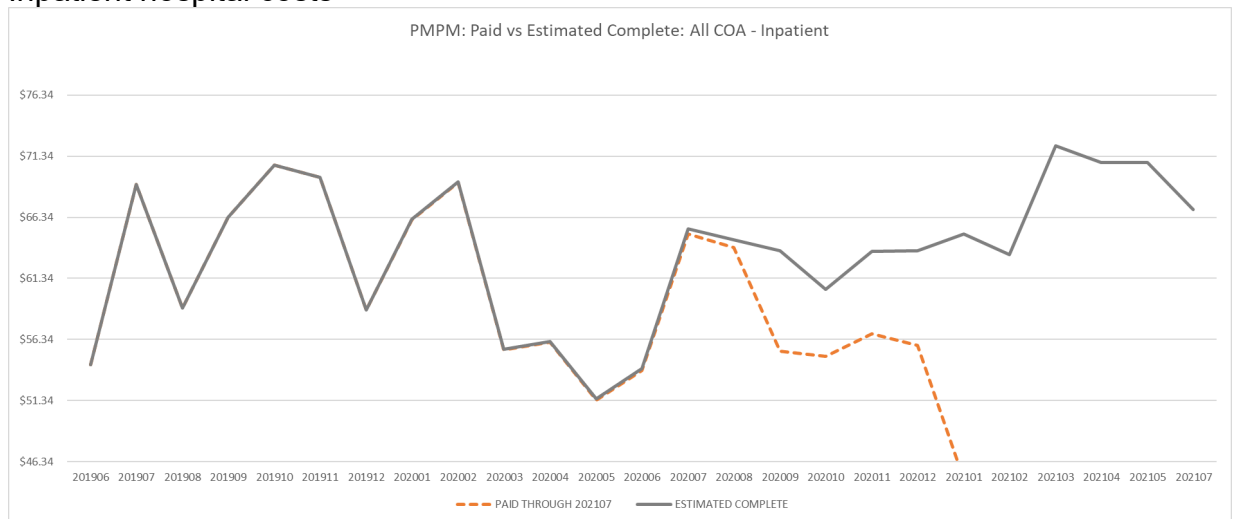
Due to the system conversion, staff does not yet have an accurate data file to complete the estimate with the same level of detail as has been the historical process. One of the issues being addressed is discrepancies in the mapping of data to the correct category of service. This impacts staff’s ability to research actual and budget variances at the category of service level. At a high level, medical expenses have remained consistent with prior months and are running below budget expectations which were conservative.

High level trends on a per member per month (PMPM) basis for the major categories of service are as follows:

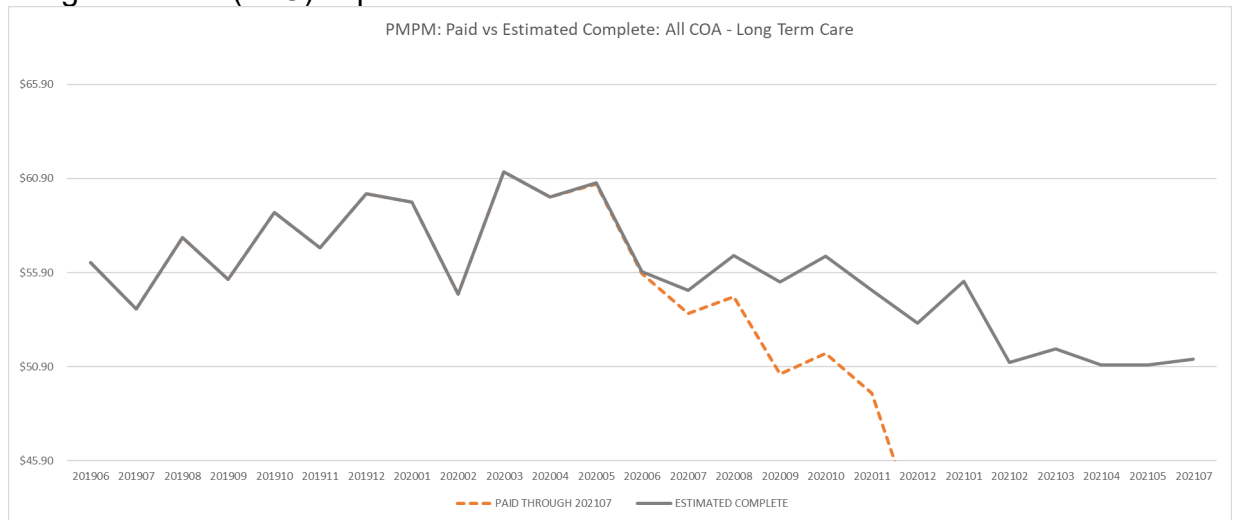
1. All categories of service



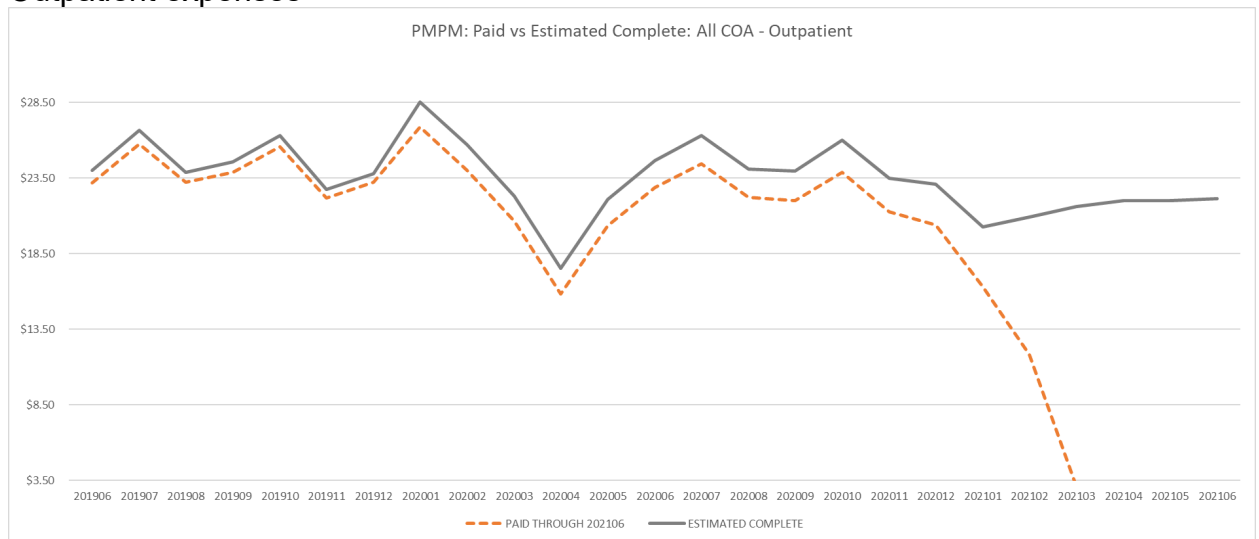
2. Inpatient hospital costs



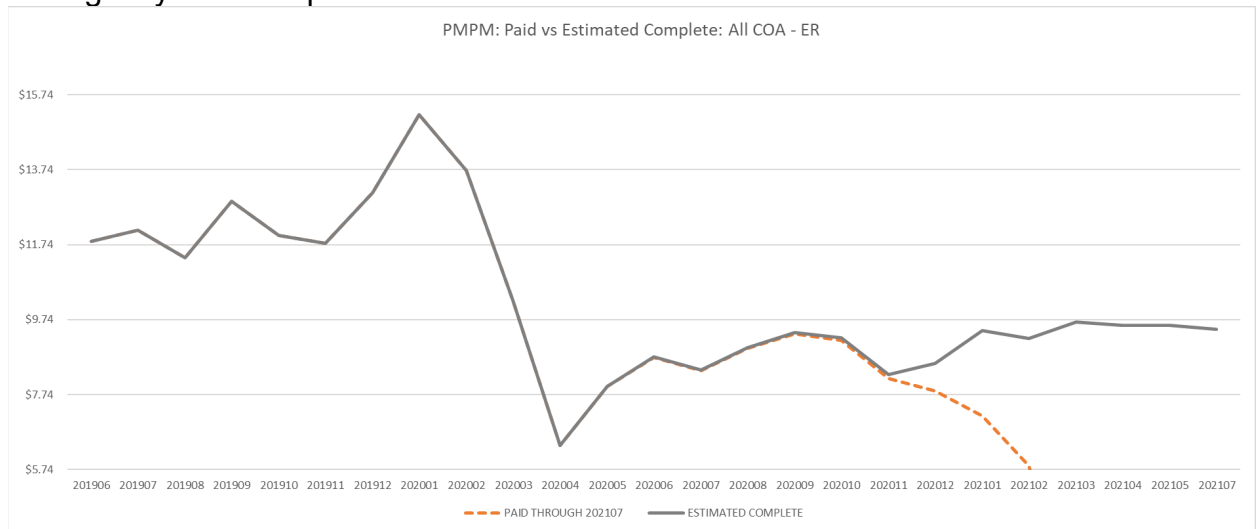
3. Long term care (LTC) expenses



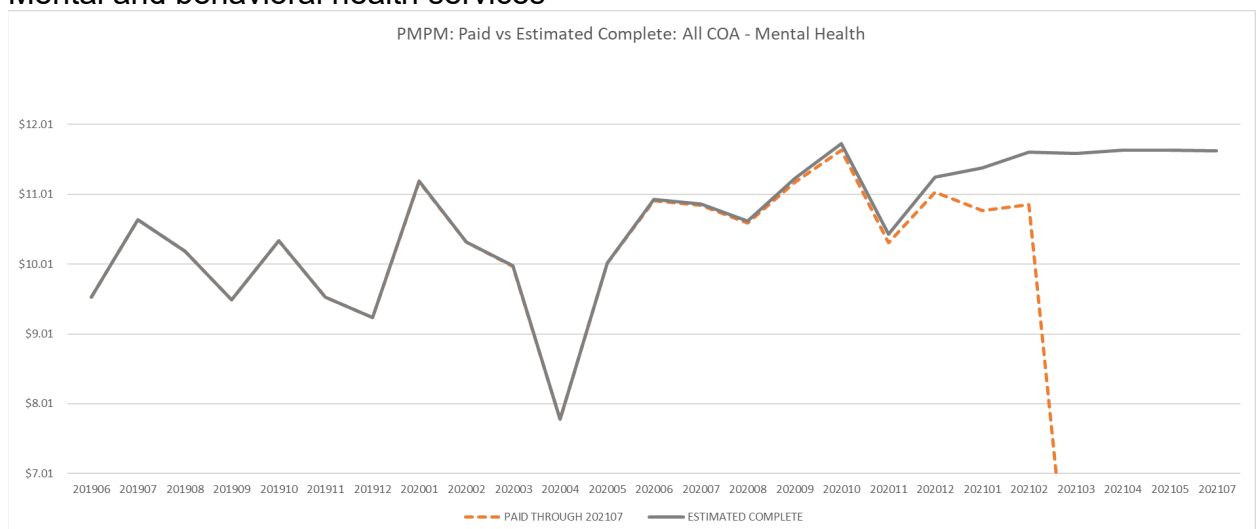
4. Outpatient expenses



5. Emergency Room expenses



6. Mental and behavioral health services



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.

For the fiscal year to date through July 2021, administrative costs were \$4.0 million and \$1.8 million below budget. The driver of the favorability at this point is timing. As a percentage of revenue, the administrative cost ratio (or ACR) was 4.8% versus 7.0% for budget.

Cash and Short-Term Investment Portfolio

At July 31, the Plan had \$225.1 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$18.3 million; LAIF CA State \$25.2 million; the portfolio yielded a rate of 2.5%.

Medi-Cal Receivable

At July 31, the Plan had \$101.3 million in Medi-Cal Receivables due from the DHCS.

RECOMMENDATION:

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

CONCURRENCE:

N/A

ATTACHMENT:

July 2021 Financial Package



FINANCIAL PACKAGE
For the month ended July 31, 2021

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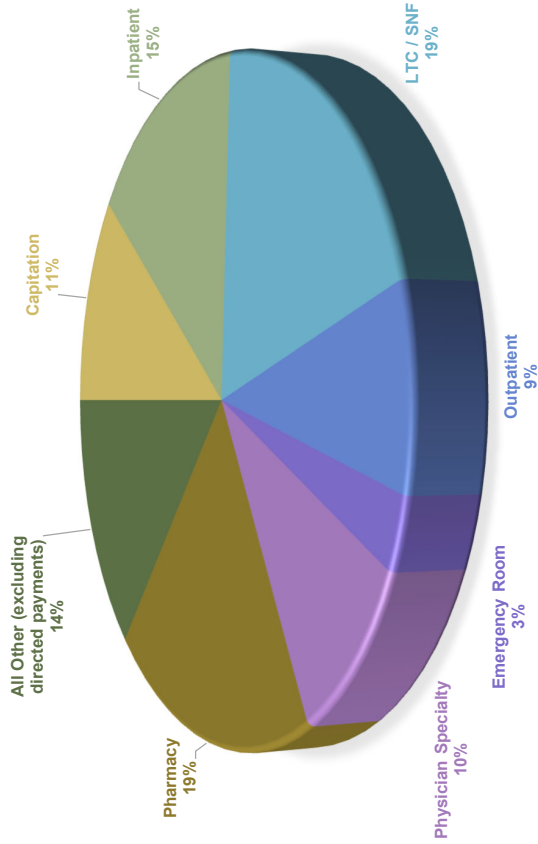
- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

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

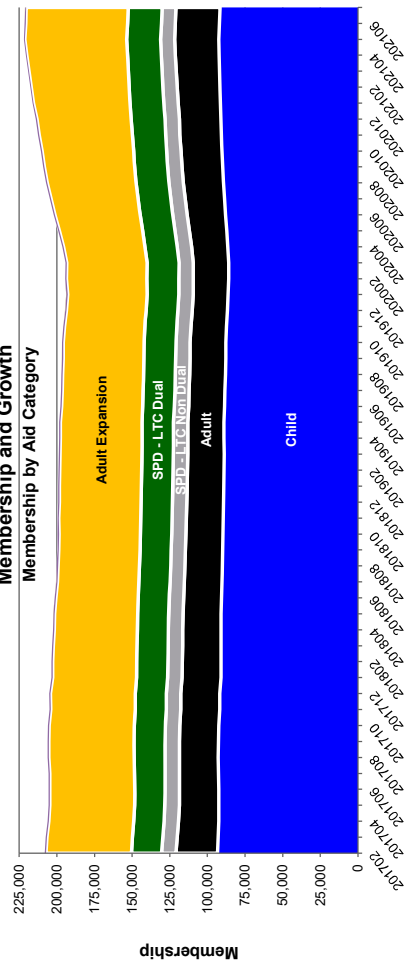
	FYTD 21/22 Budget*	FYTD 21/22 Actual	FY 20/21 Actual	FY 19/20 Actual
Average Enrollment	228,982	222,328	213,547	196,012
PMPM Revenue	\$ 370.92	\$ 374.88	\$ 358.22	\$ 348.73
Medical Expenses				
Capitation	\$ 36.04	\$ 34.50	\$ 34.03	\$ 24.93
Inpatient	\$ 65.06	\$ 47.62	\$ 66.52	\$ 65.19
LTC / SNF	\$ 57.03	\$ 61.44	\$ 55.42	\$ 59.20
Outpatient	\$ 25.78	\$ 27.58	\$ 23.16	\$ 25.81
Emergency Room	\$ 12.57	\$ 10.46	\$ 9.25	\$ 11.97
Physician Specialty	\$ 26.70	\$ 30.71	\$ 25.71	\$ 27.63
Pharmacy	\$ 63.94	\$ 62.24	\$ 62.07	\$ 61.05
All Other (excluding directed payments)	\$ 38.21	\$ 43.46	\$ 43.20	\$ 41.07
Total Per Member Per Month	\$ 325.33	\$ 318.01	\$ 319.36	\$ 316.86
Medical Loss Ratio	91.8%	87.6%	92.1%	94.6%
Total Administrative Expenses	\$ 5,792,327	\$ 4,037,818	\$ 49,637,603	\$ 50,821,685
% of Revenue	7.0%	4.8%	5.4%	6.2%
TNE	\$ 100,654,230	\$ 107,298,766	\$ 100,999,994	\$ 71,272,142
Required TNE	\$ 37,464,756	\$ 36,638,841	\$ 36,313,908	\$ 34,685,521
% of Required	269%	293%	278%	205%

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

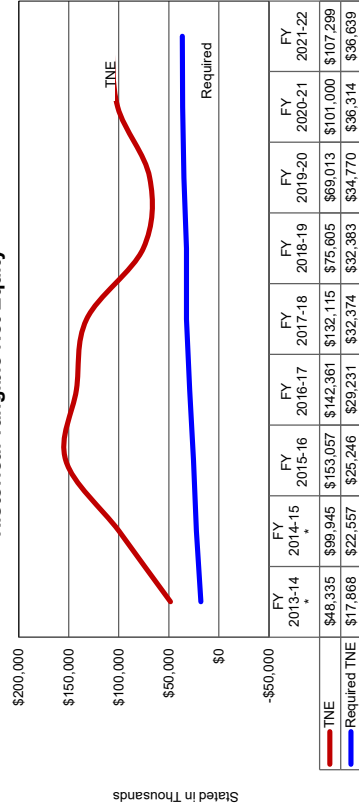
% OF TOTAL MEDICAL EXPENSE



Membership and Growth
Membership by Aid Category



Historical Tangible Net Equity



STATEMENT OF FINANCIAL POSITION

	<u>07/31/21</u>	<u>06/30/21</u>	<u>05/31/21</u>
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	181,564,813	193,947,005	157,873,353
Total Short-Term Investments	43,532,535	43,515,100	43,494,277
Medi-Cal Receivable	101,312,336	97,642,752	97,826,066
Interest Receivable	99,015	119,520	120,560
Provider Receivable	2,161,503	1,754,312	2,634,686
Other Receivables	6,320,713	6,320,713	6,320,713
Total Accounts Receivable	109,893,566	105,837,297	106,902,025
Total Prepaid Accounts	3,033,715	1,951,162	1,351,374
Total Other Current Assets	153,789	153,789	153,789
Total Current Assets	338,178,418	345,404,352	309,774,817
Total Fixed Assets	1,173,684	1,198,472	1,242,889
Total Assets	\$ 339,352,102	\$ 346,602,824	\$ 311,017,707
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	\$ 133,395,431	\$ 62,443,653	\$ 89,289,834
Claims Payable	9,818,017	72,815,453	29,138,366
Capitation Payable	25,368,834	25,281,330	23,573,393
Physician Payable	25,713,235	24,975,873	22,656,081
DHCS - Reserve for Capitation Recoup	6,027,119	6,027,119	6,027,119
Accounts Payable	190,618	1,683,582	322,178
Accrued ACS	3,355,584	4,874,494	3,206,598
Accrued Provider Reserve	1,489,014	1,418,117	1,347,563
Accrued Pharmacy	14,017,265	21,625,295	20,384,387
Accrued Expenses	2,166,098	1,860,807	2,372,156
Accrued Premium Tax	7,188,600	19,409,220	12,939,480
Accrued Payroll Expense	2,341,053	2,195,823	2,033,144
Total Current Liabilities	231,070,868	244,610,768	213,290,299
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	982,468	992,062	1,001,657
Total Long-Term Liabilities	982,468	992,062	1,001,657
Total Liabilities	232,053,336	245,602,830	214,291,955
Net Assets:			
Beginning Net Assets	100,999,994	77,323,271	77,323,271
Total Increase / (Decrease in Unrestricted Net Assets)	6,298,772	23,676,724	19,402,481
Total Net Assets	107,298,766	100,999,994	96,725,751
Total Liabilities & Net Assets	\$ 339,352,102	\$ 346,602,824	\$ 311,017,707

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

	July 2021	July 2021 Year-To-Date		Variance	Variance
	Actual	Actual	Budget	Fav / (Unfav)	%
Membership (includes retro members)	222,328	222,328	228,982	(6,654)	-3%
Revenue					
Premium	\$ 90,535,096	\$ 90,535,096	\$ 82,465,000	\$ 8,070,096	10%
Reserve for Cap Requirements	-	-	-	-	0%
MCO Premium Tax	(7,188,600)	(7,188,600)	-	(7,188,600)	0%
Total Net Premium	83,346,496	83,346,496	82,465,000	881,496	1%
Other Revenue:					
Miscellaneous Income	90	90	-	90	0%
Total Other Revenue	90	90	-	90	0%
Total Revenue	83,346,586	83,346,586	82,465,000	881,586	1%
Medical Expenses:					
Capitation (PCP, Specialty, Kaiser, NEMT & Vision)	7,669,879	7,669,879	8,012,353	342,474	4%
FFS Claims Expenses:					
Inpatient	10,587,511	10,587,511	14,464,372	3,876,860	27%
LTC / SNF	13,660,251	13,660,251	12,678,980	(981,271)	-8%
Outpatient	6,131,683	6,131,683	5,731,813	(399,870)	-7%
Laboratory and Radiology	787,022	787,022	572,689	(214,333)	-37%
Directed Payments - Provider	2,313,245	2,313,245	2,190,422	(122,823)	-6%
Emergency Room	2,324,857	2,324,857	2,793,735	468,877	17%
Physician Specialty	6,827,227	6,827,227	5,936,711	(890,516)	-15%
Primary Care Physician	1,108,938	1,108,938	1,667,266	558,328	33%
Home & Community Based Services	2,046,970	2,046,970	1,941,630	9,340	9%
Applied Behavioral Analysis/Mental Health Services	2,583,626	2,583,626	2,561,422	(22,204)	-1%
Pharmacy	13,838,750	13,838,750	14,215,393	376,644	3%
Provider Reserve	70,897	70,897	-	(70,897)	0%
Other Medical Professional	265,785	265,785	383,342	117,557	31%
Other Medical Care	(780)	(780)	892,805	(107,479)	-12%
Other Fee For Service	1,000,284	1,000,284	892,805	(107,479)	-12%
Transportation	1,029,306	1,029,306	176,400	(852,905)	-84%
Total Claims	64,575,572	64,575,572	66,506,950	1,931,378	3%
Medical & Care Management Expense	1,255,245	1,255,245	1,222,041	(33,204)	-3%
Reinsurance	292,746	292,746	309,126	16,380	5%
Claims Recoveries	(777,090)	(777,090)	(357,176)	419,913	-118%
Sub-total	770,902	770,902	1,173,991	403,090	34%
Total Cost of Health Care	73,016,353	73,016,353	75,693,295	2,676,942	4%
Contribution Margin	10,330,233	10,330,233	6,771,706	3,558,528	53%
General & Administrative Expenses:					
Salaries, Wages & Employee Benefits	2,169,261	2,169,261	2,244,364	75,103	3%
Training, Conference & Travel	627	627	21,275	20,649	97%
Outside Services	2,175,153	2,175,153	2,396,929	221,776	9%
Professional Services	166,462	166,462	739,249	572,787	77%
Occupancy, Supplies, Insurance & Others	611,325	611,325	1,076,460	465,135	43%
Care Management Reclaim to Medical	(1,255,245)	(1,255,245)	(1,222,041)	33,204	-3%
G&A Expenses	3,867,581	3,867,581	5,256,236	1,388,655	26%
Project Portfolio	170,237	170,237	536,091	365,854	68%
Total G&A Expenses	4,037,818	4,037,818	5,792,327	1,754,509	30%
Total Operating Gain / (Loss)	6,292,415	6,292,415	979,379	5,313,036	542%
Non Operating					
Revenues - Interest	6,357	6,357	30,000	(23,643)	-79%
Gain/(Loss) on Sale of Asset	-	-	-	-	0%
Total Non-Operating	6,357	6,357	30,000	(23,643)	-79%
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 6,298,772	\$ 6,298,772	\$ 1,009,379	\$ 5,289,393	524%

July 2021 Year-To-Date	Variance	Variance
Actual	Budget	Fav / (Unfav)
PMPM - FYTD		
\$ 407.21	\$ 380.14	\$ 47.08
(32.33)	-	(32.33)
374.88	380.14	14.74
0.00	-	0.00
0.00	-	0.00
374.88	380.14	14.74
34.50	34.99	0.49
47.62	63.17	15.55
61.44	55.37	(6.07)
27.58	25.03	(2.55)
3.54	2.50	(1.04)
10.40	9.57	(0.84)
10.46	12.20	1.74
30.71	25.93	(4.78)
4.99	7.28	2.29
9.21	9.79	0.58
11.62	11.19	(0.43)
62.24	62.08	(0.16)
0.32	-	(0.32)
1.20	1.67	0.48
(0.00)	-	0.00
4.50	3.90	(0.60)
4.63	0.77	(3.86)
290.45	290.45	(0.01)
5.65	5.34	(0.31)
1.32	1.35	0.03
(3.50)	(1.56)	1.94
3.47	5.13	1.66
328.42	330.56	2.15
46.46	29.57	16.89
9.76	9.80	0.04
0.00	0.09	0.09
9.78	10.47	0.68
0.75	3.23	2.48
2.75	4.70	1.95
(5.65)	(5.34)	0.31
17.40	22.95	5.56
0.77	2.34	1.58
18.16	25.30	7.13
28.30	4.28	24.02
0.03	0.13	(0.10)
0.03	0.13	(0.10)
\$ 28.33	\$ 4.41	\$ 23.92

STATEMENT OF CASH FLOWS	July 2021	FYTD 20-21
Cash Flows Provided By Operating Activities		
Net Income (Loss)	\$ 6,298,772	\$ 6,298,772
Adjustments to reconciled net income to net cash provided by operating activities		
Depreciation on fixed assets	24,787	24,787
Disposal of fixed assets	-	-
Amortization of discounts and premium	-	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	(4,056,270)	(4,056,270)
Prepaid Expenses	(1,082,554)	(1,082,554)
Accrued Expense and Accounts Payable	(10,108,081)	(10,108,081)
Claims Payable	2,344,420	2,344,420
MCO Tax liability	(12,220,620)	(12,220,620)
IBNR	6,434,788	6,434,788
Net Cash Provided by (Used in) Operating Activities	<u>(12,364,758)</u>	<u>(12,364,758)</u>
Cash Flow Provided By Investing Activities		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	(17,435)	(17,435)
Purchase of Property and Equipment	-	-
Net Cash (Used In) Provided by Investing Activities	<u>(17,435)</u>	<u>(17,435)</u>
Increase/(Decrease) in Cash and Cash Equivalents	(12,382,193)	(12,382,193)
Cash and Cash Equivalents, Beginning of Period	193,947,005	193,947,005
Cash and Cash Equivalents, End of Period	<u>181,564,813</u>	<u>181,564,813</u>

July 2021 Financial Statements

August 19, 2021

**Kashina Bishop
Chief Financial Officer**

Financial Overview:



JULY NET GAIN \$ 6.3 M



FYTD NET GAIN \$6.3 M



TNE is \$107.3 M and 293% of the
minimum required



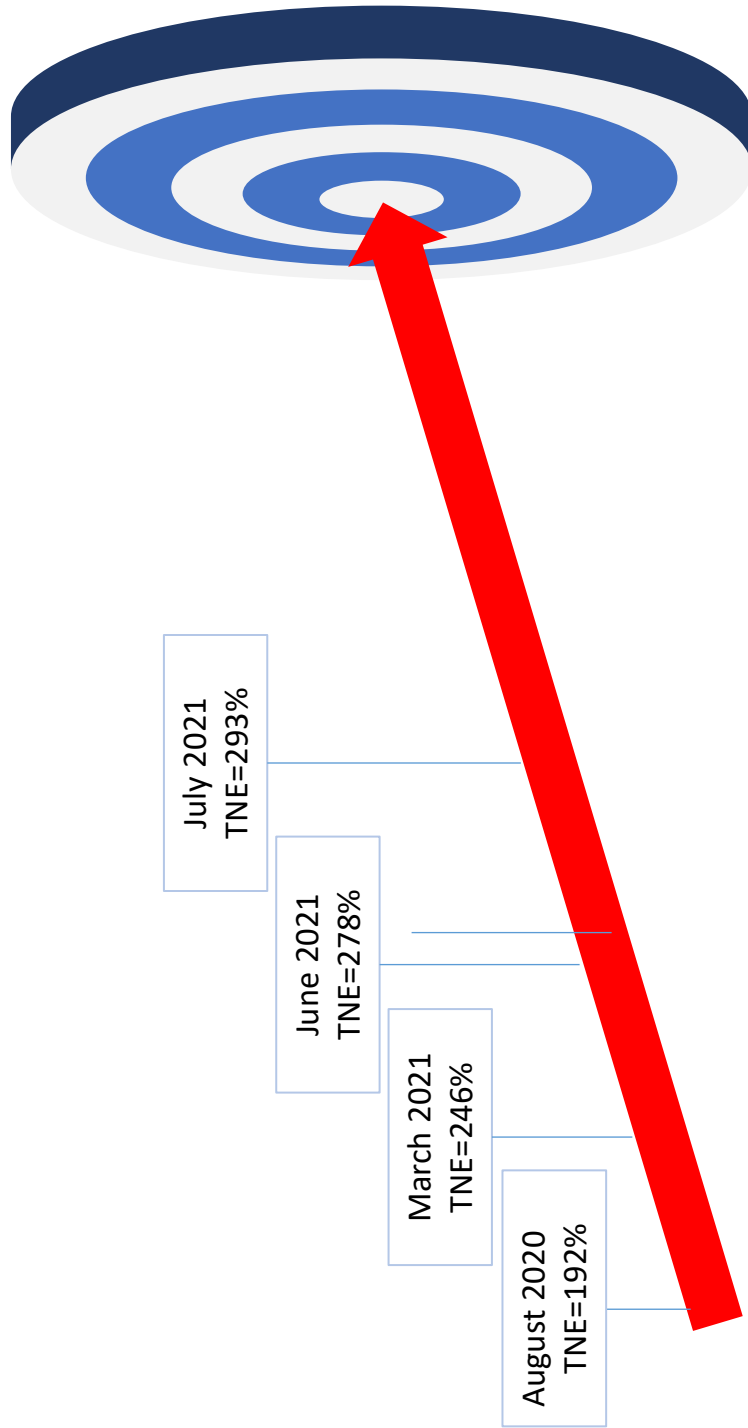
MEDICAL LOSS RATIO 87.6%



ADMINISTRATIVE RATIO 4.8%

Solvency Action Plan

Target: TNE % = 400-500% of Required



Solvency Action Plan – next steps

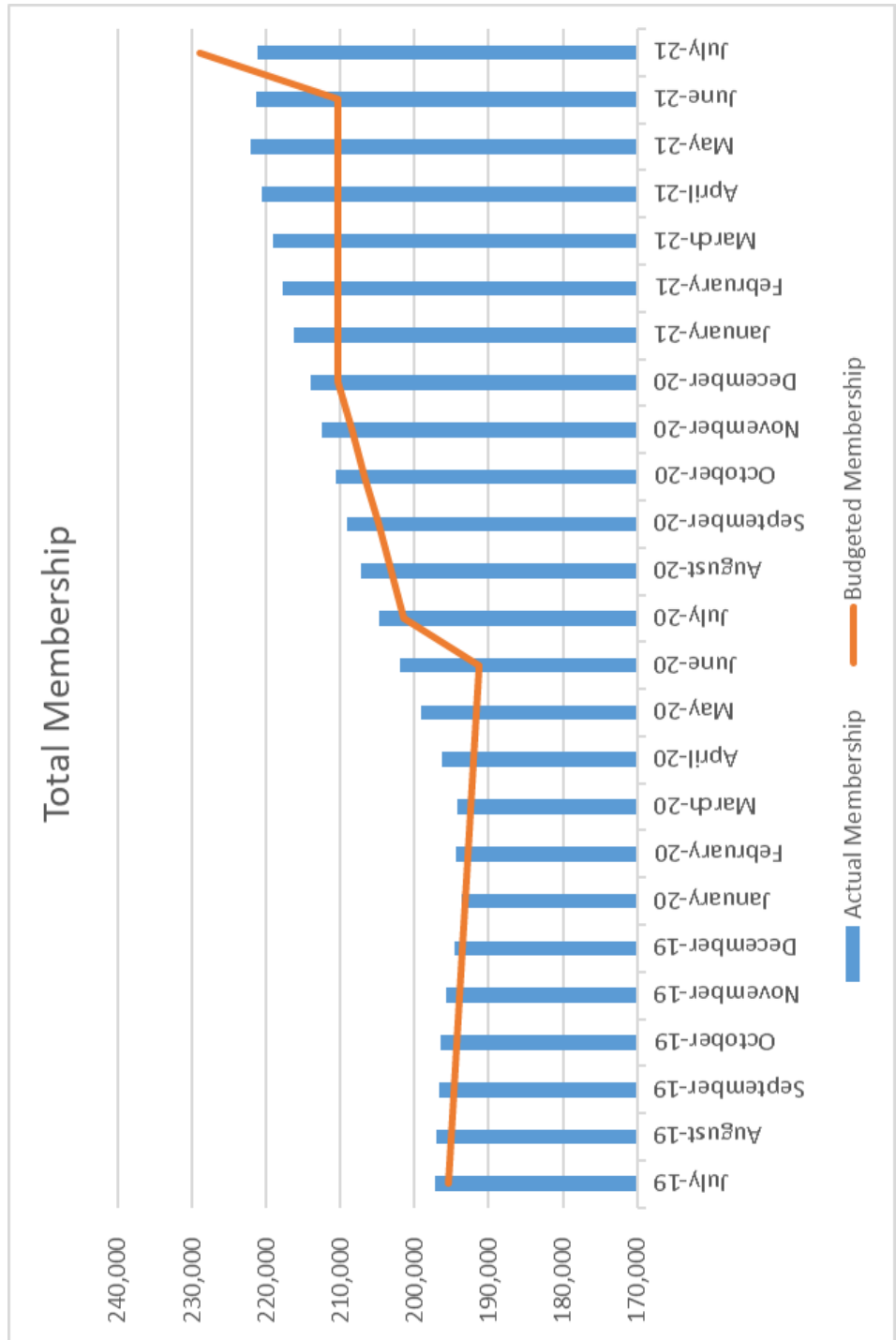
Category	Current Focus	Annualized impact in savings
Cost of Healthcare	LANE – avoidable ER analysis	TBD
	Pro-active transplant management approach	TBD
	Analysis of leakage to out of area providers	TBD
Internal Control Improvements*	Review of provider contracts for language interpretation and validation	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/HCPSC analysis	TBD
	Outlier rate analysis	TBD

Revenue

Net Premium revenue is \$83.3 million, over budget by \$881,496 and 1%.

- Favorable CY 2021 rates.

Membership trends



Medical Expense

FYTD Health care costs are \$73.0 million and \$2.7 million and 4% under budget. Medical loss ratio is 87.6%, a 4.5% budget variance.

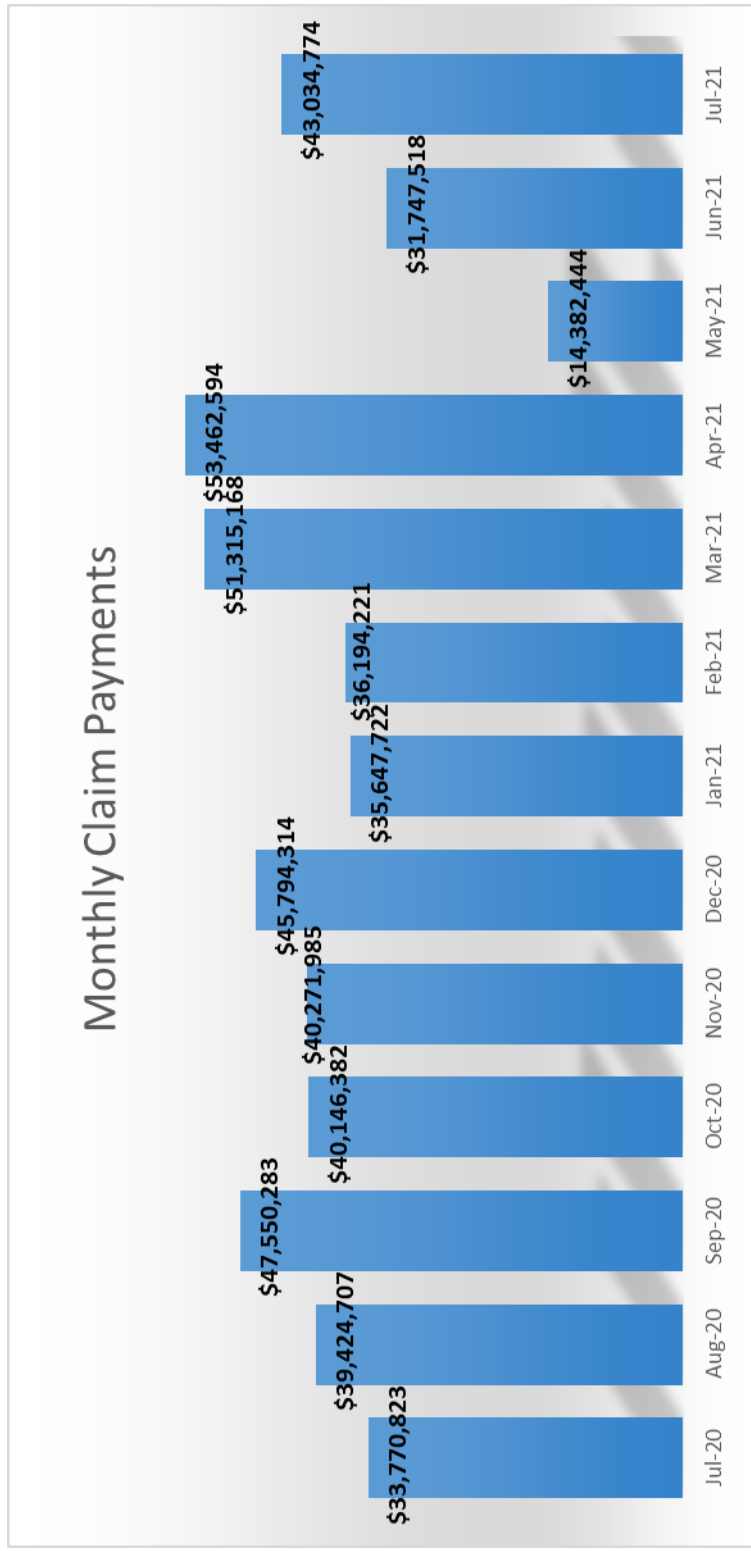
Incurred But Not Paid (IBNP) Medical Expense Reserve

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.

Incurred But Not Paid (IBNP) Medical Expense Reserve – post system conversion

Accurately calculating the reserve becomes more challenging:

1. Historical lag between when a service is performed and when the claims is paid is disrupted
2. Do not have an accurate data file – impacting category of service on financials



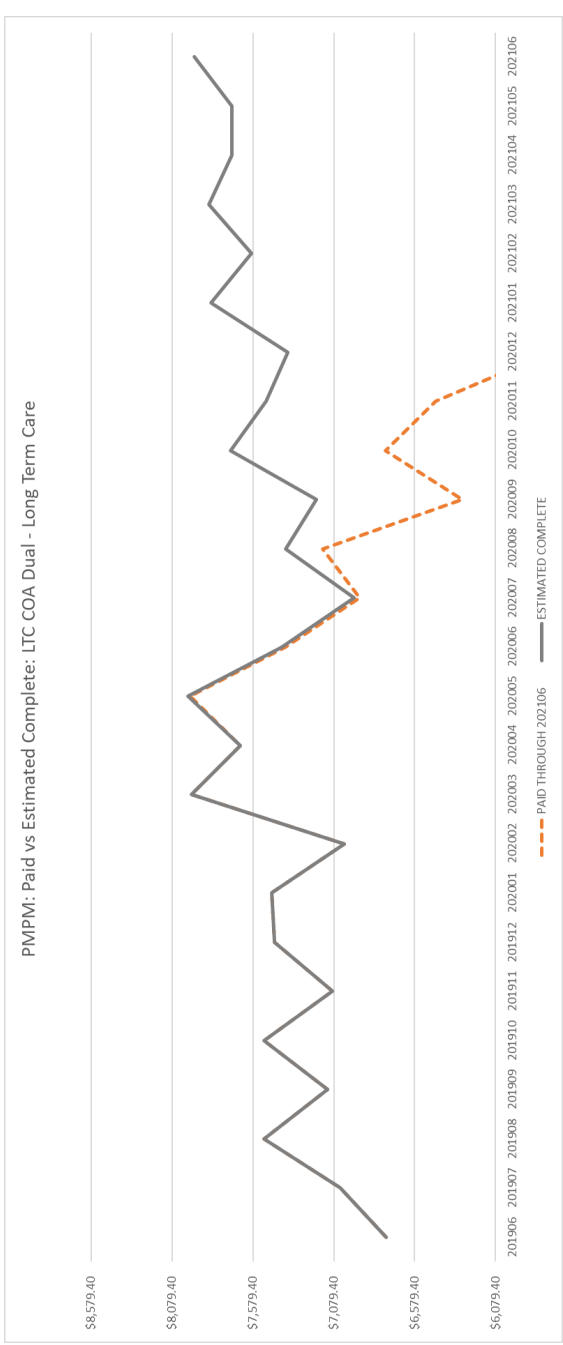
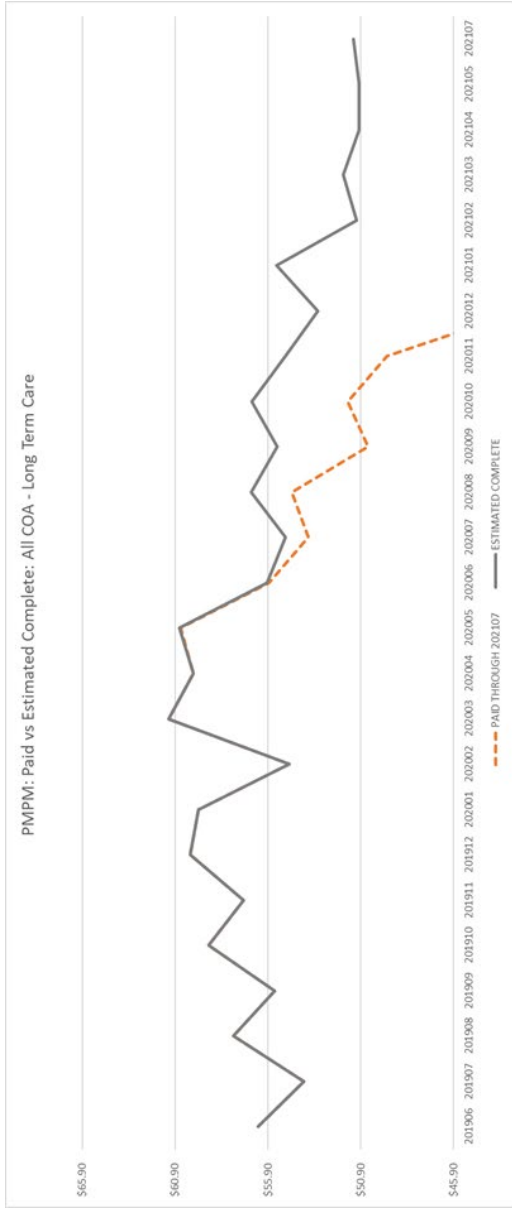
Incurred But Not Paid (IBNP) Medical Expense Reserve



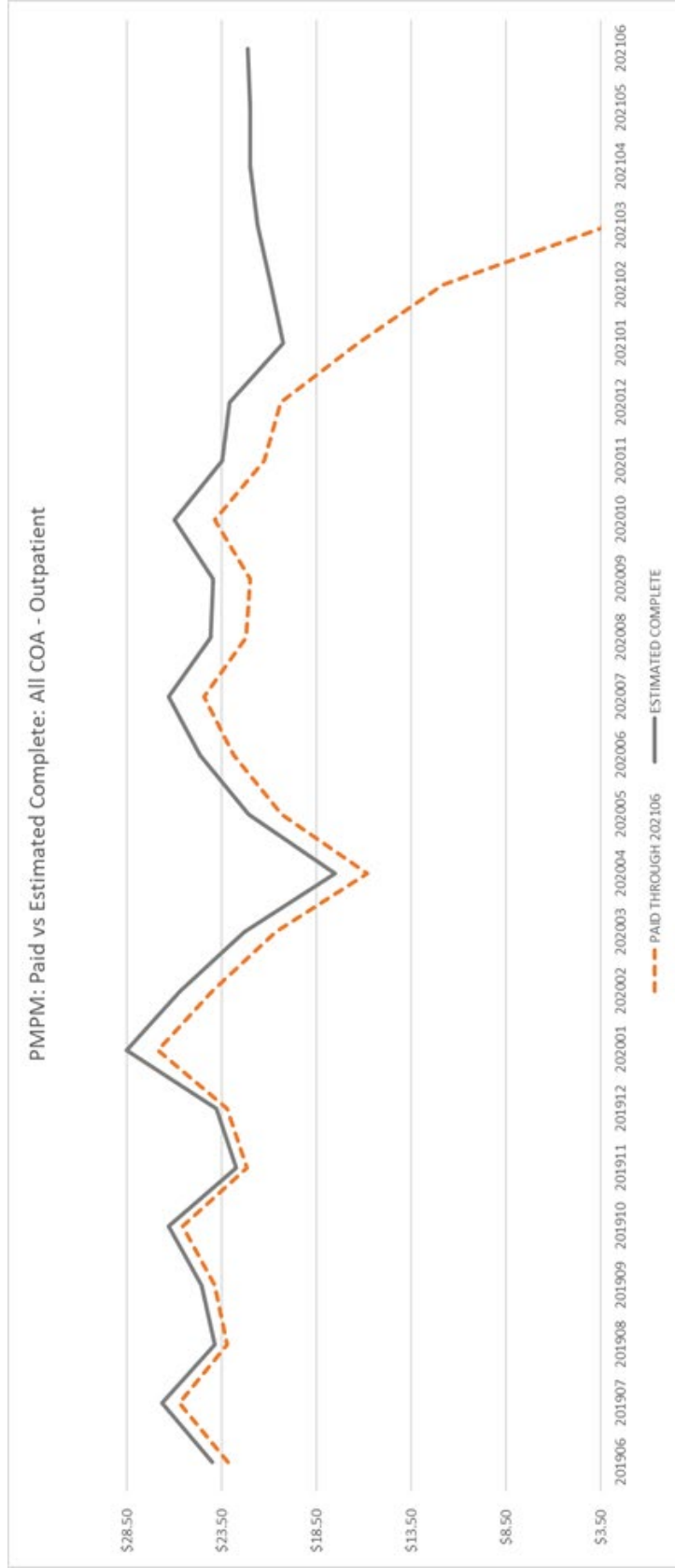
Inpatient Medical Expenses



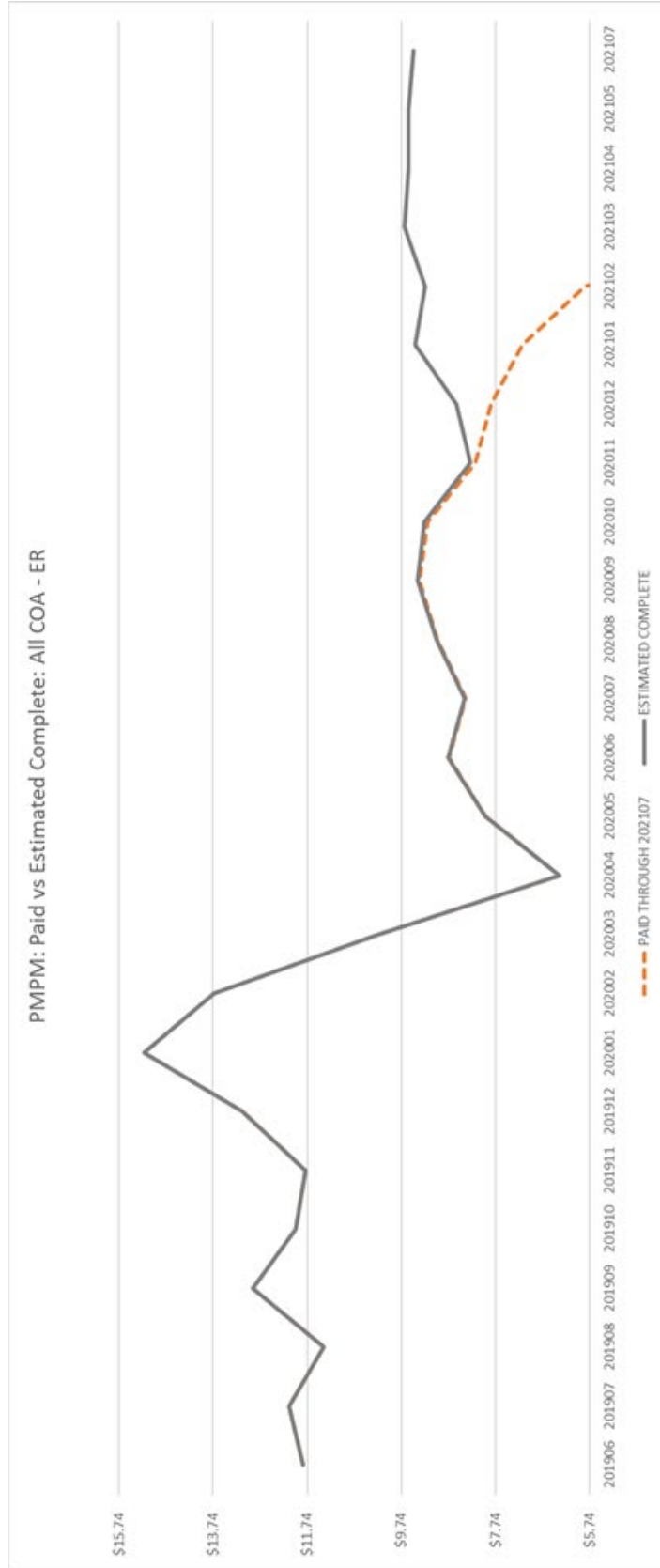
Long Term Care Expenses



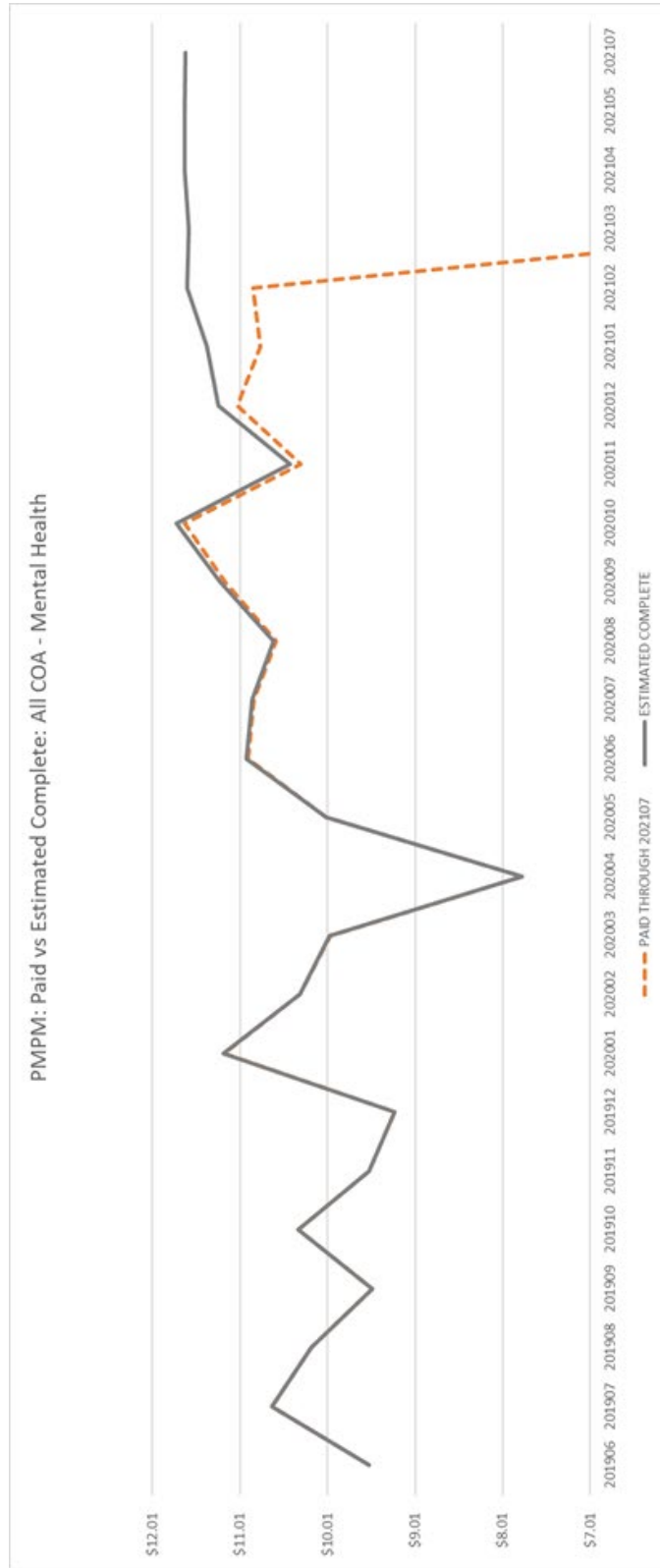
Outpatient Expenses



Emergency Room Expenses



Mental and Behavioral Health



Financial Statement Summary

	July 2021	FYTD Actual	FYTD Budget	Budget Variance
Net Capitation Revenue	\$ 83,346,496	\$ 83,346,496	\$ 82,465,000	\$ 881,496
Health Care Costs	73,016,353	73,016,353	75,927,588	(2,911,234)
Medical Loss Ratio		87.6%	92.1%	
Administrative Expenses	4,037,818	4,037,818	5,792,327	(1,754,509)
Administrative Ratio		4.8%	7.3%	
Non-Operating Revenue/(Expense)	6,357	6,357	30,000	(23,642)
Total Increase/(Decrease) in Net Assets	\$ 6,298,683	\$ 6,298,683	\$ 775,086	\$ 5,523,597
Cash and Investments	\$ 225,097,347			
GCHP TNE	\$ 107,298,766			
Required TNE	\$ 36,638,841			
% of Required	293%			

Questions?

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