



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

Executive/Finance Committee

Special Meeting

Wednesday November 16, 2022 – 3:00 p.m.

711 E Daily Drive, Camarillo

Community Room

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

Conference Call Number: 805-324-7279

Conference ID Number: 618 715 546#

2975 N. Sycamore Dr. Simi Valley, CA 93065

233 Corte Linda, Santa Paula, CA 93060

5293 Via Jacinto, Newbury Park, CA 91320

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

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

CONSENT

1. Approval of Executive Finance Committee regular meeting minutes for June 23, 2022.

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

2. Approval of the 2023 Executive Finance Committee Meeting Calendar

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the calendar as presented.

CLOSED SESSION

3. REPORT INVOLVING TRADE SECRETS

Discussion will concern: New Program and Service
Estimated Date of Public Disclosure: Fall of 2022

4. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: Two cases.

5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

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: November 16, 2022
SUBJECT: Executive Finance Committee Regular Meeting Minutes of June 23, 2022.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copies of the Executive Finance Committee Regular Meeting Minutes for June 23, 2022.

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

June 23, 2022

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:06 p.m. The meeting was held in the Bell Canyon Conference Room located at Gold Coast Health Plan, 770 East Daily Drive, Second Floor Camarillo, California.

ROLL CALL

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

Absent: Commissioner Jennifer Swenson

PUBLIC COMMENT

No public comment.

CONSENT

1. Approval of Special Executive Finance Committee Meeting Minutes for January 10, 2022.

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes.

Commissioner Espinosa motioned to approve the Executive Finance Meeting minutes. Commissioner Abbas seconded the motion.

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

NOES: None.

ABSENT: Commissioner Jennifer Swenson

Commissioner Pupa declared the motion carried.

The Committee moved to Closed Session #1 at 3:09 pm.

CLOSED SESSION

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

3. REPORT INVOLVING TRADE SECRETS

Discussion will concern: New Program and Service
Estimated Date of Public Disclosure: Fall of 2022

General Counsel, Scott Campbell stated we have no reportable action from Closed Session.

Commissioner Jennifer Swenson joined the commission meeting via teleconference.

Open Session resumed at 3:53 pm.

FORMAL ACTION

4. Moss Adams GCHP Entrance

Staff: Kashina Bishop, Chief Financial Officer

Moss Adams Representatives: Stelian Damu and Kimberly Sokoloff

RECOMMENDATION: The Plan requests that the Executive Finance Committee receive and file the information provided by Moss Adams.

CFO Kashina Bishop welcomed Stelian Damu and Kimberly Sokoloff of Moss Adams. Ms. Bishop stated they have started work on our FY 2022 audit and will review the process.

Mr. Damu stated he welcomed input from the Committee. Mr. Damu added they will report back to the committee in October when the audit is complete.

Mr. Damu reviewed Scope of Services and stated they will audit the financial statements for June 30, 2022. Mr. Damu added they are assisting management with drafting the financial statements. Moss Adams is assisting with example footnotes and word processing. Although Moss Adams is auditing the financial statements, it does not relieve management or the committee of their responsibility for their fiduciary responsibilities.

Kimberly Sokoloff reviewed Significant Risks. Ms. Sokoloff stated our professional auditing standards do require that we identify the financial statement components that contain a higher level of risk and accordingly we design specific procedures to address those heightened audit risks. Internal controls are tested, as well as

audit procedures are performed at the end of the fiscal year 2022. That will include an evaluation of management's accounting for the new portions of the CalAIM program, and the incentives received through that program.

The team is currently performing internal control testing of medical claims liability, which includes obtaining an understanding of Conduent as a service provider. Ms. Sokoloff requested the committee's input, and feedback if there were any other areas, they would like to bring to the audit team.

During the final field work, Moss Adams will perform analytical procedures and evaluate actual specialist model over claims payable.

Moss Adams evaluates the control findings that were communicated and identified by management in the prior year's audit and will work closely with management to understand the challenges with the claim system implementation. Moss Adams will be testing management remediation, including the service providers.

Prior Year Report to Management slide was reviewed. Moss Adams has frequent communications so that they understand significant changes to operations. They engaged in formal planning discussions with management in May. Moss Adams will come back in mid-August to perform final field work, and present draft audit results at the end of October.

A review of the Audit Timeline was discussed. Ms. Sokoloff also reviewed Expectations and stated they have a new auditing standard that will be adopted this year Ms. Sokoloff stated they appreciated management's preparedness for each audit phase.

There will be a change in the audit opinion that indicates whether it is a clean opinion, will now be the first paragraph, so the reader doesn't have to flip through several pages to see if there is a clean report on the financial statements.

Ms. Sokoloff presented the New Accounting Standards for FY2022. This has been discussed with management several times and they have been preparing for this all year and are prepared to adopt for the external financial statements for 2022.

In the past the rent for building leases have been expensed when they are incurred. Currently in the footnotes to the financial statements, there is a summary of the future rent payments under current agreements and that has been merely a footnote disclosure. Future payments on the leases, that have been a footnote disclosure, management will now have to present value on those future payments and record the present value as both an asset and finance liability on the financial statements. This is a global change; the international standards are adopting this level of accounting for leases.

Commissioner Abbas asked about fraudulent activity in the audit and if fraudulent payment on claims is included. Ms. Sokoloff replied as part of the audit procedures, they do not necessarily test for that specific aspect since their auditing standards do not require to test for fraud, that is outside the scope of a financial statement audit.

Commissioner Espinosa motioned to approve the Moss Adams GCHP Entrance.
Commissioner Swenson seconded.

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

NOES: None.

ABSENT: None.

Commissioner Pupa declared the motion carried.

5. May 2022 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 May 2022 financial package.

CFO Kashina Bishop reviewed the May 2022 financials. There is a net gain of \$8.5 million, FYTD net gain of \$63.0 million and our TNE is at 462% of the minimum required. The Medical Loss ratio is 87.3% and administrative ratio is 5.5%

Commissioner Corwin asked if there were standards on administration fees through regulations. CFO Bishop stated there were not standards through regulations, but there is an amount that the State provides through our capitation rates, and we are within those amounts. General Counsel, Scott Campbell stated for large claims, we have insurance to minimize our risk.

Net Premium revenue is \$881.4 million, which is over budget by \$7.4 million. We have received approximately \$945,000 for the Vaccine Incentive Program. We will have a slight downward adjustment in our revenue. The State is going to update our rates.

Our membership trends are just under 240,000 members. Our Medical Expense is currently 4% under budget. IBNR/PMPM has not significantly escalated. Inpatient expenses since 2020 – there was a drop in 2020, overall, there has been an increase, but it continues to be a bit volatile on a month-to-month basis. This month we have increased our reserves and remains consistent with what we estimated. Long Term Care have remained consistent with a very slight drop but

remains consistent with last month's report. Outpatient shows a slight spike in the Spring. ER costs have stabilized over the past few months. Mental & Behavioral Health showed increase during the pandemic but now has remained steady.

FYTD administrative costs are \$48.7 million and 16% under budget. The Administrative cost ratio is 5.5% which is a 1.1% budget variance.

At one point we had a 20% vacancy rate, but vacancies are being filled and some projects were delayed due to lack of staff. CFO Bishop ended her presentation with a financial statement summary.

Commissioner Abbas motioned to approve the May 2022 financials. Commissioner Swenson seconded.

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

NOES: None.

ABSENT: None.

Commissioner Pupa declared the motion carried.

6. FY 2022-23 Operating and Capital Budget

Committee Chair, Dee Pupa, stated there is a tremendous amount of work that goes into the budget. She thanked the entire Gold Coast team for putting together a very comprehensive, all-inclusive budget.

CEO Nick Liguori stated this budget is a way to bring a vision for meeting our mission to life. CEO Liguori stated the Gold Coast leadership team is always focused on our mission. Some core elements of our mission are to improve health, access quality health care, and improve the satisfaction of our members in the communities that we serve. We can also help create another thing that you have envisioned and that is a more equitable and just healthcare system for Ventura County.

Gold Coast management looks to the Commission as our compass point. The budget is designed to help us achieve this mission. At this time, Gold Coast has not built a health plan that can sustainably meet our mission today, or in the future. This budget envisions that the level of investments in clinical/operational capabilities should not undervalue the health plan's role in creating equity and a positive impact in the healthcare system.

There are three main components, medical expenditures, medical benefits, costs associated with medical benefits, administrative costs and margin or reserves. For

the administrative component of the premium, health plans are not required to spend all of the resources; however, not spending those resources, and not using those funds over an extended period of time, has an impact.

For the past four years, Gold Coast has spent below the administrative portion of the premium that is available. This has resulted in a compounded loss impact, so the systems built four years ago, would be producing significant dividends today. For many reasons we have delegated core operations to a single vendor since our inception and we have not really built internal capabilities as it has not been a priority. Throughout our organization we feel the impact of this underinvestment.

We are required through CalAIM to become an NCQA for the National Committee for Quality Assurance Accredited Health Plan. This is an industry standard. In looking at our performance according to their methodology, Gold Coast Health Plan does not perform well relative to other Medi-Cal plans.

HEDIS is a key measure used by DHCS, to measure and track health plan quality. We do see improvement but there is significant opportunity to continue to improve.

Gold Coast Health Plan has submitted a budget for a billion dollars of revenue and about \$800M of medical costs, During the public health emergency era, this was true for most places, counties and health plans. Healthier individuals came into Medi-Cal bringing a lower medical loss ratio, and this resulted in higher margins for most health plans.

After the public health crisis ends, our risk will reveal itself. Ten percent of our membership accounts for nearly 90% of our costs. When we look at the whole person, and account for serious mental illness and substance abuse disorders and associated costs, this ten percent accounts for nearly all Medi-Cal expenditures in the county. We need to have the operational, organizational, and technological capabilities to manage the cost and quality of these individuals while improving their satisfaction with their health, healthcare and with Gold Coast Health Plan.

Our assessment of where we are relative to where we need to be as a health plan identifies key areas that need investment. CIO, Alan Torres' technology assessment is that we are at least three years behind in the Medi-Cal industry. There are funds available through CalAIM and other programs, that we must earn maximally and share the delivery system, but we do not have the capabilities to do that. The way forward is for Gold Coast to be a thought, and action-based healthcare system, and there are several providers in our delivery system ready for that. Gold Coast Health Plan is not staffed to meet the needs of our membership and to perform the work of the health plan.

CEO Liguori stated the budget that we are presenting today gets us there, but it is not the final investment we need to make. Commissioner Corwin stated we will have to get to Phase One and see where that goes. We have to procure the money

and build an infrastructure to distribute it. We also have to have a system in which we can equitably distribute to the participants. CEO Ligouri stated we believe this is a smart approach.

General Counsel, Scott Campbell stated we have had approximately ten meetings with all the staff. We went through each department, reviewing what is needed to get the job done, what positions are needed, and determine if we have the talent internally.

CEO Ligouri stated there are a number of drivers of this imperative to invest in now that the regulations are changing dramatically. We cannot let the funding for CalAIM go as it needs to be brought into our delivery system, but it needs to be earned and we need the capacity and skill set to earn it. Our industry is in competition right now, and that is Medi-Cal, as well as the broader Medicaid managed care industry, in competition for talent. We are all going after a limited pool of talent, and we must be successful in acquiring/retaining people. The industry is competitive and quality performance will matter going forward in a zero-sum balancing of premiums, and higher quality health plans will get more than lower quality health plans.

Gold Coast Health Plan will continue to invest in the delivery system that must be in line with the trend that DHCS uses for the medical cost component of the premium. This will be done through our provider partners, and the system of community services that meet the needs of our members. This will happen in the form of provider payment developments. We will also be analyzing the need for capitation rebasing in the upcoming year and the Gold Coast Health team wants to pursue 100% of the \$25M that is available in the upcoming year for incentives. We will share 85% of what we earn for the delivery system.

Gold Coast Health Plan will also begin in the upcoming fiscal year to establish value-based payments and contracts with ready providers and will increase enhanced care management and community supports access and partners. This will ensure more funding for these key services are available. Our investments in the delivery system must continue to be in with funding from DHCS. This is sustainability and we must protect our financial strength for upcoming CalAIM investments that are again unprecedented, including D-SNP, as discussed in the five-year strategic plan, and to ensure that we can meet our mission.

CFO Kashina Bishop reviewed the budget highlights and stated the budget is very positive. When the public health emergency ends, our margin really starts to drop, and does put us at risk. The need to invest is imperative with the budget and all of our projections, we would end the year with a tangible net equity of \$218.4M and that is 654% of the required by the State. Medical Loss Ratio is at 87.5% and Administrative Cost Ratio is running at 8.1%, again within the amounts provided by the State.

The budget is broken into six month increments for a couple of reasons. With the public health emergency, in the first part of the fiscal year we had a gain of \$32.3M, and in the latter part of the fiscal year, the margin drops with a gain of \$7.4M. One of the reasons we break it up into six-month increments, is because our rates from the State are set on a calendar year basis, and they will update in 2023.

Tangible Net Equity Forecast that goes through 2025 was reviewed. Tangible Net Equity is a significant metric that we follow, especially that as a percent of required because it is a metric the State tracks us. Through 2023, our percent of required continues to grow but it flattens out, and the potential of that decline as you get into 2024/2025. That decline means the potential for financial losses in that time period.

Review of Revenue and Expense Forecast. When we get to later years, there are implications for our revenue; there is an opportunity for us to advocate to the state for more revenue. How they will account for our rates at the end of the public health emergency, and how they will account for the carve out of Kaiser. There is an opportunity for us to advocate for them considering the increased acuity of the membership as a public health emergency.

Commissioner Laura Espinoza asked if the Kaiser decision has been finalized. CFO Bishop stated it is a done deal. CFO Bishop stated within a county organized health system, all Medi-Cal membership goes through the county organized health system. The State is directly contracting with Kaiser, and members can choose to go with Kaiser rather than Gold Coast Health Plan. Commissioners Corwin and Pupa agreed this defeats the spirit of what we are doing.

Tangible Net Equity Comparison was reviewed, and it represents our tangible net equity as a percent of required going back to 2016. This compares us to other local health plans and county organized health systems. Gold Coast Health Plan was 460% of the required and we have made a significant improvement, but it is still the lowest in the state.

Membership is a very significant factor in the budget. It continues to grow through October. We assumed a high of about 240,000 members. Before the public health emergency, we were at 194,000. Within the budget we would end the year at approximately 209,000 members. In review of membership, our growth over the past several years has really been in the adult and adult expansion aid categories.

In review of revenue assumptions, our budget is updated every month on a flexible basis, which changes membership, and we do that by major category of aid. We have estimated a slight decrease in calendar year 2022 rates within the budget, and we have gone forward and estimated our 2023 rates. Typically, we can estimate our next calendar year's revenue with a high degree of accuracy because the State doesn't change their trend factors very often. Calendar year 2023 is the first year that would have been based on calendar year 2020 and that was the first

year of COVID. If the State had justified their standard process, it would be very detrimental to all the plans. We have been asked to submit more current data through June 2021. We know that we will be looking at the 2021 experience and trending that forward.

We have adjusted based on what the State asked us to do which could change when we get final rates. Commissioner Pupa asked since this is unprecedented, do the plans have any input as far as how the individual years are weighted and could they potentially put a little bit more weight through the numbers through June versus 2020. CFO Bishop replied they have indicated they would, and there have been many conversations, and work in a group called the Small Rates Work group.

CFO Bishop stated we have had discussions with the State, and they have indicated they are looking at both 2019 but also looking at current data. The State is in a better position now with a budget surplus; hopefully in 2023 that will get factored in. There are some directed payments such as Prop 56, where we get revenue from the State and basically a pass through to the provider which we have included.

There is approximately \$25M available with the CalAIM incentive funding for the upcoming year and we are aiming to earn every cent of that in the budget to be conservative. We assume we earn about 75% of that funding and 85% of that gets distributed to providers.

We have included revenue for Enhanced Care Management, and it has what is called a Medical Loss Ratio (MLR) requirement. If the state under-funds us, they would give us more money, if they over fund us, we would possibly owe money back to the State.

CFO Bishop reviewed Total Capitation Revenue by Component. She stated the revenue we are projecting will be close to a billion dollars and if the public health emergency got extended beyond October, we would likely exceed a billion dollars based on these estimates. Over \$810M of the total funding is the medical expense component, we have just over \$93M for the managed care organization tax and then \$76M for administrative and that margin or risk component is just under \$16M.

The Medical Expense Assumptions were reviewed. We have projected forward medical expenses assuming that they get to the 2019 levels, and then trend forward consistent with what the state uses on the revenue side, which is anywhere between 2-4% depending on the category of service. Capitation is between 2% and 4%. We assume we would get back to those higher levels. The only exception within the budget was mental health expenses which increased with the pandemic, and we have estimated within the budget if it stays at that higher level.

Long-term care facilities with the pandemic received a 10% increase, and we assume that once the public health emergency goes away that the 10% also will

go away. We have 85% of what we earned allocated to providers. We have our ECM expense and we included about \$100K per month for community support.

CFO Bishop reviewed the Medical Expense budget. We have an increase in our capitation expense and a good portion of that is related to our provider contract which is set as a percent of our premium. They are on an old rate schedule. We must get caught up with that provider in addition to some other contractual changes that we have estimated. Our fee for service expenses, looks like a 9% decline. If you consider the pharmacy carve out, it is an overall increase of about 4%.

All our fee for service expenses, we are estimating we get closer to 2019 and that it trends forward from there. In October there was a decline, assuming that the long-term care facility rates decreased by 10%, and annually in 2024, there is a bump up in our expenses and that is the Kaiser carve out.

Inpatient FFS Medical Expenses and Outpatient FFS Medical Expenses was reviewed. Our outpatient expenses have decreased somewhat substantially and then bump up because of Kaiser.

Long-term care facilities are staying steady, a 10% decrease in October and then every January that step up is the estimated 4% increase. Mental health utilization has increased quite substantially, and we continue to project that. It will stay at that higher level, which is very good for our membership.

Commissioner Laura Espinoza asked if this is just full-time FTEs for Gold Coast and does not include any contracted positions that we may need in the future. CFO Bishop stated that it would be included in either temp labor or consulting services in the report.

CFO Bishop stated that our view is how we fulfill the mission and that is what we start with as we go through the administrative budget, and we look at what will take for us to fulfill our mission. These are the performance goals that are within the strategic plan. Our outlook for the administrative budget is how can we achieve the goals that we set forth in the upcoming year.

The Administrative Expense Budget was reviewed. We are currently running at \$53.8M to the end of this fiscal year; we budgeted \$62.4M. The biggest drivers of what we are currently running, and what we are budgeted, are related to higher than anticipated vacancy rate and we are trying to remediate. The project portfolio where we did not accomplish some of the investments we had intended in the current fiscal year and are now carrying forward to the new upcoming budget.

We have assumed a 3% one-time cost of living adjustment that we typically don't provide, but because of the circumstances around inflation and the significant need to retain talent, we have included that one-time adjustment, as well as the 4% merit pool and we have targeted a 10% increase to salaries.

Based on our Executive HR Director's analysis, we are about 10% below where we should be. We have included another 3% for promotions and potential equity adjustments based on a compensation analysis. Commissioner Espinosa stated that in a previous discussion it was up to 10%, where does the additional 3% come from. CFO Bishop stated it is a pool allocated for promotions and equity adjustments. Michael Murguia and his team will be conducting a compensation analysis with an outside vendor. We have a pool available for equity adjustments and key areas where needed. Commissioner Espinosa stated one of the things she mentioned for transparency to the Finance Committee was trying to stay on track with the mission, which may not even be enough to retain who we currently have, and then to attract new people to the organization. She added she was open to a little flexibility, because she was wondering what it was last year versus this year. Commissioner Corwin reviewed the adjustments and stated when you recruit new people they will be at the higher rate.

Michael Murguia, Executive Director, Human Resources, stated that prior to joining Gold Coast Health Plan two years ago, the merit was cancelled in 2020, which put us behind. We have tried to get ourselves positioned, with the market being as volatile as it is, we continue to fall behind. We have had many offers declined because people counter with bigger, better offers. Mr. Murguia stated we are most concerned about our established talent, and not losing it and it is not just a monetary thing. We have a few goals and initiatives around career development, reward statements, courses for people, and management, development, and engagement of our employees. We want them to feel valued and appreciated and we have to be able to compete and reserve money to retain our best people.

Commissioner Espinosa stated she knows there is an increase in travel, especially with DEI training, and will be critical to CalAIM accomplishments. Experts could be brought in which will reduce travel to conferences, etc., something to consider, and it is expected that we will be doing a lot more training. Mr. Murguia stated the training being designed within our facilities and will include everything around diversity and inclusion and will be woven in every part of the training we are offer. Commissioner Espinosa thanked Mr. Murguia for the information noting it is usually the first thing cut out of a budget and is pleased to see there is additional funding in that area. Mr. Murguia stated the training organization is a county organization that is a minority, and female owned. CFO Bishop stated training is something that has been cut the past few years (even pre-pandemic) with our financial position, which was unfortunate.

CFO Bishop said that in our budget we typically estimate about a 6% vacancy factor. We increased it to 15% based on the current market. We are adding over 50 positions, 6% seemed a little bit unrealistic at this point. CEO Liguori stated we started the year at a 20% vacancy, so one in every five seats were unfilled. Commissioner Pupa stated the immediate increase is going to take effect July 1st with the 3% COLA and the 4% merit. CFO Bishop stated we are waiting until the

budget is approved. Michael Murguia stated we are in the middle of performance reviews now. Once approved and budget is received, it will be communicated to the employees, and it will be retro to the first week of July for payment. Commissioner Espinosa asked if the performance reviews originally were in October and if that's not a fixed timeframe any longer. Mr. Murguia stated it was changed last year to align us with our budget year. CFO Bishop said it had been based on the prior fiscal year but there was a gap between when you were finalizing the performance reviews, and the performance period. Commissioner Pupa asked about the COLA, merit and equity adjustments and if it will be upwards to 9% or still around 7-8%. Mr. Murguia stated that once the compensation assessment is completed, we can't predict whether everybody will receive an adjustment. 18 months ago, approximately 25% of the organization was adjusted. Potentially 40% of the organization might get an additional 2-3% and that will put them almost at the 9% or 10% mark, but it would not be inclusive of the entire organization, we can't afford that. Commissioner Pupa stated this goes back to Commissioner Espinosa's concern about ensuring we are paying people enough so we can retain them.

CEO Liguori said this is about keeping our staff; we asked everyone to work remotely two years ago. We asked them to be just as productive as they were in office. To reward this effort, we gave employees a \$1,500 appreciation for last year's efforts, apart from the executive team. Commissioner Pupa stated \$1,500 is great but it would have been good if we could have done more because there were a lot of sacrifices for employees that stayed.

CEO Liguori said we have identified those individuals with promotions and those who shouldered so much work. We plan to promote long overdue promotions, and we are implementing sub-director promotions, non-leadership promotions. We have tried to find the right balance and are very concerned about financial discipline. In a discussion with CFO Bishop, Commissioner Pupa stated our staff are the "meat and potatoes" of what we do. CEO Liguori thanked Commissioner Pupa for the support. CFO Bishop stated there has been quite the strain on the organization and things were held to a lower level and it has cost us in many ways including loss of staff, mistakes, reputational and regulatory harm. Commissioner Corwin stated it is important for the new leadership to address these issues.

CFO Liguori stated the demand for our talent is great, and all health plans are competing. LA Care is hiring on a permanent remote basis for all operational staff. That is a draw for some of our individuals who want this type of long-term permanent arrangement. Plans who are interested in the procurement for 2024 are also gearing up by building organizational, and operational capacity to do the work. They are hiring now to have readiness, and the broader industry continues to grow. There is a very small pool, lots of demand, and we hear from our staff all the time there are opportunities. Our compensation philosophy is to be at the mid-point of the market – not above. We are at 10% below, and because of that, we

are losing people and we continue to hear the number one reason we can't acquire talent in the market, is that our salary levels are not competitive.

CFO Bishop reviewed Salaries, Wages and Benefits. Part of Mr. Liguori's authority as CEO, we have added an additional 22 positions. In addition, we have 31 new positions that are proposed within this budget. Some of the positions being added in health and quality are specialized skills sets. There is an investment in clinical care managers, health navigators, utilization management, medical informatics, director, quality improvement and provider relations and contract specialists.

In Data and Technology, we have a focus on interoperability, business systems analysis, application architects, IT network and systems engineer, data analyst technicians. With the growth of staff, we obviously need more desktop technicians, a site reliability engineer and a software quality assurance analyst.

We are adding to our grievance and appeals, delegation oversight, and change control. The change control is basically to any changes that are implemented at Conduent to really oversee that process as it can have both regulatory implications and financial implications to not oversee those operations analytics. There is also a large focus on Provider Network Operations being able to service our providers and answer their questions. We are looking at investing in our staff and training because of the release of COVID restrictions. There is a focus on staff training and development.

Outside Services was reviewed. The biggest driver is payment to Conduent. Professional Services was reviewed. There is an increase of approximately \$1M on the Without Enterprise Project Portfolio. The majority of that is training, some recruiting services and the biggest is legal fees. We are over budget on our legal costs. We also have an additional audit that we need to budget.

Alan Torres, CIO, reviewed the Project Portfolio. The focus will be on the top three that make up about 80% of our overall investment spend for the next year. We are at least three years behind the technology curve. The issues we have led us toward member provider abrasions and inaccuracy in our financial reporting. CalAIM is going to force us to look and change the way we use data within the organization. There are also new data sets coming into the organization as a result of CalAIM's social deterrent of health information, a lot of which we do not store today. There are several incentive programs associated with CalAIM, so we have almost \$25M at stake. We must maximize incentive dollars and it starts with the investments we make within the CalAIM program.

There will be a significant technology investment in IPP funding that will serve for the foundation for population health as well. CalAIM is the first main project in the portfolio. We have scrutinized each project in the portfolio to make sure it does align and address our business imperatives.

We feel confident that these are the right investments to make, and they are targeted, and we are acting with a sense of urgency because we have a lot of ground to make up, as we are three years behind the technology curve.

Commissioner Pupa asked if this would include staffing. CIO Torres stated it does not include staffing. Commissioner Corwin stated this will be a combination of capital operating. CIO Torres stated these investments should be primarily capital. There is an expensive component, but it's primarily capitalized.

We have discussed the Enterprise Data Warehouse (EDW) and the need for us to support our data needs accurately and securely, and how the data flows across the organization to support our analytical needs, population health, our financial needs and discipline. This will be the foundation of what we do as an organization that will propel us into the future. This will be a multi-year effort. Commissioner Corwin asked if the \$2.4M is for the platform and if it includes the overlay tool to extract the data or just the warehouse itself. CIO Torres stated it will be a combination of both. It will probably be a two-year effort. The first year is going to be consistent with the foundation, physical data bases required, data cubes, as part of our visualization of data and how it is consumed by our users, whether it is from a finance perspective or clinical perspective for population health. Almost equally important, the data needs to be timely, needs to be accurate, and well understood throughout the organization. In most data warehouses, there is typically a 24-hour latency between your transactional systems to your data warehouse. In our case, sometimes it is beyond 24 hours; this is a huge problem. The direction the industry and leading health plans are going to real time data.

Commissioner Corwin stated this will be a risky proposition. He added he has seen companies spend and get nothing for \$2.5M and \$2.4M is way too light for that load. Ultimately the Commission should approve what you are recommending. CIO Torres stated when he worked at Health Net, they spent \$11M over 2-1/2 years. In reviewing the footprint here, this is only year one. We will be looking at the same spending for year two – about \$4M.

The third item, Operational Modernization and planning for the future we will need to go to RFP's. We want to hit the ground running early next year and support our timeline as it exists today and some of our high-level planning assumptions.

The total portfolio span is just a little over \$10M, which is about a \$4M increase over the current year. Commissioner Pupa asked about staff augmentation and the staff is included in the 2.5 additional FTE. CIO Torres stated this is contracting labor. We have temp labor and in most cases it's contract to hire. Once the associates arrive, then the contractors ramp down. This will give us the ability to continue to move forward.

CEO Liguori asked Executive Director, Human Resources, Michael Murguia, to discuss the time to hire. Mr. Murguia stated typically a best in practice is 75 days

from the time you open a requisition to the point you get an acceptance and 30-day waiting period for the person to show up. Currently Gold Coast is filling jobs at about 64 days, but the individual isn't really showing up until almost the 90th day.

CFO Bishop reviewed the Historical View and Comparison slide. Historically we have run under budget which has had an impact on the organization. The State assumed that we would increase our admin cost ratio of over 1%. We are still in line with other county organized health systems. We do not know what they are budgeting but would expect that they would increase as well.

The Signature Authority Policy was reviewed. In order to expedite some of the contract approvals and limit what we are bringing to the Commission on a monthly basis, we have included a very detailed list in the appendix of our budget with all of our contract renewals. Our signature authority policy was revised several years ago to delegate approval to the CEO for all transactions associated with our projects and the contract renewals listed in the approved budget.

In review of the upcoming fiscal year budget, there is an overall net gain of approximately \$39.7M. CEO Liguori noted that if a contract is entered or higher than \$100K, it will be presented to the Commission. CFO Bishop stated if it is a new contract, then it goes to the Commission for approval. If we are estimating that it would be over \$100K, basically for the life of the contract, we would bring to the Commission.

Commissioner Abbas stated he understands the 7% increase versus 10% increase and is all for the staff. However, from management's standpoint you must know where to draw the line and know how your budget works. Commissioner Corwin stated these are big dollars, and maybe aspirational, because getting it all done is going to be the biggest challenge. Commissioner Pupa stated this is a much-needed investment for the future of Gold Coast. General Counsel, Scott Campbell stated in looking at other health plans we have some work to do and now we have an opportunity with CalAIM giving us some funds as well as the fact that our TNE is up that we have a unique opportunity and then with CEO Liguori who has done this for other health plans to look at this and get it done while we have the opportunity. Commissioner Pupa thanked Michael Murguia for his work on classifications, where we need to be, and doing the analysis. We need to appropriately pay our folks so that we can retain them.

Commissioner Espinosa asked about the vendors on Page 90 as she does not see anyone that has a Latino surname. This is a large segment of our community and there may be other minority companies, or female owned, but didn't see any listed. Michael Murguia stated he would send her the information separately as he is working with our Procurement Department finalizing our contract and didn't think it would be fair to list until everything has been finalized. He noted the individual is a Latina and has been in the community for 22 years and is located in Camarillo

Commissioner Swenson motioned to approve the 2022/2023 Operating and Capital Budget. Commissioner Abbas seconded.

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

NOES: None.

ABSENT: None.

The Commission moved to Closed Session #2 at 5:46 p.m.

CLOSED SESSION

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

General Counsel, Scott Campbell stated there was no reportable action in Closed Session #2.

ADJOURNMENT

The meeting was adjourned at 6:21 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Community Advisory Committee
FROM: Maddie Gutierrez, MMC - Clerk to the Commission
DATE: November 16, 2022
SUBJECT: Approval of the 2023 Executive Finance Committee Meeting Calendar.

SUMMARY:

To establish the Executive Finance Committee meeting dates for the 2023 calendar year.

RECOMMENDATION:

Approve the 2023 Executive Finance Committee calendar as presented.

ATTACHMENTS:

Copy of the 2023 Executive Finance Committee meeting dates.



2023

Exec. Finance Committee Meetings

Exec. Finance Meeting
3:00PM - 5:00PM

January						
Su	M	Tu	W	Th	F	Sa
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