

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

**Executive Finance Committee
AGENDA**

Regular Meeting

Thursday, January 23, 2025 – 3:00 p.m.

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

Conference Call Number: 805-324-7279

Conference ID Number: 145 323 259#

147 N. Brent Street
Ventura, CA 93003

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 of November 14, 2024 and Special Exec. Finance meeting of December 10, 2024**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

FORMAL ACTION

2. Preliminary December YTD Financials and FY 2024-25 Revised Budget

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Receive, file and approve the revised budget

3. Advance Payment Agreement

Staff: Felix L. Nunez, M.D., MPH, Acting Chief Executive Officer
Leeann Habte, BBK Law

RECOMMENDATION: The GCHP recommends that the Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute the Advance Payment Agreement in the amount of \$26,000,000 with the County of Ventura.

CLOSED SESSION

4. PUBLIC EMPLOYEE APPOINTMENT

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 – Sr. Clerk of the Board

DATE: January 23, 2025

SUBJECT: Meeting Minutes for regular Exec. Finance meeting of November 14, 2024
and Special Exec. Finance meeting of December 10, 2024

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copies of the Executive Finance Committee regular meeting minutes of November 14, 2024 and Special Exec. Finance meeting of December 10, 2024

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

November 14, 2024

CALL TO ORDER

Committee Vice Chair Dee Pupa called the meeting to order at 3:03 p.m. The meeting was held in the Community Room, 711 E. Daily Drive, Suite 110 Camarillo, California.

ROLL CALL

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

Abstain: Commissioner Laura Espinosa (address was not posted on the agenda)

GCHP Executive Team in attendance: Acting CEO Felix Nunez, M.D., CHR Paul Aguilar, CIO Eve Gelb, CCO Robert Franco, CFO Sara Dersch, Acting CMO James Cruz, M.D., CDO Ted Bagley, Erik Cho, CPPO, General Counsel, Scott Campbell, and Leeann Habte of BBK Law.

GCHP Staff In attendance: Lupe Harrion, Anna Sproule, Kimberly Marquez-Johnson, Mayra Hernandez, Michael Mitchell, Pauline Preciado, Greg Antonino, Susana Enriquez-Euyoque, Paula Cabral, Sandi Walker,

PUBLIC COMMENT

None.

CONSENT

1. Approval of Executive Finance Committee regular meeting minutes of October 24, 2024

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

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

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Anna Monroy, and Dee Pupa

NOES: None.

ABSTAIN: Commissioner Laura Espinosa

The clerk declared the motion carried.

FORMAL ACTION

2. September Year to Date Financial Results

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Receive and file the report.

CFO Dersch stated that we are exactly where we thought we should be, and we continue to be a fiscally healthy organization. Our TNE as of the end of September is 358.8 million and the state required TNE is 37.2 million. We do have a 700% TNE requirement now that was approved by this commission last June, and that required TNE is \$260 million. That gives us approximately \$100 million in excess. Our results continue to demonstrate that we are managing this excess thoughtfully.

Highlights for September are that the revenue continues to fall short of our budget, which is driven primarily by the membership misses that we are having. However, the membership mix continues to be favorable.

We are almost caught up with everything that was backlog in claims processing and as a result we were able to relieve our IBNR/IBMP by \$10 million. In the month of September, because we were catching up, from a volume perspective, our total claims costs are going up, but we are not seeing anything from a PMPM perspective that would give us concern. September was a quiet month.

CFO Dersch noted that the project portfolio for OOTF is catching up and the future costs are approximating budget. We have the revised OPS of the future budget where we will be working those dollars into our total revised budget that will be presented soon.

Commissioner Abbas asked if the budget that was approved is not part of the September budget. CFO Dersch stated that is correct, those numbers will be included in our full revised budget.

CFO Dersch reviewed results by category by service. There is nothing to call out on the categories because this is a catch-up month and most of the line items are within where we thought they would be. She also noted that we will be bringing the reserve down by a few more million dollars, so she expects to see that inpatient unfavourability start to even out. From a medical cost perspective, we are exactly where we thought we would be.

The rate, actions, and advocacy for 2025 we do not have any additional news from the state yet. They are aggressively going back and recalculating 2025 rates. We hope that by mid-January we will have additional insight into positive improvements in those 2025 rates. The revised budget will be presented in the January commission meeting.

CFO Dersch stated that as part of our promise to complete transparency on how we are spending the OPS of the Future dollars, we have all the fiscal year to date vendors listed along with costs.

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

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Anna Monroy, and Dee Pupa

NOES: None.

ABSTAIN: Commissioner Laura Espinosa

The clerk declared the motion carried.

3. Conversion of Fiscal Year

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Approve the plan to convert the fiscal year to follow the calendar year.

CFO Dersch stated that we currently have a fiscal year that begins on July 1 and ends on June 30th. This is the fiscal year that the state and DHCS used to follow for rate development. It is a best practice from an organizational perspective to have the fiscal year mirror the business cycle. Our business cycle is now January 1 to December 31st. Our rates are effective January and go through December 31st. This is the same business cycle that Medicare is on. In addition, we have regulatory reports that follow that same fiscal year cycle. We are recommending that we adopt a new fiscal year by

adopting the calendar year. There are no risks with this. We will have what is called a stub year. This current fiscal year will end on June 30th. July 1 through December 31st will have a shortened fiscal year, a step period. We will have an audit on the six-month period and will have an approved budget at time. We will then have a new budget that will be effective January 1 through December 31. This will change our annual budgeting cycle. We want to try to get the budget approved earlier in the year. This change will also allow us to better prepare fiscally for the new year, get our accounting set up, get reporting set up, get resources set up so that we have more than just a few days to make any changes we might need to make.

We will also work with Mr. Aguilar and his team on moving performance goals to follow the new fiscal year. CFO Dersch also noted that approximately half of the local plans have already made this conversion.

Commissioner Pupa stated that she would gladly do this with her plan, but because they are government, and their budget is on a fiscal year, but everything else with DMHC is on a calendar year.

Commissioner Abbas motioned to approve the conversion of the fiscal year as presented. Commissioner Monroy seconded the motion.

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Anna Monroy, and Dee Pupa

NOES: None.

ABSTAIN: Commissioner Laura Espinosa

The clerk declared the motion carried.

4. FY 2024-25 Duals Special Needs Plan (D-SNP) Revised Operational Readiness Costs

Staff: Eve Gelb, Chief Innovation Officer
Sara Dersch, Chief Financial Officer
Robert Franco, Chief Compliance Officer

RECOMMENDATION: It is GCHP's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care Commission to approve up to \$5.3M additional budget for D-SNP operational readiness for the remainder of the 2024/2025 Fiscal Year.

CIO Gelb stated that they will be presenting on right-sizing the D-SNP budget. She stated that she would like to share the regulatory schedule. She noted that we are on track and moving quickly.

CCO Franco stated that with the onset of the D-SNP program all the plans have created subgroups for compliance operations and the administration of it. All plans are doing something similar to one another. We are all under the same timeline and at about the same place as well. We are making good progress.

CIO Gelb stated that we have filed our notice of intent to apply to CMS, and this is non-binding. This is a very important step because it gets us access to HPMS, which is basically how you submit and get things from Medicare.

We have filed the notice, and we have been given our contract number, which drives everything else that we do from here. The next two things coming up is submission of our Model of Care and our application to CMS which includes our network. Everything in terms of our regulatory filing is on track.

We would like to focus on the operational systems and status. Regulatory, we have two; main work streams all the regulatory things we must do and then all of the operational things we have to do while the regulatory items are all on track, the operational things, it is a mix. There are some things on track and some that are slightly behind. We have slight delays, and they will be on track in the next week, and there are some things that are more delayed.

We have held out kickoff for our PBM, that started this week. Contracts are in place. We are close to getting our vision provider as well as our behavioral health provider. We have skilled nursing facilities, contracted dialysis facility and hospitals contracted. We also have software which will determine our network adequacy so that we can work to fill the gaps. There is a requirement with the state that we would have a 90% crossover with our medical network for primary care. We are also on track is our bid planning and financial system build. The approval to switch to an annual financial cycle is a great step in this process because all reporting happens this way.

Milliman will be working with us to develop our bid and will be bringing that bid to this committee and to the Commission in April.

Our Model of Care design is a very complex structure with lots of rules and regulations. It is how you build the care delivery and provider network and measure your quality. We have completed our initial review.

The other item that has a slight delay is benefit design. This delay we intentionally slowed things down because we wanted to get feedback from our members. We are

trying to balance and deliver what is going to be meaningful to our members. We must do all that before the bid. We will have three cycles of the bid – the initial bid, a next bid and the final. The middle bid will be presented to this committee for review and feedback. Supplemental benefits will also get adjusted after CS releases certain benchmarks. If CMS releases something that says you need to spend more money, then we ratchet up on the supplemental benefits, if they say we are over the benchmark then we ratchet down.

CIO Gelb reviewed risks, issues, and lessons learned from OOTF. She then reviewed the mitigation plan which included avoiding delays by bringing in subject matter expertise and bandwidth by hiring D-SNP staff sooner than originally planned. CIO Gelb that reviewed the staffing proposal which is a total of twelve D-SNP hires in the 2024/2025 fiscal year. She also reviewed the proposed fiscal year 24/25 additional budget request for Operational readiness success. The revised budget will range from \$7.1M to \$7.6M, depending on the need for a Third-Party Administrator for core operations.

Commissioner Pupa motioned to approve the D-SNP revised operational readiness costs as presented. Commissioner Corwin seconded the motion.

Roll Call Vote:

AYES: Commissioners Anwar Abbas, James Corwin, Anna Monroy, and Dee Pupa

NOES: None.

ABSTAIN: Commissioner Laura Espinosa

The clerk declared the motion carried.

The Open Session of the meeting ended at 4:11 p.m.

Closed Session began at 4:15 p.m.

CLOSED SESSION

5. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Commission &
Chief of Human Resources & Organization Performance Officer
Unrepresented employee: Chief Executive Officer

6. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Executive Officer

ADJOURNMENT

There was no reportable action. The meeting adjourned at 5:38 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

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

December 10, 2024

CALL TO ORDER

Committee Vice Chair Dee Pupa called the meeting to order at 3:06 p.m. The meeting was held via teleconference. The Clerk was in the Community Room, 711 E. Daily Drive, Suite 110 Camarillo, California.

ROLL CALL

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

GCHP Executive Team in attendance: Acting CEO Felix L. Nunez, M.D., CHR Paul Aguilar, CDO Ted Bagley, and Scott Campbell, General Counsel.

Guests: Lu Miller, and Lisa Coyne of Morgan Consulting

PUBLIC COMMENT

None.

General Counsel, Scott Campbell stated that Commissioner Corwin had to move from the posted location due to fires in the area.

Commissioner Abbas motioned to approve the move to a different location. Commissioner Monroy seconded the motion.

Roll Call Vote:

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

NOES: None.

The clerk declared the motion carried.

Open session ended at 3:08 p.m.

Closed Session started at 3:10 p.m.

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Commission &
Chief of Human Resources & Organization Performance Officer
Unrepresented employee: Chief Executive Officer

2. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Executive Officer

ADJOURNMENT

There was no reportable action. The meeting adjourned at 3:29 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission



AGENDA ITEM NO. 2

TO: Executive Finance Committee

FROM: Sara Dersch, Chief Financial Officer

DATE: January 23, 2025

SUBJECT: Preliminary December YTD Financials and FY 2024-25 Revised Budget

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

FY 2024-25 December YTD Results and Revised Budget

FY2024-25 December YTD Results and Revised Annual Budget

Executive Finance Committee
January 23, 2025
Sara Dersch, Chief Financial Officer

Executive Summary

December YTD Results

- Premium revenue variance of \$5.4M driven by lower membership offset by slight rate favorability
- Investment income continues to be favorable to budget
- Medical cost unfavorability is primarily result of Dignity contract combined with PCP and Mental Health utilizations
- We continue to release reserves as a result of prior months' claims "completing" at lower-than-projected rates

FY2024-25 Revised Annual Budget

- The Revised Budget is built using July through December actuals and January through June projections; we refer to this as a "6+6" view
- Emerging experience not known at the time of the 2024 calendar year rate assignment combined with a modified rate development methodology by the State has resulted in premium rate increases for half of our Categories of Aid; overall revenue impact is an 8% increase over original projected rates of roughly \$10M
- Revised medical cost projections are influenced by a combination of increased PCP utilization and revised contractual rates with providers; note: medical loss ratio remains healthy at 89.0%
- Administrative costs have increased primarily as a result of:
 - continued refinement of Operations of the Future (OOTF)
 - a more-informed development of our Medicare launch
 - expansion of Call Center staff

Financial Results December YTD Summary

Item	Actual	Budget	Explanation
December Membership	245,627	250,274	Child, Expansion and Adult membership cohorts are driving the variance
Premium Revenue <i>Revenue pmpm</i>	\$543.3M \$368.68	\$537.9M \$358.70	Rate driven favorability offset by volume
Investment Income	\$10.3M	\$8.0M	Favorable Interest Rates
Medical Cost <i>Medical Costs pmpm</i> MLR % (% of premium)	\$462.7M \$313.94 85.2%	\$460.4M \$307.06 85.6%	Increased Dignity rates coupled with higher utilization in the Adult Expansion, Adult, and SPD cohorts
Quality Strategy (Grants/Incentives)	\$34.1M	\$41.3M	Alignment of Quality Strategy spend with available reserves
Administrative Cost	\$48.6M	\$48.9M	Spend approximates budget
Operations of the Future (OOTF)	\$11.4M	\$6.7M	Continuation of expanded stabilization plan
Net Income/(Loss)	(\$3.2M)	(\$11.4M)	Favorability primarily attributed to reduction of Quality Strategy payments
TNE	\$362.5M	\$351.7M	We are at 978% of required TNE

Revised Budget Summary of Changes

Item	Original	Revised	Explanation
Year-End Membership	251,125	244,620	Membership reductions in Child SIS and Adult SIS & UIS
Premium Revenue <i>Revenue pmpm</i>	\$1,073.3M \$356.16	\$1,084.7M \$368.76	Rate increases of 8% driving higher revenue in Adult Expansion and Child population despite reduction in overall volume
Investment Income	\$16.0M	\$18.0M	Investment performance is better than originally budgeted
Medical Cost <i>Medical Costs pmpm</i> MLR % (of premium)	\$925.7M \$307.18 86.2%	\$965.9M \$328.35 89.0%	Increasing utilization trends in Behavioral Health, Primary Care, Specialty, and FQHC in Adult, Child and SPD-LTC categories of aid; Inpatient unit cost is also trending up in the Adult population; the Quality Administrative Costs reclassification is reduced
Quality Strategy (Grants/Incentives)	\$82.5M	\$52.6M	Alignment of Quality Strategy spend with available reserves
Administrative Cost	\$96.0M	\$113.1M	The increase reflects continued investment in the Provider Call Center and a reduction in the administrative reclassification to Medical Expense
Operations of the Future (OOTF)	\$4.0M	\$21.5M	Commission-approved continued investment
D-SNP Readiness	\$2.4M	\$4.8M	Commission-approved continued investment
Strategic Initiatives	\$6.9M	\$0	Strategic Initiatives have been rolled-up into Administrative
Net Income/(Loss)	(\$28.2M)	(\$55.1M)	Quality Funding and Infrastructure Investment drive the deficit

2025 Rates: Original Budget Compared to Final

Category of Aid	2024 Rates	2025 Rates (Budget)	2025 Initial (Oct)	2025 Initial (Dec)	2025 Final (Dec)	2025 Final Membership
Adult - SIS	\$ 339.69	\$ 368.95	\$ 328.27	\$ 334.88	\$ 341.29	24,750
Adult - UIS	\$ 480.75	\$ 551.79	\$ 413.61	\$ 420.93	\$ 385.37	15,065
Adult Expansion - SIS	\$ 339.63	\$ 343.99	\$ 344.10	\$ 351.27	\$ 405.72	67,403
Adult Expansion - UIS	\$ 559.76	\$ 557.23	\$ 552.00	\$ 563.25	\$ 558.41	12,434
Child - SIS	\$ 108.75	\$ 109.51	\$ 110.58	\$ 112.96	\$ 129.44	87,333
Child - UIS	\$ 102.30	\$ 125.01	\$ 104.05	\$ 106.25	\$ 107.12	3,958
LTC Dual - SIS	\$ 650.41	\$ 649.34	\$ 618.72	\$ 630.68	\$ 596.26	630
LTC Dual - UIS	\$ 502.67	\$ 502.13	\$ 606.01	\$ 620.27	\$ 724.65	6
LTC Non-Dual - SIS	\$ 1,268.91	\$ 1,281.00	\$ 1,193.38	\$ 1,216.03	\$ 1,248.60	29
LTC Non-Dual - UIS	\$ 1,290.23	\$ 1,325.12	\$ 1,446.82	\$ 1,478.10	\$ 1,539.34	20
SPD - SIS	\$ 1,311.31	\$ 1,282.78	\$ 1,203.30	\$ 1,222.19	\$ 1,248.60	6,035
SPD - UIS	\$ 1,348.14	\$ 1,337.48	\$ 1,446.65	\$ 1,477.88	\$ 1,539.34	1,307
SPD Dual - SIS	\$ 655.58	\$ 649.29	\$ 618.72	\$ 630.68	\$ 596.26	25,532
SPD Dual - UIS	\$ 513.29	\$ 502.37	\$ 606.01	\$ 620.27	\$ 724.65	119
FY 2025 Final Projected Membership						244,620

Note: Font color in "2025 Final" column indicates favorable (green) or unfavorable (red) change from original budget projections.

FY2024 -25 Headwinds & Tailwinds

The items below represent in broad categories those areas that could change the trajectory of our current planned deficit.

- Utilization (impact: small to large)
- Targeted Rate Increase (impact: small to medium)
- State fiscal actions (impact: small to medium)
- Federal fiscal actions (impact: small to medium)
- Unanticipated provider rate increases (impact: small to large)

Quality & Access Funding Strategy

Quality Incentive Programs

- Quality Incentive Provider Pool (QIPP) continues in 2025
- Hospital QIPP launches in 2025 and will continue into 2026
- Access-based Incentives: Launching mid-2025

2024 Grant Programs Recap

- 90 provider recruitment grants approved (over \$13.6M) with 46 new providers already funded
- 393 pieces of equipment approved (over \$1.6M)

2025 Resilience, Innovation, Sustainability, & Equity (RISE) Grant Program

- Professional management by Institute for Healthcare Improvement (IHI) allows for expansion of grant program to Community-Based Organizations
- Applications launch in January

Labor Expense by Category

Gold Coast Health Plan - Headcount Fiscal Year 2024-25
FY 2024-25 - January 8, 2025

Function	EMPLOYEE COUNT				CONTINGENT WORKERS				Total Resources	
	Active Headcount [†]	Open Requisitions	Revised Budget YE Headcount 2024/25	Original Budget 2024/25	Percentage of Total Headcount	Temp Roles	Contractor / Consultant Roles	Total Contingent Workers [†]	Total Resources	Percentage of Total Resources
Health Services	129	5	134	134	30%	2	2	4	138	24%
Operations	92	13	105	65	23%	5	42	47	152	27%
Information Tech	56	6	62	55	14%	13	5	18	80	14%
Policy & Programs	41	3	44	54	10%	0	0	0	44	8%
Compliance	20	2	22	21	5%	1	0	1	23	4%
Finance & Accounting	18	2	20	18	4%	3	0	3	23	4%
Executive & Administration	11	3	14	16	3%	0	0	0	14	2%
Member Experience and Ext Affairs*	31	4	35	19	8%	0	0	0	35	6%
HR&Facilities	11	1	12	11	3%	1	1	2	14	2%
Innovation / DSNP	2	2	4	6	1%	0	0	0	4	1%
Strategic Initiatives	0	0	0	0	0%	0	0	0	0	0%
Grand Total	411	41	452	399	100%	25	50	75	527	93%

*Community & Member Relations & Communications combines under Member Experience and Ext Affairs

[†]Outsourced Labor (BPO) excluded: 41 in Operations - Netmark

† Includes 9 positions for which offers have been accepted

Headcount Status	Revised Headcount	Commission Approval
Original Budget	399	Jun-25
D-SNP Adds	11	Nov-25
Provider Call Center	27	Oct-25
Mail Room Staffing	13	Oct-25
CEO Adds	2	
Revised Total	452	

CEO Adds	Department
Developer II	Information Tech
Director, Accounting	Finance & Accounting

Gold Coast Health Plan
FY2025 Budget Summary
Updated: January 15, 2025

	Original Budget		Revised Budget		Fav/(Unfav)	Variance Explanation
A. Membership						
Period Ending Membership	251,125		244,620		(6,505)	
Member Months	3,004,113		2,941,574		(62,539)	
B. Revenue	Amount	PMPM	Amount	PMPM		
Base Capitation + Maternity	\$ 1,048,311,251	\$ 348.96	\$ 1,051,799,039	\$ 357.56	\$ 3,487,788	Increase in DHCS Rates. Adult Expansion and Child are the primary variance drivers
Quality Withhold	\$ (3,826,164)	\$ (1.27)	\$ (1,829,941)	\$ (0.62)	\$ 1,996,223	
Enhanced Care Management	\$ 17,753,075	\$ 5.91	\$ 17,202,793	\$ 5.85	\$ (550,282)	
Prop 56 / Hyde	\$ 11,076,455	\$ 3.69	\$ 11,372,855	\$ 3.87	\$ 296,400	
Plan Arrangement	\$ -		\$ 6,181,973	\$ 2.10	\$ 6,181,973	Projected 2024 Rate increase of 8% from DHCS
Totals	\$ 1,073,314,618	\$ 357.28	\$ 1,084,726,719	\$ 368.76	\$ 11,412,101	
C. Medical Expenses:						
1. Fee For Service (FFS):						
Category of Service						
01-Inpatient Hospital	\$ 216,179,634	\$ 71.96	\$ 239,409,359	\$ 81.39	\$ (23,229,725)	\$12M associated with Dignity revised contract and IP unit cost increases in Adults and ACA Expansion
02-Outpatient Facility	\$ 91,342,329	\$ 30.41	\$ 100,653,835	\$ 34.22	\$ (9,311,506)	Increased utilization across multiple COAs
03-Emergency Room	\$ 38,656,616	\$ 12.87	\$ 39,744,451	\$ 13.51	\$ (1,087,835)	
04-Long-Term Care	\$ 184,618,913	\$ 61.46	\$ 175,491,000	\$ 59.66	\$ 9,127,913	Change in rate development methodology
05-Physician Primary Care	\$ 23,012,175	\$ 7.66	\$ 24,955,684	\$ 8.48	\$ (1,943,509)	
06-Physician Specialty	\$ 86,250,542	\$ 28.71	\$ 94,810,773	\$ 32.23	\$ (8,560,231)	Increased utilization in Adult, ACA, OE, and SPD-LTC
07-FQHC	\$ 18,848,776	\$ 6.27	\$ 26,193,437	\$ 8.90	\$ (7,344,661)	Increased utilization in Adult, ACA, OE, and SPD-LTC
08-Other Medical Professional	\$ 4,858,907	\$ 1.62	\$ 4,991,613	\$ 1.70	\$ (132,706)	
09-Mental Health - Outpatient	\$ 23,618,940	\$ 7.86	\$ 39,418,086	\$ 13.40	\$ (15,799,147)	Increased utilization in Child and LTC COAs
10-BHT Services	\$ 17,884,328	\$ 5.95	\$ 9,203,757	\$ 3.13	\$ 8,680,570	Partial offset in Mental Health outpatient
12-Laboratory and Radiology	\$ 9,821,301	\$ 3.27	\$ 10,056,728	\$ 3.42	\$ (235,427)	
13-Transportation	\$ 2,162,439	\$ 0.72	\$ 2,436,029	\$ 0.83	\$ (273,589)	
14-CBAS	\$ 12,127,643	\$ 4.04	\$ 11,440,258	\$ 3.89	\$ 687,385	
15-Hospice	\$ 6,079,895	\$ 2.02	\$ 5,227,187	\$ 1.78	\$ 852,708	
16-HCBS Other	\$ 3,073,344	\$ 1.02	\$ 2,295,177	\$ 0.78	\$ 778,167	
17-All Other	\$ 16,989,511	\$ 5.66	\$ 39,112,406	\$ 13.30	\$ (22,122,895)	Reconciliation between projected rates and YTD actuals
18-Enhanced Care Management	\$ 16,865,421	\$ 5.61	\$ 16,342,653	\$ 5.56	\$ 522,768	
19-Community Supports	\$ 8,120,368	\$ 2.70	\$ 10,044,627	\$ 3.41	\$ (1,924,260)	Utilization of Community Support claims up among all COAs
Totals	\$ 780,511,081	\$ 259.81	\$ 851,827,062	\$ 289.58	\$ (71,315,981)	
2. Provider Sub-Capitation						
Clinicas	\$ 36,694,357	\$ 12.21	\$ 25,160,123	\$ 8.55	\$ 11,534,234	Change in capitation agreement (going to FFS)
VCMC	\$ 15,430,743	\$ 5.14	\$ 16,778,572	\$ 5.70	\$ (1,347,829)	
Dignity	\$ 1,007,023	\$ 0.34	\$ 1,823,343	\$ 0.62	\$ (816,320)	
CMH	\$ 4,800,275	\$ 1.60	\$ 5,419,529	\$ 1.84	\$ (619,254)	
VSP (Vision)	\$ 2,373,265	\$ 0.79	\$ 2,317,332	\$ 0.79	\$ 55,934	
VTS (Transportation)	\$ 16,161,140	\$ 5.38	\$ 15,546,655	\$ 5.29	\$ 614,485	
Other Providers	\$ 786,512	\$ 0.26	\$ 1,204,117	\$ 0.41	\$ (417,605)	
Totals	\$ 77,253,316	\$ 25.72	\$ 68,249,670	\$ 23.20	\$ 9,003,646	
3. Quality Strategy						
QIPP	\$ 50,000,000	\$ 16.64	\$ 41,333,808	\$ 14.05	\$ 8,666,192	Aligning strategic reserves with Quality Strategy
Transitional Rates	\$ 20,000,000	\$ 6.66	\$ (1,279,394)	\$ (0.43)	\$ 21,279,394	Reversal of Behavioral Health withhold
Provider Grant Program	\$ 12,500,000	\$ 4.16	\$ 12,500,000	\$ 4.25	\$ -	
Total	\$ 82,500,000	\$ 27.46	\$ 52,554,414	\$ 17.87	\$ 29,945,586	
4. Other Expenditures						
Prop 56	\$ 9,595,654	\$ 3.19	\$ 10,392,054	\$ 3.53	\$ (796,400)	
Carelon Case Management	\$ 2,500,000	\$ 1.16	\$ 2,500,000	\$ 0.85	\$ -	Not included in EHC File
GEMT	\$ 3,471,857	\$ 1.16	\$ 2,914,025	\$ 0.99	\$ 557,832	
Reinsurance, net of recoveries	\$ 1,900,000	\$ 0.63	\$ 3,870,636	\$ 1.32	\$ (1,970,636)	
TRI Reimbursement Pass Through	\$ 16,945,324	\$ 5.64	\$ -	\$ -	\$ 16,945,324	TRI captured in FFS rates
Claim Recoveries, non-system adjusted	\$ (1,200,000)	\$ (0.40)	\$ (1,200,000)	\$ (0.41)	\$ -	
Total	\$ 33,212,835	\$ 11.38	\$ 18,476,715	\$ 6.28	\$ 14,736,120	
D. MBR Portion of Admn Expenses (Care Coord)	\$ 34,708,829	\$ 11.55	\$ 27,311,311	\$ 9.28		
Total Medical Expenses	\$ 1,008,186,061	\$ 335.93	\$ 1,018,419,172	\$ 346.22		
MBR (with Care Management)	93.9%		93.9%			
MBR (without Care Management)	90.7%		91.4%			
E. Administrative Expenses	\$ 109,319,464	\$ 36.39	\$ 139,418,367	\$ 47.40		

	Original Budget		Revised Budget		Fav/(Unfav)	Variance Explanation
A. Membership						
F. Interest Income	\$ (16,000,000)	\$ (5.33)	\$ (18,000,000)	\$ (6.12)		
Net Financial Position	\$ (28,190,908)	\$ (0.13)	\$ (55,110,820)	\$ (18.74)		

Original Budget vs Revised Budget Summary

Members 244,620
Member months 2,941,574

(\$Ms)		ORIG BDGT		pmpms and %s		6+6 REV BDGT		pmpms and %s		Variance	
Revenue	Premium Revenue	\$	1,073.300			\$	1,084.727			\$	11.427
	Investment Revenue	\$	16.000			\$	18.000			\$	2.000
Total Revenue		\$	1,089.300	\$	356.16	\$	1,102.727	\$	374.88	\$	13.427
										\$	-
Medical Benefits	Medical Cost: FFS	\$	780.511			\$	857.241			\$	(76.730)
	Medical Cost: Capitation	\$	77.253			\$	68.250			\$	9.003
	Quality Funding Program	\$	82.500		92.6%	\$	52.554		92.4%	\$	29.946
	Other	\$	33.213			\$	13.063			\$	20.150
	Care Mgmt	\$	34.709			\$	27.311			\$	7.398
Total Medical Benefits		\$	1,008.186	\$	307.18	\$	1,018.419	\$	346.22	\$	(10.233)
										\$	-
Admin Costs	Core Admin (labor)	\$	56.513			\$	60.383			\$	(3.871)
	Core Admin (non-labor)	\$	74.146			\$	80.039			\$	(5.893)
	Care Mgmt credit	\$	(34.709)			\$	(27.311)		12.6%	\$	(7.398)
	Ops of the Future	\$	4.000			\$	21.522			\$	(17.522)
	D-SNP	\$	2.400			\$	4.785			\$	(2.385)
	Strategic Initiatives	\$	6.970			\$	-			\$	6.970
Total Admin Cost		\$	109.320			\$	139.418			\$	(30.099)
Total Cost		\$	1,117.506			\$	1,157.838			\$	(40.332)
Surplus/(Deficit)		\$	(28.206)			\$	(55.111)			\$	(26.905)

Operating Expense Account Detail

Account	Account Title	Original Budget	Revised Budget	Fav/(Unfav) variance	Drivers
	Labor				
various	Salary / Benefits	\$ 56,325,033	\$ 60,383,428	\$ (4,058,395)	Increased Headcount / Provider Call Center - Mailroom Staff Conversion
7240	Overtime	\$ 242,916	\$ 503,743	\$ (260,827)	\$277K Ops \$64K Network \$94K UM \$33K CM
7205	Bonus	\$ 2,500,000	\$ 4,844,330	\$ (2,344,330)	Increased Headcount / Provider Call Center - Mailroom Staff Conversion
7210	Temporary Labor Expense	\$ 647,800	\$ 2,307,518	\$ (1,659,718)	(\$1.0M) IT Temps Jul - Nov - zero last 7 mos. (\$0.3M) OOTF Analyst (Liza) - cc110 (\$0.2M) G&A Temps (\$27K/mo.) - cc121 (\$0.2M) Gelmy Ruiz - cc145
7470	Tuition Reimbursement	\$ 50,400	\$ 34,560	\$ 15,840	
	Training, Conference, and Travel				
7500	Staff Training and Seminars	\$ 397,617	\$ 333,131	\$ 64,486	
7510	Conferences	\$ 466,626	\$ 343,932	\$ 122,694	
7520	Meetings & Events	\$ 887,333	\$ 832,555	\$ 54,778	
7600	Travel Expense - Airlines	\$ -	\$ 36,481	\$ (36,481)	
7610	Travel Expense - Hotel	\$ -	\$ 77,605	\$ (77,605)	
7620	Travel Expense - Auto & Transportation	\$ -	\$ 34,350	\$ (34,350)	
7630	Travel Expense - Meals	\$ -	\$ 11,128	\$ (11,128)	
7640	Travel Expense - Misc./ Tips	\$ -	\$ 5,171	\$ (5,171)	
	Outside Services				
6070	Outside Service - ACS	\$ 2,384,918	\$ 6,622,101	\$ (4,237,182)	(\$4.2M) Shifted from [6340] in - cc120
6340	Outside Services - Other	\$ 34,673,245	\$ 11,982,811	\$ 22,690,434	\$4.9M NetMark claims adjudication shift to [6070] - cc120 \$4.5M Wellth - Continuation of QI/MCAS program - cc173 \$1.3M NetMark - claims processor - cc127 \$1M TPA implementation \$1M - cc190 \$1M CareNet Hedis gap closure \$1M - cc140 \$0.8M NetMark claims UAT training \$0.7M Celerin delegated BH \$0.2M Azure (MDW) - cc115
6342	Claims Administration Expense		\$ 5,655,495	\$ (5,655,495)	BH Celerin and College health claims admin expense shifted from Medical expense in original budget
6345	Outside Service - Member Incentive		\$ 7,865,226	\$ (7,865,226)	(\$2.2M) shift from [6340] Wellth - cc173 (\$1.8M) shift from [8400] - cc140
	Professional Services				
6300	Accounting & Actuarial Services	\$ 180,000	\$ 264,749	\$ (84,749)	HMA budget shifted from [6320] - cc110
6310	Legal Expense	\$ 2,550,000	\$ 4,175,379	\$ (1,625,379)	Dignity \$900K, PMH \$100K, legal settlement \$600K paid to Stevenson law firm
6320	Consulting Services Expense	\$ 2,450,066	\$ 5,899,532	\$ (3,449,466)	(\$1.5M) Inovalon Data Lake not incl. in Original Budget - cc140 (\$0.4M) Culture Partners shifted from Strategic Initiatives - cc180 (\$0.4M) Ironwood shifted from Strategic Initiatives - cc190 (\$0.3M) Jennifer Gonyea / Elizabeth Strammiello (Jan-Jun 2025) - cc120 (\$0.3M) Divergent (Aug-Sep 2024) - cc120
6335	Translation Services	\$ 292,000	\$ 357,667	\$ (65,667)	
6360	Committee/Advisory	\$ -	\$ 1,625	\$ (1,625)	
8410	EE Recruitment	\$ 1,000,000	\$ 1,158,858	\$ (158,858)	CEO Search - cc180
	Occupancy, Supplies, Insurance and Others				
7490	Employee Appreciation	\$ 5,750	\$ 152,550	\$ (146,800)	(\$150K) Bucket List transferred from Strategic Initiatives - cc180
7700	Lease Expense -Office	\$ -	\$ (2,384)	\$ 2,384	
7710	Lease Expense -Equipment	\$ 12,800	\$ 6,502	\$ 6,298	
7720	Lease Expense ROU	\$ 1,592,628	\$ 1,478,606	\$ 114,022	GASB 96 reclass from [8610] Lease Expense
7810	Depreciation & Amortization Expense	\$ 4,000,000	\$ 9,556,814	\$ (5,556,814)	Increased Amortization due from OOTF
7900	Non-Capital - Furniture & Equip.	\$ 8,400	\$ 18,807	\$ (10,407)	
7910	Non-Capital Equipment - Computer	\$ 196,800	\$ 434,272	\$ (237,472)	Provider Call Center laptops
7920	Office & Operating Supplies	\$ 77,674	\$ 110,336	\$ (32,662)	
8000	Shipping & Postage Expense	\$ 546,530	\$ 978,282	\$ (431,752)	DHCS required communication - cc120
8010	Printing Expense	\$ 1,127,300	\$ 1,674,539	\$ (547,239)	DHCS required communication - cc120
8020	Software Subscriptions	\$ 13,390,776	\$ 6,597,284	\$ 6,793,492	Shift to OOTF
8021	Software Licenses-Non-Capital	\$ 48,756	\$ 32,419	\$ 16,337	
8025	Software Maintenance & Support	\$ 2,117,925	\$ 1,225,426	\$ 892,499	Shift to OOTF
8030	Equipment Repairs & Maintenance	\$ 291,107	\$ 277,196	\$ 13,911	
8200	Telephone Services/ Internet Charges	\$ 613,532	\$ 494,787	\$ 118,745	
8400	Advertising and Promotion Expense	\$ 1,795,000	\$ 495,582	\$ 1,299,418	\$1.8M shift to [6345] OS Member Incentive - cc140
8500	Insurance	\$ 1,515,000	\$ 1,672,948	\$ (157,948)	
8600	Interest Exp	\$ 225,000	\$ 1,145,123	\$ (920,123)	Increased Claims Interest Expense
8610	Interest Expense ROU	\$ -	\$ 246,273	\$ (246,273)	GASB 96 reclass from Lease Expense [7720]
8700	Prof Dues, Fees and Licenses	\$ 276,751	\$ 279,903	\$ (3,151)	
8710	Subscriptions and Publications	\$ 47,114	\$ 88,822	\$ (41,708)	
8750	Other/ Miscellaneous Expenses	\$ 113,000	\$ 318,729	\$ (205,729)	CEO Contingency
6150	Bank Service Fees Expense	\$ 9,000	\$ 4,823	\$ 4,177	
8720	ARCH/Community Grants	\$ -	\$ 346,066	\$ (346,066)	Community Grants Mixteco, Community Action of VC, El Concilio family services \$346K - cc145
8730	Sponsorships		\$ 57,709	\$ (57,709)	
	Total G&A Expense	\$ 133,058,798	\$ 141,422,789	\$ (8,363,991)	
	Targeted Savings		\$ (1,000,000)	\$ 1,000,000	Targeted Savings TBD

Operating Expense Account Detail

Account	Account Title	Original Budget	Revised Budget	Fav/(Unfav) variance	Drivers
	CMC	\$ (34,708,000)	\$ (27,311,311)	\$ (7,396,689)	2024/25 QI Survey
	Core Admin Total	\$ 98,350,798	\$ 113,111,478	\$ (14,760,680)	
	OOTF	\$ 4,000,000	\$ 21,521,889	\$ (17,521,889)	Commission Approved
	D-SNP	\$ -	\$ 4,785,000	\$ (4,785,000)	Commission Approved
	Strategic Initiatives	\$ 6,968,667	\$ -	\$ 6,968,667	
	Total	\$ 109,319,464	\$ 139,418,367	\$ (30,098,903)	

AGENDA ITEM NO. 3

TO: Executive Finance Committee

FROM: Felix Nunez, Acting Chief Executive Officer

DATE: January 23, 2025

SUBJECT: Advance Payment Agreement to County of Ventura

Summary and Background

Gold Coast Health GCHP (GCHP) management seeks approval to provide an advance payment to the County of Ventura, for its Health Care Agency (VCHCA). This Advance Payment Agreement (APA) would be effective January 28, 2025. The APA would specify terms for a one-time payment in the amount of twenty-six million dollars (\$26,000,000.00) made by GCHP to the County of Ventura as a payment made in advance of VCHCA services to be performed pursuant to the primary care provider, specialist, and hospital Provider Agreements and GCHP's complete processing of applicable claims. This funding is allowable for reasons stated below, including that it is to a governmental entity for the public purpose of supporting the continued operation and viability of a Safety Net Provider, which is essential to the ability of GCHP to provide an adequate network for its members.

The APA details an Advance Payment that would be fully recouped within a five-month period. The Advance Payment would support VCHCA's critical operational expenses and is necessary due to a cash flow strain impacted by delays in supplemental funding reimbursement from the State of California.

Major terms of the APA are as follows:

- A one-time Advance Payment would be made on February 1, 2025.
- The funds will be recouped from VCHCA in April, May, and June of 2025.
- GCHP will offset against the Advance Payment from capitation payments, fee-for-service payments relating to claims submitted or processed for payment, or any other amounts due to VCHCA for the applicable month.
- The maximum offsets for each month are:
 - April 2025: \$2,000,000
 - May 2025: \$12,000,000
 - June 2025: \$12,000,000
- If the advance payment has not been fully repaid by June 30, 2025, upon the written request of GCHP, VCHCA shall within thirty days of such request pay to GCHP the amount necessary to repay the Advance Payment in full. In addition, GCHP may continue to offset any unpaid amount against capitation payments, fee-for-service payments

relating to claims submitted or processed for payment, or any other amounts due to VCHCA for subsequent months.¹

- To reimburse GCHP for the additional costs of administering this Advance Payment, a fee of \$297,000 will be assessed and offset from payments due to VCHCA starting in April 2025.
- The APA requires GCHP and VCHCA to collaborate in strategic planning activities and permits the GCHP CEO and the VCHCA Director to establish a Strategic Planning Collaborative with the goal of improving and advancing the health care system, specifically hospital services, in Ventura County.

This Advance Payment Funding Agreement does not constitute a gift of public funds because (1) the funds advanced will be fully recouped within five months as described above, and (2) the advance payment includes an administrative fee that was calculated to account for any lost opportunity cost associated with investment of GCHP reserves and related costs. Therefore, the temporary advance of funds from GCHP reserves is not anticipated to result in lost revenue or additional costs to GCHP. Even if the administrative fee were insufficient to cover all costs associated with the advance payment, the payment would not be considered a prohibited gift of public funds because, as described above, the funding is to a governmental entity for a public purpose (Cal Const art XVI, Section 6, *City and County of San Francisco* (1932) 216 C 187, 193), and further such funding further serves a purpose of GCHP, the donor agency. (*Golden Gate Bridge & Hwy. Dist. v. Luehring*, 4 Cal.App.3d 204 (1970).)

This request for an advance on capitation and claims payments is specifically within the authority and purpose of the Commission. The statutory purpose of the Commission is to “meet the problems of the delivery of publicly assisted medical care in the county and to demonstrate ways of promoting quality care and cost efficiency.” (Welf. & Inst. Code §14087.53.) The County Board of Supervisors ordinance establishing the Commission requires the Commission to, among other things, implement “reimbursement mechanisms which promote the long-term viability of a locally operated Medi-Cal managed care system and the existing participating provider networks inclusive of ‘Safety Net’ providers herein defined as Medi-Cal disproportionate share hospitals, county clinics, federally qualified health centers, and licensed rural health clinics” (Ord. 4613, Art. 6, 1380-4(c).).

Financial Impact

The Advance Payment will result in a temporary reduction in GCHP’s reserves. This is not anticipated to have additional financial impact as the administrative fee was calculated to mitigate direct and opportunity costs of providing the advance amount.

¹ This Advance Payment would not be subject to VCHCA’s ability to satisfy repayment of any loans or other outstanding payments it may have because it will be directly offset by amounts due to VCHCA by GCHP in future months.

Recommendation

The GCHP recommends that the Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute the Advance Payment Agreement in the amount of \$26,000,000 with the County of Ventura.