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

Regular Meeting
Monday October 24, 2022 2:00 p.m.
Due to the public health emergency, the Community Room at Gold Coast Health Plan is currently closed to the public.
The meeting is being held virtually pursuant to AB 361.
Members of the public can participate using the Conference Call Number below.

Conference Call Number: 1-805-324-7279
Conference ID Number: 982 455 335#

Para interpretación al español, por favor llame al: 1-805-322-1542 clave: 1234

Due to the declared state of emergency wherein social distancing measures have been imposed or recommended, this meeting is being held pursuant to AB 361.

AGENDA

CALL TO ORDER

INTERPRETER ANNOUNCEMENT

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 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 Ventura County Medi-Cal Managed Care Regular Meeting Minutes of September 26, 2022.

Staff: Maddie Gutierrez, MMC Clerk to the Commission

RECOMMENDATION: Approve the Regular Meeting Minutes of September 26, 2022.

2. Findings to Continue to Hold Remote Teleconference/Virtual Community Advisory Committee Meetings Pursuant to Assembly Bill 361.

Staff: Scott Campbell, General Counsel

RECOMMENDATION: It is recommended that the Committee adopt the findings to continue to meet remotely.

3. Approval of Credentials / Peer Review Committee Member

Staff: Nancy Wharfield, M.D., Chief Medical Officer
Kimberly Timmerman, MHA, CPHQ, Director, Quality Improvement

RECOMMENDATION: Approve Kellie Zaylor, D.O., as an active member of the Credentials / Peer Review Committee.

UPDATES

4. Understanding Our Membership: Turning Data Into Action

Staff: Gold Coast Health Plan Leadership Team
Inovalon Guest Speaker

RECOMMENDATION: Receive and file the update.

FORMAL ACTION

5. Corporate Integrity Agreement Presentation/Standing Compliance Oversight Committee

Staff: Robert Franco, Chief Compliance Officer
Leeann Habte, Esq. of BBK Law

RECOMMENDATION:

Staff requests that the Commission rename the Reimbursement Compliance Committee as the Compliance Oversight Committee and approve it as a standing committee of the Commission, with the responsibility of overseeing the GCHP Compliance functions regarding the Corporate Integrity Agreement and providing general oversight.

Staff requests that the Commission add another member to the Compliance Oversight Committee.

6. Contract Approval – Inovalon, Scope of Work (SOW) 6 and the Extension of SOW's 2, 4 & 5

Staff: Erik Cho, Chief Policy & Program Officer

RECOMMENDATION: The Plan recommends the Commission approve the extension of Inovalon's SOWs 2, 4, 5, and 6 until December 31, 2024 with a not-to-exceed amount of $4,433,952.

If the Commission desires to review this contract, it is available at Gold Coast Health Plan's Finance Department.

7. Netmark Business Services, LLC– Master Agreement for Temporary Services Extension

Staff: Anna Sproule, Executive Director of Operations

RECOMMENDATION: GCHP staff recommend that the Commission approve and delegate to the CEO the authority to execute an amendment with Netmark Business Services, LLC to extend the agreement term through December 31, 2022.

8. FY 2021-22 Audit Results (Presented by Moss Adams)

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff recommends that the Commission approve the audited financial statements as of and for the year ended June 30, 2022.

9. September 2022 Fiscal Year to Date Financials

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Commission approve the September 2022 financial package.

REPORTS

10. Chief Executive Officer (CEO) Report

Staff: Nick Liguori, Chief Executive Officer

RECOMMENDATION: Receive and file the report.

11. Chief Information Officer (CIO) Report

Staff: Alan Torres, Chief Information Officer

RECOMMENDATION: Receive and file the report

CLOSED SESSION

12. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: Two cases.

13. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Chief Executive Officer

ADJOURNMENT

Date and location of the next meeting to be determined at the November 21, 2022, Regular meeting.

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 Commission.

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 Monday prior to the meeting by 1:00 p.m. to enable the Clerk of the Commission to make reasonable arrangements for accessibility to this meeting.

AGENDA ITEM NO. 1

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Maddie Gutierrez, MMC, Clerk for the Commission

DATE: October 24, 2022

SUBJECT: Regular Commission meeting minutes of September 26, 2022.

RECOMMENDATION:

Approve the minutes.

ATTACHMENT:

Copy of Minutes for the September 26, 2022, Regular Commission Meeting.

Ventura County Medi-Cal Managed Care Commission (VCMMCC)
Commission Meeting
Regular Meeting via Teleconference

September 26, 2022

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 2:04 pm via teleconference. The Clerk of the Board was in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

INTERPRETER ANNOUNCEMENT

Ana Rangel, interpreter, gave her announcement for non-English speakers.

ROLL CALL

Present: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

Absent: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

Attending the meeting for GCHP were Nick Liguori, Chief Executive Officer, Ted Bagley, Chief Diversity Officer, Alan Torres, Chief Information Officer, Erik Cho, Marlen Torres, Executive Director, Strategy and External Affairs, Michael Murguia, Executive Director, Human Resources, Nancy Wharfield, Chief Medical Officer, Robert Franco, Chief Compliance Officer, Scott Campbell, General Counsel and Leeann Habte of BBK Law.

Additional staff participating on the call: Anna Sproule, Carolyn Harris, Lupe Gonzales, Susanna Enriquez-Euyoque, Vicki Wrighster, Nicole Kanter, Rachel Lambert, Pauline Preciado, Josephine Gallella, Kim Timmerman, Adriana Sandoval, Victoria Warner, Erin Slack, David Tovar, Kris Schmidt, Mayra Hernandez, Lucy Marrero, Veronica Estrada, Jaime Louwerens, Lisbet Hernandez, Lily Yip, Cecilia Reyes, Sandi Walker, Paula Cabral.

Public: Cynthia Salas

PUBLIC COMMENT

Dr. Sandra Aldana stated she wanted to amend her public comment from the August 22, 2022, Commission meeting. Dr. Aldana intended to say there might be a way to make the meetings easier for public participation.

CONSENT

1. **Approval of Ventura County Medi-Cal Managed Care Regular Meeting Minutes of August 22, 2022, and special meeting minutes of September 12, 2022.**

   Staff: Maddie Gutierrez, MMC Clerk to the Commission

   RECOMMENDATION: Approve the Regular Meeting Minutes of August 22, 2022, and Special Meeting Minutes of September 12, 2022.

2. **Findings to Continue to Hold Remote Teleconference/Virtual Community Advisory Committee Meetings Pursuant to Assembly Bill 361.**

   Staff: Scott Campbell, General Counsel

   RECOMMENDATION: It is recommended that the Committee adopt the findings to continue to meet remotely.

3. **Approval of Credentials / Peer Review Committee Members**

   Staff: Nancy Wharfield, M.D., Chief Medical Officer
   Kimberly Timmerman, MHA, CPHQ, Director, Quality Improvement

   RECOMMENDATION: Approve Lynn Jeffers, M.D. and Robert Streeter, M.D. as active members of the Credentials / Peer Review Committee.

Commissioner Abbas motioned to approve Consent items 1, 2, and 3. Commissioner Monroy seconded the motion.

Roll Call Vote as follows:

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

UPDATES

4. Leading into the Future: Understanding our Membership

Staff: Gold Coast Health Plan Leadership Team

RECOMMENDATION: Receive and file the update.

CEO Nick Liguori stated numerous staff will be participating in the PowerPoint presentation.

CEO Liguori stated earlier this year the Management Team began to chart a new course. We are looking for the best possible outcomes, the best access to quality care, and to provide superior experience for the members and the community. We are building the operations, hiring staff with skills needed, and designing advance technology for a greater impact.

The focus is toward our actions and how we are making the most of the investments the Commission has given the organization. This presentation is the first in a series which will tailor solutions which are data focused. Our findings have confirmed our greatest challenge, which is chronic conditions. CEO Liguori reviewed the presentation overview. The overview listed 1) Model of Care Goals 2) Needs of our Costliest Members 3) Approach to individualized Care Plan Design and 4) Planning for the future. He noted a commitment from the Management – the team will be global in their thinking, knowledge base, and work to find local solutions.

Chief Policy & Programs Officer, Erik Cho, reviewed Model of Care concepts and goals. The Integrated care team will implement 2 new programs for acute/chronic conditions and 1 member incentive program in fiscal year 2022/23. The Team anticipated they will achieve all milestones of the approved “Operations of the Future” workplan. There will be implementation of an ICT model for managing healthcare and services for our most vulnerable members who live with behavior and physical chronic conditions. We must understand the needs of our costliest members.

Commissioner Pupa stated she appreciated the extent to get to why it matters and thanked the team for their work which is critical to the mission.

Mayra Hernandez, Director of Medical Informatics, stated we are working to understand the needs of our members. She reviewed claims and utilization data. Of the top users, she noted 78% have chronic conditions and 58% have 5 or more chronic conditions, which cause a great impact. Ms. Hernandez stated that many need help, she reviewed utilization/costliest members, and noted that these members are three times more likely to visit ER's and some average up to 4 to 5 times per week. CEO Liguori stated we need to see reduction of gaps in care. Commissioner Abbas asked if there is a specific age group. Ms. Hernandez stated the information was open when it comes to age, they must be full scope members. CPPO Cho stated we will present age brackets in future reports. Chief Medical Officer, Nancy Wharfield, M.D., stated we want members to get primary care somewhere else other than the ER.

Ms. Hernandez reviewed percentages of prevalent disease. 55% cardiovascular, 21% diabetes, 45% mental health – which includes anxiety and depression, and 18% asthma. Members that are noted with mental health conditions (45%) – these conditions are considered "moderate". Commissioner Pupa stated this is a great opportunity for members to move from ER care to primary care. Commissioner Corwin stated we need to manage care once we find infrastructure and then move to specialty and improve care for these members.

Pauline Preciado, Executive Director of Population Health & Equity, reviewed the individualized care plan design, interventions, and impacts. She noted we are seeking technology-based solutions which will help create treatment plans.

Erin Slack, Sr. Manager of Population Health, reviewed opportunities for Collaboration. These opportunities include incentives for providers and hospital systems, partnering with Ventura County Community Health Improvement Collaborative, partnering with community-based organizations, and partnering with education and behavioral health. These partnerships will move the model of care forward.

Chief Information Officer, Alan Torres, noted that the current budget will make significant investment. CPPO Cho stated up to date data on members with complex needs is necessary to continue to move the Model of Care forward. Commissioner Pupa stated she had done an analysis of ER visits and found that more than half were due to substance abuse and/or alcohol related.

Commissioner Abbas thanked the team for a great presentation. He stated that all the detail helps in making decisions.

Commissioner Blaze asked if ER patients get GCHP because they show up at the ER and are not connected to any primary care. CMO Wharfield stated an ER visit does not provide the screening necessary for Medi-Cal services. Commissioner Blaze asked how they get screened for Medi-Cal. Commissioner Corwin stated providers work to get people on Medi-Cal. They need to steer people in the direction of Medi-Cal and see if they qualify and assist them in getting service. Commissioner Blaze stated a "bridge" needs to be created. CEO Liguori stated we are focused on needs of membership, and we need to tailor the approach. Our success will depend on partnership with Commission to shape our approach.

Commissioner Monroy motioned to approve agenda Item 4. Commissioner Abbas seconded the motion.

Roll Call Vote as follows:

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

FORMAL ACTION

5. Reconstitute the Strategic Planning AdHoc Committee

Staff: Marlen Torres, Executive Director, Strategy and External Affairs

RECOMMENDATION: Staff recommends that the Commission reconstitute the Strategic Planning Ad Hoc Committee and select up to five Commissioners who will serve in the ad hoc committee. Additionally, staff recommends that the Strategic Planning Retreat be held in person this year.

Executive Director of Strategy & External Affairs, Marlen Torres noted that this was year two of a five-year strategic plan for the organization. She is requesting the reconstitution of the Strategic Planning AdHoc committee. The AdHoc will begin to meet in October, to prepare for the December Strategic Planning Retreat. She is also requesting the retreat be held In-Person on December 15, 2022.

Commissioner Abbas motioned to approve agenda item 4, the Reconstitution of the Strategic Planning AdHoc committee. Commissioner Pupa seconded the motion.

Roll Call Vote as follows:

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

General Counsel, Scott Campbell stated that now that the AdHoc committee will begin to meet in October, there needs to be volunteers for this committee. Commissioner Pupa stated she would like to continue to participate in this committee and noted that Commissioner Espinosa has also expressed that she would like to be part of this committee. Commissioner Monroy volunteered to join the committee. Ms. Torres asked Commissioner Pupa if she could confirm the retreat will be held in person. Commissioner Pupa approved Ms. Torres request.

Commissioner Pupa motioned to approve the 2022 members of the Strategic Planning AdHoc committee, Commisioners Pupa, Espinosa and Monroy. Commissioner Abbas seconded the motion.

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

6. August 2022 Financials

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Commission approve the August 2022 financial package.

CEO Nick Liguori stated that Chief Financial Officer, Kashina Bishop was not available to present the August 2022 Financials. Jaime Louwerens, Sr. Director of Finance will present the August financials in CFO Bishop's place.

Ms. Louwerens stated the August net gain was $5.2 million. FYTD net gain is currently $14.4 million, the TNE is 538% of the minimum required. Medical Loss Ratio is 84.2 % and administrative ratio is 6.7%.

Ms. Louwerens reviewed financial risks of focus: this includes regional rates, risk adjustment, quality adjustment, D-SNP, end of PHE which produces a declining membership, data constraints and insufficient resources.

FYTD net premium revenue is $156.6 million, we are under budget by .8%. Ms. Louwerens noted membership trends are steady. FYTD health care costs are $132.4 million and 2% under budget. FYTD through August 2022 administrative costs were $10.4 million, which is $1.4 million under budget. Ms. Louwerens gave the final financial statement summary for August 2022.

Commissioner Pupa stated she has a concern with the gap in IBNR, which could be understating true income. She stated financials have been good over the past 18 months. She is concerned about a claw-back in 2024. Commissioner Pupa stated this indicates we need to invest in our providers and hopes we build in provider incentives. She noted that if rates are set by costs, we need to invest dollars in provider incentives. CEO Liguori stated it is noted, and among the goals are advance incentives.

CEO Liguori requested clarification on the IBNR. Ms. Louwerens stated inpatient claims typically run $70 PMPM. The trend is starting to trend down, but we are not sure if we have answers yet and we are doing an analysis before we bring reserves down.

Commissioner Atin motioned to approve the August 2022 financials. Commissioner Abbas seconded the motion.

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

CEO Liguori stated the focus on today's meeting was the data presentation. He is requesting the Commission approve all reports as presented with receive and file. Commissioner Pupa asked if Commissioners had any questions or comments on any of the reports. There were no questions or comments.

REPORTS

7. Chief Executive Officer (CEO) Report

Staff: Nick Liguori, Chief Executive Officer

RECOMMENDATION: Receive and file the report

8. Chief Medical Officer (CMO) Report

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

RECOMMENDATION: Receive and file the report

9. Chief Diversity Officer (CDO) Report

Staff: Ted Bagley, Chief Diversity Officer

RECOMMENDATION: Receive and file the report

10. Human Resources (H.R.) Report

Staff: Michael Murguia, Executive Director of Human Resources

RECOMMENDATION: Receive and file the report

Commissioner Atin motioned to approve the August 2022 financials. Commissioner Pupa seconded the motion.

AYES: Commissioners Anwar Abbas, Shawn Atin, Allison Blaze, M.D., James Corwin, Anna Monroy, and Dee Pupa.

NOES: None.

ABSENT: Commissioners Laura Espinosa, Sarah Sanchez, Jennifer Swenson, and Scott Underwood, D.O.

The clerk declared the motion carried.

General Counsel, Scott Campbell stated there are two items for discussion. Agenda Item 11 has two cases but due to lack of quorum for one of the discussions on agenda item 11, only one case will be discussed. Agenda Item 12 will be discussed by all present.

CLOSED SESSION

11. CONFERENCE WITH LEGAL COUNSEL – ANTICIATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956;9: Two Cases

12. REPORT INVOLVING TRADE SECRETS
Discussion will concern: New Program and Service
Estimated Date of Public Disclosure: Fall of 2022

ADJOURNMENT

General Counsel Campbell stated there was no reportable action in Closed Session. The meeting was adjourned at 3:57 p.m.

Approved:

_____
Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Scott Campbell, General Counsel

DATE: October 24, 2022

SUBJECT: Findings to Continue to Hold Remote Teleconference/Virtual Commission Meetings Pursuant to Assembly Bill 361

SUMMARY/RECOMMENDATION:

At its May 23, 2022, regular meeting, the Ventura County Medi-Cal Managed Care Commission ("Commission") dba as Gold Coast Health Plan ("Plan") made findings pursuant to Assembly Bill 361 to continue to meet remotely. To continue this practice, it is required, that the Commission determine that the COVID-19 state of emergency proclaimed by the Governor still exists and has been considered by the Commission in deciding to continue to have teleconference meetings and that state or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19, and that as result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees. Because these findings must be made every thirty (30) days, it is time to remake the findings.

BACKGROUND/DISCUSSION:

Traditionally, the Brown Act allows for teleconference or virtual meetings, provided that the physical locations of the legislative body's members joining by teleconference are posted on the agenda, that those locations are open to the public and that a quorum of the members is located within its jurisdiction. Newly enacted AB 361 provides an exception to these procedures in order to allow for fully virtual meetings during proclaimed emergencies, including the COVID-19 pandemic.

Since March of 2020 and the issuance of Governor Newsom's Executive Order N-29-20, which suspended portions of the Brown Act relating to teleconferencing, the Commission and the Plan's Committees have had virtual meetings without having to post the location of the legislative body members attending virtually. Most public agencies have been holding public meetings using virtual platforms since this time. In June of 2021, Governor Newsom issued Executive Order N-08-21, which provided that the exceptions contained in EO N-29-20 would sunset on September 30, 2021.

On September 10, 2021, the Legislature adopted AB 361, which allows public agencies to hold fully virtual meetings under certain circumstances without the posting of the agenda from each location a legislative body member is attending. Governor Newsom signed the bill into law on September 16, 2021. Because it contained an urgency provision, it took immediate effect.

Specific Findings Required under AB 361

Under AB 361, the Commission, can hold virtual meetings without providing notice of the Commissioner's teleconference location if the Commission makes the determination that there is a Governor-proclaimed state of emergency which the Commission will consider in their determination, and one of two secondary criteria listed below exists:

1. State or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19; or

2. The Commission determines that requiring a meeting in person would present an imminent risk to the health or safety of attendees.

COVID-19 continues to present an imminent threat to the health and safety of Commission members, and its personnel, and the Governor's declaration of a COVID-19 emergency still exists. Although vaccines are now widely available, many people in the State and County are still not fully vaccinated and remain susceptible to infection. Additionally, several Commissioners attend meetings in medical facilities or offices, and allowing members of the public to attend meetings at these posted locations when they may not be vaccinated would pose a threat to the health or safety of attendees. Further, a new variant is spreading through the county and world and social distancing requirements still exist. Recently, an outbreak in China resulted in over 10 million residents being directed to quarantine.

Re-Authorization is Required Within 30 Days

The Commission made the findings listed above at its October 25, 2021 and at many following meetings, Consistent with the provisions of Government Code Section 54953(e), the findings must be made every 30 days "after teleconferencing for the first time" under AB 361. Thus, if the Commission desires to continue to meet remotely without having to post the location of each teleconference location, the Commission must again find that the COVID-19 emergency still exists and that one of the two following findings can be made: that state or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19, or, that a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees.

It is recommended that the Commission make these findings.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:

The Commission will have to follow the Brown Act provisions that existed prior to the COVID-19 pandemic.

FOLLOW UP ACTION:

That the Commission make the findings under AB361 at its November 21, 2022 regular Commission meeting.

ATTACHMENT:

None.

AGENDA ITEM NO. 3

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Nancy Wharfield, M.D., Chief Medical Officer
Kimberly Timmerman, MHA, CPHQ, Director, Quality Improvement

DATE: October 24, 2022

SUBJECT: Approval of Credentials / Peer Review Committee Member

SUMMARY:

As directed by the Gold Coast Health Plan (GCHP) Practitioner Credentialing Policy (QI-025), the Ventura County Medi-Cal Managed Care Commission is required to approve changes to the Credentials / Peer Review Committee (C/PRC) membership.

Kellie Zaylor, DO has been nominated as an active member of the C/PRC to replace A. Jaime Lara, M.D. Dr. Zaylor is Board certified with American Osteopathic Association (AOA) in Family Medicine, and works at Community Memorial Health System.

RECOMMENDATION:

Approve Kellie Zaylor, DO as an active member of the Credentials / Peer Review Committee.

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AGENDA ITEM NO. 4

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Gold Coast Health Plan Leadership Team
Inovalon Guest Speaker

DATE: October 24, 2022

SUBJECT: Understanding our Membership: Turning Data Into Action

PowerPoint with Verbal Presentation And Inovalon Demonstration

ATTACHMENTS:

Understanding our Membership: Turning Data into Action

AGENDA ITEM NO. 5

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Robert Franco, Chief Compliance Officer

DATE: October 24, 2022

SUBJECT: Compliance Oversight Committee

SUMMARY:

As part of the Corporate Integrity Agreement, Gold Coast Health Plan must establish a Compliance Oversight Committee from members of the Commission.

RECOMMENDATION:

Staff requests that the Commission rename the Reimbursement Compliance Committee as the Compliance Oversight Committee and approve it as a standing committee of the Commission, with the responsibility of overseeing the GCHP Compliance functions regarding the Corporate Integrity Agreement and providing general oversight. The current members of the Reimbursement Compliance Committee are Commissioners Espinosa, Swenson and Corwin.

Staff requests that the Commission add another member to the Compliance Oversight Committee.
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ATTACHMENTS:

OFFICE OF INSPECTOR GENERAL CORPORATE COMPLIANCE AGREEMENT

Gold Coast Health Plan℠
A Public Entity

Integrity

Accountability

Collaboration

Trust

Respect

Gold Coast Health Plan

Office of Inspector General Corporate Integrity Agreement

Robert Franco, Chief Compliance Officer

711 East Daily Drive, Suite 106, Camarillo, CA 93010 www.goldcoasthealthplan.org

Agenda

- What is the CIA
- What does the CIA mean to GCHP
- What must happen in the first 90 days.
- Following the first 90 days
- Questions
- Formal Action
- Appendix

Return to Agenda

What is the CIA?

Five-year agreement between GCHP and the Office of the Inspector General ("OIG") of the United States Department of Health and Human Services ("HHS").		
Executed as a settlement to avoid the risk of potential exclusion from Medi-Cal/Medicaid program participation and/or being identified as a High-Risk entity subject to heightened scrutiny by the OIG.	CIA requires compliance with statutes, regulations, and written directives of Medicaid/Medi-Cal and all other Federal health care programs.	Effective August 11, 2022.

Return to Agenda

What does the CIA mean to GCHP?

Increased oversight of compliance

Requires certification of compliance by all C-Suite executives and Compliance Oversight Committee

Mandatory review of compliance reports and Medical Loss Ratio (MLR) elements by an Independent Review Organization

Additional focus on federal laws related to reporting, overpayments, Anti-Kickback Statute, etc.

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What must happen in the first 90 days?

Revise	Stand up	Develop
Revise Compliance Officer job description, Compliance Charter to reflect CIA requirements	Stand up Commission Reimbursement Compliance Committee for oversight	Develop process and obtain certifications from C-Suite executives regarding compliance in their areas of responsibility

Return to Agenda

What must happen in the first 90 days?

Develop and implement customized training for the Compliance Oversight Committee.

Implement new or revised policies and procedures regarding Anti-Kickback Statute, Overpayment, Excluded Persons

Develop review process for contracts, including legal review

Return to Agenda

What must happen in the first 90 days?

Engage an Independent Review Organization

Develop and implement an internal risk assessment

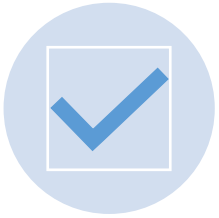
Submit an implementation report to OIG (120 days)

Return to Agenda

Following the initial 90 days.

Annual compliance reports to OIG

Required reporting to OIG of substantial overpayments, investigations, and audits



Annual MLR Element Review Report to OIG by Independent Review Organization

Compliance Oversight Committee to meet quarterly to provide oversight

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Any Questions

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Formal Action

RECOMMENDATION:

Receive and file the presentation.

Staff requests that the Commission rename the Reimbursement Compliance Committee as the Compliance Oversight Committee and approve it as a standing committee of the Commission, with the responsibility of overseeing the GCHP Compliance functions regarding the Corporate Integrity Agreement and providing general oversight.

Return to Agenda

Appendix

DOJ Press Release - GCHP

Return to Agenda

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AGENDA ITEM NO. 6

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Erik Cho, Chief Policy and Program Officer

DATE: October 24, 2022

SUBJECT: Contract Approval – Inovalon, SOW 6 and the Extension of SOW's 2, 4 & 5

SUMMARY:

GCHP staff seeks approval to agree to a Statement of Work (SOW 6) for use of a Data Intelligence Platform and to extend current SOW's 2, 4, and 5 with Inovalon to expand our ability to assess the needs of our membership and to provide risk stratification, segmentation, and tiering for advancing the CalAIM Population Health Management Initiative.

The costs for SOW's 2, 4, 5, and 6 are fully budgeted for FY 2022-23. The future costs for SOWs 2, 4, and 5 have been long anticipated to continue needed support for our HEDIS requirements. Increased costs to advance our data capabilities, such as is provided through SOW 6 for Data Intelligence Platform Implementation and Subscription, have also been anticipated for the coming fiscal years and align to industry norms. This staff report seeks to provide full transparency to the cost for these efforts through the 2024 calendar year term of the agreements.

BACKGROUND/DISCUSSION:

Inovalon operates as a strategic partner with GCHP, currently providing the records retrieval and calculation and reporting of HEDIS measures.

Effective August 1, 2022 and leveraging the current technology platform which supports the calculation and reporting of HEDIS scores, Inovalon began work on a Data Intelligence Platform that added a Client Healthcare Data Lake, a cloud-based infrastructure that GCHP can access for data mining and reporting. Inovalon has provided initial reporting to GCHP. GCHP will continue to access data that will give increased information on cost and utilization, MCAS Quality Measure non-compliance, chronic condition prevalence, facility utilization, Social Determinants of Health impact, and risk scoring using the Johns Hopkins ACG tool. The insights derived from this data will be a key factor in GCHP's management of our membership, focusing on those with the highest need and cost.

GCHP seeks to align the terms for SOW 6 with SOW's 2,4, and 5 with Inovalon, with each being co-terminus through December 31, 2024.

This contract was awarded as a sole source due to the unique knowledge and partnership provided by Inovalon and the economies of scale achieved due to their already-existing ingestion of data from GCHP.

FISCAL IMPACT:

The projected total cost and contract term is below:

Description	Total Cost	Start Date	End Date
SOW 6, Data Intelligence Platform Implementation and Subscription Fee	$1,718,952	8/1/2022	12/31/2024
SOW's 2, 4 & 5 (HEDIS) extensions	$2,715,000	7/1/2022	12/31/2024
Total Projected Amount (through 2024)	$4,433,952		

For the current Fiscal Year 2022-23, GCHP will incur approximately $624,000 in cost with Inovalon for SOW 6. This cost will be budget neutral, as budgeted costs under “Projects – Data Informatics” and “Projects – Pop Health Platform” will be directed here. The costs for SOW’s 2, 4, and 5 are already budgeted for FY 2022-23.

Therefore, the costs for SOW’s 2, 4, 5, and 6 are fully budgeted for FY 2022-23. The future fiscal year costs for SOWs 2, 4, and 5 have been long anticipated to continue needed support for our HEDIS requirements. Increased costs to advance our data capabilities, such as is provided through SOW 6, have also been anticipated for the coming fiscal years and align to industry norms. This staff report seeks to provide full transparency to the cost for these efforts through the 2024 calendar year term of the agreements.

RECOMMENDATION:

The Plan recommends the Commission approve the extension of Inovalon’s SOWs 2, 4, 5, and 6 until December 31, 2024 with a not-to-exceed amount of $4,433,952.

If the Commission desires to review this contract, it is available at Gold Coast Health Plan’s Finance Department.

Gold Coast Health Plan℠
A Public Entity

www.goldcoasthealthplan.org

AGENDA ITEM NO. 7

TO: Ventura County Medi-Cal Managed Care Commission

From: Anna Sproule, Executive Director of Operations

Date: October 24, 2022

Subject: Netmark Business Services, LLC– Master Agreement for Temporary Services Extension

SUMMARY:

Gold Coast Health Plan requires continued support from Netmark Business Services, LLC to perform operations that management feels are necessary at this time to ensure continued compliance with timely and accurate claims processing and payments.

BACKGROUND/DISCUSSION:

In May of 2021 the "ETP Project" for core claims system technology (HSP) went live. In October of 2021, GCHP contracted with Netmark Business Services, LLC through September 30, 2022 for temporary labor claims resources to assist with the transition and ongoing claims performance support. This support has to date included supplemental claims adjudication (new claims and prior claim adjustments) and claims quality assurance activities. Staff is requesting an extension of the agreement to provide services to the Gold Coast Health Plan Operations department through December 31, 2022 for an amount up to $240,000.

FISCAL IMPACT:

These services have been being deducted from payments and as such were not deemed necessary as a budget component. It is our intention that these services will continue to have a zero-cost impact and we will apprise the Commission if this should change.

Table 1: Netmark Business Services, LLC

Agreement	Amount	Period	Budgeted
Contract Support	240,000	10/01/2022 – 12/31/2022	No

RECOMMENDATION:

GCHP staff recommend that the Commission approve and delegate to the CEO the authority to execute an amendment with Netmark Business Services, LLC to extend the agreement term through December 31, 2022.

AGENDA ITEM 8

To: Ventura County Medi-Cal Managed Care Commission

From: Kashina Bishop, Chief Financial Officer

Date: October 24, 2022

Re: FY 2021-22 Audit Results (Presented by Moss Adams)

SUMMARY:

Moss Adams LLP (Moss Adams) is presenting the annual financial statements of Gold Coast Health Plan (GCHP) as of and for the year ended June 30, 2022.

The auditor's report reflects an "unmodified opinion" which means the determination is that the financial statements for the audit period present fairly, in all material respects, the financial position of GCHP as of June 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

BACKGROUND / DISCUSSION:

The primary purpose of the audit is for the Commission and stakeholders to gain assurance that GCHP's financial statements are properly presented, are free of material misstatements and have been prepared in conformity with accounting principles generally accepted in the U.S.

We are pleased to report that there were no audit adjustments. From the preliminary June close, GCHP staff identified necessary adjustments and immediately communicated those to Moss Adams. Below is a summary of the audited financial results for the year ended June 30, 2022:

	June 2022	FYTD Actual	FYTD Budget	Budget Variance
Net Capitation Revenue	$ 75,621,501	$957,056,234	$ 950,822,138	$ 6,234,096
Health Care Costs	62,863,479	832,849,074	870,641,545	(37,792,471)
Medical Loss Ratio		**87.0%**	**91.6%**	
Administrative Expenses	4,753,292	53,427,232	62,421,728	(8,994,496)
Administrative Ratio		**5.6%**	**7.3%**	
Non-Operating Revenue/(Expense)	65,890	321,624	360,000	(38,375)
Total Increase/(Decrease) in Net Assets	$ 8,070,620	$ 71,101,551	$ 18,118,865	$ 52,982,687
Cash and Investments	$ 300,707,056			
GCHP TNE	$ 176,562,902			
Required TNE	$ 36,609,789			
% of Required	**482%**			

A secondary and important purpose of the audit is to test and comment on the GCHP's design and operation of internal controls that have a relationship with financial reporting. Moss Adams has identified a significant deficiency in internal controls related to Conduent. Conduent did not complete an audit of Health Solutions Plus Meditrac's (HSP) information technology and claims processing internal controls. Management agrees with this deficiency and has significantly increased oversight of the claims processing conducted by Conduent to mitigate the associate risks.

RECOMMENDATION:

Staff recommends that the Commission approve the audited financial statements as of and for the year ended June 30, 2022.

CONCURRENCE
N/A

ATTACHMENT:

Draft Report of Independent Auditors and Financial Statements for GCHP as of June 30, 2022 and 2021

MOSSADAMS

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

2022 AUDIT RESULTS

Discussion with the Ventura County Medi-Cal Managed Care Commission

Return to Agenda

Agenda

1. Matters Required to be Communicated with Those Charged with Governance
2. Other Communications
3. Accounting Standards Update
4. Your Service Team
5. About Moss Adams

Return to Agenda

Scope of Services

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

Annual Audit

- Annual financial statement audit for the year ended June 30, 2022

Non-Attest Services

- Assist management with drafting the financial statements for the year ended June 30, 2022, excluding management's discussion and analysis
- Consulting services associated with Adaptive Insights financial and budgeting solution

Return to Agenda

Significant Risks Identified

During the audit, we identified the following:

Significant Risks	Procedures
Capitation Revenue Recognition	We tested internal controls around revenue recognition, vouched membership and rates to supporting documentation, and reconciled revenue recognized to monthly cash payments from the State of California.
Medical Claims Liability	We tested internal controls over the claims process (including IT controls), performed a lookback analysis on the prior year medical claims liability estimate, reviewed the actuarial specialist's model and report, and performed analytical procedures around current year estimate.
Management Override of Controls	We performed inquiries of accounting and operational personnel, performed risk assessment procedures, and tested risk-based manual journal entry selections.

Return to Agenda

Matters to Be Communicated to the Governing Body

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

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

Return to Agenda

Matters to Be Communicated to the Governing Body

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

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

Return to Agenda

Matters to Be Communicated to the Governing Body

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

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

Return to Agenda

Matters to Be Communicated to the Governing Body

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

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

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Accounting Practices

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

MOSS ADAMS COMMENTS

The Plan adopted GASB 87 regarding lease accounting. The change in accounting principle was applied retrospectively to the June 30, 2021 financial statements.

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

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Unusual Transactions

MOSS ADAMS COMMENTS

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

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Difficulties Encountered During the Audit

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

MOSS ADAMS COMMENTS

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

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Disagreements With Management

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

MOSS ADAMS COMMENTS

There were no disagreements with management.

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED	MOSS ADAMS COMMENTS
Circumstances that affect the form and content of the auditor's report	There were no circumstances that affected the form and content of the auditor’s report.

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

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

MOSS ADAMS COMMENTS

Significant Deficiencies

- Conduent, Inc. did not complete an audit over System and Organization Controls (SOC) of information technology and claims processing controls for the year ended June 30, 2022

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Uncorrected Misstatements

MOSS ADAMS COMMENTS

Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended June 30, 2022 could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements, including disclosures, under audit.

No uncorrected misstatements were identified as a result of our audit.

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Material, Corrected Misstatements

Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

MOSS ADAMS COMMENTS

No material misstatements were identified as a result of our audit.

Return to Agenda

Matters to Be Communicated to the Governing Body

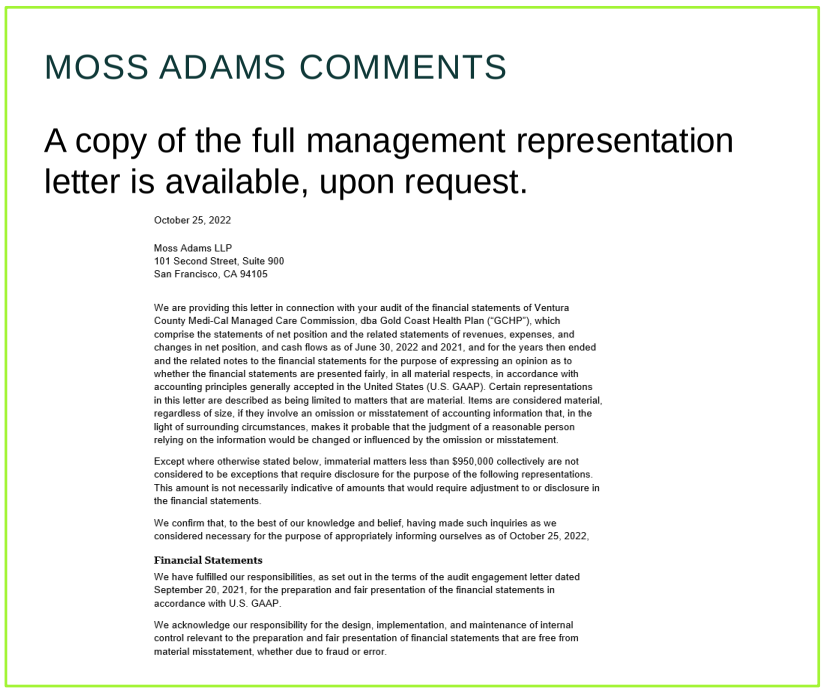
MATTERS TO BE COMMUNICATED

Representations requested of management

We requested certain representations from management that are included in the management representation letter, expected to be dated October 25, 2022.

MOSS ADAMS COMMENTS

A copy of the full management representation letter is available, upon request.



October 25, 2022

Moss Adams LLP
101 Second Street, Suite 900
San Francisco, CA 94105

We are providing this letter in connection with your audit of the financial statements of Ventura County Medi-Cal Managed Care Commission, dba Gold Coast Health Plan ("GCHP"), which comprise the statements of net position and the related statements of revenues, expenses, and changes in net position, and cash flows as of June 30, 2022 and 2021, and for the years then ended and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than $950,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 25, 2022,

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 20, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Return to Agenda

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management's consultation with other accountants

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

MOSS ADAMS COMMENTS

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

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Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED	MOSS ADAMS COMMENTS
Significant issues arising from the audit that were discussed, or the subject of correspondence with management	No significant issues arose during the audit that have not been addressed elsewhere in this presentation. Refer to Note 9 – Subsequent Events for disclosure of legal settlement.

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Accounting Standards Update

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Your Service Team

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Audit Engagement Partner

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(818) 577-1914

Stacy Stelzriede
Quality Control Reviewer

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Audit Senior

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Kimberly Sokoloff
Audit Senior Manager

Kimberly.Sokoloff@mossadams.com
(925) 952-2506

Madison Houseworth-Skaggs
Audit Manager

Madison.Houseworth@mossadams.com
(310) 295-3253

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Standard Effective in 2023

GASB 96

Subscription-Based Information Technology Arrangements

- **Provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.**
  - *Defines a SBITA as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction*
  - *Establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability*
  - *Provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA*
  - *Requires note disclosures regarding a SBITA*
- **Based on the standards established in Statement No. 87, *Leases*.**
- **Effective for fiscal years beginning after June 15, 2022.**

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About Moss Adams

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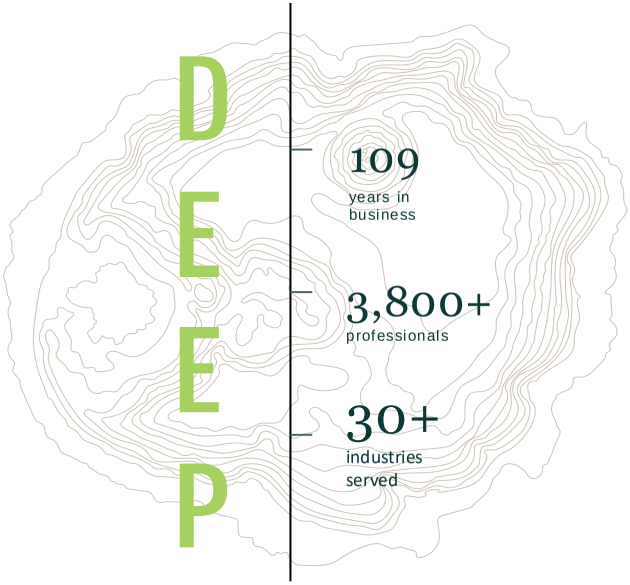
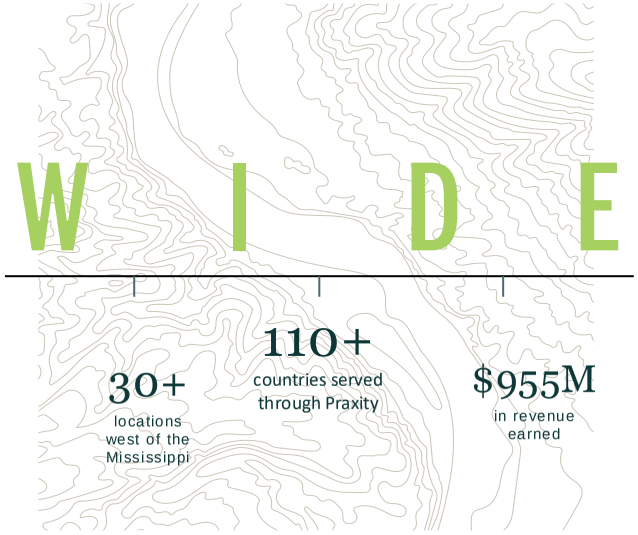
Our Expertise



Crater Lake—
A monument to perseverance, North America's deepest lake filled to 1,949 feet over 720 years.

Our Reach



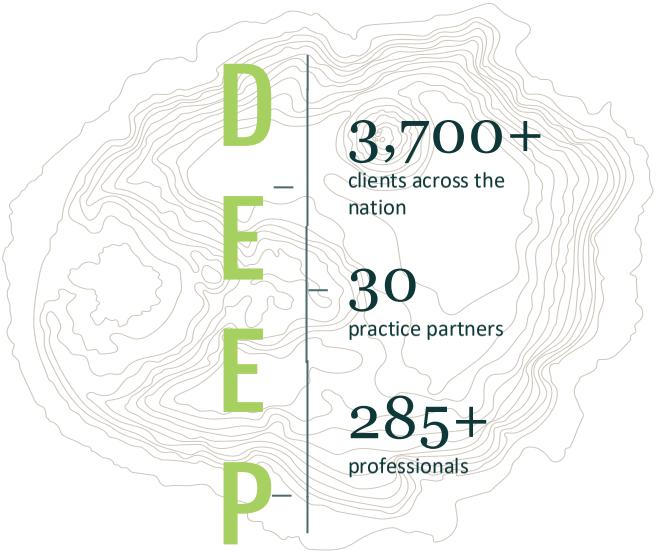
Grand Canyon—
At 277 miles long and up to 18 miles wide, this icon serves as a testament to determination and time.

Health Care Industry Experience

Our health care professionals dedicate their careers to serving the industry.

We cover the full spectrum of health care including:

- Hospitals and health systems
- Independent practice associations
- Medical groups
- Community health centers
- Behavioral health organizations
- Long-term care
- Surgery centers
- Knox Keene licensed health plans
- Health care ancillary services



Crater Lake—
A monument to perseverance, North America's deepest lake filled to 1,949 feet over 720 years.

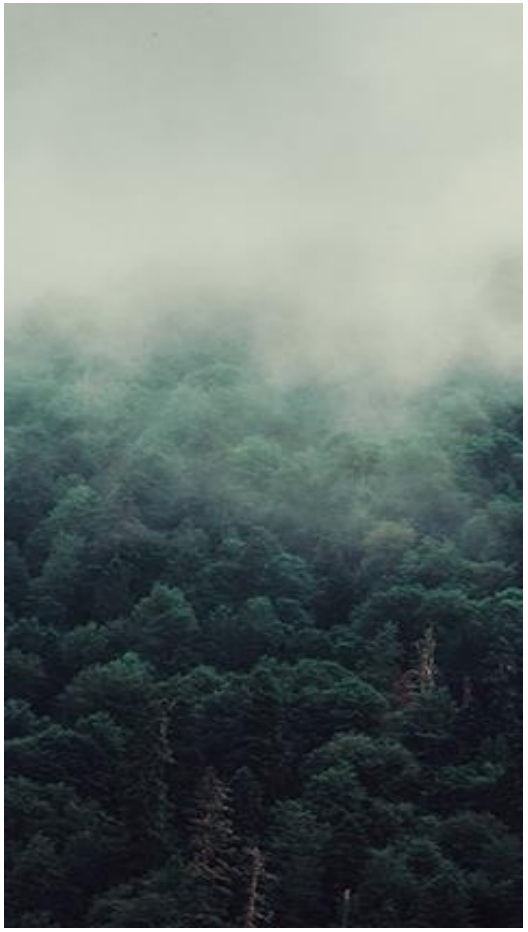
Health Plans, Insurance & Risk-Bearing Organizations

In today's health care landscape, managed care risk-bearing organizations (RBOs) come in many different forms.

We serve the needs of over 220 clients ranging in size and structure from large, billion-dollar member insurers to small, captive insurers. In addition to tax and assurance services, we also focus on operational and systems infrastructure, and our services and knowledge of the insurance managed care market have been used for numerous litigation matters involving payers and providers.

Who we serve:

- HMOs
- Insurance exchanges
- Exclusive provider organizations
- Risk pools
- Self-insured pools
- Medicare Advantage plans
- Medicaid health plans
- ACOs
- CCOs
- Knox-Keene plans
- Dental plans
- TPAs



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Additional Services

Audit and tax are vital. But you have complex needs that go beyond these core functions. Our dedicated health care consulting team provides a range of services to address all your needs—both now and in the future.

HEALTH CARE CONSULTING & ADDITIONAL EXPERTISE

PROVIDER REIMBURSEMENT

- Medicare & Medicaid
- Provider-based Licensure & Certification
- Medical Education
- Uncompensated Care
- Medicare DSH Analysis & Appeals
- Worksheet S-10

STRATEGY & INTEGRATION

- Provider Risk Analysis, Contracting & Operational Design
- M&A Support
- Feasibility Studies
- Market Intelligence & Benchmarking
- Service Line Enhancement
- Strategic Planning & Implementation

GOVERNMENT COMPLIANCE

- Regulatory Compliance
- Coding Validation
- Coding Department Redesign
- EHR Internal Controls
- Corporate Compliance

LEAN TRANSFORMATION

- 3P & Innovation: redesign processes, products, facilities
- Lean Management Systems and Strategy Deployment
- Lean operations
- Quality & patient safety

PRVIATE EQUITY

- Investment Evaluation & Transactions
- Advising Portfolio Companies
- Selling Portfolio Companies

OPERATIONAL IMPROVEMENT

- Revenue Cycle Enhancement
- Claims Recovery
- Litigation Support
- Employer Health Benefits
- Financial Turnaround
- Performance Excellence

INFORMATION TECHNOLOGY

- HIPAA Security and Privacy
- Network Security & Penetration Testing
- HITRUST Assessment & Certification
- SOC Pre-Audit Gap Analysis & Readiness
- SOC Audits

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Government Compliance

Navigating the ins and outs of government compliance takes a trained eye. We work closely with you to help identify areas of improvement, correct billing errors, and prevent future oversights.

Services Include:

- Regulatory compliance
- Compliance gap assessment
- Coding validation
- Coding department redesign
- EHR internal controls

Return to Agenda

Claims Auditing, Recovery, and Revenue Assessment

At the heart of any payer organization is its claims processing function. While the majority of your core operations come together here, it's also where the potential for extensive financial exposure can occur.

Our skilled consultants advise insurers, HMOs, and managed care organizations. From multistate health plans to small regional TPAs, we've worked in claims functions of all sizes, helping them overcome common errors such as:

- Duplicate payments
- Inappropriate contract application
- Capitation, delegated provider, and DOFR errors
- CCI and RAC audit edits
- COB and TPL identification

In addition to quantitative outcomes, our thorough claims audits also identify operational issues that serve as the root causes for claims payment errors. We document and categorize them so you can implement corrective action, yielding significant and ongoing cost avoidance.

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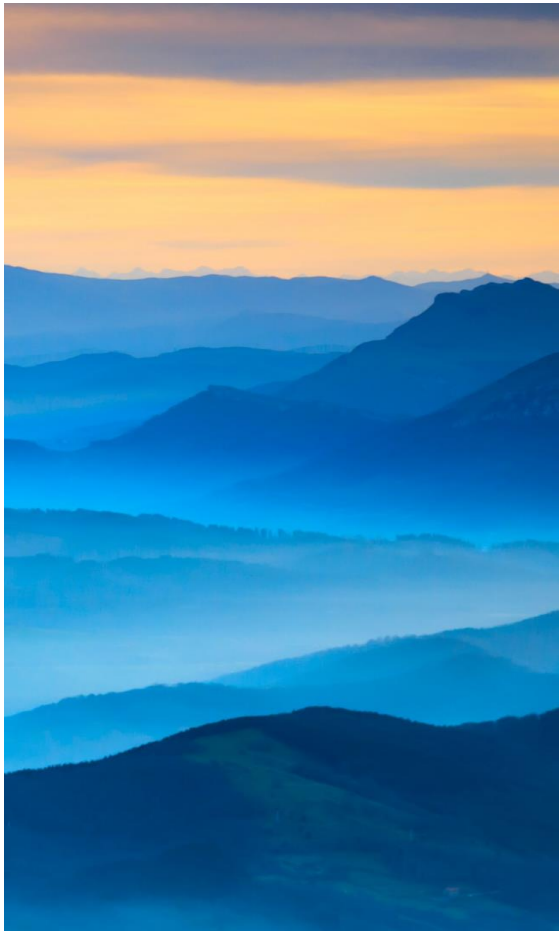
Operational Improvement for Risk-Bearing Organizations



Health plans, managed care organizations, and third-party administrators (TPAs) face increasing pressure to respond to stakeholder and client requests for fast, efficient, and cost-effective service to subscribers or members. Taking into account the complexities of the benefits themselves and the variety or number of client plans being administered, you need a clear understanding of where opportunities exist for enhancing your organization or improving profitability.

Moss Adams has provided operational improvement consulting services for numerous health insurers, from multimillion-member national health plans to small regional Medi-Cal and Medicaid insurers. We offer expertise in five key areas:

- Operational assessments and process improvement
- Revenue cycle
- Claims auditing, recovery, and revenue assessment
- Litigation support
- Employer health benefits

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2022 ANNUAL HEALTH CARE CONFERENCE

November 3-4, 2022

Red Rock Casino Resort & Spa | Las Vegas

REGISTER AND LEARN MORE

NEW! Women's Health Care Executive Leadership Retreat

Wed. Nov. 2, 2022 | 2-6 pm

Engage with 25+ thought leaders and 200+ executives from across the health care continuum.

Explore, share and tackle some of health care's most pressing challenges with your peers.

Earn 12 CPE credits

The in-person event offers up to 12 CPE and gives access to post-conference additional content and recordings.

Network and unwind while our Superheroes Entertain You!

Join us for a superhero-themed evening reception and strolling dinner. Wear your favorite hero costume or accessories and join the fun!

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2022 ANNUAL HEALTH CARE CONFERENCE

November 3-4, 2022

Red Rock Casino Resort & Spa | Las Vegas

REGISTER AND LEARN MORE

Shawn Coughlin
The National Association for Behavioral Health (NABH)

Susan Dentzer
America's Physician Group

Mark Hamelburg
America's Health Insurance Plans (AHIP)

Braford Koles, Jr.
The Advisory Board Company

Andy Davidson
Gallagher Executive Search & Leadership Advisors

Bahby Banks
Pillar Consulting, Inc

Richard Kronick
University of California, San Diego

Anupam Jena
Harvard University

Jack Resneck Jr.
Department of Dermatology at UCSF

Phil Polakoff
A Healthier WE

Susan O'Hare
Gallagher's Human Resources & Compensation Consulting Practice

Toni Dolby
Gallagher's Human Resources & Compensation Consulting Practice

Patrick Yam
Somnology, Inc

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2022 Conference Topics

- State of the Industry: What Lies Ahead
- How Health Care Leaders are Strategizing for the Future
- Weathering the Financial Storm & Emerging a Stronger, Sustainable Health Care Organization: Strategy, Operations & Reimbursement Opportunities
- We're still talking about Moving from Volume to Value: The Future of Risk-Sharing and Value-Based Care Post Pandemic
- Medicare Advantage: The Future of Health Care, or the Canary in the Coal Mine?
- Addressing the urgency for behavioral health integration across the care continuum
- Hospital at Home: Where is it at and where is it going?
- The RX for Transformation with Dr. Phil Polakoff
- Keynote with Dr. Anupam Jena, Physician, Economist, and Co-Host of *Freakanomics*, *M.D.* podcast
- Why We Need A Recovery Plan for America's Physicians, Dr. Resneck, President of AMA
- Raising Capital
- Workforce in Crisis: Retaining and Recruitment Strategies for Health Care
- [Webcast] Keynote session with CMS administrators
- [Webcast] Politics & the Pandemic

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THANK YOU

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Report of Independent Auditors
and Financial Statements

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

June 30, 2022 and 2021

Table of Contents

The intent of the Management's Discussion and Analysis is to provide readers with an overview of the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan's ("GCHP" or the "Plan") financial activities for the fiscal years ended June 30, 2022 and 2021. This overview is provided in conjunction with the Plan's fiscal year ended June 30, 2022 financial statements. Readers should review this overview in conjunction with GCHP's financial statements and accompanying notes to the financial statements to enhance their understanding of the financial performance.

GOLD COAST HEALTH PLAN OVERVIEW

On June 2, 2009, the Ventura County Board of Supervisors approved the implementation of a county-organized health system ("COHS") model to transition Ventura County Medi-Cal members from a fee-for-service model to a managed care model. Ordinance No. 4409 (April 2010) established the Ventura County Medi-Cal Managed Care Commission as an oversight entity. The Commission's 11 members oversee a single plan—Gold Coast Health Plan—to serve Ventura County Medi-Cal beneficiaries.

As a COHS, the Plan has an exclusive contract (the "Contract") with the State of California (the "State") Department of Health Care Services ("DHCS") to arrange for the provision of health care services to Ventura County's approximately 236,000 Medi-Cal beneficiaries at June 30, 2022. The Plan receives virtually 100 percent of its revenue in the form of capitation from the State of California.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of financial statements and notes to those statements, which reflect GCHP's financial position and results of operations for the fiscal years ended June 30, 2022 and 2021. The financial statements of GCHP include the statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements.

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

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

FINANCIAL HIGHLIGHTS

The table below presents condensed statements of net position of the Plan as of June 30, 2022, 2021, and 2020:

Table 1 – Condensed Statements of Net Position as of June 30

(Dollars in Thousands)

	2022	2021 (as restated)	2020	2022 - 2021 Change Amount	2022 - 2021 Change Percentage	2021 - 2020 Change Amount	2021 - 2020 Change Percentage
ASSETS							
Current assets and other assets	$ 410,256	$ 358,015	$ 244,402	$ 52,241	14.6 %	$ 113,613	46.5 %
Capital assets, net	1,224	1,198	1,610	26	2.2 %	(412)	(25.6)%
Total assets	411,480	359,213	246,012	52,267	14.6 %	113,201	46.0 %
LIABILITIES							
Current liabilities	228,971	246,472	168,689	(17,501)	(7.1)%	77,783	46.1 %
Lease liability, net of current liabilities	5,946	7,280	-	(1,334)	(18.3)%	7,280	100.0 %
Total liabilities	234,917	253,752	168,689	(18,835)	(7.4)%	85,063	50.4 %
NET POSITION							
Invested in capital assets	1,224	1,198	1,610	26	2.2 %	(412)	(25.6)%
Unrestricted net position	175,339	104,263	75,713	71,076	68.2 %	28,550	37.7 %
Total net position	176,563	105,461	77,323	71,102	67.4 %	28,138	36.4 %
Total liabilities and net position	$ 411,480	$ 359,213	$ 246,012	$ 52,267	14.6 %	$ 113,201	46.0 %

FISCAL YEAR 2022

- As of June 30, 2022 and 2021, total assets were approximately $411,480,000 and $359,213,000, respectively, an increase of $52,267,000 or 14.6 percent due to an increase in cash and cash equivalents.
- Total liabilities as of June 30, 2022 were $234,917,000 compared with $253,752,000 as of June 30, 2021, a 7.4 percent decrease. The decrease was primarily driven by a decrease in accrued medical expenses.
- The Plan's total net position increased by approximately $71,102,000, or 67.4 percent, during fiscal 2022. This increase in net position was attributable to favorability in capitation rates from the State and overall reduced utilization because of the COVID-19 pandemic, which resulted in a net position at June 30, 2022 of $176,563,000 compared to a net position of $105,461,000 at June 30, 2021.
- Tangible Net Equity ("TNE") at June 30, 2022, was 482 percent of the DHCS required minimum of $36,610,000.

FISCAL YEAR 2021

- As of June 30, 2021 and 2020, total assets were approximately $359,213,000 and $246,012,000 respectively, an increase of $113,201,000 or 46.0 percent.
- Current liabilities at June 30, 2021 were $246,472,000, compared with $168,689,000 at June 30, 2020, a 46.1 percent increase. The increase was primarily driven by an increase in accrued medical expenses resulting from claims inventory build-up that occurred due to the claims systems migration to Health Solutions Plus MediTrac.

- The Plan's total net position increased by approximately $28,138,000, or 36.4 percent, during fiscal 2021. This increase in net position was attributable to favorability in capitation rates from the State, which resulted in a net position at June 30, 2021 of $105,461,000 from a net position of $77,323,000 at June 30, 2020.

- TNE at June 30, 2021, was 292 percent of the DHCS required minimum of $36,073,000.

RESULTS OF OPERATIONS

As mentioned above, GCHP's fiscal 2022 operations and nonoperating revenues and expenses, net resulted in a $71,102,000 increase in net position. GCHP's fiscal 2021 operations and nonoperating revenues and expenses, net resulted in a $28,138,000 increase in net position. The following table shows the changes in revenues and expenses for 2022 compared to 2021 and 2021 compared to 2020.

Table 2 – Revenues, Expenses, and Changes in Net Position for Fiscal Years Ended June 30

(Dollars in Thousands)
(as restated)

	2022	2021	2020	2022 to 2021 Change Amount	2022 to 2021 Change Percentage	2021 to 2020 Change Amount	2021 to 2020 Change Percentage
Capitation revenues	$ 1,046,588	$ 985,385	$ 854,969	$ 61,203	6.2 %	$ 130,416	15.3 %
Total operating revenues	1,046,588	985,385	854,969	61,203	6.2 %	130,416	15.3 %
Provider capitation	89,283	87,192	58,648	2,091	2.4 %	28,544	48.7 %
Claim payments to providers and facilities	646,212	570,844	552,877	75,368	13.2 %	17,967	3.2 %
Prescription drugs	81,765	159,068	143,601	(77,303)	(48.6)%	15,467	10.8 %
Other medical	23,964	16,624	15,493	7,340	44.2 %	1,131	7.3 %
Reinsurance, net of recoveries	(8,375)	(3,549)	(895)	(4,826)	136.0 %	(2,654)	296.5 %
Total health care expenses	832,849	830,179	769,724	2,670	0.3 %	60,455	7.9 %
Salaries, benefits, and compensation	17,340	14,635	15,560	2,705	18.5 %	(925)	(5.9)%
Professional fees	28,060	29,220	28,449	(1,160)	(4.0)%	771	2.7 %
General administrative fees	4,677	3,086	3,258	1,591	51.6 %	(172)	(5.3)%
Supplies, occupancy, insurance, and other	1,144	620	2,265	524	84.5 %	(1,645)	(72.6)%
Premium tax	89,423	77,637	34,505	11,786	15.2 %	43,132	125.0 %
Depreciation	1,732	1,732	467	-	0.0 %	1,265	270.9 %
Total administrative expenses	142,376	126,930	84,504	15,446	12.2 %	42,426	50.2 %
Total operating expenses	975,225	957,109	854,228	18,116	1.9 %	102,881	12.0 %
Operating income	71,363	28,276	741	43,087	152.4 %	27,535	3715.9 %
Interest income	215	459	1,800	(244)	(53.2)%	(1,341)	(74.6)%
Interest expense	(476)	(597)	(823)	121	(20.2)%	226	(27.5)%
Total nonoperating revenues and expenses, net	(261)	(138)	977	(123)	89.1 %	(1,115)	(114.1)%
Increase in net position	71,102	28,138	1,718	42,964	152.7 %	26,420	1537.9 %
Total net position, beginning of year	105,461	77,323	75,605	28,138	36.4 %	1,718	2.3 %
Total net position, end of year	$ 176,563	$ 105,461	$ 77,323	$ 71,102	67.4 %	$ 28,138	36.4 %

ENROLLMENT, CAPITATION REVENUE AND HEALTH CARE EXPENSES

ENROLLMENT

Enrollment is divided into aid categories, which correspond to specific rates of capitation to be received by the Plan from the State. During fiscal 2022, the Plan served an average of 229,367 members per month, compared to an average of 213,586 members per month in fiscal 2021 and an average of 194,879 members per month in fiscal 2020. The increase in enrollment is attributed to the moratorium on redeterminations because of the COVID-19 pandemic.

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

Enrollment Category	2022	2021	2020
Child	92,327	89,885	86,238
Adult	32,471	28,535	24,009
Adult Expansion	71,794	63,226	53,798
Seniors and Persons with Disabilities ("SPD")	10,530	10,310	10,169
SPD - Dual	21,525	20,748	19,628
Breast and Cervical Cancer Treatment Program ("BCCTP")	-	76	154
Long Term Care ("LTC")	46	49	53
LTC - Dual	674	757	830
Total average monthly enrollment	229,367	213,586	194,879

Significant aid categories are defined as follows:

1. Child: Qualifying members under age 19.

2. Adult: Qualifying members between the ages of 19 and 64.

3. Adult Expansion ("AE"): Refers to members who became eligible for the Medi-Cal program effective January 1, 2014, as a result of the implementation of the Affordable Care Act ("ACA") and the expanded eligibility criteria for Medicaid.

4. Senior and Persons with Disabilities ("SPD")*: Includes individuals who are 65 years of age and older who receive supplemental security income (SSI) checks, or are medically needy if their income and resources are within the Medi-Cal limits, and individuals who met the criteria for disability set by the Social Security Administration and the State Program-Disability and Audit Program Division.

5. Long-Term Care* ("LTC"): Includes frail, elderly, nonelderly adults with disabilities and children with developmental disabilities, and other disabling conditions requiring long-term care services.

6. Breast and Cervical Cancer Treatment Program ("BCCTP"): Provides cancer treatment for eligible low-income California residents who are screened by the Cancer Detection Program: Every Woman Counts ("CDP:EWC") or Family Planning, Access, Care and Treatment ("Family PACT") programs and found to be in the need of treatment for breast and/or cervical cancer. For the CY2021 rate year this category of aid was rolled into the SPD category of aid.

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

FISCAL YEAR 2022

CAPITATION REVENUE

Premium revenue (capitation received by the Plan from the State) is determined by rates set by the State at the beginning of the plan year and generally are effective for the entire year. The State may, on occasion, provide updated rates during the fiscal year. Total revenue for fiscal year 2022 was $1,046,588,000, a 6.2 percent increase from the prior year. The increase was primarily attributable to favorability in capitation rates from the State.

HEALTH CARE EXPENSES

Aggregate health care expenses were $832,849,000 in fiscal 2022, compared to $830,179,000 in fiscal 2021, which is an increase of 0.3 percent. The Plan's medical loss ratio, or health care expenses as a percent of operating revenues (net of Managed Care Organization ("MCO") taxes), was 87.0 percent in fiscal 2022, compared to 91.5 percent in fiscal 2021.

Note the following regarding the components of health care expenses:

1. Provider capitation represents monthly payments for members assigned to primary care providers who have agreed to accept risk to provide specific services (when needed) to their members. Rates are fixed by contract and are generally known at the beginning of the fiscal year. Capitation expense for fiscal 2022 was $89,283,000, or $2,091,000 higher than in fiscal 2021. The increase was primarily due to higher capitated membership from prior year and the implementation of capitation for Enhanced Care Management (ECM) services effective January 1, 2022.

2. Pharmacy expenses were $81,765,000, or $77,303,000 lower in fiscal 2022 than in the prior year. The 48.6 percent decrease in costs was primarily due to the pharmacy benefit carve-out beginning January 1, 2022.

3. Other medical, including care management, expense was $23,964,000 in fiscal 2022, or $7,340,000 and 44.2 percent higher than in fiscal 2021. The increase was primarily due to an increase in care management expenses from the prior year due to additional staffing and software costs.

4. Total reinsurance, net of recoveries and provider refunds resulted in a $8,375,000 reduction to health care expenses in fiscal 2022, versus $3,549,000 in fiscal 2021.

Administrative Expenses

Total administrative expenses were approximately $142,376,000 in fiscal 2022, compared to $126,930,000 in fiscal 2021, for an increase of $15,446,000. The increase was predominantly due to premium tax expense, which was $89,423,000 in fiscal year 2022 compared to $77,637,000 in fiscal year 2021, an increase of $11,786,000.

Senate Bill ("SB") X2-2, which passed in March 2016, redefined the premium tax payment and calculation. Per SB X2-2, the tax rate was a pre-determined liability based on DHCS projected Medi-Cal membership, and specified rates and was effective through June 30, 2019. Assembly Bill ("AB") 115 re-established a managed care enrollment tax, using a modified tiered taxing model. On April 3, 2020, the federal government approved the State's revised proposal to implement a tax on MCOs to help fund the Medi-Cal program. The new AB115 MCO tax is effective from January 2020 through December 2022.

Other administrative expenses increased from the prior year due to increased expenses related to Enterprise Projects as compared to prior years and increases in staffing.

FISCAL YEAR 2021

CAPITATION REVENUE

Premium revenue (capitation received by the Plan from the State) is determined by rates set by the State at the beginning of the plan year and generally are effective for the entire year. The State may, on occasion, provide updated rates during the fiscal year. Total revenue for fiscal year 2021 was $985,385,000, a 15.3 percent increase from the prior year. The increase was primarily attributable to favorability in capitation rates from the State.

HEALTH CARE EXPENSES

Aggregate health care expenses were $830,179,000 in fiscal 2021, compared to $769,724,000 in fiscal 2020, which is an increase of 7.9 percent. The Plan's medical loss ratio, or health care expenses as a percent of operating revenues (net of MCO taxes), was 91.5 percent in fiscal 2021, compared to 93.8 percent in fiscal 2020.

Note the following regarding the components of health care expenses:

1. Provider capitation represents monthly payments for members assigned to primary care providers who have agreed to accept risk to provide specific services (when needed) to their members. Rates are fixed by contract and are generally known at the beginning of the fiscal year. Capitation expense for fiscal 2021 was $87,192,000, or $28,544,000 higher than in fiscal 2020. The increase was primarily due to a contract change with a provider in which they took on additional services as well as higher capitated membership from prior year.

2. Pharmacy expenses were $159,068,000, or $15,467,000 higher in fiscal 2021 than in the prior year. The 10.8 percent increase in costs were impacted by an overall increase in utilization and an overall increase in unit costs consistent with a national trend and allowing for 90-day supplies in the latter half of fiscal 2020 due to COVID-19 and continuing through the entire fiscal 2021.

3. Other medical, including care management, expense was $16,624,000 in fiscal 2021, or $1,131,000 and 7.3 percent higher than in fiscal 2020. The increase was primarily due to an increase in care management expenses from the prior year due to additional staffing and software costs.

4. Total reinsurance, net of recoveries and provider refunds resulted in a $3,549,000 reduction to health care expenses in fiscal 2021, versus $895,000 in fiscal 2020.

ADMINISTRATIVE EXPENSES

Total administrative expenses were approximately $126,930,000 in fiscal 2021, compared to $84,504,000 in fiscal 2020, for an increase of $42,426,000. The increase was predominantly due to premium tax expense, which was $77,637,000 in fiscal year 2021 compared to $34,505,000 in fiscal year 2020. The increase in premium tax was due to a 6-month gap in required premium tax in fiscal 2020. Senate Bill X2-2 established the managed care organization tax between July 1, 2016 through June 30, 2019. The tax was renewed with the CMS approval of Assembly Bill 115 with an effective date of January 1, 2020.

Senate Bill X2-2, which passed in March 2016, redefined the premium tax payment and calculation. Per SB X2-2, the tax rate was a pre-determined liability based on DHCS projected Medi-Cal membership, and specified rates and was effective through June 30, 2019. Assembly Bill 115 re-established a managed care enrollment tax, using a modified tiered taxing model. On April 3, 2020, the federal government approved the State's revised proposal to implement a tax on MCOs to help fund the Medi-Cal program. The new AB115 MCO tax is effective from January 2020 through December 2022.

Other administrative expenses increased from the prior year due to increased expenses related to Enterprise Projects as compared to prior years and increases in staffing.

Tangible Net Equity

GCHP is required by DHCS to maintain certain levels of TNE. Regulatory TNE levels are determined by formula and are based on specified percentages of revenue and medical expenses. Driven by its operating performance, the Plan's TNE at June 30, 2022 was $176,563,000, which exceeded the required TNE amount of $36,610,000. The Plan's TNE at June 30, 2021, was $105,461,000, which exceeded the required TNE amount of $36,073,000.

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

	June 30, 2022	June 30, 2021	June 30, 2020
Actual TNE, beginning balance	$ 105,461	$ 77,323	$ 75,605
Change in net position	71,102	28,138	1,718
Actual TNE, ending balance	$ 176,563	$ 105,461	$ 77,323
Required TNE	$ 36,610	$ 36,073	$ 34,440

REQUESTS FOR INFORMATION

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

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan (a discrete component unit of the County of Ventura, California), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2022, Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

San Francisco, California
[Date]

Financial Statements

Ventura County Medi-Cal Managed Care Commission
dba Gold Coast Health Plan
Statements of Net Position
June 30, 2022 and 2021

	2022	2021 (as restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 207,279,854	$ 193,947,004
Short-term investments	93,427,202	43,515,100
Capitation receivable	96,372,009	103,174,578
Provider receivables	892,634	1,754,312
Reinsurance and other receivables	4,135,513	6,440,232
Prepaid expenses and other assets	2,283,083	2,104,933
Total current assets	404,390,295	350,936,159
CAPITAL ASSETS, net	1,224,095	1,198,472
INTANGIBLE RIGHT TO USE LEASE, net of accumulated amortization	5,865,606	7,078,981
Total assets	$ 411,479,996	$ 359,213,612
LIABILITIES AND NET POSITION		
LIABILITIES		
Medical claims liability	$ 143,514,151	$ 173,767,418
Capitation payable	28,842,731	26,699,447
Payable to the State of California	25,002,750	14,936,921
Accounts payable	1,869,914	1,683,582
Accrued payroll and employee benefits	2,277,953	2,195,823
Accrued premium tax	21,565,800	19,409,220
Accrued expenses and other	4,660,084	6,735,302
Current portion of lease liability	1,237,553	1,044,446
Total current liabilities	228,970,936	246,472,159
LEASE LIABILITY, net of current liabilites	5,946,158	7,280,102
Total liabilities	234,917,094	253,752,261
NET POSITION		
Net invested in capital assets	1,224,095	1,198,472
Unrestricted net position	175,338,807	104,262,879
Total net position	176,562,902	105,461,351
Total liabilities and net position	$ 411,479,996	$ 359,213,612

Ventura County Medi-Cal Managed Care Commission
dba Gold Coast Health Plan
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
OPERATING REVENUES		
Capitation revenues	$ 1,046,588,089	$ 985,384,706
Total operating revenues	1,046,588,089	985,384,706
OPERATING EXPENSES		
Health care expenses		
Provider capitation	89,282,591	87,191,841
Claim payments to providers and facilities	646,211,940	570,844,057
Prescription drugs	81,764,901	159,068,436
Other medical	23,964,068	16,623,754
Reinsurance, net of recoveries	(8,374,426)	(3,549,024)
Total health care expenses	832,849,074	830,179,064
ADMINISTRATIVE EXPENSES		
Salaries, benefits, and compensation	17,339,956	14,635,320
Professional fees	28,060,304	29,219,779
General administrative fees	4,677,112	3,086,294
Supplies, occupancy, insurance, and other	1,144,060	620,656
Premium tax	89,423,556	77,636,880
Depreciation and amortization	1,731,840	1,731,939
Total administrative expenses	142,376,828	126,930,868
Total operating expenses	975,225,902	957,109,932
Operating income	71,362,187	28,274,774
NONOPERATING REVENUES AND EXPENSES, NET		
Interest income	214,572	459,359
Interest expense	(475,208)	(596,044)
Total nonoperating revenues and expenses, net	(260,636)	(136,685)
Increase in net position	71,101,551	28,138,089
NET POSITION, beginning of year	105,461,351	77,323,262
NET POSITION, end of year	$ 176,562,902	$ 105,461,351

Ventura County Medi-Cal Managed Care Commission
dba Gold Coast Health Plan
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Capitation revenues received	$ 1,063,456,487	$ 993,890,519
Reinsurance premiums paid	(3,581,673)	(4,233,183)
Payments to providers and facilities	(854,209,240)	(746,807,828)
Payments of premium tax	(87,266,976)	(92,732,940)
Payments of administrative expenses	(53,206,338)	(44,173,239)
Net cash provided by operating activities	65,192,260	105,943,329
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(543,789)	(104,101)
Interest payments	(475,208)	(610,189)
Payments on lease liability	(1,140,837)	(1,044,397)
Net cash used in capital and related financing activities	(2,159,834)	(1,758,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(75,000,000)	-
Proceeds from sale of investments	25,000,000	-
Interest income	300,424	175,933
Net cash (used in) provided by investing activities	(49,699,576)	175,933
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,332,850	104,360,575
Cash and cash equivalents, beginning of year	193,947,004	89,586,429
Cash and cash equivalents, end of year	$ 207,279,854	$ 193,947,004
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 71,362,187	$ 28,274,774
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	1,731,840	1,731,939
Changes in assets and liabilities		
Receivables	9,970,713	(1,688,825)
Prepaid expenses and other assets	(178,150)	(199,378)
Medical claims liability	(30,253,267)	71,170,943
Capitation payable	2,143,284	8,482,185
Payable to the State of California	10,065,829	9,679,563
Accounts payable	186,332	(680,053)
Accrued premium tax and other liabilities	163,492	(10,827,819)
Net cash provided by operating activities	$ 65,192,260	$ 105,943,329

NOTE 1 – ORGANIZATION AND OPERATIONS

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

As a COHS, GCHP maintains an exclusive contract (the "Contract") with the State of California Department of Health Care Services ("DHCS") to arrange for the provision of health care services to Ventura County's approximately 200,000 Medi-Cal beneficiaries. All of GCHP's revenues are earned from the State of California (the "State") in the form of capitation payments. Revenue is primarily based on enrollment and capitation rates as provided for in the Contract. The Plan began providing services to Medi-Cal beneficiaries in July 2011. In August 2013, the State of California transferred the Healthy Families Program members in Ventura County into the Medi-Cal program, Targeted Low Income Program ("TLIC"). In January 2014, the federal Affordable Care Act ("ACA") expanded health coverage to certain adults age 19 or older and under 65 and resulted in new enrollment through Adult Expansion ("AE") and other population groups. In January 2022, the DHCS launched a new program to improve the health and wellbeing of Medi-Cal members beyond traditional medical services, make services work together better, and improve the quality of services called California Advancing and Innovating Medi-Cal ("CalAIM"). Upon implementation of the program, the Plan began offering a new benefit, Enhanced Care Management ("ECM"), and new services called Community Supports ("CS").

NOTE 2 – COMPLIANCE WITH THE DHCS, CONCENTRATION RISK, AND RESTRICTED NET POSITION

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

Required and actual TNE are as follows:

	June 30,	
	2022	2021
	(in thousands)	
Actual TNE, beginning balance	$ 105,461	$ 77,323
Change in net position	71,102	28,138
Reportable TNE	$ 176,563	$ 105,461
Required TNE	$ 36,610	$ 36,073

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

In March 2020, the World Health Organization declared the COVID-19 virus spread a pandemic and public health emergency. The duration and intensity of the disruption from the pandemic is uncertain. Therefore, there may be adverse financial pressures on GCHP that could impact GCHP's future operations.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – GCHP is a county-organized health system governed by an 11-member Ventura County Medi-Cal Managed Care Commission appointed by the Ventura County Board of Supervisors. Effective for the fiscal year ended June 30, 2011, GCHP began reporting as a discrete component unit of the County of Ventura, California. The County made this determination based on the County Board of Supervisors having the right to elect 100 percent of the GCHP Commissioners.

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

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

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

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

Custodial credit risk-deposits – Custodial credit risk is the risk that in the event of a bank failure, GCHP may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. As of June 30, 2022 and 2021, all accounts were covered by posted collateral.

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

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

Capitation receivable – Capitation receivable represents capitation revenue for the years ended June 30, 2022 and 2021, received subsequent to June 30, 2022 and 2021, respectively. Capitation receivable also includes final revenue rate adjustments based on communications from the DHCS. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering payment history, financial condition, and current economic conditions. Subsequent adjustments to the contracted rates or enrollments are recognized in the period the adjustment is determined.

Provider receivables – Provider receivables are recorded for all claim refunds due from providers. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering payment history, financial condition, and current economic conditions.

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

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

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

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Long-lived assets are periodically reviewed for impairment. The estimated useful lives of three to seven years are used for furniture, fixtures, computer equipment, and software. Leasehold improvements are depreciated over the life of the lease or estimated useful life, whichever is shorter. Depreciation expense for the years ended June 30, 2022 and 2021, was approximately $520,000 and $514,000, respectively.

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

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

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

Payable to the State of California – The liability at June 30, 2022 and 2021 was approximately $19,907,000 and $14,937,000, respectively, due to state of California funding programs that have minimum Medical Loss Ratio ("MLR") requirements and potential amounts due back to the State. The balance as of June 30, 2022 represents an estimate due back to the State of California for the Proposition 56 programs in effect for state fiscal years 2020 and 2021. The balance as of June 30, 2021 represents an estimate due back to the State of California for the Proposition 56 programs in effect for state fiscal years 2018 and 2019. The liability may vary depending on actual claims experience and final reconciliation and audit results. This liability is presented in the payable to the State of California in the accompanying statements of net position.

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

Premium deficiency reserves – GCHP performed an analysis of its expected future health care and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve would be accrued. A premium deficiency reserve was not required as of June 30, 2022 or 2021.

Accrued compensated absences – GCHP's policy permits eligible employees to accrue vacation based on their individual employment agreements. Unused vacation may be carried over into subsequent years, up to limits indicated in their employment agreements. Accumulated vacation will be paid to the employee upon separation from service with GCHP. All compensated absences are accrued and recorded in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, and are included in accrued payroll and employee benefits in the accompanying statements of net position.

Premium taxes – Senate Bill ("SB") X2-2, which passed in March 2016, redefined the premium tax payment and calculation. Per SB X2-2, the tax rate was a pre-determined liability based on DHCS projected Medi-Cal membership, and specified rates and was effective through June 30, 2019. Assembly Bill ("AB") 115, *Committee on Budget, Chapter 348, Statutes of 2019,* re-established a managed care enrollment tax, using a modified tiered taxing model and the implementation of the tax is projected to generate a net state benefit of approximately $7 billion over the three-year duration of the tax. On April 3, 2020, the federal government approved the State's revised proposal to implement a tax on Managed Care Organizations ("MCO") to help fund the Medi-Cal program. The new MCO tax is effective from January 2020 through December 2022. The DHCS calculated GCHP's total MCO tax liabilities for the years ended June 30, 2022 and 2021, to be approximately $89,424,000 and $77,637,000, respectively. A premium tax refund receivable of approximately $3,160,000 and $6,321,000 was recognized as of June 30, 2022 and 2021, respectively, and is included in the reinsurance and other receivables balance on the accompanying statements of net position.

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

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

Restricted – This component of net position consists of external constraints placed on net asset used by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. There were no amounts classified as restricted net position as of June 30, 2022 or 2021.

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

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

During the years ended June 30, 2022 and 2021, GCHP received approximately $30,998,000 and $47,791,000, respectively, of supplemental fee revenue from the DHCS as a hospital quality assurance fee ("HQAF") as a result of SB 229 and SB 335, respectively.

DHCS implemented a managed care Designated Public Hospital ("DPH") Quality Incentive Pool ("QIP") that was expanded effective July 1, 2020 under which managed care plans were directed to make QIP payments tied to performance on designated performance metrics in four strategic categories: primary care, specialty care, inpatient care, and resource utilization. The QIP payments are linked to delivery of services under the managed care plan contracts and increase the amount of funding tied to quality outcomes. During the years ended June 30, 2022 and 2021, GCHP received approximately $61,732,000 and $97,215,000, respectively, in QIP payments.

DHCS also established a Directed Payments DPH Enhanced Payment Program ("EPP") under which managed care providers were directed to reimburse California's 21 DPHs for network contracted services delivered by DPH systems, enhanced by either a uniform percentage or dollar increment based on actual utilization of network contracted services. The State will evaluate the extent to which enhanced payments are achieving the goals identified. During the years ended June 30, 2022 and 2021, GCHP received approximately $29,827,000 and $31,101,000, respectively, through the EPP.

DHCS also established a Private Hospital Directed Payment Program ("PHDPP") under which managed care providers were directed to reimburse private hospitals as defined in WIC 14169.51, based on actual utilization of contracted services. The enhanced payment is contingent upon hospitals providing adequate access to service, including primary, specialty, and inpatient (both tertiary and quaternary) care. During the years ended June 30, 2022 and 2021, GCHP received approximately $60,881,000 and $45,441,000, respectively, through the PHDPP.

GCHP passed these HQAF, QIP, EPP and PHDPP funds through to providers. These amounts were not reflected in the accompanying financial statements for the years ended June 30, 2022 and 2021, as the amounts passed through to the providers do not meet requirements for revenue recognition under Government Accounting Standards ("GAS").

GCHP has an agreement with the DHCS to receive an intergovernmental transfer ("IGT") through a capitation rate increase of $21,359,000 and $39,931,000 recorded in years ended June 30, 2022 and 2021, respectively. Under the agreement, these funds that are distributed to providers are not reported on the statements of revenues, expenses and changes in net position, or the statements of net position, as these amounts do not meet requirements for revenue recognition under GAS. GCHP did not retain any of this IGT during the years ended June 30, 2022 and 2021 for administrative costs.

DHCS has established the CalAIM Incentive Payment Program ("IPP"). Under the program, GCHP is eligible to receive incentive payments from DHCS based on the successful completion of DHCS-established development goals, objectives, and measures of the program's priority areas. The Plan received approximately $6,027,000 of the approximately $12,054,000 for calendar year 2022. The funds are subject to recoupment to the State based on the Plan's performance predefined metrics. The Plan recognized approximately $2,700,000 as revenue during the year ended June 30, 2022 based on management's assessment of the Plan's performance against the metrics.

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

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

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

All regular employees participate in the CPA STARS 401 Plan. Employee contributions to the 401 Plan are not allowed. GCHP makes employer contributions to the 401 Plan in an amount annually determined under the 401 Plan Agreement. For the years ended June 30, 2022 and 2021, GCHP contributions to the 401 Plan were $2,137,000 and $1,855,000, respectively.

Deferred compensation plan – GCHP has adopted, and its employees are participants in, the CPA STARS 457(b) deferred compensation plan (the "457 Plan"). The 457 Plan was created in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their annual salary until future years. GCHP participation in the 457 Plan is defined by the 457 Trust Agreement between GCHP and CPA STARS. Employee participation in the 457 Plan is voluntary, and GCHP has not made any contributions. As such, there were no GCHP employer contributions for the years ended June 30, 2022 and 2021.

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

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

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

Recent accounting pronouncements – In June 2017, the GASB issued Statement No. 87, *Leases* ("GASB 87"). GASB 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. During the year ended June 30, 2022, GCHP implemented GASB 87 on a retroactive basis by restating June 30, 2021, balances, as required. These changes had an effect on the beginning net position of GCHP. GCHP recognized approximately $9,369,000 in a lease liability as of July 1, 2020, due to the implementation of GASB 87; however, this entire amount was offset by an intangible right to use lease asset. The implementation of GASB 87 had the following effect on net position as reported as of June 30, 2021:

Net position as of June 30, 2021, as previously reported	$ 105,714,856
GASB 87 Leases	(253,505)
Net position as of June 30, 2021, as restated	$ 105,461,351

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITA") for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. GCHP is reviewing the impact of the adoption of GASB 96 for the fiscal year ending June 30, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"). GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The requirements of this GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GCHP is reviewing the impact of the adoption of GASB 101 for the fiscal year ending June 30, 2025.

NOTE 4 – CASH AND INVESTMENTS

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

Interest rate risk – In accordance with its Annual Investment Policy ("investment policy"), GCHP manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with the Plan's expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. The Plan maintains a low-weighted average maturity strategy, targeting a portfolio with maturities of three years or less, with the intent of reducing interest rate risk. Portfolios with low weighted average maturities are less volatile because they are less sensitive to interest rate changes. As of June 30, 2022, the weighted average maturity of GCHP's investments, including cash equivalents was approximately 1 day.

The Plan's investments as of June 30, 2022, are summarized as follows:

Investment Type	Fair Value	Maximum Maturity*	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
CalTrust Investment Fund	$ 34,780,107	N/A	-	1
Local Agency Investment Fund	40,269,787	N/A	-	1
Ventura County Investment Pool	18,377,308	N/A	-	1
	$ 93,427,202		-	1

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

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

Credit ratings of investments and cash equivalents as of June 30, 2022, are summarized below:

			Ratings as of Year-End (SP / MDY)				
Investment Type	Fair Value	Minimum Legal Rating*	Exempt from rating	A-1 / P-1	A1 / AA+	A1 / A+	A2 / A
CalTrust Investment Fund	$ 34,780,107	None	$ 34,780,107	$ -	$ -	$ -	$ -
Local Agency Investment Fund	40,269,787	None	40,269,787	-	-	-	-
Ventura County Investment Pool	18,377,308	None	18,377,308	-	-	-	-
	$ 93,427,202		$ 93,427,202	$ -	$ -	$ -	$ -

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

Credit ratings of investment and cash equivalents as of June 30, 2021, are summarized below:

Investment Type	Fair Value	Minimum Legal Rating*	Ratings as of Year-End (SP / MDY)				
			Exempt from rating	A-1 / P-1	A1 / AA+	A1 / A+	A2 / A
CalTrust Investment Fund	$ 3,771	None	$ 3,771	$ -	$ -	$ -	$ -
Local Agency Investment Fund	206,976	None	206,976	-	-	-	-
Ventura County Investment Pool	43,304,353	None	43,304,353	-	-	-	-
	$ 43,515,100		$ 43,515,100	$ -	$ -	$ -	$ -

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

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

The Plan's percentage of portfolio as of June 30, 2022, is summarized below:

Investment Type	Issuer	Fair Value	Percentage of Portfolio
CalTrust Investment Fund	Wells Fargo	$ 34,780,107	37.2%
Local Agency Investment Fund	State of California Treasurer	40,269,787	43.1%
Ventura County Investment Pool	County of Ventura Treasurer	18,377,308	19.7%
Total Funds Available for Investments		$ 93,427,202	100.0%

The Plan's percentage of portfolio as of June 30, 2021, is summarized below:

Investment Type	Issuer	Fair Value	Percentage of Portfolio
CalTrust Investment Fund	Wells Fargo	$ 3,771	0.0%
Local Agency Investment Fund	State of California Treasurer	206,976	0.5%
Ventura County Investment Pool	County of Ventura Treasurer	43,304,353	99.5%
Total Funds Available for Investments		$ 43,515,100	100.0%

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

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

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

Level 3 – Significant unobservable inputs.

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

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

The Plan is a voluntary participant in CalTrust. The Plan's investment in this pool is reported in the accompanying financial statements at fair value based on the Plan's pro rata share of the respective pool as reported by CalTrust. As of June 30, 2022 and 2021, the Plan held approximately $34,780,000 and $4,000 in CalTrust, respectively.

The California State Treasurer's Office makes available the Local Agency Investment Fund ("LAIF") through which local governments may pool investments. Each governmental entity may invest up to $65 million in the fund. Investments in the LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The Plan is a voluntary participant in the LAIF. The fair value of the GCHP's investments in the LAIF is reported in the accompanying financial statements based on the GCHP's pro rata share of the fair value provided by the LAIF for the entire LAIF portfolio. As of June 30, 2022 and 2021, the Plan held approximately $40,270,000 and $207,000 in LAIF, respectively.

The Ventura County Investment Pool ("VCIP") is available to local public governments, agencies, and school districts within Ventura County (the "County"). Wells Fargo Bank NA serves as custodian for the pool's investments. The portfolio is typically comprised of U.S. agency securities and high-quality short-term instruments, resulting in a relatively short-weighted average maturity. Fair value calculations are based on market values provided by the County's investment custodian. Investments in the VCIP are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The Plan is a voluntary participant in the VCIP. The fair value of the GCHP's investments in the VCIP is reported in the accompanying financial statements based on the GCHP's pro rata share of the fair value provided by the VCIP for the entire VCIP portfolio. As of June 30, 2022 and 2021, the Plan held approximately $18,377,000 and $43,304,000 in VCIP, respectively.

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

The Plan had the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments not subject to fair value hierarchy				
CalTrust Investment Fund	$ 34,780,107			
Local Agency Investment Fund	40,269,787			
Ventura County Investment Pool	18,377,308			
	$ 93,427,202			

The Plan had the following recurring fair value measurements as of June 30, 2021:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments not subject to fair value hierarchy				
CalTrust Investment Fund	$ 3,771			
Local Agency Investment Fund	206,976			
Ventura County Investment Pool	43,304,353			
	$ 43,515,100			

NOTE 5 – ADMINISTRATIVE SERVICES AGREEMENTS

Conduent, Inc. ("Conduent"), formerly Affiliated Computer Services – GCHP entered into an agreement with Conduent on June 28, 2017, to provide certain operational services, for a two-year term with 4 to 6 month extensions beginning July 1, 2017. On May 1, 2019, GCHP and Conduent entered into a new agreement extending service through June 30, 2024. Included in the extension is a project to replace the existing technology platform with a new system and realign business processes. Compensation for these services is based on a per-member, per-month cost at varying membership levels. These costs are recorded as expenses in the period incurred. Total expenses for services provided for the years ended June 30, 2022 and 2021, were approximately $18,803,000 and $19,370,000, respectively, and are reported in professional fees on the accompanying statements of revenues, expenses, and changes in net position.

OptumRx, Inc. ("Optum Rx") – GCHP entered into a three-year agreement with Optum Rx, effective June 1, 2017, as the provider of pharmacy administration and management services. Optum Rx services are specific to the prescription benefit drug program for GCHP Medi-Cal beneficiaries. On January 1, 2022, the DHCS transitioned all Medi-Cal pharmacy services from managed care to a fee-for-service program administered by the State. As a result, GCHP no longer administers pharmacy benefits to its members. The Plan remains contracted with Optum RX to process all claims prior to the January 1, 2022 transition date. Total expenses for Optum Rx services were approximately $1,087,000 and $2,028,000 for the years ended June 30, 2022 and 2021, respectively, and are included in other medical expenses on the accompanying statements of revenues, expenses, and changes in net position.

Beacon Health Strategies, LLC ("Beacon Health Strategies") – On April 14, 2014, GCHP entered into a two-year agreement with Beacon Health Strategies to provide administrative services to arrange for and support the administration of behavioral health services for GCHP. The agreement with Beacon Health Strategies has been extended until February 2, 2023. Total expenses for Beacon Health Strategies were approximately $2,320,000 and $2,171,000 for the years ended June 30, 2022 and 2021, respectively, and are included in professional fees on the accompanying statements of revenues, expenses, and changes in net position.

NOTE 6 – CAPITAL ASSETS

Capital asset activity during the years ended June 30, 2022 and 2021, consisted of the following:

	Balance June 30, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
Capital assets					
Leasehold improvements	$ 1,804,976	$ -	$ -	$ -	$ 1,804,976
Software and equipment	1,890,073	543,789	-	-	2,433,862
Furniture and fixtures	1,197,450	-	-	-	1,197,450
Total capital assets	4,892,499	543,789	-	-	5,436,288
Less accumulated depreciation and amortization for					
Leasehold improvements	1,014,968	194,904	-	-	1,209,872
Software and equipment	1,554,964	277,095	-	-	1,832,059
Furniture and fixtures	1,124,095	48,126	-	1,959	1,170,262
Total accumulated depreciation	3,694,027	520,125	-	1,959	4,212,193
Total capital assets, net	$ 1,198,472	$ 23,664	$ -	$ 1,959	$ 1,224,095

	Balance June 30, 2020	Increases	Transfers	Decreases	Balance June 30, 2021
Capital assets					
Leasehold improvements	$ 1,800,989	$ 3,987	$ -	$ -	$ 1,804,976
Software and equipment	1,789,959	100,114	-	-	1,890,073
Furniture and fixtures	1,207,135	-	-	9,685	1,197,450
Total capital assets	4,798,083	104,101	-	9,685	4,892,499
Less accumulated depreciation and amortization for					
Leasehold improvements	815,421	199,547	-	-	1,014,968
Software and equipment	1,405,124	149,840	-	-	1,554,964
Furniture and fixtures	967,210	164,955	-	8,070	1,124,095
Total accumulated depreciation	3,187,755	514,342	-	8,070	3,694,027
Total capital assets, net	$ 1,610,328	$ (410,241)	$ -	$ (1,615)	$ 1,198,472

NOTE 7 – MEDICAL CLAIMS LIABILITY

Medical claims liability and capitation payable consists of the following:

	June 30, 2022	June 30, 2021
Claims payable or pending approval	$ 10,321,402	$ 29,923,759
Capitation payable	28,842,731	26,699,447
Provisions for claims incurred but not yet reported and other	101,083,947	126,960,643
Directed payments to providers payable	32,108,802	16,883,016
	$ 172,356,882	$ 200,466,865

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

The following is reconciliation of the medical claims liability and capitation payable activity for the years ended June 30:

	2022	2021
Medical claims liability and capitation payable at beginning of year	$ 200,466,865	$ 120,813,737
Incurred		
Current	849,611,294	827,996,130
Prior	(4,226,260)	4,856,499
Total incurred	845,385,034	832,852,629
Paid		
Current	716,563,984	669,483,942
Prior	153,031,147	79,851,476
Total paid	869,595,131	749,335,418
Net balance at end of year	176,256,768	204,330,948
Provider and reinsurance receivable of paid claims, beginning	2,915,637	(948,446)
Provider and reinsurance receivable of paid claims, ending	(6,815,523)	(2,915,637)
Medical claims liability and capitation payable at end of year	$ 172,356,882	$ 200,466,865

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities at any year end are continually reviewed and re-estimated as information regarding actual claim payments becomes known. This information is compared to the originally established prior reporting period liability. Negative amounts reported for incurred, related to prior years, result from claims being adjudicated and paid for amounts less than originally estimated. Results for the years ended June 30, 2022 and 2021, included a decrease of prior year incurred of approximately $4,226,000 and an increase of prior year incurred of approximately $4,856,000, respectively. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Additional estimation uncertainty existed as of June 30, 2021, resulting from the impact of a claims system implemented in May 2021.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease commitments – GCHP leases office space and equipment under long-term operating lease agreements. A summary of the principal and interest amounts for the remaining leases is as follows as of June 30, 2022:

	Minimum Lease Principal	Interest
Years Ending June 30,		
2023	$ 1,237,553	$ 348,676
2024	1,307,696	281,221
2025	1,423,799	209,806
2026	1,387,326	132,814
2027	1,013,209	71,943
Thereafter	814,127	17,913
	$ 7,183,710	$ 1,062,373

Intangible right to use lease – The Plan reported approximately $1,213,000 as amortization expense on the statements of revenues, expenses and changes in net position in both 2022 and 2021. Accumulated amortization was approximately $2,426,000 and $1,213,000 as of June 30, 2022 and 2021, respectively.

Litigation – Through the course of ordinary business, the Plan became party to various administrative proceedings, mediations, and was party to various legal actions and subject to various claims arising as a result. During the year ended June 30, 2022, the Plan has successfully resolved some matters, and other administrative and legal matters are still proceeding. As a result of pending administrative and legal matters, the Plan has recorded a liability for these contingencies. It is the opinion of management that the ultimate resolution of such claims will not have a material adverse effect on the financial statements.

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

In September 2021, GCHP received a request from DHCS to submit a corrective action plan related to claims processing backlogs due to a new claims processing system implementation during the year ended June 30, 2021. On March 23, 2022, the Plan received notification from the DHCS that its corrective action plan was approved.

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

NOTE 9 – SUBSEQUENT EVENTS

On August 28, 2022, GCHP reached a mediated settlement with the Department of Justice and the Office of Inspector General for the Department of Health and Human Services over disbursements to its providers under the Adult Expansion Program. Under the mediated settlement agreement, GCHP agreed to pay approximately $17,448,000 and enter into a Corporate Integrity Agreement with federal regulators. The settlement amount was accrued as of June 30, 2022 and 2021.

Communication of Internal Control Related Matters

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

June 30, 2022

MOSSADAMS

MOSSADAMS

Communication of Internal Control Related Matters

To the Management and Commissioners
Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan

In planning and performing our audit of the financial statements of Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan (the "Plan") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Plan's internal control to be a significant deficiency:

Conduent, Inc. Claims Processing

During our control test procedures over the Health Solutions Plus Meditrac ("HSP") claims processing cycle, we noted that Conduent, Inc., the Plan's third-party claims processing organization, did not complete an audit of HSP's information technology and claims processing controls or produce a System and Organizational Controls 1 ("SOC-1") Report. The Plan relies significantly on the HSP system to properly record, adjudicate, and pay claims received, and the review of the claims processing SOC-1 Report is a key control that was not in place for the year ended June 30, 2022.

Management's Response:

We agree with the auditors' comments and the following actions have been taken to increase the controls in place for claims processing by Gold Coast Health Plan leadership. The Claims leadership team for Gold Coast Health Plan provides oversight to the claims processing conducted by Conduent, Inc. by conducting pre-payment check run QA sampling and approval, high dollar review of all claims over $10K, and post payment QA sampling. In addition, a quarterly user access review is conducted by the operations department to validate users provisioned is accurate. The operations department meets with Conduent, Inc. leadership on a daily basis to review claims and system related activities to drive improved accuracy in processing and payment. Conduent, Inc. has committed to completing an audit of HSP's information technology and claims processing controls and producing a SOC-1 report in the 2022/2023 audit period. This is a contractual responsibility of Conduent, Inc. and a corrective action plan has been issued to Conduent, Inc. for remediation.

The Plan's written response to the significant deficiency identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Commissioners, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
October __, 2022

AGENDA ITEM NO. 9

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Kashina Bishop, Chief Financial Officer

DATE: October 24, 2022

SUBJECT: September 2022 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached September 2022 fiscal year-to-date ("FYTD") financial statements of Gold Coast Health Plan ("GCHP") for review and approval.

BACKGROUND/DISCUSSION:

The staff has prepared the September 2022 unaudited FYTD financial packages, including statements of financial position, statement of revenues and expenses, changes in net assets, statement of cash flows and schedule of investments and cash balances.

Financial Overview:

GCHP experienced gains of $13.8 million for September 2022. As of September 30th, GCHP is favorable to the budget estimates by $11.6 million. The favorability is due to medical expense estimates that are currently less than budget by $12.8 million, administrative and project expenses that are under budget by $2.3 million offset by revenue that is unfavorable to budget by ($4.4M).

Financial Report:

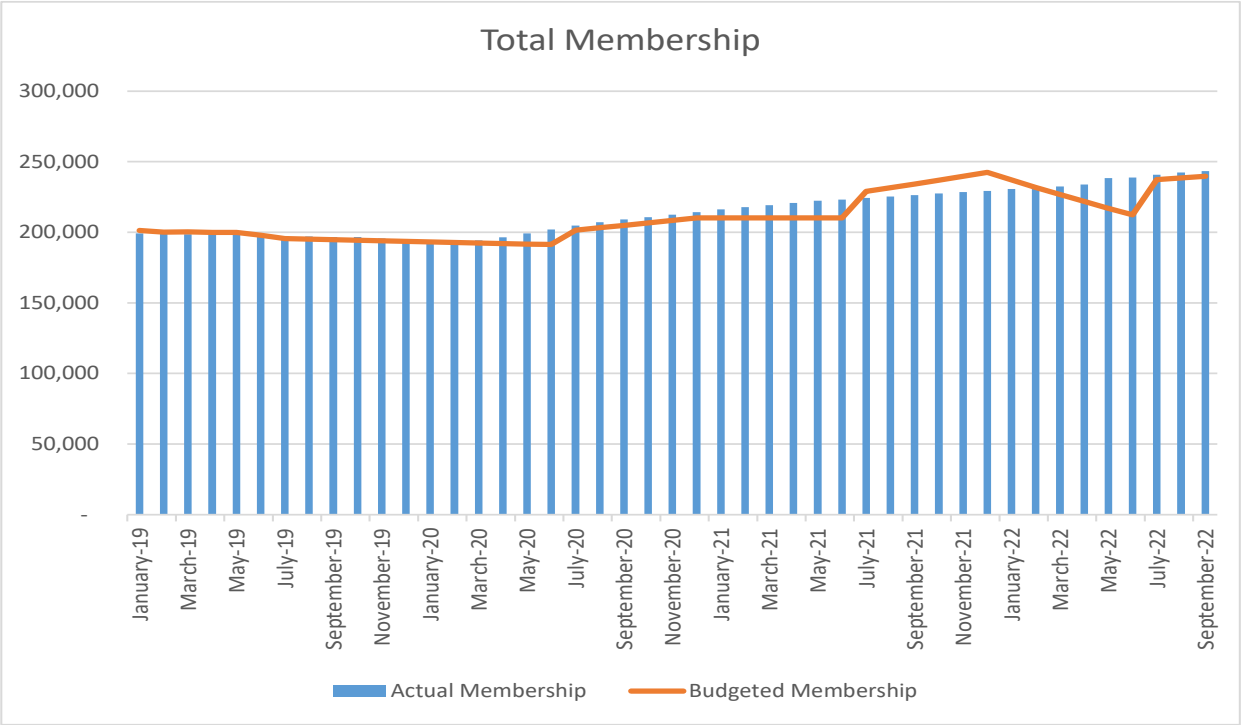
GCHP is reporting a net gain of $13.8 million for September 2022.

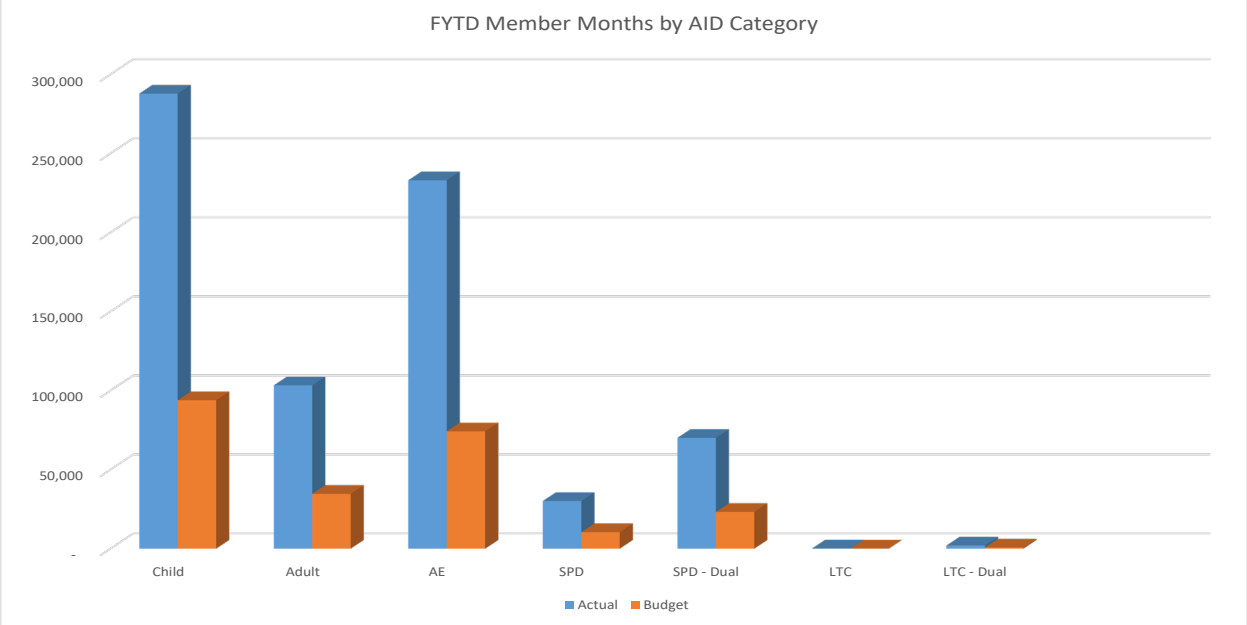
September 2022 FYTD Highlights:

1. Net gain of $27.1 million, a $11.6 million favorable budget variance.
2. FYTD net revenue is $234.6 million, ($4.4) million under budget.
3. FYTD Cost of Health Care is $192.9 million, $12.8 million under budget.
4. The medical loss ratio is 82.2% of revenue, 3.8% less than the budget.
5. FYTD administrative expenses are $15.5 million, $2.3 million under budget.
6. The administrative cost ratio is 6.6%, 0.8% under budget.

7. Current membership for September 2022 is 241,682.
8. Tangible Net Equity is $203.7 million which represents approximately 90 days of operating expenses in reserve and 574% 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

FYTD Net Premium revenue is $234.6 million; a ($4.4) million and (1.9%) unfavorable budget variance. Variance is primarily due to ECM risk corridor adjustment of ~$1.0M not in budget, timing of incentive revenue budgeted of ~$1.0M, higher actual MCO tax expense than budget ~$1.4M and lower BHT supplemental revenue than forecast of ~$1.5M.

Health Care Costs

FYTD Health care costs are $192.9 million; a $12.8 million and 6.0% favorable budget variance. The primary driver is lower inpatient medical expenses.

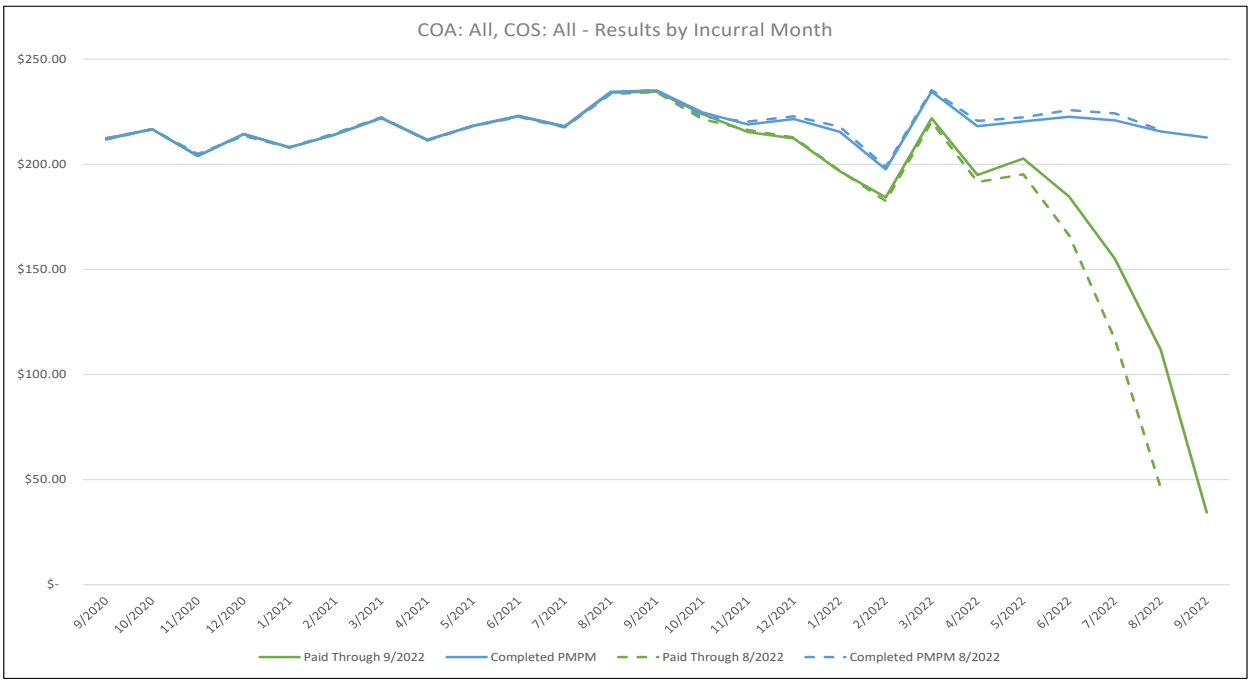
Due to the unknown impacts of the pandemic, the budget was established for CY2023 Medical Expenses projected based on FY20-21 (July 2020 – June 2021) RDT base data and CY21 experience respectively + estimated trend/prospective adjustment factors.

Trend factors consistent with RDT (2-4%) and projections based on COA/COS combinations getting back to CY2019 level where appropriate with the exception of mental health expenses (maintaining COVID levels in budget).

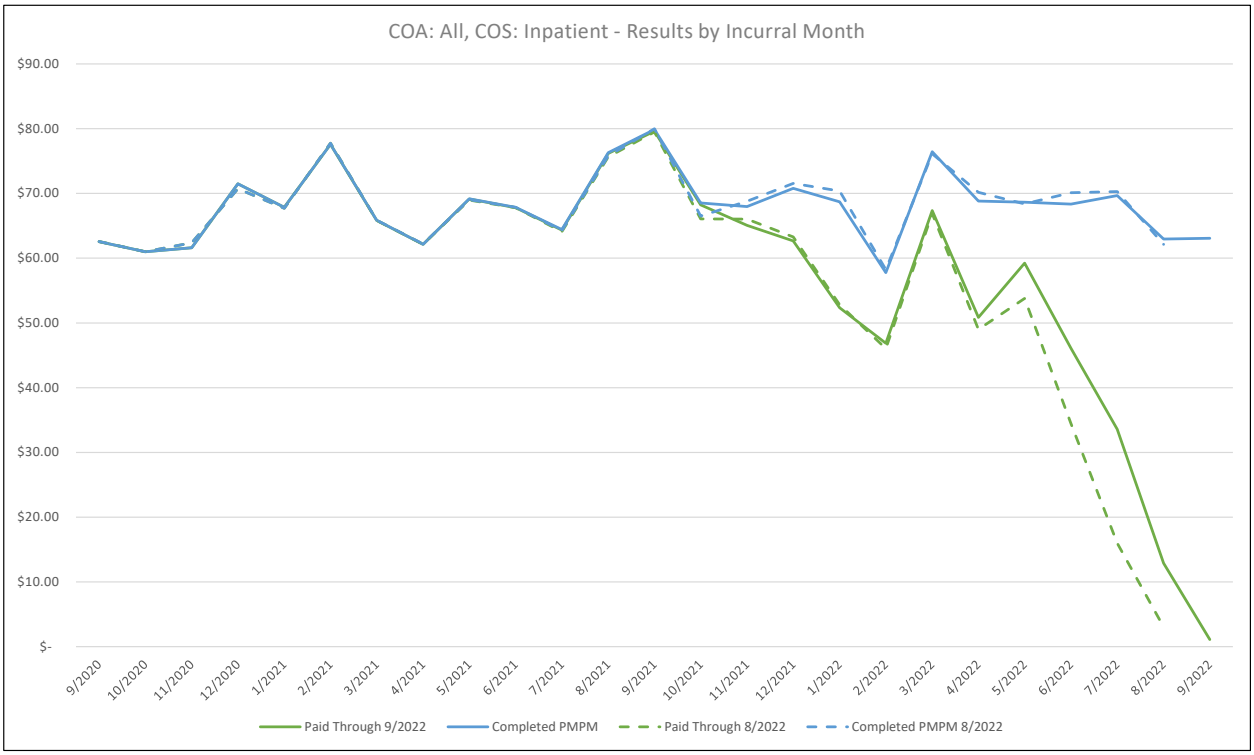
Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as “Incurred but Not Paid” (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred but Not Reported and Claims Payable.

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

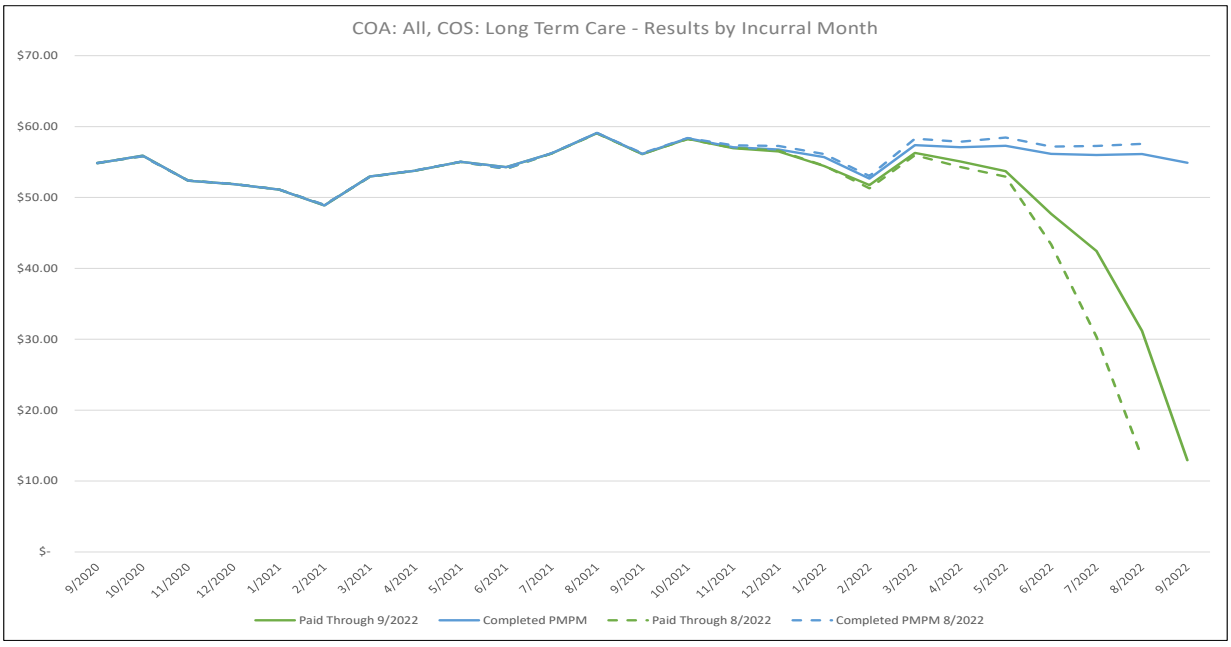
1. All categories of service



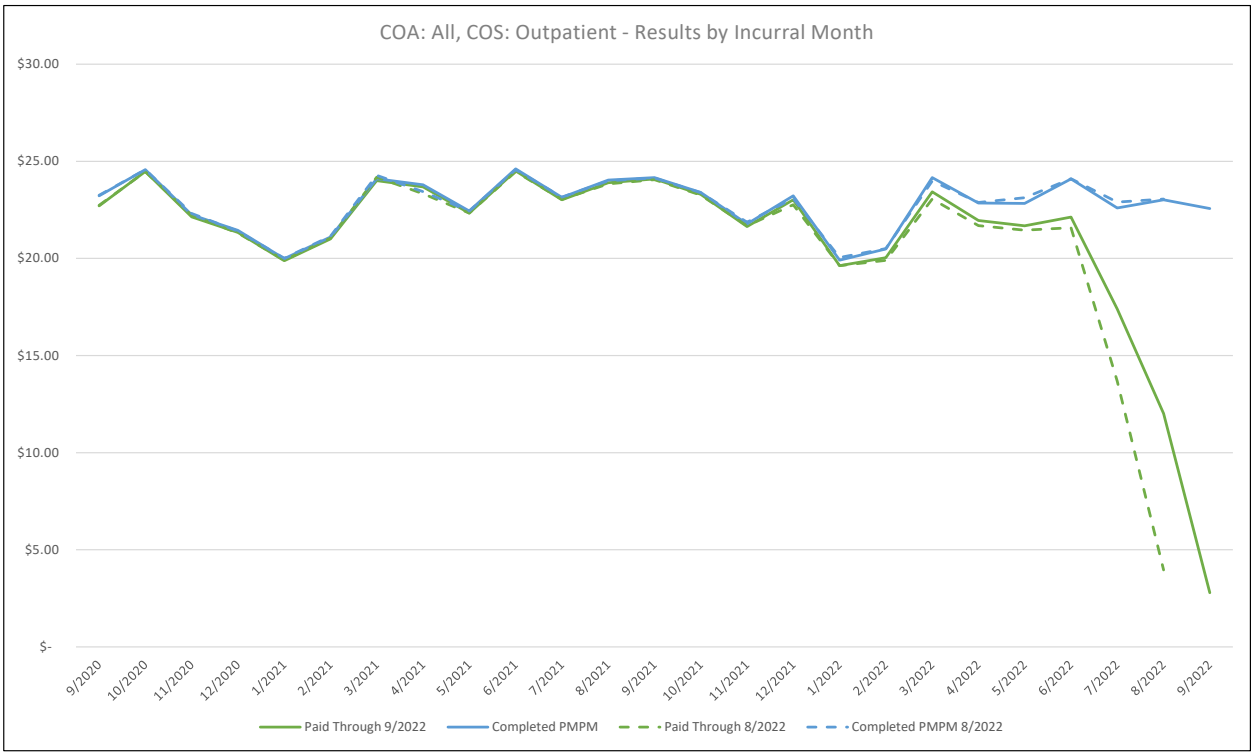
2. Inpatient hospital costs



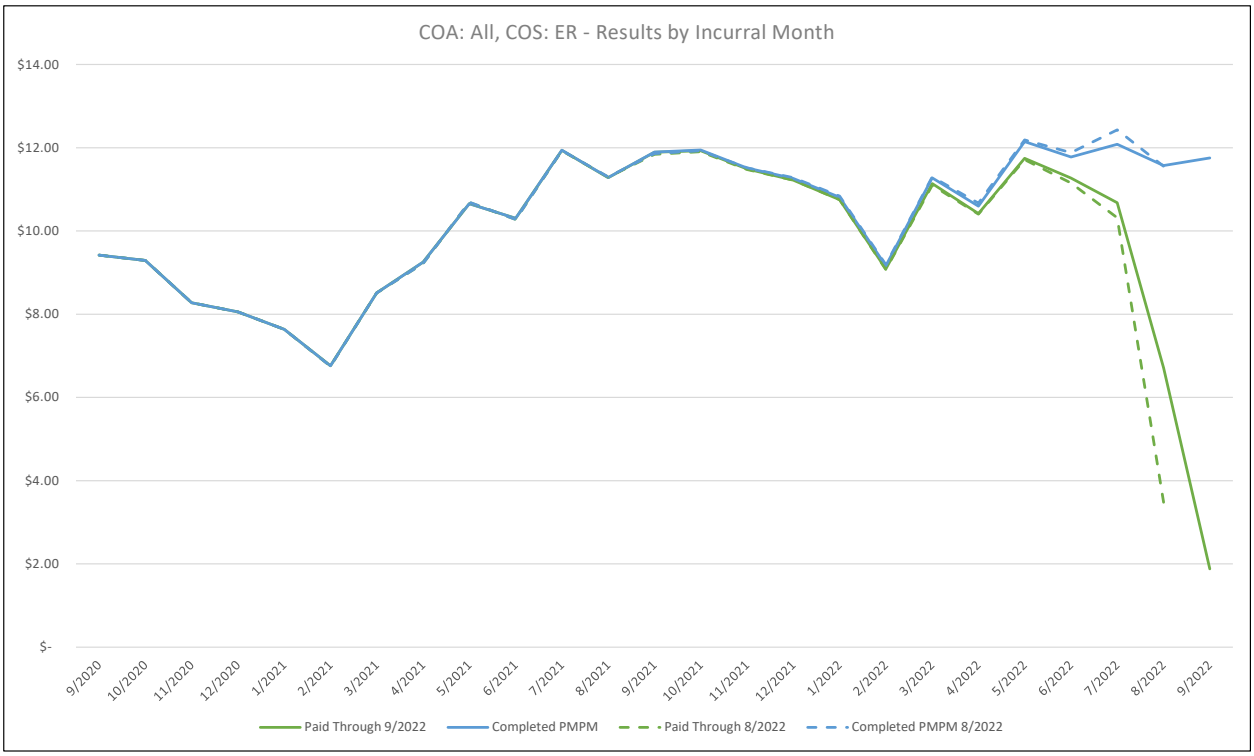
3. Long term care (LTC) expenses



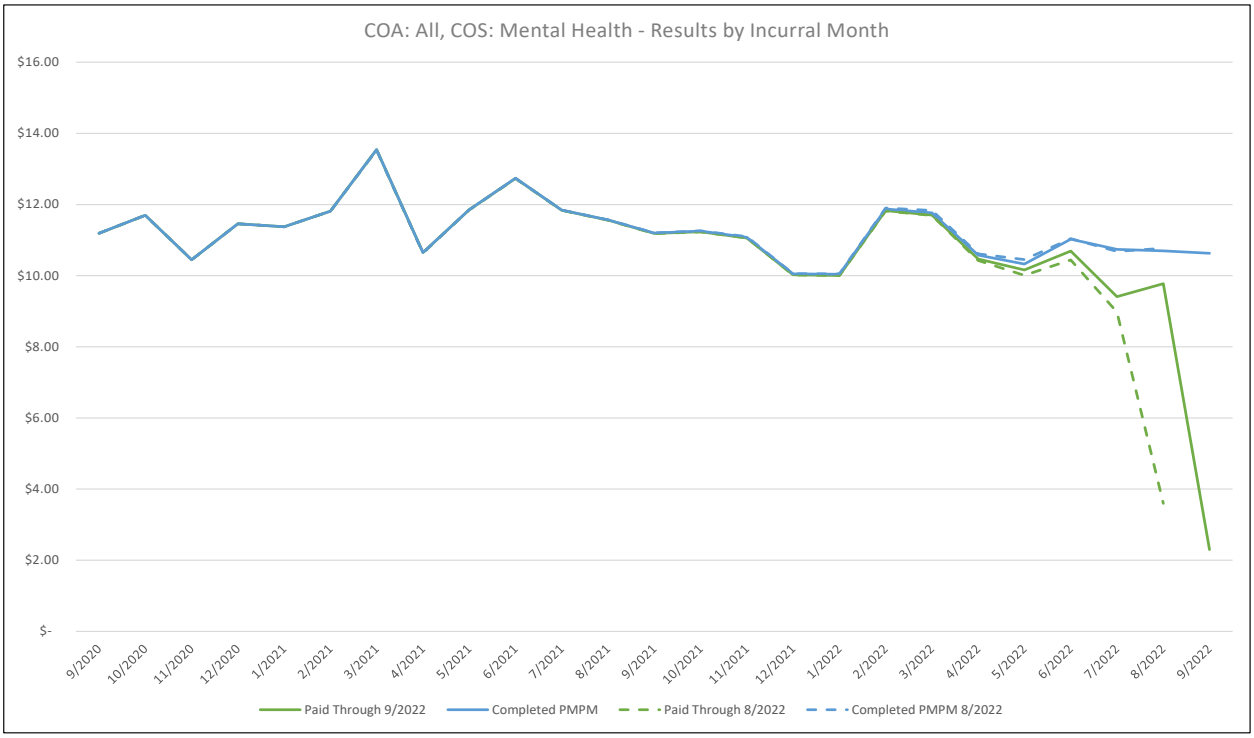
4. Outpatient expenses



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 September 2022, administrative costs were $15.5 million, $2.3 million under budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 6.6% versus 7.5% for budget.

The following are drivers of administrative expense favorability:

- *Enterprise Project Portfolio*: timing of consulting services related to multiple projects (~$0.9M)
- *Salaries, Wages & Employee Benefits*: primarily related to timing of filling open positions in IT/Health Services (~$0.2M)
- *Outside Services*: primarily related to timing of Population Health Management (PHM) engagement campaign project expenses (~$0.7M)
- *Occupancy, Supplies, Insurance and Other*: timing of software and non-capital equipment purchases and implementation (~$0.9M)

Cash and Short-Term Investment Portfolio

At September 30th, the Plan had $329.2 million in cash and short-term investments. The investment portfolio included Ventura County Investment Pool $18.4 million; LAIF CA State $40.3 million; Cal Trust $34.9M.

SCHEDULE OF INVESTMENTS AND CASH BALANCES

	Market Value* September 30, 2022	Account Type
Local Agency Investment Fund (LAIF)[1]	$ 40,345,180	investment
Ventura County Investment Pool[2]	$ 18,406,958	investment
CalTrust	$ 34,873,877	short-term investment
Bank of West	$ 234,287,199	money market account
Pacific Premier	$ 1,287,963	operating accounts
Mechanics Bank[3]	$ -	operating accounts
Petty Cash	$ 500	cash
Investments and monies held by GCHP	***$ 329,201,677***	

	Sep-22	FYTD 22-23
Local Agency Investment Fund (LAIF)		
Beginning Balance	$ 40,345,180	$ 40,269,787
Transfer of Funds from Ventura County Investment Pool	-	-
Quarterly Interest Received	-	75,393
Quarterly Interest Adjustment	-	-
Current Market Value	**$ 40,345,180**	**$ 40,345,180**
	-	-
Ventura County Investment Pool		
Beginning Balance	$ 18,406,958	$ 18,377,308
Transfer of funds to LAIF	-	-
Interest Received	-	29,650
Current Market Value	**$ 18,406,958**	**$ 18,406,958**

Medi-Cal Receivable

At September 30th, the Plan had $95.9 million in Medi-Cal Receivables due from DHCS.

RECOMMENDATION:

Staff requests that the Commission approve the September 2022 financial package.

CONCURRENCE:

N/A

ATTACHMENT:

September 2022 Financial Package

Gold Coast Health Plan℠
A Public Entity

FINANCIAL PACKAGE
For the month ended September 30, 2022

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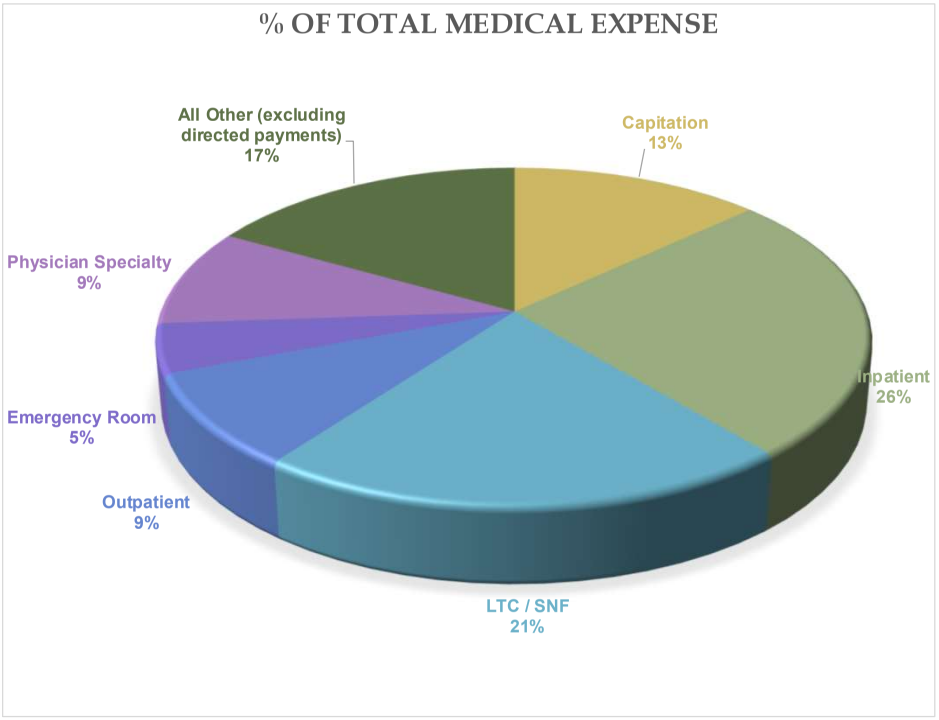
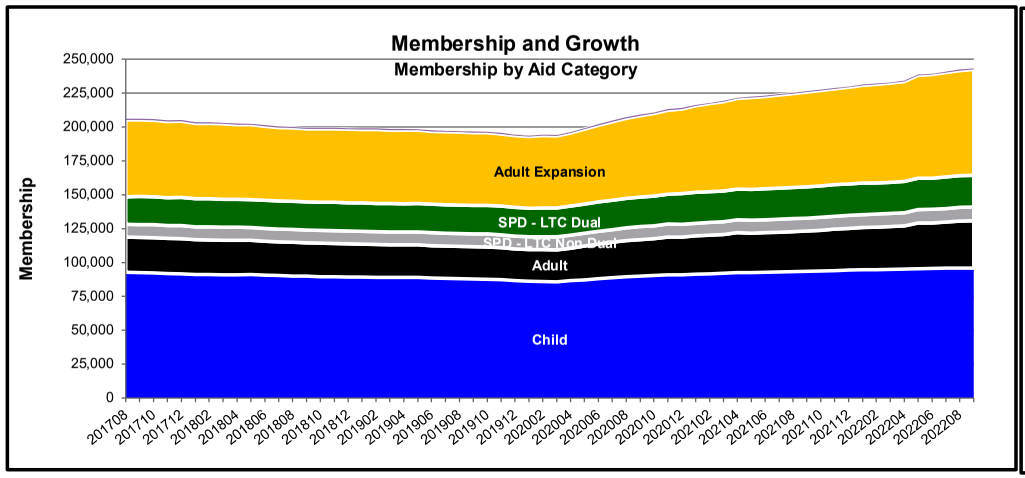
Gold Coast Health Plan

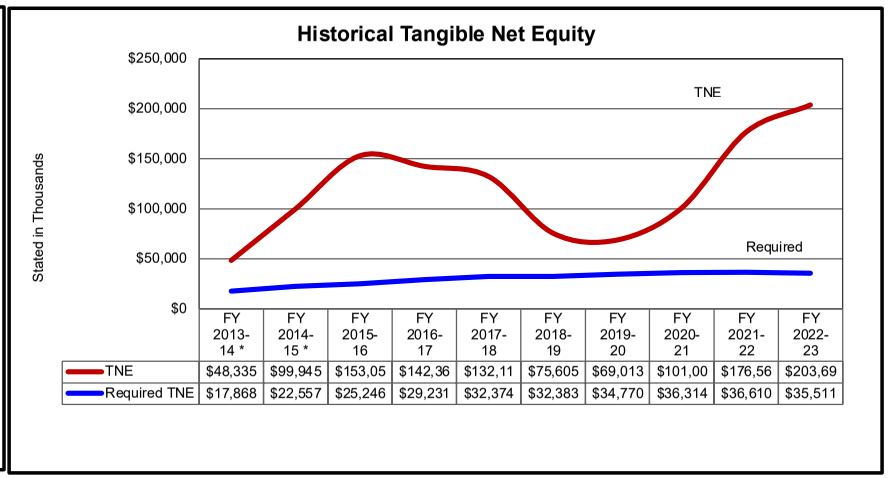
Executive Dashboard as of September 30, 2022

	FYTD 22/23 Budget*	FYTD 22/23 Actual	FYTD 21/22 Actual	FY 20/21 Actual
Average Enrollment	238,449	240,770	229,367	213,547
PMPM Revenue	$ 364.04	$ 324.75	$ 349.14	$ 358.22
Medical Expenses				
Capitation	$ 31.88	$ 33.89	$ 32.44	$ 34.03
Inpatient	$ 76.60	$ 66.41	$ 68.62	$ 66.52
LTC / SNF	$ 52.31	$ 55.03	$ 59.92	$ 55.42
Outpatient	$ 25.84	$ 23.21	$ 22.59	$ 23.16
Emergency Room	$ 11.93	$ 12.10	$ 10.80	$ 9.25
Physician Specialty	$ 26.04	$ 24.00	$ 22.49	$ 25.71
Provider incentives	$ 1.13	$ (0.00)	$ 29.71	$ 62.07
All Other (*excluding directed payments*)	$ 41.29	$ 43.39	$ 45.41	$ 43.20
Total Per Member Per Month	$ 267.02	$ 258.02	$ 291.97	$ 319.36
Medical Loss Ratio	85.2%	81.9%	86.5%	92.1%
Total Administrative Expenses	$ 17,812,383	$ 15,543,773	$ 53,680,738	$ 49,637,603
% of Revenue	7.5%	6.6%	5.6%	5.4%
TNE	$ 194,459,364	$ 203,695,928	$ 180,480,257	$ 100,999,994
Required TNE	$ 35,128,651	$ 35,511,040	$ 36,609,789	$ 36,313,908
% of Required	554%	574%	493%	278%

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







	FY 2013-14 *	FY 2014-15 *	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
TNE	$48,335	$99,945	$153,05	$142,36	$132,11	$75,605	$69,013	$101,00	$176,56	$203,69
Required TNE	$17,868	$22,557	$25,246	$29,231	$32,374	$32,383	$34,770	$36,314	$36,610	$35,511

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STATEMENT OF FINANCIAL POSITION

	09/30/22	08/31/22	07/31/22
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	**235,575,663**	**220,703,046**	**215,994,930**
Total Short-Term Investments	**93,626,015**	**93,631,350**	**93,572,697**
Medi-Cal Receivable	95,862,421	93,224,963	93,455,777
Interest Receivable	104,113	69,408	79,397
Provider Receivable	605,357	592,396	922,872
Other Receivables	2,215,788	2,659,554	3,473,017
Total Accounts Receivable	**98,787,679**	**96,546,322**	**97,931,063**
Total Prepaid Accounts	3,447,427	3,662,652	3,295,939
Total Other Current Assets	135,560	135,560	135,560
Total Current Assets	**431,572,345**	**414,678,931**	**410,930,190**
Total Fixed Assets	**6,774,318**	**6,803,692**	**6,950,045**
Total Assets	**$ 438,346,663**	**$ 421,482,624**	**$ 417,880,234**
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	$ 119,036,000	$ 112,894,803	$ 112,063,535
Claims Payable	11,304,800	18,061,778	11,640,653
Capitation Payable	8,695,605	9,113,386	26,574,809
Physician Payable	21,520,385	26,599,813	24,930,964
DHCS - Reserve for Capitation Recoup	25,682,072	25,682,232	25,002,653
Lease Payable- ROU	1,247,351	1,241,985	1,242,366
Accounts Payable	3,382,000	344,107	3,769,386
Accrued ACS	1,852,911	3,596,624	1,885,235
Accrued Provider Incentives/Reserve	6,562,483	6,484,661	5,926,899
Accrued Pharmacy	-	9,953	9,953
Accrued Expenses	3,829,691	3,693,480	3,785,357
Accrued Premium Tax	23,722,380	15,814,920	7,907,460
Accrued Payroll Expense	2,186,698	2,306,122	2,532,624
Total Current Liabilities	**229,022,376**	**225,843,864**	**227,271,893**
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	-	-	-
Lease Payable - NonCurrent - ROU	5,628,359	5,734,755	5,840,687
Total Long-Term Liabilities	**5,628,359**	**5,734,755**	**5,840,687**
Total Liabilities	**234,650,735**	**231,578,619**	**233,112,580**
Net Assets:			
Beginning Net Assets	176,562,922	176,562,922	176,562,922
Total Increase / (Decrease in Unrestricted Net Assets)	27,133,006	13,341,083	8,204,732
Total Net Assets	**203,695,928**	**189,904,005**	**184,767,655**
Total Liabilities & Net Assets	**$ 438,346,663**	**$ 421,482,624**	**$ 417,880,234**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR MONTH ENDED September 30, 2022

	September 2022	September 2022 Year-To-Date		Variance	Variance	September 2022 Year-To-Date		Variance
	Actual	Actual	Budget	Fav / (Unfav)	%	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	241,682	722,309	715,347	6,962	1%	PMPM - FYTD		
Revenue								
Premium	$ 87,450,799	$ 259,869,782	$ 261,995,512	$ (2,125,731)	-1%	$ 359.78	$ 366.25	$ (6.47)
Reserve for Cap Requirements	-	-	-	-	0%	-	-	-
Incentive Revenue	-	-	957,210	(957,210)	-100%	-	1.34	(1.34)
MCO Premium Tax	(8,434,186)	(25,302,558)	(23,936,020)	(1,366,538)	6%	(35.03)	(33.46)	(1.57)
Total Net Premium	**79,016,612**	**234,567,223**	**239,016,703**	**(4,449,479)**	**-1.9%**	**324.75**	**334.13**	**(9.38)**
Other Revenue:								
Miscellaneous Income	45	165	-	165	0%	0.00	-	0.00
Total Other Revenue	45	165	-	165	0%	0.00	-	0.00
Total Revenue	**79,016,657**	**234,567,388**	**239,016,703**	**(4,449,314)**	**-2%**	**324.75**	**334.13**	**(9.38)**
Medical Expenses:								
Capitation								
PCP, Specialty, Kaiser, NEMT & Vision	7,880,831	23,692,047	23,028,270	(663,777)	-3%	32.80	32.19	(0.61)
ECM	311,450	786,801	1,972,674	1,185,874	60%	1.09	2.76	1.67
Total Capitation	8,192,281	24,478,847	25,000,944	522,097	2%	33.89	34.61	0.72
FFS Claims Expenses:								
Inpatient	14,867,364	47,967,316	55,329,418	7,362,102	13%	66.41	77.35	10.94
LTC / SNF	11,419,218	39,746,072	37,786,934	(1,959,139)	-5%	55.03	52.82	(2.20)
Outpatient	5,544,278	16,763,921	18,664,799	1,900,878	10%	23.21	26.09	2.88
Laboratory and Radiology	768,843	2,542,140	2,343,092	(199,048)	-8%	3.52	3.28	(0.24)
Directed Payments - Provider	2,186,126	6,511,967	5,935,358	(576,609)	-10%	9.02	8.30	(0.72)
Emergency Room	2,873,601	8,740,115	8,614,473	(125,643)	-1%	12.10	12.04	(0.06)
Physician Specialty	5,500,796	17,334,700	18,806,077	1,471,377	8%	24.00	26.29	2.29
Primary Care Physician	2,035,924	6,386,744	7,184,617	797,873	11%	8.84	10.04	1.20
Home & Community Based Services	2,291,099	6,064,961	7,096,604	1,031,643	15%	8.40	9.92	1.52
Applied Behavioral Analysis/Mental Health Se	2,519,780	8,242,819	8,600,779	357,961	4%	11.41	12.02	0.61
Pharmacy	(1,653)	(1,653)	813,629	815,282	100%	(0.00)	1.14	1.14
Provider Reserve / Provider Incentives	77,822	232,211	813,629	581,418	71%	0.32	1.14	0.82
Other Medical Professional	204,297	909,497	1,059,387	149,891	14%	1.26	1.48	0.22
Other Fee For Service	217,108	2,345,389	3,002,002	656,612	22%	3.25	4.20	0.95
Transportation	160,543	659,015	540,749	(118,266)	-22%	0.91	0.76	(0.16)
Total Claims	50,665,145	164,445,214	176,591,546	12,146,332	7%	227.67	246.86	19.20
Medical & Care Management Expense	1,524,252	4,335,021	4,838,100	503,079	10%	6.00	6.76	0.76
Reinsurance	351,679	898,261	240,654	(657,606)	-273%	1.24	0.34	(0.91)
Claims Recoveries	(255,218)	(1,271,681)	(970,807)	300,873	-31%	(1.76)	(1.36)	0.40
Sub-total	1,620,713	3,961,601	4,107,948	146,346	4%	5.48	5.74	0.26
Total Cost of Health Care	**60,478,139**	**192,885,662**	**205,700,437**	**12,814,775**	**6%**	**265.95**	**284.80**	**18.84**
Contribution Margin	**18,538,519**	**41,681,726**	**33,316,265**	**8,365,461**	**25%**	**58.80**	**49.33**	**9.46**
General & Administrative Expenses:								
Salaries, Wages & Employee Benefits	2,998,984	8,953,168	9,128,858	175,691	2%	12.40	12.76	0.37
Training, Conference & Travel	17,335	31,709	143,665	111,956	78%	0.04	0.20	0.16
Outside Services	2,256,827	6,704,273	7,400,285	696,013	9%	9.28	10.35	1.06
Professional Services	450,773	1,320,964	1,384,791	63,827	5%	1.83	1.94	0.11
Occupancy, Supplies, Insurance & Others	766,764	2,170,908	3,071,344	900,437	29%	3.01	4.29	1.29
Care Management Reclass to Medical	(1,510,324)	(4,300,730)	(4,838,100)	(537,371)	11%	(5.95)	(6.76)	(0.81)
G&A Expenses	4,980,359	14,880,291	16,290,844	1,410,553	9%	20.60	22.77	2.17
Project Portfolio	136,619	663,482	1,521,539	858,057	56%	0.92	2.13	1.21
Total G&A Expenses	**5,116,978**	**15,543,773**	**17,812,383**	**2,268,610**	**13%**	**21.52**	**24.90**	**3.38**
Total Operating Gain / (Loss)	**13,421,540**	**26,137,953**	**15,503,882**	**10,634,071**	**69%**	**37.28**	**24.43**	**12.84**
Non Operating								
Revenues - Interest	370,383	995,053	40,300	954,753	2369%	1.38	0.06	1.32
Gain/(Loss) on Sale of Asset	-	-	-	-	0%	-	-	-
Total Non-Operating	**370,383**	**995,053**	**40,300**	**954,753**	**2369%**	**1.38**	**0.06**	**1.32**
Total Increase / (Decrease) in Unrestricted Net Assets	**$ 13,791,923**	**$ 27,133,006**	**$ 15,544,182**	**$ 11,588,824**	**75%**	**$ 38.65**	**$ 24.49**	**$ 14.17**

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STATEMENT OF CASH FLOWS	September 2022	FYTD 22-23
Cash Flows Provided By Operating Activities		
Net Income (Loss)	$ 13,791,923	$ 27,133,006
Adjustments to reconciled net income to net cash provided by operating activities		
Depreciation on fixed assets	147,931	434,410
Disposal of fixed assets	-	-
Amortization of discounts and premium	-	-
Changes in Operating Assets and Liabilites		
Accounts Receivable	(2,241,357)	2,612,476
Prepaid Expenses	215,225	(1,299,886)
Accrued Expense and Accounts Payable	1,384,043	903,630
Claims Payable	(12,254,188)	(17,585,588)
MCO Tax liablity	7,907,460	2,156,580
IBNR	6,141,197	14,576,818
Net Cash Provided by (Used in) Operating Activities	15,092,235	28,931,447
Cash Flow Provided By Investing Activities		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	5,335	(198,813)
Purchase of Property and Equipment	(118,557)	(119,027)
Net Cash (Used In) Provided by Investing Activities	(113,222)	(317,841)
Cash Flow Provided By Financing Activities		
Lease Payable - ROU	(106,396)	(317,799)
Net Cash Used In Financing Activities	(106,396)	(317,799)
Increase/(Decrease) in Cash and Cash Equivalents	14,872,617	28,295,808
Cash and Cash Equivalents, Beginning of Period	220,703,046	207,279,855
Cash and Cash Equivalents, End of Period	235,575,663	235,575,663

Gold Coast Health Plan℠
A Public Entity

September 2022 Financial Statements

October 24, 2022

Kashina Bishop
Chief Financial Officer

Integrity
Accountability
Collaboration
Trust
Respect

Return to Agenda

711 East Daily Drive, Suite 106, Camarillo, CA 93010 www.goldcoasthealthplan.org

September 2022 Financial Overview:

September NET GAIN	$ 13.8 M
FYTD NET GAIN	$27.1 M
TNE is $203.7 M and 574% of the minimum required	
MEDICAL LOSS RATIO	81.9%
ADMINISTRATIVE RATIO	6.6%

Financial Risks of Focus

1. CY 2024 Rates
    a. Regional Rates
    b. Risk Adjustment
    c. Quality Adjustment
2. CY 2025 Rates – based on lower CY 22 PMPM medical expenses
3. D-SNP (New Line of Business/Financial Feasibility)
4. End of PHE/declining membership
5. Data Constraints
6. Insufficient Resources

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Revenue

FYTD Net Premium revenue is $234.6 million, under budget by $4.4 million (2%).

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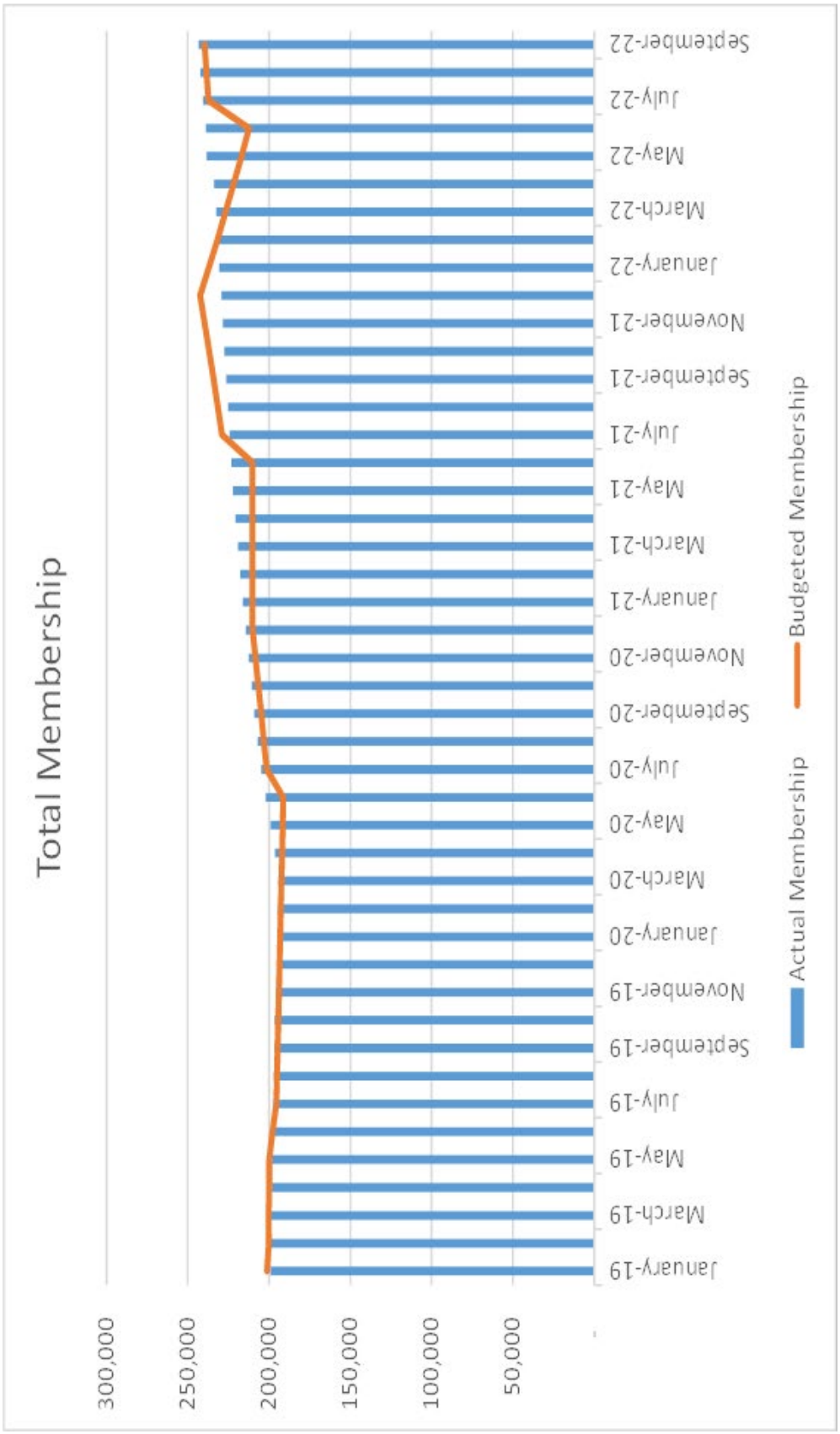
Membership trends



Medical Expense

FYTD Health care costs are $192.9 million and $12.8 million and 6% under budget.

The budget for medical expenses was based on CY 2019 pmpm costs and trended forward. FYTD, actual pmpm costs are have not escalated to that level.

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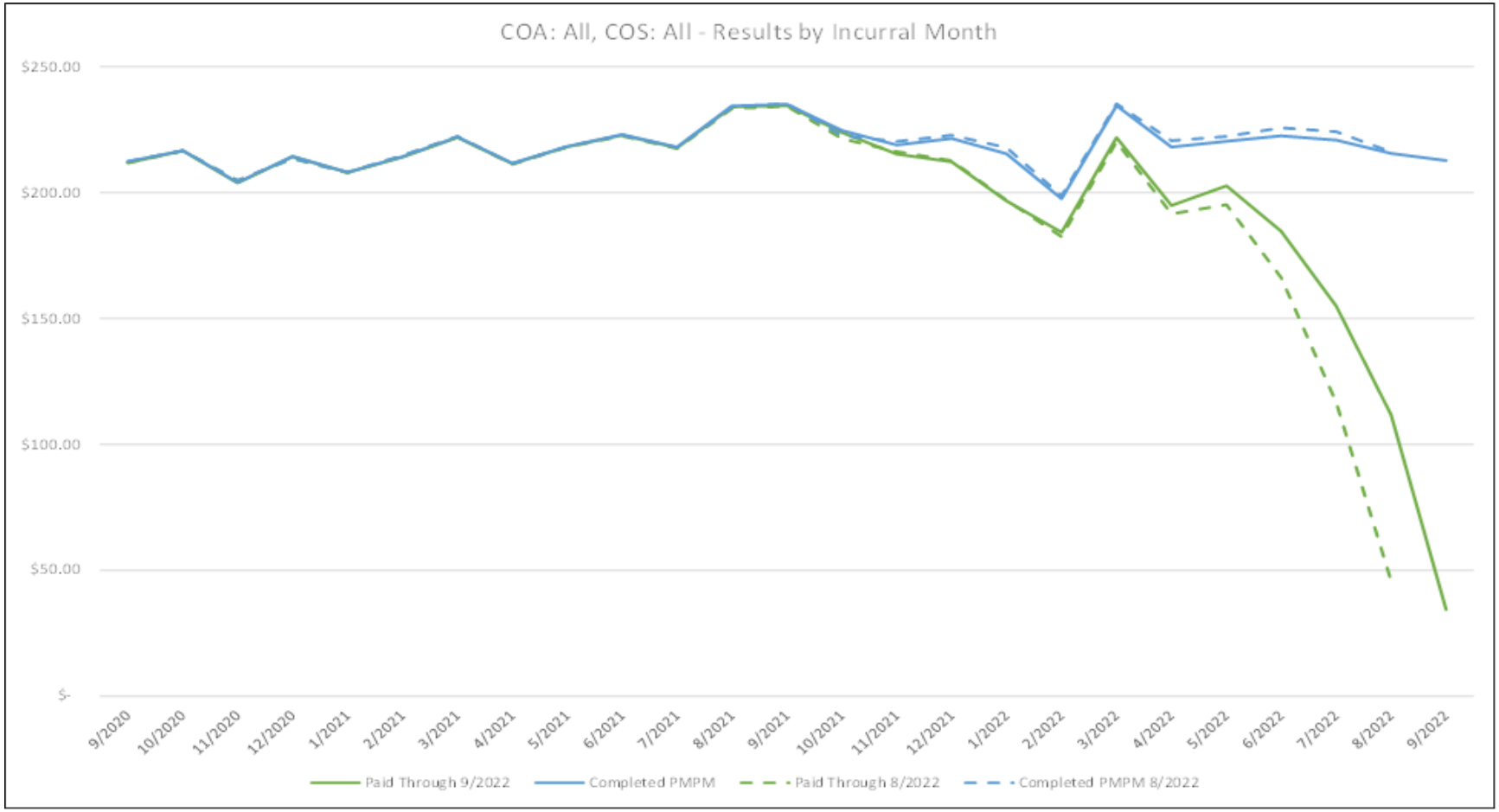
Incurred But Not Paid (IBNP) Medical Expense Reserve



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Administrative Expenses

For the fiscal year to date through September 2022, administrative costs were $15.5 million, $2.3 million under budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 6.6% versus 7.5% for budget.

The following are drivers of administrative expense favorability:

- *Enterprise Project Portfolio*: timing of consulting services related to multiple projects (~$0.9M)
- *Salaries, Wages & Employee Benefits*: primarily related to timing of filling open positions in IT/Health Services (~$0.2M)
- *Outside Services*: primarily related to timing of Population Health Management (PHM) engagement campaign project expenses (~$0.7M)
- *Occupancy, Supplies, Insurance and Other*: timing of software and non-capital equipment purchases and implementation (~$0.9M)

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Financial Statement Summary

	September 2022	FYTD Actual	FYTD Budget	Budget Variance
Net Capitation Revenue	$ 79,016,612	$ 234,567,223	$ 239,016,703	$ (4,449,479)
Health Care Costs	60,478,139	192,885,662	205,700,437	(12,814,775)
Medical Loss Ratio		**82.2%**	**86.1%**	
Administrative Expenses	5,116,978	15,543,773	17,812,383	(2,268,610)
Administrative Ratio		**6.6%**	**7.3%**	
Non-Operating Revenue/(Expense)	370,428	995,218	40,300	954,919
Total Increase/(Decrease) in Net Assets	$ 13,791,923	$ 27,133,006	$ 15,544,182	$ 11,588,825
Cash and Investments	$ 329,201,679			
GCHP TNE	$ 203,695,928			
Required TNE	$ 35,511,040			
% of Required	**574%**			

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Questions?

Staff requests the Commission approve the unaudited financial statements for September 2022.

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AGENDA ITEM NO. 10

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Nick Liguori, Chief Executive Officer

DATE: October 24, 2022

SUBJECT: Chief Executive Officer (CEO) Report

I. EXTERNAL AFFAIRS

A. State
Department of Health Care Services
Final All-Plan Letters (APLs)
APL 22-017 Primary Care Provider Site Reviews: Facility Site and Medical Record Review Released: Oct. 4, 2022 The purpose of this APL is to inform Medi-Cal managed care plans (MCPs) of updates to the state Department of Health Care Services' (DHCS) Primary Care Provider (PCP) site review process, which includes Facility Site Review (FSR) and Medical Record Review (MRR) policies. This APL supersedes APL 20-006. MCPs were expected to implement all updated FSR and MRR tool requirements effective July 1, 2022.
APL 22-018 Skilled Nursing Facilities Long-Term Care Benefit Standardization and Transition of Members to Managed Care Released: Sept. 30, 2022 The purpose of this APL is to provide requirements to all Medi-Cal MCPs on the Skilled Nursing Facility (SNF) Long-Term Care (LTC) Benefit Standardization provisions of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, including the mandatory transition of beneficiaries to managed care. 1. Medi-Cal Beneficiary enrollment in MCP **a.** Effective Jan. 1, 2023, DHCS will require most non-dual and dual LTC members to enroll in MCP. **LTC members are already enrolled in managed care in Ventura County.**

Final All-Plan Letters (APLs) CONT'D

2. DHCS Readiness Deliverables Requirements
    a. Benefit coordination with other health coverage (OHC) programs or entitlements
    b. MCP must ensure that SNF and their staff have appropriate training on benefits coordination
3. Medi-Cal Beneficiary enrollment in MCP
    c. Effective Jan. 1, 2023, DHCS will require most non-dual and dual LTC members to enroll in MCP. **LTC members are already enrolled in managed care in Ventura County.**
4. DHCS Readiness Deliverables Requirements
    d. Benefit coordination with other health coverage (OHC) programs or entitlements
    e. MCP must ensure that SNF and their staff have appropriate training on benefits coordination
5. Pharmacy claims on medical or institutional claims are MCP responsibility
    f. Medi-Cal fee-for-service (FFS) SNF per diem rate does not include prescriptions drugs (legend drugs)
    g. MCP may choose to cover drugs not covered by Medi-Cal Rx, including over-the-counter drugs or other therapies otherwise not covered
    h. MCPs must comply with PHM requirements, as outlined in this APL, which include the coordination of medically necessary drugs or medications on behalf of the member
6. Population Health Management (PHM) Requirements
    i. As of Jan. 1, 2023, MCP must implement PHM program
    j. Provide Basic PHM, Complex Care Management, Enhanced Care Management (ECM), and Transitional care to members
    k. ECM for the Population of Focus – Go live Jan. 1, 2023
        i. Members Eligible for LTC and at risk of Institutionalization
        ii. Nursing Home Residents Transitioning to the Community
    l. Community Supports are strongly encouraged
7. Network Readiness
    m. Offer contract to all SNFs within the service area
    n. Only contract with SNFs enrolled and licensed by the California Department of Public Health (CDPH)
    o. Develop sufficient capacity
    p. Comply with CDPH-initiated facility decertifications and suspensions
8. Leave of Absence (LOA) or Bed Hold
    q. Provide continuity of care for members transferred from SNF to acute care hospital
    r. Ensure the provision of the LOA/bed hold in accordance with 22 CCR §72520
    s. Allow to return to the same SNF where previously resided
    t. Ensure SNF notifies member in writing of the right to exercise the bed hold provision

Final All-Plan Letters (APLs) CONT'D

u. MCP must regularly review all denials of bed holds
v. Ensure that SNF and its staff have appropriate training on LOA and bed hold requirements

Draft APLs

Draft APL 22-XXX Dyadic Services
Released: Sept. 30, 2022

The purpose of this Draft APL is to provide Medi-Cal MCPs with draft guidance on coverage requirements for the provision of the new Dyadic Care Services effective Jan. 1, 2023.

1. Dyadic Services benefit covered effective Jan. 1, 2023.
2. Dyadic Care refers to serving both the parent and child together as a pair or dyad.
3. Form of treatment that targets family well-being as a mechanism to support healthy child development and mental health.
4. Dyadic behavioral health (DBH) visits provided as part of medical visits.
5. Dyadic Care Providers:
    a. Licensed Clinical Social Workers
    b. Licensed Professional Clinical Counselors
    c. Licensed Marriage and Family Therapists
    d. Licensed Psychologists, Psychiatric Physician Assistants, Psychiatric Nurse Practitioners, and Psychiatrists
    e. Associate marriage and family therapists, associate professional clinical counselors, associate clinical social workers, and psychology assistants may render services under a supervising clinician
6. Eligibility for DBH well-child visits when delivered according to the Bright Futures / American Academy of Pediatrics Periodicity and when medically necessary.
7. MCP cannot require prior authorization for Dyadic Care services.

Draft 22-XXX Network Certification Requirements
Released: Sept. 22, 2022

The purpose of this APL is to provide guidance to Medi-Cal MCPs on the Annual Network Certification (ANC) requirements pursuant to Title 42 of the Code of Federal Regulations (CFR) sections 438.68, 438.206, and 438.207, and Welfare and Institutions Code (WIC) section 14197.

1. The ANC is due by Nov. 7, 2022.
2. DHCS uses the ANC to certify compliance of the MCP's network adequacy requirements.
3. ANC network composition:
    a. Primary Care Provider
    b. Core Specialists
    c. Hospitals
    d. Ancillary Providers

Draft APLs CONT'D
e. Facilities f. Other providers that contract with MCP or its subcontractors g. Create an outline of the key aspects of the APL 4. ANC requirements include: a. Network providers b. Network capacity and ratios c. Mandatory Provider Types (MPT) – FQHC, RHC, RBC, CNM, LM and IHCP d. Time and distance standards e. Telehealth f. Timely Access 5. Process for MCP to monitor subcontractor network adequacy
Draft 22-XXX Community-Based Adult Services (CBAS), Emergency Remote Services (ERS) Released: Sept. 23, 2022 1. Effective Oct. 1, 2022, CBAS ERS will be implemented 2. All CBAS providers must make available to participants when ERS policy criteria are met 3. ERS a. MCPs are required to cover ERS as part of the CBAS benefit. b. The determination of ERS circumstances can be made by the CBAS provider in consultation with the MCP or by the MCP. c. The provision of ERS supports and services are temporary and time-limited, and specifically either: i. Short-term; or, ii. Beyond three consecutive months d. Two types of "unique circumstances" listed in the 1115 Waiver Special Terms and Conditions that may result in need for ERS are: i. Public Emergencies; or, ii. Personal Emergencies 4. ERS Approval Process a. MCPs are required to ensure that their contracted CBAS providers complete the process for obtaining ERS approval.

B. Community Relations – Sponsorships

Gold Coast Health Plan (GCHP) continues its support of community-based organizations in Ventura County through its sponsorship program in support of their efforts to help Medi-Cal members and other vulnerable populations. The following organizations were awarded in September:

Organization	Description	Amount
LUCHA / Poder Popular	LUCHA / Poder Popular works to strengthen the community by addressing critical social justice issues, including housing, criminal justice, immigration, food insecurity, and health disparities among marginalized communities. The sponsorship will go toward the "Quinceañera del Pueblo" celebration to provide information and resources to participants in Santa Paula.	$1,000
Organization	**Description**	**Amount**
Boys & Girls Clubs of Greater Oxnard and Port Hueneme	The Boys and Girls Club of Greater Oxnard and Port Hueneme serves to inspire and enable all young people, especially those who need them most, to reach their full potential as productive, responsible, and caring citizens. The sponsorship will go toward the 32nd Annual "Donald K. Facciano Kids Auction and Gala" to raise funds to help kids develop the tools they need to succeed.	$1,000
Santa to the Sea, Inc.	Santa to the Sea, Inc., holds an annual fun, healthy, and safe running event while supporting our disadvantaged community. The sponsorship will go toward the "Santa to the Sea Half Marathon" to support its effort to collect toys for underprivileged children in Ventura County.	$1,000
TOTAL		**$3,000**

C. Community Relations – Community Meetings and Events

In September and the beginning of October, the Community Relations team participated in various collaborative meetings and community events. The purpose of these events is to connect with our community partners and members to engage in dialogue to bring awareness and services to the most vulnerable Medi-Cal beneficiaries.

Organization	Description	Date
Partnership for Safe Families Strengthening Families Collaborative Meeting	The Partnership for Safe Families & Communities of Ventura County is a collaborative non-profit organization providing inter-agency coordination,	Sept. 7, 2022

Organization	Description	Date
	networking, advocacy, and public awareness. The collaborative meeting engages parents and community representatives in sharing resources, announcements, and community events.	
Oxnard Police Department Outreach Coordinators meeting	Community partners share resources, promote outreach events, and invite presenters to educate participants. The goal is to create awareness and provide resources to Ventura County residents.	Sept. 7, 2022
Circle of Care One Step A la Vez	One Step A La Vez focuses on serving communities in the Santa Clara Valley by providing a safe environment for 13- to 19-year-olds and bridging the gaps of inequality while cultivating healthy individuals and community. Circle of Care is a monthly meeting with community leaders to share resources, network, and promote community events.	Sept. 7, 2022
Farmworker Resource Program in partnership with Santa Rosa Berry Farms Employee Resource Event	The Farmworker Resource Program focuses on building trust and relationships with farmworkers, promoting and enhancing the agricultural industry in Ventura County. At the Employee Resource event, various organizations provided resources and information to farmworkers and their families.	Sept. 17, 2022
Sunkist Elementary School Back to School Night	The back-to-school night is an event for parents/guardians to familiarize themselves with the school and their students' activities for the school year. In addition, various community organizations provided resources to parents and school faculty.	Sept. 20, 2022
Ventura County Behavioral Health 7th Annual Suicide Prevention Forum	Ventura County Behavioral Health offers services for people seeking help for mental health and substance use issues. The 7th Annual Suicide Prevention Forum provided connections and support through personal stories, creative expression, wellness activities, and local resources.	Sept. 21, 2022
Indivisible Ventura Swap Meet Justice Citizen & Family Resource Fair	Swap Meet Justice is a citizen and family resource fair held at Oxnard College, where various community organizations share resources and information.	Sept. 25, 2022

Organization	Description	Date
Promotoras y Promotores Garcia Market	A community resource event was held at Garcia Market. There, various organizations shared resources and information patrons.	Sept. 25, 2022
Cabrillo Economic Development Corporation Resource Fair	At the resource fair for farmworkers and their families who reside in Valle Naranjal Apartments, community organizations shared resources and health information.	Sept. 29, 2022
Sierra Linda Elementary School Back to School Night	The back-to-school night is an event for parents/guardians to familiarize themselves with the school and their students' activities for the school year. In addition, various community organizations provided resources to parents and school faculty.	Sept. 29, 2022
City of Oxnard Multicultural Festival	The Multicultural Festival is a free community event with a focus on diversity, education, and culture awareness. Participants enjoyed live music, performances, and food from difference cultures.	Oct. 1, 2022
Moorpark College Student Health Fair	At Moorpark College's Student Health Fair, various community organizations shared information about sexual health, mental health, and wellness. In addition, flu shots and fitness screenings were available to participants.	Oct. 4, 2022
Total community meetings and events		**12**

D. Community Relations – Speakers Bureau

The purpose of the GCHP Speakers Bureau is to educate and inform the public, partners, and external groups about GCHP and its mission. In September, GCHP participated in one presentation via the Speakers Bureau:

Organization	Description	Date
Promotoras y Promotores Foundation	The presentation was in collaboration with the Ventura County Human Services Agency and included a Q&A on eligibility requirements, changes in the asset limit test, Older Adult Expansion, and out-of-network coverage.	Sept. 26, 2022

II. PLAN OPERATIONS

A. Membership

	VCMC	CLINICAS	CMH	DIGNITY	PCP-OTHER	KAISER	AHP	ADMIN MEMBERS	NOT ASSIGNED
Sep-22	90,327	39,977	34,205	6,824	5,237	6,890	8,098	47,455	2,816
Aug-22	89,891	40,029	33,984	6,766	5,222	6,879	7,629	47,258	2,735
Jul-22	89,609	40,247	33,758	6,731	5,197	6,859	6,959	46,621	2,576

Note:
Unassigned members are those who have not been assigned to a Primary Care Provider (PCP) and have 30 days to choose one. If a member does not choose a PCP, GCHP will assign one to them.

Administrative Member Details

Category	August 2022
Total Administrative Members	47,455
Share of Cost (SOC)	628
Long-Term Care (LTC)	715
Breast and Cervical Cancer Treatment Program (BCCTP)	85
Hospice (REST-SVS)	20
Out of Area (Not in Ventura County)	442
Other Health Care Coverage	
DUALS (A, AB, ABD, AD, B, BD)	25,975
Commercial OHI (Removing Medicare, Medicare Retro Billing and Null)	21,039

Note:
The total number of members will not add up to the total number of Administrative Members, as members can be represented in multiple boxes. For example, a member can be both Share of Cost and Out of Area. They would be counted in both boxes.

Methodology
Administrative members for this report were identified as anyone with active coverage with the benefit code ADM01. Additional criteria follows:

1. Share of Cost (SOC-AMT) > zeros
    a. AID Code is not 6G, 0P, 0R, 0E, 0U, H5, T1, T3, R1 or 5L
2. LTC members identified by AID codes 13, 23, and 63.
3. BCCTP members identified by AID codes 0M, 0N,0P, and 0W.
4. Hospice members identified by the flag (REST-SVS) with values of 900, 901, 910, 911, 920, 921, 930, or 931.
5. Out of Area members were identified by the following zip codes:

a. Ventura Zip Codes include: 90265, 91304, 91307, 91311, 91319-20, 91358-62, 91377, 93000-12, 93015-16, 93020-24, 93030-36, 93040-44, 93060-66, 93094, 93099, 93225, 93252
b. If no residential address, the mailing address is used for this determination.

6. Other commercial insurance was identified by a current record of commercial insurance for the member.

B. Provider Contracting Update:

Provider Network Contracting Initiatives

Network Operations is a key contributor to several state Department of Health Care Services (DHCS) program initiatives and company projects. Our current priorities in these areas are the California Advancing and Innovating Medi-Cal (CalAIM) and National Committee for Quality Assurance (NCQA) projects. Our team continues to support and meet deliverables for provider contracting, updates to policies and procedures, provider onboarding and communications.

In the area of provider regulatory requirements, PNO is preparing for the Annual Network Certification (ANC) and supports deliverables for Operational Readiness and Long-Term Care Readiness.

Provider Network Snapshot: Sept. 2022

Network Developments: Sept. 1-30, 2022:
Contract Developments:

Provider Additions Fulfilling Network Gaps	Count
Congregate Living Health Facility (CLHF)	1
Provider Network Full Terminations	**Count**
Audiologist	1
Rheumatologist	1
Occupational Therapist	1
Speech Language Pathologist	1
Physical Therapist	1
Physician Assistant	1
Anesthesiologist	1

Additional Network Developments:

- Additions
  - 70 total
    - The majority of providers were hospital-based, tertiary and ancillary providers; no significant impact to the network.

- Terminations
  - 28 total
    - The majority of providers were hospital-based, tertiary and ancillary providers; no significant impact to the network.

GCHP Provider Network Additions and Total Counts by Provider Type			
Provider Type	**Network Additions**		**Total Counts**
	Jul-22	**Aug-22**	
Hospital	**0**	**0**	**25**
Acute Care	0	0	19
Long-Term Acute Care (LTAC)	0	0	1
Tertiary	0	0	5
Providers	**4**	**22**	**5343**
Primary Care Providers (PCPs) & Mid-levels	3	13	428
Specialists	0	65	4,578
Hospitalists	1	2	337
Ancillary	**1**	**1**	**588**
Ambulatory Surgery Center (ASC)	0	0	8
Community-Based Adult Services (CBAS)	0	0	14
Durable Medical Equipment (DME)	0	0	93
Home Health	0	0	25
Hospice	0	1	23
Laboratory	0	0	41
Optometry	0	0	97
Occupational Therapy (OT) / Physical Therapy (PT) / Speech Therapy (ST)	0	0	142
Radiology / Imaging	0	0	62
Skilled Nursing Facility (SNF) / Long-Term Care (LTC) / Congregate Living Facility (CLF) / Intermediate Care Facility (ICF)	1	0	83
Behavioral Health	0	0	359

C. Compliance

Delegation Oversight

GCHP is contractually required to perform oversight of all functions delegated through subcontracting arrangements. Oversight includes, but is not limited to:

- Monitoring / reviewing routine submissions from subcontractor
- Conducting onsite audits
- Issuing a Corrective Action Plan (CAP) when deficiencies are identified

**Ongoing monitoring denotes the delegate is not making progress on a CAP issued and/or audit results were unsatisfactory and GCHP is required to monitor the delegate closely as it is a risk to GCHP when delegates are unable to comply.*

Compliance will continue to monitor all CAPs. GCHP's goal is to ensure compliance is achieved and sustained by its delegates. It is a DHCS requirement for GCHP to hold all delegates accountable. The oversight activities conducted by GCHP are evaluated during the annual DHCS medical audit. DHCS auditors review GCHP's policies and procedures, audit tools, audit methodology, and audits conducted, and corrective action plans issued by GCHP during the audit period. DHCS continues to emphasize the high level of responsibility plans have in the oversight of their delegates.

The following table includes audits and CAPs that are open and closed. Closed audits are removed after they are reported to the Commission. The table reflects changes in activity through Sept. 30, 2022.

Delegate	Audit Year / Type	Audit Status	Date CAP Issued	Date CAP Closed	Notes
AHP	2022 Annual Claims Audit	Open	6/10/2022	Under CAP	
Beacon	2022 Annual Claims Audit	Open	6/22/2022	Under CAP	
Beacon	2022 Call Center Audit	Open	8/26/2022		
Beacon	Quarterly Utilization Management Review Audit	Closed	5/5/2022	9/6/2022	
Beacon	Annual Quality Improvement, Utilization Management, Members' Rights, and Cultural and Linguistics Audit	Closed	8/10/2022	9/1/2022	
CDCR	Annual Utilization Management Review Audit	Closed	5/6/2022	8/29/2022	
CDCR	Quarterly Utilization Management Audit	Closed	8/8/2022	9/7/2022	
Cedars	2022 Annual Credentialing and Recredentialing Audit	Closed	N/A	N/A	No findings. Audit completed on 9/19/2022.

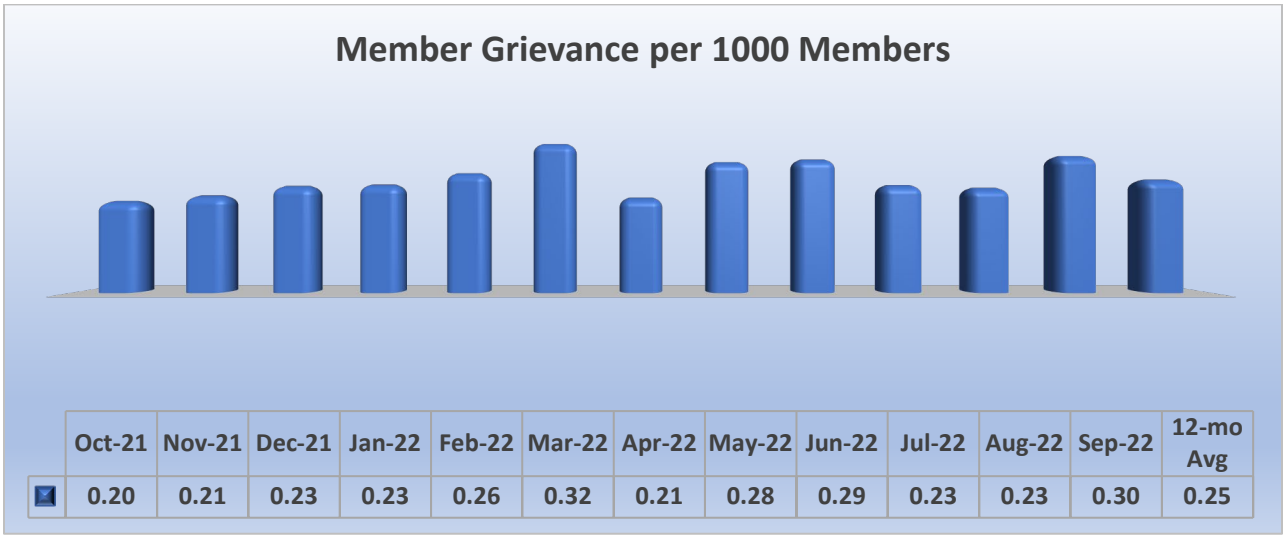
Delegate	Audit Year / Type	Audit Status	Date CAP Issued	Date CAP Closed	Notes
Conduent	2017 Annual Claims Audit	Open	12/28/2017	Under CAP	Issue will not be resolved until new claims platform conversion
Conduent	2021 Annual Claims Audit	Open	7/21/2021	Under CAP	
Conduent	2022 Annual Claims Audit	Open	8/31/2022	Under CAP	
Conduent	2020 Call Center Audit	Open	1/20/2021	Under CAP	
Conduent	2021 Call Center Audit	Open	2/25/2022	Under CAP	
Kaiser	2022 Annual Claims Audit	Closed		9/13/2022	
VSP	2021 Annual Claims Audit	Open	11/5/2021	Under Cap	
VTS	2021 Call Center Focused Audit	Open	2/2/2022	Under CAP	
VTS	2022 Call Center Audit	Open	5/26/2022	Under CAP	
VTS	2022 Call Center Focused Audit	Open			
VTS	NMT Scheduling Grievances CAP	Open	5/6/2022	Under CAP	
VTS	Subcontracting CAP	Open	7/22/2022	Under CAP	

Privacy & Security CAPs

Delegate	CAP Type	Status	Date CAP Issued	Date CAP Closed	Notes
Conduent	Call Center Recordings Website	Open	1/6/2021	N/A	

Operational CAPs					
Delegate	**CAP Type**	**Status**	**Date CAP Issued**	**Date CAP Closed**	**Notes**
Conduent	IKA Inventory, KWIK Queue, APL 21-002	Open	4/28/2021	N/A	IKA Inventory and KWIK Queue Findings Closed
Conduent	Sept. 23, 2021 CAP	Open	9/23/2021	N/A	
Conduent	Oct. 2021 CAPs	Open	11/22/2021	N/A	
Delegate	**CAP Type**	**Status**	**Date CAP Issued**	**Date CAP Closed**	**Notes**
Conduent	Nov. 2021 SLA	Open	1/28/2022	N/A	
Conduent	Jan. 2021 Contract Deficiencies	Open	2/4/2022	N/A	
Conduent	Dec. 2021 Contract Deficiencies	Open	2/11/2022	N/A	
Conduent	March 2022 SLA Deficiencies & Findings	Open	3/11/2022	N/A	
Conduent	Jan. 2022 SLA CAP	Open	3/25/2022	N/A	
Conduent	Feb. 2022 SLA CAP	Open	4/15/2022	N/A	
Conduent	March 2022 SLA CAP	Open	6/17/2022	N/A	

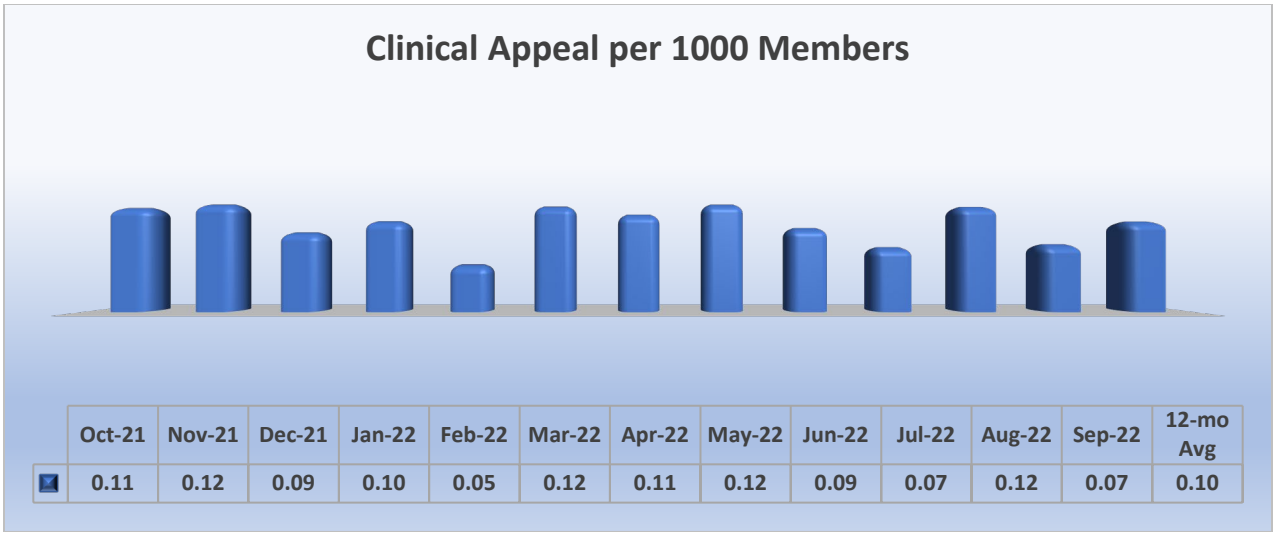
D. Grievance and Appeals



	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	12-mo Avg
	0.20	0.21	0.23	0.23	0.26	0.32	0.21	0.28	0.29	0.23	0.23	0.30	0.25

Member Grievances per 1,000 Members
The data show GCHP's volume of grievances has increased. In September, GCHP received 72 member grievances. The increase is due to transportation cases. Overall, the volume is still relatively low, compared to the number of enrolled members. The 12-month average of enrolled members is 232,640, with an average annual grievance rate of .25 grievances per 1,000 members.

In Sept. 2022, the top reason reported was "Quality of Care," which is related to member concerns with the care they received from their providers.



	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	12-mo Avg
	0.11	0.12	0.09	0.10	0.05	0.12	0.11	0.12	0.09	0.07	0.12	0.07	0.10

Clinical Appeals per 1,000 Members
The data comparison volume is based on the 12-month average of .10 appeals per 1,000 members.

In Sept. 2022, GCHP received 18 clinical appeals:

1. Five were overturned
2. Eight were upheld
3. Three are still in review
4. Two were withdrawn

RECOMMENDATION:

Receive and file

AGENDA ITEM NO. 11

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Alan Torres, Chief Information Officer

DATE: October 24, 2022

SUBJECT: Chief Information Officer (CIO) Report

SUMMARY:

Staffing Overview:

At the time of the approved fiscal budget, Information Technology (IT) had a total of 26 approved and open positions to support ongoing project work and the 2022-2023 project portfolio and day-to-day production support activities. Our goal is to hire candidates with deep managed health care experience and who can bring leading edge technology skills to GCHP.

To date, IT has filled 62% of the open positions. Not including several offers that have gone out to candidates. IT has filled position such as; Architects, Quality Assurance Testers, Project Managers, and Systems Analysts

Operations of the Future Update:

We are currently in the RFP (Request for Propsal) phase of the project. We have released three RFP's; Core Administration, Medical Management, and Member & Provider Portals.
We are scheduled to complete the process for the first three RFP's by early December.
We continue to work on the timing for the remaining 5 RFP's which will be released in the coming months.

New Data Warehouse:

Hired and on-boarded 80% of new positions since June. We continue to recruit and should complete within the next 30 days.

New hires and our consulting partner Omni Data, bring leading edge technology skills and major health plan experience in building data warehouses.

Work has started with current state technical analysis completed. Identification of over 500 data files and over 3,000 data elements coming into GCHP.

Evaluating Vendors to ingest and automate loading clinical data to accelerate CalAIM and PHM initiatives.

CalAim Update:

We continue to make progress on our planned milestones. The following are our recent accomplishments:

Fulfilled all DHCS submission requirements for:

o Quarterly Reporting and monitoring of ECM & Community Supports across membership, service provision and provider capacity

o Updates to Model of Care Health Services Policies & Procedures

o ECM and Community Supports Survey to provide feedback on existing information exchange and persistent barriers

Continued to provide Enhanced Care Management services and prepared expansion to new populations of focus for January 2023

Submission of Incentive Payment Program progress report to provide baseline figures on quantitative measures and narratives on our plans to address gaps and disparities

In conjunction with CalAIM, we are tracking the work associated with the Submission of Local Homelessness Investment Plan that describes investment areas to achieve the incentive program requirements. The Investment Plan targets four main areas of focus – Infrastructure, Member Engagement, Service Delivery & Technology.

The following are our planned milestones and activities:

Attest our readiness for Population Health and prepare for January 1, 2023 Test Launch, July 2023 Launch.

RECOMMENDATION:

Receive and file the report.

ATTACHMENTS:

None.

Gold Coast Health Plan℠
A Public Entity

Gold Coast Health Plan Modern Data Warehouse

October 24th 2022

Alan Torres , CIO

Integrity

Accountability

Collaboration

Trust

Respect

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What did we Find

- IT has been understaffed for many years
- IT has not made the necessary investments in training of staff, recruiting, and modernized technologies to keep pace with industry trends
- Our data assets are not well understood throughout the organization
- These issues have resulted in GCHP being at least three years behind the technology curve relative to leading healthcare organizations

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Progress Update

Hired and on-boarded 80% of new positions since June. We continue to recruit and should complete within the next 30 days.

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Work has started with current state technical analysis completed. Identification of over 500 data files and over 3,000 data elements coming into GCHP.

Evaluating Vendors to ingest and automate loading clinical data to accelerate CalAIM and PHM initiatives.

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About the Data Warehouse Program

Connecting what we do to the Imperatives and Organization Goals…

Bring in siloed data together into a single, consolidated storage - a healthcare data warehouse – and use it to gain insights…

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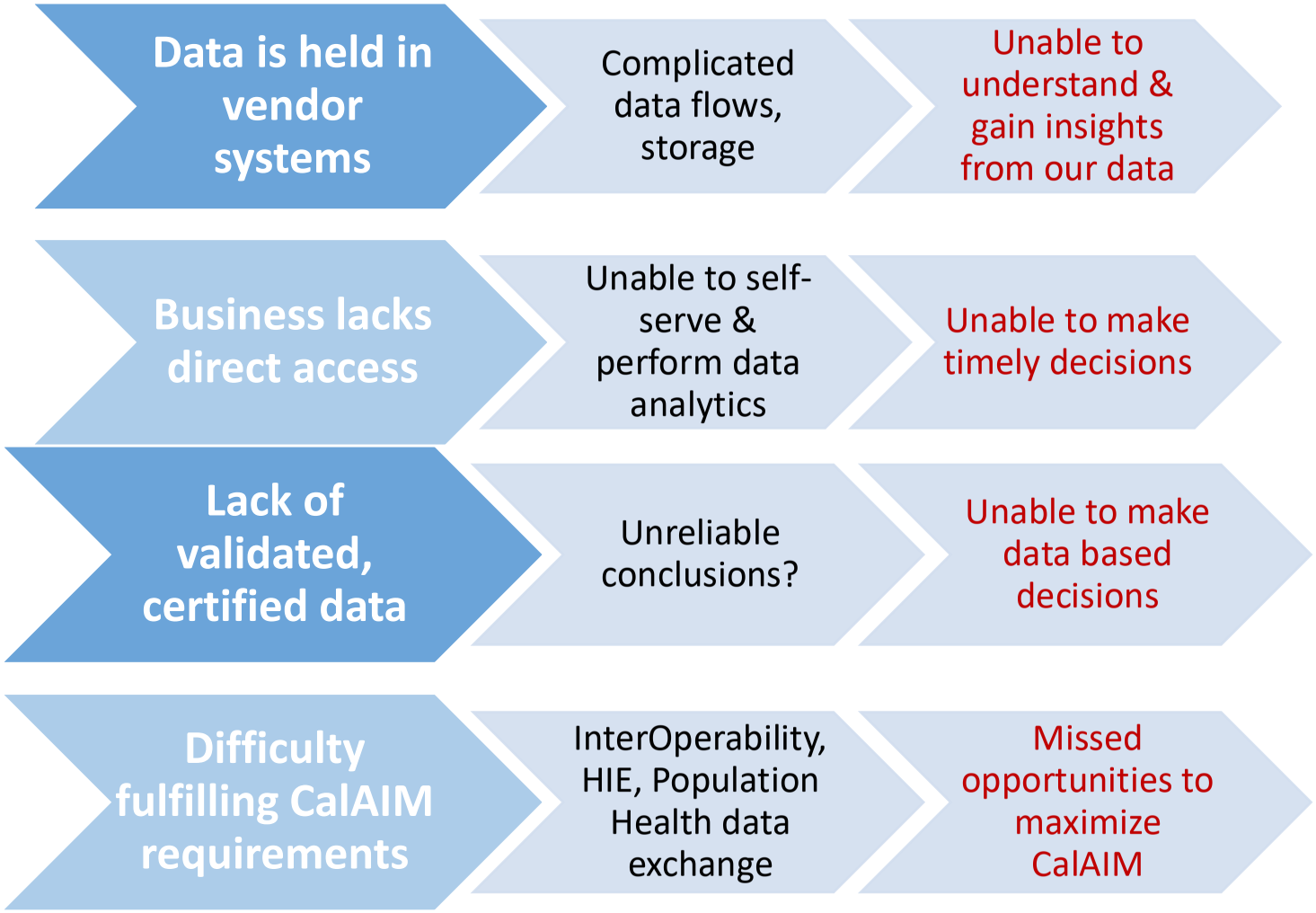
Why We are Investing Now

GCHP needs modernized advanced technologies and industry leading capabilities that support



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Our Data Strategy

Single Version of Truth
Clear, Clean Data Model

Certified Data Monitoring
End to End Balancing

Business access to data
Top of line Analytics

Built for future
(Predictive Analysis, Real-Time Data)

TENETS

1. Data is timely
2. Data is accurate
3. Data is well understood across the organization

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