



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

Executive/Finance Committee

**Regular Meeting located at 770 E. Daily Drive, Camarillo, CA Bell Canyon Room
Thursday June 23, 2022 – 3:00 p.m.**

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

Conference Call Number: 805-324-7279

Conference ID Number: 162 370 098#

Adventist Health Simi Valley
2975 N. Sycamore Dr.
Simi Valley, CA. 93065

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMMCC) doing business as Gold Coast Health Plan (GCHP) on the agenda.

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

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

CONSENT

- 1. Approval of Executive Finance Committee Special meeting minutes for January 10, 2022, February 3, 2022, and February 24, 2022.**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

CLOSED SESSION

- 2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case.
- 3. REPORT INVOLVING TRADE SECRETS**
Discussion will concern: New Program and Service
Estimated Date of Public Disclosure: Fall of 2022

FORMAL ACTION

- 4. Moss Adams GCHP Audit Entrance**

Staff: Kashina Bishop, Chief Financial Officer
Moss Adams Representatives: Stelian Damu & Kimberly Sokoloff

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

- 5. May 2022 Financials**

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend that the Commission approve the May 2022 financial package.

6. 2022/2023 Operating and Capital Budget

Staff: Kashina Bishop, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend approval of the Fiscal Year 2022-2023 Operating and Capital budgets, and corresponding contract renewals outlined in the appendix to the Commission.

CLOSED SESSION

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

ADJOURNMENT

Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. Materials related to an agenda item submitted to the Committee after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Board.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5512. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

AGENDA ITEM NO. 1

TO: Executive Finance Committee
FROM: Maddie Gutierrez, MMC -Clerk of the Board
DATE: June 23, 2022
SUBJECT: Executive Finance Committee Special Meeting Minutes of January 10, 2022, February 3, 2022, and February 24, 2022.

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copies of the Executive Finance Committee Special Meeting Minutes for January 10, 2022, February 3, 2022 and February 24, 2022.

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

January 10, 2022

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 1:45 p.m. via phone conference call.

The following GCHP staff were on the conference call:

- Margaret Tatar, Chief Executive Officer
- Nick Liguori, Chief Operating Officer
- Scott Campbell, General Counsel
- Susana Enriquez
- Monica Gonzalez

ROLL CALL

Present: Commissioners Shawn Atin, Andrew Lane, and Dee Pupa.

Absent: Commissioners Antonio Alatorre and Jennifer Swenson

PUBLIC COMMENT

None.

CONSENT

- 1. Findings to Continue to Hold Remote Teleconference/Virtual Executive Finance 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.

Commissioner Pupa motioned to approve Consent item 1. Commissioner Atin seconded.

AYES: Commissioners Shawn Atin, Andrew Lane, and Dee Pupa

NOES: None.

ABSENT: Commissioners Antonio Alatorre and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

ADJOURNMENT

Commission Chair Dee Pupa adjourned the meeting at 1:46 pm

Approved:

Deborah Munday, CMC
Assistant Clerk to the Commission

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

February 3, 2022

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 1:53 p.m. via phone conference call.

The following GCHP staff were on the conference call:

- Scott Campbell, General Counsel
- Deborah Munday, Assoc. Clerk
- Susana Enriquez

ROLL CALL

Present: Commissioners Shawn Atin, Dee Pupa and Jennifer Swenson.

Absent: Commissioners Antonio Alatorre and Andrew Lane

PUBLIC COMMENT

None.

CONSENT

- 1. Findings to Continue to Hold Remote Teleconference/Virtual Executive Finance 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.

Commissioner Atin motioned to approve Consent item 1. Commissioner Swenson seconded.

AYES: Commissioners Shawn Atin, Dee Pupa and Jennifer Swenson

NOES: None.

ABSENT: Commissioners Antonio Alatorre and Andrew Lane

Committee Chair Pupa declared the motion carried.

ADJOURNMENT

Commission Chair Dee Pupa adjourned the meeting at 1:55 pm

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

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

February 24, 2022

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 1:01 p.m. via phone conference call.

The following GCHP staff were on the conference call:

- Scott Campbell, General Counsel
- Marlen Torres, Executive Director of Strategy & External Affairs
- Deborah Munday, Assoc. Clerk

ROLL CALL

Present: Commissioners Shawn Atin, Dee Pupa and Andrew Lane.

Absent: Commissioners Antonio Alatorre and Jennifer Swenson.

PUBLIC COMMENT

None.

CONSENT

1. **Findings to Continue to Hold Remote Teleconference/Virtual Executive Finance 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.

Commissioner Pupa motioned to approve Consent item 1. Commissioner Atin seconded.

AYES: Commissioners Shawn Atin, Dee Pupa and Andrew Lane

NOES: None.

ABSENT: Commissioners Antonio Alatorre and Jennifer Swenson

Committee Chair Pupa declared the motion carried.

ADJOURNMENT

Commission Chair Dee Pupa adjourned the meeting at 1:02 pm

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission



AGENDA ITEM NO. 4

TO: Executive Finance Committee

FROM: Kashina Bishop, Chief Financial Officer
Moss Adams Representatives: Stelian Damu
Kimberly Sokoloff

DATE: June 23, 2022

SUBJECT: Moss Adams GCHP Audit Entrance

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

Moss Adams 2022 Audit Planning Presentation



Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan **2022 AUDIT PLANNING**

Discussion with Management and the
Executive Finance Committee





Agenda



1. Your Service Team
2. Scope of Services
3. Auditor's Responsibility in a Financial Statement Audit
4. Significant Risks Identified
5. Risks Discussion
6. Consideration of Fraud
7. Prior Year Report to Management
8. Audit Timeline
9. Audit Deliverables
10. Expectations
11. Documents Containing Audited Financial Statements and Auditor's Report
12. Recent Accounting Developments
13. Executive Session

Better Together: Moss Adams & Gold Coast Health Plan

Your Service Team



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*Audit Engagement
Partner*

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Scope of Services

Relationships between Moss Adams and Gold Coast Health Plan:

Annual Audit



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

Non-Attest Services



- Consulting services associated with Adaptive Insights financial and budgeting solution
- Assist management with drafting the financial statements for the year ending June 30, 2022

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Auditor's Responsibilities in a Financial Statement Audit

- Auditor is responsible for:
 - forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles
 - performing an audit in accordance with generally accepted auditing standards issued by the AICPA
 - communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you
 - when applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement
- The audit of the financial statements doesn't relieve management or you of your responsibilities.
- The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.



Significant Risks Identified

During the planning of the audit, we have identified the following significant risks:

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





Risks Discussion






1. What are your views regarding:
 - Gold Coast Health Plan's objectives, strategies and business risks that may result in material misstatements
 - Significant communications between the entity and regulators
 - Attitudes, awareness, and actions concerning
 - GCHP's internal control and importance
 - How those charged with governance oversee the effectiveness of internal control
 - Detection or the possibility of fraud
 - Other matters relevant to the audit

2. Do you have any areas of concern?

Consideration of Fraud in a Financial Statement Audit

Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	Engagement team discussion
	Identify the risks of material misstatement due to fraud	<ul style="list-style-type: none"> • Perform procedures to address identified risks • Inherent limitation of an audit
	Unavoidable risk exists that some material misstatements may not be detected	



Prior Year Report to Management

During the prior year audit we noted the following significant deficiency:

Conduent, Inc.
Claims Processing

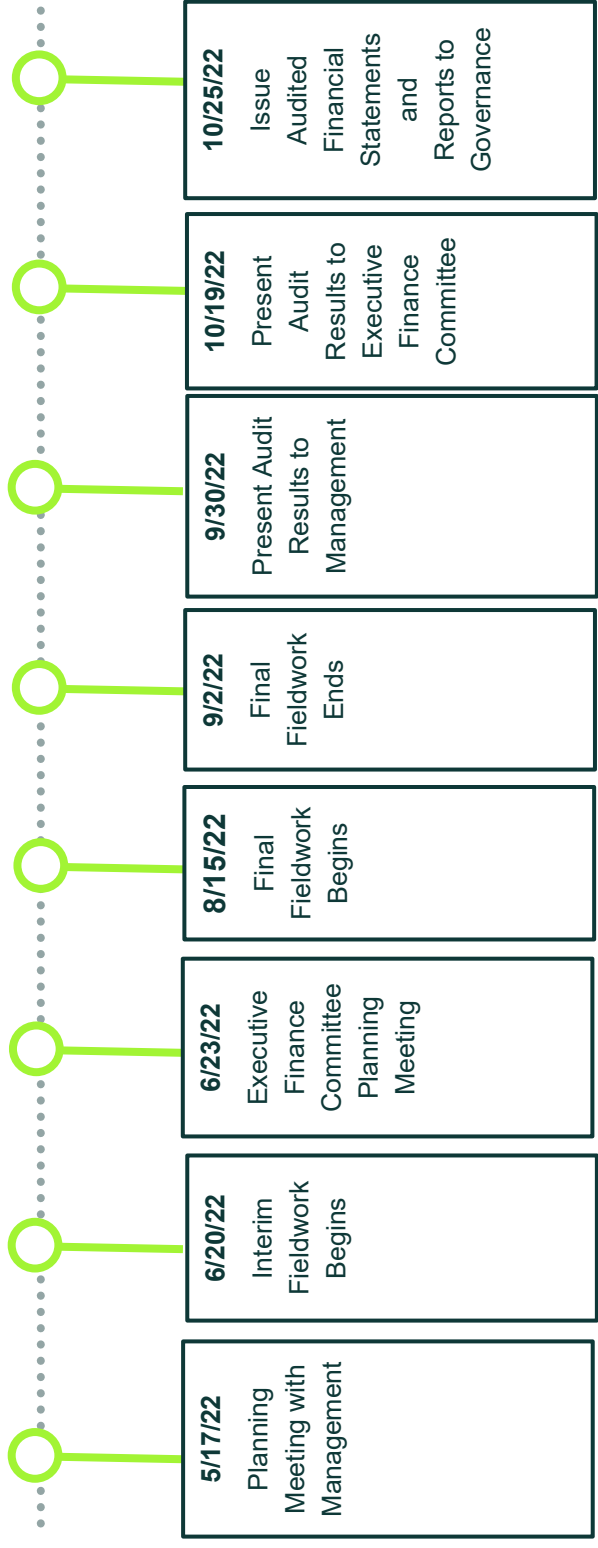
Claims processing errors, payment delays, and reporting challenges noted due to the Health Solutions Plus Meditrac system implementation.

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Audit Timeline

2022



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Audit Deliverables



Report of Independent Auditors
on financial statements for the year ended
June 30, 2022



Report to Management
(communicating internal control related
matters identified in an audit)




**Report to Those Charged
With Governance**
(communicating required matters
and other matters of interest)



Expectations

 Client will:

- Have no significant adjusting journal entries after beginning of field work.
- Close books and records before beginning of field work.
- Provide auditor requested information in CAP schedule by requested due dates.

Moss Adams will: 

- Communicate proposed adjustments with management when identified.
- Communicate control deficiencies with management when identified.
- Discuss any additional fees over estimate in engagement letter with management.



Documents Containing Audited Financial Statements and Independent Auditor's Report



Our responsibility under generally accepted auditing standards



Request for advance notification when you intend to include audited financial statements and the independent auditor's report in a document



Arrangements to obtain the other information prior to report issuance



Recent Accounting Developments



Changes to the Auditor's Report

The AICPA recently issued a series of standards that will significantly change the form and content of the auditor's report.

These standards are effective for audits of financial statements for periods ending on or after December 15, 2021.

Changes include, among others:

- ✓“Opinion” section will appear first, followed by a “Basis for Opinion” section
- ✓Responsibilities of Management for the Financial Statements
 - Adds management's responsibility to evaluate going concern considerations



Changes to the Auditor's Report (Continued)

- ✓ Auditor's Responsibility for the Audit of the Financial Statements
 - Defines reasonable assurance
 - States that the risk of not detecting a material misstatement resulting from fraud is greater than for one resulting from error
 - Defines material misstatement
 - Identifies auditor's responsibility to evaluate going concern considerations
 - Describes that the auditor is required to communicate with those charged with governance



Changes to the Auditor's Report (Continued)

New Report Layout	Current Report Layout
<input type="checkbox"/> Report on the Audit of the Financial Statements	<input type="checkbox"/> Report on the Financial Statements
<input type="checkbox"/> Opinion	<input type="checkbox"/> Introductory paragraph
<input type="checkbox"/> Basis for Opinion	<input type="checkbox"/> Management's Responsibility for the Financial Statements
<input type="checkbox"/> Emphasis of Matter, when appropriate	<input type="checkbox"/> Auditor's Responsibility
<input type="checkbox"/> Other Matter, when appropriate	<input type="checkbox"/> Opinion
<input type="checkbox"/> Responsibilities of Management for the Financial Statements	<input type="checkbox"/> Emphasis of Matter, when appropriate
<input type="checkbox"/> Auditor's Responsibilities for the Audit of the Financial Statements	<input type="checkbox"/> Other Matter, when appropriate



New Accounting Standards

GASB **87**

Leases

- Would treat all leases as financings (no classification of capital v. operating) similar to FASB ASU 2016-02.
- Includes non-cancellable period + periods covered by options to renew if reasonably certain to be exercised.
- Lessee would record an intangible asset (amortized over the shorter of its useful life or lease term) and present value of future lease payments as a liability.
- Lessor would record a lease receivable and deferred inflow of resources for cash received up front + future payments (revenue recognized over lease term in a systematic and rational basis).
- Effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.



New Accounting Standards (Continued)

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.



New Accounting Standards (Continued)

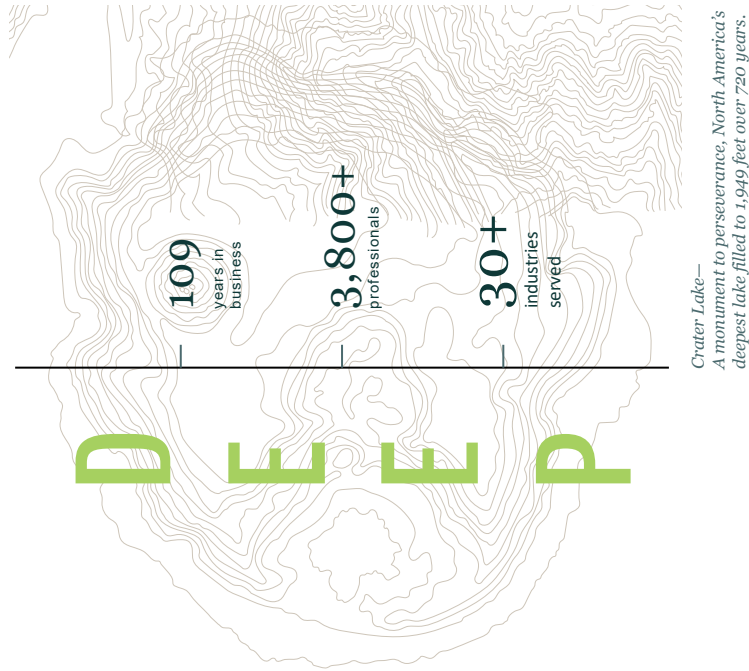
GASB **97**

Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

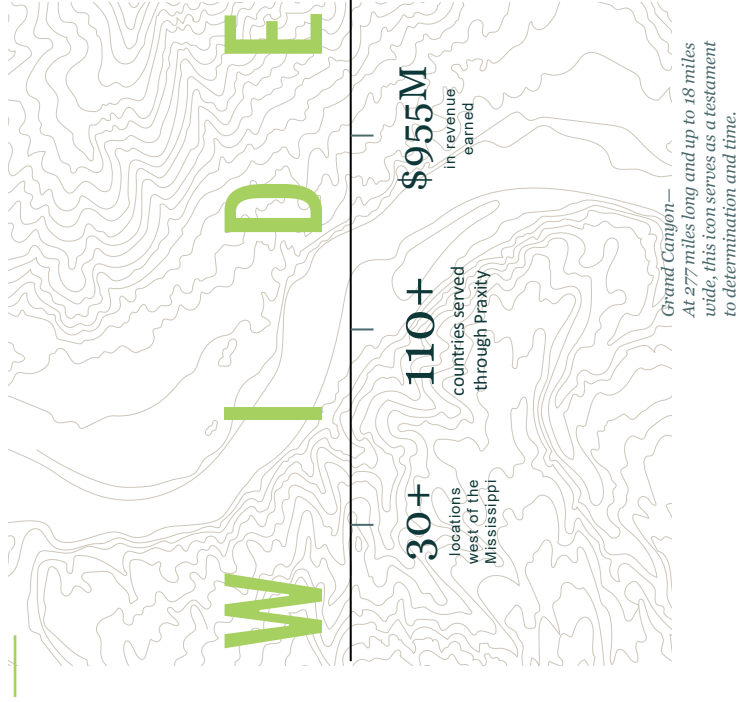
- Provides updated guidance and clarification on Statement No. 84, *Fiduciary Activities*
- Requires that a Section 457 plan be classified as either a pension plan or other employee benefit plan and clarifies that Statement No. 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.
- Certain requirements in this standard are effective immediately.
- The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.



— Our Expertise



Our Reach



National Health Care Industry Group

Health care is one of our firm's largest and most successful industry groups. For more than 45 years, we've recognized the value of having dedicated industry professionals. Unlike many of our competitors, our Health Care Group includes 100% industry-focused professionals who specialize in navigating the complexities of today's health care landscape.

Our team supports a wide range of clients from individual clinics to health systems, from surgery centers to long-term care facilities, and from ancillary health care providers to private equity firms investing in the health care sector.

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—
Expertise

DEEPI

3,700+
health care clients

285+
health care
professionals firm-
wide

30
health care
partners

Participation in 30+
national, regional,
and state health care
industry events

Crater Lake
A monument to perseverance, North
America's deepest lake filled to 1,949
feet over 750 years.



Health Plans, Insurance & Risk-Bearing Organizations

In today's health care landscape, managed care risk-bearing organizations (RBOs) come in many different forms including health plans, accountable care organizations, independent physician associations, and integrated delivery networks.

We serve the needs of over 230 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. There's opportunity for fresh approaches due to mounting financial pressures affecting profitability, increased federal and state regulations, and shifting patient populations.

WHO WE SERVE:

Self-funded medical professional liability insurance	Captive Insurers	Exclusive Provider Organizations
Risk Pools	Self-insured Pools	TPAs
Medicare Advantage Plans	Medicaid Health Plans	ACOs
CCOs	Knox-Keene Plans	Dental Plans
HMOs	Stock Insurance Companies (public & private)	Insurance Exchanges

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recognized by *Best's Review* as a *Top Audit Firm* ranked by Loss Reserves and Health Loss Reserves for Property/Casualty and Health Insurance consecutively since 2018



230+

insurance company clients ranging in premiums from \$15M to \$5B annually

Firm Services

We offer a full range of services and specializations that span accounting, consulting, and wealth management to suit your specific needs.

Accounting

ASSURANCE
Financial Statement Audits
Employee Benefit Plans
Public Company & SEC
Internal Audit
SOC Audits
Contract Compliance
Sustainability Audits
TAX
Accounting for Income Taxes (ASC 740)
Accounting Methods
Compensation & Benefits
Controversy & Dispute Resolution
Credits & Incentives
International Tax
Personal
State & Local
Tax Structuring
ADVISORY
Disruption Services
IPO Solutions
Outsourced Finance & Accounting
Technical Accounting
INTERNATIONAL
China Practice 中国业务
India Practice
Latin America Practice

Consulting

IT
Compliance
Cybersecurity
Assessment & Planning
Development & Integration
Enterprise Systems
STRATEGY & OPERATIONS
Data Analytics
Disaster Recovery & Continuity
Organizational Planning
Performance Audits
Succession Planning
TRANSACTIONS
Due Diligence
M&A Tax
Postmerger Integration
Restructuring
Valuations
SPECIALTY
Financial Services
Health Care
Telecommunications

Wealth Management

INDIVIDUAL
Tax
Financial Planning
Investments
Family Office
INSTITUTIONAL
Investments
Insurance

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Insights and Resources

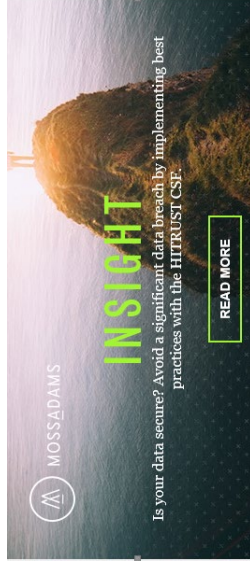
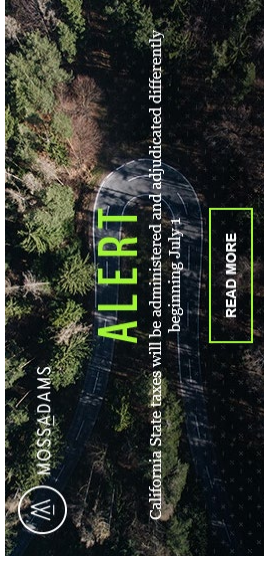
In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.

We'll keep you informed to help you stay abreast of critical industry issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your schedule.

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Executive Session

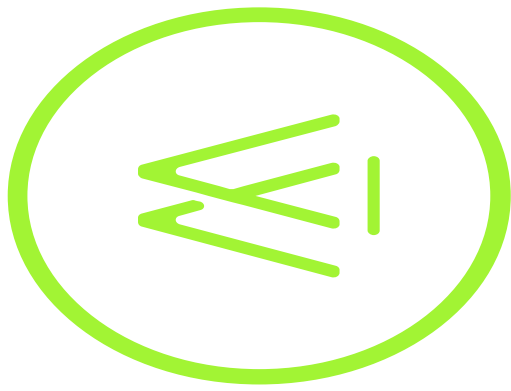
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THANK YOU





AGENDA ITEM NO. 5

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: June 23, 2022
SUBJECT: May 2022 Fiscal Year to Date Financials

SUMMARY:

Staff is presenting the attached May 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 May 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 \$8.5 million for May 2022. As of May 31st, GCHP is favorable to the budget estimates by \$47.1 million. The favorability is due to medical expense estimates that are currently less than budget by \$30.8 million, administrative and project expenses that are under budget by \$9.0 million, revenue that is favorable to budget by \$7.5M primarily due to vaccine incentive program not in budget and favorable CY2022 rate increase.

Financial Report:

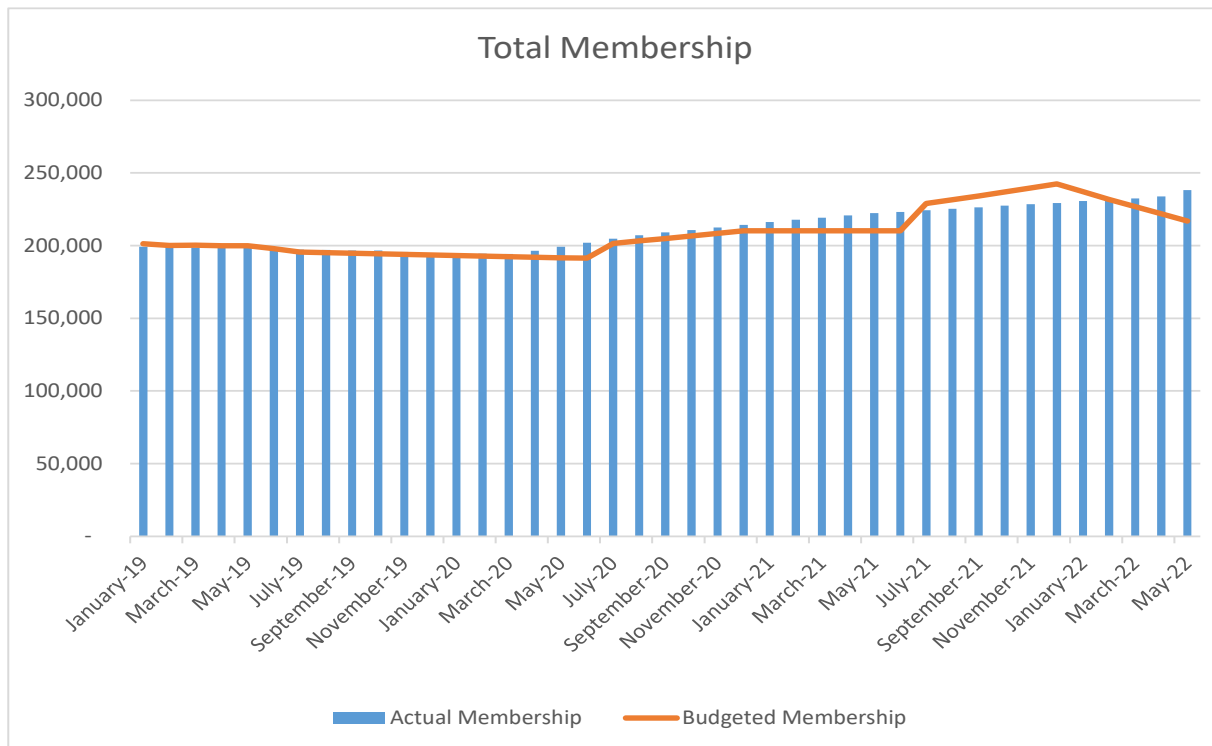
GCHP is reporting a net gain of \$8.5 million for May 2022.

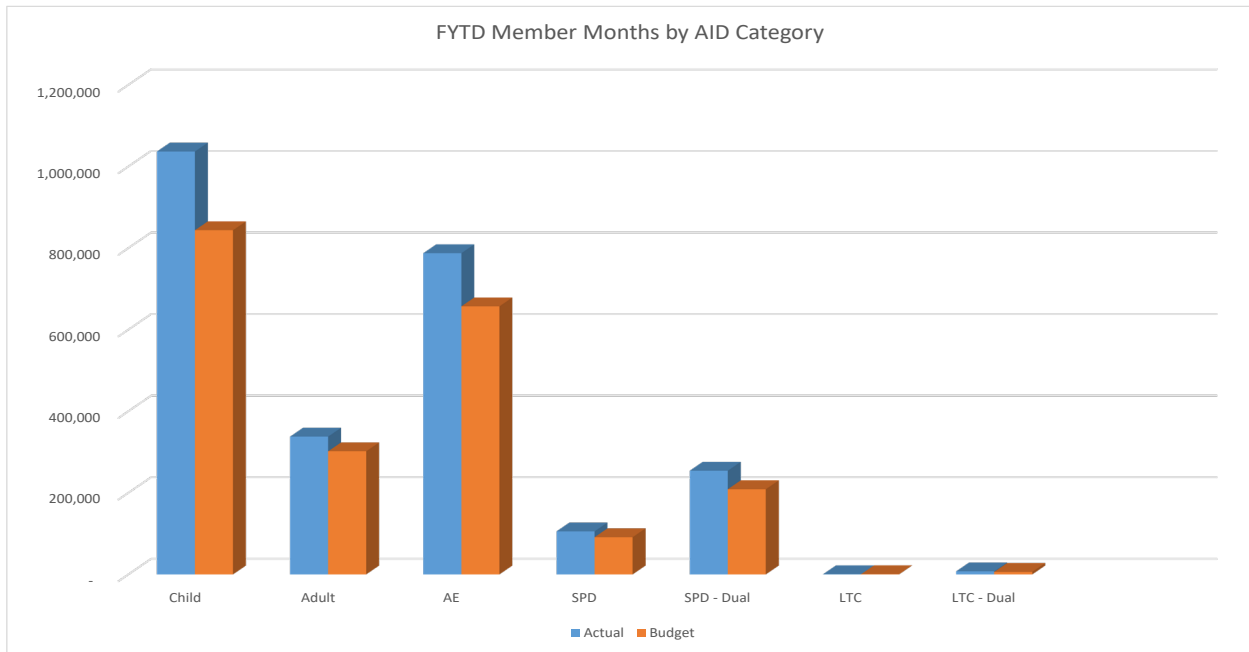
May 2022 FYTD Highlights:

1. Net gain of \$63.0 million, a \$47.1 million favorable budget variance.
2. FYTD net revenue is \$881.4 million, \$7.5 million over budget.
3. FYTD Cost of Health Care is \$770.0 million, \$30.8 million under budget.
4. The medical loss ratio is 87.3% of revenue, 4.3% less than the budget.
5. FYTD administrative expenses are \$48.7 million, \$9.0 million under budget.
6. The administrative cost ratio is 5.5%, 1.1% under budget.

- 7. Current membership for May 2022 is 232,495.
- 8. Tangible Net Equity is \$168.7 million which represents approximately 69 days of operating expenses in reserve and 462% 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 \$881.4 million; a \$7.4 million and 0.8% favorable budget variance. Primarily drivers are incentive revenue from Vaccine Incentive Program not in budget (~\$0.9M) and favorable CY2022 rates (~\$4.4M).

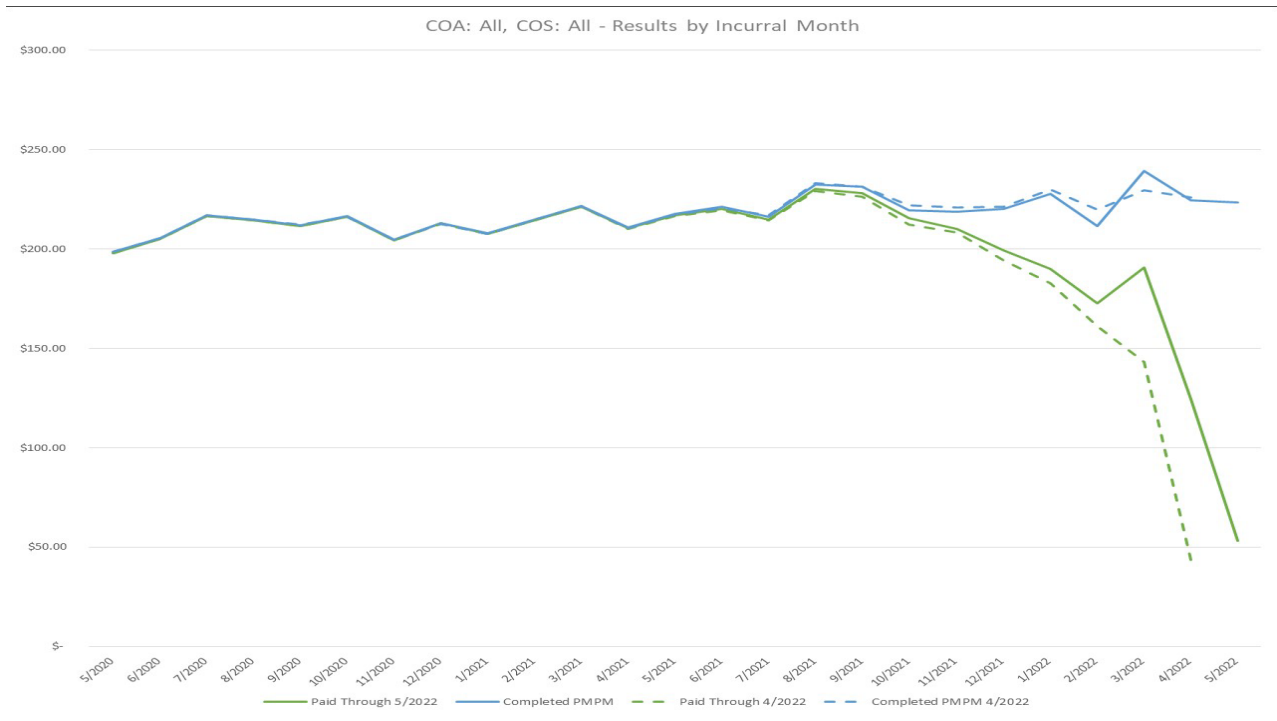
Health Care Costs

FYTD Health care costs are \$770.0 million; a \$30.8 million and 4.0% favorable budget variance. Due to the unknown impacts of the pandemic, the budget was established by trending forward CY 2019 medical expenses.

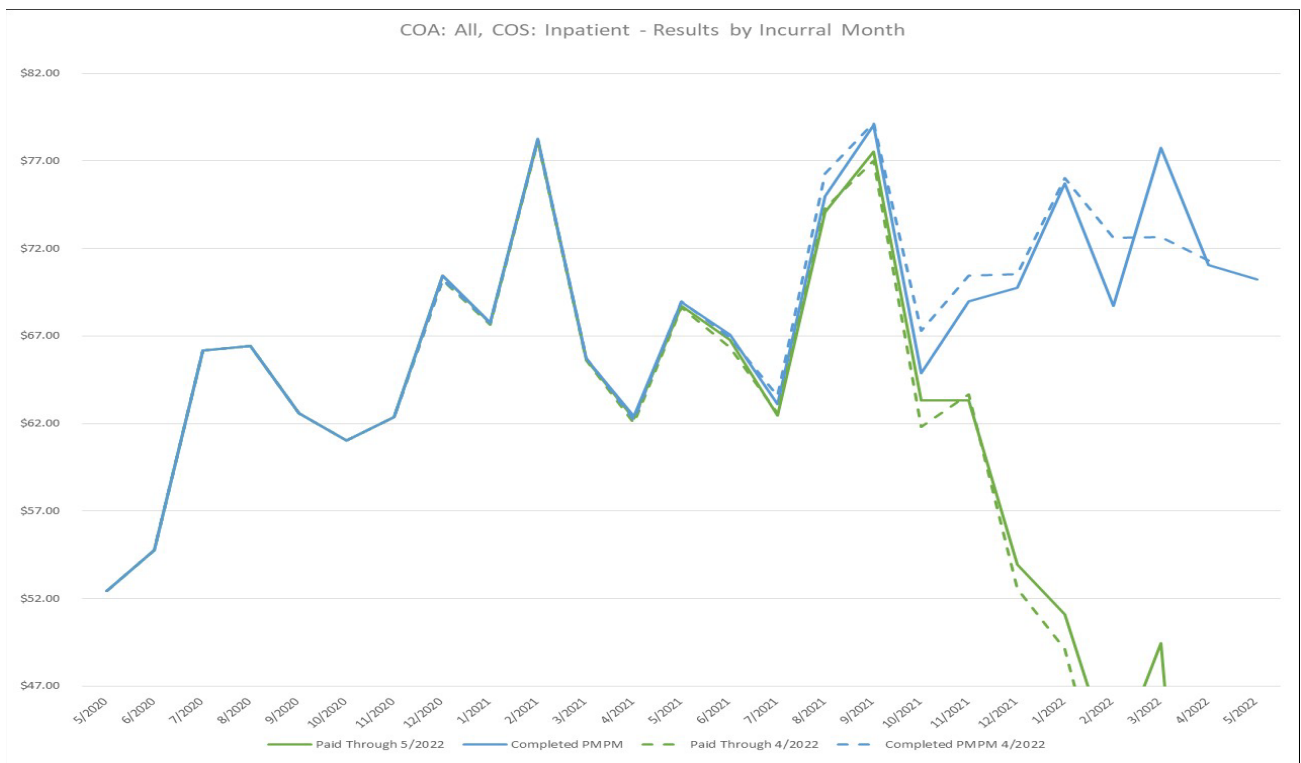
Medical expenses are calculated through a predictive model which examines the timing of claims receipt and claims payments. It is referred to as “Incurred but Not Paid” (IBNP) and is a liability on the balance sheet. On the balance sheet, this calculation is a combination of the Incurred but Not Reported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

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

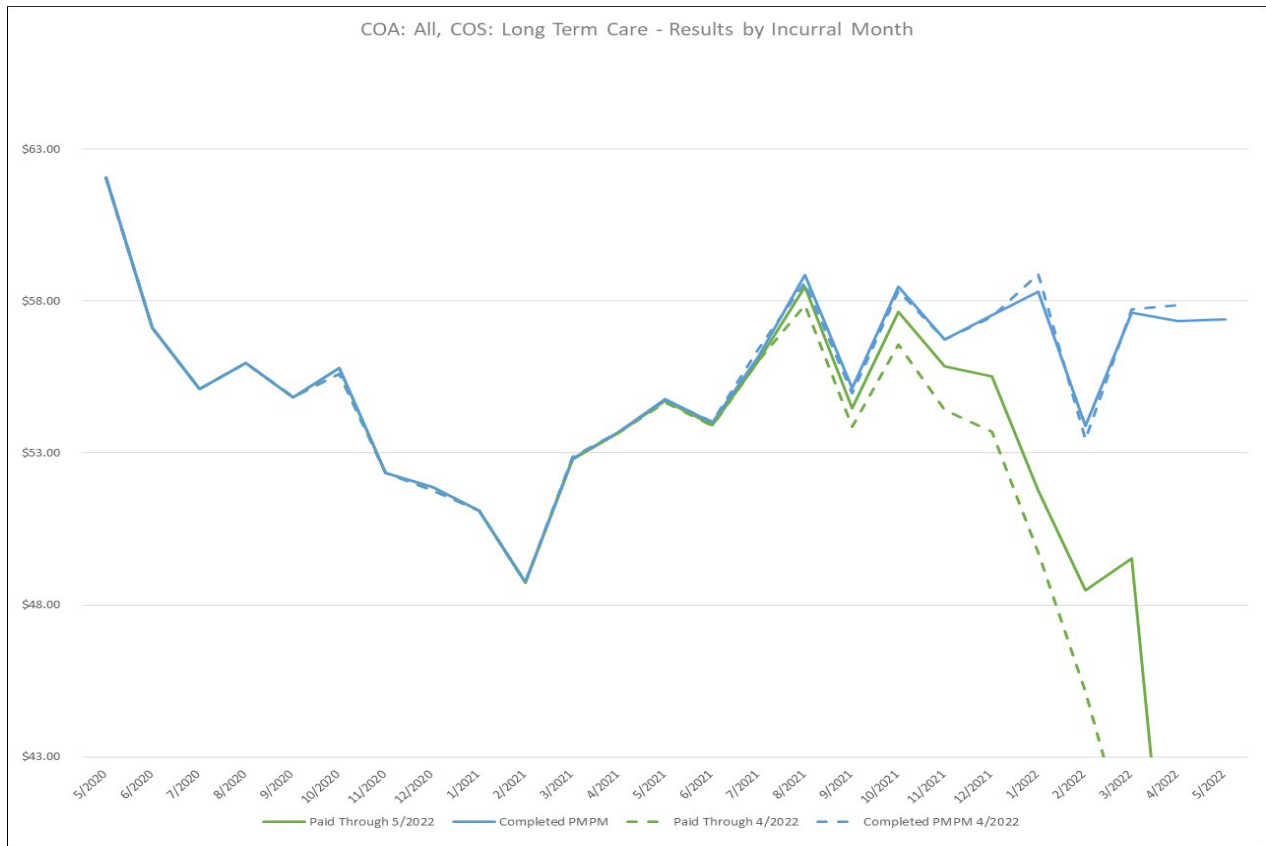
1. All categories of service



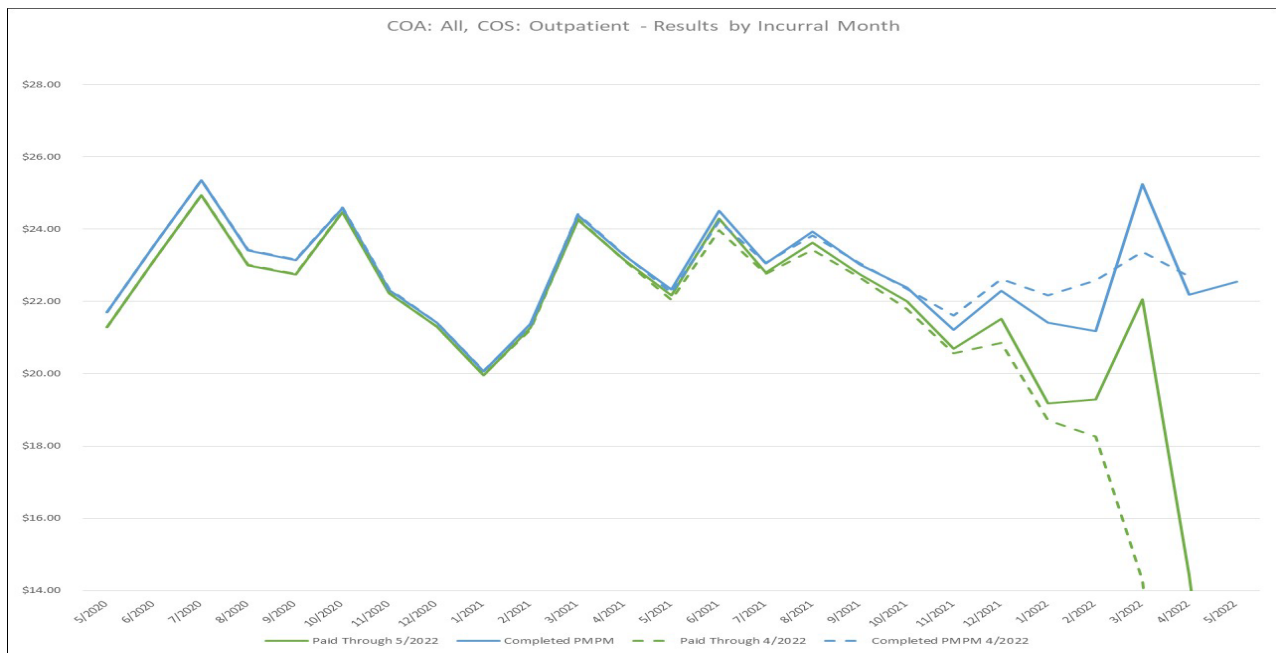
2. Inpatient hospital costs



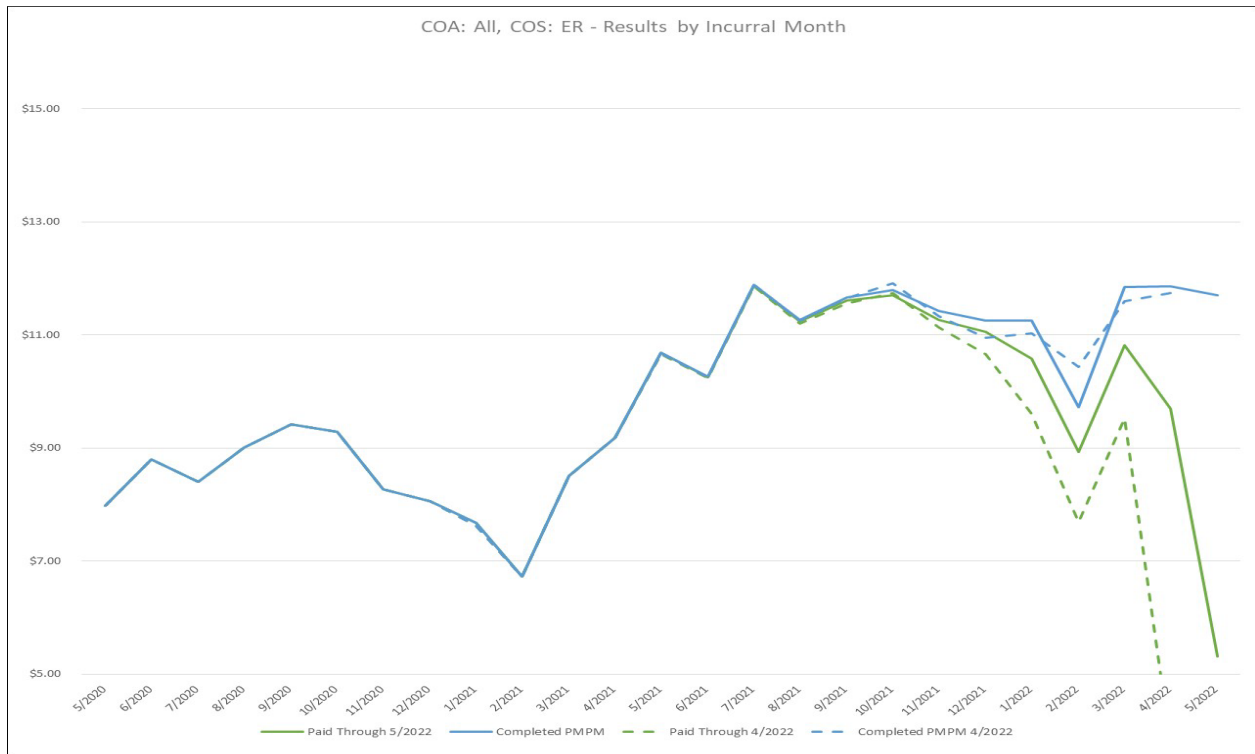
3. Long term care (LTC) expenses



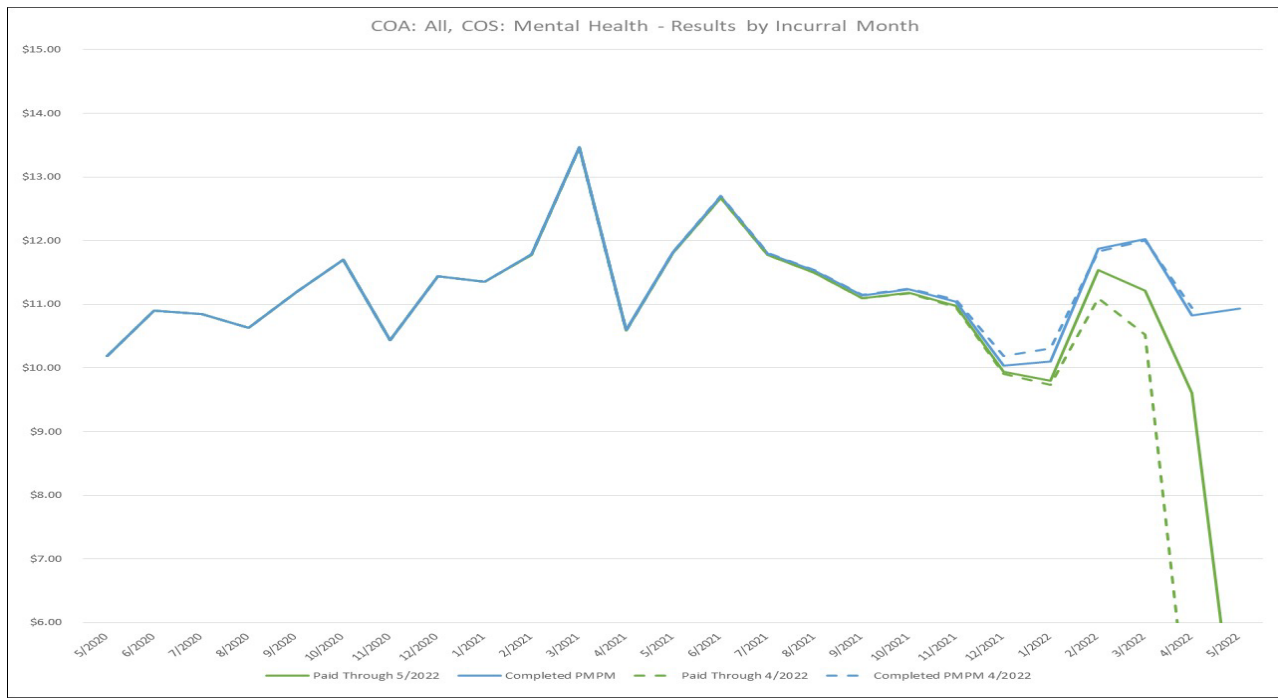
4. Outpatient expenses



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 May 2022, administrative costs were \$48.7 million and \$9.0 million under budget. As a percentage of revenue, the administrative cost ratio (or ACR) was 5.5% versus 6.6% for budget.

The following are drivers of administrative expense favorability:

- *Enterprise Project Portfolio*: timing of consulting services related to multiple projects (~\$3.9M)
- *Salaries, Wages & Employee Benefits*: primarily related to timing of filling open positions in IT/Health Services (~\$1.4M)
- *Outside Services*: favorability of Conduent and PBM admin fee expenses due to membership lower than projected and lower fulfillment related charges and Conduent invoice chargebacks (~\$2.1M)
- *Occupancy, Supplies, Insurance and Other*: timing of software and non-capital equipment purchases and implementation, lower printing expenses and lower than budgeted interest expense (~\$1.4M)

Cash and Short-Term Investment Portfolio

At May 31st, the Plan had \$291.4 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; the portfolio yielded a rate of 2.5%.

SCHEDULE OF INVESTMENTS AND CASH BALANCES

	Market Value* May 31, 2022	Account Type
Local Agency Investment Fund (LAIF) ¹	\$ 40,269,787	investment
Ventura County Investment Pool ²	\$ 18,377,308	investment
CalTrust	\$ 34,855,459	short-term investment
Bank of West	\$ 191,453,324	money market account
Pacific Premier	\$ 4,907,896	operating accounts
Mechanics Bank ³	\$ 1,536,551	operating accounts
Petty Cash	\$ 500	cash
Investments and monies held by GCHP	\$ 291,400,825	

	May-22	FYTD 21-22
Local Agency Investment Fund (LAIF)		
Beginning Balance	\$ 40,269,787	\$ 206,976
Transfer of Funds from Ventura County Investment Pool	-	40,000,000
Quarterly Interest Received	-	63,056
Quarterly Interest Adjustment	-	(245)
Current Market Value	\$ 40,269,787	\$ 40,269,787
Ventura County Investment Pool		
Beginning Balance	\$ 18,377,308	\$ 43,304,353
Transfer of funds to LAIF	-	(25,000,000)
Interest Received	-	72,955
Current Market Value	\$ 18,377,308	\$ 18,377,308

Medi-Cal Receivable

At May 31st, the Plan had \$93.4 million in Medi-Cal Receivables due from DHCS.

RECOMMENDATION:

Staff requests that the Executive Finance Committee recommend approval of the May 2022 financial package.

CONCURRENCE:

N/A

ATTACHMENT:

May 2022 Financial Package



FINANCIAL PACKAGE
For the month ended May 31, 2022

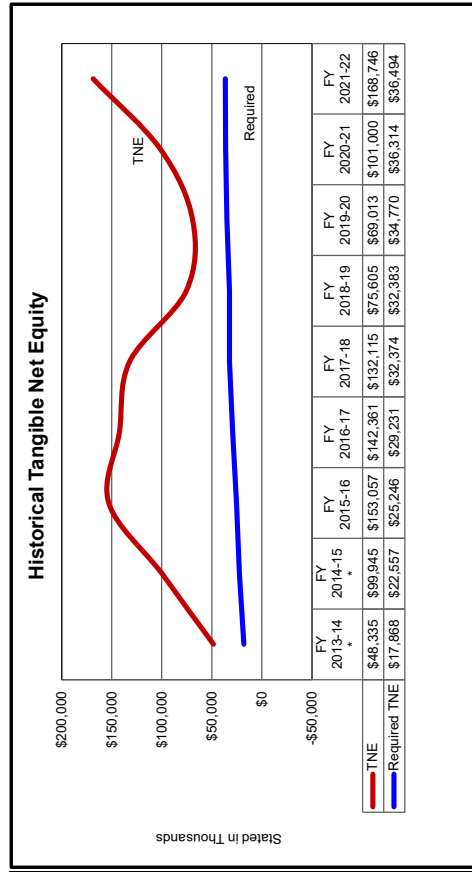
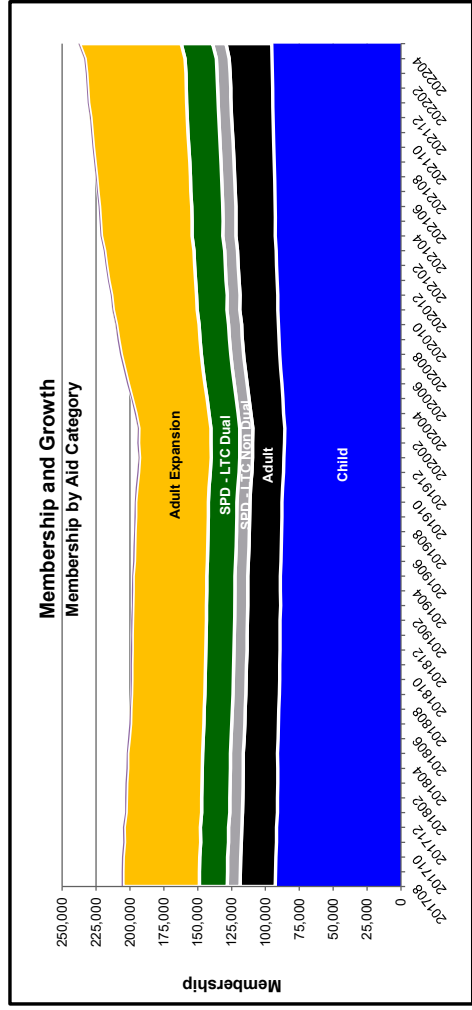
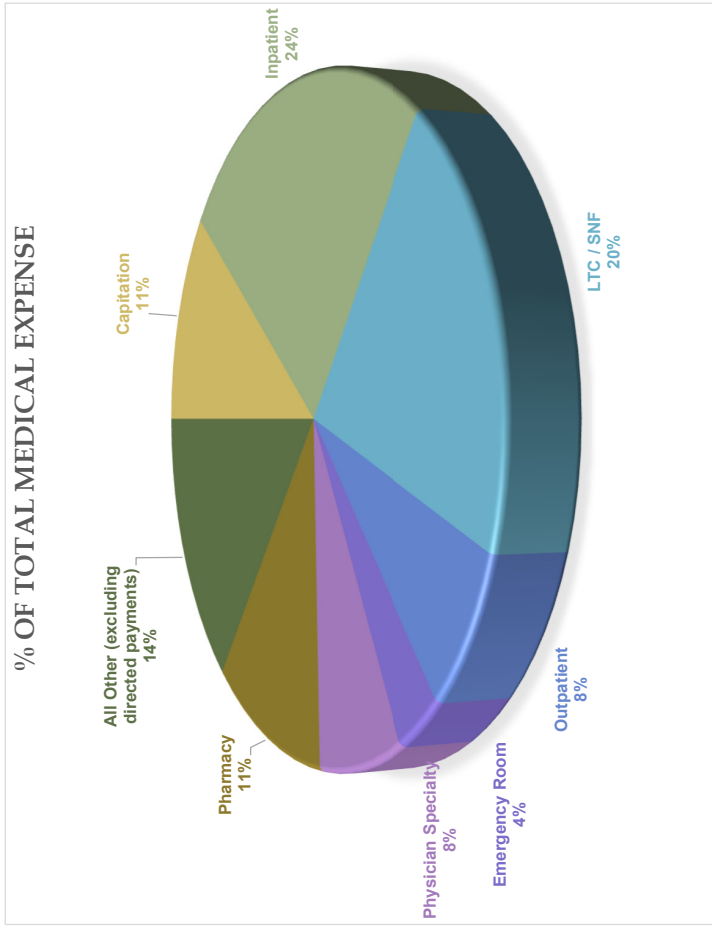
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- Executive Dashboard
- Statement of Financial Position
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Schedule of Investments & Cash Balances

Gold Coast Health Plan
Executive Dashboard as of May 31, 2022

	FYTD 21/22 Budget*	FYTD 21/22 Actual	FY 20/21 Actual	FY 19/20 Actual
Average Enrollment	254,836	251,279	213,547	196,012
PMPM Revenue	\$ 347.83	\$ 350.78	\$ 358.22	\$ 348.73
Medical Expenses				
Capitation	\$ 35.38	\$ 32.10	\$ 34.03	\$ 24.93
Inpatient	\$ 70.05	\$ 70.76	\$ 66.52	\$ 65.19
LTC / SNF	\$ 54.62	\$ 60.24	\$ 55.42	\$ 59.20
Outpatient	\$ 27.78	\$ 22.38	\$ 23.16	\$ 25.81
Emergency Room	\$ 13.86	\$ 10.93	\$ 9.25	\$ 11.97
Physician Specialty	\$ 27.16	\$ 22.45	\$ 25.71	\$ 27.63
Pharmacy	\$ 35.05	\$ 32.54	\$ 62.07	\$ 61.05
All Other (excluding directed payments)	\$ 37.87	\$ 42.78	\$ 43.20	\$ 41.07
Total Per Member Per Month	\$ 301.78	\$ 294.18	\$ 319.36	\$ 316.86
Medical Loss Ratio	91.4%	87.2%	92.1%	94.6%
Total Administrative Expenses	\$ 57,631,511	\$ 48,673,940	\$ 49,637,603	\$ 50,821,685
% of Revenue	6.6%	5.5%	5.4%	6.2%
TNE	\$ 114,451,945	\$ 168,745,807	\$ 100,999,994	\$ 71,272,142
Required TNE	\$ 36,466,424	\$ 36,493,584	\$ 36,313,908	\$ 34,685,521
% of Required	314%	462%	278%	205%

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



STATEMENT OF FINANCIAL POSITION

	<u>05/31/22</u>	<u>04/30/22</u>	<u>03/31/22</u>
ASSETS			
Current Assets:			
Total Cash and Cash Equivalents	197,898,272	162,777,868	158,967,379
Total Short-Term Investments	93,502,554	93,447,305	93,423,537
Medi-Cal Receivable	93,445,134	93,723,356	97,763,795
Interest Receivable	105,837	90,412	106,133
Provider Receivable	1,275,611	2,199,219	1,945,562
Other Receivables	4,434,296	4,840,213	4,980,336
Total Accounts Receivable	99,260,879	100,853,200	104,795,827
Total Prepaid Accounts	1,539,004	1,524,274	1,808,478
Total Other Current Assets	135,560	135,560	135,560
Total Current Assets	392,336,269	358,738,208	359,130,781
Total Fixed Assets	1,270,498	1,292,824	1,330,197
Total Assets	<u>\$ 393,606,767</u>	<u>\$ 360,031,032</u>	<u>\$ 360,460,978</u>
LIABILITIES & NET ASSETS			
Current Liabilities:			
Incurred But Not Reported	\$ 98,353,661	\$ 100,678,679	\$ 99,620,702
Claims Payable	22,249,667	12,621,056	10,753,445
Capitation Payable	26,200,029	25,919,884	25,878,323
Physician Payable	27,236,011	24,798,961	22,193,335
DHCS - Reserve for Capitation Recoup	16,090,840	14,897,685	14,897,685
Accounts Payable	2,006,739	38,252	2,061,225
Accrued ACS	1,716,735	3,461,022	1,640,728
Accrued Provider Reserve	10,527,748	4,424,766	3,672,549
Accrued Pharmacy	7,457	2,482	3,300
Accrued Expenses	2,764,453	2,546,135	2,726,462
Accrued Premium Tax	14,377,200	7,188,600	21,565,800
Accrued Payroll Expense	2,450,890	2,267,965	1,970,842
Total Current Liabilities	223,981,431	198,845,486	206,984,396
Long-Term Liabilities:			
Other Long-term Liability-Deferred Rent	879,529	892,621	905,712
Deferred Revenue - Long Term Portion	-	-	-
Notes Payable	-	-	-
Total Long-Term Liabilities	879,529	892,621	905,712
Total Liabilities	224,860,960	199,738,107	207,890,108
Net Assets:			
Beginning Net Assets	105,714,877	105,714,877	105,714,877
Total Increase / (Decrease in Unrestricted Net Assets)	63,030,930	54,578,048	46,855,994
Total Net Assets	168,745,807	160,292,925	152,570,870
Total Liabilities & Net Assets	<u>\$ 393,606,767</u>	<u>\$ 360,031,032</u>	<u>\$ 360,460,978</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR MONTH ENDED May 31, 2022**

	May 2022		Year-To-Date		Variance		Year-To-Date		Variance	
	Actual	Budget	Actual	Budget	Fav / (Unfav)	%	Actual	Budget	Fav / (Unfav)	%
Membership (includes retro members)										
Revenue	232,921		2,512,789	2,548,356	(35,567)	-1%				
Premium	\$ 82,744,575		\$ 962,197,918	\$ 874,028,712	\$ 88,169,206	10%	\$ 382.92	\$ 342.98	\$ 39.94	
Reserve for Cap Requirements	-		-	-	-	0%	-	-	-	
Incentive Revenue	-		945,045	-	945,045	0%	0.38	-	-	0.38
MCO Premium Tax	(7,715,326)		(81,708,230)	-	(81,708,230)	0%	(32.52)	-	(32.52)	
Total Net Premium	75,029,249		881,434,733	874,028,712	7,406,021	0.8%	350.78	342.98	7.80	
Other Revenue:										
Miscellaneous Income	75		108,209	-	108,209	0%	0.04	-	0.04	
Total Other Revenue	75		108,209	-	108,209	0%	0.04	-	0.04	
Total Revenue	75,029,324		881,542,942	874,028,712	7,514,230	1%	350.78	342.98	7.85	
Medical Expenses:										
Capitation	7,744,727		79,344,577	88,912,843	9,568,265	11%	31.58	34.89	3.31	
PCP, Specialty, Kaiser, NEMT & Vision	323,120		1,317,161	1,471,200	154,038	10%	0.52	0.58	0.05	
ECM	8,067,847		80,661,739	90,384,042	9,722,304	11%	32.10	35.97	3.87	
FFS Claims Expenses:										
Inpatient	15,770,518		177,814,438	176,014,431	(1,800,006)	-1%	70.76	69.07	(1.69)	
LTC / SNF	13,657,872		151,368,241	137,259,760	(14,108,481)	-10%	60.24	53.86	(6.38)	
Outpatient	4,902,167		56,232,999	69,811,838	13,578,839	19%	22.38	27.39	5.02	
Laboratory and Radiology	792,998		8,448,812	5,562,069	(2,886,743)	-52%	3.36	2.18	(1.18)	
Directed Payments - Provider	2,547,400		30,768,585	26,318,160	(4,450,425)	-17%	12.24	10.33	(1.92)	
Emergency Room	2,769,968		27,462,488	34,836,254	7,373,766	21%	10.93	13.67	2.74	
Physician Specialty	5,404,735		56,411,931	68,245,586	11,833,655	17%	22.45	26.78	4.33	
Primary Care Physician	2,147,137		25,375,131	18,813,915	(6,561,216)	-35%	10.10	7.38	(2.72)	
Home & Community Based Services	2,251,699		22,914,349	25,460,245	2,545,896	10%	9.12	9.99	0.87	
Applied Behavioral Analysis/Mental Health Service	2,405,136		27,194,955	28,173,543	978,588	3%	10.82	11.06	0.23	
Pharmacy	(28,851)		81,771,800	88,069,107	6,297,307	7%	32.54	34.56	2.02	
Provider Reserve	75,778		1,025,045	-	(1,025,045)	0%	0.41	-	(0.41)	
Other Medical Professional	190,217		3,417,967	4,581,444	1,163,477	25%	1.36	1.80	0.44	
Other Medical Care	(168,858)		168,353	-	(168,353)	0%	0.07	-	(0.07)	
Other Fee For Service	875,968		10,805,903	10,491,104	(314,799)	-3%	4.30	4.12	(0.18)	
Transportation	169,594		2,001,979	2,079,905	77,925	4%	0.80	0.82	0.02	
Total Claims	53,763,478		683,182,977	695,717,363	12,534,386	2%	271.88	273.01	1.12	
Medical & Care Management Expense	1,333,151		14,156,343	14,220,258	63,914	0%	5.63	5.58	(0.05)	
Renursance	111,139		284,040	3,440,280	3,156,241	92%	0.11	1.35	1.24	
Claims Recoveries	(1,005,955)		(8,299,502)	(3,000,782)	5,298,720	-177%	(3.30)	(1.18)	2.13	
Sub-total	438,335		6,140,881	14,659,756	8,518,876	58%	2.44	5.75	3.31	
Total Cost of Health Care	62,269,660		769,885,596	800,761,161	30,775,565	4%	305.90	313.65	7.75	
Contribution Margin	12,759,664		111,557,346	73,267,551	38,289,795	52%	44.88	29.33	15.55	
General & Administrative Expenses:										
Salaries, Wages & Employee Benefits	2,506,138		25,073,385	26,442,739	1,369,355	5%	9.98	10.38	0.40	
Training, Conference & Travel	13,540		62,260	326,414	264,154	81%	0.02	0.13	0.10	
Outside Services	2,124,622		23,209,276	25,341,236	2,131,960	8%	9.24	9.94	0.71	
Professional Services	405,387		3,734,049	3,717,291	(16,758)	0%	1.49	1.46	(0.03)	
Occupancy, Supplies, Insurance & Others	592,958		8,587,405	9,995,295	1,407,889	14%	3.42	3.92	0.50	
Care Management Reclass to Medical	(1,333,151)		(14,156,343)	(14,220,258)	(63,914)	0%	(5.63)	(5.58)	0.05	
G&A Expenses	4,309,494		46,510,032	51,602,717	5,092,684	10%	18.51	20.25	1.74	
Project Portfolio	138,598		2,163,908	6,028,794	3,864,887	64%	0.86	2.37	1.50	
Total G&A Expenses	4,448,091		48,673,940	57,631,511	8,957,571	16%	19.37	22.62	3.24	
Total Operating Gain / (Loss)	8,311,573		62,883,406	15,636,040	47,247,366	302%	25.51	6.71	18.79	
Non Operating										
Revenues - Interest	141,309		148,771	330,000	(181,229)	-55%	0.06	0.13	(0.07)	
Gain/(Loss) on Sale of Asset	-		(1,247)	-	(1,247)	0%	(0.00)	-	(0.00)	
Total Non-Operating	141,309		147,525	330,000	(182,475)	-55%	0.06	0.13	(0.07)	
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 8,452,882		\$ 63,030,930	\$ 15,966,040	\$ 47,064,891	295%	\$ 25.57	\$ 6.84	\$ 18.72	

STATEMENT OF CASH FLOWS	May 2022	FYTD 21-22
Cash Flows Provided By Operating Activities		
Net Income (Loss)	\$ 8,452,882	\$ 63,030,930
Adjustments to reconciled net income to net cash provided by operating activities		
Depreciation on fixed assets	47,511	471,763
Disposal of fixed assets	-	-
Amortization of discounts and premium	-	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	1,592,322	12,108,244
Prepaid Expenses	(14,730)	430,387
Accrued Expense and Accounts Payable	7,913,466	(13,142,710)
Claims Payable	12,345,806	25,222,898
MCO Tax liability	7,188,600	(5,032,020)
IBNR	(2,325,018)	(28,606,982)
Net Cash Provided by (Used in) Operating Activities	<u>35,200,838</u>	<u>54,482,511</u>
Cash Flow Provided By Investing Activities		
Proceeds from Restricted Cash & Other Assets		
Proceeds from Investments	(55,249)	(49,987,454)
Purchase of Property and Equipment	(25,185)	(543,789)
Net Cash (Used In) Provided by Investing Activities	<u>(80,434)</u>	<u>(50,531,244)</u>
Increase/(Decrease) in Cash and Cash Equivalents	35,120,404	3,951,267
Cash and Cash Equivalents, Beginning of Period	162,777,868	193,947,005
Cash and Cash Equivalents, End of Period	<u><u>197,898,272</u></u>	<u><u>197,898,272</u></u>

May 2022 Financial Statements

June 23, 2022

Kashina Bishop
Chief Financial Officer

Integrity

Accountability

Collaboration

Trust

Respect

Financial Overview:



May NET GAIN \$ 8.5 M



FYTD NET GAIN \$63.0 M



TNE is \$168.7 M and 462% of the minimum required



MEDICAL LOSS RATIO 87.3%



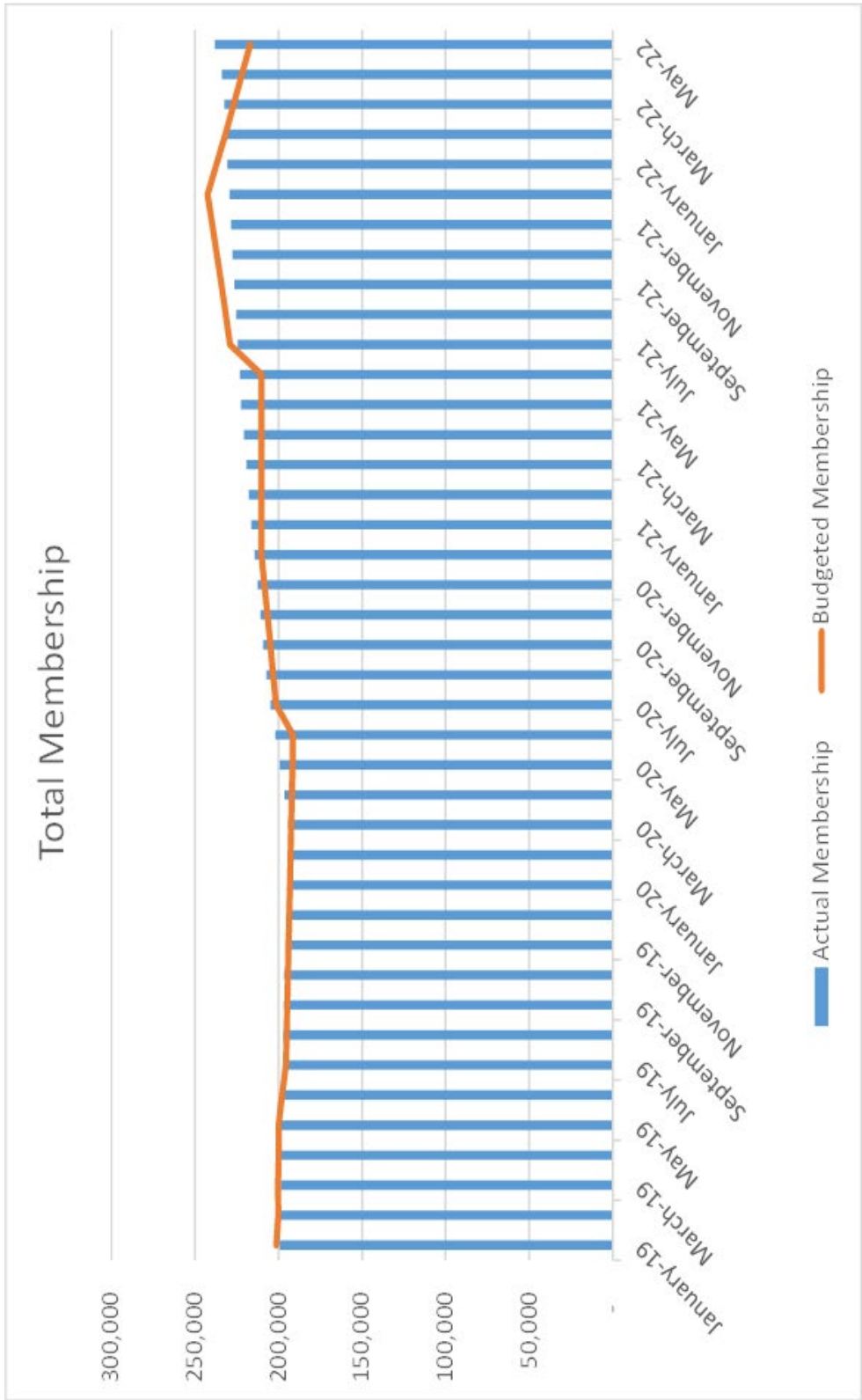
ADMINISTRATIVE RATIO 5.5%

Revenue

Net Premium revenue is \$881.4 million, over budget by \$7.4 million (.8%).

1. Approx. \$945,000 for Vaccine Incentive Program
2. Favorable CY 22 rates

Membership trends

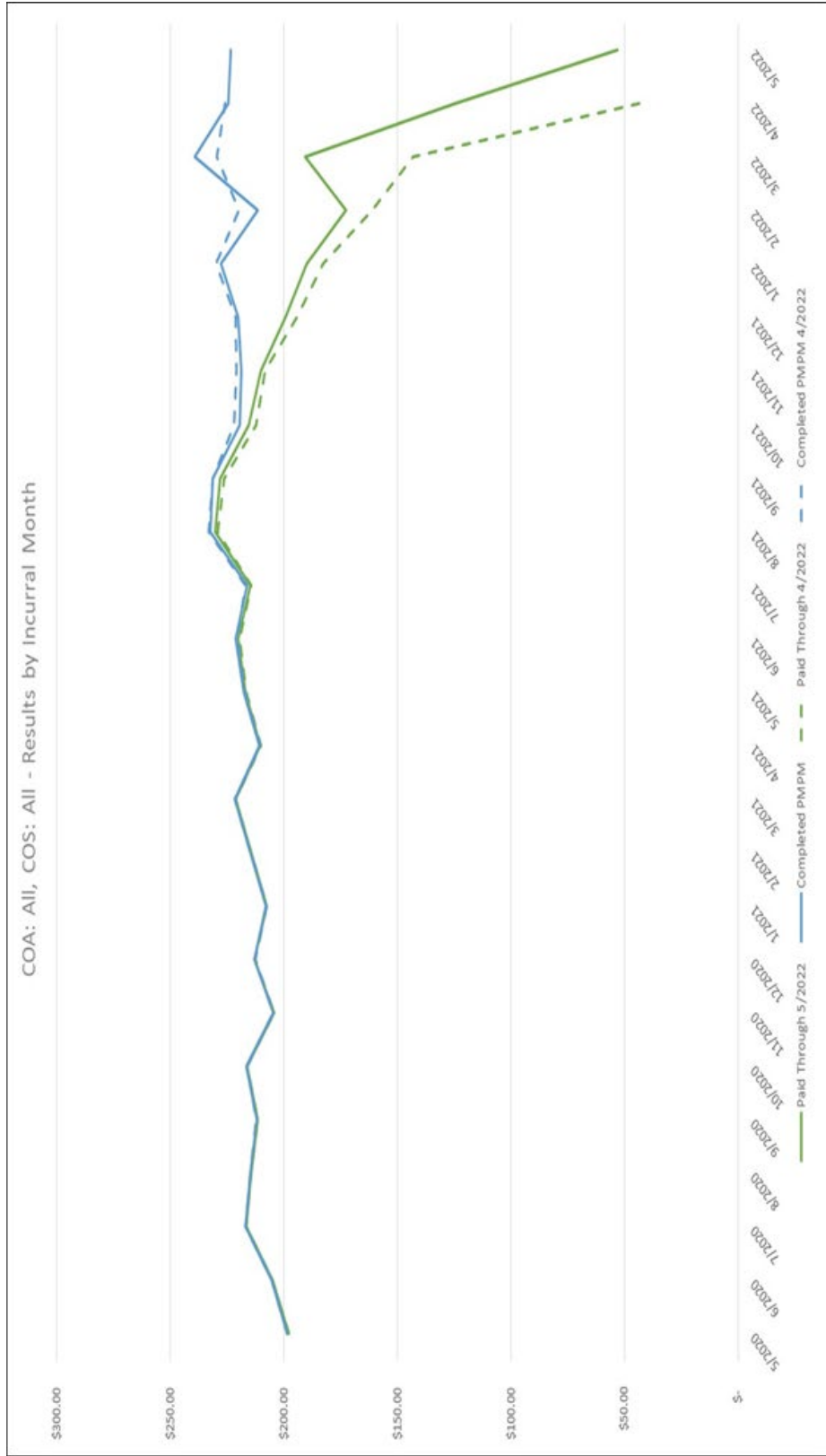


Medical Expense

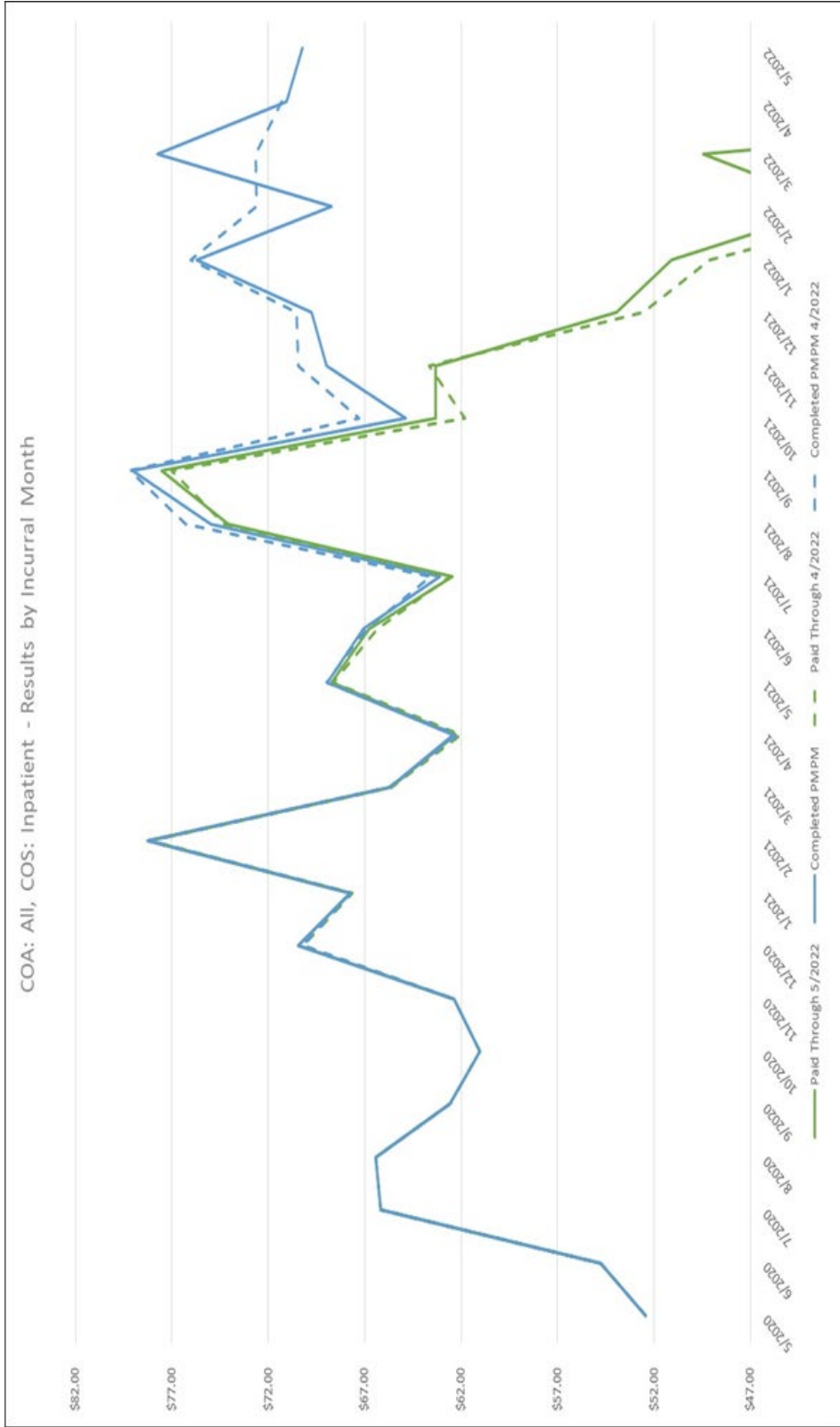
FYTD Health care costs are \$770.0 million and \$30.8 million and 4% under budget.

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.

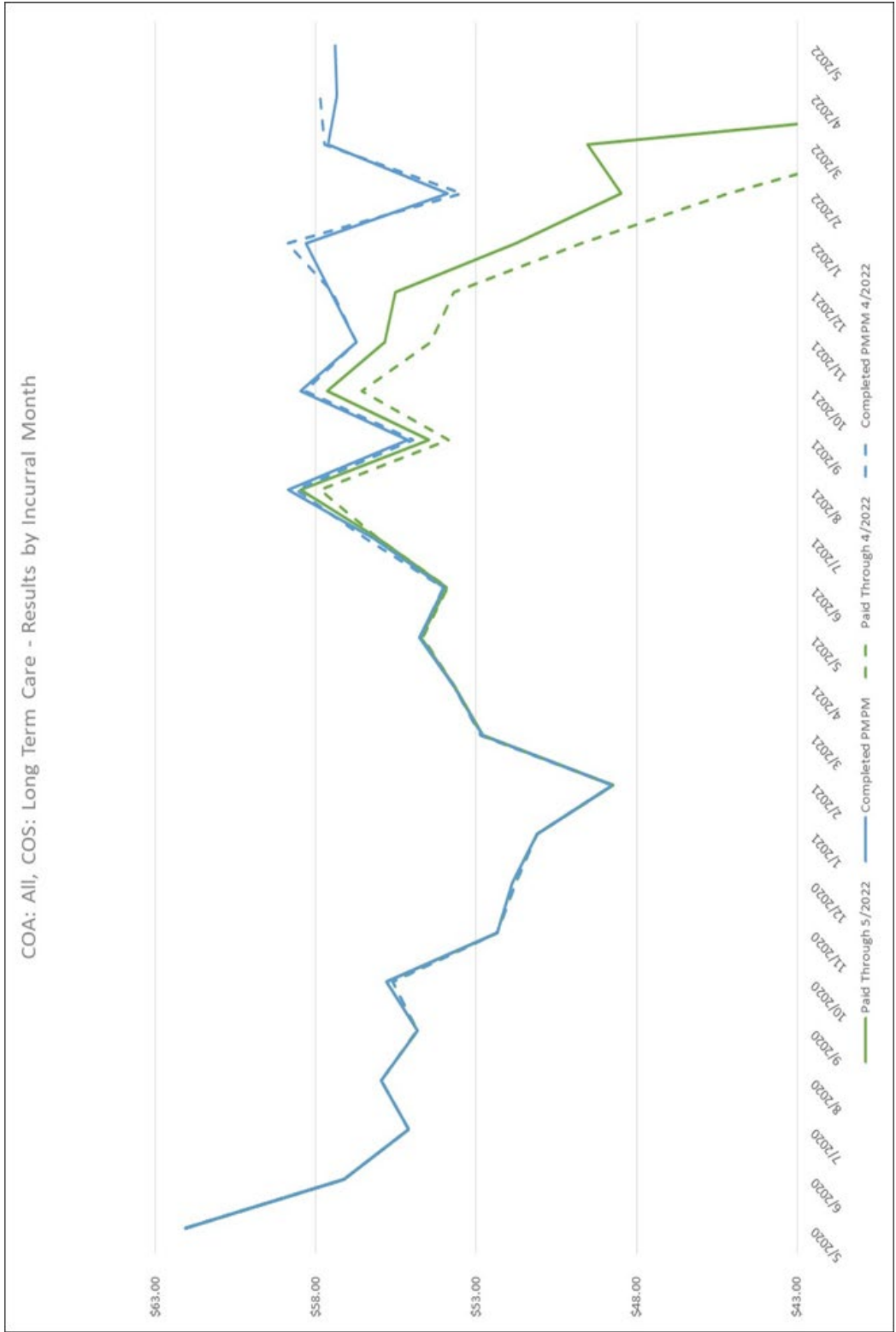
Incurring But Not Paid (IBNP) Medical Expense Reserve



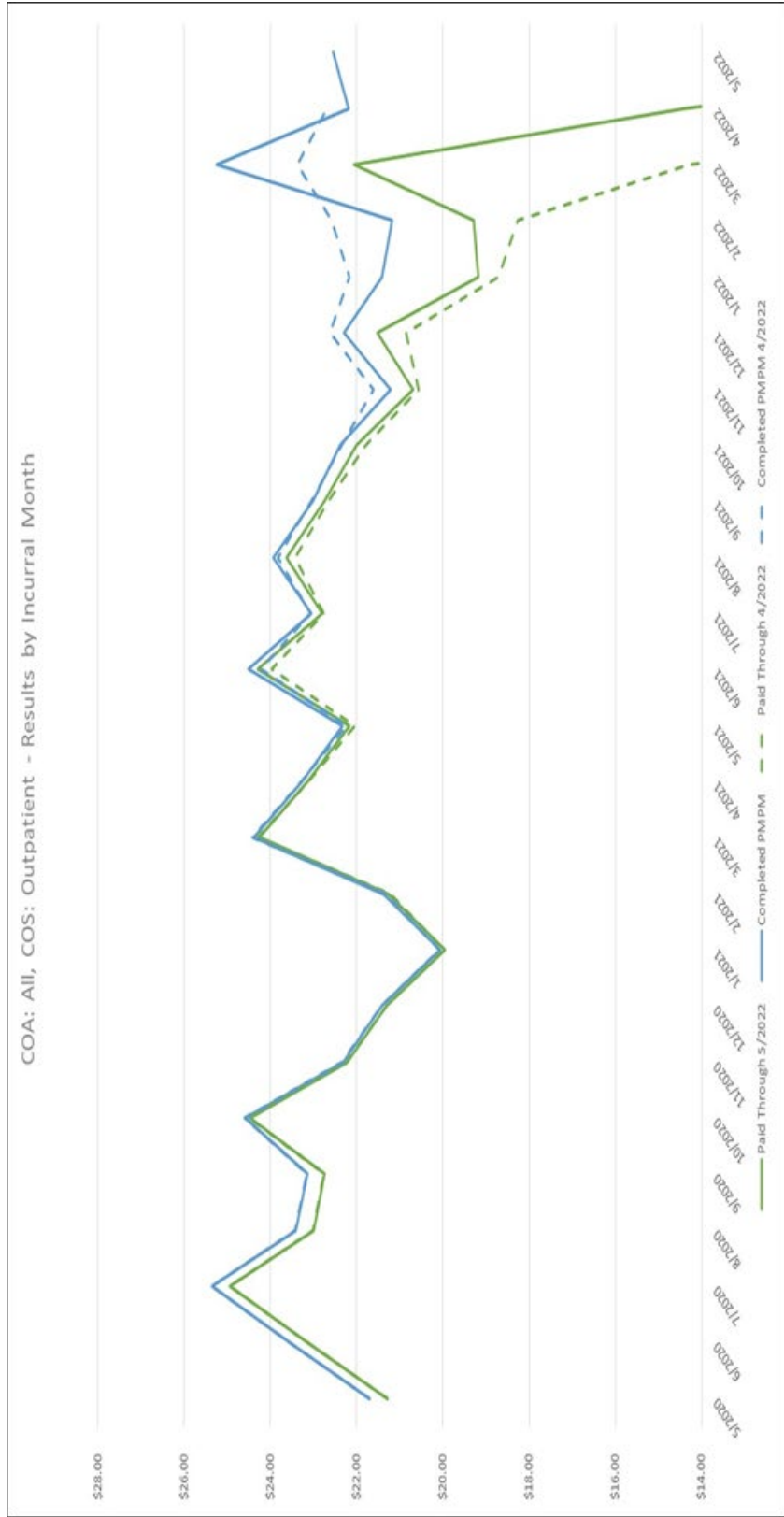
Inpatient



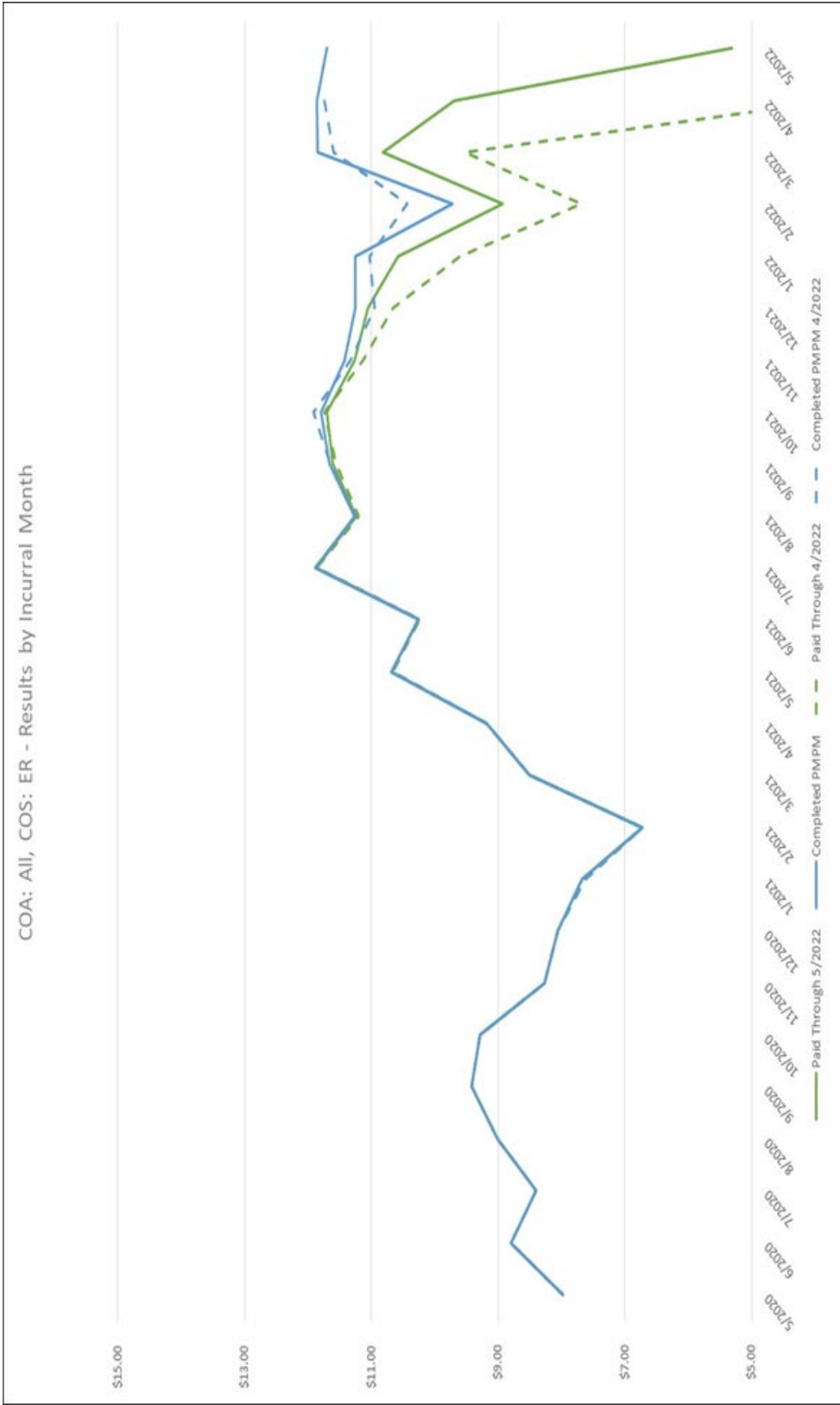
Long Term Care



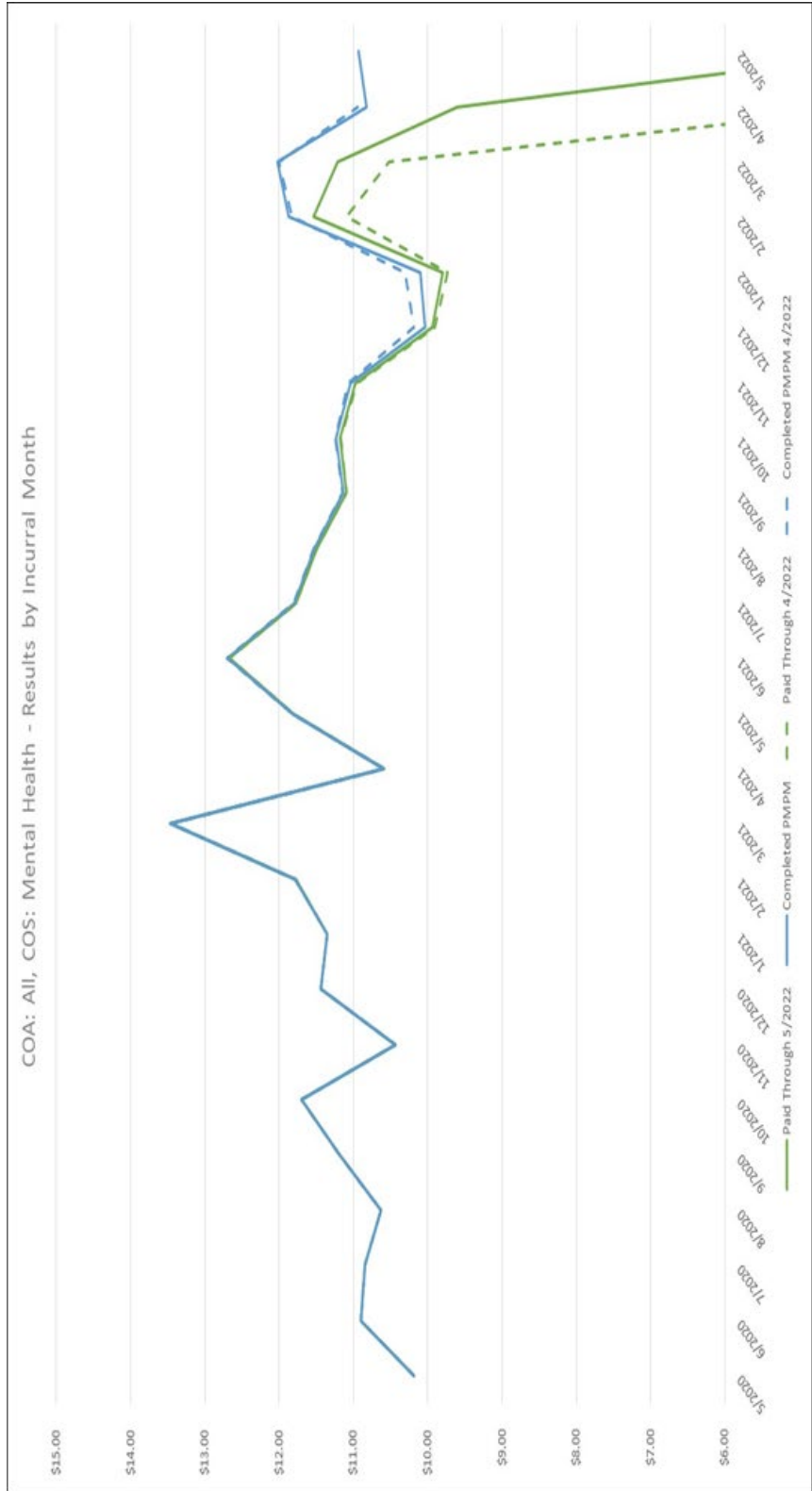
Outpatient



Emergency Room



Mental and Behavioral Health



Administrative Expenses

FYTD administrative costs are \$48.7 million, \$9.0 million and 16% under budget. Administrative cost ratio is 5.5%, a 1.1% budget variance.

1. *Enterprise Project Portfolio*: timing of consulting services related to multiple projects (~\$3.9M)
2. *Salaries, Wages & Employee Benefits*: primarily related to timing of filling open positions (~\$1.4M)
3. *Outside Services*: favorability of Conduent and PBM admin expenses due to membership lower than projected and lower fulfillment related charges (~\$2.1 M)
4. *Occupancy, Supplies, Insurance and Other*: timing of software and non-capital equipment purchases and implementation, lower printing expenses and lower than budgeted interest expense (~\$1.4M)

Financial Statement Summary

	May 2022	FYTD Actual	FYTD Budget	Budget Variance
Net Capitation Revenue	\$ 75,029,249	\$ 881,434,733	\$ 874,028,712	\$ 7,406,021
Health Care Costs	62,269,660	769,985,596	800,761,161	(30,775,565)
Medical Loss Ratio		87.4%	91.6%	
Administrative Expenses	4,448,091	48,673,940	57,631,511	(8,957,571)
Administrative Ratio		5.5%	7.3%	
Non-Operating Revenue/(Expense)	141,384	255,733	330,000	(74,266)
Total Increase/(Decrease) in Net Assets	\$ 8,452,882	\$ 63,030,930	\$ 15,966,040	\$ 47,064,892
Cash and Investments	\$ 291,400,826			
GCHP TNE	\$ 168,745,807			
Required TNE	\$ 36,493,584			
% of Required	462%			

Questions?

Staff requests the Executive Finance Committee recommend approval of the unaudited financial statements for May 2022.



AGENDA ITEM NO. 6

TO: Executive Finance Committee
FROM: Kashina Bishop, Chief Financial Officer
DATE: June 23, 2022
SUBJECT: FY 2022-23 Operating and Capital Budgets

SUMMARY:

Staff is presenting the FY 2022-23 Operating and Capital Budgets of Gold Coast Health Plan (“Plan”) for the Executive/Finance Committee to accept, and file.

RECOMMENDATION:

The Plan requests that the Executive Finance Committee recommend approval of the Fiscal Year 2022-2023 Operating and Capital budgets, and corresponding contract renewals outlined in the appendix to the Commission

ATTACHMENTS:

FY 2022-23 Operating and Capital Budgets



Gold Coast Health PlanSM

A Public Entity

FY 2022-23 OPERATING AND CAPITAL BUDGETS

Executive Budget Summary

Overview

The FY 2022-23 budget and corresponding forecasts indicate that Gold Coast Health Plan (GCHP) continues its financial recovery this next year. While this is good news, the forecast also highlights the financial risk associated with the end of the COVID-19 Public Health Emergency (PHE). At the end of the PHE, counties will begin processing redeterminations for Medi-Cal eligibility, which will result in a significant decline in membership and corresponding revenue. It is imperative that GCHP continue to build its reserves and immediately make the necessary investments in people, processes, and technology that will ensure future success in meeting its mission.

The administrative and medical management budgets were developed with a keen focus on the needed resources to achieve the performance goals within the strategic plan. These are aimed at building the necessary infrastructure for GCHP to thrive in an environment with increasing regulatory oversight while managing significant current and future risks. This is critically important to improving the health of our members and the Ventura County communities we serve as well as bringing value as a strategic business partner to the provider community.

In any budget year, and heightened by this fiscal year's uncertainties related to post-pandemic recovery, there are several variables that can impact GCHP's actual performance including:

- Changes in State policy which impact forecasted revenue.
- Membership trends.
- Medical expenses that fluctuate based on the medical needs of the membership and unknown factors, such as disease outbreaks, social unrest, fires, and the long-term impact of COVID.

This document outlines the FY 2022-23 operating and capital budgets and major associated assumptions. It is separated into six-month increments to demonstrate the impact of projected rates from the State effective Jan. 1, 2022, and assumes the PHE related to the COVID-19 pandemic will end in Oct. 2022. The budget estimates gains of approximately \$32.3 million in the first six months of the fiscal year, followed by more modest gains of \$7.5 million in the second half of the fiscal year.

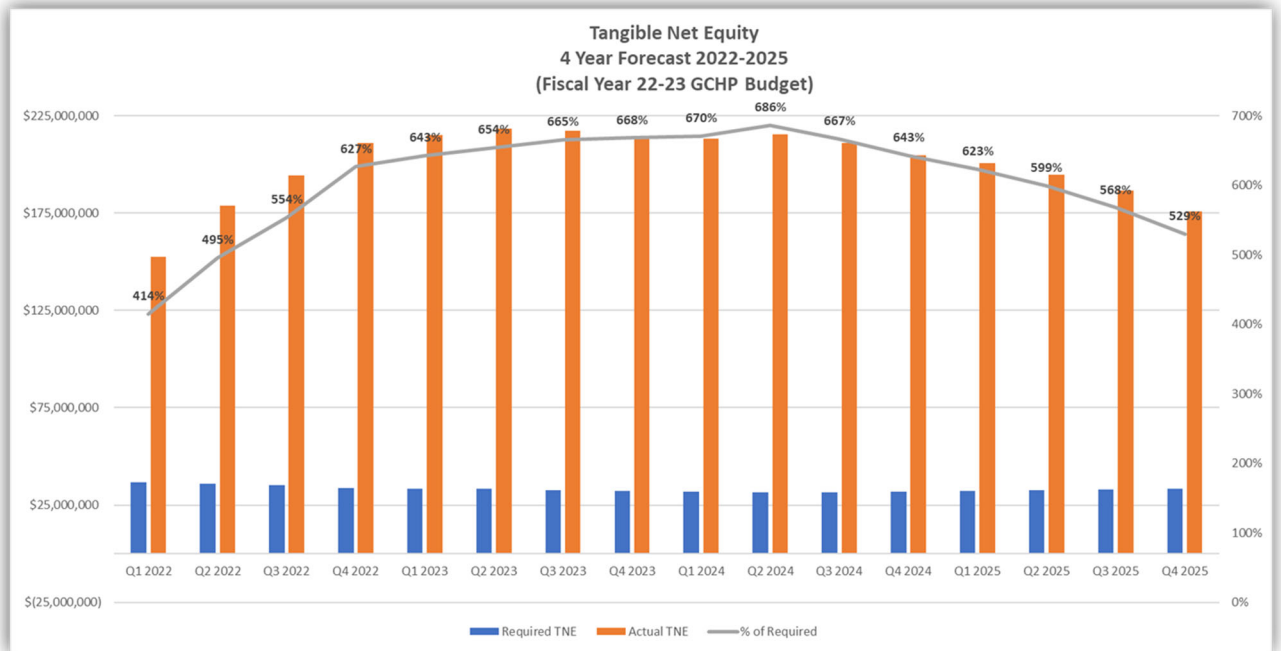
Subject to the Commission's express approval, included in the appendix are contract renewals for the upcoming year.

Financial Forecasts

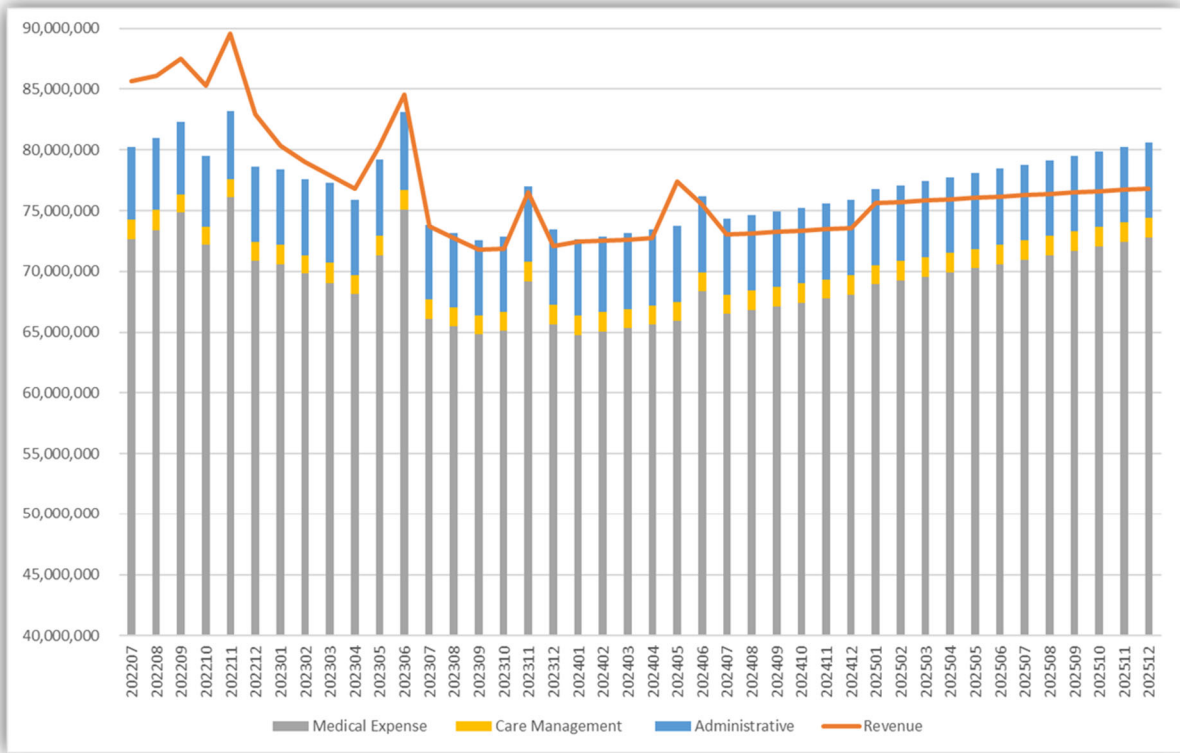
Three scenarios are presented below that demonstrate the need to both manage costs and maximize potential revenue. Scenarios (1) and (2) represent the budget assumptions to revenue and expense, forecasted through 2025. These forecasts indicate the potential for financial losses within months of the end of the PHE. Scenario (3) forecasts the impacts to medical expenses if GCHP can manage the medical expense trends to just 1% below the budget assumptions. This greatly reduces the potential losses and allows time for GCHP to

develop in its ability to manage the population and make an impact on the overall health of its members.

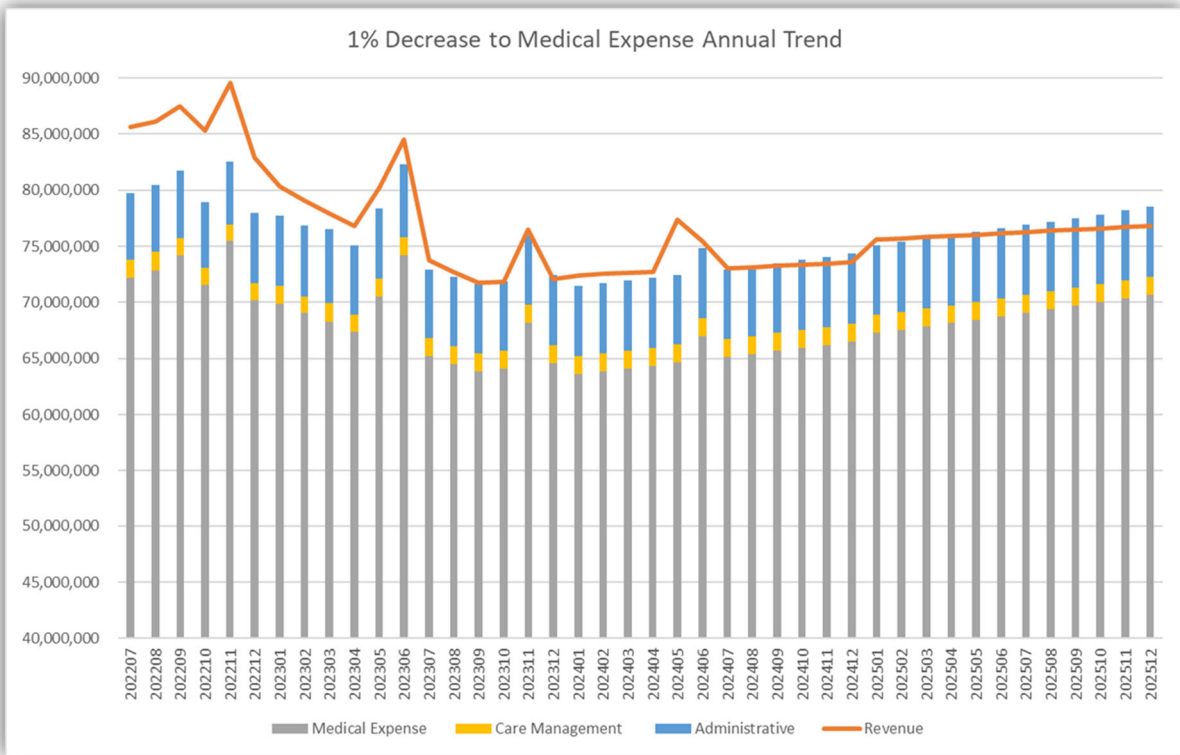
1. This represents the Tangible Net Equity (TNE) forecasts through 2025, utilizing the same assumptions to revenue and expense as outlined in this document. It demonstrates TNE growth through the end of calendar year (CY) 2022 with a leveling off and then decline in 2024. Of note, TNE as a percent of required continues to increase while the revenue and expense forecast indicates financial losses. This is due to the reduction in the required amount as an impact of the pharmacy carve out in CY 2022.



2. This represents revenue and expense forecast through 2025, utilizing the budget assumptions outlined in this document. The months in which the bar (expenses) exceeds the line (revenue) indicates the potential for a financial loss.

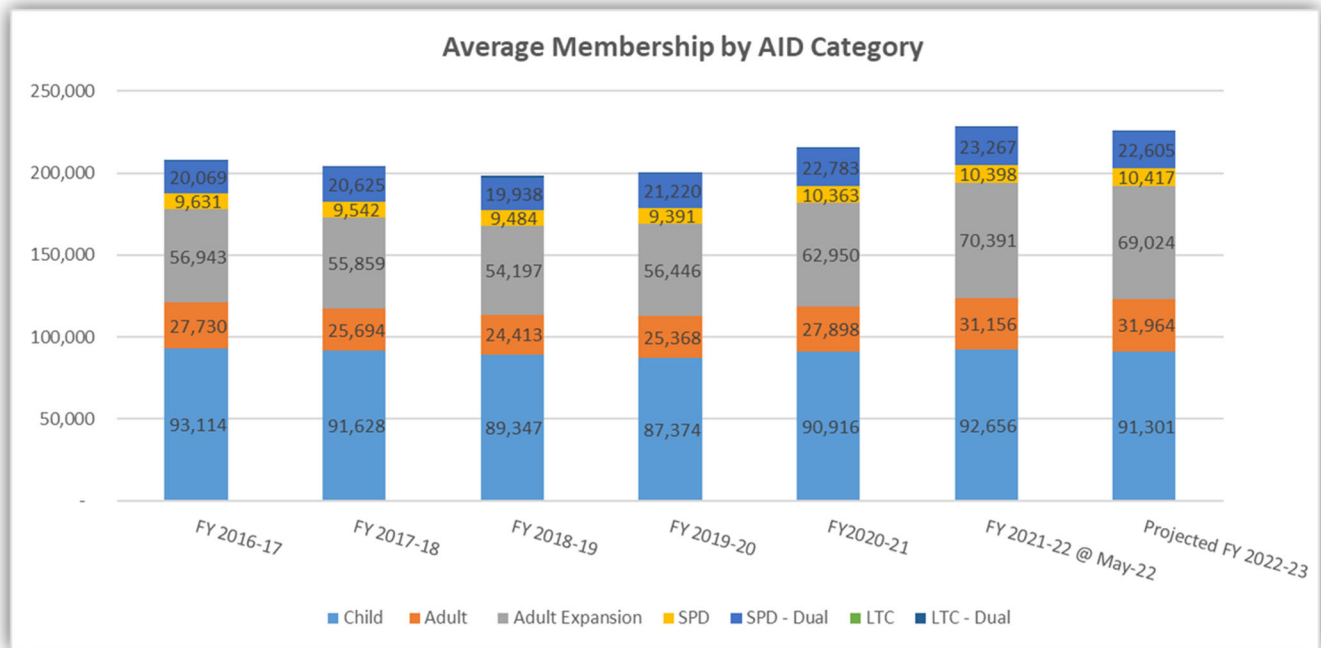


3. This represents the revenue and expense forecast through 2025, assuming the medical expense trend is 1% less than budget. Note that this significantly minimizes the potential financial losses.



Membership

Membership is expected to increase through the end of the PHE due to the current moratorium on Medi-Cal redeterminations. The budget assumes a PHE end date of Oct. 1, 2022, and thereafter membership decreases over a nine-month period (loss of ~31,000 members or ~13% of membership by the end of the fiscal year) with the assumption to begin to have minimal organic growth of 0.1% through the end of CY 2023. Due to the strong correlation between unemployment and Medi-Cal enrollment, membership is projected to remain higher than pre-COVID-19 levels. Total membership is projected to be approximately 209,000 by the end of the fiscal year.



Medi-Cal Capitation and premium revenue, reinsurance and related recoveries, and the medical expense budgets are presented on a per member per month (PMPM) basis and are considered flexible budgets whose aggregate dollar amounts vary with changes in a program's actual member enrollment. Administrative costs, interest income and other revenues are primarily considered fixed budgets, though certain administrative items (e.g., certain vendor costs) are priced on a PMPM basis and do fluctuate with actual membership levels.

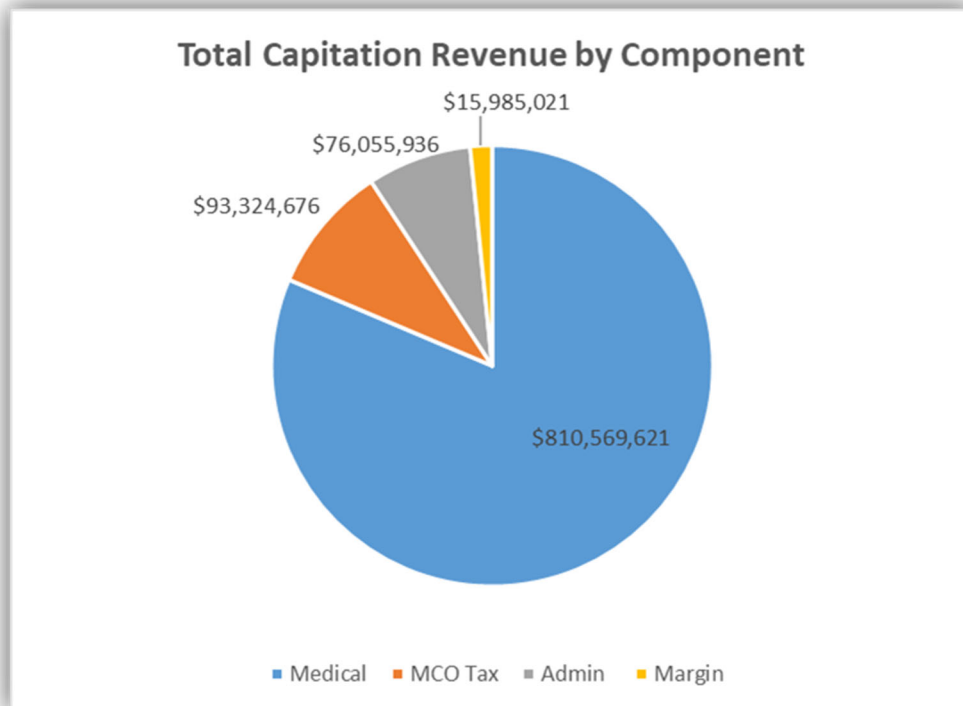
Revenue

Total revenue, net of the managed care organization tax, in the budget is projected at \$903.7 million (\$333.13 PMPM) based on the CY 2022 capitation rates from the State that are effective from Jan. 1, 2022, to Dec. 31, 2022. CY 2023 revenue was projected based on FY 2020-21 (July 2020 – June 2021) rate development template (RDT) base data and CY 2021 experience respectively plus estimated trend/prospective adjustment factors. Directed Payments and GEMT revenue was maintained in the FY 2022-23 budget. FY 2022-23 CalAIM incentive revenue assumes we earn 75% of available funding.

GCHP is expected to receive revised capitation rates from the State which will be effective Jan. 1, 2023. Initial projections based on the RDT submitted to the State indicated GCHP would receive a 2% decrease. The CY 2023 capitation rates from the State will be established based on medical expenditures from state FY 2020-21 (July 1, 2020 – June 30, 2021), with applied trend factors, credibility adjustments and program changes. Components are then applied for administrative expenses and an operating margin.

GCHP receives additional revenue for members receiving behavioral health therapy (BHT) services and for female members who deliver a newborn child.

FY22-23 Projections		
Base Capitation	\$ 810,689,027	81.4%
ECM Revenue	\$ 7,782,430	0.8%
Incentive Revenue	\$ 20,878,711	2.1%
BHT Supplemental	\$ 18,444,453	1.9%
Maternity Supplemental	\$ 21,686,953	2.2%
Prop 56/GEMT Directed Payments	\$ 23,129,003	2.3%
MCO Premium Tax	\$ 93,324,676	9.4%
	\$ 995,935,254	



Medical Expenses

The medical expense budget is \$790,645,983. CY 2023 Medical Expenses were projected based on FY 2020-21 (July 2020 – June 2021) RDT base data and CY 2021 experience respectively plus estimated trend/prospective adjustment factors.

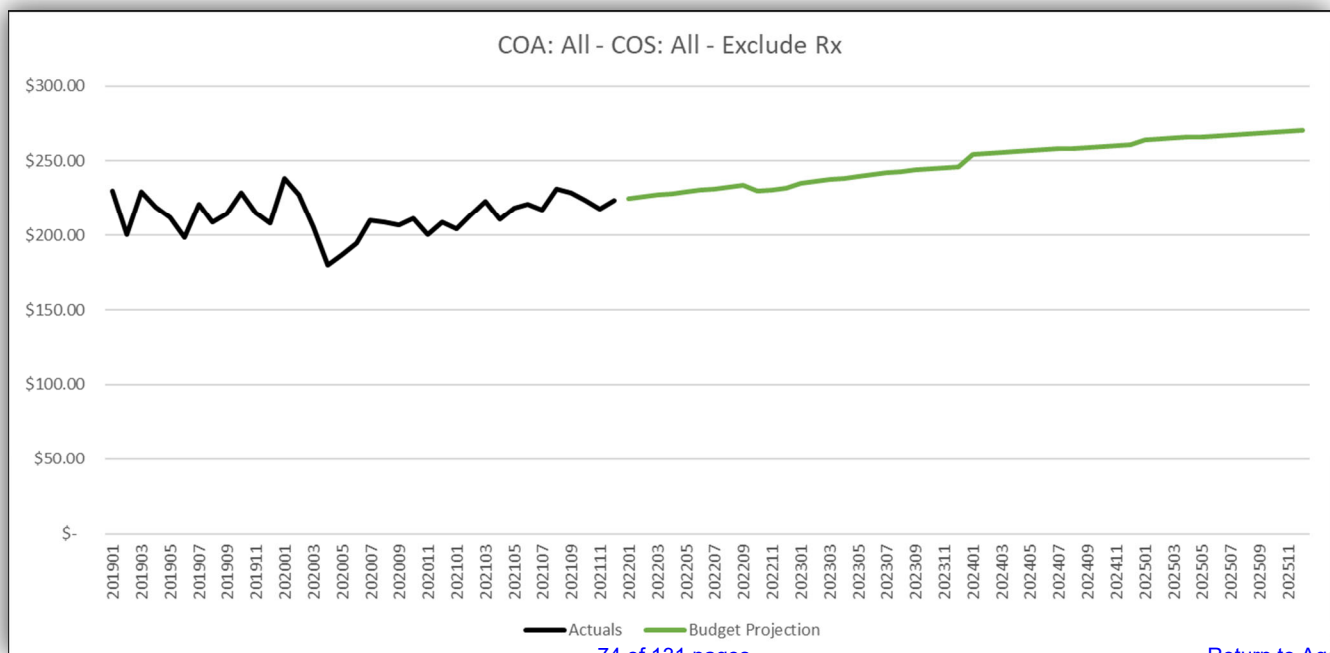
The fee-for-service medical expenses are developed by calculating PMPM costs for the base period by AID category and category of service, and then incorporating anticipated changes because of membership, utilization patterns, market trends and changes in provider reimbursement rates forecasted to occur during the budget year.

The major assumptions impacting projected medical expenses are:

- Trend factors consistent with RDT (2-4%) and projections based on the category of AID and category of service combinations are getting back to CY 2019 level where appropriate except for mental health expenses (maintaining COVID levels in budget).
- There were no major contracting changes projected to increase fee-for-service costs from the base period.
- An assumed increase of 4% for Long-Term Care (LTC) / Skilled Nursing Facility (SNF) expenses associated with annual increases based on State established facility rates.
- Removal of the 10% increase to LTC facility rates at the end of the PHE.
- Provider Incentives estimates assumes we pass on 85% of earned funds to providers (assumes we earn 75% of available)
- Community Supports (CS) expenses were not explicitly assumed in the budget (except for recuperative care and housing deposits).
- Enhanced Care Management (ECM) Expense (CalAIM) / Prop 56 Expense / GEMT assumes medical loss ratio (MLR) of 95%
- Capitation expense reflects current capitated agreements and updates for contracts currently in the final stages of negotiation and execution.

Note: Care management expenses are outlined in the General and Administrative budget.

The graph below represents the fee for service medical expense trend from 2020 and projected forward through 2025.



FY 2022-23 MEDICAL EXPENSE BUDGET							
	FY 2021-22 as of April 2022	Projected Jul - Dec 2022	Projected Jan - Jun 2023	FY 2022-23	% Change	Projected Dollars	
	PMPM	PMPM	PMPM	PMPM			
Capitation	\$ 31.86	\$ 34.57	\$ 35.13	\$ 34.84	9%	94,537,054.32	
Fee For Service							
Inpatient FFS Expense	\$ 71.11	\$ 75.53	\$ 75.32	\$ 75.43	6%	\$ 204,700,340	
Outpatient FFS Expense	22.53	25.76	26.74	26.23	16%	71,172,193	
LTC/SNF Expense	60.43	51.56	54.40	52.92	-12%	143,613,372	
ER Facility Services FFS	10.84	12.08	13.01	12.53	16%	33,990,560	
Physician Specialty Services FFS	22.38	26.08	27.34	26.68	19%	72,407,223.75	
Transportation FFS	0.80	0.74	0.77	0.75	-6%	2,045,806	
Primary Care Physician FFS	10.19	9.97	10.30	10.13	-1%	27,494,718	
Mental and Behavioral Health	10.88	11.94	12.56	12.24	12%	33,208,560	
Pharmacy Expense FFS	35.90	-	-	-	-100%	-	
Other Medical Professional	1.42	1.48	1.58	1.53	8%	4,147,529	
Home & Community Based Svcs	9.07	9.50	10.06	9.77	8%	26,508,862	
Laboratory and Radiology Expense	3.36	3.19	3.08	3.14	-7%	8,511,942	
Other Medical Care Expenses	4.51	4.17	4.40	4.28	-5%	11,608,869	
Directed Payments	12.38	8.16	8.03	8.10	-35%	21,972,553	
Provider Reserves & Incentives	0.42	3.86	9.34	6.49	1457%	17,604,530	
Sub-total	\$ 276.21	\$ 244.00	\$ 256.93	\$ 250.20	-9%	\$ 678,987,060	
Community Supports	\$ -	\$ 0.42	\$ 0.46	\$ 0.44		\$ 1,200,000	
Reinsurance-Net	\$ 0.08	\$ 0.36	\$ 0.37	\$ 0.37	381%	\$ 991,003	
Refunds & Recoveries	\$ (3.20)	\$ (1.40)	\$ (1.50)	\$ (1.44)	-55%	\$ (3,920,780)	
Care Management	\$ 5.63	\$ 6.60	\$ 7.33	\$ 6.96	24%	\$ 18,851,646	
Total Medical Expenses	\$ 310.57	\$ 281.45	\$ 295.49	\$ 288.19	-7%	\$ 790,645,983	
MLR	87.8%	86.9%	90.5%	87.5%	-0.3%		

The PMPM variances from year-to-date (YTD) actual noted above are primarily due to expected increases in utilization as the PHE ends and the case mix changes, offset by the carve-out of the pharmacy benefit that occurred Jan. 1, 2022. A chart outlining the PMPM medical expenses by AID category is on the following page.

Total estimated medical expenses for the fiscal year are \$790,645,983.

FY 2022-23 MEDICAL EXPENSE BUDGET							
PMPM COST BY AID CATEGORY							
	Child	Adult	Adult Expansion	SPD	SPD Dual	LTC	LTC Dual
Capitation Expense	15.66	68.34	47.35	90.20	7.82	7.98	4.69
Fee For Service							
Inpatient FFS Expense	\$ 6.34	\$ 147.16	\$ 121.02	\$ 303.02	\$ 25.95	\$ 1,153.90	\$ 69.24
Outpatient FFS Expense	3.83	43.39	38.12	108.90	24.29	185.28	13.54
LTC/SNF Expense	0.75	7.43	22.46	168.57	114.96	8,860.35	7,889.99
ER Facility Services FFS	9.34	16.89	16.38	27.41	1.90	8.25	0.85
Physician Specialty Services FFS	6.51	45.34	40.08	83.89	19.44	257.93	14.24
Transportation FFS	0.30	0.73	1.12	4.14	0.08	18.87	0.38
Primary Care Physician FFS	7.41	13.19	10.70	28.12	8.21	6.81	1.90
Mental and Behavioral Health	12.61	7.38	7.32	86.76	1.35	-	0.46
Pharmacy Expense FFS	-	-	-	-	-	-	-
Other Medical Professional	0.41	1.33	2.47	4.90	2.02	6.58	3.56
Home & Community Based Svcs	0.07	1.89	3.24	46.15	59.61	40.22	204.99
Laboratory and Radiology Expense	1.63	5.53	4.44	7.57	0.27	32.09	0.07
Other Medical Care Expenses	0.60	2.96	3.29	28.15	12.45	175.43	57.62
Prop 56 / GEMT	6.15	17.52	8.70	12.42	-	11.29	-
Provider Reserves & Incentives	1.76	6.77	7.96	25.65	6.23	468.94	200.01
Sub-total	\$ 57.71	\$ 317.52	\$ 287.28	\$ 935.66	\$ 276.74	\$11,225.93	\$ 8,456.85
Community Supports	\$ -	\$ 0.53	\$ 0.63	\$ 1.87	\$ 0.47	\$ 35.16	\$ 14.96
Reinsurance-Net	\$ 0.13	\$ 0.41	\$ 0.47	\$ 1.31	\$ 0.29	\$ 16.84	\$ 8.61
Refunds & Recoveries	\$ (0.50)	\$ (1.60)	\$ (1.86)	\$ (5.26)	\$ (1.13)	\$ (72.85)	\$ (33.88)
Care Management	\$ 6.96	\$ 6.96	\$ 6.96	\$ 6.96	\$ 6.96	\$ 6.96	\$ 6.96
Total PMPM Medical Expenses	\$ 79.96	\$ 391.62	\$ 340.20	\$ 1,028.87	\$ 290.68	\$11,184.85	\$ 8,458.18

General and Administrative Expenses

The FY 2022-23 general and administrative budget is \$73,538,379. This is 8.1% of estimated revenue and ~\$2.5 million less than the amount allocated in the capitation rates for administrative expenses which is a total of \$76,055,936.

The budget was developed at a department level and is based on a review of FY 2021-22 actual expenditures with changes based on certain assumptions and expectations for FY 2022-23. The administrative budget, including care management expense, has increased by \$11.1 million and 18% from the FY 2021-22 budget.

The following table outlines the general and administrative budget and includes a comparison to the initial budget (adopted in July 2021) for FY 2021-22, as well as a projection on the actual expenditures to be incurred during the current FY 2021-22.

There is some necessary and substantial growth in staffing to support the projects, operations, and the strategic plan. Costs related to personnel are included within the associated departments and are not included in the project portfolio budget. The administrative expense expressed as a percent of revenue has increased from prior year because of investment in staffing and projects to support our strategic plan and related performance goals and to mitigate regulatory risk.

FY 2022-23 GENERAL AND ADMINISTRATIVE EXPENSES					
	FY 2021-22 Projected Actual	FY 2021-22 Budget	FY 2022-23 Budget	Change Budget to Budget	Percent Change
Salary Expense	\$ 20,268,224	\$ 21,882,765	\$ 27,730,477	\$ 5,847,712	27%
Temp Labor	326,578	214,100	587,152	373,052	174%
Taxes and Benefits	6,413,578	6,970,751	9,088,531	2,117,780	30%
Training, Conference, and Travel	56,645	369,699	660,592	290,893	79%
Outside Services - Conduent	18,512,842	19,719,860	19,547,653	(172,207)	-1%
Outside Services - PBM Admin	1,439,938	1,221,322	-	(1,221,322)	-100%
Outside Services - Other	4,993,974	6,420,877	7,967,471	1,546,595	24%
Accounting & Actuarial Services	147,867	165,000	165,000	-	0%
Legal	2,155,407	1,150,000	2,075,000	925,000	80%
Consulting Services	1,598,337	1,960,000	1,698,899	(261,101)	-13%
Translation Services	184,500	380,000	440,000	60,000	16%
Committee/Advisory	6,167	12,500	20,100	7,600	61%
Employee Recruitment	272,820	300,000	540,000	240,000	80%
Lease	1,396,316	1,547,496	1,594,080	46,584	3%
Depreciation & Amortization	420,663	407,739	567,950	160,211	39%
Non-Capital - Furniture & Equipment	124,271	181,700	266,050	84,350	46%
Office & Operating Supplies	76,132	187,920	127,900	(60,020)	-32%
Shipping & Postage	322,855	308,890	405,542	96,652	31%
Printing	716,619	810,600	817,100	6,500	1%
Software Licenses	3,960,484	5,094,380	5,046,658	(47,722)	-1%
Software Licenses-Non-Capital	7,686	-	14,196	14,196	#DIV/0!
Software Maintenance & Support	32,220	-	73,294	73,294	#DIV/0!
Repairs & Maintenance	168,169	204,875	399,549	194,674	95%
Telephone/Internet	197,840	245,700	279,840	34,140	14%
Advertising and promotion	1,594,321	393,900	439,160	45,260	11%
Insurance	1,005,131	850,000	978,000	128,000	15%
Interest	184,187	270,000	270,000	-	0%
Professional dues, fees, and licenses	207,855	237,767	246,454	8,687	4%
Subscriptions and publications	19,814	27,288	28,088	800	3%
Bank Service Fees	874	75,000	1,000	(74,000)	-99%
Other miscellaneous	8,223	9,000	8,000	(1,000)	-11%
Care Management	(15,419,608)	(15,529,043)	(18,851,646)	(3,322,603)	21%
Total General and Administrative	\$ 51,400,930	\$ 56,090,086	\$ 63,232,089 *	\$ 7,142,003	13%
% Admin to Revenue	5.1%	6.5%	7.0%		
Enterprise Project Portfolio	\$ 2,407,020	\$ 6,331,642	\$ 10,306,290	\$ 3,974,648	63%
Total G&A (including Projects)	\$ 53,807,949	\$ 62,421,728	\$ 73,538,379	\$ 11,116,651	18%
% to Revenue	5.4%	7.3%	8.1%		

The major assumptions and changes in the general and administrative budget are as follows:

Salary Expense

Salary expense includes a 3% market adjustment in addition to a 4% merit pool effective July 2022 to address the dynamics in the current labor market. Promotions and equity adjustments are also included to improve staff retention. An analysis of our attrition rate demonstrated the need to offset the above costs by increasing the vacancy factor for the historical 6% to 15%.

Also impacting the salary expense are the addition of new positions. The table below represents budgeted positions by department in comparison with the FY 2021-22 budget.

Position Summary				
Department	May-22 Filled	Budget FY 2021-22	Budget FY 2022-23	Change
Executive	10	9.0	10.0	1.0
Finance	8	8.0	9.0	1.0
Procurement	3	3.0	3.0	-
Decision Support Services	4	9.0	12.0	3.0
Infrastructure	6	5.0	8.0	3.0
Solution Services	7	16.0	12.0	(4.0)
Project Management Organization	3	4.0	7.0	3.0
Information Technology	5	5.0	7.0	2.0
Population Health Enablement	0	-	5.0	5.0
Operations	1	1.0	1.0	-
Grievance and Appeals	7	7.0	12.0	5.0
Operations Support Services	2	4.0	3.0	(1.0)
Member Services	5	5.0	5.0	-
Network Operations	11	11.0	21.0	10.0
Quality	9	10.0	13.0	3.0
Government Relations	4	5.0	6.0	1.0
Health Education	6	6.0	7.0	1.0
Pharmacy	2.5	2.5	2.5	-
Communications	2	2.0	3.0	1.0
Claims	8	6.0	9.0	3.0
Health Services	5	6.0	7.0	1.0
Utilization Management	44.5	44.5	48.5	4.0
Care Management	31.5	37.5	40.5	3.0
Population Health	3	4.0	5.0	1.0
Behavioral Health	0	-	1.0	1.0
Compliance	9	12.5	15.0	2.5
Human Resources	6	6.0	9.0	3.0
Facilities	3	3.0	3.0	-
	<u>205.5</u>	<u>232.0</u>	<u>284.5</u>	<u>52.5</u>
Assumed Filled (6% vacancy for FY21-22 & 15% Vacancy for FY22-23)		218	242	24

There are 52.5 new positions added, all of which align with the performance goals in our strategic plan:

1. Better Health
2. Member & Community Experience
3. TNE & Maximum Incentives
4. Quality & Value-Based Healthcare
5. CalAIM
6. People & Culture
7. Compliance
8. Operations & Technology

Better Health (6)

- Clinical Program Manager, Behavioral Health
- Administrative Analyst
- Clinical Care Manager (2)
- Health Navigator I
- Sr. Manager, Clinical Care Management

Member & Community Experience (9)

- Provider Project Admin
- Provider Project Coordinator
- Provider Relations Analyst
- Provider Relations Operational Lead
- Provider Relations Representative
- Sr. Lead, Communications
- Sr. Lead, Government Affairs
- Manager, Provider Relations
- Provider Relations Representative II

TNE & Maximum Incentives (6)

- Incentive Strategy Manager
- Manager, Accounting & Finance
- Health Services Admin
- RN, Utilization Management (3)

Quality & Value-Based Healthcare (4)

- Medical Informatics Director
- Quality Improvement Program Manager (2)
- Quality Manager

CalAIM (6)

- Provider Contract Specialist
- Provider Relations Representative II
- Sr. Project/Program Manager (4)

People & Culture (3)

- Chief Human Resources Officer
- Talent Acquisition Lead
- Human Resources Business Partner II

Compliance (4)

- Change & Oversight Analyst
- Grievance & Appeals Resolutions Specialist I (3)

Operations & Technology (10)

- Director of Interoperability
- Sr. Business Systems Analyst
- Application Architect
- IT Network and Systems Engineer
- Operations Data Analyst II
- PC Desktop Technician I
- Site Reliability Engineer
- Software Quality Assurance Analyst (3)

Taxes and Benefits

The estimated expense was revised based on more current costs and anticipated increases in rates for employee benefits expected for CY 2023.

Training, Conference, and Travel

The budget was increased to reflect resuming travel due to the lifting of COVID-19 restrictions and a modest training and conference budget to reflect investment in staff.

Outside Services – Conduent

The budget is PMPM based. The increase is due to the increasing membership projected through Oct. 2021, followed by a decrease in costs as redeterminations begin with the end of the PHE, resulting in a decline in membership through the end of the fiscal year.

Outside Services – PBM Admin

Decrease primarily due to the carve-out of pharmacy benefit expenses from managed care plans effective Jan. 1, 2022.

Outside Services – Other

Increase primarily due to increased outside service support for enterprise projects, primarily CalAIM, Enterprise Data Warehouse and Operations Modernization projects and increase in benefits expense administration (due to our move to a self-funded health benefits option through Marpai).

Legal

The increase in the legal budget is due to a revised assessment of needs for the upcoming fiscal year.

Employee Recruitment

The increase is based on analysis of historical recruitment costs trends and the number of positions expected to be filled during FY 2022-23.

Shipping & Postage / Printing

Increase in estimated printing and postage costs associated with increased membership and material costs.

Repairs & Maintenance

Increases primarily due to facilities-related items such as CAM increases, reconfiguration and air quality maintenance.

Insurance

Increase in business insurance budget due to the brokers projection that many of the categories of insurance will increase, especially cyber-security insurance. This is consistent with the overall insurance market.

Care Management

The increase in the care management reclass to MLR is due to a projected increase in qualified expenses – in particular, eligible staff salary costs and health information technology.

FY 2022-23 Enterprise Project Portfolio (EPP)

The FY 2022-23 Enterprise Project Portfolio comprises the projects identified through our strategic planning process as GCHP's highest priorities in support of its strategic objectives.

Program	Value	Desc of Expense	Amount
1. CalAIM	Enable whole-person care approaches, Address social drivers of health, Improve quality outcomes, Reduce health disparities, Drive delivery system transformation, Create consistent, efficient and seamless Medi-Cal system. Enhanced Care Management (ECM)/Community Supports (CS) Incentive Payment Program (IPP) Housing and Homeless Incentive Program (HHIP) Student Behavioral Health Incentive Program (SBHIP) Population Health Management (PHM)	•IPP Infrastructure •Population Health Management •HHIP, SBHIP Consulting & Outside Services	3,009,116
2. Enterprise Data Warehouse	New data warehouse, modernized data warehouse processes & reports on Includes Prospective RDT Reporting.	•Consulting •Software (Azure, DQ, MDM, Informatica, Tableau)	2,435,000
3. Operations Modernization	Operational improvement initiative with capabilities that support current and future needs.	•Consulting, Professional Services	2,300,000
4. Staff Augmentation	Talent to keep up with portfolio demand	•Temp Labor	949,992
5. Model of Care	<ul style="list-style-type: none"> •Model of Care consulting to align and integrate three major operational programs to <ul style="list-style-type: none"> •Bend the cost curve by managing chronic conditions and other significant drivers of cost growth •Improve quality performance at the health plan and across our provider network •Increase member engagement in health and healthcare satisfaction with their experience with healthcare and health plan services. •Consulting support to develop the contractual structures for Value Based Payment arrangements and the organizational/operational/technological platform to effectuate high impact value-based performance (on cost, quality and outcomes). •Implement member incentives to improve engagement in health and healthcare. 	Implementation Cost: •Model of Care consulting •Value Based Payment •Member Engagement	400,00
6. Internal Controls	Internal Balance & Controls across GCHP's business and technical landscape	•Consulting	250,000
7. Data Informatics	Continue to advance our data analytics capabilities in support of Population Health, disease management, and provider contract negotiations	•Consulting (Inovalon)	199,992
8. CMS Interoperability	Put patients first, giving them access to their health information when they need it most, and in the way they can best use it. Drive interoperability and patient access to health information by liberating patient data while using a standardized technology framework enabling interoperability with 3rd party applications	•Consulting (Edifecs) •Software (Middleware Svc, FHIR Repo, Saas Implem/Trans Fees)	178,493
9. eVips Phase 2	Remaining work for eVips Phase 2 and mandatory HTML5 upgrade/conversion to 'Payer' (latest version of platform for integrated Provider Contracting, Credentialing & Maintenance functionalities).	•Consulting	150,000
10. D-SNP	Financial feasibility and operational analysis, Knox-Keene Implementation Consulting	•Consulting •Outside Service (BBK)	125,000
11. Enterprise Portfolio Management Tool	Visibility to portfolio & delivery execution	•Consulting •Software	118,000
12. Depreciation	Depreciation of capitalized assets related to project portfolio	Depreciation & Amortization Expense	100,729
13. Enterprise Collaboration Tool	Collaboration tool that replicates in-person whiteboard work sessions & workshops remotely	•Software	90,000
		TOTAL	\$10,306,290.00

Operating & Capital Budget

The total budget for capital expenditures, including those included in the project portfolio, are \$984,000.

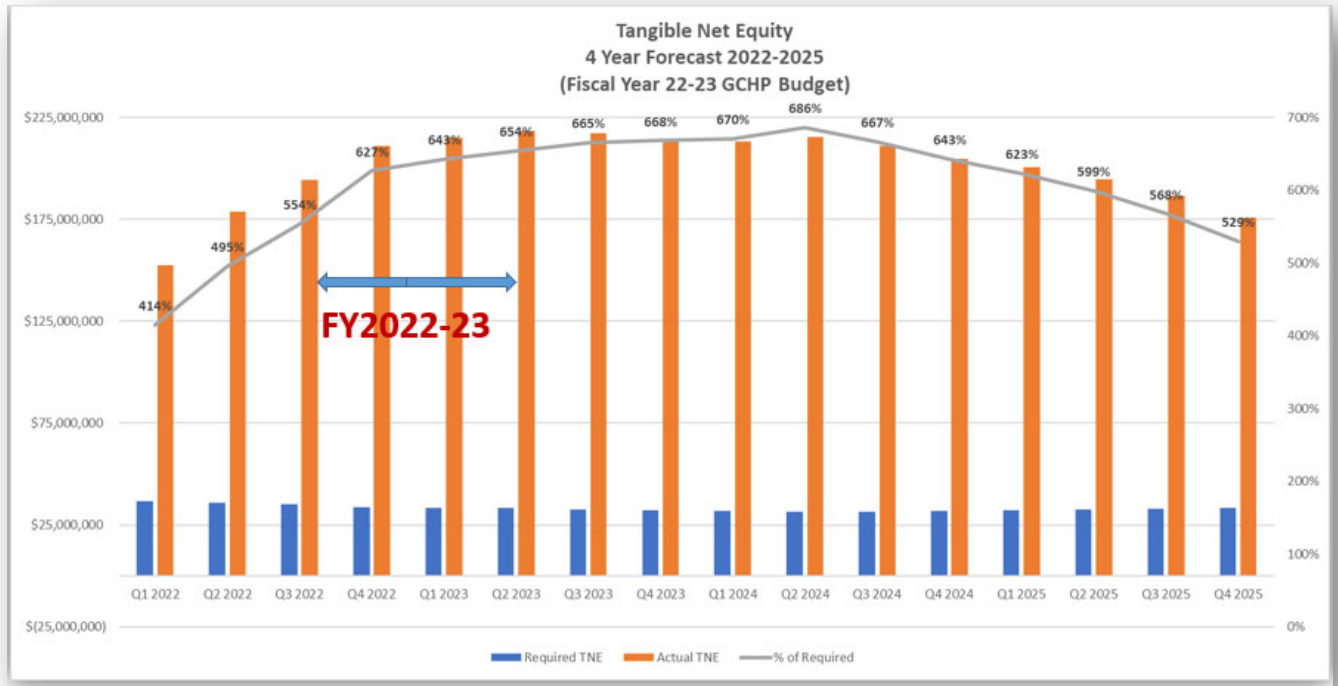
GOLD COAST HEALTH PLAN FY 2022-23 OPERATING BUDGET			
	Jul 1- Dec 31 2022	Jan 1- Jun 30 2023	TOTAL
Program Revenue	\$ 517,048,909	\$ 478,886,344	\$ 995,935,254
MCO Tax Expense	\$ (47,444,760)	\$ (44,743,754)	\$ (92,188,514)
Net Revenue	\$ 469,604,149	\$ 434,142,590	\$ 903,746,740
Medical Expenses	\$ 401,940,276	\$ 388,705,707	\$ 790,645,983
MLR	85.6%	89.5%	87.5%
Gross Margin	\$ 67,663,874	\$ 45,436,883	\$ 113,100,757
General & Administrative Expenses	\$ 32,145,420	\$ 31,086,669	\$ 63,232,089
Project Portfolio	\$ 3,334,916	\$ 6,971,373	\$ 10,306,290
Admin %	7.6%	8.8%	8.1%
Interest Income	\$ 80,600	\$ 80,600	\$ 161,199
Net Gain	\$ 32,264,136	\$ 7,459,441	\$ 39,723,577

GOLD COAST HEALTH PLAN FY 2022-23 CAPITAL BUDGET		
Asset Category	Description	Amount (\$)
Leasehold Improvements	Cambridge Sound Masking Executive Department	8,000
Leasehold Improvements	Infrastructure Department Reconfiguration 711 E Daily Drive	100,000
Leasehold Improvements	Infrastructure Department Reconfiguration 770 Paseo Camarillo	100,000
Computer Systems & Software	Refresh firewalls to enterprise grade HA	50,000
Computer Systems & Software	Implement New Wireless Infrastructure 20	57,000
Computer Systems & Software	Implement DR/BCP Cloud Modern Backup	200,000
Computer Systems & Software	Pull network cable for added wireless	10,000
Computer Systems & Software	Project Time Tracking Solution	20,000
Computer Systems & Software	Service Now Service Desk and ITIL solution	45,000
Computer Systems & Software	Sharepoint File Storage Modernization	70,000
Computer Systems & Software	Upgrade ESXi from 6.5 to 7.0 consulting	40,000
Computer Systems & Software	API Gateway POC in Azure or AWS	44,000
Computer Systems & Software	FY 22-23 New workforce netadd -80 laptops planned	192,000
Computer Systems & Software	FY 22/23 Laptop Replacements and swaps - 20 laptops planned	48,000
	TOTAL	984,000

Projected Tangible Net Equity (TNE)

The TNE is projected to be at \$218.4 million or 654% of the State required amount at June 30, 2023.

The FY 2022-23 TNE forecast incorporates the financial implications of the proposed budget. The forecast beyond FY 2022-23 assumes modest growth the revenue and medical expense trend factors consistent with the methodology utilized by the State.



APPENDIX – CONTRACT RENEWALS IN FY 2022-23

Vendor	Description	Contract Start Date	Contract Expiration Date	Actual Spend as of April 1, 2022	Projected Monthly Spend	Estimated Cost Remaining Until Expiration	Estimated Annual spend	Renewal Strategy	Renewal Term (Months)	Renewal Projected Cost	Projected Cumulative Cost (As of 4/1/2022)	Renewal End Date
Adaptive Insights	Insight License	10/1/2016	9/30/2022	\$185,027.00	\$2,648.52	\$0.00	\$34,007.00	Renew 1 year	12	\$34,007.00	\$219,034.00	9/30/2023
Adecco USA, Inc.	Temporary Labor Agreement	1/22/2018	1/31/2023	\$1,929,240.88	\$80,320.85	\$803,208.50	\$1,031,319.71	Renew 1 year	12	\$1,031,319.71	\$3,763,769.09	1/31/2024
Allergis Grp Hold, Inc. dba Tek	Temporary Labor Agreement	1/23/2018	1/31/2023	\$1,408,584.47	\$15,000.00	\$150,000.00	\$192,600.00	Renew 1 year	12	\$192,600.00	\$1,751,184.47	1/31/2024
Ancient Holdings, LLC	Fusion access & retention	5/1/2020	4/30/2023	\$86,276.50	\$4,108.50	\$53,273.55	\$52,753.14	Renew 1 year	12	\$52,753.14	\$192,303.19	4/30/2024
CAQH	Credentialing Services	11/1/2016	12/31/2022	\$60,114.36	\$1,300.00	\$11,700.00	\$16,692.00	Renew 1 year	24	\$33,384.00	\$105,198.36	12/31/2024
Coffey Communications	Members Fulfillment	1/23/2017	12/31/2022	\$864,917.37	\$25,000.00	\$225,000.00	\$321,000.00	Renew 1 year	12	\$321,000.00	\$1,410,917.37	12/31/2023
Coffey Communications	Website Hosting	6/29/2020	6/28/2022	\$83,456.00	\$7,000.00	\$20,300.00	\$89,880.00	Renew for up to 36 months but one year at a time	36	\$269,640.00	\$573,396.00	6/28/2025
Coffey Communications Inc.	Member newsletter services	1/1/2017	12/31/2022	\$814,994.42	\$26,275.00	\$236,475.00	\$337,371.00	Renew 1 year	12	\$337,371.00	\$1,388,840.42	12/31/2023
Cotiviti	Outreach Campaign	2/1/2021	1/31/2023	\$14,083.33	\$14,100.00	\$141,000.00	\$181,044.00	Renew 2 years	24	\$362,088.00	\$517,171.33	1/31/2025
Crossroads Staffing Services	Temporary Labor Agreement	1/23/2018	1/31/2023	\$423,059.05	\$12,000.00	\$120,000.00	\$154,080.00	Renew 1 year	12	\$154,080.00	\$697,139.05	1/31/2024
Edifecs, Inc.	Edifecs CORE hosted software	6/22/2015	6/21/2023	\$692,661.00	\$9,100.00	\$0.00	\$116,844.00	Renew 3 years	36	\$350,532.00	\$1,043,193.00	6/21/2026
Emagined Security	Splunk/SIEM	12/15/2018	12/4/2022	\$357,854.50	\$7,542.00	\$0.00	\$96,839.28	Renew 1 year	12	\$96,839.28	\$454,693.78	12/4/2023
Gartner	Gartner for Technical Professionals and Executive programs leadership subscriptions	12/1/2018	4/30/2023	\$515,116.66	\$15,532.64	\$186,391.67	\$199,439.10	Renew 1 year	12	\$199,439.10	\$900,947.43	4/30/2024
Gemini Diversified	Credentialing Services	10/1/2015	9/30/2022	\$260,989.42	\$4,000.00	\$23,866.67	\$51,360.00	Renew 1 year	12	\$51,360.00	\$336,216.09	9/30/2023
Health Management Associates	Consultants	5/1/2021	7/31/2022	\$396,806.25	\$42,000.00	\$168,000.00	\$539,280.00	Renew 1 year	12	\$539,280.00	\$1,104,086.25	7/31/2023
Holadoctor	SOW	5/1/2021	6/30/2023	\$30,937.74	\$5,000.00	\$74,833.33	\$64,200.00	Renew for 36 months but one year at a time	36	\$192,600.00	\$298,371.07	6/30/2026
Jason Kim	Supports - IT data base administration work	8/19/2013	6/30/2022	\$367,960.00	\$7,800.00	\$23,140.00	\$100,152.00	Renew 1 year	12	\$100,152.00	\$491,252.00	6/30/2023
LinkedIn	LinkedIn Learning	12/1/2017	11/30/2022	\$183,150.00	\$2,900.00	\$0.00	\$37,236.00	Renew 3 years	36	\$111,708.00	\$294,858.00	11/30/2025
Lourdes Campbell	Interpreting	8/1/2020	6/30/2023	\$124,945.80	\$8,800.00	\$131,706.67	\$112,992.00	Renew for 36 months but one year at a time	36	\$338,976.00	\$595,628.47	6/30/2026
LTC	Performance Strat	3/9/2021	3/30/2023	\$41,337.50	\$1,800.00	\$21,540.00	\$23,112.00	Renew 1 year	12	\$23,112.00	\$85,989.50	3/30/2024
Manifest Medex	Medi Cal Patients Subscriptions	2/15/2021	2/14/2023	\$89,593.15	\$15,000.00	\$156,500.00	\$192,600.00	Renew 1 year	12	\$192,600.00	\$438,693.15	2/14/2024
MCP of CA (Document System)	Printer Maintenance	8/1/2021	6/30/2022	\$38,170.00	\$1,500.00	\$4,450.00	\$19,260.00	Renew 1 year	12	\$19,260.00	\$61,880.00	6/30/2023
MedHok	System Upgrade	3/4/2022	2/28/2023	\$0.00	\$22,000.00	\$250,000.00	\$282,480.00	Renew for 4 months	4	\$94,160.00	\$344,160.00	6/28/2023
MedHok	Subscription Service Agreement	7/1/2018	6/30/2023	\$3,197,661.24	\$70,850.00	\$894,322.56	\$909,714.00	Renew for up to 36 months.	36	\$2,729,142.00	\$6,821,125.80	6/30/2026
Moss Adams	Financial audit services	11/1/2019	10/31/2022	\$559,790.43	\$13,583.33	\$163,000.00	\$174,409.96	Renew 1 year	12	\$174,409.96	\$897,200.39	10/31/2023
Multiview Corporation	SaaS license	7/1/2020	6/30/2023	\$40,435.15	\$3,869.58	\$46,435.00	\$49,685.41	Renew 1 year	12	\$49,685.41	\$136,555.56	6/30/2024
Pacific Interpreters	Interpreting	8/1/2020	6/30/2023	\$92,843.00	\$4,100.00	\$61,363.33	\$52,644.00	Renew for 36 months but one year at a time	36	\$157,932.00	\$312,138.33	6/30/2026
Quest	Data verification and attestation accuracy services	12/17/2018	12/16/2022	\$325,950.00	\$7,162.50	\$0.00	\$91,966.50	Renew 2 years	24	\$183,933.00	\$417,916.50	12/16/2024
TBI Consulting	COO Consulting Services	11/7/2017	12/31/2022	\$1,219,825.00	\$22,000.00	\$198,000.00	\$282,480.00	Renew 1 year	12	\$282,480.00	\$1,700,305.00	12/31/2023
The Periscope Group DME	Home Assessments	1/1/2021	12/31/2022	\$198,900.00	\$3,200.00	\$28,800.00	\$41,088.00	Renew 2 years	24	\$82,176.00	\$309,876.00	12/31/2024
Thousand Oaks Development	Warehouse Rent	1/1/2017	12/31/2022	\$112,061.90	\$2,000.00	\$18,000.00	\$25,680.00	Renew 1 year	12	\$25,680.00	\$155,741.90	12/31/2023
Wells Fargo Financial Leasing	Multifunctional device lease - 8 Ricoh MPC 6004 printers	7/1/2018	6/30/2023	\$162,679.65	\$2,437.79	\$36,485.59	\$31,301.22	Renew 1 year	12	\$31,301.22	\$230,466.46	6/30/2024
Xpedite Systems (Easylink)	Of Fax-messaging services	6/17/2015	5/31/2023	\$230,400.29	\$4,800.00	\$67,200.00	\$61,632.00	Renew 1 year	12	\$61,632.00	\$359,232.29	5/31/2024

Integrity

Accountability

Collaboration

Trust

Respect

Gold Coast Health Plan

FY 2022-2023 Operating and Capital Budgets

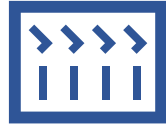
Budget Highlights

FYTD NET GAIN

\$ 39.7 M



TNE is \$218.4M & 654% of min. required at 6/30/23



MEDICAL LOSS RATIO

87.5%



ADMINISTRATIVE RATIO

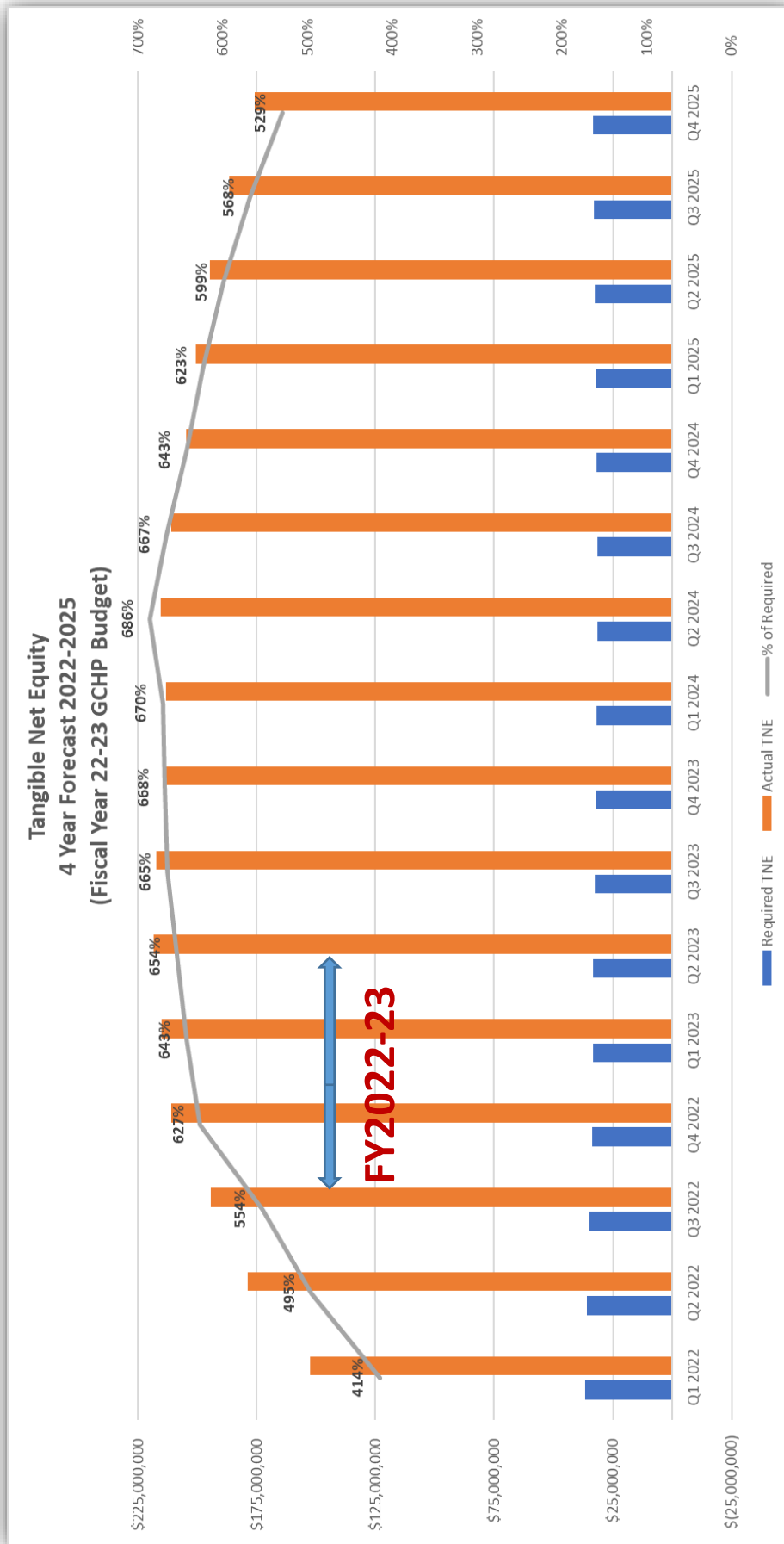
8.1%



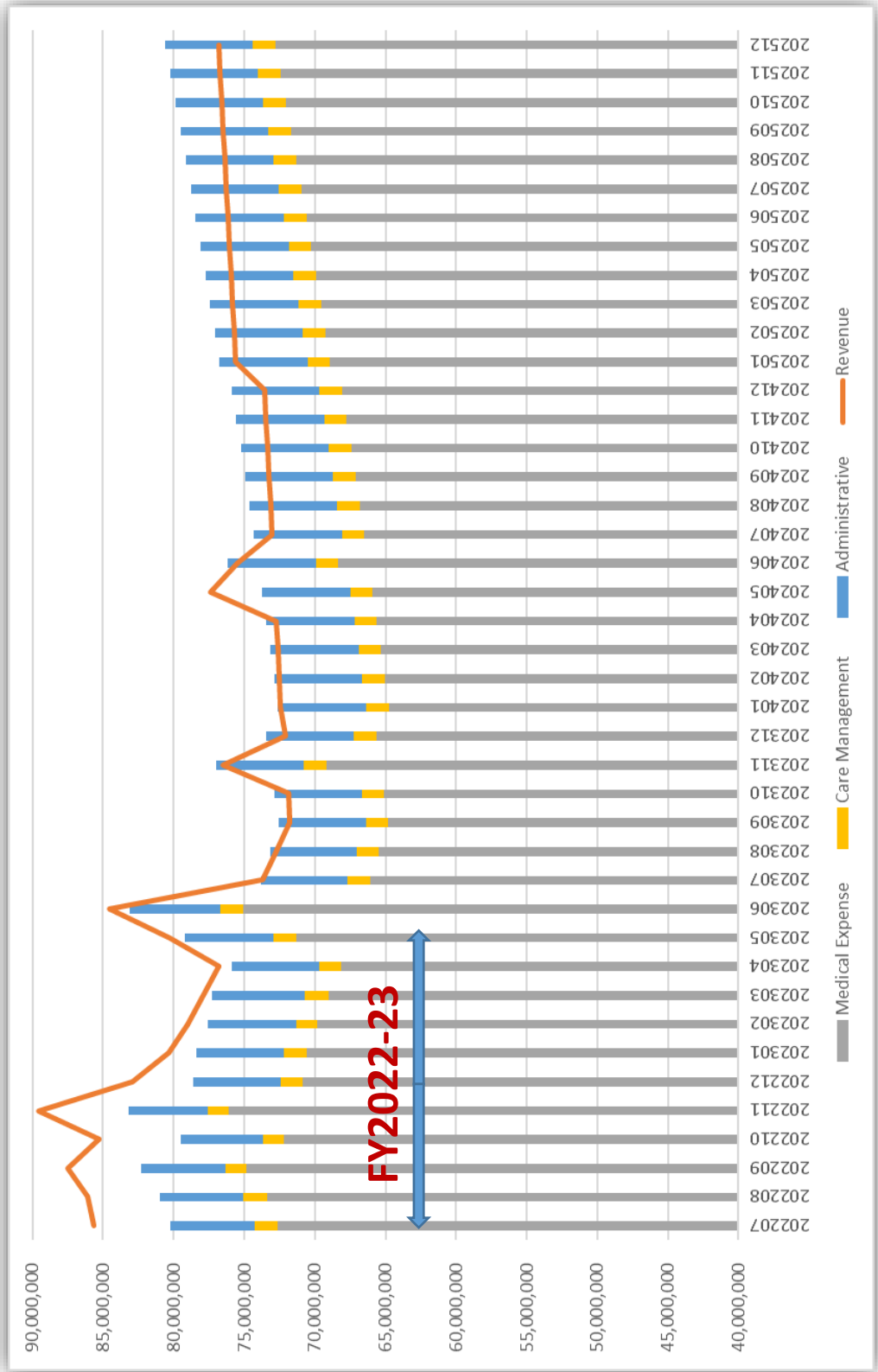
FY 2022-23 Operating Budget

GOLD COAST HEALTH PLAN			
FY 2022-23 OPERATING BUDGET			
	Jul 1- Dec 31 2022	Jan 1- Jun 30 2023	TOTAL
Program Revenue	\$ 517,048,909	\$ 478,886,344	\$ 995,935,254
MCO Tax Expense	\$ (47,444,760)	\$ (44,743,754)	\$ (92,188,514)
Net Revenue	\$ 469,604,149	\$ 434,142,590	\$ 903,746,740
Medical Expenses	\$ 401,940,276	\$ 388,705,707	\$ 790,645,983
	MLR 85.6%	89.5%	87.5%
Gross Margin	\$ 67,663,874	\$ 45,436,883	\$ 113,100,757
General & Administrative Expenses	\$ 32,145,420	\$ 31,086,669	\$ 63,232,089
Project Portfolio	\$ 3,334,916	\$ 6,971,373	\$ 10,306,290
	Admin % 7.6%	8.8%	8.1%
Interest Income	\$ 80,600	\$ 80,600	\$ 161,199
Net Gain	\$ 32,264,136	\$ 7,459,441	\$ 39,723,577

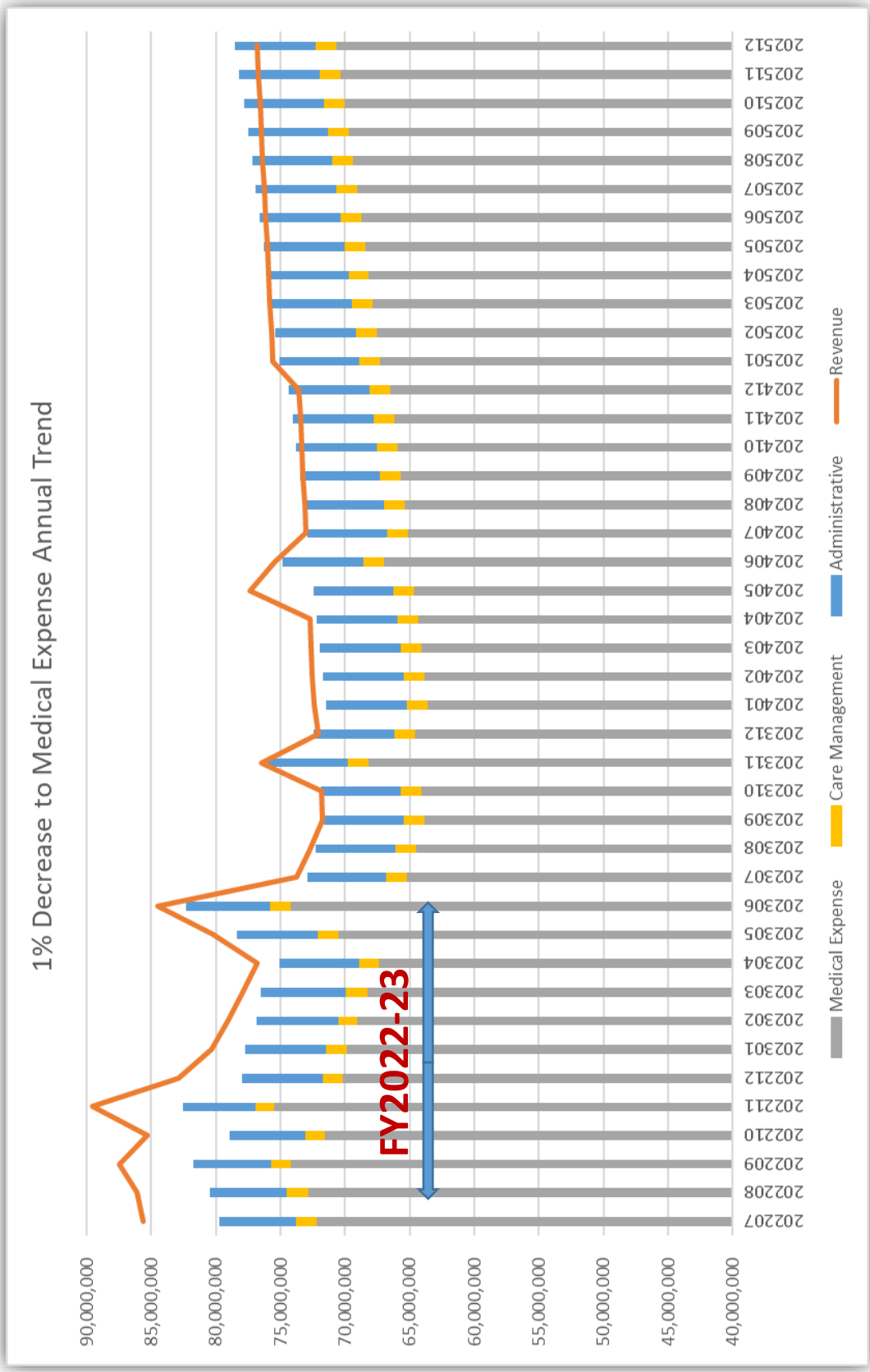
Tangible Net Equity (TNE) Forecast



Revenue and Expense Forecast

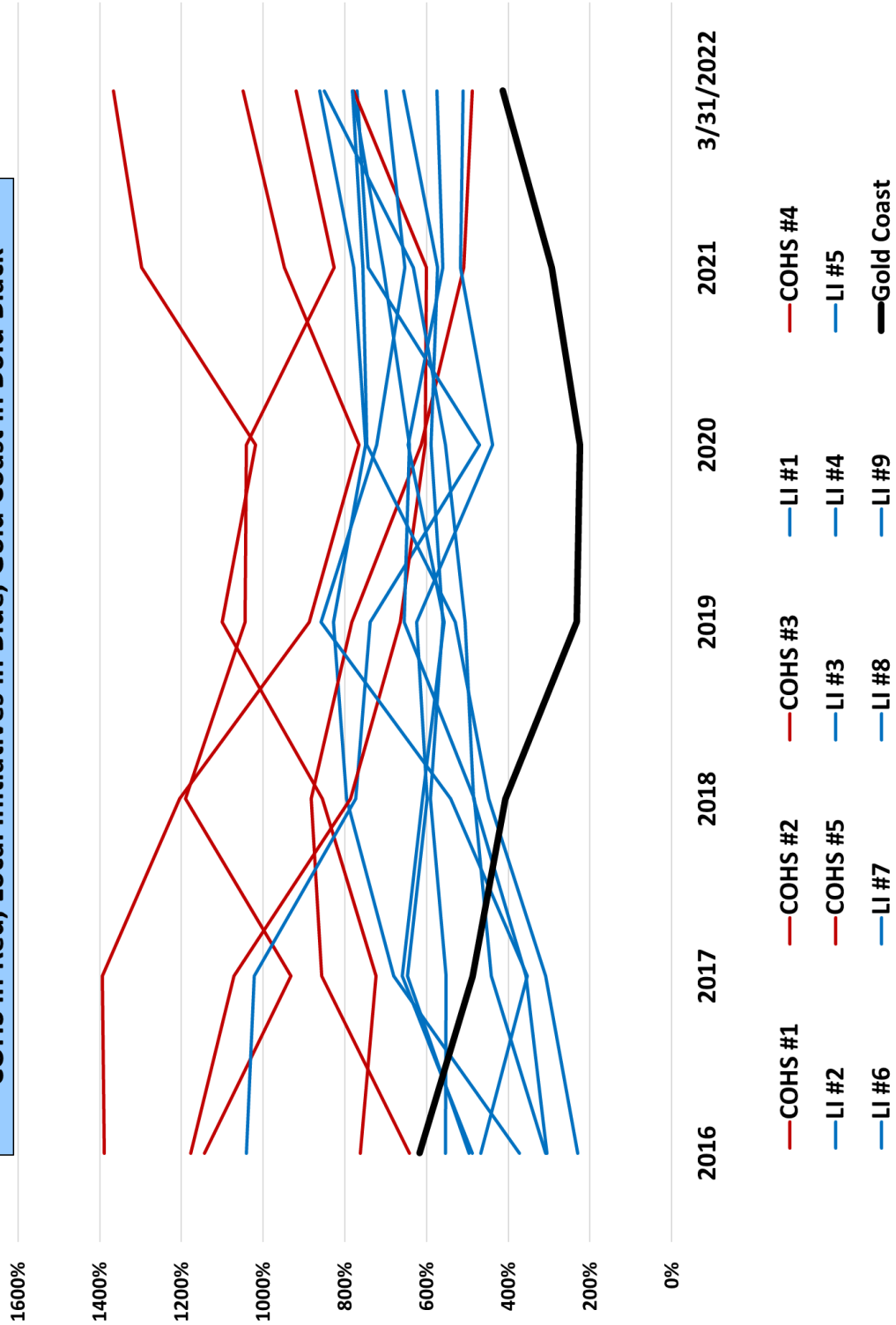


Revenue and Expense Forecast

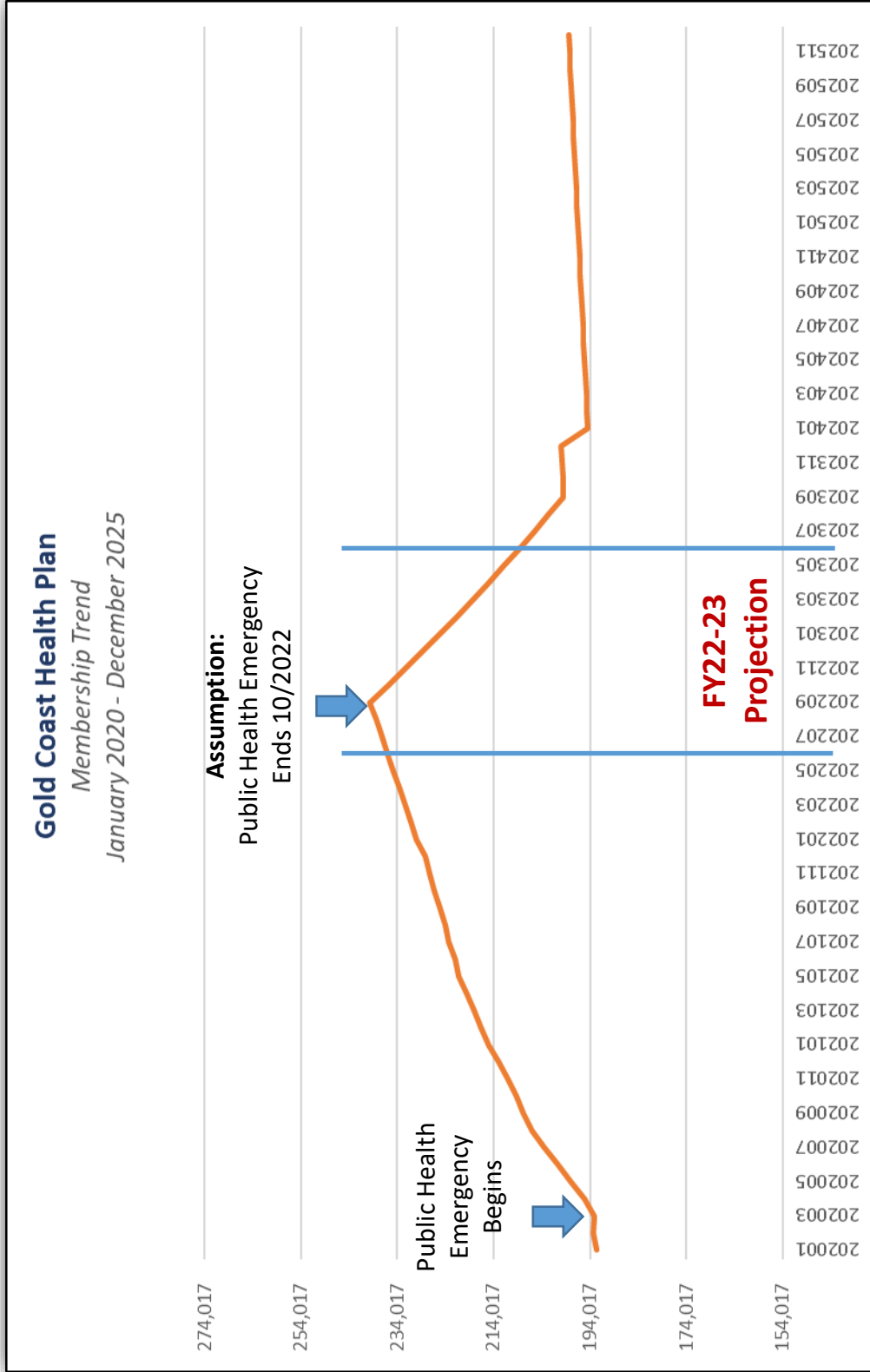


Tangible Net Equity (TNE) Comparison

Percent Actual TNE to Required as of June 30 - COHS and LI by Grouping
 COHS in Red, Local Initiatives in Blue, Gold Coast in Bold Black



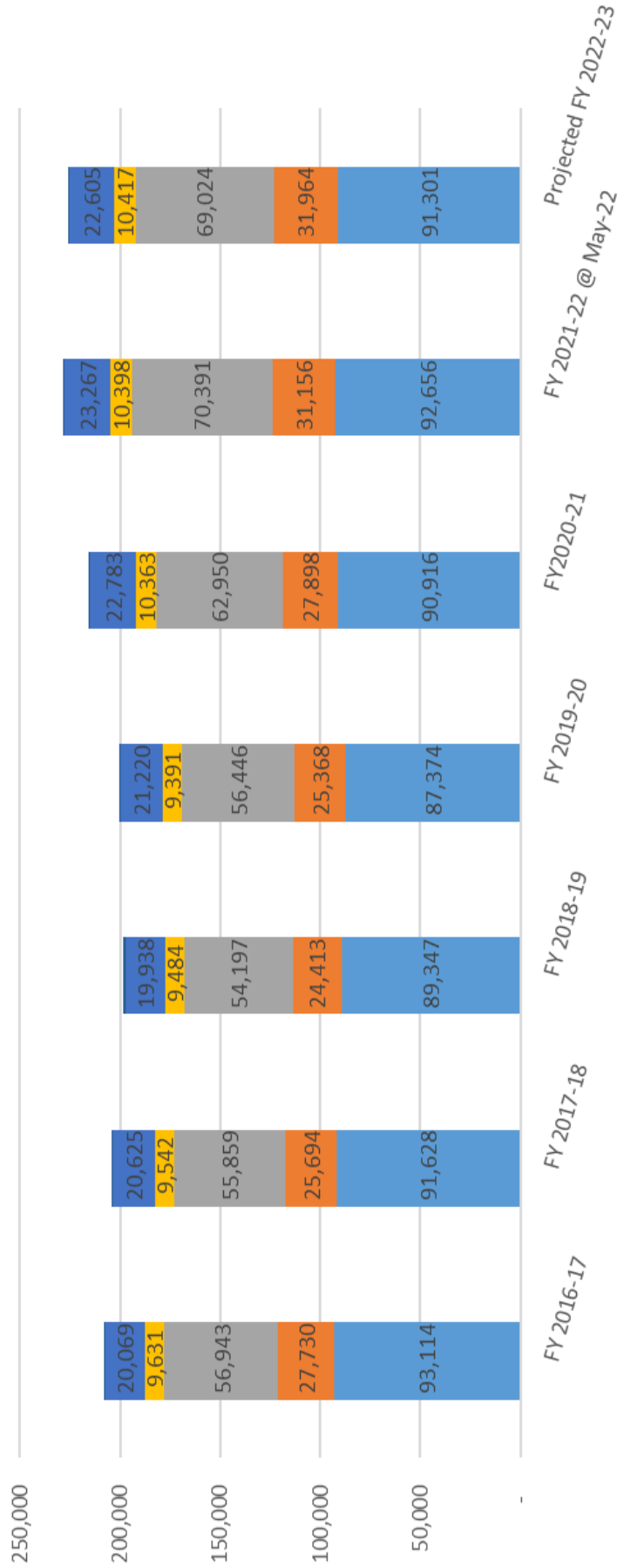
Membership



- Enrollment:** budget assumes PHE end date of 10/1/2022 and thereafter membership decreases over a 9-month time period (loss of ~31,000 members or ~13% of membership by end of fiscal year) with the assumption to begin to have minimal organic growth of .1% through the end of CY2023.

Membership

Average Membership by AID Category

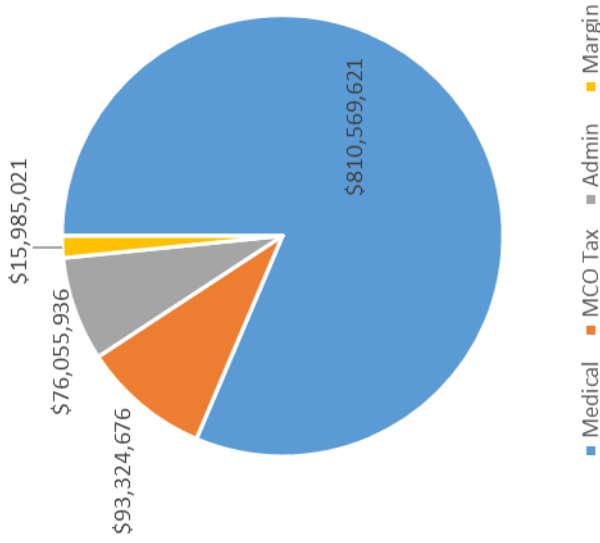


Revenue Assumptions

- Flexible budget
- CY2023 Revenue projected based on FY20-21 (July 2020 – June 2021) RDT base data and CY21 experience respectively + estimated trend/prospective adjustment factors
- Directed Payments and GEMT revenue/expense were maintained in the FY22-23 budget
- FY 2022-23 CAL AIM Incentive Funding assumes we earn 75% available and that 85% of incentives will be distributed as provider incentives
- ECM expenses included assuming a 95% MLR

Revenue

Total Capitation Revenue by Component



FY22-23 Projections

Base Capitation	\$	810,689,027	81.4%
ECM Revenue	\$	7,782,430	0.8%
Incentive Revenue	\$	20,878,711	2.1%
BHT Supplemental	\$	18,444,453	1.9%
Maternity Supplemental	\$	21,686,953	2.2%
Prop 56/GEMT Directed Payments	\$	23,129,003	2.3%
MCO Premium Tax	\$	93,324,676	9.4%
	\$	<u>995,935,254</u>	

Medical Expense Assumptions

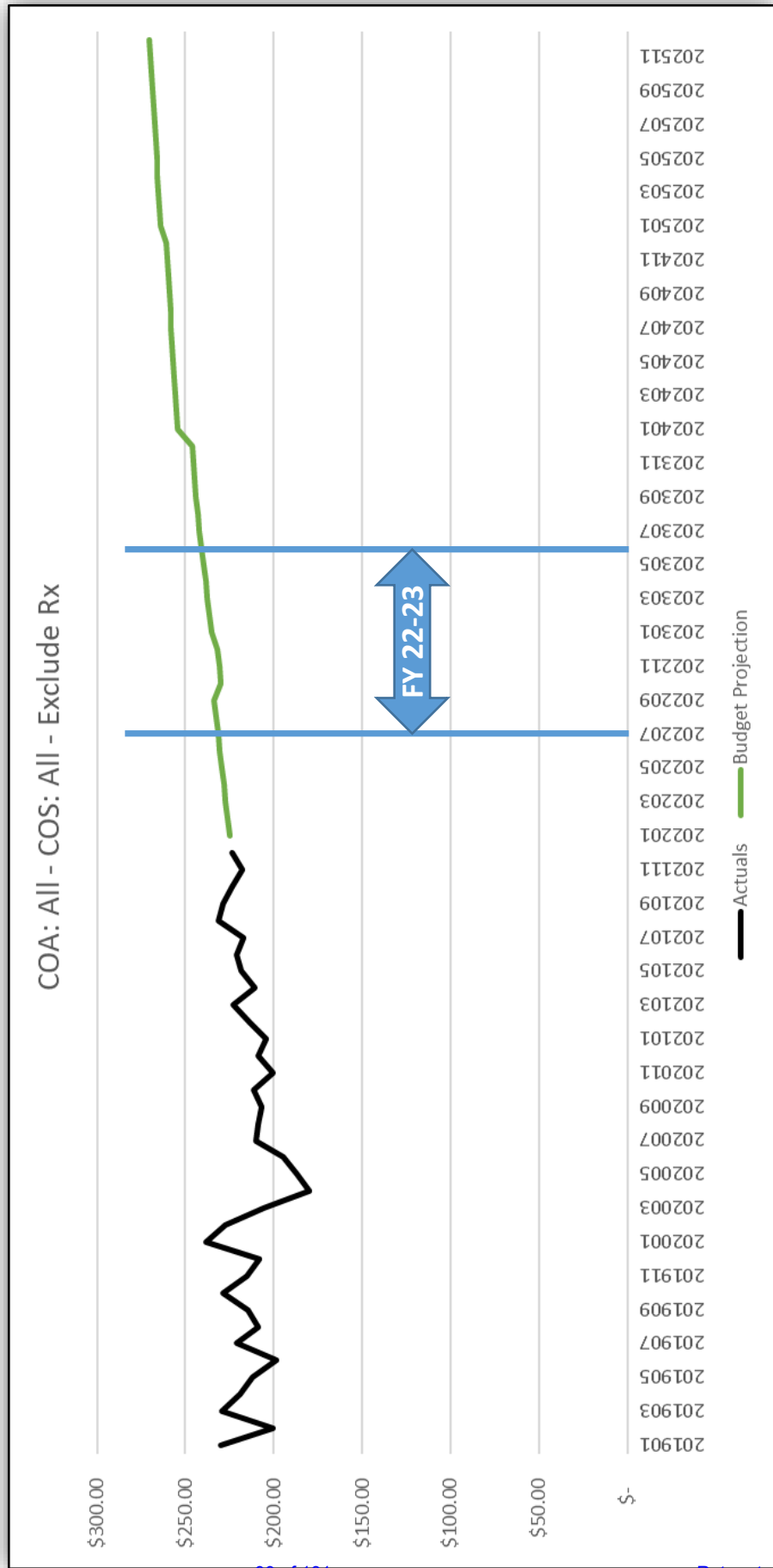
- Flexible budget
- CY2023 Medical Expenses projected based on FY20-21 (July 2020 – June 2021) RDT base data and CY21 experience respectively + estimated trend/prospective adjustment factors
- Trend factors consistent with RDT (2-4%) and projections based on COA/COS combinations getting back to CY2019 level where appropriate with the exception of mental health expenses (maintaining COVID levels in budget)
- Removal of 10% increase to LTC at end of PHE
- Provider Incentives estimates assumes we pass on 85% of earned funds to providers (assumes we earn 75% of available)
- ECM Expense (CaAIM) / Prop 56 Expense / GEMT assumes MLR of 95%
- Community Supports (CS) expenses were not explicitly assumed in budget (except for recuperative care and housing deposits).

Medical Expense Budget

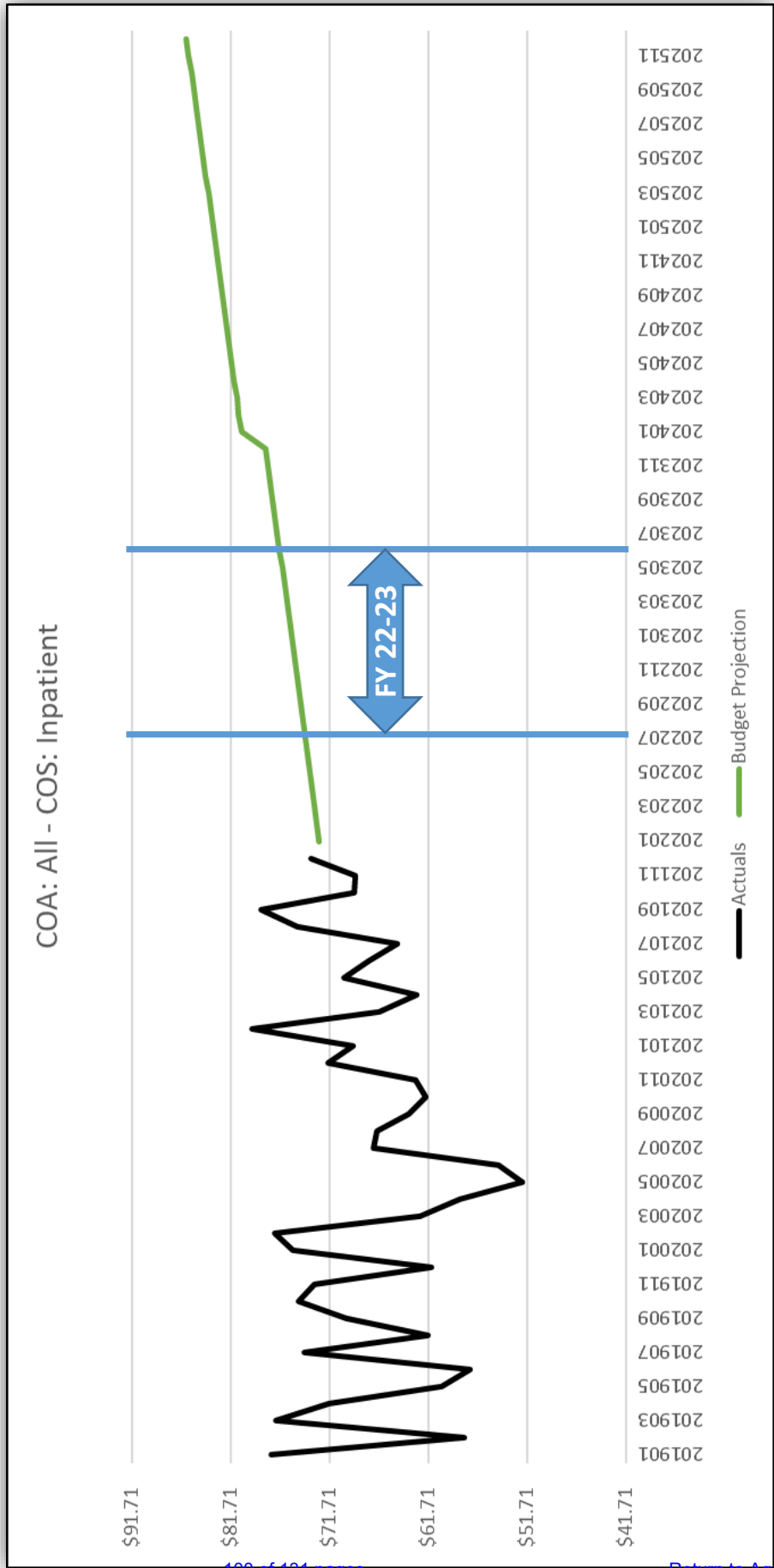
FY 2022-23 MEDICAL EXPENSE BUDGET

	FY 2021-22		Projected		Projected		FY 2022-23	PMPM	% Change	Projected Dollars
	as of April 2022	Projected PMPM	Jul - Dec 2022	Jan - Jun 2023	Projected PMPM	PMPM				
Capitation	\$ 31.86	\$ 34.57	\$ 35.13	\$ 34.84				9%	\$ 94,537,054	
Fee For Service										
Inpatient FFS Expense	\$ 71.11	\$ 75.53	\$ 75.32	\$ 75.43				6%	\$ 204,700,340	
Outpatient FFS Expense	22.53	25.76	26.74	26.23				16%	71,172,193	
LTC/SNF Expense	60.43	51.56	54.40	52.92				-12%	143,613,372	
ER Facility Services FFS	10.84	12.08	13.01	12.53				16%	33,990,560	
Physician Specialty Services FFS	22.38	26.08	27.34	26.68				19%	72,407,223.75	
Transportation FFS	0.80	0.74	0.77	0.75				-6%	2,045,806	
Primary Care Physician FFS	10.19	9.97	10.30	10.13				-1%	27,494,718	
Mental and Behavioral Health	10.88	11.94	12.56	12.24				12%	33,208,560	
Pharmacy Expense FFS	35.90	-	-	-				-100%	-	
Other Medical Professional	1.42	1.48	1.58	1.53				8%	4,147,529	
Home & Community Based Svcs	9.07	9.50	10.06	9.77				8%	26,508,862	
Laboratory and Radiology Expense	3.36	3.19	3.08	3.14				-7%	8,511,942	
Other Medical Care Expenses	4.51	4.17	4.40	4.28				-5%	11,608,869	
Directed Payments	12.38	8.16	8.03	8.10				-35%	21,972,553	
Provider Reserves & Incentives	0.42	3.86	9.34	6.49				1457%	17,604,530	
Sub-total	\$ 276.21	\$ 244.00	\$ 256.93	\$ 250.20				-9%	\$ 678,987,060	
Community Supports	\$ -	\$ 0.42	\$ 0.46	\$ 0.44					\$ 1,200,000	
Reinsurance-Net	\$ 0.08	\$ 0.36	\$ 0.37	\$ 0.37				381%	\$ 991,003	
Refunds & Recoveries	\$ (3.20)	\$ (1.40)	\$ (1.50)	\$ (1.44)				-55%	\$ (3,920,780)	
Care Management	\$ 5.63	\$ 6.60	\$ 7.33	\$ 6.96				24%	\$ 18,851,646	
Total Medical Expenses	\$ 310.57	\$ 281.45	\$ 295.49	\$ 288.19				-7%	\$ 790,645,983	
MLR	87.6%	86.9%	90.5%	87.5%				-0.1%		

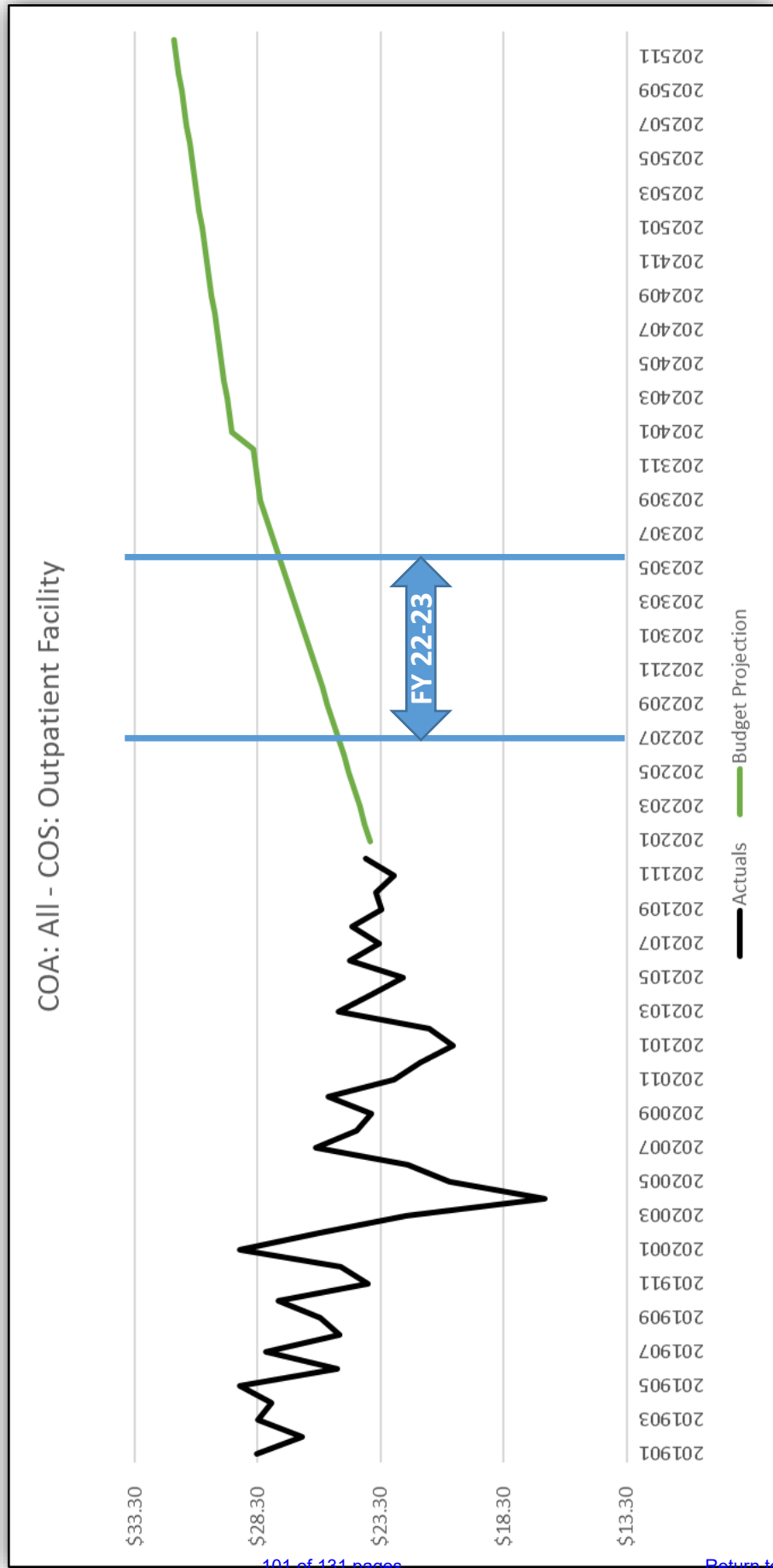
Total FFS Medical Expenses



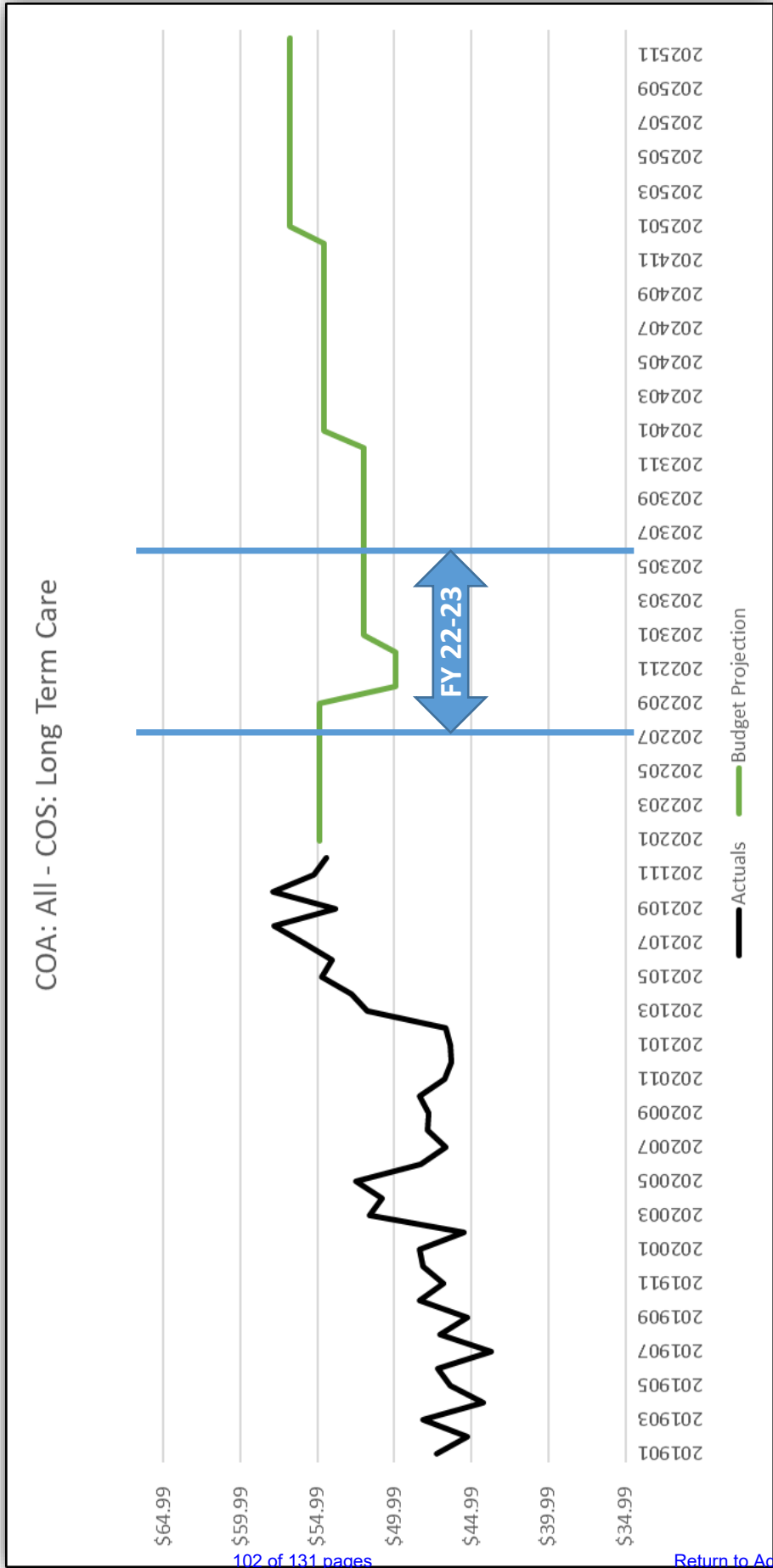
Inpatient FFS Medical Expenses



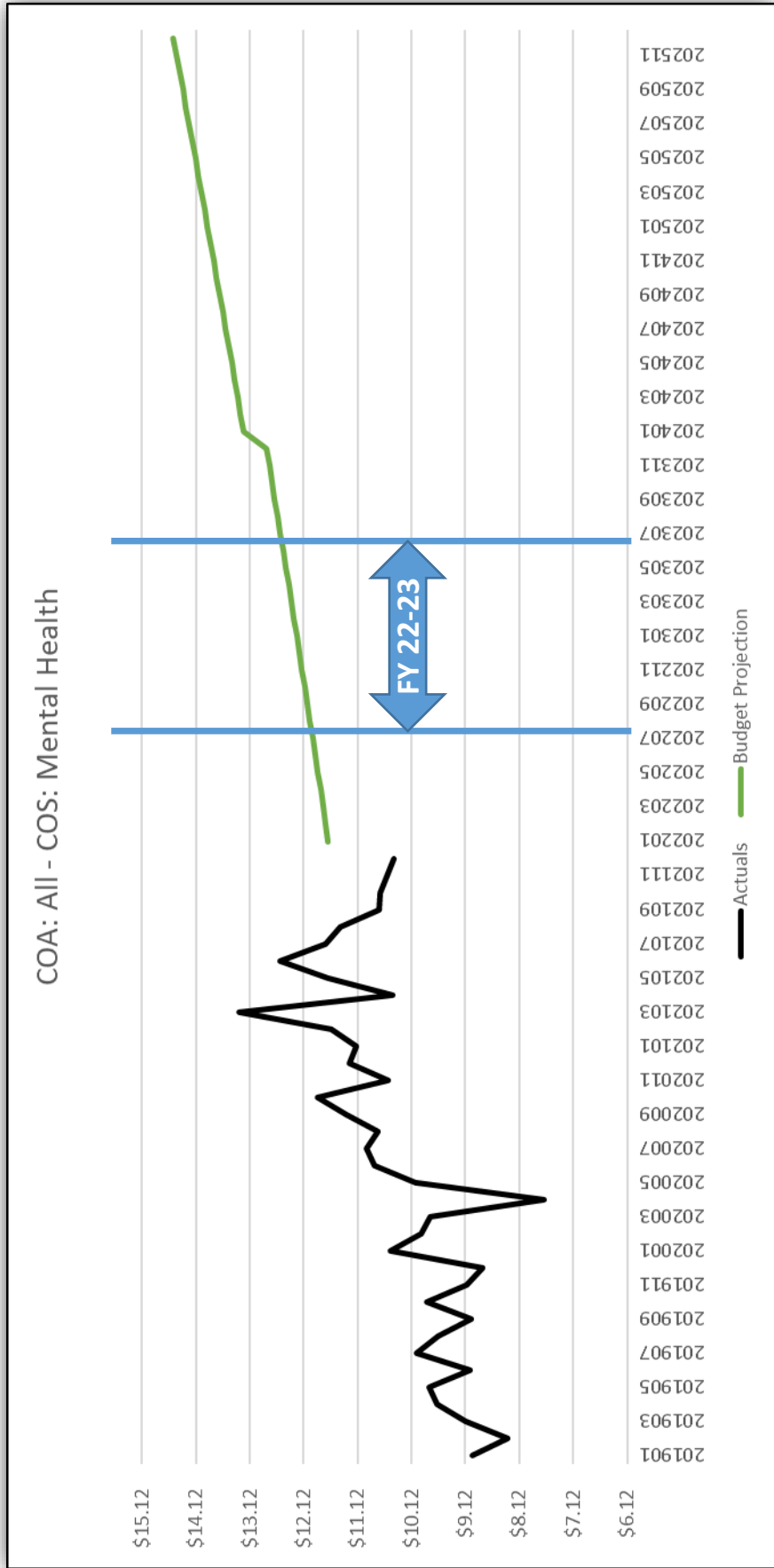
Outpatient FFS Medical Expenses



Long Term Care FFS Medical Expenses



Mental Health FFS Medical Expenses



- Fixed Budget
- 8.1% Administrative Cost Ratio (ACR)
- Within amounts allotted for administrative expense in capitation rates
- Assumes 3% one-time cost of living adjustment + 4% merit pool(effective 7/1/2022) & 15% vacancy factor due to current labor market trends & dynamics
- Promotions & Equity Adjustments for future compensation analysis, are in the HR business unit as a placeholder
- Assumes Employee Benefit Expense increases (effective 1/1/2023)
- Assumes Insurance rate increases between 20-40% due to “hard market” of ~\$250K; assumed mid-range for budget
- PMPM driven expenses are assumed at ~225K members for fiscal year

Administrative Expense Assumptions

GCHP's Mission and Vision



Our Mission

To improve the health of our members through the provision of high quality care and services.



Our Vision

Compassionate care, accessible to all, for a healthy community.

FY 2022-23 Strategic Plan

The administrative expense budget is driven by the performance goals of our Strategic Plan:



Better Health

Positive impact to Ventura County health and wellbeing



Member and Community Experience

Putting the Members, Providers and Ventura County Community FIRST in our plans and priorities



TNE & Maximum Incentives

For financial strength and to invest in the delivery system



Quality and Value-Based Healthcare

Positive impact to Ventura County healthcare system



Cal AIM

ECM/CS expansion, roll out and readiness; Incentive Payment Program (“IPP”); Student Behavioral Health Program (“SBHIP”), Homeless



People & Culture

Build organization and skillset; Employee engagement and employer of choice



Compliance

Successful exit from DHCS in Conduent situation; Oversight implementation; Cal AIM and STCS



Operations and Technology

Prepare plan for future operations; launch procurement

Administrative Expense Budget

Total Administrative Expenses (in millions)

	FY21-22 Actuals*	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FYE 23 vs FYE 22 Budget Δ		
Salaries, Wages & Benefits	\$27.0M	\$29.1M	\$37.4M	\$10.4M	39%	\$8.3M	29%
Training, Conference & Travel	\$0.1M	\$0.4M	\$0.7M	\$0.6M	600%	\$0.3M	75%
Outside Services	\$24.9M	\$27.4M	\$27.5M	\$2.6M	10%	\$0.1M	.03%
Professional Services	\$4.4M	\$4.0M	\$4.9M	\$0.5M	11%	\$0.9M	20%
Occupancy, Supplies, Insurance & Other	\$10.4M	\$10.9M	\$11.6M	\$1.2M	11%	\$0.7M	6%
CM Reclass to Medical Exp	(\$15.4M)	(\$15.3M)	(\$18.9M)	(\$3.5M)	23%	(\$3.2M)	24%
Project Portfolio	\$2.4M	\$6.3M	\$10.3M	\$7.9M	330%	\$4.0M	63%
TOTAL	\$53.8M	\$62.4M	\$73.5M	\$19.7M	37%	\$11.1M	18%
DHCS Funding			\$76.1M				

Major Drivers:

1. New positions ~\$7.2M
2. Equity Adj, Merit, Promotions, EE Recruit ~\$2.1M
3. Vacancy Factor increase to 15% (~\$3.0M)

*Forecasted

4. Care Mgmt Reclass (~\$1.2M)
5. Project Portfolio ~\$4.0M
6. Travel Reinstatement ~\$3.3M
7. Benefits / Business Insurance Increases ~\$1.7M

Administrative Expense Budget

Salaries, Wages & Benefits

FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
\$ 28,323,300	\$ 29,971,616	\$38,356,152	\$10,032,852	\$8,384,536
			35%	28%

Major Drivers:

- 22 additional positions approved for FY21-22 not in budget (\$3.1M increase includes base salary \$2.1M, 10% pension \$0.2M, 35% admin load \$0.8M)
- 31 new positions requested (\$4.1M increase includes base salary- \$2.9M, 10% pension \$0.3M, 35% admin load \$1.0M)
- 3% one-time COLA + 4% merit increase effective 7/1/22 (\$1.5M)
- Equity Adjustments/Promotions Pool (\$0.4M) and Proposed promotions (\$0.2M)
- Significant increases expected by HR for health, dental and vision insurance effective 1/1/2023 (\$1.7M)
- Offset by increase in vacancy factor from 6% to 15% (~3.0M)

HOW WE NEED TO INVEST IN GOLD COAST TODAY

THE NEED FOR PEOPLE/TALENT (CAPACITY AND SKILLSETS) EXISTS EVERYWHERE AT THE HEALTH PLAN, BUT GCHP MANAGEMENT IS BUILDING THE ORGANIZATION AROUND THE MOST CRITICAL NEEDS AND THE HIGHEST IMPACT ON THE MISSION



HEALTH AND QUALITY | Clinical, operational and technology ability to manage cost and quality for members with chronic conditions



DATA AND TECHNOLOGY | GCHP must develop modern data operations, warehouse and systems



SPECIALIZED SKILLSETS | Behavioral and Population Health program design and management, project management



OVERSIGHT | We must create and expand oversight of delegated performance as well as health plan performance



MEMBER AND PROVIDER OPERATIONS | GCHP owns but is not staffed to support Member and Provider Satisfaction

HOW WE NEED TO INVEST IN GOLD COAST TODAY



HEALTH AND QUALITY | Clinical, operational and technology ability to manage cost and quality for members with chronic conditions



SPECIALIZED SKILLSETS | Behavioral and Population Health program design and management, project management

- Administrative Analyst
- Clinical Program Manager, Behavioral Health
- Clinical Care Manager (2)
- Health Navigator I
- Sr. Mgr., Clinical Care Management
- Health Services Admin
- RN, Utilization Management (3)
- Medical Informatics Director
- Quality Improvement Program Mgr. (2)
- Quality Manager
- Provider Contract Specialist (CaAIM)
- Provider Relations Rep II (CaAIM)
- Sr. Project/Program Manager (4)

HOW WE NEED TO INVEST IN GOLD COAST TODAY



DATA AND TECHNOLOGY | GCHP must develop modern data operations, warehouse and systems

- Director of Interoperability
- Sr. Business Systems Analyst
- Application Architect
- IT Network and Systems Engineer
- Operations Data Analyst II
- PC Desktop Technician I
- Site Reliability Engineer
- Software Quality Assurance Analyst (3)

HOW WE NEED TO INVEST IN GOLD COAST TODAY



OVERSIGHT | CalAIM, the 2024 Contract, higher standards in new regulations, and our Mission urgently requires the creation and expansion of oversight of delegated performance as well as health plan performance

- Change & Oversight Analyst
- Grievance & Appeals Resolutions Specialist I (3)
- Delegation Oversight Manager
- RN, Delegation Oversight
- Manager, Change Control
- Manager, Operations Analytics
- Oversight Analyst

HOW WE NEED TO INVEST IN GOLD COAST TODAY



MEMBER AND PROVIDER OPERATIONS | GCHP owns but is not staffed to support Member and Provider Satisfaction - communications and Field Provider Services are two examples of inadequate capabilities

- Provider Project Admin
- Provider Project Coordinator
- Provider Relations Analyst
- Provider Relations Operational Lead
- Provider Relations Rep
- Manager, Provider Relations
- Provider Relations Representative II

Administrative Expense Budget

Position Summary				
Department	May-22 Filled	Budget FY 2021-22	Budget FY 2022-23	Change
Executive	10	9.0	10.0	1.0
Finance	8	8.0	9.0	1.0
Procurement	3	3.0	3.0	-
Decision Support Services	4	9.0	12.0	3.0
Infrastructure	6	5.0	8.0	3.0
Solution Services	7	16.0	12.0	(4.0)
Project Management Organization	3	4.0	7.0	3.0
Information Technology	5	5.0	7.0	2.0
Population Health Enablement	0	-	5.0	5.0
Operations	1	1.0	1.0	-
Grievance and Appeals	7	7.0	12.0	5.0
Operations Support Services	2	4.0	3.0	(1.0)
Member Services	5	5.0	5.0	-
Network Operations	11	11.0	21.0	10.0
Quality	9	10.0	13.0	3.0
Government Relations	4	5.0	6.0	1.0
Health Education	6	6.0	7.0	1.0
Pharmacy	2.5	2.5	2.5	-
Communications	2	2.0	3.0	1.0
Claims	8	6.0	9.0	3.0
Health Services	5	6.0	7.0	1.0
Utilization Management	44.5	44.5	48.5	4.0
Care Management	31.5	37.5	40.5	3.0
Population Health	3	4.0	5.0	1.0
Behavioral Health	0	-	1.0	1.0
Compliance	9	12.5	15.0	2.5
Human Resources	6	6.0	9.0	3.0
Facilities	3	3.0	3.0	-
	205.5	232.0	284.5	52.5
Assumed Filled (6% vacancy for FY21-22 & 15% Vacancy for FY22-23)		218	242	24



Administrative Expense Budget

Training, Conference & Travel

FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
\$56,645	\$369,699	\$660,592	\$603,947	1066%
			\$290,893	79%

Major Drivers:

1. Due to COVID-19 restrictions there was limited travels to conferences, etc. There is an increase in asks to attend conferences due to loosening of restrictions.
2. Increased investment in staff training and development
3. Increased in-person provider meetings, audits, etc.

Administrative Expense Budget

Outside Services

	FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
With EPP	\$25,043,683	\$27,566,312	\$29,651,608	\$4,607,925	\$2,085,296
Without EPP	\$24,946,755	\$27,362,059	\$27,515,124	\$2,568,370	\$153,066
				18%	8%
				10%	0.06%

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Major Drivers:

1. Primary Driver is increased consulting needed for Enterprise Project Portfolio projects (\$2M)

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Administrative Expense Budget

Professional Services

	FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
With EPP	\$4,763,041	\$7,881,660	\$10,279,117	\$5,516,076	\$2,397,457
Without EPP	\$4,365,098	\$3,967,500	\$4,938,999	\$573,901	\$971,499
				115.8%	30%
				13.1%	25%

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Major Drivers:

1. Increase in consulting for Enterprise Project Portfolio Project (\$1.1M)
2. HR Manager/Director training consulting (\$.125M)
3. HR Various Recruiter Consulting (\$.540M)
4. Increase in legal expense budget (\$.9M) offset by decrease in HMA consulting budget (\$.6M)
5. Consulting Compliance Audit (\$.2M)

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Administrative Expense Budget

Occupancy, Supplies, Insurance & Other

	FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
With EPP	\$11,040,888	\$12,161,484	\$13,442,556	\$2,401,669	\$1,281,072
Without EPP	\$10,443,660	\$10,852,255	\$11,562,860	\$1,119,200	\$710,605
				21.8%	11%
				10.7%	7%

Major Drivers:

1. Increases in Member communications / Health Education Communications (\$.5M)
2. Increases in IT equipment, software, etc. for 50+ Staff (\$.4M)
3. Increase in Enterprise Project Portfolio (\$.5M) offset by:
3. Reduction in Rx- related administration costs due to Rx carve-out (\$.3M)

Administrative Expense Budget

Project Portfolio

FY21-22 Actuals	FY21-22 Budget	FY22-23 Budget	FY22-23 vs Actual Δ	FY22-23 vs FY21-22 Budget Δ
\$2,407,020	\$6,331,642	\$10,306,290	\$7,602,270	316%
				63%

Major Drivers:

1. CaAIM +\$2.5M
2. Enterprise Data Warehouse +1.7M
3. Operations Modernization +\$1.1M
4. Staff Augmentation +\$.2M
5. Model of Care +\$.4M
6. Internal Controls +\$.3M
7. Data Informatics +\$.2M
8. D-SNP +\$.1M
9. Enterprise Collaboration Tool +.1M

Offset by:

10. IT Infrastructure (move to Operational Budget) -\$1.2M
11. CMS Interoperability -\$1.1M
12. eVIPs Phase 2 -\$.4M

Project Portfolio

CalAIM California Advancing and Innovating Medi-Cal

Long term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated and person-centered approach to maximizing their health and life trajectory.

Enable whole-person care approaches, Address social drivers of health, Improve quality outcomes, Reduce health disparities, Drive delivery system transformation, Create consistent, efficient and seamless Medi-Cal system.

Scope

Implement Enhanced Care Management/Community Supports
 Enable GCHP to meet, track & report performance measures for all Incentive Plans (IPP, HHIP, SBHIP) and obtain 100% of funds
 Implement Population Health aligned with NCQA Accreditation Population Health standards
 Implement Full integration Pilot for BH mild to moderate transformation

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Impacts

- Provider Network Ops
- Claims Ops
- Health Services - Care Management, Behavioral Health, Population Health
- IT – Solution Services, DSS
- ASSUMPTION – adequately planned for resources

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Strategic Alignment	Size	Value	Benefits	Risk	Confidence Level
Direct	XL \$\$\$\$	\$\$\$	Game Changer	High	Moderate

Value	Positive Impacts to Ventura County Health & Wellbeing IPP 100% available \$12.1M 1. Jan 2022 50% - Reported Fall 2021 2. Dec 2022 50% - Measure Period Jan–Jun 2022, Report Fall 2022 SBHIP \$7.6 in increments \$335,000 for Assessment 1. 50% - expected May 2022 2. 50% - April 2023 based on submission of needs assessment in Dec 2022 \$7,309,812 for Interventions 1. Up to 50% of total intervention allocation- April 2023 based on submission of project plan in Dec 2022 2. Up to 25% of remaining intervention allocation- each six months (April and October 2023-2024) based on progress submitted in six-month progress reports 3. Up to remainder of total allocation – April 2025 based on final outcomes submitted Dec 2024 HHIP 1. \$9,689,255 2. \$11,842,423				
Mandate	Yes				
Risks of Doing	Significant impact to multiple business units				
Risks of Not Doing	Loss of Opportunity for member health outcomes Out of Regulatory Compliance				
Sponsors	Dr. Nancy Wharfield, CMO Alan Torres, CIO Pauline Preciado, Executive Director Population Health & Equity				



Member and Community Experiences



Better Health



Quality Healthcare



CalAIM

Project Portfolio

CalAIM California Advancing and Innovating Medi-Cal	
Consulting	<p>NCOA Accreditation 150,000</p> <p>HHIP 135,000</p> <p>SBHIP 135,000</p> <p>Full Integ Pilot for BH Mild-to-Moderate Transformation 135,000</p> <p>Professional Svc</p> <p> Data Streaming/Data Capture Platform 249,998</p> <p> CDR/Smile Repository 300,000</p> <p> AWS API Data Exchange 250,142</p> <p> Population Health – Prof Svc 200,000</p> <p>1,655,136</p>
Software	<p>AWS API Integration 200,000</p> <p>CDR/Smile Repository 400,000</p> <p>Data Streaming & Data Capture Platform 100,000</p> <p>Population Health Platform 350,000</p> <p>Population Health Registry Tool 150,000</p> <p>1,999,980</p>
Outside Services	<p>BBK Legal Fees (HHIP, IPP Infrastructure) 128,000</p> <p>HHIP Licensing Fee Homeless Management System 5,000</p> <p>SBHIP Other Expense (Facility Rental, Food) 10,500</p> <p>HHIP Other Expense (Stakeholder Convening) 10,500</p> <p>154,000</p>
	3,009,116

Project Portfolio

Enterprise Data Warehouse

New data warehouse, modernized processes & reports on strategic platform providing self-service capabilities with new tools for dashboarding & reporting.

Scope

- Continued Build out of modern data warehouse
- Standing up Infrastructure
- Migration of data to strategic platform
- Re-platforming of existing extracts, reports
- Improving data quality & implem of master data management capability

Impacts

- IT – Solution Services, DSS
- User Groups from Business Units across all of GCHP

Value	Retire existing assets, decommission of legacy DW (\$\$\$) Accurate data available for business users enabling business decision-making
Mandate	NO
Risks of Doing	Impacts across GCHP
Risks of Not Doing	Continued high support costs, Data inaccuracy that cause business disruption & additional work, Continued quality issues with Conduent data, No access to vital data for business operations and decision-making, No business enablement, Continued heavy dependence on IT DSS team to do queries
Sponsors	Kashina Bishop, CFO Alan Torres, CIO

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Strategic Alignment	Size	Value	Benefits	Risk	Confidence Level
Indirect	XXL \$\$\$\$	\$\$\$\$	High	High	Moderate



Operations



Quality Healthcare

Consulting	Consulting (vendor Omnidata) RDT Consulting with Edrington HEDIS/MCAS EMR Integration	1,500,000 75,000 210,000			
		1,785,000			
Software	Azure Modern Data Warehouse Transactional & Storage Fees	80,000			
	Intelligent Data Management Cloud Master Data Management Capability Tableau License (20 Seats)	75,000 225,000 40,000			
		420,000			
Outside Services	Azure Platform Cloud Service Provider Mithly Fees (Omnidata) Informatica Professional Service	80,000 150,000			
		230,000			
		2,435,000			



Gold Coast Health Plan
A Public Entity

Project Portfolio

Program	Value	Desc of Expense	Amount
1. CalAIM	<p>Enable whole-person care approaches, Address social drivers of health, Improve quality outcomes, Reduce health disparities, Drive delivery system transformation, Create consistent, efficient and seamless Medi-Cal system.</p> <p>Enhanced Care Management (ECM)/Community Supports (CS) Incentive Payment Program (IPP) Housing and Homeless Incentive Program (HHIP) Student Behavioral Health Incentive Program (SBHIP) Population Health Management (PHM)</p>	<ul style="list-style-type: none"> • IPP Infrastructure • Population Health Management • HHIP, SBHIP • Consulting & Outside Services 	3,009,116
2. Enterprise Data Warehouse	<p>New data warehouse, modernized data warehouse processes & reports on strategic platform providing self-service capabilities with new tools for dashboards & reports. Addresses quality issues with Conduent data. Includes Prospective RDT Reporting.</p>	<ul style="list-style-type: none"> • Consulting (OmniData) • Software (Azure, DQ, MDM, Informatica, Tableau) 	2,435,000
3. Operations Modernization	<p>Operational improvement initiative with capabilities that support current and future needs.</p>	<ul style="list-style-type: none"> • Consulting, Professional Services 	2,300,000
4. Staff Augmentation	<p>Talent to keep up with portfolio demand</p>	<ul style="list-style-type: none"> • Temp Labor 	949,992

Project Portfolio

Program	Value	Desc of Expense	Amount
5. Model of Care	<ul style="list-style-type: none"> Model of Care consulting to align and integrate three major operational programs to <ul style="list-style-type: none"> Bend the cost curve by managing chronic conditions and other significant drivers of cost growth Improve quality performance at the health plan and across our provider network Increase member engagement in health and healthcare satisfaction with their experience with healthcare and health plan services. Consulting support to develop the contractual structures for Value Based Payment arrangements and the organizational/operational/technological platform to effectuate high impact value-based performance (on cost, quality and outcomes). Implement member incentives to improve engagement in health and healthcare. 	Implementation Cost: <ul style="list-style-type: none"> Model of Care consulting Value Based Payment Member Engagement 	400,00
6. Internal Controls	Internal Balance & Controls across GCHP's business and technical landscape	<ul style="list-style-type: none"> Consulting 	250,000
7. Data Informatics	Continue to advance our data analytics capabilities in support of Population Health, disease management, and provider contract negotiations	<ul style="list-style-type: none"> Consulting (Inovalon) 	199,992
8. CMS Interoperability	Put patients first, giving them access to their health information when they need it most, and in the way they can best use it. Drive interoperability and patient access to health information by liberating patient data while using a standardized technology framework enabling interoperability with 3rd party applications	<ul style="list-style-type: none"> Consulting (Edifecs) Software (Middleware Svc, FHIR Repo, Saas Implem/Trans Fees 	178,493

Project Portfolio

Program	Value	Desc of Expense	Amount
9. eVips Phase 2	Remaining work for eVips Phase 2 and mandatory HTML5 upgrade/conversion to 'Payer' (latest version of platform for integrated Provider Contracting, Credentialing & Maintenance functionalities).	<ul style="list-style-type: none"> Consulting 	150,000
10. D-SNP	Financial feasibility and operational analysis, Knox-Keene Implementation Consulting	<ul style="list-style-type: none"> Consulting Outside Service (BBK) 	125,000
11. Enterprise Portfolio Management Tool	Visibility to portfolio & delivery execution	<ul style="list-style-type: none"> Consulting Software 	118,000
12. Depreciation	Depreciation of capitalized assets related to project portfolio	Depreciation & Amortization Expense	100,729
13. Enterprise Collaboration Tool	Collaboration tool that replicates in-person whiteboard work sessions & workshops remotely	<ul style="list-style-type: none"> Software 	90,000
		TOTAL	10,306,290

Administrative Expense Budget

	FY 2021-22		FY 2022-23		Change Budget to Budget	Percent Change
	Projected Actual	Budget	Budget	Budget		
Salary Expense	\$ 20,268,224	\$ 21,882,765	\$ 27,730,477	\$ 5,847,712	27%	
Temp Labor	326,578	214,100	587,152	373,052	174%	
Taxes and Benefits	6,413,578	6,970,751	9,088,531	2,117,780	30%	
Training, Conference, and Travel	56,645	369,699	660,592	290,893	79%	
Outside Services - Conduent	18,512,842	19,719,860	19,547,653	(172,207)	-1%	
Outside Services - PBM Admin	1,439,938	1,221,322	-	(1,221,322)	-100%	
Outside Services - Other	4,993,974	6,420,877	7,967,471	1,546,595	24%	
Accounting & Actuarial Services	147,867	165,000	165,000	-	0%	
Legal	2,155,407	1,150,000	2,075,000	925,000	80%	
Consulting Services	1,598,337	1,960,000	1,698,899	(261,101)	-13%	
Translation Services	184,500	380,000	440,000	60,000	16%	
Committee/Advisory	6,167	12,500	20,100	7,600	61%	
Employee Recruitment	272,820	300,000	540,000	240,000	80%	
Lease	1,396,316	1,547,496	1,594,080	46,584	3%	
Depreciation & Amortization	420,663	407,739	567,950	160,211	39%	
Non-Capital - Furniture & Equipment	124,271	181,700	266,050	84,350	46%	
Office & Operating Supplies	76,132	187,920	127,900	(60,020)	-32%	
Shipping & Postage	322,855	308,890	405,542	96,652	31%	
Printing	716,619	810,600	817,100	6,500	1%	
Software Licenses	3,960,484	5,094,380	5,046,658	(47,722)	-1%	
Software Licenses-Non-Capital	7,686	-	14,196	14,196	#DIV/0!	
Software Maintenance & Support	32,220	-	73,294	73,294	#DIV/0!	
Repairs & Maintenance	168,169	204,875	399,549	194,674	95%	
Telephone/Internet	197,840	245,700	279,840	34,140	14%	
Advertising and promotion	1,594,321	393,900	439,160	45,260	11%	
Insurance	1,005,131	850,000	978,000	128,000	15%	
Interest	184,187	270,000	270,000	-	0%	
Professional dues, fees, and licenses	207,855	237,767	246,454	8,687	4%	
Subscriptions and publications	19,814	27,288	28,088	800	3%	
Bank Service Fees	874	75,000	1,000	(74,000)	-99%	
Other miscellaneous	8,223	9,000	8,000	(1,000)	-11%	
Care Management	(15,419,608)	(15,529,043)	(18,851,646)	(3,322,603)	21%	
Total General and Administrative	\$ 51,400,930	\$ 56,090,086	\$ 63,232,089 *	\$ 7,142,003	13%	
% Admin to Revenue	5.1%	6.5%	7.0%			
Enterprise Project Portfolio	\$ 2,407,020	\$ 6,331,642	\$ 10,306,290	\$ 3,974,648	63%	
Total G&A (including Projects)	\$ 53,807,949	\$ 62,421,728	\$ 73,538,379	\$ 11,116,651	18%	
% to Revenue	5.4%	7.3%	8.1%			

GCHP Administrative Expenses

Historical View & Comparison

Admin	2018-19	2019-20	2020-21	2021-22 Projected	2022-23 (Budget)
Admin (Budget)	\$53,869,160	\$ 57,701,709	\$ 54,930,839	\$ 62,421,728	\$ 73,538,379
Admin (Actual)	\$ 46,655,880	\$ 50,830,596	\$ 48,961,692	\$ 53,807,949*	
Admin (DHCS Funding)	\$50,816,180	\$59,505,466	\$67,133,966	\$71,861,275	\$76,055,936
% ACR-GCHP	6.6%	6.1%	5.4%	5.5%	8.1%
Average ACR COHS plans	6.7%	6.3%	5.7%		
Drivers	Decrease to Conduent fees (enrollment); decrease to legal and accounting fees; decrease to community grants	Projects; lift of hiring freeze; severance packages; increased legal and consulting fees; interest expense	Excluding projects, admin expenses anticipated to decline from current run rate despite estimated 12% growth in membership.	Increases to membership ~\$2.5 M; 22 new positions ~\$1.5M; Equity Adj, Merit, Promotions, EE Recruit ~\$1.2M; Project Portfolio ~\$.8M; Travel Reinstatement ~\$.2M; Benefits / Business Insurance Increases ~\$.5M	Increases to staffing/retention initiatives to support strategy and performance goals over the next 5 years. Additional Project Portfolio investments to support CalAIM, EDW, Operations Modernization and other important initiatives
* Projected					

Contract Renewal Exhibit

Signature Authority Policy – Commission Approved

* Note The Ventura County Medi-Cal Managed Care Commission may delegate approval to the Chief Executive Officer. All transactions associated with the projects and contract renewals listed in GCHP's approved budget are hereby delegated to the Chief Executive Officer and do not require individual transactional approval from Ventura County Medi-Cal Managed Care Commission.

FY2022-23 Capital Budget

GOLD COAST HEALTH PLAN FY 2022-23 CAPITAL BUDGET		
<u>Asset Category</u>	<u>Description</u>	<u>Amount (\$)</u>
Leasehold Improvements	Cambridge Sound Masking Executive Department	8,000
Leasehold Improvements	Infrastructure Department Reconfiguration 711 E Daily Drive	100,000
Leasehold Improvements	Infrastructure Department Reconfiguration 770 Paseo Camarillo	100,000
Computer Systems & Software	Refresh firewalls to enterprise grade HA	50,000
Computer Systems & Software	Implement New Wireless Infrastructure 20	57,000
Computer Systems & Software	Implement DR/BCP Cloud Modern Backup	200,000
Computer Systems & Software	Pull network cable for added wireless	10,000
Computer Systems & Software	Project Time Tracking Solution	20,000
Computer Systems & Software	Service Now Service Desk and ITIL solution	45,000
Computer Systems & Software	Sharepoint File Storage Modernization	70,000
Computer Systems & Software	Upgrade ESXi from 6.5 to 7.0 consulting	40,000
Computer Systems & Software	API Gateway POC in Azure or AWS	44,000
Computer Systems & Software	FY 22-23 New workforce netadd -80 laptops planned	192,000
Computer Systems & Software	FY 22/23 Laptop Replacements and swaps - 20 laptops planned	48,000
	TOTAL	984,000

FY 2022-23 Operating Budget

GOLD COAST HEALTH PLAN			
FY 2022-23 OPERATING BUDGET			
	Jul 1- Dec 31 2022	Jan 1- Jun 30 2023	TOTAL
Program Revenue	\$ 517,048,909	\$ 478,886,344	\$ 995,935,254
MCO Tax Expense	\$ (47,444,760)	\$ (44,743,754)	\$ (92,188,514)
Net Revenue	\$ 469,604,149	\$ 434,142,590	\$ 903,746,740
Medical Expenses	\$ 401,940,276	\$ 388,705,707	\$ 790,645,983
	MLR 85.6%	89.5%	87.5%
Gross Margin	\$ 67,663,874	\$ 45,436,883	\$ 113,100,757
General & Administrative Expenses	\$ 32,145,420	\$ 31,086,669	\$ 63,232,089
Project Portfolio	\$ 3,334,916	\$ 6,971,373	\$ 10,306,290
	Admin % 7.6%	8.8%	8.1%
Interest Income	\$ 80,600	\$ 80,600	\$ 161,199
Net Gain	\$ 32,264,136	\$ 7,459,441	\$ 39,723,577

Questions?

Staff requests that the Executive Finance Committee recommend approval of the Fiscal Year 2022-2023 Operating and Capital budgets, and corresponding contract renewals outlined in the appendix to the Commission