

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

Executive Finance Committee

Regular Meeting

Thursday, January 18, 2024 – 3:00 p.m.

770 Paseo Camarillo, Second Floor, Camarillo CA.

Bell Canyon Conference Room

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

Conference Call Number: 805-324-7279

Conference ID Number: 148 530 103 #

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

Clinicas del Camino Real Inc.
1040 Flynn Rd.
Camarillo, CA 93012

Community Memorial Health System
147 N. Brent St.
Ventura, CA 93003

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

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

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

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

CONSENT

1. Approval of Executive Finance Committee special meeting minutes of November 16, 2023

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

FORMAL ACTION

2. November YTD Financials

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend approval of the November 2023 year-to-date financial package.

3. 2023/2024 Reforecasted Operating and Capital Budgets

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Staff requests that the Executive Finance Committee recommend approval of fiscal year 2023/2024 reforecasted operating and capital budgets.

CLOSED SESSION

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

5. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Executive Finance Committee

Unrepresented employee: 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: January 18, 2024
SUBJECT: Meeting Minutes for Special Executive Finance Meeting of November 16, 2023

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copies of the Executive Finance Committee special meeting minutes of November 16, 2023.

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

November 16, 2023

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 4:03 p.m. The meeting was held in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive Suite 106 Camarillo, California.

ROLL CALL

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

Absent: Commissioners James Corwin and Jennifer Swenson.

GCHP Staff in attendance: CEO Nick Liguori, CIO Alan Torres, CHR Paul Aguilar, CPPO Erik Cho, CIO Eve Gelb, CCO Robert Franco, Marlen Torres, Exec. Director of Strategy & External Affairs, Anna Sproule, Bob Bushey, Susana Enriquez-Euyoque, Leeann Habte of BBK, and General Counsel, Scott Campbell.

PUBLIC COMMENT

None.

Chair Dee Pupa stated she wanted to switch the order of the last two agenda items. Agenda Item 8 will be presented before Agenda Item 7. Vice Chair Laura Espinosa will take over Chair duties for Agenda Item 8 due to a Conflict of Interest for Commissioner Pupa; she will leave the meeting after item 7 is presented.

CONSENT

- 1. Approval of Executive Finance Committee special meeting minutes of October 26, 2023.**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

2. Approval of 2024 Executive Finance Committee meeting Calendar

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the 2024 Exec. Finance meeting calendar as presented.

Commissioner Abbas motioned to approve Consent items 1 and 2. Commissioner Espinosa seconded the motion.

AYES: Commissioners Anwar Abbas, Laura Espinosa, and Dee Pupa.

NOES: None.

ABSENT: Commissioners James Corwin and Jennifer Swenson.

The clerk declared the motion carried.

Commissioner Jennifer Swenson joined the meeting at 4:07 p.m.

Commissioner James Corwin joined the meeting at 4:08 p.m.

Chief Executive Officer, Nick Liguori made brief opening remarks. He noted the next four agenda items are related to Procurement work. He stated that 18 months ago GCHP launched a program to build the modern systems and services that make up most of the core activities of the health plan. He stated these services were contracted to one vendor: Conduent. Our Operations of the Future involves building internal systems /services such as the Enterprise Data Warehouse, building in-house, and community-based member services. We have not had these systems before. The Operations of the Future involves large scale RFPs which will procure systems/services that cannot be built by our health plan but can be done with specialized vendors.

Since February 2023, the Exec. Finance Committee and Commission have been presented with all contracts of these new vendors. CEO Liguori stated the procurement continues to deliver on all major promises, by selecting leading edge vendors that will support the Plan, staff, providers, and members. We will pay for these services out of our revenue which is given to us by the State.

HealthEdge is being presented as a contract amendment. It was first presented and approved in February for core administration of the health plan. Implementation is under way. An amendment is normal for implementation of this scale. There are many other vendors that will need to interact and integrate with this vendor.

FORMAL ACTION

3. HealthEdge – Contract Amendment

Staff: Alan Torres, Chief Information & System Modernization Officer

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care authorize the CEO to execute this contract amendment with HealthEdge. The term of the contract will be 6 years and 9 months commencing October 1, 2023, and expiring on June 30, 2030, for an amount not to exceed \$3.3M.

Alan Torres, Chief Information & System Modernization Officer stated four contracts will be presented at this meeting. These contracts will total approximately \$32million. There will be one more RFP presented in December. At that time we will have a complete picture of all costs.

We did have line of sight to the needs but did not have line of sight to at the time of the contract was that they were dependent upon the procurement of other contracts, and those did not happen until later. We did not know the associated costs, although it was not a surprise to us, as an implementation team.

Under the Master Agreement HealthEdge is seeking approximately \$45,000 per month to address three capabilities. We now have other contracts in place and have a better understanding during the implementation phase. We have to support the Optum claims pricing software. Next, is the new data warehouse, adding a VPN connection for Edifecs files which processes electronic enrollments and claims in real-time with the HealthEdge platform. Third, is additional virtual private network which allows two computers to talk to each other.

At the time of execution of the HealthEdge contract we did not know the data sizing requirements. Edifecs was not yet contracted and GCHP did not know the number of VPN connections needed to support electronic enrollment and claims processing. Contract negotiations with Optum was not complete, therefore HealthEdge and GCHP did not know the number of servers needed.

Mr. Torres reviewed the fiscal impact. The total cost over the projected nine months of implementation support and six-year production support period is projected not to exceed \$3.3million. The total contract value with HealthEdge is \$22.8million. The current year impact is \$33,454.

Commissioner Abbas asked if the change order was for \$3.3 million plus the original \$19.5million. Mr. Torres responded yes, the \$3.3million is in addition to the

\$19.5million. Commissioner Abbas asked if none of this was anticipated. Mr. Torres stated the cost was not known at the time, the needs were known at the time, but did not know the financial impact at the time. Commissioner Abbas asked if the needs were discussed with the Commission. Mr. Torres stated those specific items were not discussed at the time.

CEO Liguori stated that even though there was no specific aspects discussion, staff was clear that there would be additional costs that would be presented to the Commission, as they are presented today. We have now confirmed all the technical requirements from vendors. Mr. Torres stated we want to be transparent, things do come up, and we do our best to accommodate outstanding items.

Commissioner Swenson stated the dollar amounts are quite large. She requested a diagram of all services provided by Conduent for comparison. She stated that she is sure that overall costs will be less than what is currently being/was paid, plus our system will be modernized. CEO Liguori stated a whole picture view will be presented. Commissioner Espinosa stated the tone has been set, now we need to connect the dots. This is a very large project.

Commissioner Swenson motioned to approve the HealthEdge Amendment. Commissioner Abbas seconded the motion.

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

NOES: None.

The clerk declared the motion carried.

4. Contract Approval – KP LLC., Print and Fulfillment Services

Staff: Alan Torres, Chief Information & System Modernization Officer

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care authorize the CEO to execute a contract with KP LLC. The term of the contract will be 7 months of implementation and 5 years of services commencing December 1, 2023, and expiring on June 30, 2029, for an amount not to exceed \$18M.

Alan Torres, Chief Information & System Modernization Officer stated this is RFP #7. An RFP was issued to 16 vendors. 10 vendors responded. He reviewed the Matrix scoring. He noted that KP went from #2 to #1. It was clear that KP was very responsive to our needs. Based on KP's experience with other Medi-Cal plans and

are based in California. The terms of the contract were much more favorable to GCHP. There is a reduction in our overall costs. Clarifying questions with KP were addressed. KP came down significantly in their pricing. Not only did the costs go down but the terms of the contract were favorable, and KP went from #2 to #1. We asked for additional liability in IT security and they agreed. The financial fiscal impact is projected to a not to exceed of \$18million.

Commissioner Pupa stated the IT security piece is very important and she was very happy that being California based and has California experience is crucial to compliance.

Commissioner Abbas motioned to approve the KP LLC Print & Fulfillment Services. Commissioner Espinosa seconded the motion.

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

NOES: None.

The clerk declared the motion carried.

5. Contract Approval – TTEC Government Solutions, LLC., Call Center Software

Staff: Alan Torres, Chief Information & System Modernization Officer

RECOMMENDATION It is the Plan's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care authorize the CEO to execute a contract with TTEC Government Solutions. The term of the contract will be 3 years with 2 one-year renewal options commencing December 1, 2023, and expiring on March 31, 2029, for an amount not to exceed \$1.2M.

Alan Torres, Chief Information & System Modernization Officer stated this is RFP #8 of Table 1. He reviewed the procurement background noting that staff issued an RFP to seven vendors. Three vendors responded. An evaluation team reviewed and evaluated the proposals. The scoring matrix was reviewed. It became apparent that GoTo did not address the true needs of what we were looking for. TTEC did address the needs clearly. They integrate well, they are also based in California, and they will meet our needs. The term of the contract will be three years with two one-year renewal options. The Contract is not to exceed \$1.2million.

Commissioner Espinosa stated member self-service- she highlighted that Commissioner Livingston has gone through the CalWIN conversion. The Human

Services Agency could discuss the challenges and outcomes of the process, as it seemed to go very smoothly. It needs to be a positive experience for members.

Commissioner Pupa stated that GASB97 would apply. CEO Liguori stated that CFO Dersch was not able to attend but they would follow up and respond via email.

Commissioner Abbas motioned to approve the TTEC Call Center Software Contract. Commissioner Espinosa seconded the motion.

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

NOES: None.

The clerk declared the motion carried.

6. Contract Approval – Optum Insight

Staff: Alan Torres, Chief Information & System Modernization Officer

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend that the Ventura County Medi-Cal Managed authorize the CEO to execute the associated software schedules with Optum Insight for this software. The term of the license will be October 1, 2023, until June 30, 2030, for an amount not to exceed \$9M.

Alan Torres, Chief Information & System Modernization Officer stated that this is a transition of the license agreement that will allow HealthEdge to use the software during the implementation phase. The total license cost is not to exceed \$9million. Part of Conduent's work relies upon claims editing software licenses provided by Optum Insight, GCHP wants to continue using these licenses. Beginning July 1, 2024, GCHP will only require licensing this software for use with HealthEdge.

Commissioner Espinosa asked if there was a typo on the Go-Live date. Mr. Torres stated the correct date is July 1, 2024. Bob Bushey stated some of the licenses started in October. Running parallel in two places, both at Conduent and HealthEdge.

Commissioner Corwin asked seven years is a long license, he asked if it is standard for this tool. Mr. Bushey stated it is a difficult switching process and extended years got a better price.

Commissioner Swenson motioned to approve the Optum Insight Contract. Commissioner Corwin seconded the motion.

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

NOES: None.

The clerk declared the motion carried.

Commissioner Corwin left the meeting at 5:30 p.m.

8. Funding Increase – Wellth Behavioral Economics Application Contract

Staff: Erik Cho, Chief Policy & Program Officer

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend that the Ventura County Medi-Cal Managed Care authorize the CEO to increase the budget for the Wellth contract from \$700,000 to \$2,323,446.

CPPO Erik Cho presented a program update on Wellth. He reviewed the executive summary and project background. He noted that Wellth has enrolled over 1400 members in the program and approximately 89% of our members are engaged in their daily check in. Due to the great success of this program we want to expand enrollment to launch a quality program focused on care gap closure for up to 6,500 total enrollments in this fiscal year and an additional 5,000 members in the future fiscal years if program outcomes are met.

CPPO Cho review our data driven focus. We must advance management of acute/chronic conditions and we must improve linkages to and retention of care and medication adherence. He noted that only 40% will adhere to their medication regiment. CPPO Cho stated we currently have 1,458 activated members in this program. We have reached the maximum size. 89% have been actively engaged and check in to their application. As the months go on, we will gather more data. The level of engagement shows this program is working. CPPO Cho noted that two-thirds of our enrolled members have three or more chronic conditions. 69% of Wellth members have three or more chronic conditions. This is the targeted population for this program.

We want to add a new care gap quality focused program. We will offer incentives to adults age 18+, have 2 or more care gaps, and taking at least one medication. They cannot be currently enrolled in Wellth.

CPPO Cho reviewed the Phases 1 through 4 program launch. He reviewed timelines and increased target enrollments. Outcomes will be evaluated In Phase 4 there will

be the potential to enroll up to 5,500 additional members. We have asked DHCS for an expansion for an additional 10,500 members.

We are asking for an increase the Wellth budget contract to \$2,323,446.

Commissioner Pupa stated this is groundbreaking. We are being watched by DHCS because of the success with this program. We were the first to ask for a program of this nature and it is a good way to reach members who need the most care.

Commissioner Espinosa asked if the \$6.9million annually is if approved and goes up to 10,000 members. CPPO Cho stated that is correct, it would be the maximum amount if approved.

Commissioner Pupa motioned to approve the funding increase for the Wellth Contract. Commissioner Swenson seconded the motion.

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

NOES: None.

ABSENT: Commissioner James Corwin

The clerk declared the motion carried.

Commissioner Pupa recused herself from the meeting at 5:09 p.m. due Conflict of Interest Commissioner Espinosa took over Chair duties.

7. Recuperative Care Expansion Project

Staff: Erik Cho, Chief Policy & Program Officer

RECOMMENDATION: The Plan recommends that the Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute the grant funding agreement with the County to assist with the development of these capital projects to expand the capacity for recuperative care services within the County.

CPPO Cho stated GCHP is seeing approval to invest \$10million of Housing and Homelessness Incentive Program (HHIP) that was received from DHCS to expand Recuperative Care capacity by 125 recuperative care bed which is needed for GCHP members. The current recuperative care 32 bed capacity funding is limited. Recuperative care is a key element of GCHP's Model of Care and is focused on connecting vulnerable members with the right care in health and social services. The

funding will support the renovation of two facilities for a total of 125 beds. This is funding to create the two facilities. The HHIP funding is used to address social drivers of health and decrease health disparities. HHIP funding for Recuperative Care facilities would be part of a \$43million investment by the Ventura County Board of Supervisors and the State. GCHP is partnering with the County to bolster existing projects to expand and connect social and health services for all eligible GCHP members.

CPPO Cho reviewed what Recuperative Care is and noted that it allows patients to continue accessing care. It also addresses housing instability and promotes recover after acute care, there is a 90-day limitation on continuous duration.

Commissioner Espinosa asked if there were other opportunities to partner with affordable housing such as the Cabrillo Economic Housing who was awarded to do the Vanguard building. She asked if we would consider partnering with a developer to avoid conflict of interest. CEO Liguori stated this option would be explored.

Commissioner Swenson motioned to approve the Recuperative Care Expansion Project. Commissioner Abbas seconded the motion.

AYES: Commissioners Anwar Abbas, Laura Espinosa, and Jennifer Swenson.

NOES: None.

ABSENT: Commissioners James Corwin and Dee Pupa.

The clerk declared the motion carried.

ADJOURNMENT

The meeting was adjourned at 5:31 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Ventura County Medi-Cal Managed Care Commission

FROM: Sara Dersch, Chief Financial Officer

DATE: January 18, 2024

SUBJECT: November 2023 Year to Date Financials

SUMMARY:

Staff is presenting the attached November 2023 fiscal year-to-date (“FYTD”) unaudited financial statements of Gold Coast Health Plan (“GCHP”) for review and approval.

November 2023 Headlines:

1. Membership favorable to budget by approximately 9,000 members.
2. MTD Premium is \$2.5M favorable to budget, driven by a \$3.6M favorable volume variance related to higher than budgeted membership, partially offset by a \$1.1M unfavorable rate variance (\$4.59 per member per month) due to member mix.
3. Long Term Care (including Skilled Nursing Facility Care) costs continue to trend higher than expected. This development is partially offset by lower-than-budgeted (favorable) trends in Inpatient care.
4. General and Administrative (“G&A”) expenses remain at this time higher than budgeted due to Project Pipeline (e.g., Operations of the Future implementation) timing and costs that could not have been fully known at the time of budget creation. Management is focused on ensuring full year administrative costs are economical and in line with budgeted expectations for a transforming organization.
5. Balance sheet continues to reflect a healthy assets position with a FYTD increase in Net Assets of \$41.1M.

Financial Summary:

(\$Ms except pmpms & mm)	MTD			YTD		
	Actual	Budget	Var Fav / (Unfav)	Actual	Budget	Var Fav / (Unfav)
Member Months	251,517	242,511	9,006	1,269,850	1,244,416	25,434
Revenue	\$ 92.1	\$ 89.2	\$ 2.9	\$ 437.6	\$ 438.0	\$ (0.4)
pmpm	\$ 366.25	\$ 367.88	\$ (1.63)	\$ 344.58	\$ 351.96	\$ (7.38)
Non-Operating Revenue / (Expense)	\$ 1.4	\$ 0.8	\$ 0.6	\$ 6.9	\$ 4.2	\$ 2.7
pmpm	\$ 5.64	\$ 3.46	\$ 2.18	\$ 5.40	\$ 3.38	\$ 2.02
Medical Costs	\$ 74.6	\$ 76.8	\$ 2.2	\$ 358.8	\$ 380.6	\$ 21.8
pmpm	\$ 296.62	\$ 316.50	\$ 19.9	\$ 282.56	\$ 305.89	\$ 23.3
% of Revenue	79.8%	85.2%		80.7%	86.1%	
Admin Exp	\$ 8.7	\$ 6.7	\$ (2.0)	\$ 36.3	\$ 33.2	\$ (3.1)
pmpm	\$ 34.55	\$ 27.47	\$ (7.08)	\$ 28.58	\$ 26.71	\$ (1.87)
% of Revenue	9.3%	7.4%		8.2%	7.5%	
Project Portfolio	\$ (0.8)	\$ 0.8	\$ 1.6	\$ 8.2	\$ 4.2	\$ (4.0)
pmpm	\$ (3.15)	\$ 3.46	\$ 6.61	\$ 6.45	\$ 3.37	\$ (3.08)
% of Revenue	-0.8%	0.9%		1.8%	0.9%	
Operating Gain/(Loss)	\$ 9.6	\$ 5.0	\$ 4.7	\$ 34.3	\$ 19.9	\$ 14.4
	\$ 38.22	\$ 20.45	\$ 17.77	\$ 26.99	\$ 15.99	\$ 11.00
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 11.0	\$ 5.8	\$ 5.2	\$ 41.1	\$ 24.1	\$ 17.0
pmpm	\$ 43.86	\$ 23.91	\$ 19.95	\$ 32.39	\$ 19.36	\$ 13.02
% of Revenue	11.8%	6.4%		9.3%	5.4%	

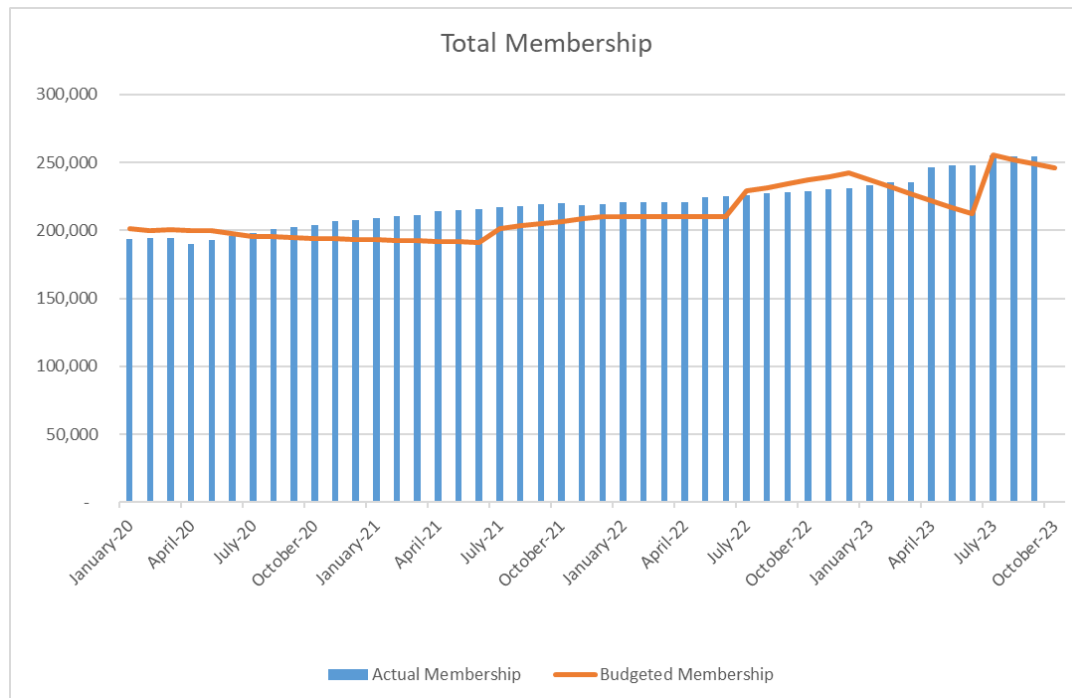
MTD

- Membership and Medical Costs are favorable to budget.
- Project Portfolio favorability of \$1.6M due to a mid-year account clean up exercise. Incentive payments previously coded to this business unit were accrued for and have been reclassified to the balance sheet.
- Operating Margin (which excludes interest income) of \$9.6M was \$4.7M favorable to budget.
- MTD Net Premium Revenue of \$92.1M was favorable \$2.9M to budget due to higher premiums in November.
- CGHP continued to experience pressure in LTC/SNF expenses but is trending positive in IP medical costs. The LTC/SNF variance is primarily attributable to a new state regulation which increased required reimbursements to 100% of the Medi-Cal fee schedule retroactive to 1/1/2023.
- The MTD results yield unrestricted net assets of \$11M, which is \$5.2M more than projected.

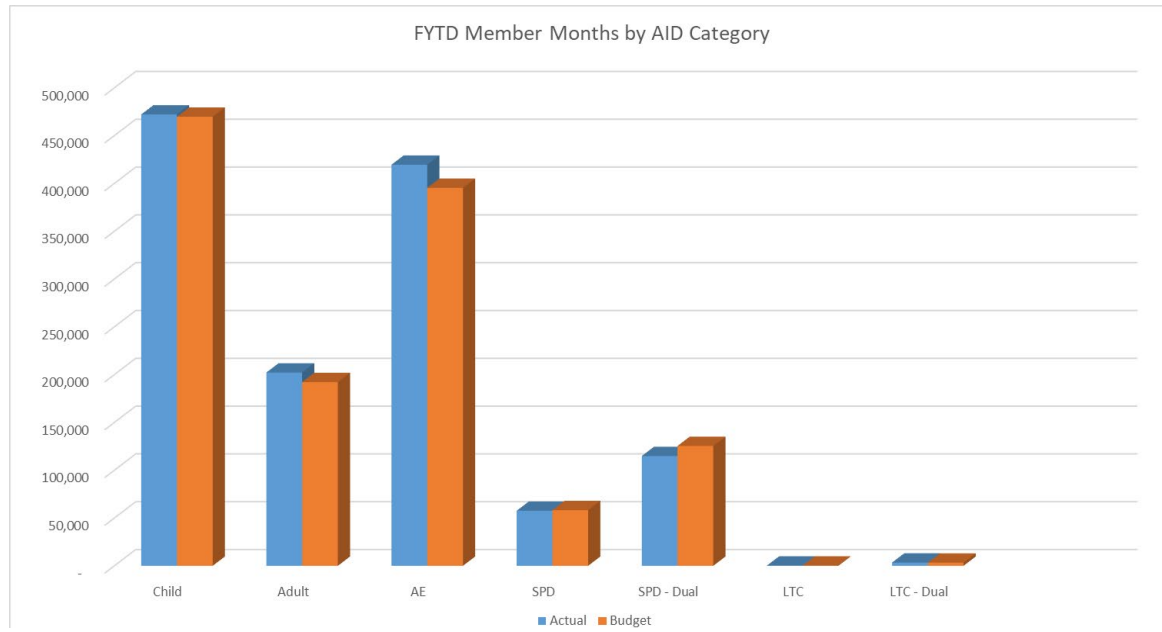
YTD

- Operating Gain of \$34.3M was \$14.4M favorable to budget. This variance is primarily due to low inpatient claims cost coupled with the timing of the Provider Incentives and Grants Programs: YTD budget included a projected spend of \$16.9M in Provider Incentives and \$9.2M in Grant Programs. Only \$7.M in actual Provider Incentive spend due to the timing of finalization of QIPP with our largest providers.
- All other medical costs categories remain reasonable to budget.
- The YTD unrestricted net assets gain is \$41.1M, \$17M favorable to budget.

Membership

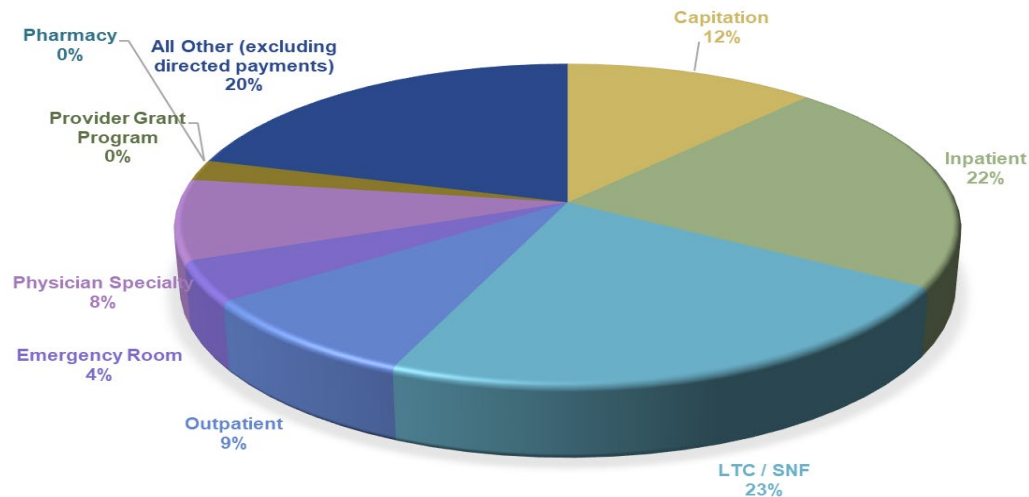


Cost of Care by Category



	FYTD 23/24 Budget	FYTD 23/24 Actual	FYTD 22/23 Actual	FYTD 21/22 Actual
Average Enrollment	248,883	253,970	247,854	229,367
PMPM Revenue	\$ 351.96	\$ 344.58	\$ 340.86	\$ 347.72
Medical Expenses				
Capitation	\$ 21.97	\$ 33.50	\$ 34.18	\$ 32.44
Inpatient	\$ 74.44	\$ 61.01	\$ 54.64	\$ 68.62
LTC / SNF	\$ 54.51	\$ 65.02	\$ 54.86	\$ 59.92
Outpatient	\$ 25.33	\$ 24.56	\$ 23.88	\$ 22.59
Emergency Room	\$ 12.65	\$ 11.54	\$ 11.32	\$ 10.80
Physician Specialty	\$ 25.13	\$ 22.90	\$ 23.44	\$ 22.49
Provider incentives	\$ 13.62	\$ 5.85	\$ 0.69	\$ -
Provider Grant Program	\$ 7.37	\$ -	\$ -	\$ -
Pharmacy	\$ -	\$ -	\$ (0.15)	\$ 29.71
All Other (excluding directed payments)	\$ 56.09	\$ 58.17	\$ 53.03	\$ 45.41
Total Per Member Per Month	\$ 291.11	\$ 282.56	\$ 255.89	\$ 291.97
Medical Loss Ratio	82.7%	82.0%	75.1%	86.9%
Total Administrative Expenses	\$ 37,438,322	\$ 44,485,426	\$ 78,852,534	\$ 53,680,738
% of Revenue	8.5%	10.2%	7.8%	5.6%
TNE	\$ 194,459,364	\$ 375,807,935	\$ 359,814,027	\$ 176,562,922
Required TNE	\$ 35,128,651	\$ 33,938,116	\$ 32,913,795	\$ 36,609,789
% of Required	554%	1107%	1093%	482%

% OF TOTAL MEDICAL EXPENSE



Cash and Short-Term Investment Portfolio

At November 30th the Plan had \$491.7M in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$18.9M; LAIF CA State \$41.7M; Cal Trust \$36.8M.

Medi-Cal Receivable

At November 30th the Plan had \$147.8M in Medi-Cal Receivables due from the DHCS.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

	Current Month		
	November 2023		Variance
	Actual	Budget	Fav / (Unfav)
Membership (includes retro members)	251,517	242,511	9,006
Revenue:			
Premium	\$ 100,025,483	\$ 97,558,023	\$ 2,467,461
Facility Expense AB85	0	0	0
Reserve for Cap Requirements	0	0	0
Incentive Revenue	0	0	0
MCO Premium Tax	(7,907,460)	(8,342,393)	434,933
Total Net Premium	92,118,023	89,215,630	2,902,394
Other Revenue:			
Interest Income	0	0	0
Miscellaneous Income	105	0	(105)
Total Other Revenue	105	0	(105)
Total Revenue	92,118,128	89,215,630	2,902,289
Medical Expenses:			
<u>Capitation Expenses:</u>			
PCP, Specialty, Kaiser, NEMT & Vision	6,781,193	7,140,320	359,127
ECM	378,876	943,153	564,276
Total Capitation	7,160,069	8,083,472	923,403
<u>FFS Claims Expenses:</u>			
Inpatient	17,060,129	18,473,078	1,412,949
LTC / SNF	15,805,160	13,694,061	(2,111,099)
Outpatient	6,387,281	6,300,002	(87,279)
Laboratory and Radiology	643,989	952,414	308,424
Directed Payments - Provider	2,482,642	1,899,389	(583,253)
Emergency Room	2,902,519	3,148,851	246,333
Physician Specialty	6,438,651	6,227,059	(211,591)
Primary Care Physician	2,757,125	2,378,171	(378,954)
Home & Community Based Services	2,352,861	2,811,911	459,050
Applied Behavior Analysis Services	3,353,014	2,980,418	(372,596)
Provider Incentive	2,674,473	5,258,363	2,583,890
Other Medical Professional	239,606	348,920	109,314
Other Fee For Service	1,594,325	1,005,974	(588,351)
Transportation	137,175	422,844	285,670
Total Claims	64,828,949	65,901,455	1,072,506
Provider Grant Program	0	833,333	833,333
Medical & Care Management Expense	2,231,732	1,879,295	(352,437)
Reinsurance	370,086	158,333	(211,753)
Claims Recoveries	14,956	(100,000)	(114,956)
Sub-total	2,616,773	2,770,961	154,188
Total Medical Costs	74,605,791	76,755,889	2,150,098
Contribution Margin	17,512,337	12,459,741	5,052,596
General & Administrative Expenses:			
Salaries, Wages & Employee Benefits	6,927,252	4,125,530	(2,801,722)
Training, Conference & Travel	16,363	156,894	140,531
Outside Services	2,131,685	2,373,767	242,082
Professional Services	801,541	654,345	(147,196)
Occupancy, Supplies, Insurance & Others	1,021,242	1,230,002	208,761
Care Management Credit	(2,208,253)	(1,879,295)	328,958
G&A Expenses	8,689,829	6,661,243	(2,028,586)
Project Portfolio	(791,524)	838,962	1,630,486
Total G&A Expenses	7,898,306	7,500,205	(398,100)
Total Operating Gain / (Loss)	9,614,032	4,959,536	4,654,496
Non Operating:			
Revenues - Interest	1,418,707	840,000	578,707
Expenses - Interest	0	0	0
Gain/Loss on Sale of Assets	0	0	0
Total Non-Operating	1,418,707	840,000	578,707
Total Increase / (Decrease) in Unrestricted Net Assets	11,032,739	5,799,536	5,233,203

STATEMENT OF FINANCIAL POSITION

	11/30/23	06/30/23
ASSETS		
Current Assets:		
Petty Cash	500	500
Cash - EFT	-	-
Cash - Operating Account	-	-
Cash - Payroll Checking Account	-	-
Cash - Claims Payment	(4,564,426)	(3,983,925)
Cash - Pharmacy Payment	1	1
Money Market Accounts - Investment	398,943,366	348,150,410
Money Market Account - Rabobank	-	-
Total Cash and Cash Equivalents	394,379,442	344,166,987
Total Short-Term Investments	97,314,324	95,269,796
Medi-Cal Receivable	147,815,421	96,222,357
Interest Receivable	(443,826)	462,872
Provider Receivable	218,836	422,995
Other Receivables	79,616	59,542
Total Accounts Receivable	147,670,046	97,167,766
Total Prepaid Accounts	10,203,004	5,545,603
Total Other Current Assets	135,560	135,560
Total Current Assets	649,702,376	542,285,711
Total Fixed Assets	8,572,283	9,224,593
Total Assets	\$ 658,274,659	\$ 551,510,304
LIABILITIES & NET ASSETS		
Current Liabilities:		
Incurred But Not Reported	\$ 96,284,901	\$ 84,436,777
Claims Payable	9,740,660	12,923,764
Capitation Payable	9,449,332	8,998,514
Physician Payable	33,812,170	31,865,385
AB 85 Payable	-	-
DHCS - Reserve for Capitation Recoup	22,732,221	10,411,049
Lease Payable- ROU	3,347,828	3,300,319
Accounts Payable	1,848,887	1,455,088
Accrued ACS	3,945,119	3,902,303
Accrued Provider Incentives/Reserve	19,738,930	17,427,573
Accrued Pharmacy	-	-
Accrued Expenses	7,568,948	7,559,682
Accrued Premium Tax	39,537,300	-
Accrued Interest Payable	-	-
Current Portion of Deferred Revenue	-	-
Accrued Payroll Expense	3,680,173	3,189,633
Current Portion Of Long Term Debt	-	-
Other Current Liabilities	-	-
Total Current Liabilities	251,686,469	185,470,089
Long-Term Liabilities:		
Lease Payable - NonCurrent - ROU	5,509,061	6,088,559
Deferred Revenue - Long Term Portion	-	-
Notes Payable	-	-
Total Long-Term Liabilities	5,509,061	6,088,559
Total Liabilities	257,195,530	191,558,647
Net Assets:		
Beginning Net Assets	359,951,657	176,617,059
Total Increase / (Decrease in Unrestricted Net Assets)	41,127,471	183,334,598
Net Assets	401,079,129	359,951,657
Total Liabilities & Net Assets	\$ 658,274,659	\$ 551,510,304

SCHEDULE OF INVESTMENTS AND CASH BALANCES

	Market Value*	
	November 30,	
	2023	Account Type
Local Agency Investment Fund (LAIF) ¹	\$ 41,662,203	investment
Ventura County Investment Pool ²	\$ 18,886,564	investment
CalTrust	\$ 36,765,557	short-term investment
Bank of West	\$ 389,613,410	money market account
Pacific Premier	\$ 4,765,530	operating accounts
Mechanics Bank ³	\$ -	operating accounts
Petty Cash	\$ 500	cash
Investments and monies held by GCHP	\$ 491,693,764	

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	FYTD 23-24
Local Agency Investment Fund (LAIF)						
Beginning Balance	\$ 40,693,939	\$ 40,968,210	\$ 41,289,868	\$ 41,289,868	\$ 41,289,868	\$ 41,289,868
Transfer of Funds from Ventura County Investment Pool	-	-	-	-	-	-
Quarterly Interest Received	274,271	321,658	-	372,335	372,335	\$ 372,335
Quarterly Interest Adjustment	-	-	-	-	-	-
Current Market Value	\$ 40,968,210	\$ 41,289,868	\$ 41,289,868	\$ 41,662,203	\$ 41,662,203	\$ 41,662,203
Ventura County Investment Pool						
Beginning Balance	\$ 18,651,150	\$ 18,720,399	\$ 18,720,399	\$ 18,803,482	\$ 18,803,482	\$ 18,803,482
Transfer of funds to LAIF	-	-	-	-	-	-
Interest Received	69,249	-	83,082	-	83,082	\$ 83,082
Current Market Value	\$ 18,720,399	\$ 18,720,399	\$ 18,803,482	\$ 18,803,482	\$ 18,886,564	\$ 18,886,564

RECOMMENDATION:

Staff requests that the Executive Finance Committee recommend approval of the November 2023 year-to-date financial package.

CONCURRENCE:

N/A

ATTACHMENT:

November Financial Package



AGENDA ITEM NO. 3

TO: Executive Finance Committee
FROM: Sara Dersch, Chief Financial Officer
DATE: January 18, 2024
SUBJECT: Reforecast of Fiscal Year 2023/2024 Operating and Capital Budgets

**PowerPoint with
Verbal Presentation**

ATTACHMENTS:

FY 2023/2024 Reforecasted Operating & Capital Budgets

Integrity

Accountability

Collaboration

Trust

Respect

Gold Coast Health Plan

FY 2023-2024 Reforecasted Operating and Capital Budgets

What We Are Talking About Today

1. Review actual financial performance July through November vs FY2023/24 Original Budget
2. Review Reforecast FY2023/24 assumptions
3. Risks and Opportunities to year-end projections

FY 2023-24 Fiscal Results thru November

Uncertainty drives fluctuations

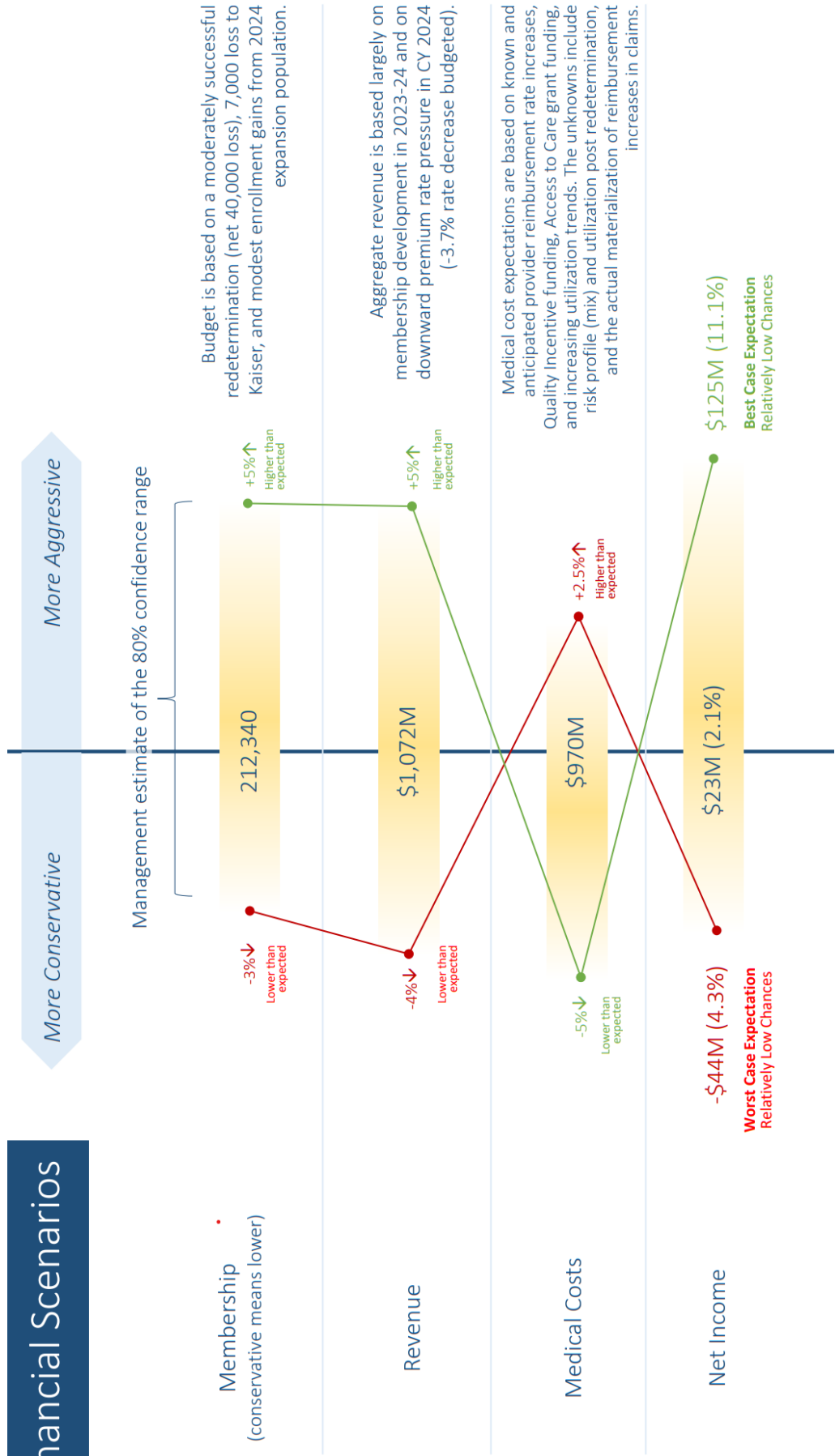
- Membership is favorable due in part to redetermination efforts
- Revenue is slightly lower than budget despite membership favorability in part due to member mix (we are paid less for healthier members)
- Medical Cost favorability of \$21.8M continues to illustrate our members are not receiving the maximum care available; provider collaboration to connect members with quality care remains our top priority
- Administrative expense is slightly higher than budget
- Net Income favorability will allow us to continue to strive towards our goal of providing not only maximum quality care when members need it, but also and provide new and innovative programs designed to proactively connect members with care

	YTD			Var Fav / (Unfav)
	Actual	Budget		
(\$Ms except pmpms & mm)				
Member Months	1,269,850	1,244,416		25,434
Revenue	\$ 437.6	\$ 438.0		\$ (0.4)
pmpm	\$ 344.58	\$ 351.96		\$ (7.38)
Non-Operating Revenue / (Expense)	\$ 6.9	\$ 4.2		\$ 2.7
pmpm	\$ 5.40	\$ 3.38		\$ 2.02
Medical Costs	\$ 358.8	\$ 380.6		\$ 21.8
pmpm	\$ 282.56	\$ 305.89		\$ 23.3
% of Revenue	80.7%	86.1%		
Admin Exp	\$ 36.3	\$ 33.2		\$ (3.1)
pmpm	\$ 28.58	\$ 26.71		\$ (1.87)
% of Revenue	8.2%	7.5%		
Project Portfolio	\$ 8.2	\$ 4.2		\$ (4.0)
pmpm	\$ 6.45	\$ 3.37		\$ (3.08)
% of Revenue	1.8%	0.9%		
Operating Gain/(Loss)	\$ 34.3	\$ 19.9		\$ 14.4
	\$ 26.99	\$ 15.99		\$ 11.00
Total Increase / (Decrease) in				
Unrestricted Net Assets	\$ 41.1	\$ 24.1		\$ 17.0
pmpm	\$ 32.39	\$ 19.36		\$ 13.02
% of Revenue	9.3%	5.4%		

FY 2023-24 Original Budget Projection

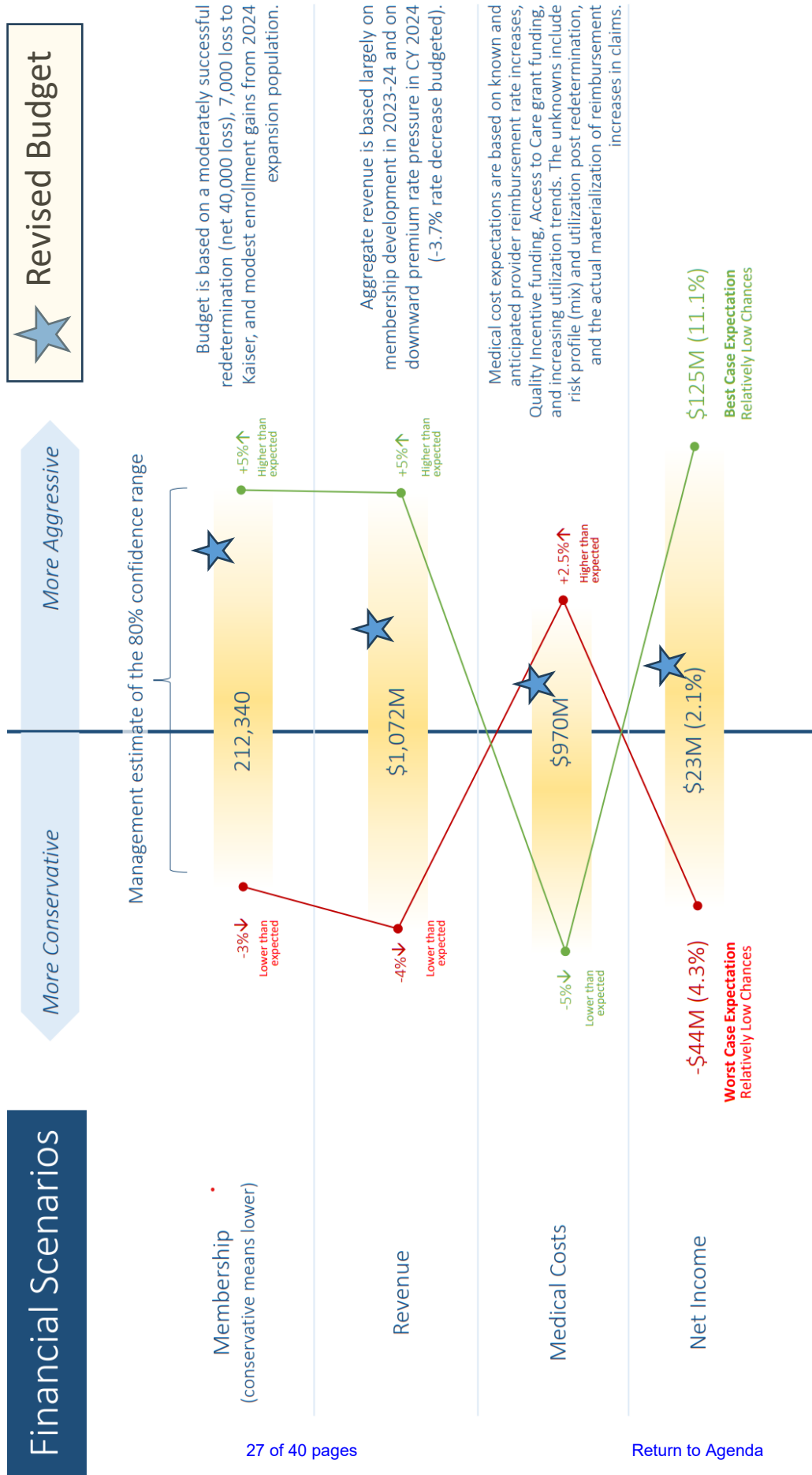
Variability in budget inputs lead to a spectrum of final results

Financial Scenarios



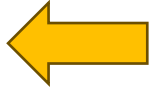
FY 2023-24 Reforecast

YTD results combined with Reforecast illustrate revised results on same spectrum



Reforecast Highlights

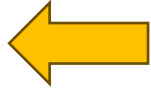
- Rate and membership increases boost revenue
- Quality remains a top priority
- Emerging IP experience trending up
- Targeted Rate Increase is budget neutral
- Administrative Expenses include Incentives and Quality Programs



FY NET GAIN

Original: \$22.6M

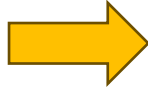
Revised: \$33.8M



TANGIBLE NET EQUITY

\$435M

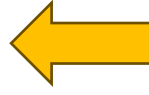
(1049% of 06/30/23 required minimum)



MEDICAL LOSS RATIO

Original: 87.2%

Revised: 85.0%

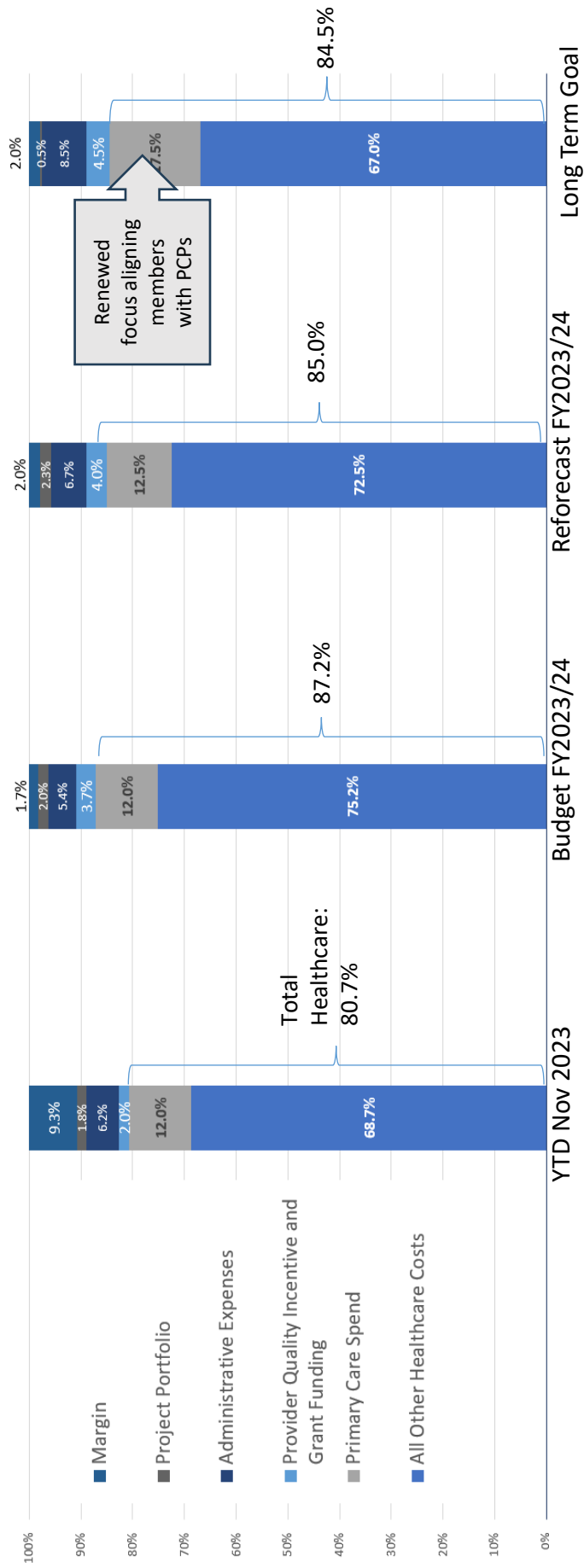


ADMINISTRATIVE RATIO

	<u>Budget</u>	<u>Reforecast</u>
Total:	11.6%	13.0%
Quality/Incentives:	3.7%	4.0%
Core:	5.9%	6.7%
Project Portfolio:	2.0%	2.3%

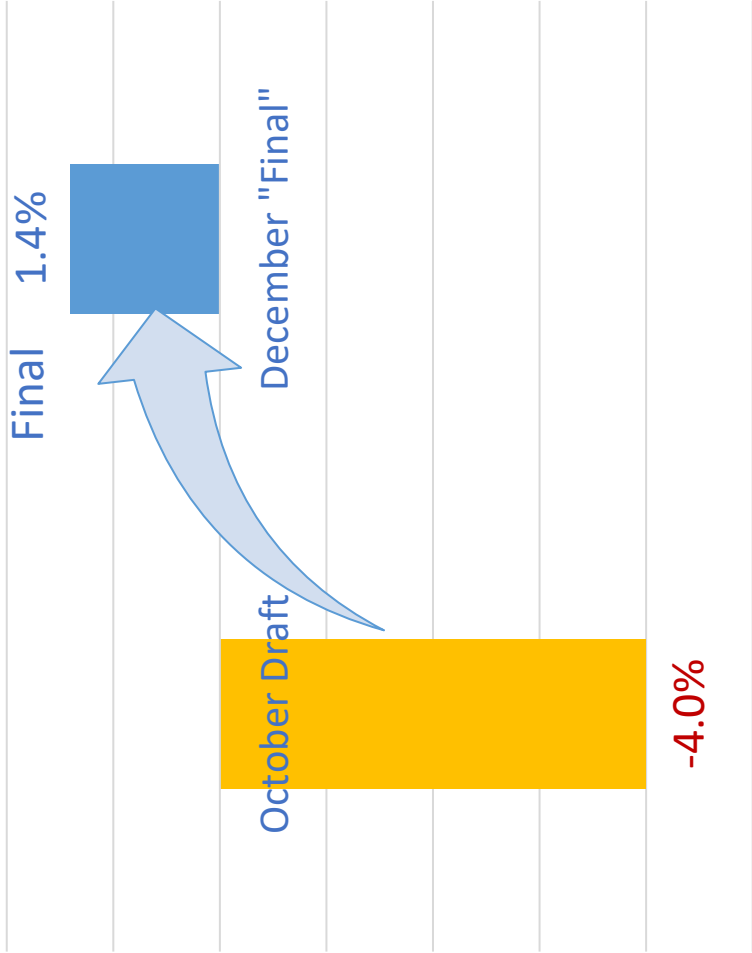
Composition of GCHP's Major Expenditure Components

Becoming a Quality Leader
Through Investments in Primary Care and Provider Quality Incentives



Gold Coast Health Plan CY2024 Rates

Premium Rates – Change from Draft to



- DHCS and Mercer set Managed Care Plan (“MCP”) Medi-Cal Premiums (“Rates”) based on claims and encounter data submitted by MCPs through the Rate Development Template (“RDT”) process.
 - Rates are set on a calendar year basis.
 - Data in the RDT are on a two-year lag.
 - DHCS/Mercer trend data forward and apply other assumptions and factors to forecast spend.
 - MCPs receive draft rates in October for the following year (e.g., October 2023 for CY2024). Rates are sent as “final” in December.
 - Advocacy the priority between October and December.
 - Successful advocacy = -4.0% → 1.4% (after accounting for the ‘pass through’ Targeted Rate Increase, “TRI”).
 - TRI = provider rates can be no less than 87.5% of Medicare fee schedule. In the “final” rates, the State will fully-funded TRI increases.
 - GCHP and LHPC Advocacy: TRI, population acuity post-redetermination, post-PHE increase in utilization.

What Has Changed: Revenue

Headline: Revenue increase \$67M as a result of new premium rates combined with Targeted Rate Increase (TRI) offset by expansion of younger under-documented members

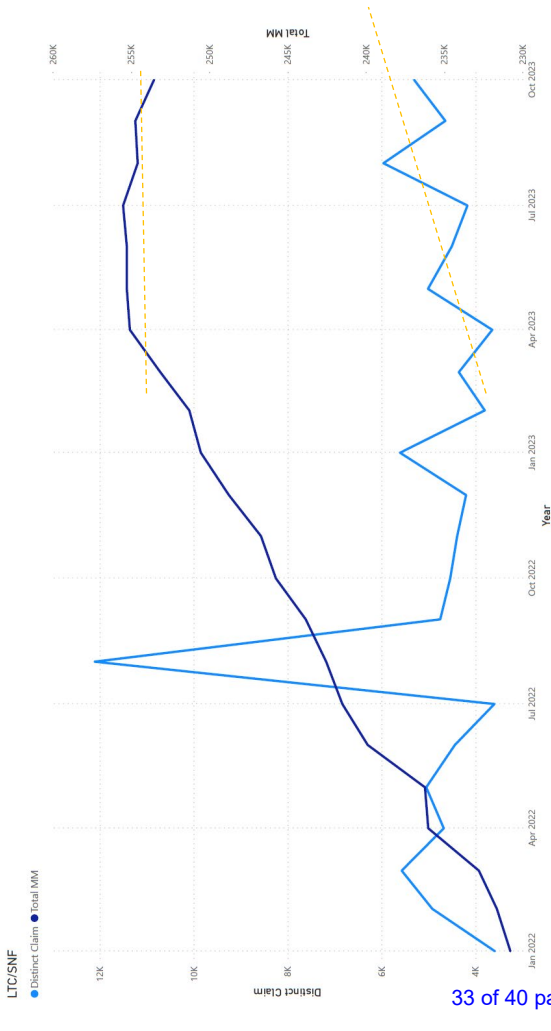
- 2024 premium rate increases attributed to both member mix and Gold Coast's advocacy account for \$20M increase in revenue
- Targeted Rate Increase accounts for increase of \$29.8M
- Other revenue increases of \$19M attributed to higher-than-projected year-end membership: 228K in the reforecast vs 214K in the Original Budget
- Original Budget: \$0.975B (net of premium tax)
- Reforecast: \$1.042B

What Has Changed: Medical Costs

Headline: Emerging experience, Acuity of Transitioning Population, Targeted Rate Increase contribute to overall increase of \$35.8M in medical costs

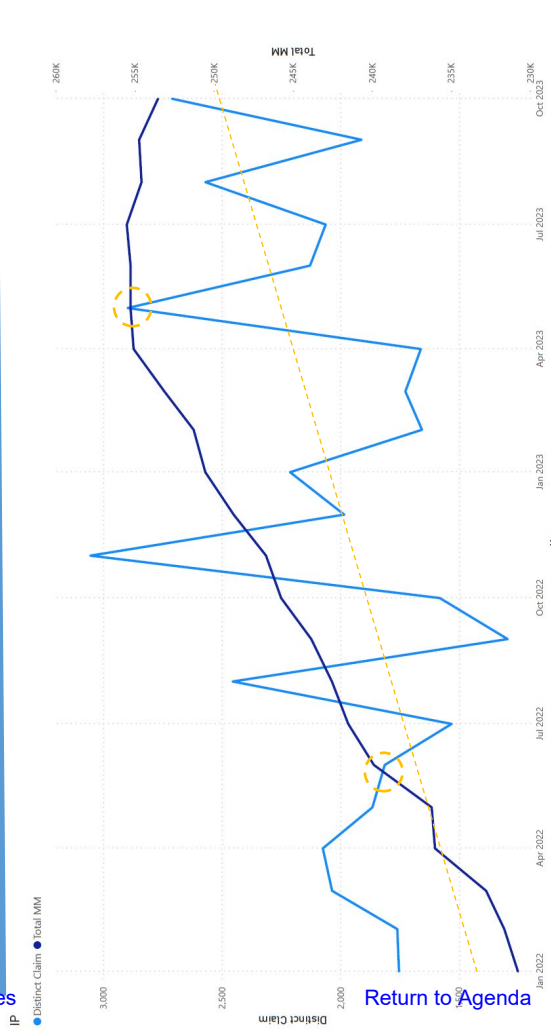
- Targeted Rate Increase impacts Outpatient and Specialty medical costs but are offset by approximate increase in revenue (TRI is “net neutral”)
- Long-Term Care increase of \$26.9M driven by YTD utilization and revised rates not contemplated in the Original Budget
- Increase in Transportation benefit spend of \$4.5M driven by need for improved (timely, accurate, member-centric) service
- Original Budget: \$850.1M (net of premium tax)
- Reforecast: \$886.0M

Emerging Experience in Key Areas



Long-Term Care and Skilled Nursing Utilization

- Utilization is trending up as membership flattens April through October



Respiratory-related Inpatient Utilization

- Utilization is trending up going back to January 2022, inline with membership increase through April 2023 and remaining consistent through October 2023
- June 2023 volume is double June 2022 volume while membership is only about 11%, indicating resurgence in Covid, RSV, and pneumonia

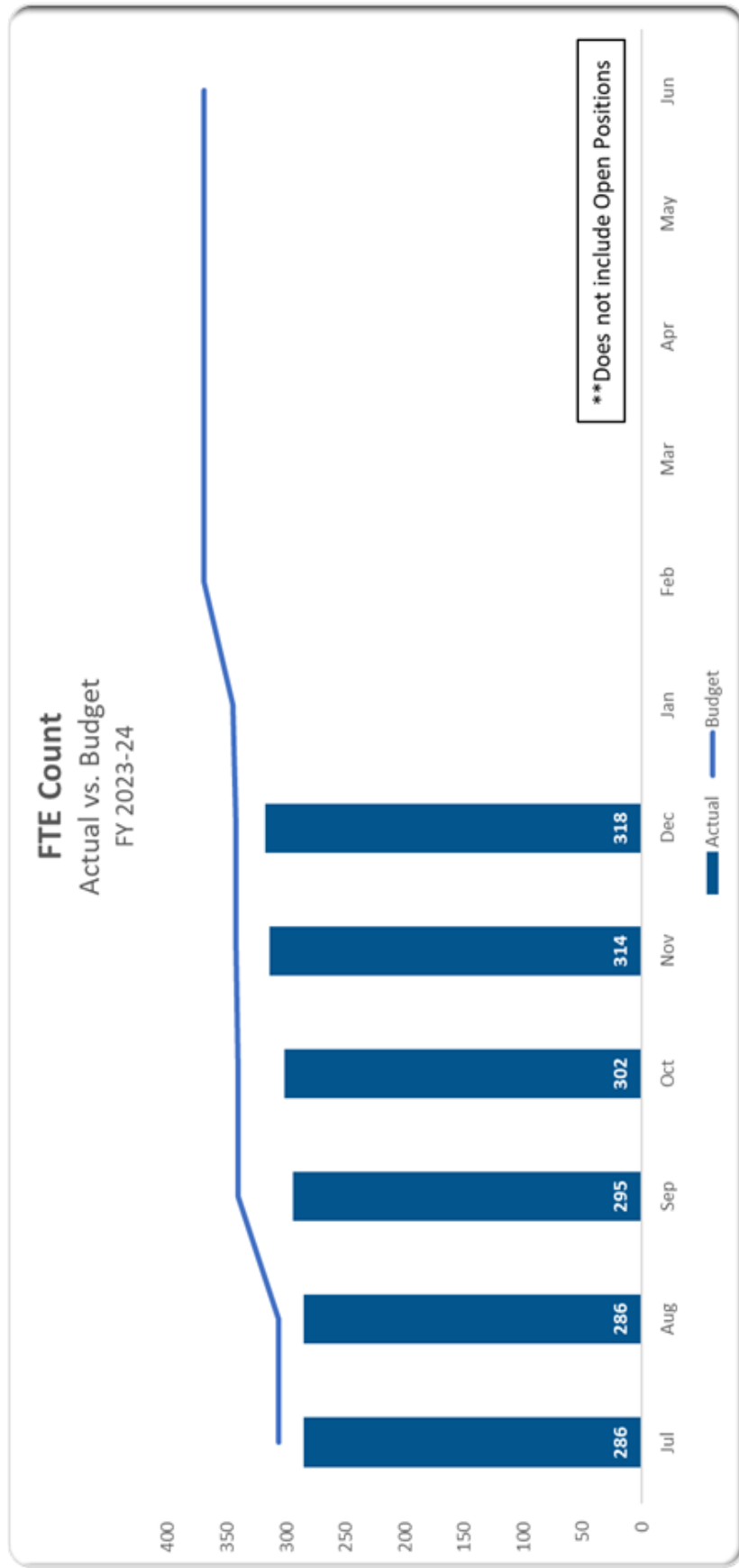
What Has Changed: Administrative Expense

Headline: Actual results continue to approximate budget, so minimal changes contemplated in core expense reforecast; Operations of the Future set aside of \$10M

- Operations of the Future receives funding to allow for additional enhancements and flexibility in the delivery of the systems and infrastructure investments
- Wellth spending increases by \$1.6M (Commission-approved) as result of unprecedented year-to-date success
- MCAS-related incentives increased as a result of success of Commission-Approved 2023Q4 outreach push
- Quality spending for Managed Care Accountability Set programs increases by \$300K
- New Diabetes Management Program adds \$100K to reforecast
- \$340K added for DSNP readiness (over and above the \$250K in the Original Budget)
- Seeking approval for \$150K to fund continuation of Pajaro resource for Organization Transformation Project

FTE Count by Month

Our unfilled position rate is currently running around 7%; the reforecast reflects this adjustment



Major Risks and Opportunities

Risks

- Targeted Rate Increase utilization higher than projected
- Higher IP or LTC/SNF utilization than projected
- Extension of legacy infrastructure past July 1, 2023

Opportunities

- Earlier recognition of efficiencies related to Project Portfolio
- Continued Rate Advocacy resulting in retroactive premium increases

FY 2024/2025 “First Look”

Headwinds

- Impact of Kaiser membership
- Additional TRI-eligible services

Tailwinds

- Continued Rate Advocacy could result in higher rates by Category of Aid
- Emerging utilization lower than expected

Appendix

Rate Development Methodology

- Rates are determined by “Categories of Aid” cohorts and are currently based on a Managed Care Organization’s historical medical cost experience (delineated at the “Categories of Service” level)
- Additional factors are layered in once the initial rates are calculated:
 - Utilization trends not in historical utilization but expected in the rate year
 - Immigration documentation status
 - Resumption of redetermination acuity impacts
 - Targeted Rate Increase (TRI) legislation added by Assembly Bill 118 calls for rate increases for specific utilization in primary care, obstetric, and non-specialty mental health services
 - New rates are set no less than 87.5% of the Medicare rate
 - Note: the State has fully-funded TRI increases
 - New funding for undocumented immigrants aged 26-49

Questions?

Staff requests that the Commission approve the Fiscal Year 2023-2024 Revised Operating Budget