



**Gold Coast
Health Plan**SM
A Public Entity

April and May 2021 Financial Statements

June 24, 2021

Kashina Bishop
Chief Financial Officer

Integrity

Accountability

Collaboration

Trust

Respect

Financial Overview:



APRIL NET GAIN \$ 4.7 M

MAY NET GAIN \$ 4.5 M



FYTD NET GAIN \$19.4 M



TNE is \$96.7 M and 226% of the minimum required



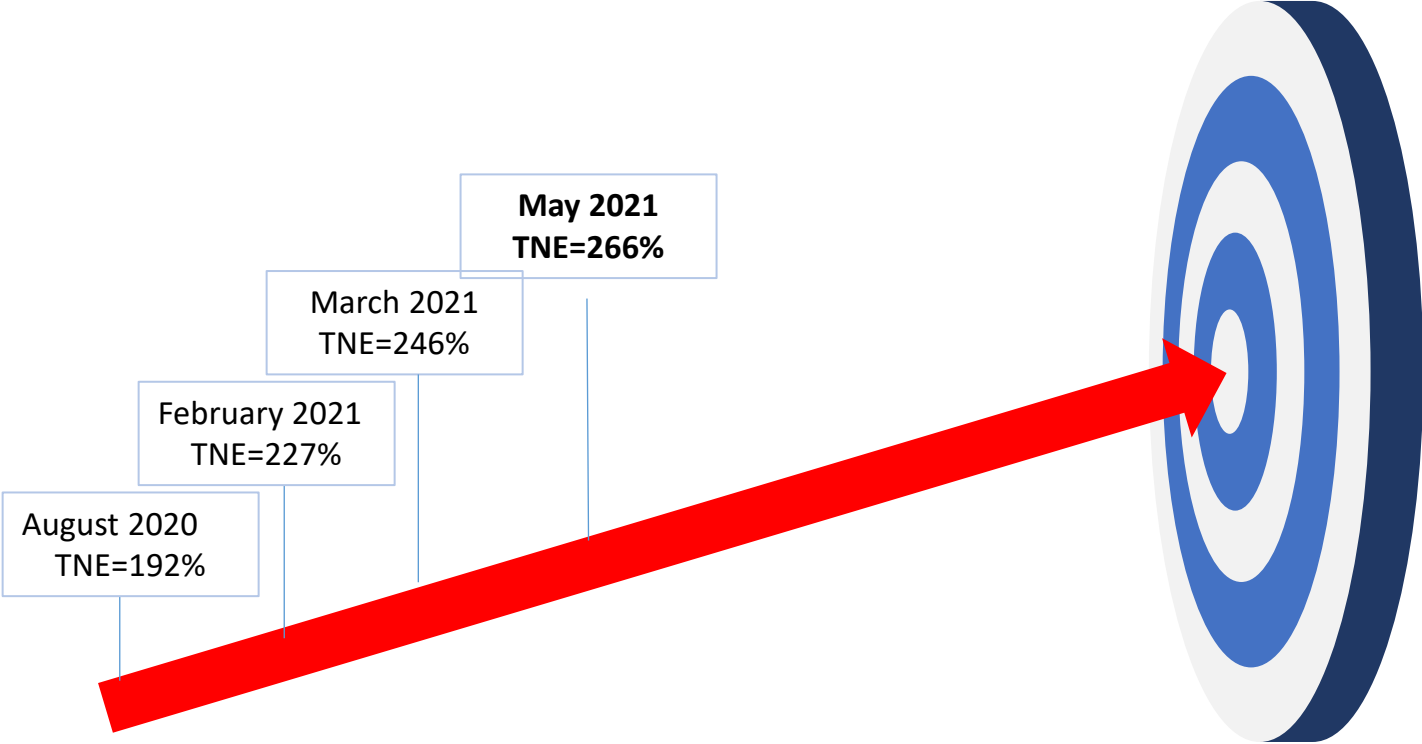
MEDICAL LOSS RATIO 92.3%



ADMINISTRATIVE RATIO 5.4%

Solvency Action Plan

Target: TNE % = 400-500% of Required

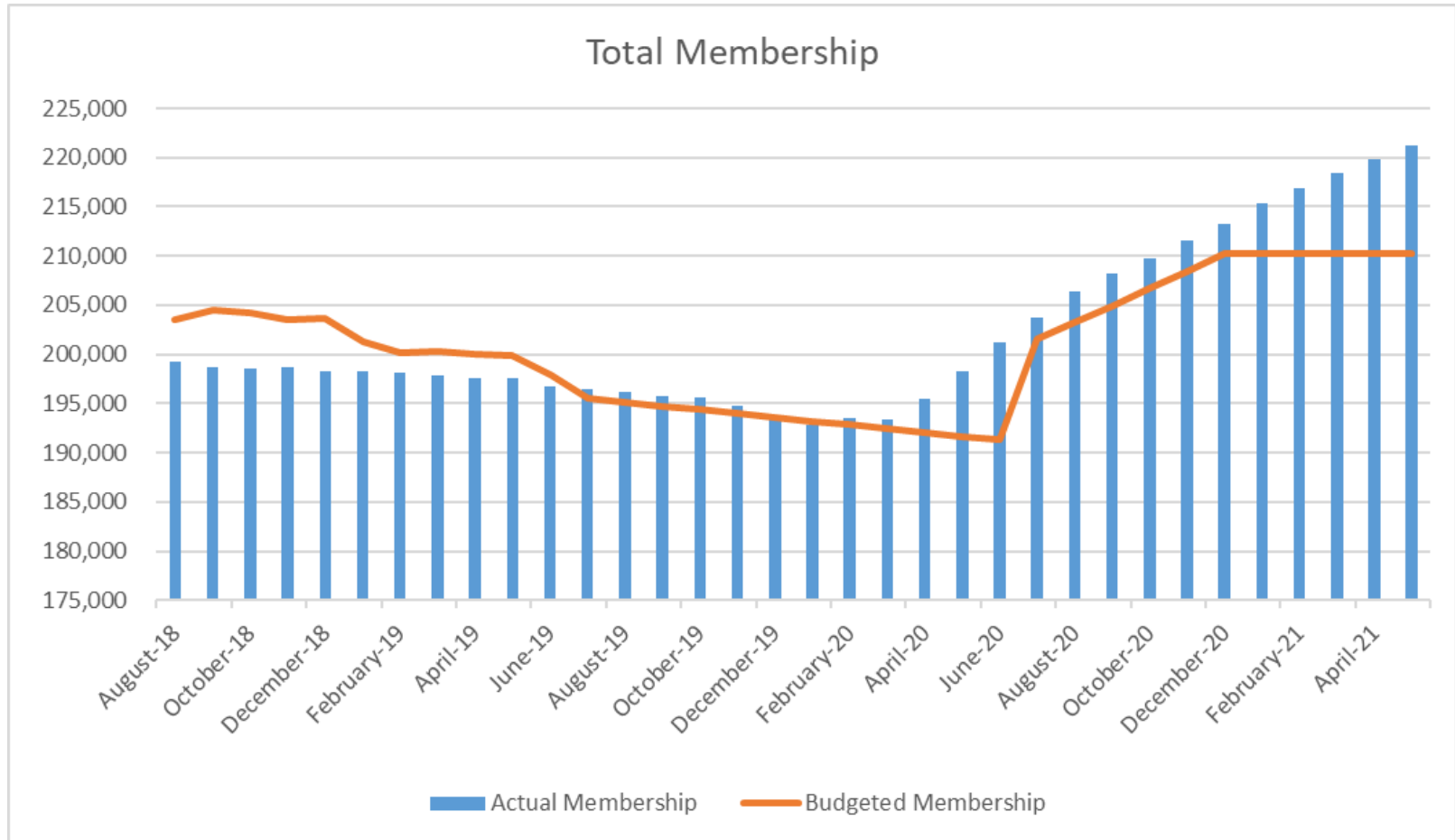


Revenue

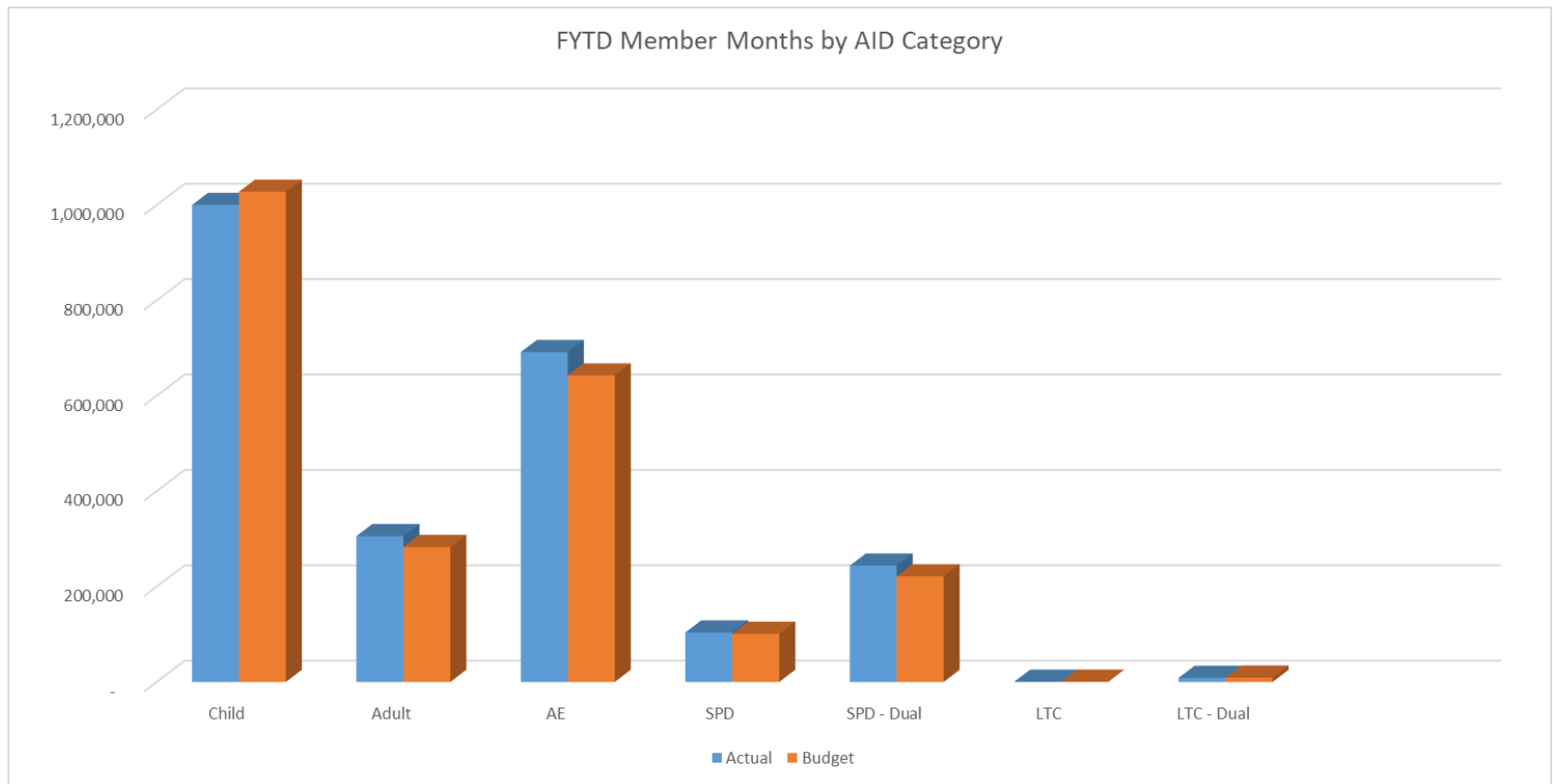
Net Premium revenue is \$836.8 million, over budget by \$107.3 million and 15%.

- Revenue for Proposition 56 is \$25.3 million.
- Revenue for the pharmacy add on is \$68.9 million.
- Increase in revenue related to FY 19-20.
- Favorable CY 2021 rates.

Membership trends



Membership trends



Medical Expense

FYTD Health care costs are \$772.6 million and \$80.6 million over budget. Medical loss ratio is 92.3%, a 2.6% budget variance.

- Directed payments over budget by \$24.4 M.
- Pharmacy expense over budget by \$64.5 M.
- COVID related increases to lab and radiology, home and community-based services, long term care, and mental and behavioral health services are offsetting savings. Medical expense in line with budget in aggregate.

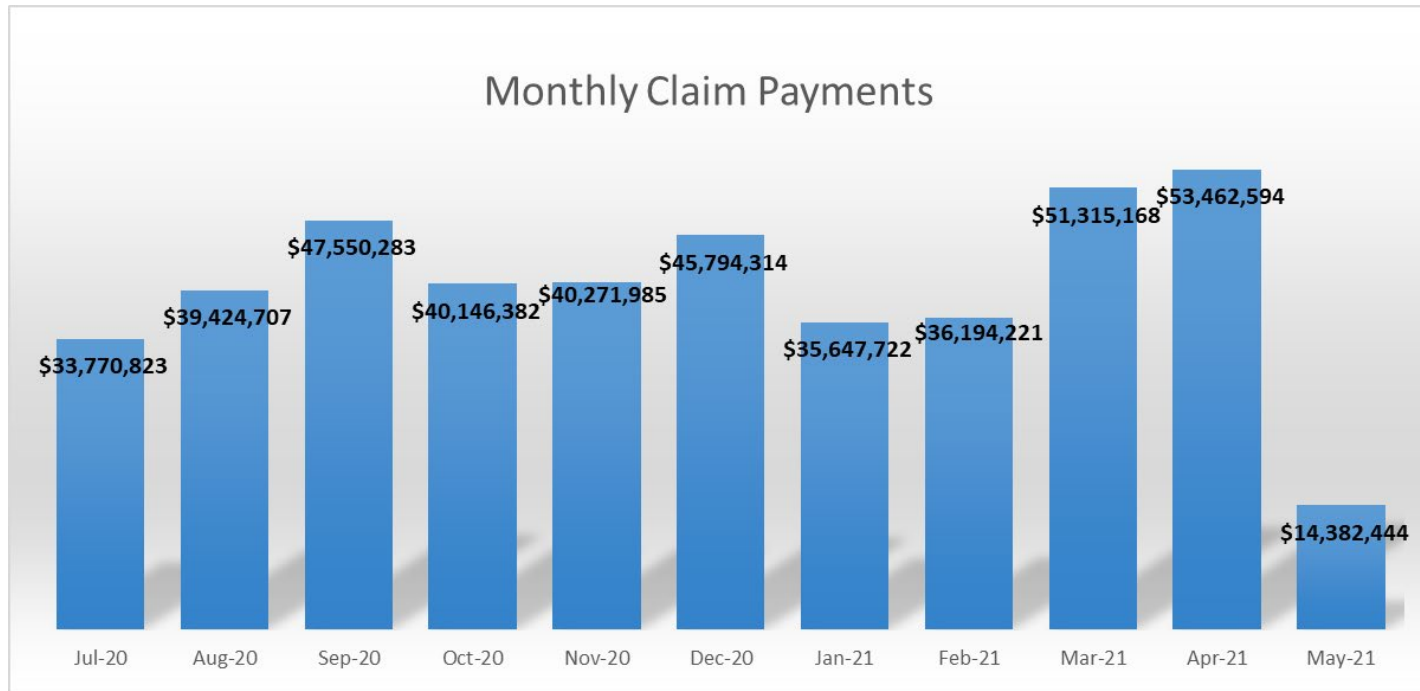
Incurred But Not Paid (IBNP) Medical Expense Reserve

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.

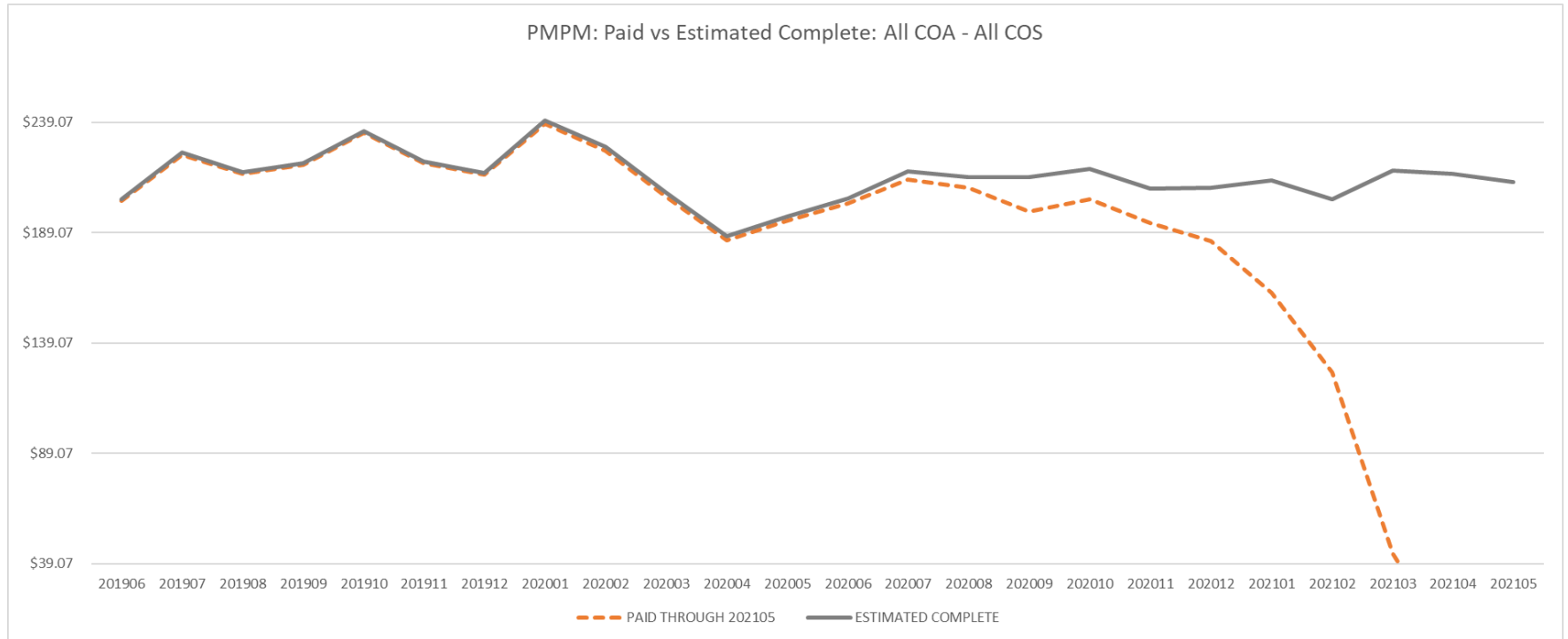
Incurring But Not Paid (IBNP) Medical Expense Reserve – post system conversion

Accurately calculating the reserve becomes more challenging:

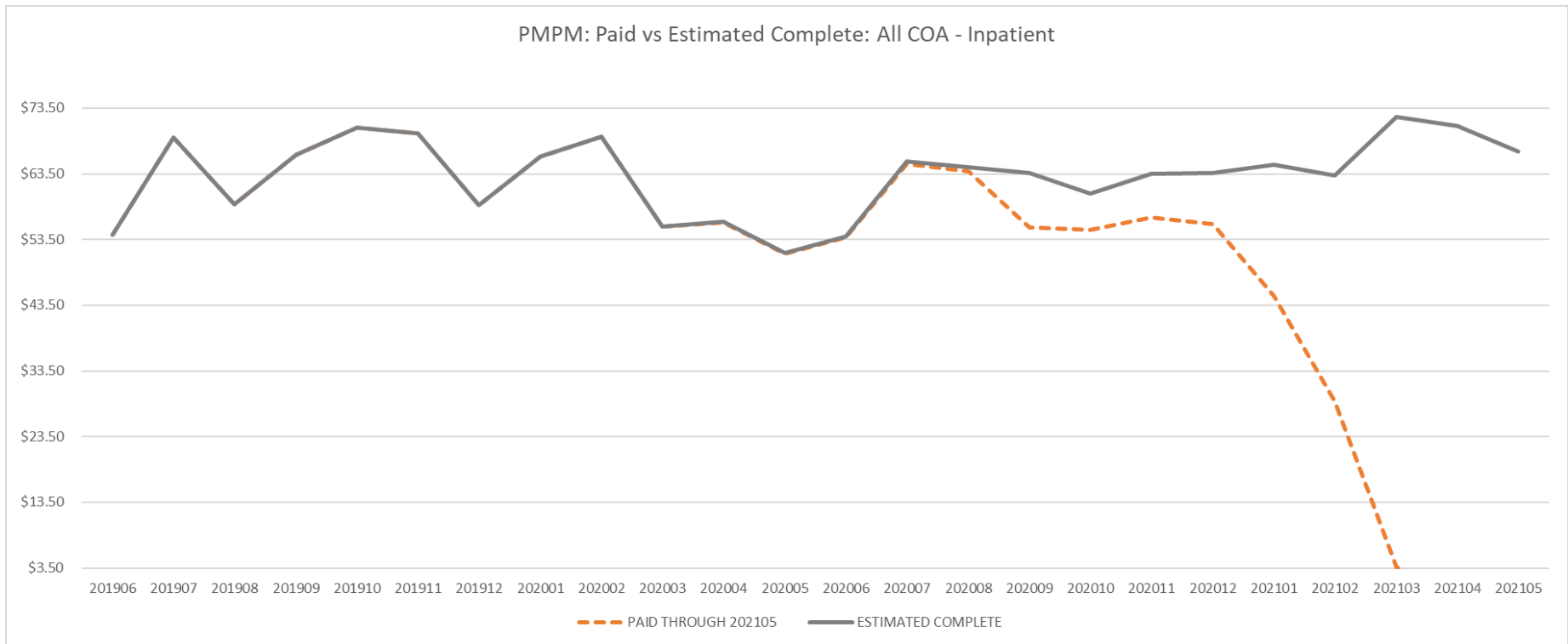
1. Historical lag between when a service is performed and when the claims is paid is disrupted
2. Do not have an accurate data file



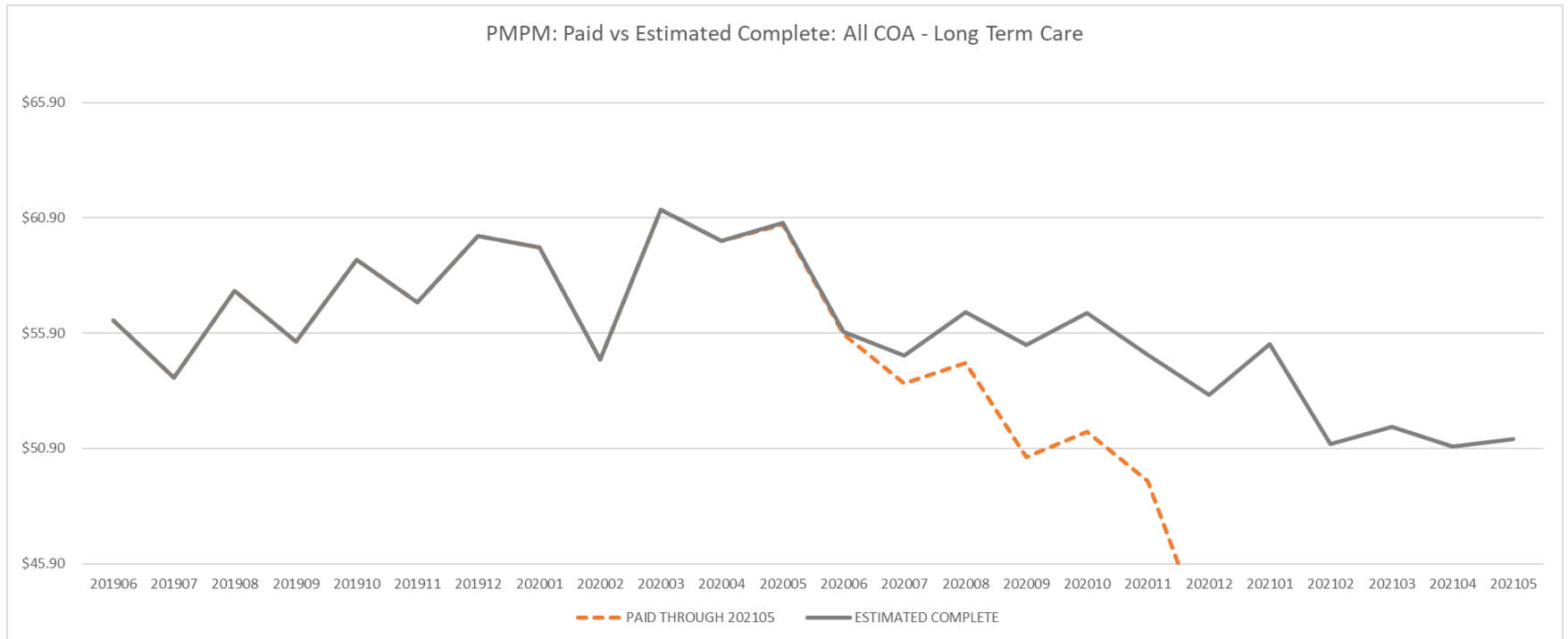
Incurring But Not Paid (IBNP) Medical Expense Reserve



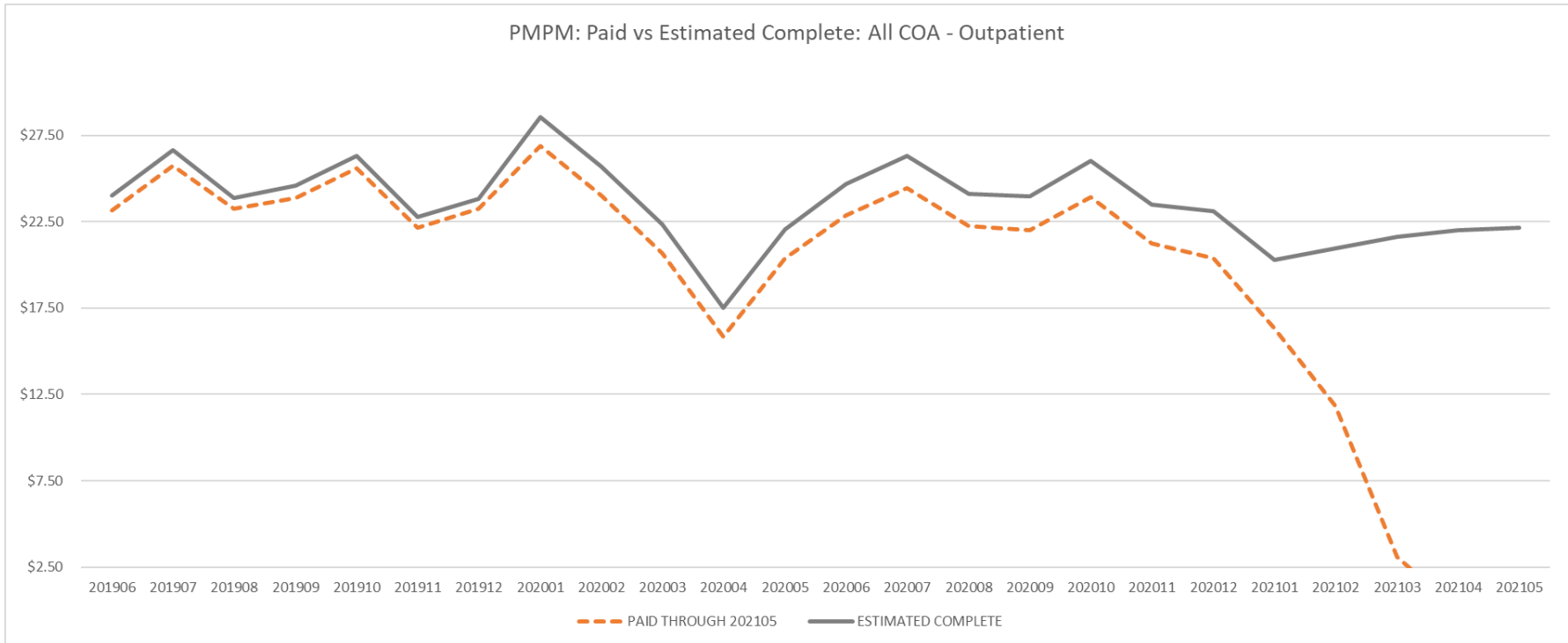
Inpatient Medical Expenses: Under Budget by \$6.1 Million (4%)



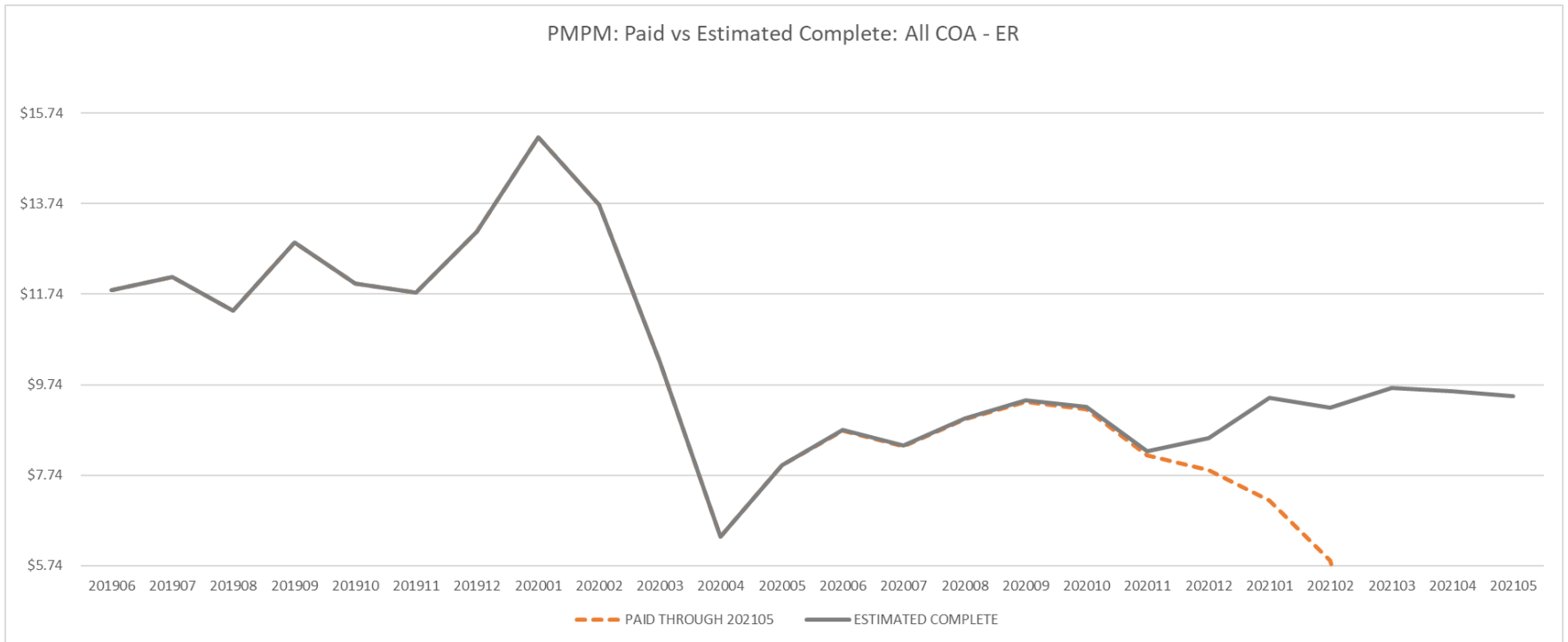
Long Term Care Expenses: Over budget by \$4.5 million (4%)



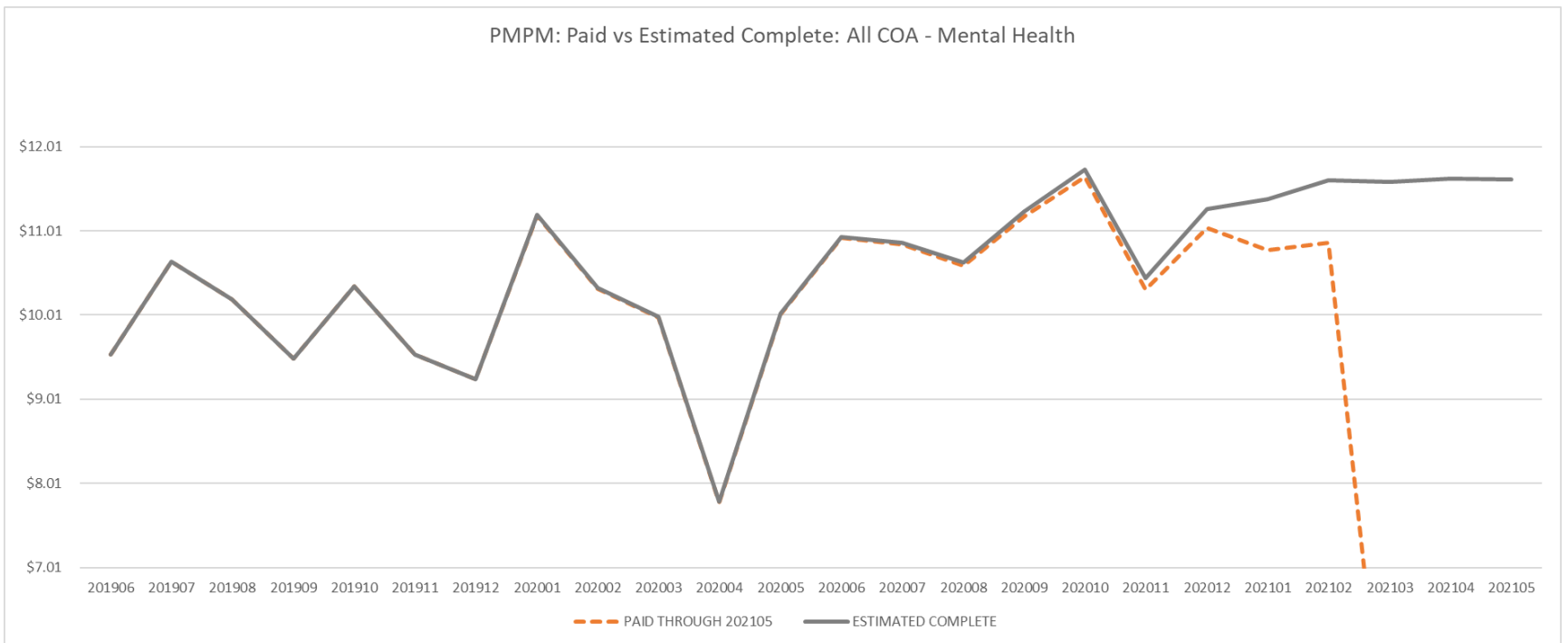
Outpatient Expenses: Under budget by \$7.1 million (12%)



Emergency Room Expenses: Under budget by \$9.0 million (30%)



Mental and Behavioral Health: Over budget by \$4.1 million (18%)



Financial Statement Summary

	<u>April 2021</u>	<u>May 2021</u>	<u>FYTD</u>	<u>FYTD Budget</u>	<u>Budget Variance</u>
Net Capitation Revenue	\$ 79,872,414	\$ 79,921,216	\$ 836,839,263	\$ 729,567,587	\$ 107,271,676
Health Care Costs	70,656,935	71,397,888	772,624,873	692,032,153	80,592,719
Medical Loss Ratio			92.3%	94.9%	
Administrative Expenses	4,517,505	4,004,772	45,243,546	50,598,694	(5,355,148)
Administrative Ratio			5.4%	7.3%	
Non-Operating Revenue/(Expense)	44,742	(21,119)	431,636	825,000	(393,363)
Total Increase/(Decrease) in Net Assets	<u>\$ 4,742,717</u>	<u>\$ 4,497,439</u>	<u>\$ 19,402,482</u>	<u>\$ (12,238,260)</u>	<u>\$ 31,640,742</u>
Cash and Investments	\$ 201,367,629				
GCHP TNE	\$ 96,725,751				
Required TNE	\$ 36,319,606				
% of Required	266%				

Questions?

Staff requests the Executive Finance Committee recommend approval of the unaudited financial statements for April and May 2021.