

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

Executive Finance Committee

Special Meeting

Thursday, February 22, 2024 – 3:00 p.m.

711 E. Daily Drive, Suite 110 Camarillo CA. 93010

Community Room

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

Conference Call Number: 805-324-7279

Conference ID Number: 356 415 131#

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

233 Corte Linda
Santa Paula, CA 93060

VCHCP
2220 E. Gonzales Road, Suite 210B
Oxnard, CA 93036

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

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

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

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

CONSENT

- 1. Approval of Executive Finance Committee regular meeting minutes of January 18, 2024 and special meeting minutes of February 1, 2024.**

Staff: Maddie Gutierrez, MMC, Clerk to the Commission

RECOMMENDATION: Approve the minutes as presented.

FORMAL ACTION

- 2. Notice of Non-Award, Lot 2 Request for Proposal Number GCHP05012023, Lot 2, Mailroom Services**

Staff: Alan Torres, Chief Information & System Modernization Officer
Paul Aguilar, Chief of Human Resources & Organization Performance Officer

RECOMMENDATION: It is the Plan's recommendation that the Executive Finance Committee recommend that the Ventura County Medi-Cal Managed Care Commission approve continuing these services with Conduent for six, (6) months for an amount not to exceed \$650,000 and reject all bids and notify the bidders of a non-award of this contract.

- 3. Contract Approval - Edifecs Change Order - Encounter Management & Smart Trading Cloud 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 Commission authorize the CEO to execute a contract with Edifecs Inc., to include the additional work associated with the licensing and implementation of Edifecs Encounter Management and Smart Trading Cloud software. The term of the change order/contract will be 4-6 months of implementation and 5 years of production commencing March 1, 2024, and expiring on February 28, 2029, for an amount not to exceed \$4.7M.

- 4. FY 2023-24 Financial Update – December 2023 YTD**

Staff: Sara Dersch, Chief Financial Officer

RECOMMENDATION: Staff requests that the Commission approve the December 2023 financial packages.

CLOSED SESSION

5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

6. 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: February 22, 2024

SUBJECT: Meeting Minutes for regular Executive Finance Meeting of January 18, 2024, and special meeting minutes of February 1, 2024

RECOMMENDATION:

Approve the minutes.

ATTACHMENTS:

Copies of the Executive Finance Committee regular meeting minutes of January 18, 2024, and special Executive Finance Committee meeting minutes of February 1, 2024.

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

January 18, 2024

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 3:09 p.m. The meeting was held in the Bell Canyon Conference Room, 770 Paseo Camarillo, Second Floor Camarillo, California.

ROLL CALL

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

Absent: Commissioners Laura Espinosa, and Jennifer Swenson.

GCHP Staff in attendance: CEO Nick Liguori, CHR Paul Aguilar, CPPO Erik Cho, CIO Eve Gelb, CCO Robert Franco and General Counsel, Scott Campbell.

PUBLIC COMMENT

None.

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.

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

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

NOES: None.

ABSENT: Commissioners Laura Espinosa, and Jennifer Swenson.

The clerk declared the motion carried.

Commission Chair, Dee Pupa stated there were two formal action items, and they will be presented together.

FORMAL ACTION

Chief Executive Officer, Nick Liguori, stated he will be reporting on the reforecast and the November financials. He noted that the November year-to-date financials are worked into the budget materials for the reforecast.

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.

CEO Liguori stated that the Commission has adopted a practice to receive a report on a budget reforecast and update on budget to actual performance mid-year. This will continue going forward. It will be a practice going forward. He noted that it improves transparency with the Commission, and it allows us to monitor our financial performance. CEO Liguori stated the reforecast is based on developments that are clear since the budget approval in June of 2023.

CEO Liguori stated there is a period of uncertainty that would begin this fiscal year and continue for an indefinite period. The uncertainty was created by a number of factors.

Redetermination has restarted this year after a three-year suspension due to the PHE. Our membership was not familiar with the practice of renewal requirements. Revenue was also an uncertainty because we are paid by the State on a per member per month basis. Also, after three years of robust supplemental federal funding during the PHE and the end of the PHE, there is a return to state level obligations to fund Medi-Cal.

He noted that during the PHE nearly all Medi-Cal managed care plans in this state boosted reserves because of the suspension of disenrollment for the past three years. There was a retention of a healthier population than normal for Medi-Cal, and therefore a healthier insurance pool meant larger margins for that period. The State was aware of that and tracked reserves on a quarterly basis. We do expect to see a decrease of our premium rates per member per month by 3.7%.

In the original budget we went with specific membership revenue, medical costs, and net income to build a comprehensive budget around those things. Management also provided a confidence range in which, even with this uncertainty, we could predict where performance would be across all dimensions, membership revenue, medical cost, and net income.

CEO Liguori reviewed the financial scenarios for the original budget projection. These scenarios included conservative and aggressive ranges. He then reviewed the 2023/24n Reforecast financial scenarios. He stated that the State sets rates on a calendar year basis and we now know our calendar year rates, and they are final.

CEO Liguori stated that our reforecast is in line with management's original expectation, despite the uncertainty we are experiencing and that we anticipated. He reviewed our premium rates and how they developed. He noted that every medical plan submits data to the State through a process known as the rate development template. The state gets that information in the Spring and then processes that information along with a number of assumptions, new program considerations, trends, and they determine the rate based on core actual experience. As expected, rates went down. Rates were finalized in December. Rates came in at -4%, we had predicted -3.7%.

CEO Liguori stated that this year, for the first time GCHP active and advocated as an independent health plan. We are becoming expert in our data, and we can make a strong advocacy case to ensure sound adequate rates for the risk that we take on. He noted that the final rates were reported as 1.4%, the actual final rates were higher than this, but the increment above the 1.4% is a pass through for a program known as the targeted rate increase effective in 2024, where provider rates can no less than 87.5% of the Medicare fee schedule. GCHP, along with other health plans must lift up the reimbursement for some providers that are not at that level now. GCHP got the State to agree to pay for the targeted rate increase entirely, since the pass through. GCHP rates going into 2024 are up 1.4% from 2023. This is an improvement of nearly \$60 million.

Commissioner Abbas asked what happens to the pass-through amount and who gets it. CEO Liguori stated any of our providers who are not currently reimbursed at a rate equal to or greater than 87.5% of Medicare will receive that amount. Commissioner Corwin asked if it was effective in 2024, he thought it was effective in 2025. CEO

Liguori stated it is effective now. Based on our per capita rates, we can improve upon initial draft rates.

CEO Liguori stated there is a risk that members who are eligible for services may not enroll due to the difficult redetermination process. To mitigate these risks and maximize those eligible for Medi-Cal we have partnered with the Human Services Agency to ensure members are aware of the requirements and are supported through the application process. We have contracted with community-based organizations to reach our members and give them the support they need. He noted that 77% of our membership has been retained. We also have more members than we expected due to successful redetermination efforts, and our per member per month rates are higher.

CEO Liguori reviewed the summary of the reforecast noting that because of our membership being higher, and our rates being higher we expect that our original expectation of \$23 million is now expected to be approximately \$34 million. This will contribute to continued growth in our reserves.

CEO Liguori noted our medical expense ratio went from the original percent of 87.2% to a revised percent of 85%. He stated that it is not a true loss. We are here to make sure our members get access to services needed, so it is not technically a loss to us. The reason for the percentage drop is because the membership mix has changed because of redetermination, we are keeping a smaller group of healthier members than what was originally analyzed in the original budget.

The contract with DHCS and all Medi-Cal managed care plans started January 1, 2024. One of the contract requirements is that health plans maintain a medical expense ratio of 85% or higher and any annual medical expense ratio that is below 85% the state will withhold going forward through capitation in premium rates and will recoup the equivalent amount of premium. CEO Liguori reviewed administrative expenses. He also noted that the project portfolio investment in the reforecast is slightly higher. CEO Liguori emphasized that the finance team and all the executives will manage our business with discipline and efficiency.

Commissioner Espinosa arrived at the meeting at 3:33 p.m.

CEO Liguori moved onto the presentation of supplemental materials. This supplemental material has an important update on the reserves of medical managed care plans. GCHP had 750% in reserves or TNE. He noted that four years ago GCHP was at the bottom with reserves after three years of cumulative losses of approximately \$80 million. Our reserves were at approximately 200%. We have improved our reserves. The accelerated increase in reserves was because GCHP had not increase provider reimbursement rates, we also had a large population of healthy members that had other health insurance (per DHS) and would not have normally

qualified for Medi-Cal but remained enrolled because of the suspension of disenrollment requirement for the enhanced federal funding. GCHP took discipline steps over the past three years to improve its financial position. We are not at 1125% of the requirement. Any growth in reserves will now stabilize. We are now expecting \$33 million as opposed to the \$180 million margin from last year. CEO Liguori noted that there are two concerns: any percent of required reserve that is over 1100 to 1200% and above is at risk for an audit by DHCS. These funds remain at risk, and we do not want to be there. We are advocating to get additional premium increased so that we can bring more money to Ventura County to meet the needs of our members and to protect those funds and ensure the funds stay within the County and not subject to audit.

CEO Liguori stated that the Commission approved our plan to manage reserves above 700%, which we believe is an adequate amount to reserve for long term future. Anything above that amount is free surplus, which continues to grow. The Commission approved a plan to manage Free Surplus so we could ensure that the Plan would operate long term. We also want to make sure our members are incentivized, engaged in care, and that there is the necessary funding to sustain the work to provide care and services needed.

We are looking to ensure approximately \$34 million for our providers and an additional \$25 million grant to improve access to care and support providers. We would like to continue the programs. And enhance the programs. We are evaluating how to address reimbursement rates, and updated opportunities across our provider network.

We propose an April timeframe as part of our planning for the future budget and review our plan for spend down of some of our surplus via funding to providers that will improve value and quality and address equity across our network.

Commissioner Swenson joined the meeting at 3:46 p.m. via Teams

Commissioner Abbas asked how the spend down funding will be allocated. The leadership team is developing plans and will present for approval in April. Commissioner Espinosa asked how equity will be monitored. CEO Liguori stated that for comparable services we want to make sure that there is equity in how one provider is reimbursed, compared with another. We intend to make sure all our providers have adequate funding to provide the care and services that our members need. We will look at how we pay for care. We still need to work on increased reimbursement for primary care, specialty care and behavioral healthcare. We will evaluate equity and report to the Commission. We are also looking at MCAS scores and targeted services. We need to be providing more services as part of our incentive program. There are certain populations where we are not meeting the scores or standards that the state

wants us to, so as a priority when we are looking at incentives and special programs, we target those populations.

When looking at our measures by which we are held accountable by the state, we can achieve all those measures through regular member engagement in primary, specialty, and behavioral care in an outpatient setting. We want to get more funding into care for our members and we need to present our plans for review and approval from our Commission as part of a budget process.

We want to increase the amount of funding that is available for quality performance by our providers, and as this grows the pool grows too. Our rates are increasing, and the funding is increasing. Along with the increase in percentages, there is a growing pool of revenue. Over time we expect to get to and maintain the standard of operational efficiency, administrative expenses set by the state and return to an annual margin performance that is in line with what the state accounts for in premium development. We want to invest in the delivery system more and we want to focus on primary, specialty, and behavioral healthcare which aligns with our quality imperatives.

Commissioner Corwin noted that there has been a lot of work being done, he cannot imagine that TNE is still at 1125%. CEO Liguori stated that he will now review November year to date financial performance. He noted that medical costs year to date for November were \$358.8 million we had budgeted \$380.6 million. The variance is due to retaining more members because of redetermination efforts, those members are healthier and have lower healthcare costs. Our Medical Loss Ratio is now 80.7% but we expect to end at 85% due to the work that we have done to increase reimbursement rates. CEO Liguori stated that our quality investments and other investments that we are making have not yet fully materialized yet but will as the year progresses. We expect to see all our efforts to improve funding for our providers to shup up in a greater way in the latter part of the year.

CEO Liguori noted that our membership is favorable due to redetermination. Commissioner Espinosa stated she had attended a meeting with Ventura County Behavioral Health and the numbers they showed stated 269,000 eligible and GCHP numbers show 240,000. There is a discrepancy between these numbers. CEO Liguori stated HSA does redetermination and the eligibility portion, GCHP gets our numbers directly from DHCS. There is no way to know precisely how many people are eligible for Medi-Cal, they are only estimates. There are also people who are eligible but are not enrolled with us. CEO Liguori noted that there is one population that is starting this month as newly eligible, those are individuals who do not have full immigration documentation status and were not enrolled in November, so that might be part of the discrepancy. CPPO Erik Cho stated that in January we had 17,000 new members due to the newly eligible population. We are out in the community, and we are talking about Medi-Cal and enrollment and helping with enrollment. There have been households/families where some members qualified for services, yet others in the

family did not, now they might all qualify instead of having a division in the household. We also lost approximately 7,000 members to Kaiser since Kaiser moved outside of Gold Coast. CPPO Cho stated there will always be a gap between enrolled and eligible. Our forecast for enrollment expects a staggered enrollment of the newly eligible population. These members will need support in understanding the benefits and going through the enrollment process. If these early numbers in January are accurate, they may be enrolling faster than we expected and we will have to reforecast further to account for that. Commissioner Espinosa stated she will share the information that she received. CPPO Cho stated he would review the information that she will share.

Commissioner Pupa emphasized that the incentive programs are going to be important for new enrollees. He also noted that when looking at the member months and the increase, a few months ago everyone was projecting a decrease in enrollment. We have corrected the decrease, and we are continuing to enroll, which means our community is doing an excellent job. Everyone, including community partners are engaged and outreach has been happening across multiple entities.

Commissioner Pupa stated that it is important for the county and the community to understand that what we have done in Ventura County has surpassed the State and has surpassed the nation regarding the percentages of captured enrollment. We stand out amongst all the counties achieving this. CPPO stated that at the CAC meeting he thanked HSA for their efforts.

CEO Liguori reviewed administrative expenses. We are running at 8.2% overall. Those funds are consistent with what we had provided at the Strategic Planning event. We are getting state of the art capabilities for our members and our providers.

CEO Liguori noted that we have year to date through November \$41 million of margin, but in the reforecast we are going to be at \$34 million; it is because in the latter part of the year, December through the end of the fiscal year, we will be laying out funds in accordance with our quality and grant incentive and investment programs. There is no underlying concern about the health plan on a monthly basis that would produce loss. He did note that there were some increasing costs we are monitoring closely. One is long term care and skilled nursing facility. Utilization continues to trend up in this fiscal year. Both are due to an increase in utilization of these services and increases in unit costs based on reimbursement arrangement updates. We also see that in inpatient utilization. While there are peaks and valleys to this, we see some upward trending due to respiratory related illnesses and related admissions.

Commissioner Abbas motioned to approve formal action items 2 and 3. Commissioner Swenson seconded the motion.

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

NOES: None.

ABSENT: None.

The clerk declared the motion carried.

The Committee went into Closed session at 4:33 p.m.

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

The meeting adjourned at 5:42 p.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

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

February 1, 2024

CALL TO ORDER

Committee Chair Dee Pupa called the meeting to order at 10:02 a.m. The meeting was held virtually. The Clerk was in the Bell Canyon Conference Room, 770 Paseo Camarillo, Second Floor Camarillo, California.

ROLL CALL

Present: Commissioners Anwar Abbas, James Corwin, Dee Pupa, and Jennifer Swenson

Absent: Commissioner Laura Espinosa

GCHP Staff in attendance: CHR Paul Aguilar, CDO Ted Bagley, and General Counsel, Scott Campbell.

PUBLIC COMMENT

None.

The Committee went into Closed session at 10:03 a.m.

CLOSED SESSION

Commissioner Espinosa joined the meeting at 10:11 a.m.,

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

No reportable action. The meeting adjourned at 10:56 a.m.

Approved:

Maddie Gutierrez, MMC
Clerk to the Commission

AGENDA ITEM NO. 2

TO: Executive Finance Committee

FROM: Alan Torres, Chief Information & System Modernization Officer

DATE: February 22, 2024

SUBJECT: Notice of Non-Award, Lot 2 Request for Proposal Number GCHP05012023, Lot 2, Mailroom Services

EXECUTIVE SUMMARY:

GCHP staff is seeking a recommendation from the Executive Finance Committee that the Ventura County Medi-Cal Managed Care Commission reject all bids and approve continuing the mailroom services with Conduent for a 6-month period, commencing July 1, 2024. GCHP intends to internalize our mailroom services to enhance efficiency and streamline operations by January 1, 2025. The cost of this six-month extension is \$650,000. This entails transitioning our current outsourced mailroom functions to an in-house setup. We believe that this strategic move will enable us to gain greater control over mail processing, improve turnaround times, and optimize resource allocation. Additionally, bringing mailroom services in-house aligns with our overarching goal of enhancing organizational effectiveness, technology upgrades, and cost-effectiveness and bringing work, where appropriate into Ventura County. GCHP will conduct an RFP to procure the associated equipment and software associated with the imaging and scanning services by July 2024 and present all costs to transition these services from Conduent to GCHP on or around October 2024.

BACKGROUND/DISCUSSION:

By this request, GCHP staff is notifying the Executive Finance Committee of a recommendation to reject all bids for mail room services, resulting in a non-award of the services identified in RFP #6 as noted in Table 1. The scope of services for this RFP included receiving mailed paper-based claims and the complete intake process of those claims into the HealthRules claims processing software contracted with HealthEdge under RFP #2. Based upon our analysis, GCHP staff believe that these services can be brought in house, and that the services requested by this RFP will not be needed as requested in the RFP. While concurrently transitioning these services in-house, GCHP staff recommends continuing our partnership with the Conduent, the incumbent mailroom service provider, for a 6-month period, commencing July 1, 2024, and ending on December 31, 2024. This dual approach allows us to maintain operational continuity and stability during the transition period. Our intention is to gradually internalize mailroom functions while leveraging the expertise and reliability of our current service provider. This strategic approach ensures a smooth transition process, minimizes disruptions, and optimizes efficiency as we gradually assume full control of our mailroom operations.

Table 1

RFP 1	EDI Services
RFP 2	Core Claims Processing Software
RFP 3	Medical Management Software
RFP 4	Provider and Member Portal Software
RFP 5	BPO (Claims Processing Services)
RFP 6	<i>Mailroom and Claims Editing Services</i>
RFP 7	Print and Fulfillment Services
RFP 8	Call Center Software/Technology
RFP 9	Customer Relationship Management (CRM Software/Technology)

Current Mailroom Operations include the following elements:

1. **Mailroom** physical plant, including mailroom equipment and mailroom staff both on-site and off-site.
2. **Equipment** Two Scanners for imaging incoming mail.
3. **Post Scanning** operations known as Optical Character Recognition (OCR) and post scanning data entry validation.
4. A **Document Management System** (DMS) is under the umbrella of Mailroom operations. Conduent operates a DMS called KWIK. Similar to a Data Warehouse a DMS is a repository for all correspondence and scanned images. By regulation, these images must be retained for ten (10) years.

Approach:

1. We will begin by identifying potential vendors capable of providing the following software and hardware upgrade:
 - a. Optical Character Recognition (OCR) software
 - b. Document Management System (DMS)
 - c. Scanners for imaging of incoming mail
2. In collaboration with Conduent, transition **local employees** currently working on mail room related services who are interested in becoming GCHP-employees to-GCHP staff. Total local manpower is seven (7) FTE. We have already approached Conduent about this effort.
3. Identify, **procure and test enhanced mailroom technology** to upgrade legacy mailroom capabilities for scanning, OCR, and integration.

High-level Timeline:

Action	Date
Provide Conduent formal notice of renewal for 6 months commencing 7/1/24 and ending on 12/31/2024	On or before March 31, 2024
RFP for development for OCR and Data entry validation	2/15/24
RFP Response and contract completion	5/30/24
Initiate OCR Business rules development	6/30/24
Operational cutover	12/31/24
Develop Change Order language with current print vendor to implement a DMS.	2/28/24
Begin DMS development and historical image migration.	7/1/24
Operational Cutover	12/31/24
Purchase of enhanced Mailroom technology stack	8/1/24
Operations training on new Mailroom technology	9/30/24
Implement enhanced Mailroom equipment for parallel testing	9/30/24
Convert existing pre identified staff to GCHP staff	On or before 12/31/24
Deployment of enhanced Mailroom technology	12/31/24

FISCAL IMPACT:

The total cost over the projected 6-month extension period with Conduent, (7/1/2024 - 12/31/2024) is projected not to exceed, \$650,000.00.

Proposals were received from the following four, (4) bidders. Pricing represents, implementation and the projected 5 years of recurring cost:

Vendor	Estimated 5 Year Cost
SmartData	\$1,426,873
Netmark	\$1,896,881
KP	\$2,044,796
Conduent	\$7,503,534

Insourcing these services will result in an overall lower annual recurring cost.

RECOMMENDATION:

It is the Plan's recommendation that the Executive Finance Committee recommend that the Ventura County Medi-Cal Managed Care Commission approve continuing these services with Conduent for six, (6) months for an amount not to exceed \$650,000 and reject all bids and notify the bidders of a non-award of this contract.

AGENDA ITEM NO. 3

TO: Executive Finance Committee

FROM: Alan Torres, Chief Information & System Modernization Officer

DATE: February 22, 2024

SUBJECT: Contract Approval – Edifecs Change Order - Encounter Management & Smart Trading Cloud Software

BACKGROUND/DISCUSSION:

Executive Summary

GCHP staff is seeking the recommendation of the Executive Finance Committee that the Ventura County Medi-Cal Managed Care Commission approve execution of additional contract authorizations with Edifecs Inc. for additional necessary and foreseen work on Encounter Management and Smart Trading Cloud Software in the amount of \$4.7M.

Background:

On June 26, 2023, The Commission approved a contract with Edifecs for a Trading Manager base product in support of the selection of a new Electronic Data Exchange (EDI) vendor and implementation of the first set of business prioritized transactions:

- a.) claims transactions (837)
- b.) enrollment transactions (834)

At the time of the award of the Edifecs contract, there were additional services needed (e.g., 820 Capitation Payments, 835 Payment Remittance and 274 Provider Directory), but we could not contract for those at that time as GCHP staff needed to work with both HealthEdge and Edifecs to determine the additional detailed functionality each team had to deliver in integrate the Health Edge and Edifecs systems.

The initial contracted work totaled \$8.3M over 6 years. Knowing that this covered all electronics transactions, with the one exception of encounters, GCHP was fully aware of the need to request additional work to support encounter processing and had provided advanced notice to the Commission of the need for additional services after the completion of the Implementation Discovery phase of the Edifecs work.

This is the last step in procuring the technology to support encounter data processing. With the technology secured, we will be able to define a full operational picture of GCHP's future state encounter process including the operating model and processes, service level agreements and segregation of duties between GCHP staff and vendors, end-to-end encounter data processing and any potential staffing needs to support the new operating model which would be reflected in GCHP's next year fiscal budget.

What is EDI and why do we need to support it?

Electronic Data Exchange (EDI) is the automated transfer of data in a specific format following specific data content rules between a health care provider and health care plan, or between DHCS and another health care plan as designated under HIPAA. Some examples of types of EDI Documents exchanged in the healthcare industry are enrollments (834), claims and encounters (837 I, P), claim status (276/277), claim processing status (277CA), Remittance Advice (835) and benefit eligibility inquiries (270/271).

As a covered entity, GCHP must support the ability to exchange information under the specified EDI standard formats as designated by HIPAA. To operate EDI functionality, our systems must have the following basic capabilities:

1. File management and file reconciliation
2. Editing to ensure it aligns with the X12 standards (X12 is the national standards we are required to follow to exchange this type of data)
3. HIPAA compliance edits.
4. Translation services - translating the transaction from an EDI format into the receiving systems.

Current Status and the Need for Additional Technology Services:

A core function of EDI is the ability to manage data files and their storage. During Implementation Discovery sessions of our initial work with Edifecs, it was identified that Edifecs had changed this file management capability (called Smart Trading) into a separate product, and it was not part of the original contract.

Once Edifecs and HealthEdge were both contacted and working with GCHP during our discovery phase, it became clear that GCHP needed additional components from Edifecs to ensure we could meet our compliance requirements for DHCS, to close a functionality gap between the two vendors. As a result, we needed to add the Smart Trading services, which allow Edifecs files to work with HealthEdge systems and the Encounter Management software.

The Edifecs Encounter Management module uses the Edifecs EDI infrastructure and assists in the processing and management of claims and encounters to submit encounters to DHCS.

Edifecs Encounter Management is utilized by many sister plans and allows GCHP to leverage a common set of DHCS edits for our outgoing encounter reports. We expect to achieve 'High-Performing' for encounter quality and 90%-100% score across all the metrics: Completeness, Reasonability, Timeliness on our quarterly DHCS report card because of this arrangement.

Without these additional technologies and services, we will not be able to manage our Encounter submissions to the DHCS, and Payments, Membership, and Claims for our providers.

FISCAL IMPACT:

The incremental cost to add and implement this additional software over the projected useful life of the 4-6-month implementation period and 5-year license term (3/1/2024 - 2/28/2029) is projected to not exceed \$4.7M. \$8.3 million has already been approved. The additional costs will still result in overall operations of the future costs to be significantly below what the costs had been if GCHP staff did not go to the market for these upgrades and the services provided will be significantly more efficient and robust than currently provided.

Approval Request	Amount
June 26, 2023, approved amount	\$8.3M
Additional requested amount	\$4.7M
New approved amount	\$13.0M

RECOMMENDATION:

It is the Plan's recommendation that the Executive Finance Committee recommend the Ventura County Medi-Cal Managed Care Commission authorize the CEO to execute a contract with Edifecs Inc., to include the additional work associated with the licensing and implementation of Edifecs Encounter Management and Smart Trading Cloud software. The term of the change order/contract will be 4-6 months of implementation and 5 years of production commencing March 1, 2024, and expiring on February 28, 2029, for an amount not to exceed \$4.7M.

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

AGENDA ITEM NO. 4

TO: Executive Finance Committee

FROM: Sara Dersch, Chief Financial Officer

DATE: February 22, 2024

SUBJECT: FY 2023-24 Financial Update – December 2023 YTD

SUMMARY:

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

December 2023 Headlines:

1. FYTD Membership is favorable to reforecast by approximately 9,800 members, or 0.7%.
2. FYTD Net Premium is in line with expectations, being \$1.4M (\$0.94 PMPM), or 0.3%, favorable to reforecast. The variance is comprised of a \$3.4M (\$2.24 PMPM) favorable volume variance related to higher than reforecast membership, partially offset by a \$2.0M (\$1.30 PMPM) unfavorable rate variance related to membership mix.
3. FYTD Total Medical Costs is in line with expectations, being \$1.1M (\$0.73 PMPM), or 0.3%, unfavorable to reforecast. The variance is comprised of a \$2.8M (\$1.85 PMPM) unfavorable volume variance, partially offset by a \$1.7M (\$1.12 PMPM) favorable rate variance.
4. General and Administrative (“G&A”) expenses are in line with expectations, being \$35K (\$0.02 PMPM), or 0.1%, unfavorable to reforecast. Management is focused on ensuring full year administrative costs are economical for a transforming organization.
5. Balance sheet continues to reflect a healthy assets position with a FYTD increase in Net Assets of \$45.4M.

Financial Summary:

(S/Ms except pmpms & mm)	MTD			YTD		
	Actual	Reforecast	Var Fav / (Unfav)	Actual	Reforecast	Var Fav / (Unfav)
Member Months	250,419	240,550	9,868	1,520,268	1,510,400	9,868
Revenue	\$ 85.2	\$ 83.8	\$ 1.4	\$ 522.8	\$ 521.3	\$ 1.4
pmpm	\$ 340.19	\$ 348.18	\$ (7.99)	\$ 343.86	\$ 345.16	\$ (1.30)
Non-Operating Revenue / (Expense)	\$ 1.5	\$ 0.9	\$ 0.7	\$ 8.4	\$ 7.7	\$ 0.7
pmpm	\$ 6.07	\$ 3.54	\$ 2.53	\$ 5.51	\$ 5.10	\$ 0.41
Medical Costs	\$ 73.2	\$ 72.1	\$ (1.1)	\$ 432.0	\$ 430.9	\$ (1.1)
pmpm	\$ 292.23	\$ 299.59	\$ 7.4	\$ 284.15	\$ 285.27	\$ 1.1
% of Revenue	84.4%	85.2%		81.3%	81.4%	
Admin Exp	\$ 7.1	\$ 7.1	\$ (0.0)	\$ 43.4	\$ 43.4	\$ (0.0)
pmpm	\$ 28.38	\$ 29.40	\$ 1.02	\$ 28.55	\$ 28.71	\$ 0.16
% of Revenue	8.2%	8.4%		8.2%	8.2%	
Project Portfolio	\$ 2.1	\$ 1.6	\$ (0.5)	\$ 10.3	\$ 9.8	\$ (0.5)
pmpm	\$ 8.43	\$ 6.57	\$ (1.86)	\$ 6.78	\$ 6.47	\$ (0.31)
% of Revenue	2.4%	1.9%		1.9%	1.8%	
Operating Gain/(Loss)	\$ 2.8	\$ 3.0	\$ (0.2)	\$ 37.1	\$ 37.3	\$ (0.2)
	\$ 11.15	\$ 12.62	\$ (1.47)	\$ 24.38	\$ 24.70	\$ (0.32)
Total Increase / (Decrease) in Unrestricted Net Assets	\$ 4.3	\$ 3.9	\$ 0.4	\$ 45.4	\$ 45.0	\$ 0.4
pmpm	\$ 17.22	\$ 16.16	\$ 1.05	\$ 29.89	\$ 29.80	\$ 0.09
% of Revenue	5.0%	4.6%		8.6%	8.5%	

MTD

- Membership is favorable to reforecast by approximately 9,800 members, or 4.1%, due in part to successful redetermination efforts in Ventura County.
- Net Premium Revenue of \$85.2M exceeds the reforecast by \$1.4M due to higher-than-expected membership.
- Medical Cost is slightly higher than reforecast by \$1.1M (\$4.44 PMPM), or 1.5%, for the month, due in part to higher-than-expected membership.
- Operating Gain (which excludes interest income) of \$2.8M approximates the reforecast.
- The \$4.3M increase in unrestricted net assets is \$424K greater than the reforecast.

YTD

- Operating Gain (which excludes interest income) of \$37.1M approximates the reforecast.
- The \$45.4M increase in unrestricted net assets gain is \$424K greater than reforecast.

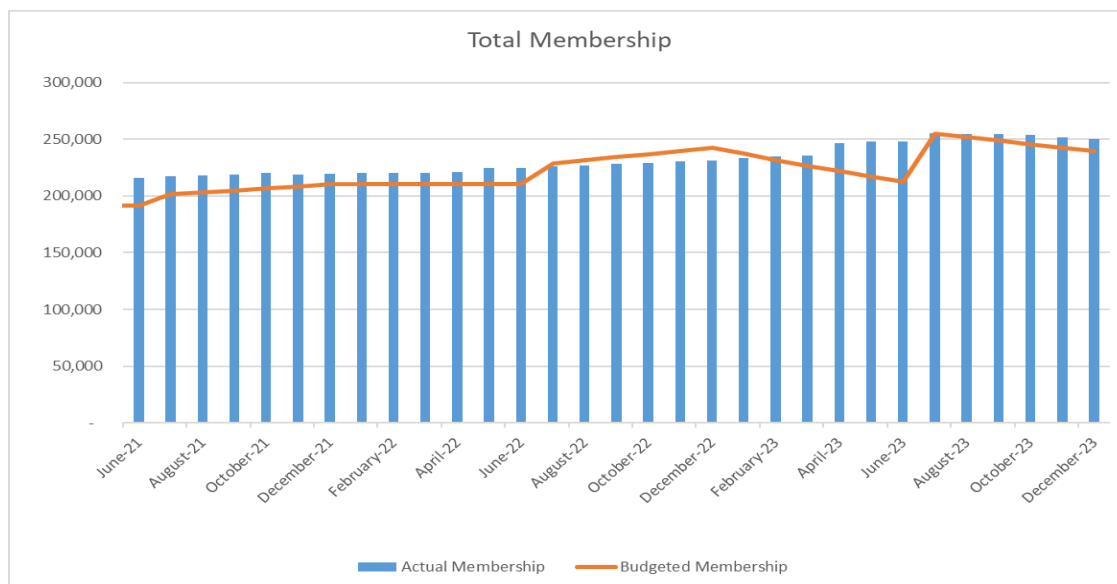
Looking Forward: Impact of Retroactive CY 2023 Acuity Adjustment

Government-sponsored health plans are subject to unexpected shifts in economic levers as a result of the fluid and uncertain nature of the industry.

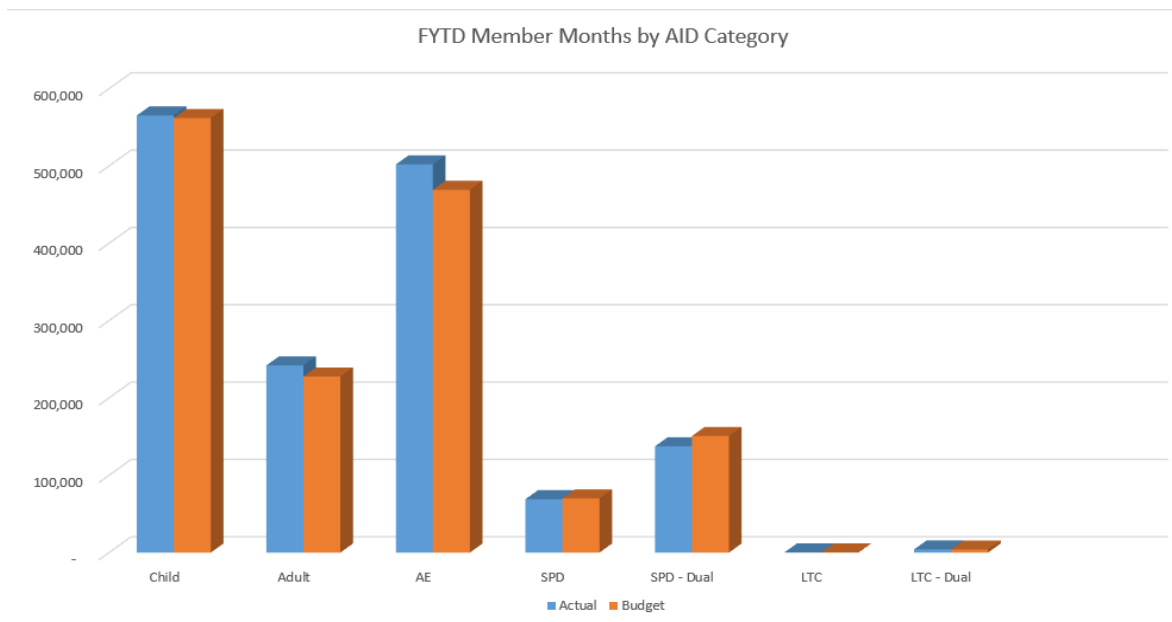
- GCHP received a notification from the Department of Health Care Services (DHCS) in early February regarding an unanticipated retroactive rate change associated with CY 2023 membership. All counties are impacted.
- Rationale for the change:
 - Timing of redetermination (the original assumption anticipated disenrollment in April; in actuality, disenrollment began in July, meaning we received payments for 2 months which now must be paid back); and,
 - Acuity of the “leaving” members (original estimates were more conservative than what ultimately has thus far been experienced).
- This original “take back” was estimated at 0.15%; the revised “take back” is 1.95%, currently pegged at \$16.1M (we are waiting for final calculations from DHCS).
- We will book this adjustment as part of our January close cycle.

Actions such as the CY 2023 Retroactive Acuity Adjustment underscore the importance of maintaining Tangible Net Equity (TNE) in excess of minimum requirements so as not to disrupt or mission to facility ease of access to quality care. GCHP’s healthy TNE will allow us to absorb this retroactive rate reduction with no impact to member care/services.

Membership

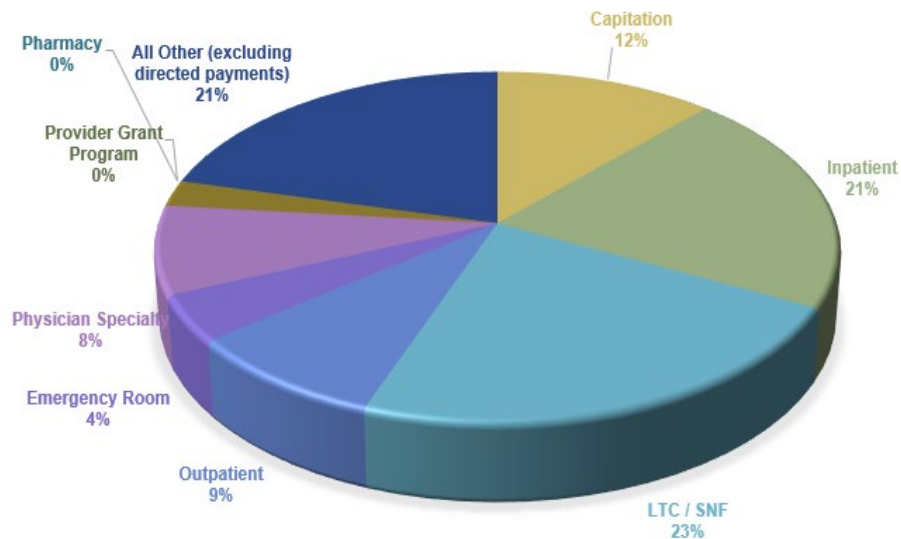


Cost of Care by Category



	FYTD 23/24 Reforecast	FYTD 23/24 Actual	FYTD 22/23 Actual	FYTD 21/22 Actual
Average Enrollment	248,883	253,378	247,854	229,367
PMPM Revenue	\$ 345.16	\$ 343.86	\$ 340.86	\$ 347.72
Medical Expenses				
Capitation	\$ 33.48	\$ 33.68	\$ 34.18	\$ 32.44
Inpatient	\$ 62.58	\$ 59.15	\$ 54.64	\$ 68.62
LTC / SNF	\$ 64.73	\$ 65.11	\$ 54.86	\$ 59.92
Outpatient	\$ 24.92	\$ 24.58	\$ 23.88	\$ 22.59
Emergency Room	\$ 11.72	\$ 12.13	\$ 11.32	\$ 10.80
Physician Specialty	\$ 23.22	\$ 23.17	\$ 23.44	\$ 22.49
Provider incentives	\$ 5.69	\$ 6.84	\$ 0.69	\$ -
Provider Grant Program	\$ 0.55	\$ -	\$ -	\$ -
Pharmacy	\$ -	\$ -	\$ (0.15)	\$ 29.71
All Other (excluding directed payment)	\$ 58.39	\$ 59.49	\$ 53.03	\$ 45.41
Total Per Member Per Month	\$ 285.27	\$ 284.15	\$ 255.89	\$ 291.97
Medical Loss Ratio	82.7%	82.6%	75.1%	86.9%
Total Administrative Expenses	\$ 53,137,645	\$ 53,704,086	\$ 78,852,534	\$ 53,680,738
% of Revenue	10.2%	10.3%	7.8%	5.6%
TNE	\$ 404,967,544	\$ 405,391,227	\$ 359,814,027	\$ 176,562,922
Required TNE	\$ 41,438,176	\$ 35,288,182	\$ 32,913,795	\$ 36,609,789
% of Required	977%	1149%	1093%	482%

% OF TOTAL MEDICAL EXPENSE



- Adult Expansion experienced greater utilization in December, while Duals experienced less utilization.
- Medical cost in all Categories of Service approximates the reforecast, indicating no change in current trends.
- Provider Grants were forecast to start up in December; the first payments went out in January; January YTD results will reflect the catch-up.

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

	Current Month		
	December 2023		Variance Fav / (Unfav)
	Actual	Reforecast	
Membership (Includes retro members)	250,419	240,550	9,868
Revenue:			
Premium	\$ 93,751,468	\$ 93,754,670	\$ 9,996,798
Facility Expense AB85	0	0	0
Reserve for Cap Requirements	0	0	0
Incentive Revenue	0	0	0
MCO Premium Tax	(8,551,510)	0	(8,551,510)
Total Net Premium	85,199,958	93,754,670	1,435,188
Other Revenue:			
Interest Income	0	0	0
Miscellaneous Income	30	0	(30)
Total Other Revenue	30	0	(30)
Total Revenue	85,199,988	93,754,670	1,435,158
Medical Expenses:			
Capitation Expenses:			
PCP, Specialty, Kaiser, NEMT & Vision	8,243,893	7,088,787	(1,155,105)
ECM	410,310	933,087	522,777
Total Capitation	8,654,203	8,021,875	(632,328)
FFS Claims Expenses:			
Inpatient	12,450,981	17,049,196	4,598,215
LTC / SNF	16,414,914	15,195,261	(1,219,653)
Outpatient	6,191,980	6,456,236	264,256
Laboratory and Radiology	702,933	917,466	214,533
Directed Payments - Provider	2,753,436	1,810,689	(942,747)
Emergency Room	3,782,714	3,036,656	(746,058)
Physician Specialty	6,150,339	5,991,394	(158,945)
Primary Care Physician	2,775,403	2,291,350	(484,053)
Home & Community Based Services	3,484,229	2,734,361	(749,869)
Applied Behavior Analysis Services	3,770,864	2,888,721	(882,144)
Provider Incentive	2,959,606	1,164,039	(1,795,567)
Other Medical Professional	278,636	336,837	58,202
Other Fee For Service	1,243,215	975,529	(267,686)
Transportation	243,339	406,081	162,743
Total Claims	63,202,569	61,245,606	(1,956,963)
Provider Grant Program	0	833,333	833,333
Medical & Care Management Expense	2,337,651	1,907,083	(430,568)
Reinsurance	174,482	158,333	(16,149)
Claims Recoveries	(1,189,844)	(100,000)	1,089,844
Sub-total	1,322,289	2,798,749	1,476,460
Total Medical Costs	73,179,081	72,088,230	(1,112,831)
Contribution Margin	12,010,827	11,888,440	322,387
General & Administrative Expenses:			
Salaries, Wages & Employee Benefits	5,516,702	4,488,735	(1,027,967)
Training, Conference & Travel	33,029	156,894	123,865
Outside Services	2,185,166	2,449,613	264,447
Professional Services	722,575	654,345	(68,230)
Occupancy, Supplies, Insurance & Others	988,140	1,230,002	241,862
Care Management Credit	(2,337,651)	(1,907,083)	430,568
G&A Expenses	7,107,961	7,072,507	(35,454)
Project Portfolio	2,110,699	1,579,712	(530,987)
Total G&A Expenses	9,218,660	8,652,219	(566,441)
Total Operating Gain / (Loss)	2,792,168	3,036,222	(244,054)
Non Operating:			
Revenues - Interest	1,519,931	852,194	667,737
Expenses - Interest	0	0	0
Gain/Loss on Sale of Assets	0	0	0
Total Non-Operating	1,519,931	852,194	667,737
Total Increase / (Decrease) in Unrestricted Net Assets	4,312,099	3,888,416	423,683

STATEMENT OF FINANCIAL POSITION

	12/31/23	06/30/23
ASSETS		
Current Assets:		
Petty Cash	500	500
Cash - EFT	-	-
Cash - Operating Account	-	-
Cash - Payroll Checking Account	-	-
Cash - Claims Payment	(5,260,327)	(3,983,925)
Cash - Pharmacy Payment	1	1
Money Market Accounts - Investment	430,847,688	348,150,410
Money Market Account - Rabobank	-	-
Total Cash and Cash Equivalents	425,587,863	344,166,987
Total Short-Term Investments	97,651,720	95,269,796
Medi-Cal Receivable	141,200,446	96,222,357
Interest Receivable	(527,927)	462,872
Provider Receivable	218,840	422,995
Other Receivables	79,616	59,542
Total Accounts Receivable	140,970,975	97,167,766
Total Prepaid Accounts	8,351,749	5,545,603
Total Other Current Assets	135,560	135,560
Total Current Assets	672,697,867	542,285,711
Total Fixed Assets	8,932,946	9,224,593
Total Assets	\$ 681,630,813	\$ 551,510,304
LIABILITIES & NET ASSETS		
Current Liabilities:		
Incurred But Not Reported	\$ 94,633,091	\$ 84,436,777
Claims Payable	14,561,757	12,923,764
Capitation Payable	9,037,319	8,998,514
Physician Payable	32,854,617	31,865,385
AB 85 Payable	-	-
DHCS - Reserve for Capitation Recoup	23,524,709	10,411,049
Lease Payable- ROU	3,357,455	3,300,319
Accounts Payable	4,931,726	1,455,088
Accrued ACS	1,929,527	3,902,303
Accrued Provider Incentives/Reserve	25,103,574	17,427,573
Accrued Pharmacy	-	-
Accrued Expenses	9,179,766	7,559,682
Accrued Premium Tax	47,444,760	-
Accrued Interest Payable	-	-
Current Portion of Deferred Revenue	-	-
Accrued Payroll Expense	4,289,649	3,189,633
Current Portion Of Long Term Debt	-	-
Other Current Liabilities	-	-
Total Current Liabilities	270,847,950	185,470,089
Long-Term Liabilities:		
Lease Payable - NonCurrent - ROU	5,391,636	6,088,559
Total Long-Term Liabilities	5,391,636	6,088,559
Total Liabilities	276,239,585	191,558,647
Net Assets:		
Beginning Net Assets	359,951,657	176,617,059
Total Increase / (Decrease in Unrestricted Net Assets)	45,439,570	183,334,598
Total Net Assets	405,391,227	359,951,657
Total Liabilities & Net Assets	\$ 681,630,813	\$ 551,510,304

Cash and Short-Term Investment Portfolio

As of December 31st the Plan had \$523.2M in cash and short-term investments. The investment portfolio included Ventura County Investment Pool \$18.9M; LAIF CA State \$41.7M; Cal Trust \$37.0M.

Medi-Cal Receivable

At December 31st the Plan had \$141.2M in Medi-Cal Receivables due from the DHCS, primarily representing premiums due to GCHP from the state. This is consistent with state payment patterns, as premiums are received from DHCS in arrears.

SCHEDULE OF INVESTMENTS AND CASH BALANCES

	Market Value*	
	December 31,	
	2023	Account Type
Local Agency Investment Fund (LAIF) ¹	\$ 41,662,203	investment
Ventura County Investment Pool ²	\$ 18,970,664	investment
CalTrust	\$ 37,018,853	short-term investment
Bank of West	\$ 418,006,977	money market account
Pacific Premier	\$ 7,580,385	operating accounts
Mechanics Bank ³	\$ -	operating accounts
Petty Cash	\$ 500	cash
Investments and monies held by GCHP	\$ 523,239,581	

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-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	\$ 41,662,203	\$ 41,662,203
Transfer of Funds from Ventura County Investment Pool	-	-	-	-	-	-	-
Quarterly Interest Received	274,271	321,658	-	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	\$ 41,662,203
Ventura County Investment Pool							
Beginning Balance	\$ 18,651,150	\$ 18,720,399	\$ 18,720,399	\$ 18,803,482	\$ 18,803,482	\$ 18,886,564	\$ 18,886,564
Transfer of funds to LAIF	-	-	-	-	-	-	-
Interest Received	69,249	-	83,082	-	83,082	84,100	\$ 84,100
Current Market Value	\$ 18,720,399	\$ 18,720,399	\$ 18,803,482	\$ 18,803,482	\$ 18,886,564	\$ 18,970,664	\$ 18,970,664

RECOMMENDATION:

Staff requests that the Commission approve the December 2023 financial packages.

CONCURRENCE:

N/A

ATTACHMENT:

December Financial Package