



**Ventura County Medi-Cal Managed
Care Commission (VCMCC) dba
Gold Coast Health Plan
Executive / Finance Committee Meeting**

2240 E. Gonzales, Suite 230, Oxnard, CA 93036
Thursday, March 7, 2013
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

1. **APPROVE MINUTES**
 - a. [February 7, 2013 Regular Executive / Finance Meeting Minutes](#)

2. **ACCEPT AND FILE ITEMS**
 - a. [CEO Update](#)
 - b. [January Financials](#)

3. **INFORMATIONAL ITEMS**
 - a. [Financial Forecast Update](#)
 - b. [Line of Credit \(LOC\) Update](#)

CLOSED SESSIONS

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Sziklai v. Gold Coast Health Plan *et al* VCSC Case No. 56-2012-00428086-CU-WT-VTA

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 1701 LOMBARD STREET, SUITE 100, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/889-6900. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING

**Ventura County Medi-Cal Managed Care Commission (VCMCC) dba
Gold Coast Health Plan
Executive Finance Committee Meeting Agenda (continued)**
2240 E. Gonzalez, Room 230, Oxnard, CA
March 7, 2013 at 3:00 p.m.

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Hernandez v. Ventura County Medi-Cal Managed Care Commission-VCSC Case No. 56-2012-00427535-CU-OE-VTA

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Lucas v. Regional Government Services et al VCSC Case No 56-2013-00432444-CU-CE-VTA

Closed Session Conference with Legal Counsel – Anticipated Litigation Significant exposure to litigation pursuant to Government Code Section 54956.9(b) (One Case)

Closed Session pursuant to Government Code Section 54957(e)
Public Employee Performance Evaluation
Title: Chief Executive Officer

Announcement from Closed Session, if any.

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee Meeting will be held on April 4, 2013 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 230, Oxnard CA 93036

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 1701 LOMBARD STREET, SUITE 100, OXNARD, CA.

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**Ventura County Medi-Cal Managed Care Commission
(VCMACC) dba Gold Coast Health Plan (GCHP)
Special Executive / Finance Committee Meeting Minutes
February 7, 2013
(Not official until approved)**

Notice of said meeting was duly given in the time and manner prescribed by law. Affidavit of compliance is on file in the Clerk of the Board's Office.

CALL TO ORDER

Chair Gonzalez called the Special meeting to order at 1:49 p.m. in Suite 230 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

COMMITTEE MEMBERS PRESENT

David Glycer, Private Hospitals / Healthcare System
Robert Gonzalez, Ventura County Medical Health System
Catherine Rodriguez, Ventura County Medical Health System

EXCUSED / ABSENT COMMITTEE MEMBERS

Anil Chawla, Clinicas del Camino Real, Inc.
Roberto Juarez, Clinicas del Camino Real, Inc.

STAFF IN ATTENDANCE

Michael Engelhard, CEO
Michelle Raleigh, CFO
Nancy Kierstyn Schreiner, Legal Counsel
Traci R. McGinley, Clerk of the Board
Sonia DeMarta, Controller
Lyndon Turner, Finance Manager
Guillermo Gonzalez, Government Affairs Director
Melissa Scrymgeour, IT Director

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

- a. November 1, 2012 Regular Meeting Minutes**
- b. January 9, 2013 Special Meeting Minutes**

Chair Gonzalez moved to approve the November 1, 2012 Regular Meeting Minutes and the January 9, 2013 Special Meeting Minutes. Committee Member Glycer seconded. The motion carried. **Approved 3-0.**

2. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard introduced Stuart Busby, Chief of the Department of Health Care Services Capitated Rate Development Division. Staff works very closely with him on all of the Plan's rate development and financial oversight with regard to the CAP (Corrective Action Plan).

CEO Engelhard highlighted that during the *Financial Forecast Update* CFO Raleigh will explain how the Plan will earn its way out of TNE issues. The Plan has some cash and cash flow concerns so staff will be looking at cash management activities to ensure the Plan meets all of its obligations. However, staff believes that once the initiatives that were put into the financial forecast take hold, there will not be as much of a concern.

b. December Financials

CFO Raleigh reviewed the December Financials.

Committee Member Glycer questioned why there was still a \$7 million TNE adjustment in August since there had been adjustments made after the year-end Audit. CFO Raleigh responded that it was kept in as a conservative measure. Now that claims are stabilizing the reserve levels will be reviewed to determine if it should be restated.

Chair Gonzalez requested that "Prior Month Paid" in the Paid Claims graph be divided into three time periods.

Discussion was held as to the recent spike in medication costs due to flu season. Chair Gonzalez suggested educating providers when to use those types of medications.

Committee Member Glycer moved to accept and file the December Financials. Committee Member Rodriguez seconded. The motion carried. **Approved 3-0.**

3. APPROVAL ITEMS

a. FY 2012-13 Financial Audit Contract

CFO Raleigh reviewed her report.

Committee Member Glycer moved to recommend approval of the FY 2012-13 Financial Audit Contract to McGladrey. Committee Member Rodriguez seconded. The motion carried. **Approved 3-0.**

4. INFORMATIONAL ITEMS

a. Financial Forecast Update

CFO Raleigh reviewed the report; she added that it highlights the progress of the initiatives and shows how the Plan is doing according to staff's forecast. She closed stating that the documentation will be provided to the State on a monthly basis.

In response to questions raised, CEO Engelhard explained that the Plan could not get the funds retroactively from the State for incorrect aid coding of Members.

b. State Budget Update

Government Relations Director Guillermo Gonzalez reviewed the State Budget overview information provided in the material.

c. Healthy Families Transition to Medi-Cal

Government Relations Director Guillermo Gonzalez reviewed his report. Questions arose regarding the Medi-Cal expansion and who is considered part of the newly eligible mix. CEO Engelhard noted that staff would obtain better clarification on this issue.

d. Medical Management System Replacement

IT Director Scrymgeour reviewed her report.

e. Intergovernmental Transfer (IGT)

CEO Engelhard reviewed his report. If the IGT went forward, the County would enter into an agreement with GCHP and the State to bring incremental money into the County to serve the Medi-Cal population. The Plan is still working with the County and the State to determine the size of the potential IGT.

CEO Engelhard closed stating that it has not yet been determined if the IGT money can be used to address some of the TNE deficiencies as this has not been done in the past.

Committee Member Glycer asked the magnitude of the IGT. CEO Engelhard responded that it depends on the rate range. Committee Glycer questioned if it would affect Ventura County Medical Center's funding ability. Chair Gonzalez responded that the County was checking into options as it had not yet been determined.

RECESS:

A recess was called at 3:14 p.m. The meeting was reconvened at 3:17 p.m.

f. Incurred But Not Reported (IBNR) Presentation

CFO Raleigh explained that the presentation was a background on how the IBNR is calculated. Chair Gonzalez noted that Commissioners have varied background so the information needs to go forward to the full Commission. It was suggested that it go forward as an Informational Item.

The Committee Members requested that a slide showing a claims lags example be placed into the presentation prior to it going to the Commission.

CLOSED SESSION

Legal Counsel Kierstyn Schreiner explained the purpose of the Closed Session.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 3:20 p.m. regarding the following item:

Closed Session Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 Sziklai v. Gold Coast Health Plan *et al*/ VCSC
Case No. 56-2012-00428086-CU-WT-VTA

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 3:37 p.m.

Legal Counsel Kierstyn Schreiner reported that there was no reportable action.

COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

The meeting adjourned at 3:37 pm.

AGENDA ITEM 2a

To: Executive / Finance Committee of the Gold Coast Health Plan Commission

From: Michael Engelhard, Chief Executive Officer

Date: March 7, 2013

Re: CEO Update

AMENDED CAP

An amended Corrective Action Plan (CAP) was received by the Plan on February 26, 2013 from the Department of Health Care Services (DHCS). This letter amends the CAP received by the Plan on October 4, 2012 and requests additional information related to the financial forecast provided to the DHCS on December 11, 2012. The information requested includes an update of the financial forecast (e.g., reflecting additional hires approved by the Commission) and additional documentation regarding savings estimates. The Department also requested receiving a weekly cash position update. The Plan's response is due to DHCS on March 15, 2013.

INTERGOVERNMENTAL TRANSFER (IGT)

The Ventura County Health Care Agency (VCHCA) provided a non-binding letter of commitment to DHCS on March 1, 2013 regarding a proposed IGT between GCHP and the County of Ventura. This IGT could provide additional temporary capital to the Plan to be used to meet its TNE requirements. Discussions are underway between DHCS, VCHCA and the Plan. Additional information will be provided as it is available.

HEDIS

- The HEDIS "Roadmap" was completed and submitted per State timeline on 01/31/13.
- A HEDIS Analyst (one of the approved open positions) was hired.
- A "temp to hire" is currently in the approved HEDIS Coordinator position.
- The HEDIS production run was completed the week of 02/25/13.
- Medical record retrieval will begin in a week or so. An electronic letter went out to the providers alerting them to the impending record request. The information was also in the Provider Newsletter.
- HEDIS abstraction of measures for the Medi-Cal managed care program will begin within the next two weeks.
- Our external review auditor (HSAG) will be at GCHP on 03/12/13 to do a HEDIS review.

- The Facility Site Review Nurse completed 3 monitored site reviews allowing her to apply for certification which was completed the week of 02/11/13.
- The list of high volume specialist was completed and submitted on time (01/31/13) for the purposes of insuring Patient Accessibility Surveys are conducted at the sites.
- The QI Plan was presented and approved by the Quality Improvement Committee and the Board of Commissioners per contract timeline.
- The Quality Improvement Project (QIP) to decrease the number of acute hospital readmissions had its update submitted on time which was 01/31/13. A subsequent call with the State and EQRO resulted in feedback that contract requirements were met.



FINANCIAL PACKAGE
FOR THE MONTH ENDED JANUARY 31, 2013

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 - PHARMACY COST TREND
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 - PMPM, INCOME STATEMENT COMPARISON
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 - STATEMENT OF CASH FLOWS YTD

FINANCIAL OVERVIEW

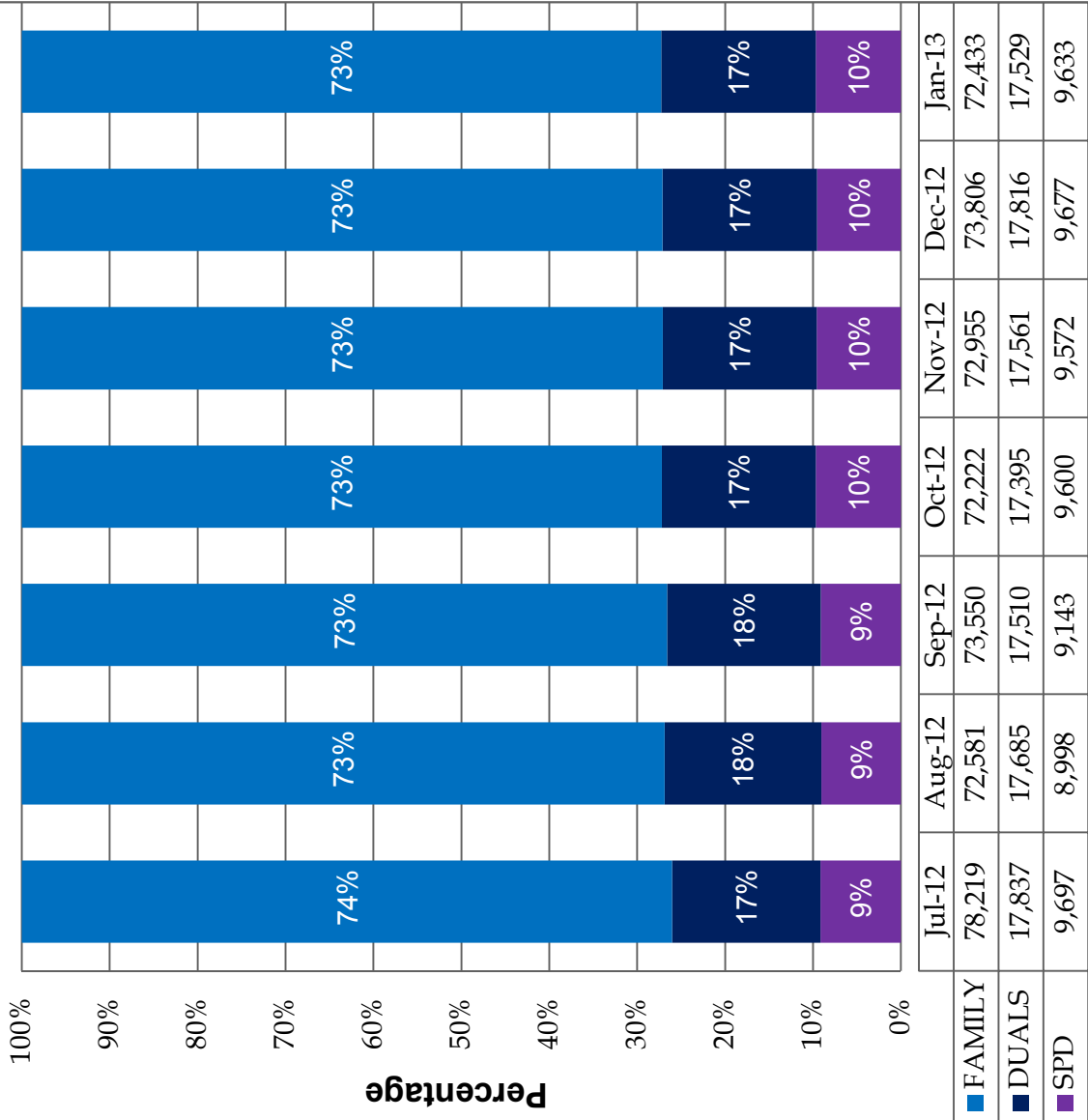
Description	Audited FY 2011-12	FY 2012-13 Actual				YTD	Budget YTD	Variance Fav/(Unfav) \$	Change %
		July - Sep	Oct - Dec	Jan'13					
Member Months	1,258,189	305,220	300,604	99,595	705,419	695,821	9,598	1.4%	
Revenue <i>pmpm</i>	304,635,932 242.12	73,225,136 239.91	76,563,668 254.70	25,291,754 253.95	175,080,558 248.19	175,668,378 252.46	(587,820) (4.27)	(0.3%) (1.7)%	
Health Care Costs <i>pmpm</i> % of Revenue	287,353,672 228.39 94.3%	71,648,550 234.74 97.8%	68,967,923 229.43 90.1%	22,713,884 228.06 89.8%	163,330,357 231.54 93.3%	166,107,704 238.72 94.6%	2,777,347 7.19	1.7% 3.0%	
Admin Exp <i>pmpm</i> % of Revenue	18,891,320 15.01 6.2%	4,976,867 16.31 6.8%	6,036,079 20.08 7.9%	2,041,565 20.50 8.1%	13,054,511 18.51 7.5%	12,540,615 18.02 7.1%	(513,896) (0.48)	(4.1)% (2.7)%	
Net Income <i>pmpm</i> % of Revenue	(1,609,063) (1.28) -0.5%	(3,400,282) (11.14) -4.6%	1,559,667 5.19 2.0%	536,305 5.38 2.1%	(1,304,310) (1.85) -0.7%	(2,979,941) (4.28) -1.7%	1,675,631 2.43	(56.2)% (56.8)%	
100% TNE	16,769,368	16,693,841	16,308,936	16,270,934	16,270,934	16,487,753	(216,819)	(1.3)%	
% TNE Required	36%	36%	52%	52%	52%	52%			
Required TNE	6,036,972	6,009,783	8,480,647	8,460,886	8,460,886	8,573,631	(112,746)	(1.3)%	
GCHP TNE	(6,031,881)	(9,432,163)	(5,672,496)	(5,136,192)	(5,136,192)	(6,811,822)	1,675,631	(24.6)%	
TNE Excess / (Deficiency)	(12,068,853)	(15,441,946)	(14,153,143)	(13,597,077)	(13,597,077)	(15,385,454)	1,788,377	(11.6)%	

Note:
Jul-Sep- Health Care Costs include \$7M IBNR addition.

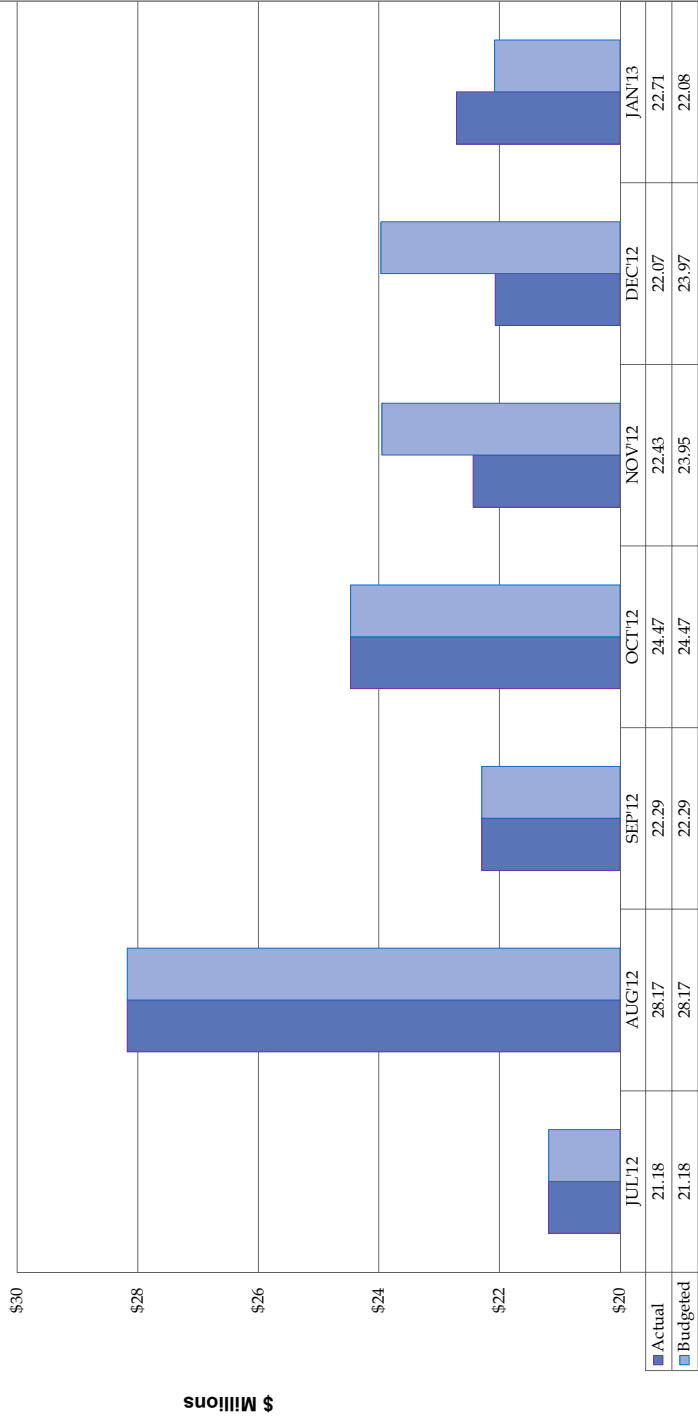
Key Drivers:

- **Member Months** - a favorable variance is attributed to an increase in Family and Duals members.
- **Revenue** - an unfavorable variance is due to negative retroactivity in Aged and Disabled categories; CBAS enrollment is lower than anticipated.
- **Health Care Costs** - a favorable variance is due to accelerated claims payments resulting in lower IBNP.
- **Administrative Costs** - an unfavorable variance is attributed to difference in timing related to new hires, accounting/actuarial fee and legal assistance fees.

Membership

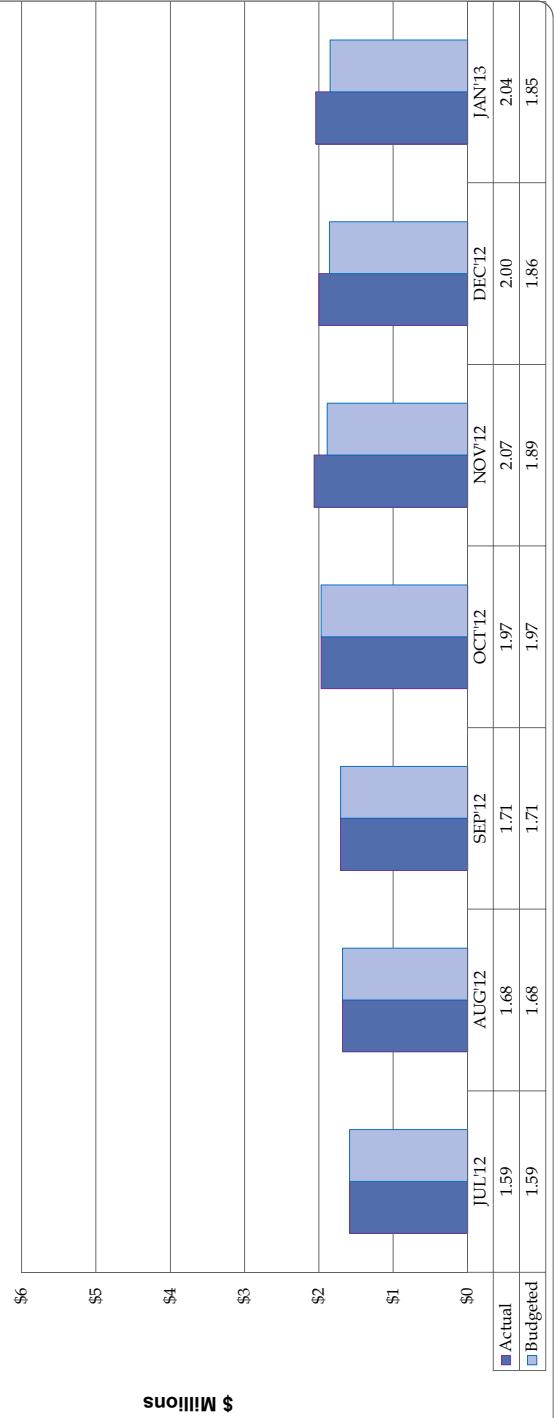


Total Health Care Costs

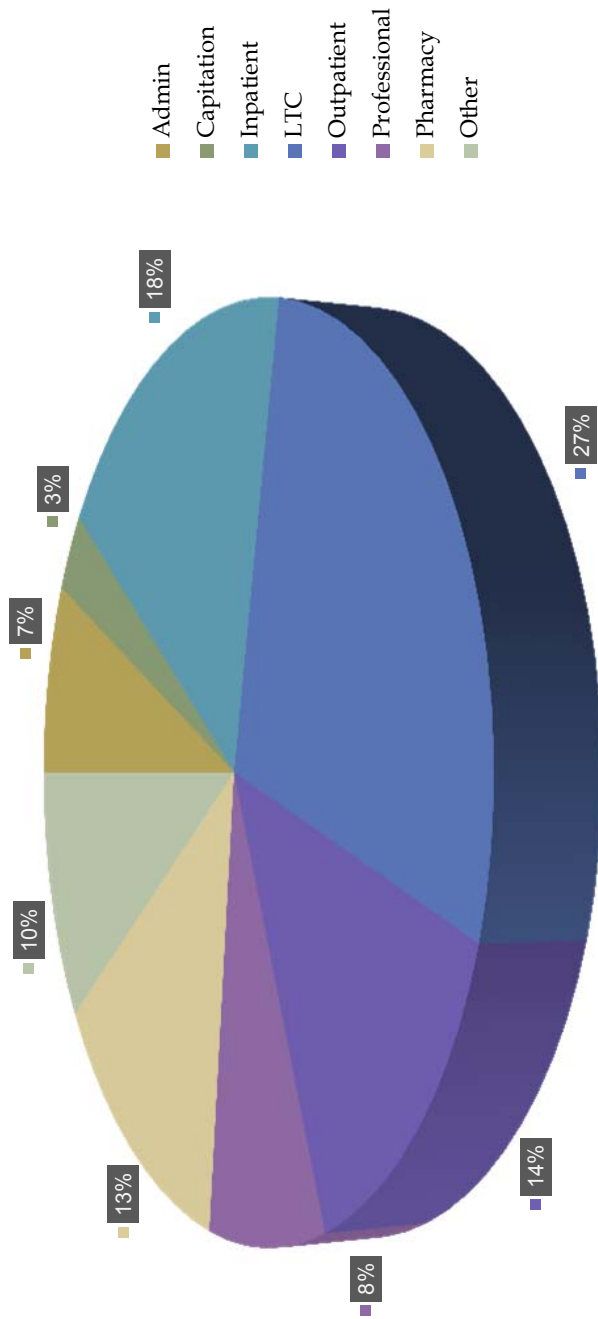


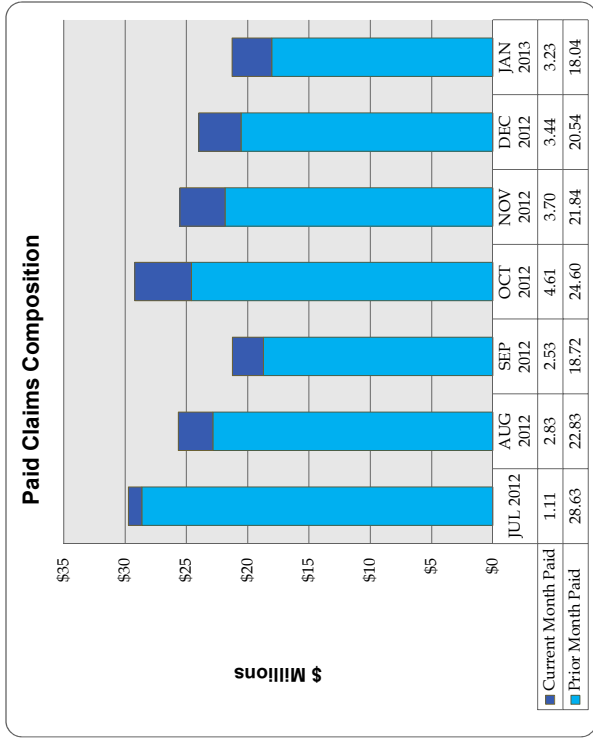
Note:
Total Health Care Costs - Aug'12 reflects IBNR adjustment.

Total Administrative Costs



Total Expenditure January YTD

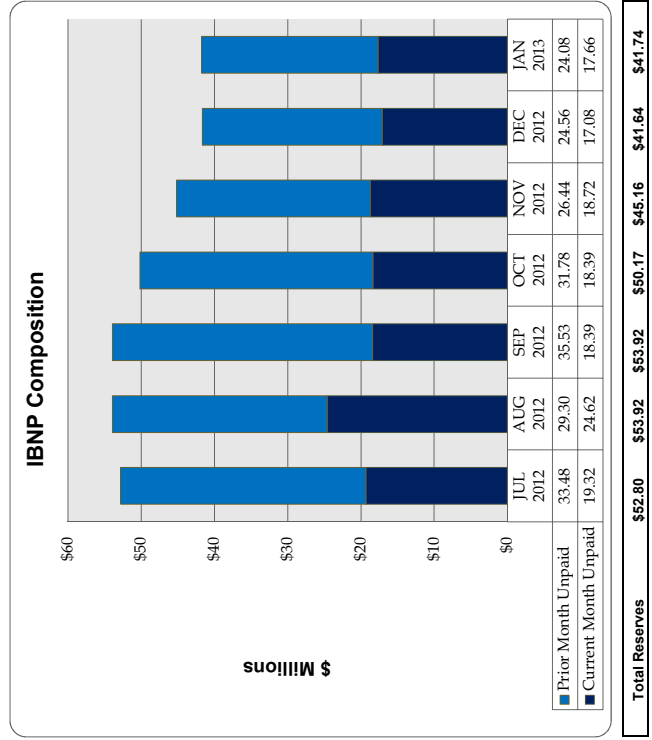
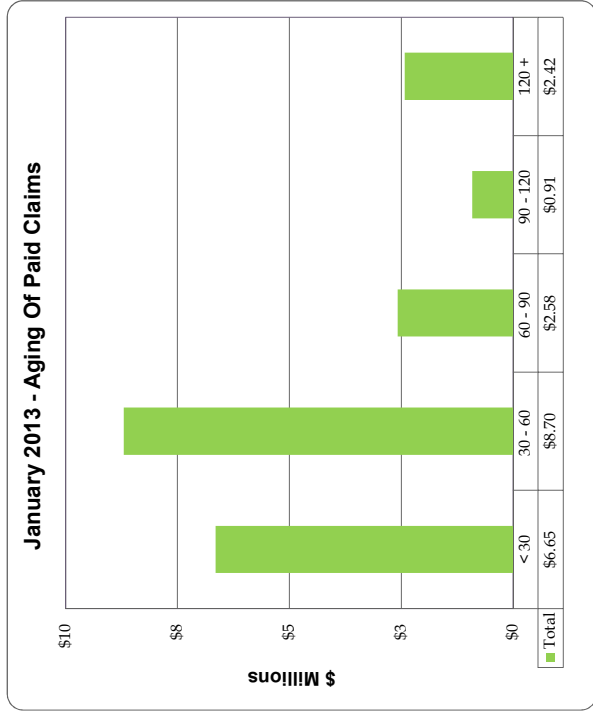




Total Paid Claims **\$28.74** **\$25.66** **\$21.25** **\$29.21** **\$25.54** **\$23.98** **\$21.27**

Note:

Paid Claims Composition- reflects adjusted medical claims payment lag schedule and pharmacy reports.

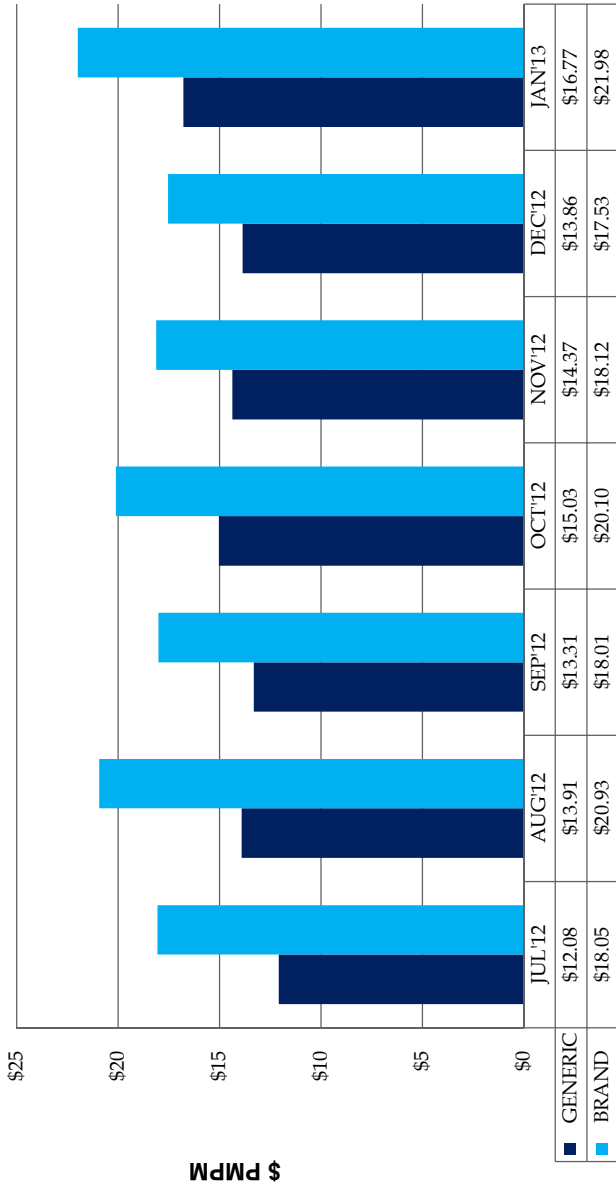


Total Reserves **\$52.80** **\$53.92** **\$50.17** **\$45.16** **\$41.64** **\$41.74**

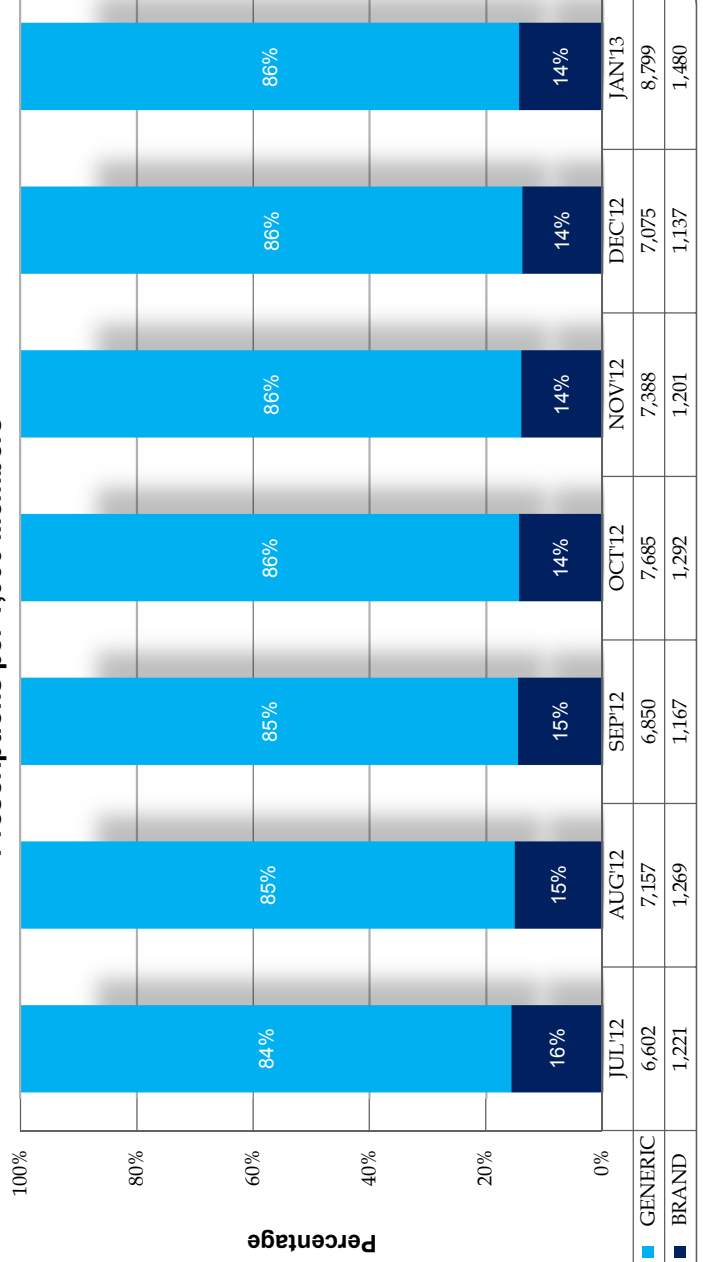
Note:

IBNP Composition- reflects updated medical cost reserve calculation (e.g., calculation of current month incurred claims less current month paid, plus prior month liability less prior month liability less prior paid in current month). Total reserve ties to IBNR and Claims Payable balance on the Balance Sheet.

Pharmacy Cost Trend



Prescriptions per 1,000 Members

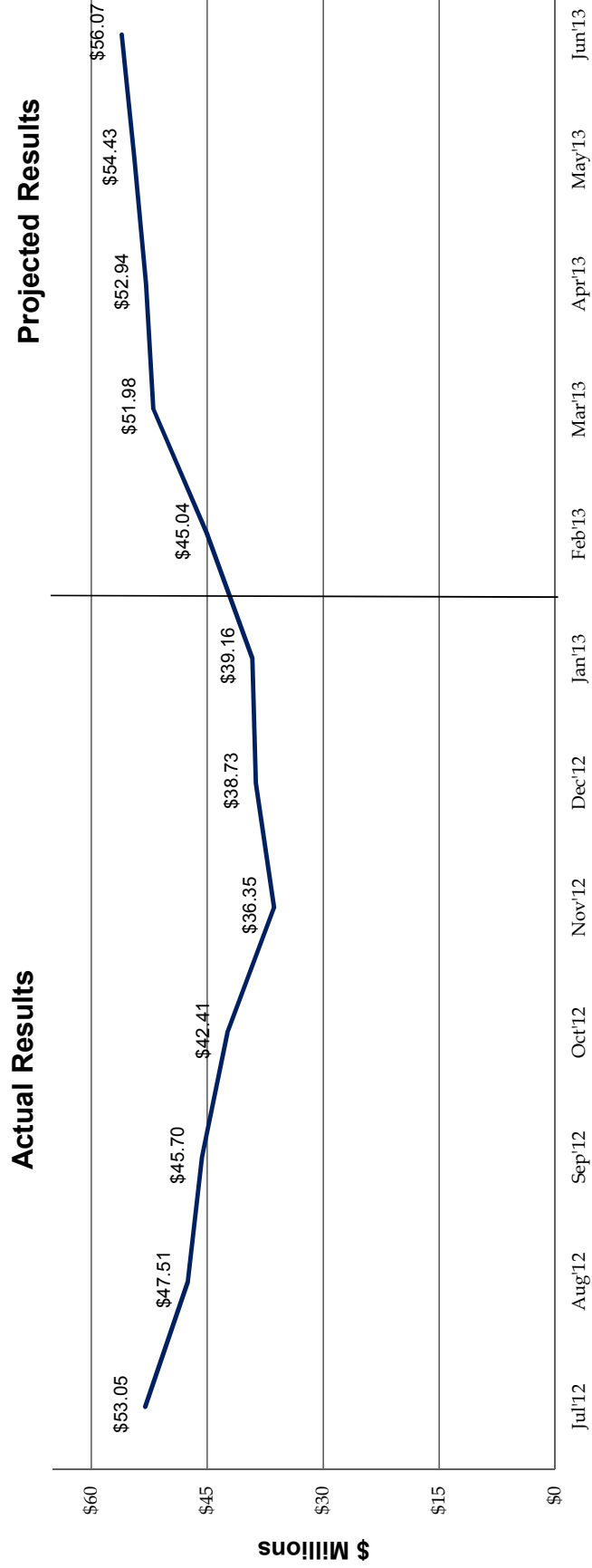


Comparative Balance Sheet

	1/31/13	12/31/12	Audited FY 2011 - 2012	Notes
ASSETS				
Current Assets				
Total Cash and Cash Equivalents	\$ 39,161,003	\$ 13,304,588	\$ 25,554,098	
Medi-Cal Receivable	-	25,430,325	28,534,938	
Provider Receivable	5,743,629	3,848,142	6,539,541	Pending provider reconciliation payment
Other Receivables	190,415	198,400	2,148,270	
Total Accounts Receivable	5,934,043	29,476,867	37,222,748	
Total Prepaid Accounts	1,191,986	1,077,780	185,797	
Total Other Current Assets	192,977	205,810	375,000	
Total Current Assets	\$ 46,480,008	\$ 44,065,045	\$ 63,337,644	
Total Fixed Assets	160,117	160,278	176,028	
Total Assets	\$ 46,640,125	\$ 44,225,323	\$ 63,513,672	
LIABILITIES & FUND BALANCE				
Current Liabilities				
Incurred But Not Reported	\$ 32,454,949	\$ 34,800,130	\$ 52,610,895	
Claims Payable	9,278,055	6,834,979	10,357,609	
Capitation Payable	921,432	917,020	633,276	
Accrued Premium Reduction	3,169,234	2,579,492	1,914,157	
Accounts Payable	3,203,158	1,762,278	886,715	Timing of invoices (e.g., ACS)
Accrued ACS	-	-	200,000	
Accrued Expenses	247,724	200,000	-	
Accrued Premium Tax	604,395	604,458	602,900	
Accrued Interest Payable	1,468	-	-	
Current Portion of Deferred Revenue	460,000	460,000	460,000	
Accrued Payroll Expense	74,235	297,795	-	Change in payroll cycle
Current Portion Of Long Term Debt	250,000	291,667	500,000	
Other Current Liabilities	-	-	-	
Total Current Liabilities	\$ 50,664,649	\$ 48,747,819	\$ 68,165,553	
Long-Term Liabilities				
Deferred Revenue - Long Term Portion	1,111,667	1,150,000	1,380,000	
Notes Payable	2,200,000	2,200,000	-	
Total Long-Term Liabilities	3,311,667	3,350,000	1,380,000	
Total Liabilities	\$ 53,976,316	\$ 52,097,819	\$ 69,545,553	
Beginning Fund Balance	(6,031,881)	(6,031,881)	(4,422,819)	
Net Income Current Year	(1,304,310)	(1,840,615)	(1,609,062)	
Total Fund Balance	(7,336,191)	(7,872,496)	(6,031,881)	
Total Liabilities & Fund Balance	\$ 46,640,125	\$ 44,225,323	\$ 63,513,672	

FINANCIAL INDICATORS			
Current Ratio	91.7%	90.4%	92.9%
Days Cash on Hand	47	17	30
Days Cash + State Capitation Receivable	47	48	64

Cash and Medi-Cal Receivable Trend



Statement of Cash Flows

	JAN'13	DEC'12
Cash Flow From Operating Activities		
Collected Premium	\$ 51,269,535	\$ -
Miscellaneous Income	3,889	7,899
<u>Paid Claims</u>		
Medical & Hospital Expenses	(19,544,086)	(21,362,731)
Pharmacy	(3,419,551)	(1,843,831)
Capitation	(917,020)	(907,950)
Reinsurance of Claims	(225,793)	(667,195)
Reinsurance Recoveries		
Payment of Withhold / Risk Sharing Incentive		
Paid Administration	(1,307,167)	(2,248,058)
Repay Initial Net Liabilities		
MCO Taxes Expense	-	1,774,300
Net Cash Provided/ (Used) by Operating Activities	25,859,807	(25,247,565)
Cash Flow From Investing/Financing Activities		
Proceeds from Line of Credit	-	2,200,000
Repayments on Line of Credit	-	-
Net Acquisition of Property/Equipment	(3,392)	-
Net Cash Provided/(Used) by Investing/Financing	(3,392)	2,200,000
Net Cash Flow	\$ 25,856,414	\$(23,047,565)
Cash and Cash Equivalents (Beg. of Period)	13,304,588	36,352,153
Cash and Cash Equivalents (End of Period)	39,161,003	13,304,588
	\$ 25,856,414	\$(23,047,565)
Adjustment to Reconcile Net Income to Net Cash Flow		
Net (Loss) Income	536,305	1,606,322
Depreciation & Amortization	3,554	3,554
Decrease/(Increase) in Receivables	23,542,824	(24,264,500)
Decrease/(Increase) in Prepays & Other Current Assets	(101,372)	971,395
(Decrease)/Increase in Payables	1,856,253	(575,163)
(Decrease)/Increase in Other Liabilities	(80,000)	(80,000)
Change in MCO Tax Liability	(63)	604,422
Changes in Claims and Capitation Payable	2,447,488	(1,668,765)
Changes in IBNR	(2,345,181)	(1,844,828)
	25,859,807	(25,247,565)
Net Cash Flow from Operating Activities	\$ 25,859,807	\$(25,247,565)



**Gold Coast
Health PlanSM**
A Public Entity

APPENDIX

Income Statement Comparison

	2012 Actual Monthly Trend			Jan-13			Explanation
	Oct	Nov	Dec	Month-To-Date		Variance	
				Actual	Budget	Fav/(Unfav)	
Membership	96,447	96,907	97,745	97,167	96,495	672	
Revenue:							
Premium	\$25,524,694	\$25,519,637	\$25,759,968	\$25,377,074	\$25,752,316	\$ (375,242)	
Reserve for Rate Reduction	(126,771)	(128,543)	(129,959)	(127,606)	(127,013)	(593)	
MCO Premium Tax	(635)	(37)	21	63	(773)	836	
Total Net Premium	25,397,288	25,391,057	25,630,030	25,249,532	25,624,530	(374,998)	
Other Revenue:							
Interest Income	13,390	9,004	7,899	3,889	15,451	(11,562)	
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	0	
Total Other Revenue	51,724	47,337	46,233	42,223	53,784	(11,561)	
Total Revenue	25,449,011	25,438,394	25,676,263	25,291,754	25,678,314	(386,560)	
Medical Expenses:							
<u>Capitation</u>	755,447	907,950	917,020	921,432	945,928	24,496	
<u>Incurring Claims:</u>							
Inpatient	4,592,634	4,542,801	4,093,335	4,054,978	4,420,970	365,992	
LTC/SNF	6,933,988	6,858,363	6,228,689	6,107,181	6,852,319	745,138	
Outpatient	2,750,021	2,735,387	2,458,657	2,438,523	2,977,172	538,649	
Laboratory and Radiology	231,690	229,447	206,113	204,418	230,705	26,287	
Emergency Room Facility Services	533,516	529,753	474,523	472,684	531,581	58,897	
Physician Specialty Services	2,280,039	2,111,295	1,838,999	1,849,915	1,880,699	30,784	
Pharmacy	3,485,563	3,251,427	3,180,407	<u>3,859,639</u>	<u>3,135,205</u>	(724,434)	Higher utilization and costs due to winter illness
Other Medical Professional	288,240	288,957	332,271	199,667	252,031	52,364	
Other Medical Care Expenses	606	-	732	-	-	-	
Other Fee For Service Expense	1,589,710	1,570,885	1,426,578	1,401,900	1,545,011	143,111	
Transportation	308,025	306,198	275,536	299,590	258,113	(41,477)	
Total Claims	<u>22,994,031</u>	<u>22,424,513</u>	<u>20,515,839</u>	<u>20,888,495</u>	<u>22,083,807</u>	<u>1,195,312</u>	
Medical & Care Management Expens	556,393	587,293	560,329	<u>666,197</u>	<u>615,650</u>	(50,547)	Script Care mgmt fees driven by higher Pharmacy utilization
Reinsurance	225,239	224,722	225,793	225,793	233,537	7,744	
Claims Recoveries	(64,218)	(1,711,511)	(150,917)	<u>11,968</u>	<u>(1,800,000)</u>	(1,811,968)	Timing of actual recoveries
Sub-total	717,413	(899,496)	635,205	903,958	<u>(950,813)</u>	(1,854,771)	
Total Cost of Health Care	24,466,891	22,432,967	22,068,065	22,713,884	22,078,922	(634,962)	
Contribution Margin	982,120	3,005,427	3,608,198	2,577,870	3,599,392	(1,021,522)	
General & Administrative Expenses:							
Salaries and Wages	388,828	323,624	354,451	<u>474,339</u>	<u>372,782</u>	(101,557)	Increase due to timing related to new hires
Payroll Taxes and Benefits	62,808	72,886	88,331	106,130	79,091	(27,039)	
Total Travel and Training	6,690	5,784	2,996	1,546	6,643	5,097	
Outside Service - ACS	890,492	1,052,244	916,305	<u>883,861</u>	<u>929,810</u>	45,949	Budgeted additional fees based on historical averages
Outside Services - Other	104,166	17,311	44,810	28,663	19,564	(9,099)	
Accounting & Actuarial Services	85,290	44,311	37,529	<u>25,350</u>	<u>5,000</u>	(20,350)	Actual expense includes consulting fees which will be reclassified in the future months
Legal Expense	12,196	67,921	41,114	47,724	32,350	(15,374)	
Insurance	10,792	11,846	9,245	9,245	10,792	1,547	
Lease Expense - Office	18,289	15,879	15,977	15,983	16,630	647	
Consulting Services Expense	191,975	330,613	379,747	312,781	305,592	(7,189)	
Translation Services	2,812	590	4,101	328	765	437	
Advertising and Promotion Expense	3,150	-	2,645	196	0	(196)	
General Office Expenses	84,636	78,657	48,327	<u>76,509</u>	<u>42,433</u>	(34,076)	Repairs and maintenance, office supplies, software licenses
Depreciation & Amortization Expense	3,554	3,561	3,554	3,554	3,874	320	
Printing Expense	2,538	1,670	1,276	14,767	8,742	(6,025)	
Shipping & Postage Expense	21	606	21,825	395	11,281	10,886	
Interest Exp	100,407	37,812	29,643	<u>40,195</u>	<u>5,825</u>	(34,370)	Process claims from prior months
Total G & A Expenses	1,968,888	2,065,315	2,001,876	2,041,565	1,851,174	(190,391)	
Net Income / (Loss)	\$ (986,767)	\$ 940,112	\$ 1,606,322	\$ 536,305	\$ 1,748,218	\$(1,211,914)	

PMPM Income Statement Comparison

	2012 Actual Monthly Trend			Jan'13 Month-To-Date		Variance
	Oct	Nov	Dec	Actual	Budget	Fav/(Unfav)
Members (Member/Months)	96,447	96,907	97,745	97,167	96,495	672
Revenue:						
Premium	264.65	263.34	263.54	261.17	266.88	(5.71)
Reserve for Rate Reduction	(1.31)	(1.33)	(1.33)	(1.31)	(1.32)	0.00
MCO Premium Tax	(0.01)	(0.00)	0.00	0.00	(0.01)	0.01
Total Net Premium	263.33	261.31	262.21	259.86	265.55	(5.70)
Other Revenue:						
Interest Income	0.14	0.09	0.08	0.04	0.16	(0.12)
Miscellaneous Income	0.40	0.40	0.39	0.39	0.40	(0.00)
Total Other Revenue	0.54	0.49	0.47	0.43	0.53	(0.10)
Total Revenue	263.87	262.50	262.69	260.29	266.11	(5.82)
Medical Expenses:						
<u>Capitation</u>	7.83	9.37	9.38	9.48	9.80	(0.32)
<u>Incurred Claims:</u>						
Inpatient	47.62	46.88	41.88	41.73	45.82	4.08
LTC/SNF	71.89	70.77	63.72	62.85	71.01	8.16
Outpatient	28.51	28.23	25.15	25.10	30.85	5.76
Laboratory and Radiology	2.40	2.37	2.11	2.10	2.39	0.29
Emergency Room Facility Services	5.53	5.47	4.85	4.86	5.51	0.64
Physician Specialty Services	23.64	21.79	18.81	19.04	19.49	0.45
Pharmacy	36.14	33.55	32.54	39.72	32.49	(7.23)
Other Medical Professional	2.99	2.98	3.40	2.05	2.61	0.56
Other Medical Care Expenses	0.01	-	0.01	-	-	-
Other Fee For Service Expense	16.36	16.21	14.59	14.43	16.01	1.58
Transportation FFS	3.19	3.16	2.82	3.08	2.67	(0.41)
Total Claims	236.64	231.40	209.89	214.98	228.86	13.88
Medical & Care Management	5.77	6.06	5.73	6.86	6.38	(0.48)
Reinsurance	2.34	2.32	2.31	2.32	2.42	0.10
Claims Recoveries	(0.67)	(17.66)	(1.54)	0.12	(18.65)	(18.78)
Sub-total	7.38	(9.28)	6.50	9.30	(9.39)	(18.70)
Total Cost of Health Care	253.68	231.49	225.77	233.76	228.81	(4.95)
Contribution Margin	10.18	31.01	36.91	26.53	37.30	(10.77)
Administrative Expenses						
Salaries and Wages	4.03	3.34	3.63	4.88	3.86	(1.02)
Payroll Taxes and Benefits	0.65	0.75	0.90	1.09	0.82	(0.27)
Total Travel and Training	0.07	0.06	0.03	0.02	0.07	0.05
Outside Service - ACS	9.23	10.86	9.37	9.10	9.64	0.54
Outside Services - Other	1.08	0.18	0.46	0.29	0.20	(0.09)
Accounting & Actuarial Services	0.88	0.46	0.38	0.26	0.05	(0.21)
Legal Expense	0.13	0.70	0.42	0.49	0.34	(0.16)
Insurance	0.11	0.12	0.09	0.10	0.11	0.02
Lease Expense -Office	0.19	0.16	0.16	0.16	0.17	0.01
Consulting Services Expense	1.99	3.41	3.89	3.22	3.17	(0.05)
Translation Services	0.03	0.01	0.04	0.00	0.01	0.00
Advertising and Promotion Expense	0.03	-	0.03	0.00	-	(0.00)
General Office Expenses	0.88	0.81	0.49	0.79	0.44	(0.35)
Depreciation & Amortization Expense	0.03	0.02	0.01	0.04	0.04	0.00
Printing Expense	0.00	0.01	0.22	0.15	0.09	(0.06)
Shipping & Postage Expense	1.04	0.39	0.30	0.00	0.12	0.11
Interest Exp	-	-	-	0.41	0.06	(0.35)
Total Administrative Expenses	20.41	21.31	20.48	21.01	19.18	(1.83)
Net Income / (Loss)	(10.23)	9.70	16.43	5.52	18.12	(12.60)

**Income Statement Comparison
For The Seven Months Ended January 31, 2013**

	Jan'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership	677,272	674,939	2,333
Revenue:			
Premium	\$ 175,529,379	\$ 176,088,799	\$ (559,420)
Reserve for Rate Reduction	(792,943)	(787,715)	(5,228)
MCO Premium Tax	(1,495)	(3,859)	2,364
Total Net Premium	174,734,942	175,297,225	(562,283)
Other Revenue:			
Interest Income	77,283	102,820	(25,537)
Miscellaneous Income	268,333	268,333	(0)
Total Other Revenue	345,616	371,153	(25,537)
Total Revenue	175,080,558	175,668,378	(587,820)
Medical Expenses:			
<u>Capitation</u>	5,369,260	5,459,963	90,703
<u>Incurred Claims:</u>			
Inpatient	31,259,427	31,947,185	687,758
LTC/SNF	47,378,315	48,901,905	1,523,590
Outpatient	18,780,137	19,794,308	1,014,171
Laboratory and Radiology	1,576,727	1,634,838	58,111
Emergency Room Facility Services	3,637,536	3,769,316	131,780
Physician Specialty Services	14,453,684	14,350,175	(103,509)
Pharmacy	23,559,871	22,670,867	(889,004)
Other Medical Professional	1,992,689	1,934,892	(57,797)
Other Medical Care Expenses	4,311		(4,311)
Other Fee For Service Expense	10,837,705	11,116,993	279,288
Transportation	2,129,700	2,113,905	(15,795)
Total Claims	155,610,101	158,234,384	2,624,283
Medical & Care Management Expense	3,963,092	3,950,864	(12,228)
Reinsurance	1,574,687	1,598,816	24,129
Claims Recoveries	(3,186,783)	(3,136,323)	50,460
Sub-total	2,350,996	2,413,357	62,361
Total Cost of Health Care	163,330,357	166,107,704	2,777,347
Contribution Margin	11,750,201	9,560,674	2,189,527
General & Administrative Expenses:			
Salaries and Wages	2,429,539	2,318,606	(110,933)
Payroll Taxes and Benefits	659,111	607,981	(51,130)
Total Travel and Training	36,620	38,925	2,305
Outside Service - ACS	6,406,824	6,351,726	(55,098)
Outside Service - RGS	23,674	23,674	0
Outside Services - Other	325,500	298,338	(27,162)
Accounting & Actuarial Services	220,417	138,227	(82,190)
Legal Expense	229,545	169,836	(59,709)
Insurance	58,742	60,782	2,040
Lease Expense - Office	101,735	103,786	2,051
Consulting Services Expense	1,574,238	1,612,216	37,978
Translation Services	9,755	7,030	(2,725)
Advertising and Promotion Expense	9,491	9,150	(341)
General Office Expenses	479,882	407,351	(72,531)
Depreciation & Amortization Expense	24,792	25,372	580
Printing Expense	46,902	49,265	2,363
Shipping & Postage Expense	39,185	30,848	(8,337)
Interest Exp	378,561	287,502	(91,059)
Total G & A Expenses	13,054,511	12,540,615	(513,896)
Net Income / (Loss)	\$ (1,304,310)	\$ (2,979,941)	\$ 1,675,631

Statement of Cash Flows

	JAN '13 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 204,526,452
Miscellaneous Income	77,284
<u>Paid Claims</u>	
Medical & Hospital Expenses	(149,592,515)
Pharmacy	(23,089,572)
Capitation	(5,081,105)
Reinsurance of Claims	(1,842,918)
Reinsurance Recoveries	-
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(13,581,842)
Repay Initial Net Liabilities	-
MCO Taxes Expense	-
Net Cash Provided/(Used) by Operating Activities	11,415,784
 Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	2,200,000
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(8,879)
Net Cash Provided/(Used) by Investing/Financing	2,191,121
 Net Cash Flow	\$ 13,606,904
 Cash and Cash Equivalents (Beg. of Period)	25,554,098
Cash and Cash Equivalents (End of Period)	39,161,003
	\$ 13,606,904
 Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	(1,304,310)
Depreciation & Amortization	24,792
Decrease/(Increase) in Receivables	31,288,705
Decrease/(Increase) in Prepays & Other Current Assets	(824,165)
(Decrease)/Increase in Payables	3,694,946
(Decrease)/Increase in Other Liabilities	(518,333)
Change in MCO Tax Liability	1,495
Changes in Claims and Capitation Payable	(791,398)
Changes in IBNR	(20,155,946)
	11,415,784
 Net Cash Flow from Operating Activities	\$ 11,415,784

Financial Forecast – Update as of 3/7/13

Table below provides a status update of the Plan’s progress towards implementing initiatives reflected in the Financial Forecast provided to the State of 12/11/12. Overall, results expected to be more favorable than forecast.

Areas	Number of Initiatives	Status Update
Correct coding of members	2	<ul style="list-style-type: none"> Both initiatives (i.e., correct coding of LTC and Medicare members) are underway and on track; <ul style="list-style-type: none"> LTC-confirmed 32 of 40 historical members converted; an additional 24 are pending from HSA; Part A-anticipating results of Part A conversions with the February Enrollment file at the end of the month. Strategies being implemented to ensure ongoing conversions
Collecting and processing overpayments, coordinating benefit payments, enhancing claims payment edits, and collecting from reinsurance vendor	8	<ul style="list-style-type: none"> Half of the initiatives have been sent to the vendor for recovery processing, the other half are being analyzed and quantified. Anticipating recoveries beginning in March. Examples of recoveries includes, but not be limited to: <ul style="list-style-type: none"> Overpayments (e.g., paid at the incorrect rate, denied claims, duplicate claim payments) Voluntary refunds (i.e., provider refund checks) Credit Balance Letters (e.g., refund checks related to GCHP Hospital Credit Balance Letter) Other recoveries (e.g., reinsurance of high dollar claims identified) Coordination of Benefits (e.g., using cross-over Medicare payments to determine COB) Coordinating with vendor to review and refine our combined work flow process to ensure we are aligned. Strategies being developed to identify future claims processing issues and implement changes quickly
Provider re-contracting	4	<ul style="list-style-type: none"> Non-emergent medical transportation full-risk contract implemented on schedule (2/1/13) Additional provider re-contracting discussions are underway; finalizing the schedule with remaining providers.
Enhanced utilization and case management	3	<ul style="list-style-type: none"> Strategies defined and on track to implement Currently reviewing reports to monitor progress Additional information provided at 2/25 Commission meeting
Managing administrative budget & TNE requirements	2	<ul style="list-style-type: none"> Process in place to monitor budget monthly across all departments Working with the County to determine approval and timing of additional funding

GCHP Financial Forecast Status Update
Results through: January 31, 2013

This document provides a status update to Gold Coast Health Plan's (GCHP or Plan) financial forecast provided the Department of Health Care Services (DHCS) on December 11, 2012. The financial forecast was provided in response to the Corrective Action Plan (CAP) Amendment and projects revenue and expenses through 6/30/14. This status update compares actual financial results to the financial forecast and highlights major differences.

This update compares actual activities to those estimated in the financial forecast for results through January 31, 2013. This is summarized in the table below.

January 2013

Highlights of Major Differences between Financial Forecast and Actual Financial Results				
Financial Statement Item	A. Financial Forecast	B. Actual	C. Difference (A-B)	Comments
Revenue	\$25.7M	\$25.2M	(\$0.5M)	Differences due to enrollment variances, including CBAS enrollment lower than forecast.
Health Care Costs	\$22.4M	\$22.7M	(\$0.3M)	Differences due to timing and amount of reinsurance recoveries (\$1.8M expected in January with \$1.3M received in November).
Administrative Costs	\$1.6M	\$2.0M	(\$0.4M)	Differences due to additional consulting fees and timing of vendor work.
Net Income	\$1.7M	\$0.5M	(\$1.2M)	

Also important to note that as of the end of January, 2013:

- Line of Credit - Line of credit balance remains unchanged at \$2.2M.
- TNE – The Plan has a year-to-date net loss of \$1,304,310 as compared to the forecasted year-to-date net loss of \$3,176,650. Phase-in requirement remains at 52% of the 100% level as of 1/31/2013 per the State's TNE phase-in schedule (i.e., at \$8,342,317 per Orange Blank submitted to State). The Plan's TNE at 1/31/13 is at negative \$5,136,192, resulting in a deficit of \$13,478,509. This deficit is smaller than expected in the financial forecast (i.e., \$15,626,400) due to better than expected operating results.

AGENDA ITEM 3b

To: Executive / Finance Committee of the Gold Coast Health Plan Commission

From: Michael Engelhard, Chief Executive Officer

Date: March 7, 2013

RE: County Line Of Credit (LOC) Support - Update

SUMMARY:

This provides additional information regarding a proposed LOC agreement with the County of Ventura. The additional LOC funding would be used to address Gold Coast Health Plan's existing TNE deficiency.

BACKGROUND:

A proposed additional LOC agreement between Gold Coast Health Plan and the County of Ventura was discussed at the February 25, 2013 meeting of the Gold Coast Health Plan Commission. The Commission asked that additional details of the original LOC agreement be presented at the March 7, 2013 meeting of the Gold Coast Health Plan Commission Executive / Finance Committee.

The new proposed LOC agreement is expected to have terms and conditions similar to the original LOC agreement between the Plan and the County of Ventura. The original agreement was signed in May 2011.

DISCUSSION:

Details of the May 10, 2011 agreement are as follows:

1. Credit Facility Type: revolving line of credit (LOC).
2. Maximum LOC Commitment: \$2,200,000.00.
3. Interest Rate: variable rate; equivalent to the Ventura County Treasury pool rate.
4. Effective Date: July 1, 2011.
5. Unsecured and Subordinated Loan. Note is subordinated to all current and future creditors of the Plan.

6. Purpose: proceeds to be used exclusively for operations and cash reserves of GCHP.
7. Repayment: Plan must receive written approval from the California Department of Health Care Services (“Department” or “DHCS”). Plan may ask for written approval from DHCS once it meets 100% of the minimum required Tangible Net Equity (TNE) as defined in Title 28, CCR, Section 1300.76c(6).

FISCAL IMPACT:

The dollar amount of the new, proposed LOC is not known at this time. The Ventura County Treasury pool rate for the month of December 2012 was approximately 0.58% according to a February 5, 2013 report by the County Treasurer to the County of Ventura Board of Supervisors.