



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

2240 E. Gonzales, Suite 280, Oxnard, CA 93036
Thursday, January 9, 2014
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT: A Speaker Card must be completed and submitted to the Clerk of the Board by anyone wishing to comment:

- **Public Comment** - Comments regarding items not on the agenda but within the subject matter jurisdiction of the Commission.
- **Agenda Item Comment** - Comments within the subject matter jurisdiction of the Commission pertaining to a specific item on the agenda. The speaker is recognized and introduced by the Commission Chair during Commission's consideration of the item.

1. APPROVE MINUTES

- a. [November 8, 2013 Regular Executive / Finance Meeting Minutes](#)

2. ACCEPT AND FILE ITEMS

- a. [CEO Update](#)
b. [October Financials](#)
c. [November Financials](#)

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 (VCOMMCC) dba
Gold Coast Health Plan, Executive Finance Committee Meeting Agenda (*continued*)**

PLACE: 2240 E. Gonzalez, Room 200, Oxnard, CA

TIME: 3:00 p.m.

3. INFORMATIONAL ITEMS

- a. [Amended FY 2013-14 Budget](#)
- b. [Legislative Update \(Year-End\)](#)
- c. Affordable Care Act (ACA) Update

CLOSED SESSION

**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**

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 February 6, 2014 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 280, Oxnard CA 93036

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

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

November 7, 2013

(Not official until approved)

CALL TO ORDER

Vice Chair Juarez called the meeting to order at 3:03 p.m. in Suite 230 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

COMMITTEE MEMBERS PRESENT

Eileen Fisler, Ventura County Medical Health System

David Glycer, Private Hospitals / Healthcare System

Roberto Juarez, Clinicas del Camino Real, Inc.

ABSENT / EXCUSED

Robert Gonzalez, MD, Ventura County Medical Health System

Gagan Pawar, MD, 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

Ruth Watson, COO

Guillermo Gonzalez, Government Affairs Director

Steve Lalach, Communications Manager

Lyndon Turner, Finance Manager

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. October 3, 2013 Regular Meeting Minutes

Committee Member Glycer moved to approve the October 3, 2013 Regular Meeting Minutes. Committee Member Fisler seconded. The motion carried. **Approved 3-0.**

2. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard updated the Committee on the Corrective Action Plan (CAP), the Plan has been meeting the deadlines and submitting the required reports to the State.

RECESS

A brief recess was called at 3:08 p.m. The meeting reconvened at 3:10 p.m.

b. September Financials (Unaudited)

CFO Raleigh reviewed the unaudited September financials and highlighted that this is the first time the Plan has been above the required Tangible Net Equity (TNE) levels. Committee Member Glycer recommended the TNE graph show the amount outstanding of the Line of Credit (LOC) from the County of Ventura until paid in full.

CFO Raleigh reminded the Committee that beginning in May, the methodology used to distribute the expenses into specific categories was modified to more closely follow State reporting. This change in methodology has taken time to implement as shown in the columns outlined of the Total Expense Composition chart. Therefore, the months following September will be comparable.

A high-dollar transplant claim was paid in October and GCHP expects the reinsurance to refund a majority of that amount, which was the primary reason of inpatient costs being over budget in September.

The Community Adult Based Services (CBAS) revenue has been confirmed at same level, which is approximately \$850,000 per month.

Discussion was held regarding the fact that ACS / Xerox had not been billing GCHP for administrative services related to the Targeted Low Income Children (TLIC) population as this program was phasing-in over the last few months of FY 2012-13.

Concern was raised regarding the level of claims-related interest payments. COO Watson explained that after ACS / Xerox went through a system upgrade and it took more than a month to determine that interest on the late payment of claims was being over-paid. Programs to collect known interest over-payments are being implemented.

Committee Member Fislser suggested that the Pharmacy Cost Trend graph reflect a target for the budgeted PMPM cost.

b. FY 2012-13 Audit Results

CFO Raleigh reviewed the final FY 2012-13 audit results performed by McGladrey and explained that the audit was finalized October 30, 2013 and was subsequently submitted to the State. The following areas were discussed: the State, Milliman, McGladrey, Berkely Research Group (BRG), and GCHP met and determined that the Incurred But Not Reported (IBNR) figure would not be changed from what was reported in the June 30, 2013 financial statements. There are items that were reclassified per the auditors' suggestions; the restated figures were then reviewed. TNE was originally stated as \$7.7 million, but was revised up to \$11.9 million when audit adjustments are incorporated. The primary reason for the upward revision to TNE was based on increased revenue due to the State finalizing payment rates after the initial close of the Plan's financial books. The AB 97 provider rate reductions have been postponed therefore a portion of the AB 97 reserves have been released.

Vice-Chair Juarez requested an update on the Financial Forecast – Key Initiatives. CFO Raleigh responded that this would be provided in a future meeting.

Discussion was held regarding the TNE and when the Plan would be able to start paying the LOC from Ventura County. CEO Engelhard responded that the State will require the Plan's TNE to be in excess of 130% of the calculated TNE level for a significant period of time before allowing the LOC to be repaid and that the TNE level will need to be above 130% after repaying the LOC.

Committee Member Glycer moved to accept the CEO Report, the September Financials and the FY 2012-13 Audit Results. Committee Member Fisler seconded. The motion carried. **Approved 3-0.**

COMMENTS FROM COMMITTEE MEMBERS

None.

CLOSED SESSION

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

ADJOURN TO CLOSED SESSION

The Committee adjourned to Closed Session at 4:22 p.m. regarding the following items:

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

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 4:26 p.m.

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

ADJOURNMENT

Meeting adjourned at 4:26 p.m.

AGENDA ITEM 2a

To: Gold Coast Health Plan Executive / Finance Committee

From: Michael Engelhard, CEO

Date: January 9, 2014

Re: CEO Update

DHCS MEETINGS

DHCS / All-Plan Meeting & DHCS / CAHIO – December 17, 2013

The CEO and Director of Government Relations attended two meetings on Tuesday December 17, 2013 in Sacramento with DHCS leadership and other health plan representatives. Key topics included:

1. Coordinated Care Initiative (CCI): GCHP is not involved in the State's CCI at this time. The centerpiece of the CCI is the "Duals Pilot" where 8 counties will integrate funding and benefits for those who qualify for both Medicare and Medi-Cal. Phase I is a 3-year pilot that begins on April 1, 2014 and ends in 2017. It is unclear when Phases II and III would be implemented. GCHP / Ventura County will be involved in either Phases II or III if and when they occur. No dates for these phases have been announced at this time.
2. Encounter Data Improvement Project (EDIP): DHCS has started this project to improve data capture from the Medi-Cal Managed Care Plans (MCPs). Improved encounter data will be used for medical quality measurement, rate setting, audits and investigations, and overall program monitoring. MCP encounter data will be measured on four characteristics: timeliness, completeness, accuracy and reasonableness. More to follow on EDIP.
3. Mental Health: the new benefit and SBIRT (Screening, Brief Intervention and Referral to Treatment) process are moving into managed care. The benefit begins on January 1, 2014. The new SBIRT tool / process goes into effect in the first quarter of 2014. Plans are working with local providers for network development and with county mental health departments regarding interfaces and referrals between the two programs / benefits.
4. ACA 1202 Physician Rate Bump: DHCS has submitted rates to CMS and the Department is waiting for approval. MCPs should expect to be paid in January 2014. Plans will be required to distribute money to registered providers for their qualifying encounters going back to January 2013. This program was enacted via the ACA for calendar years 2013 and 2014. MCPs have until February 1, 2014 to submit their plans on how they'll comply with the ACA 1202 program. DHCS indicated that payments to

satisfy the requirements of the ACA 1202 funding for the period of January 2013-June 2013 will begin later in January 2014.

5. CalHEERS / Outreach: DHCS Director Toby Douglas outlined various ways the Department is looking to get the word out about the new Medi-Cal eligibility requirements to increase enrollment into the program.
 - a. To date, approximately 300,000-400,000 potentially eligible people have applied via CoveredCA.com.
 - b. The State is looking to mail a notification to CalFRESH beneficiaries. The estimates that there are 600,000 CalFRESH participants who would also be eligible for Medi-Cal. DHCS expects to mail notifications to potentially Medi-Cal eligible CalFRESH participants on February 3rd.
 - c. The State is looking to create another “Express Lane” for parents of TLIC children who will be eligible for Medi-Cal. DCHS estimates that there are another 300,000 potential Medi-Cal beneficiaries in this population.

6. CBAS (Community-Based Adult Services): DHCS reminded the MCPs that the legal settlement that created the CBAS benefit expires in September 2014. The State, through the California Department of Aging, is initiating monthly meetings with a stakeholder workgroup concerning the future of the CBAS benefit. More to follow.

7. 2014 Future Activities: DHCS Director Douglas outlined key area of focus by the Department in 2014, including:
 - a. Quality Outcomes: aligning incentives at the delivery system level, measuring and rewarding, etc.
 - b. Health Home Options: this was passed in AB 361 and signed into law by the Governor.
 - c. CMS Innovation Grants: there will be more of these available in 2014.
 - d. Mental Health & Substance Use Disorder benefits: the Department will embark on putting measurements in place once the benefit has been implemented.
 - e. FQHCs: CPCA (California Primary Care Association) and CAPH (California Association of Public Hospitals) have been in discussions regarding payment reform for FQHCs. More to follow.
 - f. 1115 Waiver: the State needs to start working on a new waiver in 2014. (Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and CHIP programs. The purpose of these demonstrations, which give states additional flexibility to design and improve their programs, is to demonstrate and evaluate policy approaches such as: expanding eligibility to individuals who are not otherwise Medicaid or CHIP eligible, providing services not typically covered by Medicaid, and using innovative service delivery systems that improve care, increase efficiency, and

- reduce costs.) California’s current waiver, the “Bridge to Reform”, expires in 2015.
- g. CCS: The State plans to initiate discussions around policy changes to the California Children’s Initiative program in 2014.

OPERATIONS:

Operations Data Reporting

GCHP Operations and Network Operations are working collaboratively toward standardizing operational reports and creating dashboards that will be routinely included in future board packets. Some examples of what to expect in 2014 include:

Claims:

Reports scheduled for January Commission meeting:

• Inventory Summary	• Claims Processing Accuracy
• Turnaround Time (TAT) Summary	• Project Summary

Reports scheduled for 2nd Quarter 2014:

• Adjustments	• Coordination of Benefits (COB) Savings
• Provider Dispute Resolution (PDR) Summary	Cost Containment / Recovery Activities

Member Services:

Reports scheduled for January Commission Meeting:

- Total Membership
- Call Center Metrics
 - Calls Received,
 - Average Speed of Answer (ASA)
 - Average Call Length
 - Abandonment Rate

Network Operations:

Reports scheduled for January Commission Meeting:

• Provider / Member Allocation Reports by Group	• Geo Access Reporting (quarterly)
• Provider Site Visits / In-Service	• Provider Network Reports (quarterly)
• Provider Portal Usage	

Reports scheduled for 2nd Quarter 2014:

The Meyers Group (TMG) has recently completed the Provider Satisfaction Survey and Access to Care Survey. Network Operations is in the process of analyzing the reports and will report the results to the Commission in February.

HEALTH SERVICES:

Medical Management System (MMS) Implementation

On December 7, 2013, Gold Coast Health Plan (GCHP) implemented the MedHOK 360 Care Medical Management System (MMS) to replace the previous MMS (ICMS) leased from Xerox. In January 2013, GCHP made the decision to select and procure a new MMS as ICMS was not ICD-10 compliant and would be retired by the end of 2013. With the decision to transition the Health Services nurses to GCHP employees, the Plan determined that the selection and procurement of a new MMS would be more tailored to current business needs and future growth.

In roughly 150 days, a core project team consisting of GCHP, MedHOK, and Xerox project resources worked diligently to gather requirements, establish data and network connections, map and load data, develop workflows, configure, test and train on the new system in preparation for go-live.

MedHOK's 360 Care is a feature-rich, hosted, web-based MMS. MedHOK provides a well-designed / developed product backed by strong industry expertise throughout their organization. Easy-to-configure dashboards, out of the box reports, and a user friendly BI tool provides Health Services staff and management with a better and more timely view into authorization and case management data to better serve our members.

While originally scheduled to deploy late in the first quarter of 2014, GCHP had a stretch goal to implement by December 31, 2013 in preparation for additional enrollment expected with Medi-Cal expansion on January 1, 2014. GCHP exceeded that goal by three weeks.

As with any new system implementation, a learning curve, along with post-implementation issues is expected. To ensure timely research and resolution to any post implementation problems, representatives from MedHOK were onsite the first week of deployment and a team made up of GCHP, MedHOK, and Xerox resources is on call to address problems should they arise.

A full summary of the MedHOK MMS project will be presented to the Commission in January 2014.

STAFFING

GCHP is pleased to announce that Dr. Albert "Al" Reeves has been hired as the plan's new Chief Medical Officer, replacing Dr. Charlie Cho, who is retiring.

AGENDA ITEM 2b

To: Gold Coast Health Plan Executive / Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: January 9, 2013

Re: October, 2013 Financials

SUMMARY:

Staff is presenting the attached October, 2013 financial statements of Gold Coast Health Plan (Plan) for review by the Executive / Finance Committee. Staff also requests the Executive / Finance Committee to recommend approval of the October, 2013 financial statements to the Plan's Commission.

BACKGROUND / DISCUSSION:

The Plan has prepared the October 2013 financial package, including balance sheets, income statements and statements of cash flows. The monthly financial packages going forward will include the FY 2012-13 audit adjustments identified by both management and the Plan's auditors.

FISCAL IMPACT:

Year-To-Date Results

On a year-to-date basis, the Plan's net income is approximately \$5.3 million compared to \$4.7 million assumed in the budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$17.2 million, which exceeds both the budget of \$11.9 million by \$5.3 million and the required TNE amount as of October 31, 2013 of \$11.0 million (68% of \$16.1 million) by \$6.2 million. Note the Plan's TNE amount includes \$7.2 million in lines of credit with the County of Ventura.

October Results

Other items to note for the month include:

Membership - The Plan's October membership was 120,391 and exceeded budget by 275 members. The overall membership mix for October, on percentage basis, remains the same as the budgeted membership mix.

Revenue – October net revenue was \$28.6 million or \$1.2 million better than budget of \$27.4 million. On a per member per month (PMPM) basis, net revenue was \$237.62 PMPM which exceeded the budget of \$228.49 PMPM by \$9.12 PMPM. Primary drivers contributing to the variance include:

- FY 2013-14 State capitation rates – The State provided clarification regarding the rates which resulted in an approximate \$1.4 million increase in the month to account for additional revenue for July – October.
- CBAS revenue - October's results included an approximate \$0.5 million payment for previous months that was in excess of prior months' accrued CBAS revenue.
- AB 97 Provider Reductions - A reserve for \$0.3 million (approximately 1% of revenue) for the anticipated rate impact of the AB 97 provider reductions was set up starting in October. It is expected that the State will (retroactively) reduce the Plan's rates beginning with October and through the end of the fiscal year. The budget assumed that the AB 97 reduction would be approximately \$0.1 million, contributing to the monthly revenue variance. The actual value of the AB 97 reductions is still pending final State rates for FY 2013-14. In the meantime, the Plan has reserved for the higher rate reduction since that estimate was based on the most recent information provided by the State.

Health Care Costs – Health care costs for October were \$25.1 million or approximately \$1.3 million above budget. On a PMPM basis, reported health care costs for October were \$208.11 versus a budgeted amount of \$198.09. The primary driver of this variance is due to additional payments being made to several LTC / SNF facilities for services provided over the last approximately six months.

Also, as previously discussed, one of the Plan's major providers implemented a new Electronic Health Records (EHR) system which has led to changes in the Plan's claims volume over the last several months. This is still an outstanding item and therefore, the Plan has estimated additional claims in developing the IBNP which is reflected primarily in the inpatient category of service.

Administrative Expenses - For the month, overall operational costs were approximately \$2.1 million or \$0.1 million above budget. The main reasons for the variance were:

- Outside Services – ACS – The Plan has reflected an estimated accrual for ACS claims processing fees related to TLIC members that has not yet been invoiced. This includes \$113,000 of estimated expenses associated with the prior fiscal year and therefore not included in the current fiscal year budget.

- Consulting Services – The Plan has incurred higher than budgeted consulting services, primarily for the State monitor.
- Interest expense - During the month, ACS performed an upgrade to their medical claims processing system. The upgrade caused the system to overstate the amount of calculated interest expense by approximately \$80,000 for the month. ACS has since corrected the interest calculation issue and is in the process of recovering from those providers who were paid excess interest.

These increases were partially offset with savings from lower than forecasted personnel costs due to differences in timing of new hires versus that projected in the budget and delays in the occurrence of certain expected expenditures (e.g., Xerox SOC-1 audit, printing and mailings).

Cash + Medi-Cal Receivable - the Plan continues to monitor its cash balance and is continuing with cash management programs that began in February 2013. The total of Cash and Medi-Cal Premium Receivable balances was \$75.3 million as of October 31, 2013 or \$15.2 million better than a budgeted level of \$60.1 million.

Also, note 10 of the 12 months of FY 2012-13 Hospital Quality Assurance Fee (HQAF) funds were received from the State and paid to hospitals during October. The distribution methodology was provided by the California Hospital Association.

Fixed Assets – The Plan is progressing with the installment of its new Medical Management System (MMS). The expected cost of the MMS is \$1.43 million and was approved by the Commission in June 2013 for the current fiscal year. Cost incurred to date for the project is approximately \$782,000.

RECOMMENDATION:

Staff proposes that the Plan's Executive / Finance Committee recommend approval of the October, 2013 financial package to the Commission.

CONCURRENCE:

N/A

Attachments:

October, 2013 Financial Package



FINANCIAL PACKAGE

For the month ended October 31, 2013

TABLE OF CONTENTS

- Financial Overview
- Membership
- Income Statement
- PMPM Income Statement by Month
- Total Expenditure Composition
- Paid Claims and IBNP Composition
- Pharmacy Cost & Utilization Trends
- Cash & Medi-Cal Receivable Trend

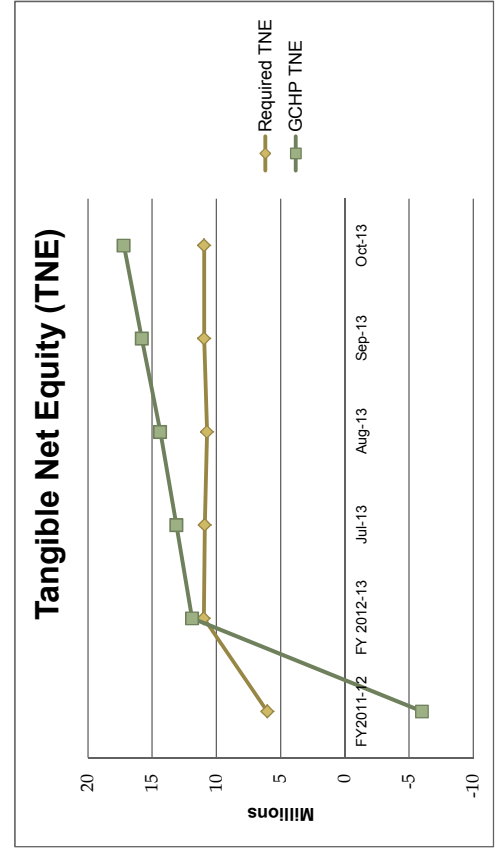
APPENDIX

- Comparative Balance Sheet
- YTD Income Statement
- Statement of Cash Flows

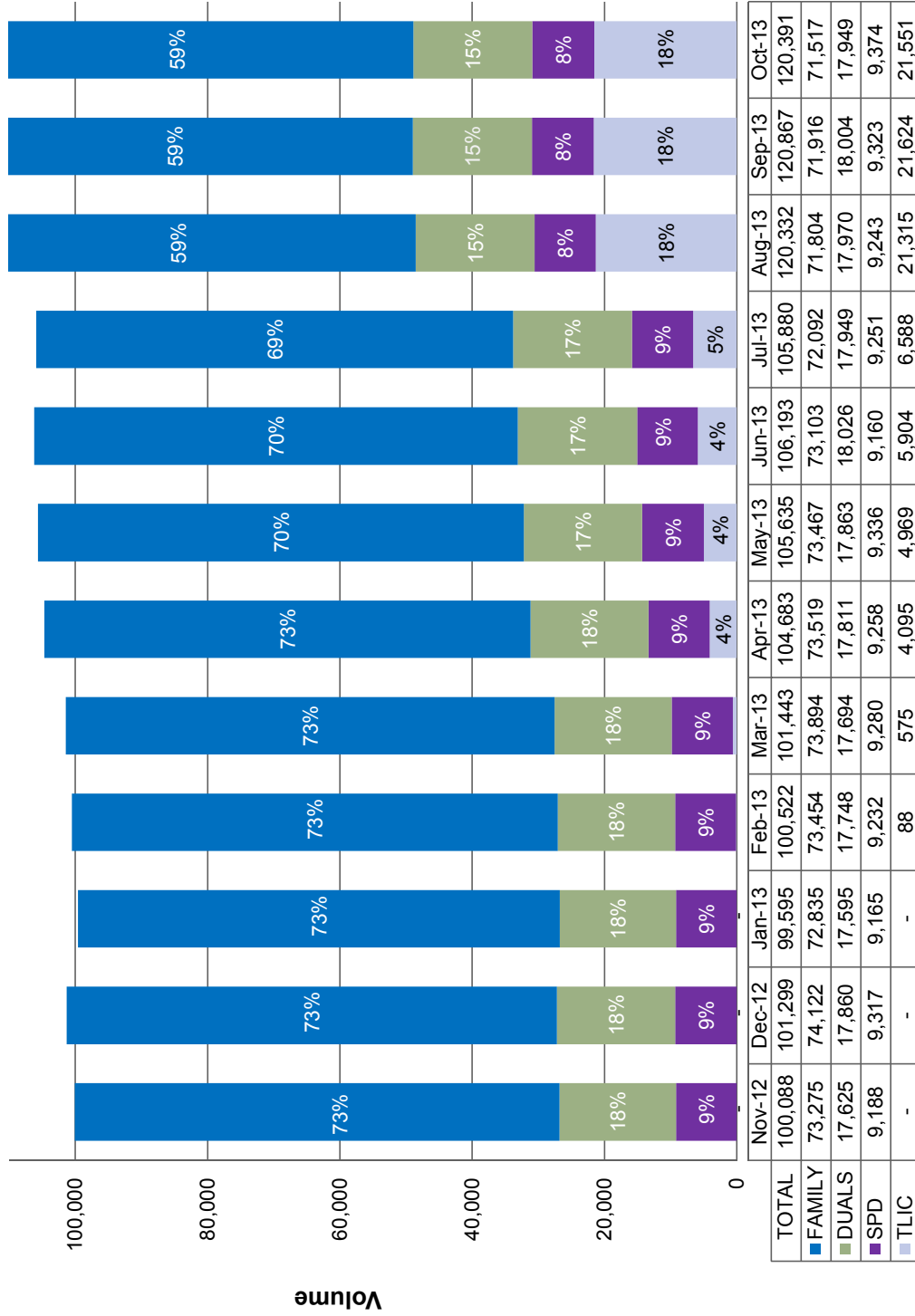
Financial Overview

Description	AUDITED		UNAUDITED FY 2013-14 Actual				Budget Comparison			
	FY2011-12	FY 2012-13	Jul-13	Aug-13	Sep-13	Oct-13	YTD	Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
Member Months	1,258,189	1,223,895	105,880	120,332	120,867	120,391	467,470	465,220	2,250	0.5%
Revenue <i>pmpm</i>	304,635,932 242.12	315,119,611 257.47	26,680,808 251.99	26,724,574 222.09	28,583,327 236.49	28,606,892 237.62	110,595,601 236.58	108,568,187 233.37	2,027,414 3.21	1.9% 1.4%
Health Care Costs <i>pmpm</i> % of Revenue	287,353,672 228.39 94.3%	280,382,704 229.09 89.0%	23,496,673 221.92 88.1%	23,572,589 195.90 88.2%	24,806,270 205.24 86.8%	25,054,919 208.11 87.6%	96,930,451 207.35 87.6%	95,657,079 205.62 88.1%	(1,273,372) (1.73) -0.5%	(1.3%) (0.8%) -0.5%
Admin Exp <i>pmpm</i> % of Revenue	18,891,320 15.01 6.2%	24,013,927 19.62 7.6%	1,968,367 18.59 7.4%	1,892,167 15.72 7.1%	2,341,473 19.37 8.2%	2,141,010 17.78 7.5%	8,343,017 17.85 7.5%	8,179,054 17.58 7.5%	(163,963) (0.27) 0.0%	(2.0%) (1.5%) -0.1%
Net Income <i>pmpm</i> % of Revenue	(1,609,063) (1.28) -0.5%	10,722,980 8.76 3.4%	1,215,767 11.48 4.6%	1,259,818 10.47 4.7%	1,435,584 11.88 5.0%	1,410,963 11.72 4.9%	5,322,132 11.38 4.8%	4,732,053 10.17 4.4%	590,079 1.21 0.5%	12.5% 11.9% 10.4%
100% TNE	16,769,368	16,138,440	16,035,509	15,766,043	16,112,437	16,107,422	16,107,422	15,738,833	368,589	2.3%
Required TNE	6,036,972	10,974,139	10,904,146	10,720,909	10,956,457	10,953,047	10,953,047	10,702,406	250,640	2.3%
GCHP TNE	(6,031,881)	11,891,099	13,106,866	14,366,684	15,802,268	17,213,231	17,213,231	11,901,843	5,311,388	44.6%
TNE Excess / (Deficiency)	(12,068,853)	916,960	2,202,720	3,645,775	4,845,810	6,260,184	6,260,184	1,199,437	5,060,748	(321.9%)

Note: TNE amount includes \$7.2 million related to the Lines of Credit from Ventura County.



Membership - Rolling 12 Months



SPD = Seniors and Persons with Disabilities
 TLIC = Targeted Low Income Children

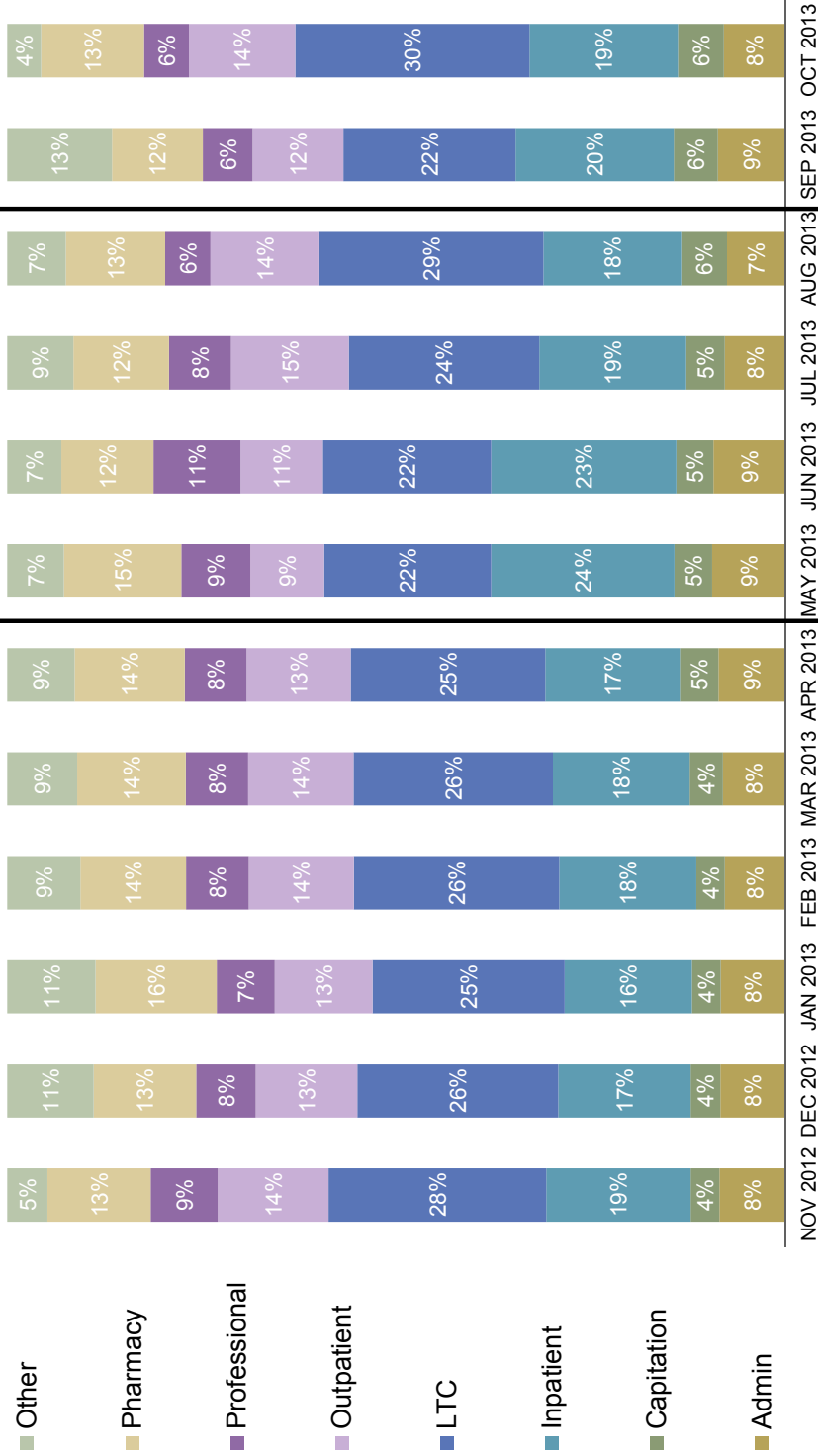
Income Statement Monthly Trend

	2014 Actual Monthly Trend			Current Month		
	JUL 2013	AUG 2013	SEP 2013	OCT 2013		Variance
				Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	105,880	120,332	120,867	120,391	120,116	275
Revenue:						
Premium	\$ 27,686,491	\$ 27,789,352	\$ 29,602,003	\$ 29,980,945	\$ 27,528,401	\$ 2,452,544
Reserve for Rate Reduction	-	-	-	(278,508)	(129,235)	(149,274)
MCO Premium Tax	(1,053,211)	(1,110,416)	(1,068,828)	(1,149,386)	-	(1,149,386)
Total Net Premium	26,633,279	26,678,936	28,533,175	28,553,050	27,399,166	1,153,884
Other Revenue:						
Interest Income	9,195	7,304	11,819	15,509	8,259	7,250
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	0
Total Other Revenue	47,529	45,637	50,152	53,842	46,592	7,250
Total Revenue	26,680,808	26,724,574	28,583,327	28,606,892	27,445,758	1,161,134
Medical Expenses:						
<u>Capitation (PCP, Specialty, NEMT & Vision)</u>	1,270,073	1,507,335	1,533,277	1,597,311	1,609,791	12,479
<u>FFS Claims Expenses:</u>						
Inpatient	4,807,217	4,512,661	5,531,725	5,200,045	4,309,338	(890,707)
LTC/SNF	6,238,672	7,333,312	6,003,374	8,189,391	6,764,361	(1,425,030)
Outpatient	2,882,860	2,955,457	2,281,073	2,762,602	2,721,362	(41,240)
Laboratory and Radiology	222,454	113,377	96,573	101,182	91,797	(9,385)
Emergency Room	745,797	497,008	803,936	847,968	759,664	(88,304)
Physician Specialty	2,033,957	1,479,169	1,725,887	1,575,483	1,822,923	247,440
Pharmacy	3,126,910	3,253,505	3,172,116	3,599,699	3,148,245	(451,454)
Other Medical Professional	169,903	118,201	249,684	25,851	120,716	94,865
Other Medical Care	-	-	1,621	-	-	-
Other Fee For Service	1,137,610	1,235,873	2,100,151	1,998,727	1,479,981	(518,746)
Transportation	40,124	35,404	178,553	73,220	75,888	2,668
Total Claims	21,405,504	21,533,967	22,144,693	24,374,168	21,294,275	(3,079,893)
Medical & Care Management Expense	742,126	730,967	746,163	738,701	705,573	(33,128)
Reinsurance	259,745	258,884	277,448	(1,222,910)	183,778	1,406,688
Claims Recoveries	(180,775)	(458,563)	104,688	(432,352)	-	432,352
Sub-total	821,096	531,288	1,128,300	(916,560)	889,351	1,805,912
Total Cost of Health Care	23,496,673	23,572,589	24,806,270	25,054,919	23,793,417	(1,261,502)
Contribution Margin	3,184,135	3,151,984	3,777,057	3,551,973	3,652,341	(100,368)
General & Administrative Expenses:						
Salaries and Wages	562,828	420,641	453,818	497,163	547,503	50,340
Payroll Taxes and Benefits	123,309	112,105	114,103	119,840	140,966	21,126
Travel and Training	3,630	5,840	10,686	13,879	23,144	9,264
Outside Service - ACS	852,085	880,703	1,190,847	958,836	920,050	(38,785)
Outside Services - Other	16,447	49,938	33,271	24,974	27,384	2,410
Accounting & Actuarial Services	44,003	20,164	46,568	70,000	53,333	(16,667)
Legal	57,931	26,462	54,932	45,876	30,400	(15,476)
Insurance	11,838	9,972	12,517	12,057	10,792	(1,265)
Lease Expense - Office	25,980	28,480	28,480	22,503	25,980	3,477
Consulting Services	172,165	201,612	264,998	118,908	96,750	(22,158)
Translation Services	4,878	2,788	2,778	4,225	2,917	(1,308)
Advertising and Promotion	4,080	14,120	-	-	14,610	14,610
General Office	63,357	88,394	77,654	100,062	103,137	3,076
Depreciation & Amortization	5,235	5,235	6,492	7,015	6,864	(151)
Printing	2,628	1,418	5,605	26,510	5,428	(21,082)
Shipping & Postage	41	219	1,016	11,395	2,725	(8,670)
Interest	17,933	24,076	37,708	107,768	9,316	(98,451)
Total G & A Expenses	1,968,367	1,892,167	2,341,473	2,141,010	2,021,299	(119,711)
Net Income / (Loss)	\$ 1,215,767	\$ 1,259,818	\$ 1,435,584	\$ 1,410,963	\$ 1,631,042	\$ (220,079)

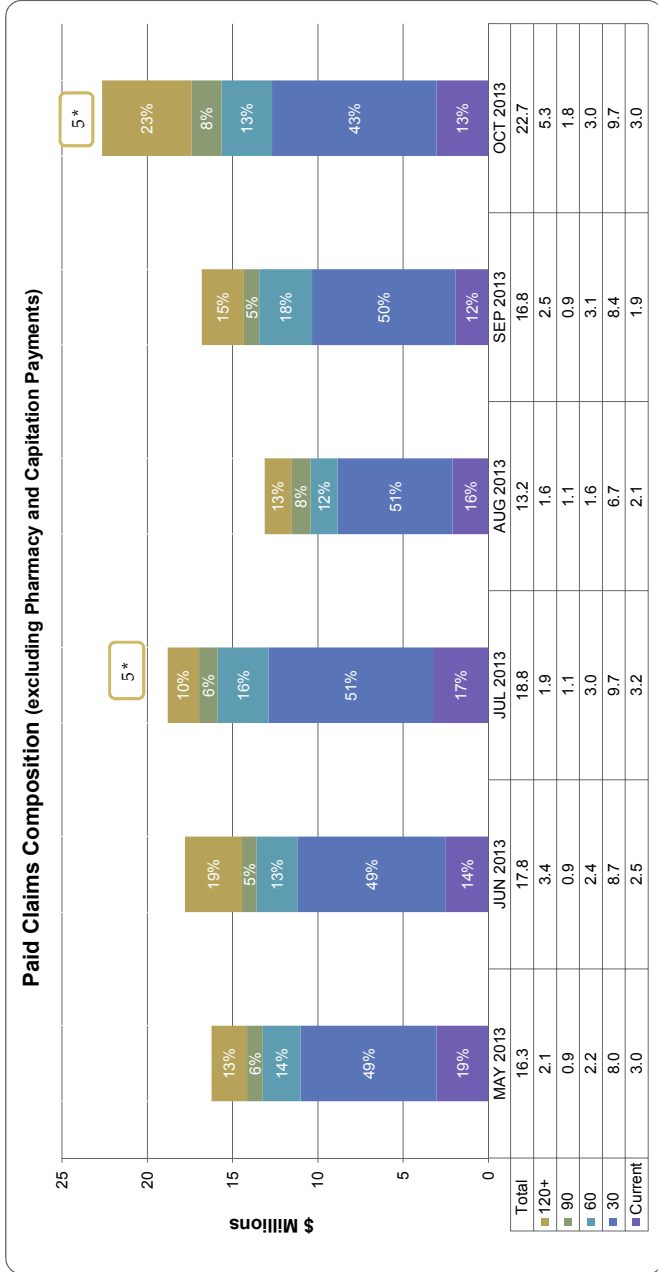
MPPM Income Statement Comparison

	2014 Actual Monthly Trend			Oct '13 Month-To-Date		Variance
	JUL 2013	AUG 2013	SEP 2013	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	105,880	120,332	120,867	120,391	120,116	275
Revenue:						
Premium	261.49	230.94	244.91	249.03	229.18	19.85
Reserve for Rate Reduction	-	-	-	(2.31)	(1.08)	(1.24)
MCO Premium Tax	(9.95)	(9.23)	(8.84)	(9.55)	-	(9.55)
Total Net Premium	251.54	221.71	236.07	237.17	228.10	9.06
Other Revenue:						
Interest Income	0.09	0.06	0.10	0.13	0.07	0.06
Miscellaneous Income	0.36	0.32	0.32	0.32	0.32	(0.00)
Total Other Revenue	0.45	0.38	0.41	0.45	0.46	(0.01)
Total Revenue	251.99	222.09	236.49	237.62	228.49	9.12
Medical Expenses:						
<u>Capitation (PCP, Specialty, NEMT & Vision)</u>	12.00	12.53	12.69	13.27	13.40	(0.13)
<u>FFS Claims Expenses:</u>						
Inpatient	45.40	37.50	45.77	43.19	35.88	(7.32)
LTC/SNF	58.92	60.94	49.67	68.02	56.32	(11.71)
Outpatient	27.23	24.56	18.87	22.95	22.66	(0.29)
Laboratory and Radiology	2.10	0.94	0.80	0.84	0.76	(0.08)
Emergency Room	7.04	4.13	6.65	7.04	6.32	(0.72)
Physician Specialty	19.21	12.29	14.28	13.09	15.18	2.09
Pharmacy	29.53	27.04	26.24	29.90	26.21	(3.69)
Other Medical Professional	1.60	0.98	2.07	0.21	1.00	0.79
Other Medical Care	-	-	0.01	-	-	-
Other Fee For Service	10.74	10.27	17.38	16.60	12.32	(4.28)
Transportation	0.38	0.29	1.48	0.61	0.63	0.02
Total Claims	202.17	178.95	183.22	202.46	177.28	(25.18)
Medical & Care Management Expense	7.01	6.07	6.17	6.14	5.87	(0.26)
Reinsurance	2.45	2.15	2.30	(10.16)	1.53	11.69
Claims Recoveries	(1.71)	(3.81)	0.87	(3.59)	-	3.59
Sub-total	7.75	4.42	9.34	(7.61)	8.79	16.40
Total Cost of Health Care	221.92	195.90	205.24	208.11	198.09	(10.03)
Contribution Margin	30.07	26.19	31.25	29.50	30.41	(0.90)
General & Administrative Expenses:						
Salaries and Wages	5.32	3.50	3.75	4.13	4.56	0.43
Payroll Taxes and Benefits	1.16	0.93	0.94	1.00	1.17	0.18
Travel and Training	0.03	0.05	0.09	0.12	0.19	0.08
Outside Service - ACS	8.05	7.32	9.85	7.96	7.66	(0.30)
Outside Services - Other	0.16	0.41	0.28	0.21	0.23	0.02
Accounting & Actuarial Services	0.42	0.17	0.39	0.58	0.44	(0.14)
Legal	0.55	0.22	0.45	0.38	0.25	(0.13)
Insurance	0.11	0.08	0.10	0.10	0.09	(0.01)
Lease Expense - Office	0.25	0.24	0.24	0.19	0.22	0.03
Consulting Services	1.63	1.68	2.19	0.99	0.81	(0.18)
Translation Services	0.05	0.02	0.02	0.04	0.02	(0.01)
Advertising and Promotion	0.04	0.12	-	-	0.12	0.12
General Office	0.60	0.73	0.64	0.83	0.86	0.03
Depreciation & Amortization	0.05	0.04	0.05	0.06	0.06	(0.00)
Printing	0.02	0.01	0.05	0.22	0.05	(0.18)
Shipping & Postage	0.00	0.00	0.01	0.09	0.02	(0.07)
Interest	0.17	0.20	0.31	0.90	0.08	(0.82)
Total G & A Expenses	18.59	15.72	19.37	17.78	16.83	(0.96)
Net Income / (Loss)	11.48	10.47	11.88	11.72	13.58	(1.86)

Total Expense Composition

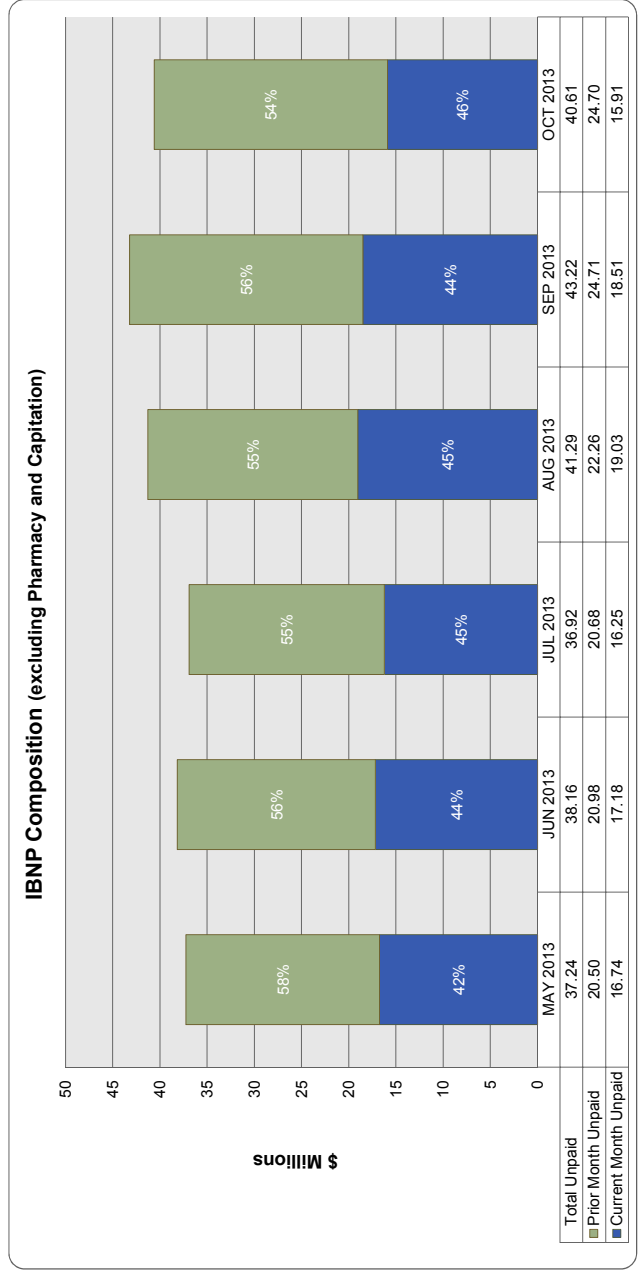


In May, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. Further changes have been made with the assumption of the TLIC population and its affect on various categories of service. Therefore, the months of May - August represent the transitioning to a new methodology.



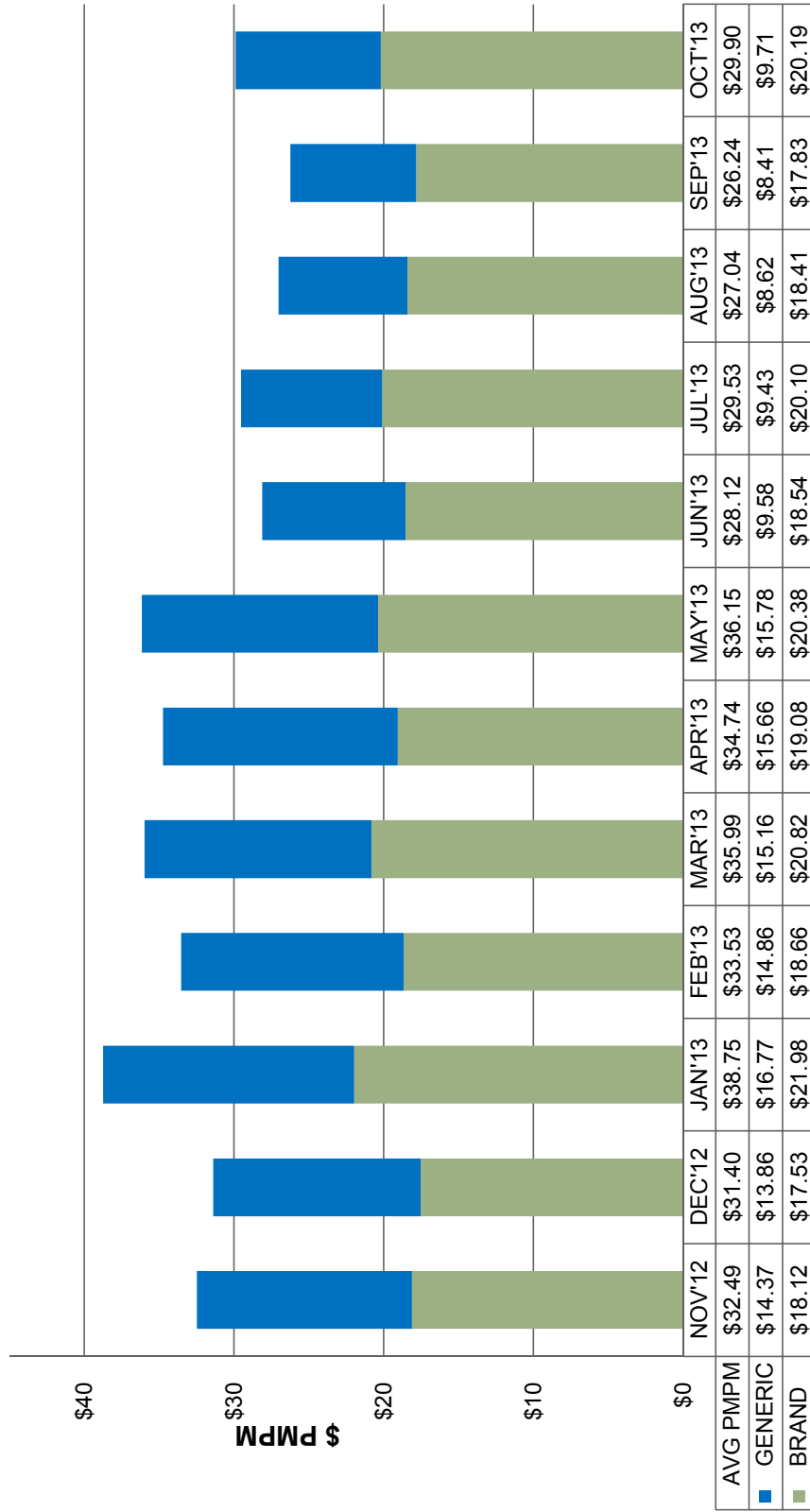
Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.

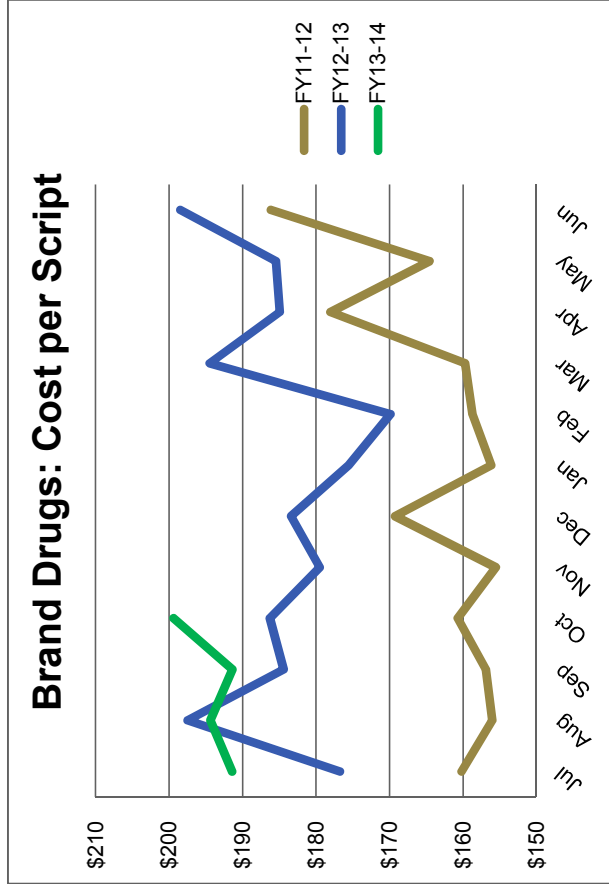
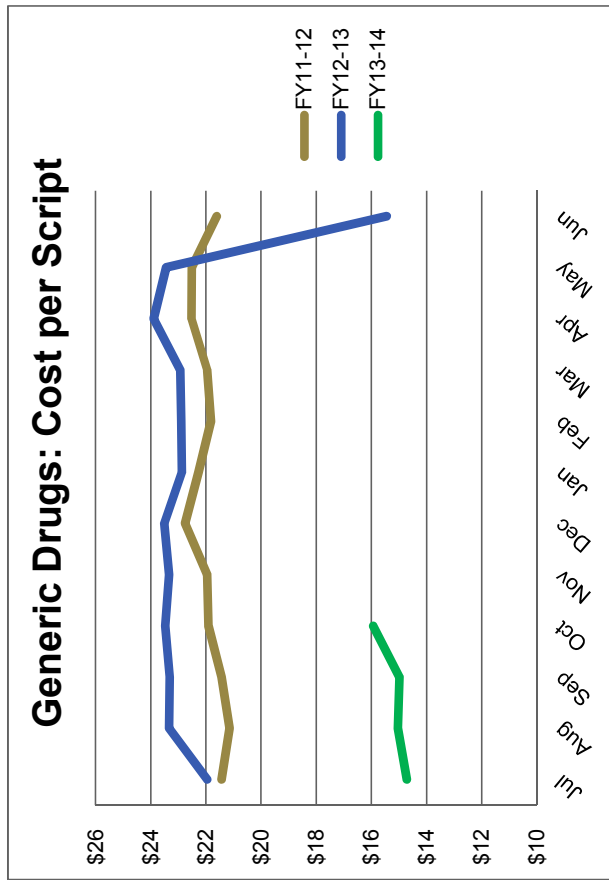
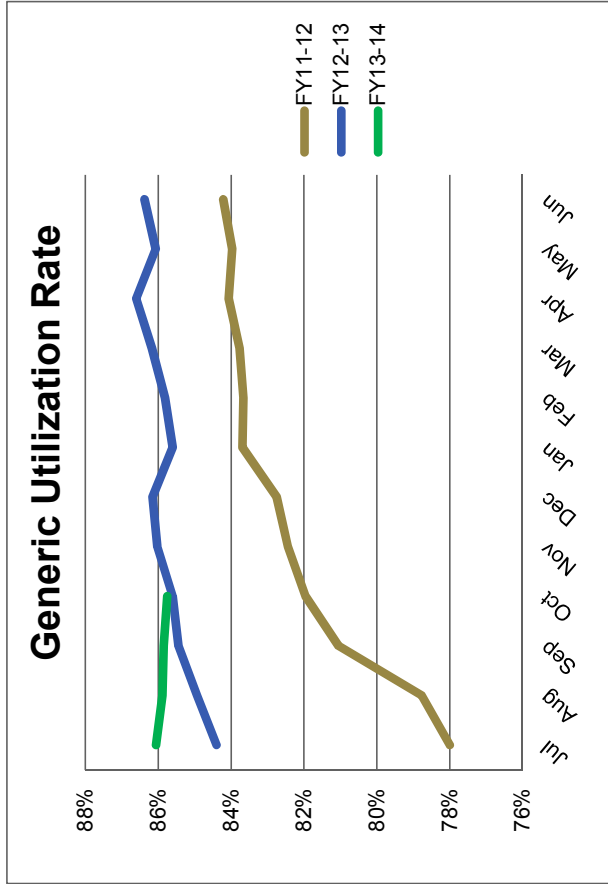
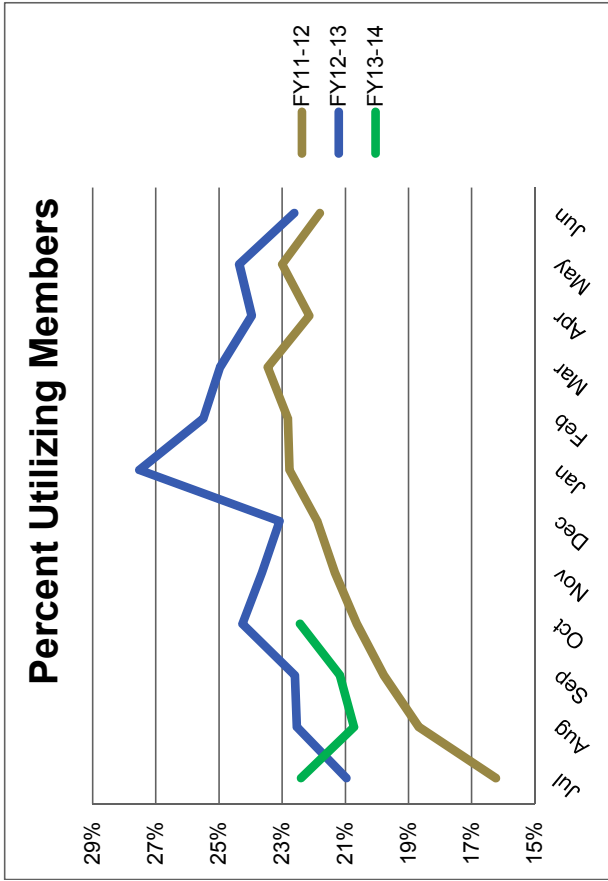
* Months Indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.



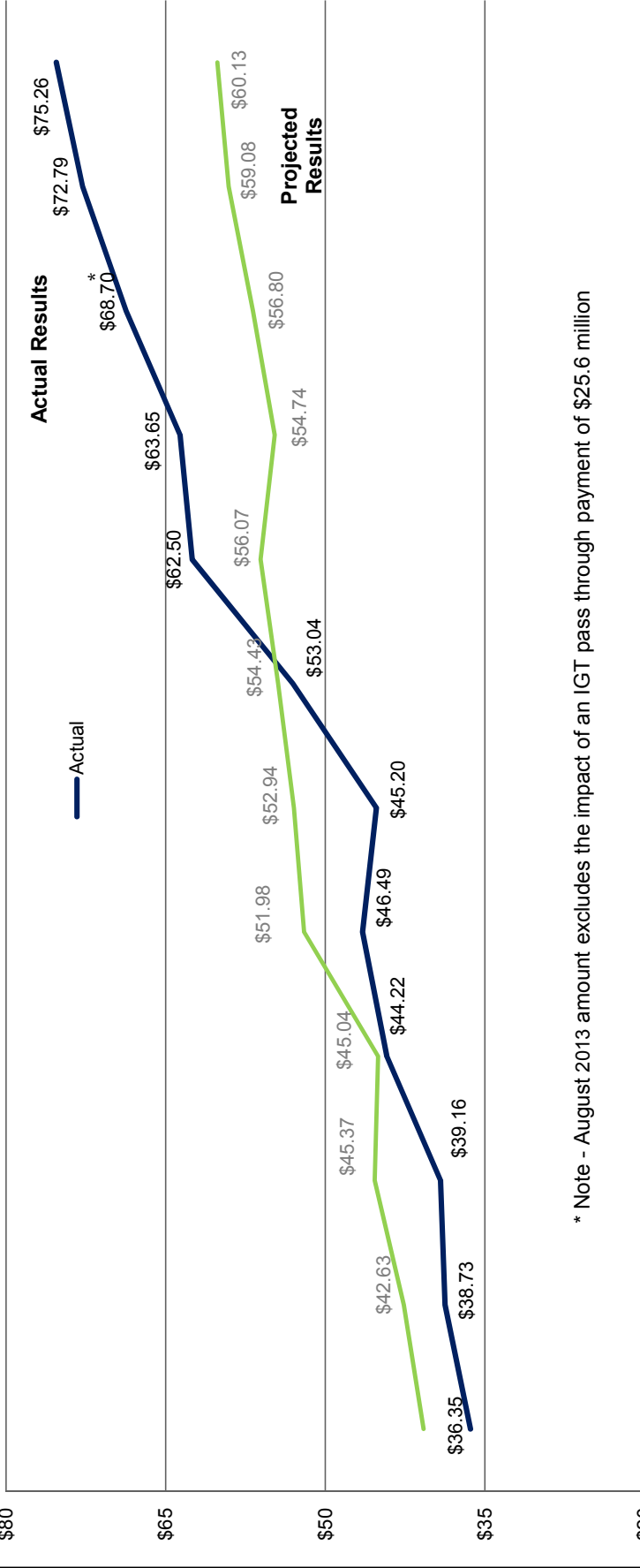
Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

Pharmacy Cost Trend





Cash + Medi-Cal Receivable Trend (\$ in Millions)



* Note - August 2013 amount excludes the impact of an IGT pass through payment of \$25.6 million



APPENDIX

- Comparative Balance Sheet
- YTD Income Statement
- Monthly Statement of Cash Flows

Comparative Balance Sheet

	10/31/13	9/30/13	Audited FY 2012-13
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	35,064,697	\$ 34,331,717	\$ 50,817,760
Medi-Cal Receivable	40,198,101	38,454,462	11,683,076
Provider Receivable	594,715	543,912	1,161,379
Other Receivables	197,833	196,943	300,397
Total Accounts Receivable	40,990,650	39,195,317	13,144,852
Prepaid Accounts	1,326,804	1,389,660	324,419
Other Current Assets	10,000	10,000	10,000
Total Current Assets	77,392,151	\$ 74,926,694	\$ 64,297,030
Total Fixed Assets	1,010,455	986,207	230,913
Total Assets	78,402,606	\$ 75,912,901	\$ 64,527,943
LIABILITIES & FUND BALANCE			
Current Liabilities			
Incurred But Not Reported	\$ 36,689,172	\$ 33,793,228	\$ 29,901,103
Claims Payable	\$ 6,639,790	11,193,958	9,748,676
Capitation Payable	\$ 1,309,304	1,265,100	1,002,623
Accrued Premium Reduction	\$ 278,508	-	-
Accounts Payable	\$ 1,612,082	491,915	1,751,419
Accrued ACS	\$ 1,230,668	1,252,499	422,138
Accrued Expenses	\$ 891,515	727,856	477,477
Accrued Premium Tax	\$ 10,893,035	9,743,648	7,337,759
Accrued Interest Payable	\$ 21,682	18,546	9,712
Current Portion of Deferred Revenue	\$ 460,000	460,000	460,000
Accrued Payroll Expense	\$ 396,952	358,882	605,937
Total Current Liabilities	\$ 60,422,707	\$ 59,305,632	\$ 51,716,843
Long-Term Liabilities			
Deferred Revenue - Long Term Portion	\$ 766,667	805,000	920,000
Notes Payable	\$ 7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	\$ 7,966,667	8,005,000	8,120,000
Total Liabilities	\$ 68,389,373	\$ 67,310,632	\$ 59,836,843
Beginning Fund Balance	\$ 4,691,101	4,691,101	(6,031,881)
Net Income Current Year	\$ 5,322,132	3,911,169	10,722,981
Total Fund Balance	\$ 10,013,233	8,602,269	4,691,100
Total Liabilities & Fund Balance	\$ 78,402,606	\$ 75,912,901	\$ 64,527,943

FINANCIAL INDICATORS

Current Ratio	1.28 : 1	1.26 : 1	1.24 : 1
Days Cash on Hand	39	38	58
Days Cash + State Capitation Receivable	83	80	72

Income Statement
For The Four Months Ended October 31, 2013

	Oct'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	467,470	465,220	2,250
Revenue:			
Premium	\$ 115,058,790	\$ 108,898,929	\$ 6,159,861
Reserve for Rate Reduction	(278,508)	(516,744)	238,236
MCO Premium Tax	(4,381,841)	-	(4,381,841)
Total Net Premium	110,398,440	108,382,185	2,016,255
Other Revenue:			
Interest Income	43,827	32,670	11,157
Miscellaneous Income	153,333	153,332	1
Total Other Revenue	197,160	186,002	11,158
Total Revenue	110,595,601	108,568,187	2,027,414
Medical Expenses:			
<u>Capitation (PCP, Specialty, NEMT & Vision)</u>	5,907,997	6,183,534	275,537
<u>FFS Claims Expenses:</u>			
Inpatient	20,051,648	17,379,223	(2,672,425)
LTC/SNF	27,764,749	27,280,137	(484,612)
Outpatient	10,881,992	10,975,039	93,047
Laboratory and Radiology	533,586	370,208	(163,377)
Emergency Room	2,894,709	3,063,665	168,956
Physician Specialty	6,814,496	7,351,705	537,209
Pharmacy	13,152,230	12,749,357	(402,873)
Other Medical Professional	563,639	486,839	(76,800)
Other Medical Care	1,621	-	(1,621)
Other Fee For Service	6,472,361	5,968,646	(503,715)
Transportation	327,301	306,050	(21,251)
Total Claims	89,458,332	85,930,869	(3,527,463)
Medical & Care Management Expense	2,957,958	2,830,889	(127,068)
Reinsurance	(426,833)	711,787	1,138,620
Claims Recoveries	(967,001)	-	967,001
Sub-total	1,564,123	3,542,677	1,978,553
Total Cost of Health Care	96,930,451	95,657,079	(1,273,372)
Contribution Margin	13,665,149	12,911,108	754,042
General & Administrative Expenses:			
Salaries and Wages	1,934,450	2,021,942	87,493
Payroll Taxes and Benefits	469,358	520,047	50,689
Travel and Training	34,036	89,230	55,195
Outside Service - ACS	3,882,471	3,728,770	(153,701)
Outside Services - Other	124,629	153,486	28,857
Accounting & Actuarial Services	180,734	208,333	27,600
Legal	185,201	121,600	(63,601)
Insurance	46,384	43,168	(3,216)
Lease Expense - Office	105,443	103,920	(1,523)
Consulting Services	757,682	581,664	(176,018)
Translation Services	14,670	11,738	(2,932)
Advertising and Promotion	18,200	55,490	37,290
General Office	329,466	412,798	83,332
Depreciation & Amortization	23,977	27,206	3,229
Printing	36,161	40,944	4,783
Shipping & Postage	12,671	21,700	9,029
Interest	187,486	37,017	(150,469)
Total G & A Expenses	8,343,017	8,179,054	(163,963)
Net Income / (Loss)	\$ 5,322,132	\$ 4,732,053	\$ 590,079

Statement of Cash Flows - Monthly

	OCT '13	SEP '13	JUN'13
Cash Flow From Operating Activities			
Collected Premium	\$ 28,237,305	\$ 924,454	\$ 52,138,834
Miscellaneous Income	15,509	11,819	8,594
State Pass Through Funds	28,672,901	-	34,346,474
<u>Paid Claims</u>			
Medical & Hospital Expenses	(20,891,230)	(16,704,362)	(17,277,826)
Pharmacy	(3,504,662)	(3,553,463)	(4,009,168)
Capitation	(1,553,107)	(1,518,891)	(1,162,302)
Reinsurance of Claims	(281,113)	(277,448)	(240,430)
State Pass Through Funds Distributed	(28,672,901)	(25,595,240)	(34,346,474)
Paid Administration	(1,258,459)	(4,263,381)	(2,616,623)
MCO Tax Received / (Paid)	-	-	829,564
Net Cash Provided/ (Used) by Operating Activities	764,243	(50,976,513)	27,670,643
Cash Flow From Investing/Financing Activities			
Proceeds from Line of Credit			-
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(31,263)	(376,213)	(31,026)
Net Cash Provided/(Used) by Investing/Financing	(31,263)	(376,213)	(31,026)
Net Cash Flow	\$ 732,980	\$ (51,352,725)	\$ 27,639,617
Cash and Cash Equivalents (Beg. of Period)	34,331,717	85,684,442	23,068,235
Cash and Cash Equivalents (End of Period)	35,064,697	34,331,717	50,817,760
	\$ 732,980	\$ (51,352,725)	\$ 27,749,525
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	1,410,963	1,435,584	4,109,976
Depreciation & Amortization	7,015	6,492	11,407
Decrease/(Increase) in Receivables	(1,795,333)	(28,192,911)	22,788,941
Decrease/(Increase) in Prepays & Other Current Assets	62,856	(213,165)	769,972
(Decrease)/Increase in Payables	1,581,709	(26,252,704)	(1,578,838)
(Decrease)/Increase in Other Liabilities	(38,333)	(38,333)	(121,667)
Change in MCO Tax Liability	1,149,386	439,985	1,433,012
Changes in Claims and Capitation Payable	(4,509,964)	2,574,965	1,913,029
Changes in IBNR	2,895,944	(736,424)	(1,655,189)
	764,243	(50,976,513)	27,670,643
Net Cash Flow from Operating Activities	\$ 764,243	\$ (50,976,513)	\$ 27,670,643

Statement of Cash Flows - YTD

	Oct '13 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 86,009,001
Miscellaneous Income	43,827
State Pass Through Funds	55,432,169
<u>Paid Claims</u>	
Medical & Hospital Expenses	(70,232,872)
Pharmacy	(13,622,815)
Capitation	(5,603,416)
Reinsurance of Claims	(1,077,189)
State Pass Through Funds Distributed	(54,268,141)
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(10,804,696)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(826,566)
Net Cash Provided/(Used) by Operating Activities	(14,950,699)
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(802,365)
Net Cash Provided/(Used) by Investing/Financing	(802,365)
Net Cash Flow	\$ (15,753,063)
Cash and Cash Equivalents (Beg. of Period)	50,817,760
Cash and Cash Equivalents (End of Period)	35,064,697
	\$ (15,753,063)
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	5,322,132
Depreciation & Amortization	23,977
Decrease/(Increase) in Receivables	(27,845,798)
Decrease/(Increase) in Prepays & Other Current Assets	(1,002,385)
(Decrease)/Increase in Payables	1,164,725
(Decrease)/Increase in Other Liabilities	(154,488)
Change in MCO Tax Liability	3,555,275
Changes in Claims and Capitation Payable	(2,802,206)
Changes in IBNR	6,788,069
	(14,950,699)
Net Cash Flow from Operating Activities	\$ (14,950,699)

AGENDA ITEM 2c

To: Gold Coast Health Plan Executive / Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: January 9, 2014

Re: November, 2013 Financials

SUMMARY:

Staff is presenting the attached November, 2013 financial statements of Gold Coast Health Plan (Plan) for review by the Executive / Finance Committee. Staff also requests the Executive / Finance Committee to recommend approval of the November, 2013 financial statements to the Plan's Commission.

BACKGROUND / DISCUSSION:

The Plan has prepared the November 2013 financial package, including balance sheets, income statements and statements of cash flows.

FISCAL IMPACT:

Year-To-Date Results

On a year-to-date basis, the Plan's net income is approximately \$6.9 million compared to \$6.3 million assumed in the budget. These operating results have contributed to a Tangible Net Equity (TNE) level of approximately \$18.8 million, which exceeds both the budget of \$13.5 million by \$5.3 million and the required TNE amount as of November 30, 2013 of \$11.0 million (68% of \$16.2 million) by \$7.8 million. As in prior reports, the Plan's TNE amount includes \$7.2 million in lines of credit with the County of Ventura.

November Results

Other items to note for the month include:

Membership - The Plan's November membership was 121,355 and exceeded budget by 1,208 members.

Revenue – November net revenue was \$27.8 million or \$0.3 million better than budget of \$27.5 million. On a per member per month (PMPM) basis, net revenue was \$228.74 PMPM which exceeded the budget of \$228.49 PMPM by \$0.25 PMPM. Primary drivers contributing to the variance include:

- Membership mix - revenues were approximately \$297,000 higher than budget for the month due to favorable membership mix.
- FY 2013-14 State capitation rates – as mentioned in the October financial package, the fiscal year capitation rates were clarified with the State recently and resulted in additional reported revenue of approximately \$162,000 for the month.
- AB 97 Provider Reductions – the difference between the rate reductions assumed when the budget was developed and the potential rate reductions recently communicated by the State resulted in reported revenue of approximately \$153,000 less than budget (due to the Plan reserving at a higher level).

Health Care Costs – Health care costs for November were \$24.4 million or approximately \$0.6 million above budget. On a PMPM basis, reported health care costs for November were \$200.70 versus a budgeted amount of \$198.07.

Note that the Plan's budget assumed that at this point in the fiscal year, there would be a larger shift from fee-for-service to capitated contracts. This contracting change did not occur and is contributing to the savings in capitation and is partially offset by larger than budgeted amounts in the fee-for-service categories.

As previously discussed, one of the Plan's major providers implemented a new Electronic Health Records (EHR) system which has led to changes in the Plan's claims volume. As the final impact is unknown at this time, the Plan has continued to estimate additional claims in developing the IBNP.

Administrative Expenses - For the month, overall operational costs were approximately \$1.8 million or \$0.3 million better than budget. The main reasons for the variance were:

- Salaries and Wages – expense was reclassified to correctly account for a temporary employee.
- Outside Services ACS - savings of approximately \$153,000 resulted from lower than projected fees due to timing variances for certain mailing projects.
- Legal – expenses for the month were above budget due to additional work being done primarily on provider contracting related to the Affordable Care Act.
- Accounting & Actuarial Services and Consulting Services - Favorable variances due to actual invoices coming in below accruals that were booked in prior months. In addition, expenses for the State Monitor fees were lower than expected for the month.

Cash + Medi-Cal Receivable - The total of Cash and Medi-Cal Premium Receivable balances of \$84.4 million reported as of November 30, 2013 included a Hospital Quality Assurance Fee (HQAF) payment of \$5.7 million. It should be noted that the

HQAF amount was disbursed as required in December 2013 to hospitals. Excluding the impact of the HQAF payment, the total of Cash and Medi-Cal Receivable balance as of November 30, 2013 was \$78.7 million, or \$17.2 million better than the budgeted level of \$61.5 million.

Fixed Assets – As of the end of November, the Plan is in the final stages of installment of its new Medical Management System (MMS). The MMS system went live in early December 2013. The expected cost of the MMS is \$1.43 million and was approved by the Commission in June 2013 for the current fiscal year. Cost incurred to date for the project is approximately \$951,000.

RECOMMENDATION:

Staff proposes that the Plan's Executive / Finance Committee recommend approval of the November, 2013 financial package to the Commission.

CONCURRENCE:

N/A

Attachments:

November, 2013 Financial Package



FINANCIAL PACKAGE

For the month ended November 30, 2013

TABLE OF CONTENTS

- Financial Overview
- Membership
- Income Statement
- PMPM Income Statement by Month
- Total Expenditure Composition
- Paid Claims and IBNP Composition
- Pharmacy Cost & Utilization Trends
- Cash & Medi-Cal Receivable Trend

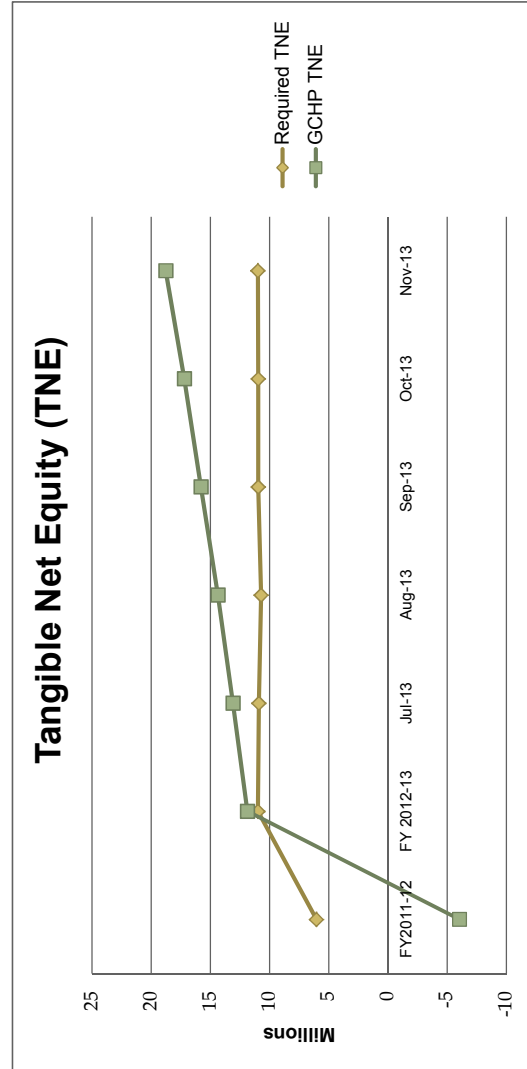
APPENDIX

- Comparative Balance Sheet
- YTD Income Statement
- Statement of Cash Flows

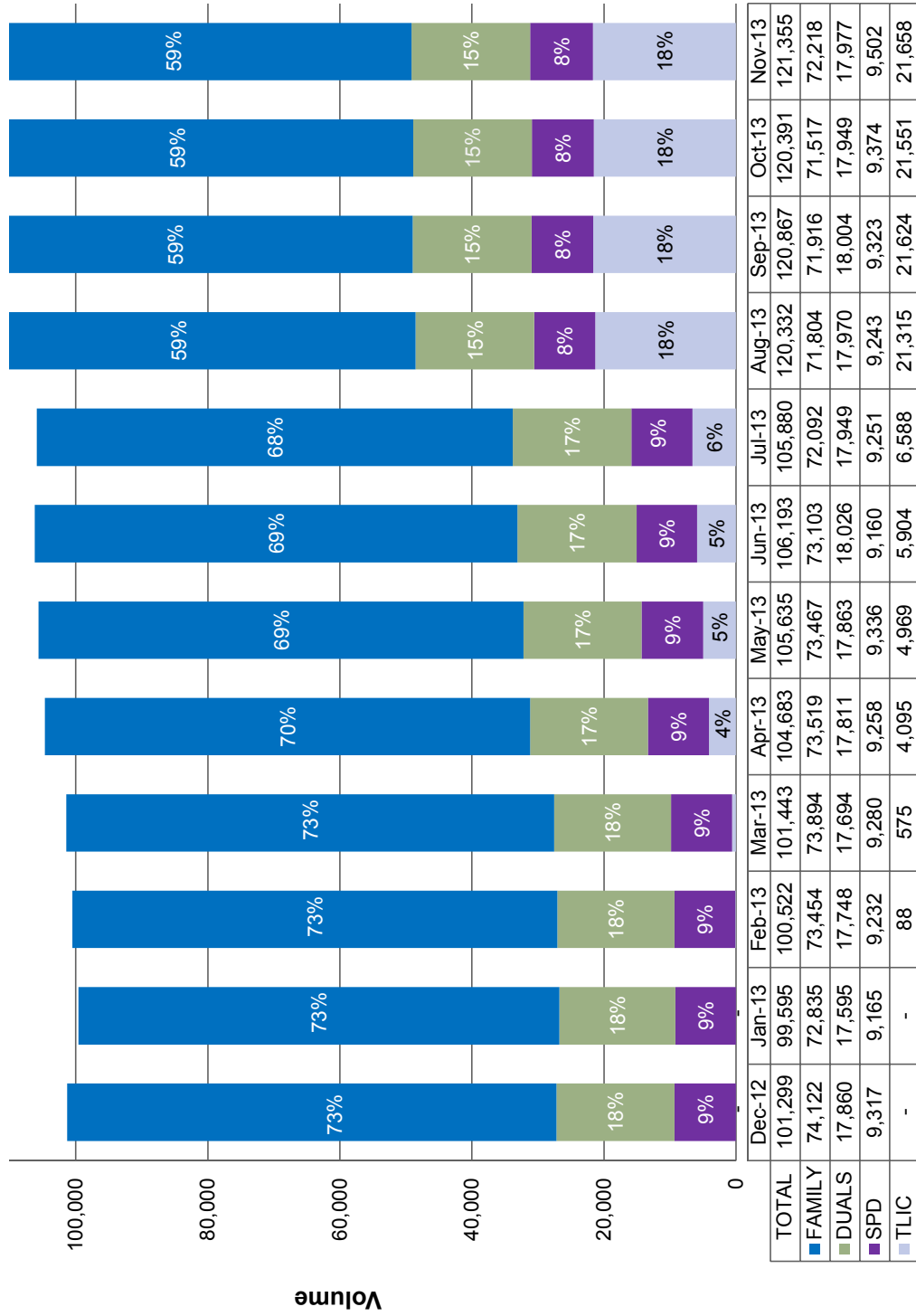
Financial Overview

Description	UNAUDITED FY 2013-14 Actual												Budget Comparison		
	AUDITED	AUDITED	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	YTD	Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %				
Member Months	AUDITED	AUDITED													
Revenue	FY2011-12	FY 2012-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	YTD	585,367	3,458	0.6 %				
<i>pmpm</i>	1,258,189	1,223,895	105,880	120,332	120,867	120,391	121,355	588,825	136,020,763	2,333,452	1.7 %				
Health Care Costs	304,635,932	315,119,611	26,680,808	26,724,574	28,583,327	28,606,892	27,758,615	138,354,216	232,37	2,60	1.1 %				
<i>pmpm</i>	242.12	257.47	251.99	222.09	236.49	237.62	228.74	234.97	119,454,504	(1,831,955)	(1.5)%				
% of Revenue	287,353,672	280,382,704	23,496,673	23,572,589	24,806,270	25,054,919	24,356,007	121,286,459	204.07	(1,91)	(0.9)%				
<i>pmpm</i>	228.39	229.09	221.92	195.90	205.24	208.11	200.70	205.98	87.8%	-0.2%	-0.2%				
% of Revenue	94.3%	89.0%	88.1%	88.2%	86.8%	87.6%	87.7%	87.7%	10,283,158	106,331	1.0 %				
Admin Exp	18,891,320	24,013,927	1,968,367	1,892,167	2,341,473	2,141,010	1,833,810	10,176,827	17.57	0.28	1.6 %				
<i>pmpm</i>	15.01	19.62	18.59	15.72	19.37	17.78	15.11	17.28	7.6%	0.2%	2.7%				
% of Revenue	6.2%	7.6%	7.4%	7.1%	8.2%	7.5%	6.6%	7.4%	6,283,102	607,828	9.7 %				
Net Income	(1,609,063)	10,722,980	1,215,767	1,259,818	1,435,584	1,410,963	1,568,798	6,890,930	11.70	0.97	9.0 %				
<i>pmpm</i>	(1.28)	8.76	11.48	10.47	11.88	11.72	12.93	11.70	4.6%	0.4%	7.8%				
% of Revenue	-0.5%	3.4%	4.6%	4.7%	5.0%	4.9%	5.7%	5.0%	15,691,992	476,868	3.0 %				
100% TNE	16,769,368	16,138,440	16,035,509	15,766,043	16,112,437	16,107,422	16,188,860	16,168,860	10,670,555	324,270	3.0 %				
Required TNE	6,036,972	10,974,139	10,904,146	10,720,909	10,956,457	10,953,047	10,994,825	10,994,825	13,452,892	5,329,137	39.6 %				
GCHP TNE	(6,031,881)	11,891,099	13,106,866	14,366,684	15,802,268	17,213,231	18,782,029	18,782,029	2,782,338	5,004,867	179.9 %				
TNE Excess / (Deficiency)	(12,068,853)	916,960	2,202,720	3,645,775	4,845,810	6,260,184	7,787,204	7,787,204							

Note: TNE amount includes \$7.2 million related to the Lines of Credit from Ventura County.



Membership - Rolling 12 Months



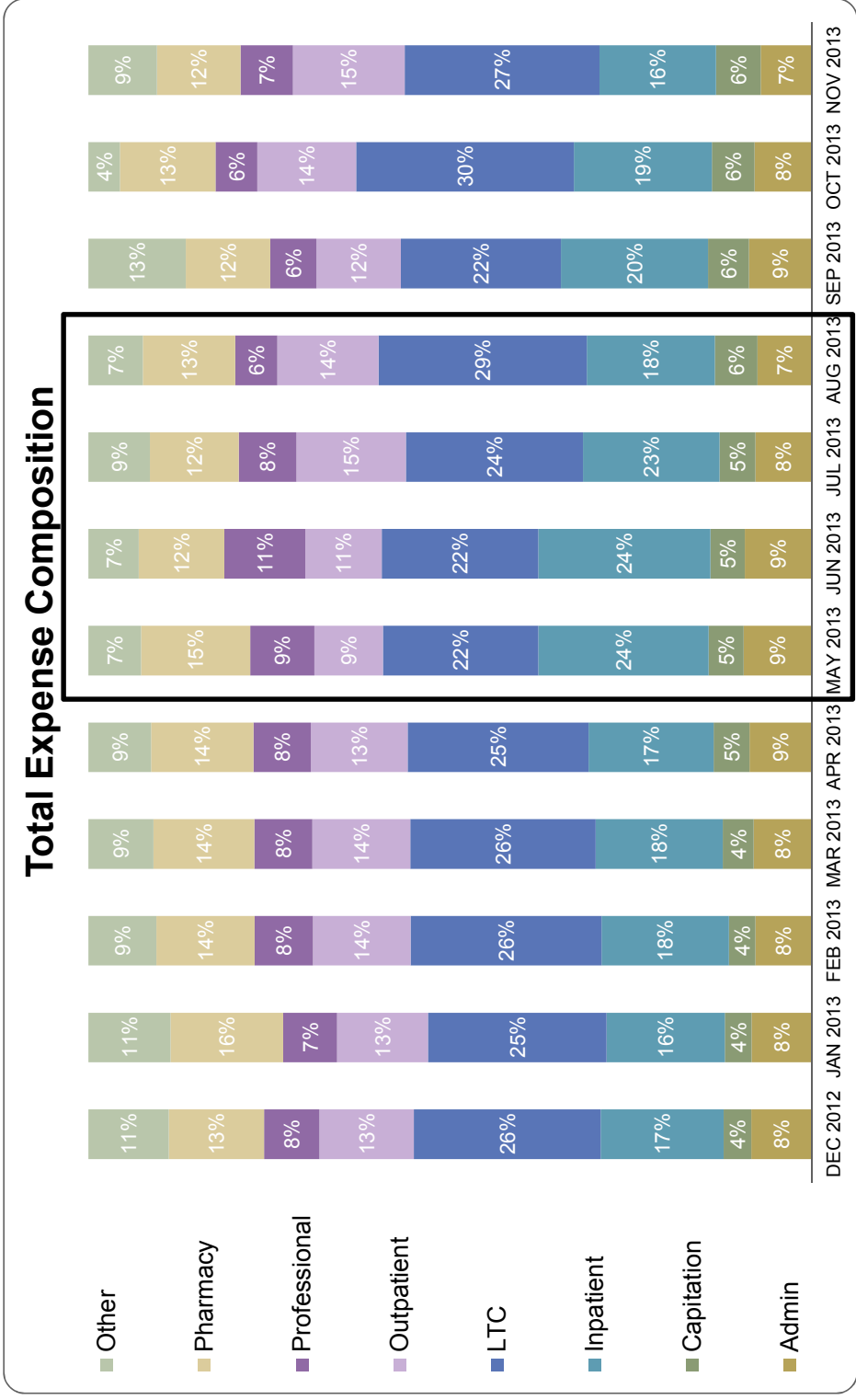
SPD = Seniors and Persons with Disabilities
 TLIC = Targeted Low Income Children

Income Statement Monthly Trend

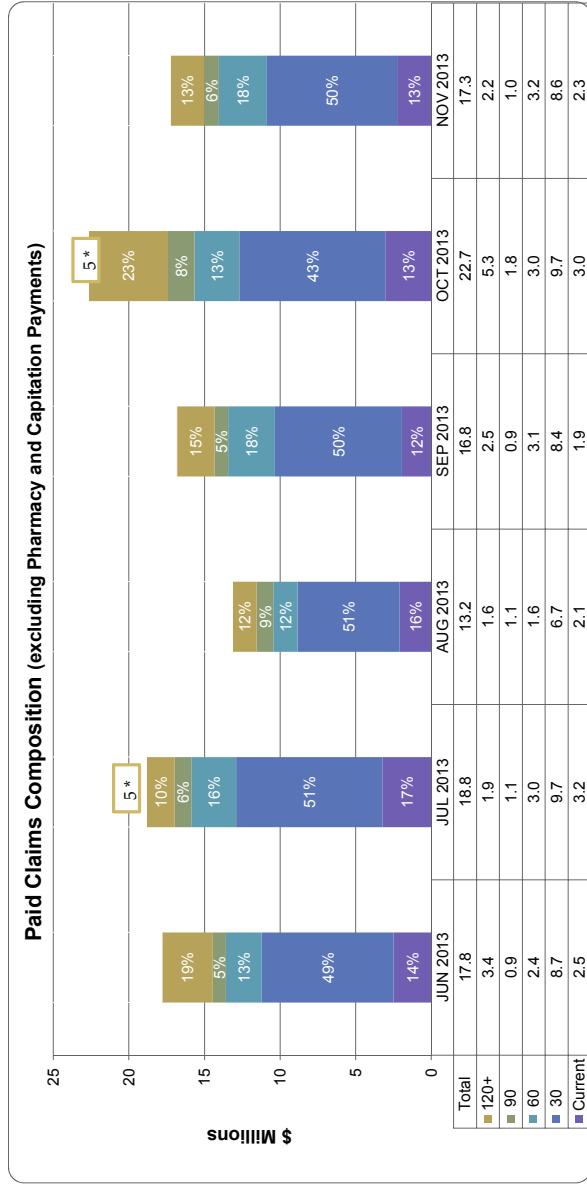
	2014 Actual Monthly Trend				Current Month		
	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013		Variance
					Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	105,880	120,332	120,867	120,391	121,355	120,147	1,208
Revenue:							
Premium	\$ 27,686,491	\$ 27,789,352	\$ 29,602,003	\$ 29,980,945	\$ 29,108,732	\$ 27,535,250	\$ 1,573,482
Reserve for Rate Reduction	-	-	-	(278,508)	(282,654)	(129,267)	(153,387)
MCO Premium Tax	(1,053,211)	(1,110,416)	(1,068,828)	(1,149,386)	(1,114,454)	-	(1,114,454)
Total Net Premium	26,633,279	26,678,936	28,533,175	28,553,050	27,711,624	27,405,983	305,641
Other Revenue:							
Interest Income	9,195	7,304	11,819	15,509	8,658	8,261	397
Miscellaneous Income	38,333	38,333	38,333	38,333	38,333	38,333	0
Total Other Revenue	47,529	45,637	50,152	53,842	46,991	46,594	398
Total Revenue	26,680,808	26,724,574	28,583,327	28,606,892	27,758,615	27,452,577	306,039
Medical Expenses:							
Capitation (PCP, Specialty, NEMT & Visio	1,270,073	1,507,335	1,533,277	1,597,311	1,616,715	3,461,932	1,845,217
FFS Claims Expenses:							
Inpatient	4,807,217	4,512,661	5,531,725	5,200,045	4,229,618	4,028,746	(200,872)
LTC/SNF	6,238,672	7,333,312	6,003,374	8,189,391	7,051,854	6,323,916	(727,938)
Outpatient	2,882,860	2,955,457	2,281,073	2,762,602	3,112,769	2,544,167	(568,602)
Laboratory and Radiology	222,454	113,377	96,573	101,182	149,563	85,819	(63,744)
Emergency Room	745,797	497,008	803,936	847,968	788,033	710,200	(77,833)
Physician Specialty	2,033,957	1,479,169	1,725,887	1,575,483	1,903,339	1,704,228	(199,111)
Pharmacy	3,126,910	3,253,505	3,172,116	3,599,699	3,026,831	2,483,717	(543,114)
Other Medical Professional	169,903	118,201	249,684	25,851	153,013	112,856	(40,157)
Other Medical Care	-	-	1,621	-	-	-	-
Other Fee For Service	1,137,610	1,235,873	2,100,151	1,998,727	1,800,032	1,383,615	(416,417)
Transportation	40,124	35,404	178,553	73,220	88,442	70,947	(17,495)
Total Claims	21,405,504	21,533,967	22,144,693	24,374,168	22,303,494	19,448,212	(2,855,282)
Medical & Care Management Expense	742,126	730,967	746,163	738,701	722,455	703,456	(18,999)
Reinsurance	259,745	258,884	277,448	(1,222,910)	277,386	183,824	(93,562)
Claims Recoveries	(180,775)	(458,563)	104,688	(432,352)	(564,043)	-	564,043
Sub-total	821,096	531,288	1,128,300	(916,560)	435,798	887,280	451,482
Total Cost of Health Care	23,496,673	23,572,589	24,806,270	25,054,919	24,356,007	23,797,425	(558,583)
Contribution Margin	3,184,135	3,151,984	3,777,057	3,551,973	3,402,608	3,655,152	(252,544)
General & Administrative Expenses:							
Salaries and Wages	562,828	420,641	453,818	497,163	575,414	550,503	(24,911)
Payroll Taxes and Benefits	123,309	112,105	114,103	119,840	124,386	140,966	16,580
Travel and Training	3,630	5,840	10,686	13,879	10,975	11,428	453
Outside Service - ACS	852,085	880,703	1,190,847	958,836	912,065	1,065,265	153,200
Outside Services - Other	16,447	49,938	33,271	24,974	757	21,707	20,950
Accounting & Actuarial Services	44,003	20,164	46,568	70,000	(71,621)	23,333	94,954
Legal	57,931	26,462	54,932	45,876	67,706	30,400	(37,306)
Insurance	11,838	9,972	12,517	12,057	13,138	10,792	(2,346)
Lease Expense - Office	25,980	28,480	28,480	22,503	28,480	25,980	(2,500)
Consulting Services	172,165	201,612	264,998	118,908	(17,517)	90,250	107,767
Translation Services	4,878	2,788	2,778	4,225	1,638	2,917	1,279
Advertising and Promotion	4,080	14,120	-	-	3,985	11,460	7,475
General Office	63,357	88,394	77,654	100,062	98,180	94,806	(3,374)
Depreciation & Amortization	5,235	5,235	6,492	7,015	7,015	6,864	(151)
Printing	2,628	1,418	5,605	26,510	20,347	5,428	(14,919)
Shipping & Postage	41	219	1,016	11,395	13,389	2,725	(10,664)
Interest	17,933	24,076	37,708	107,768	45,473	9,279	(36,194)
Total G & A Expenses	1,968,367	1,892,167	2,341,473	2,141,010	1,833,810	2,104,103	270,294
Net Income / (Loss)	\$ 1,215,767	\$ 1,259,818	\$ 1,435,584	\$ 1,410,963	\$ 1,568,798	\$ 1,551,049	\$ 17,749

MPPM Income Statement Comparison

	2014 Actual Monthly Trend				Nov '13 Month-To-Date		Variance
	JUL 2013	AUG 2013	SEP 2013	OCT 2013	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	105,880	120,332	120,867	120,391	121,355	120,147	1,208
Revenue:							
Premium	261.49	230.94	244.91	249.03	239.86	229.18	10.68
Reserve for Rate Reduction	-	-	-	(2.31)	(2.33)	(1.08)	(1.25)
MCO Premium Tax	(9.95)	(9.23)	(8.84)	(9.55)	(9.18)	-	(9.18)
Total Net Premium	251.54	221.71	236.07	237.17	228.35	228.10	0.25
Other Revenue:							
Interest Income	0.09	0.06	0.10	0.13	0.07	0.07	0.00
Miscellaneous Income	0.36	0.32	0.32	0.32	0.32	0.32	(0.00)
Total Other Revenue	0.45	0.38	0.41	0.45	0.39	0.46	(0.07)
Total Revenue	251.99	222.09	236.49	237.62	228.74	228.49	0.25
Medical Expenses:							
Capitation (PCP, Specialty, NEMT & Visio	12.00	12.53	12.69	13.27	13.32	28.81	(15.49)
FFS Claims Expenses:							
Inpatient	45.40	37.50	45.77	43.19	34.85	33.53	(1.32)
LTC/SNF	58.92	60.94	49.67	68.02	58.11	52.64	(5.47)
Outpatient	27.23	24.56	18.87	22.95	25.65	21.18	(4.47)
Laboratory and Radiology	2.10	0.94	0.80	0.84	1.23	0.71	(0.52)
Emergency Room	7.04	4.13	6.65	7.04	6.49	5.91	(0.58)
Physician Specialty	19.21	12.29	14.28	13.09	15.68	14.18	(1.50)
Pharmacy	29.53	27.04	26.24	29.90	24.94	20.67	(4.27)
Other Medical Professional	1.60	0.98	2.07	0.21	1.26	0.94	(0.32)
Other Medical Care	-	-	0.01	-	-	-	-
Other Fee For Service	10.74	10.27	17.38	16.60	14.83	11.52	(3.32)
Transportation	0.38	0.29	1.48	0.61	0.73	0.59	(0.14)
Total Claims	202.17	178.95	183.22	202.46	183.79	161.87	(21.92)
Medical & Care Management Expense	7.01	6.07	6.17	6.14	5.95	5.85	(0.10)
Reinsurance	2.45	2.15	2.30	(10.16)	2.29	1.53	(0.76)
Claims Recoveries	(1.71)	(3.81)	0.87	(3.59)	(4.65)	-	4.65
Sub-total	7.75	4.42	9.34	(7.61)	3.59	8.77	5.18
Total Cost of Health Care	221.92	195.90	205.24	208.11	200.70	198.07	(2.63)
Contribution Margin	30.07	26.19	31.25	29.50	28.04	30.42	(2.38)
General & Administrative Expenses:							
Salaries and Wages	5.32	3.50	3.75	4.13	4.74	4.58	(0.16)
Payroll Taxes and Benefits	1.16	0.93	0.94	1.00	1.02	1.17	0.15
Travel and Training	0.03	0.05	0.09	0.12	0.09	0.10	0.00
Outside Service - ACS	8.05	7.32	9.85	7.96	7.52	8.87	1.35
Outside Services - Other	0.16	0.41	0.28	0.21	0.01	0.18	0.17
Accounting & Actuarial Services	0.42	0.17	0.39	0.58	(0.59)	0.19	0.78
Legal	0.55	0.22	0.45	0.38	0.56	0.25	(0.30)
Insurance	0.11	0.08	0.10	0.10	0.11	0.09	(0.02)
Lease Expense - Office	0.25	0.24	0.24	0.19	0.23	0.22	(0.02)
Consulting Services	1.63	1.68	2.19	0.99	(0.14)	0.75	0.90
Translation Services	0.05	0.02	0.02	0.04	0.01	0.02	0.01
Advertising and Promotion	0.04	0.12	-	-	0.03	0.10	0.06
General Office	0.60	0.73	0.64	0.83	0.81	0.79	(0.02)
Depreciation & Amortization	0.05	0.04	0.05	0.06	0.06	0.06	(0.00)
Printing	0.02	0.01	0.05	0.22	0.17	0.05	(0.12)
Shipping & Postage	0.00	0.00	0.01	0.09	0.11	0.02	(0.09)
Interest	0.17	0.20	0.31	0.90	0.37	0.08	(0.30)
Total G & A Expenses	18.59	15.72	19.37	17.78	15.11	17.51	2.40
Net Income / (Loss)	11.48	10.47	11.88	11.72	12.93	12.91	0.02

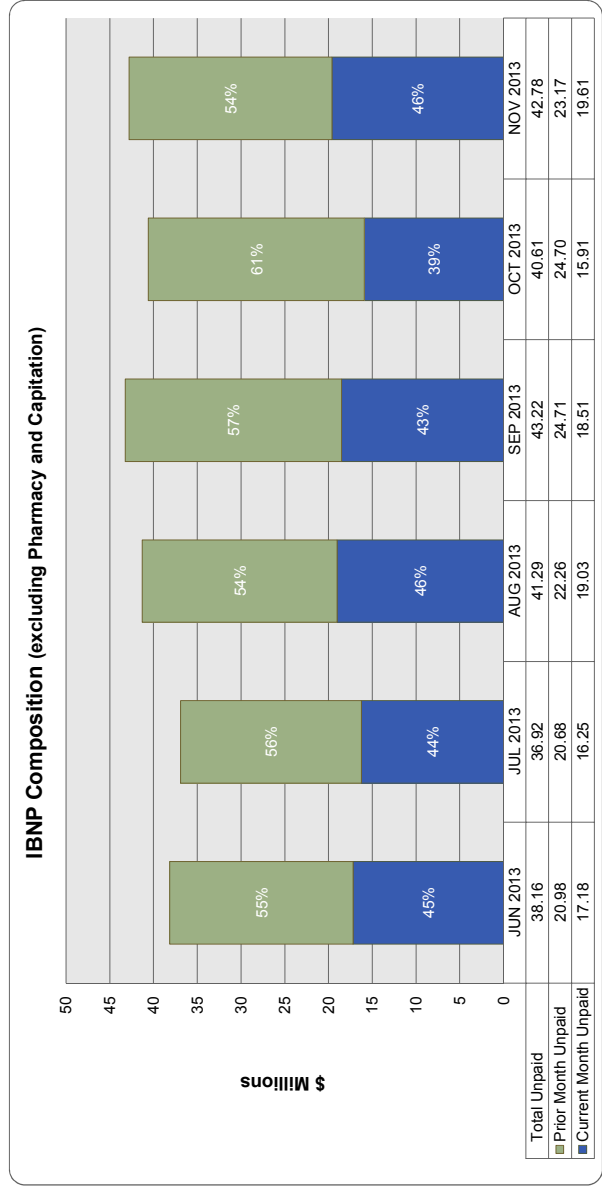


In May, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. Further changes have been made with the assumption of the TLIC population and its affect on various categories of service. Therefore, the months of May - August represent the transitioning to a new methodology.



Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.

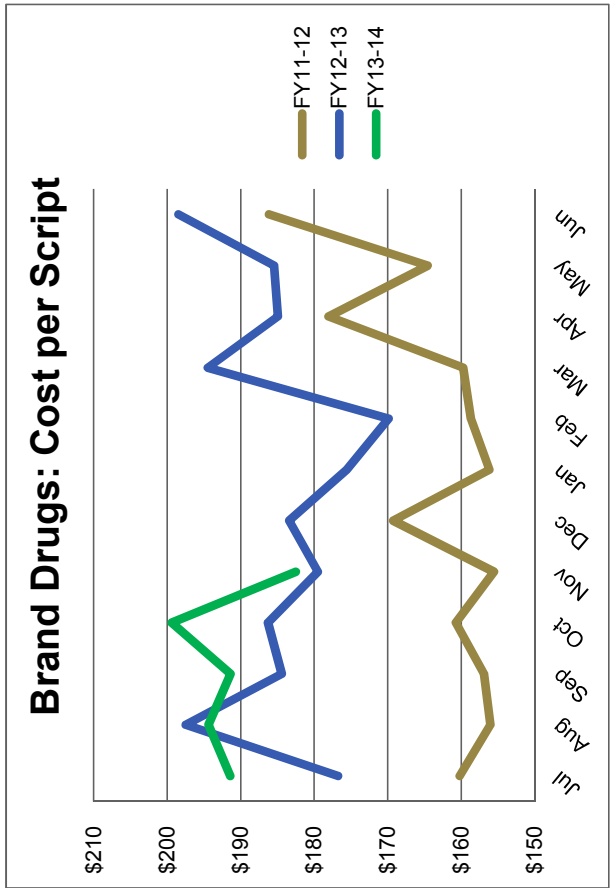
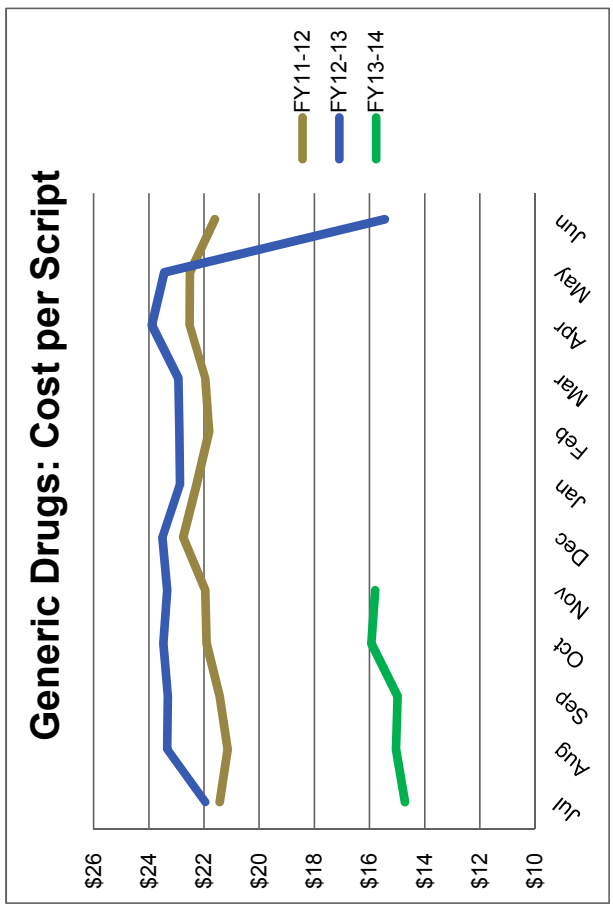
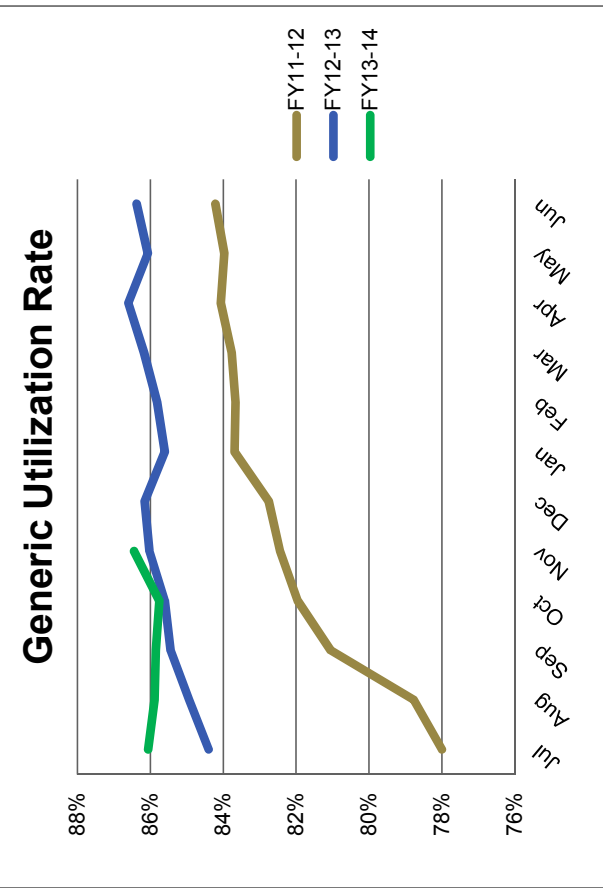
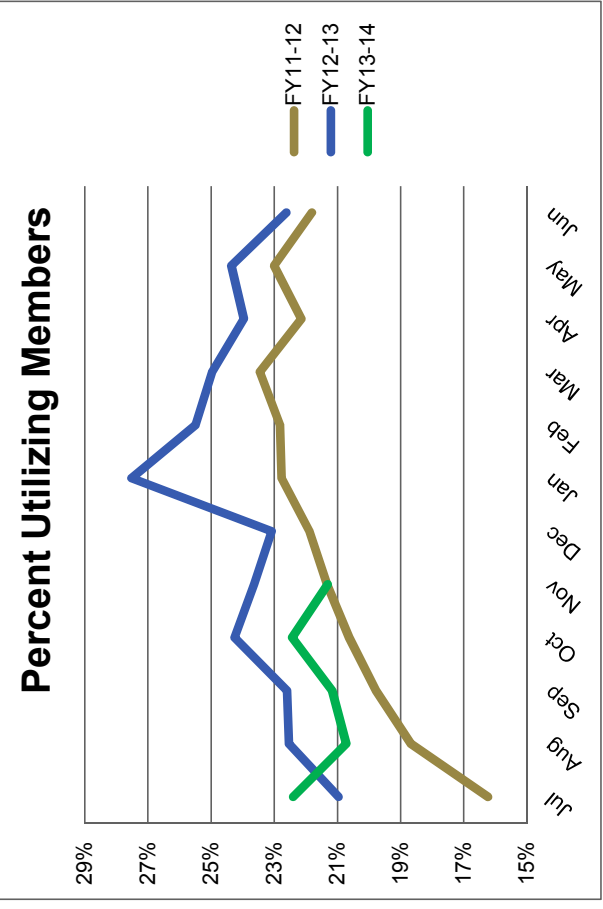
* Months indicated with 5* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

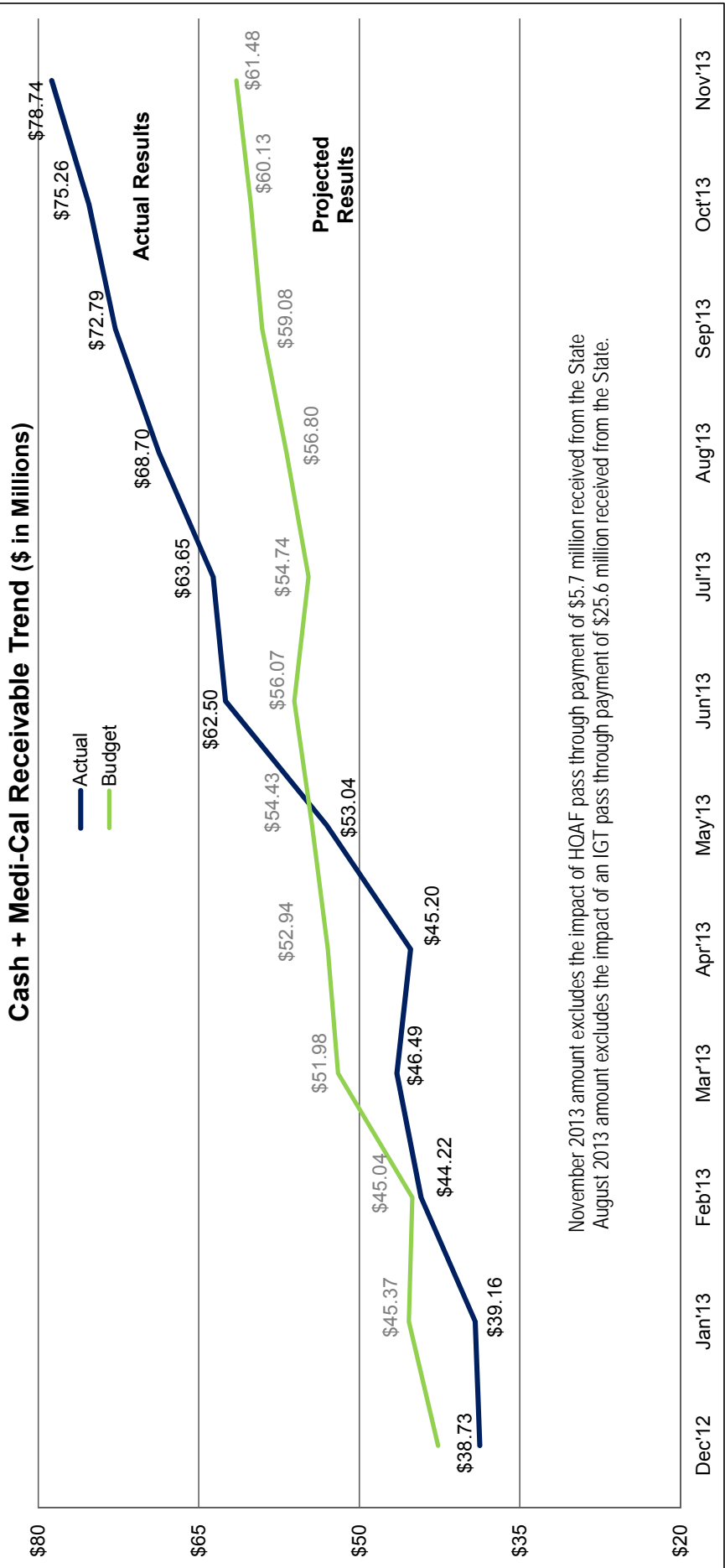


Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

Pharmacy Cost Trend







November 2013 amount excludes the impact of HOAF pass through payment of \$5.7 million received from the State
 August 2013 amount excludes the impact of an IGT pass through payment of \$25.6 million received from the State.



APPENDIX

- Comparative Balance Sheet
- YTD Income Statement
- Monthly Statement of Cash Flows

Comparative Balance Sheet

	11/30/13	10/31/13	Audited FY 2012-13
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	42,991,440	35,064,697	\$ 50,817,760
Medi-Cal Receivable	41,443,995	40,198,101	11,683,076
Provider Receivable	891,907	594,715	1,161,379
Other Receivables	198,749	197,833	300,397
Total Accounts Receivable	42,534,651	40,990,650	13,144,852
Total Prepaid Accounts	1,352,582	1,326,804	324,419
Total Other Current Assets	89,079	10,000	10,000
Total Current Assets	86,967,753	77,392,151	\$ 64,297,030
Total Fixed Assets	1,172,491	1,010,455	230,913
Total Assets	88,140,244	78,402,606	\$ 64,527,943
LIABILITIES & FUND BALANCE			
Current Liabilities			
Incurred But Not Reported	\$ 38,692,742	\$ 36,689,172	\$ 29,901,103
Claims Payable	\$ 5,804,043	\$ 6,639,790	9,748,676
Capitation Payable	\$ 1,332,849	\$ 1,309,304	1,002,623
Accrued Premium Reduction	\$ 561,162	\$ 278,508	-
Accounts Payable	\$ 1,908,253	\$ 1,612,082	1,751,419
Accrued ACS	\$ 1,133,907	\$ 1,230,668	422,138
Accrued Expenses	\$ 6,247,863	\$ 891,515	477,477
Accrued Premium Tax	\$ 12,007,489	\$ 10,893,035	7,337,759
Accrued Interest Payable	\$ 24,626	\$ 21,682	9,712
Current Portion of Deferred Revenue	\$ 460,000	\$ 460,000	460,000
Accrued Payroll Expense	\$ 456,947	\$ 396,952	605,937
Current Portion Of Long Term Debt	\$ -	\$ -	(0)
Total Current Liabilities	\$ 68,629,880	\$ 60,422,707	\$ 51,716,843
Long-Term Liabilities			
Deferred Revenue - Long Term Portion	\$ 728,333	\$ 766,667	920,000
Notes Payable	\$ 7,200,000	\$ 7,200,000	7,200,000
Total Long-Term Liabilities	\$ 7,928,333	\$ 7,966,667	8,120,000
Total Liabilities	\$ 76,558,213	\$ 68,389,373	\$ 59,836,843
Beginning Fund Balance	\$ 4,691,101	\$ 4,691,101	(6,031,881)
Net Income Current Year	\$ 6,890,930	\$ 5,322,132	10,722,981
Total Fund Balance	\$ 11,582,031	\$ 10,013,233	4,691,100
Total Liabilities & Fund Balance	\$ 88,140,244	\$ 78,402,606	\$ 64,527,943

FINANCIAL INDICATORS

Current Ratio	1.27 : 1	1.28 : 1	1.24 : 1
Days Cash on Hand	49	39	58
Days Cash + State Capitation Receivable	97	83	72

Income Statement
For The Five Months Ended November 30, 2013

	Nov'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	588,825	585,367	3,458
Revenue:			
Premium	\$ 144,167,522	\$ 136,434,179	\$ 7,733,343
Reserve for Rate Reduction	(561,162)	(646,011)	84,849
MCO Premium Tax	(5,496,295)	-	(5,496,295)
Total Net Premium	138,110,065	135,788,168	2,321,896
Other Revenue:			
Interest Income	52,485	40,930	11,554
Miscellaneous Income	191,667	191,665	2
Total Other Revenue	244,151	232,595	11,556
Total Revenue	138,354,216	136,020,763	2,333,452
Medical Expenses:			
<u>Capitation (PCP, Specialty, NEMT & Vision)</u>	7,524,711	9,645,466	2,120,754
<u>FFS Claims Expenses:</u>			
Inpatient	24,281,266	21,407,969	(2,873,297)
LTC/SNF	34,816,603	33,604,053	(1,212,550)
Outpatient	13,994,761	13,519,207	(475,554)
Laboratory and Radiology	683,149	456,028	(227,121)
Emergency Room	3,682,742	3,773,866	91,124
Physician Specialty	8,717,835	9,055,932	338,097
Pharmacy	16,179,061	15,233,074	(945,987)
Other Medical Professional	716,652	599,695	(116,957)
Other Medical Care	1,621	-	(1,621)
Other Fee For Service	8,272,393	7,352,262	(920,131)
Transportation	415,743	376,996	(38,747)
Total Claims	111,761,826	105,379,081	(6,382,745)
Medical & Care Management Expense	3,680,413	3,534,346	(146,067)
Reinsurance	(149,447)	895,611	1,045,059
Claims Recoveries	(1,531,044)	-	1,531,044
Sub-total	1,999,922	4,429,957	2,430,036
Total Cost of Health Care	121,286,459	119,454,504	(1,831,955)
Contribution Margin	17,067,757	16,566,260	501,497
General & Administrative Expenses:			
Salaries and Wages	2,509,864	2,572,445	62,581
Payroll Taxes and Benefits	593,744	661,013	67,270
Travel and Training	45,011	100,658	55,647
Outside Service - ACS	4,794,535	4,794,035	(500)
Outside Services - Other	125,386	175,193	49,807
Accounting & Actuarial Services	109,113	231,667	122,554
Legal	252,907	152,000	(100,907)
Insurance	59,521	53,960	(5,561)
Lease Expense - Office	133,923	129,900	(4,023)
Consulting Services	740,165	671,914	(68,251)
Translation Services	16,308	14,655	(1,653)
Advertising and Promotion	22,185	66,950	44,765
General Office	427,646	507,604	79,958
Depreciation & Amortization	30,992	34,070	3,078
Printing	56,508	46,372	(10,136)
Shipping & Postage	26,060	24,425	(1,635)
Interest	232,959	46,296	(186,663)
Total G & A Expenses	10,176,827	10,283,158	106,331
Net Income / (Loss)	\$ 6,890,930	\$ 6,283,102	\$ 607,828

Statement of Cash Flows - Monthly

	NOV '13	OCT '13	JUN'13
Cash Flow From Operating Activities			
Collected Premium	\$ 27,862,839	\$ 28,237,305	\$ 52,138,834
Miscellaneous Income	8,658	15,509	8,594
State Pass Through Funds	5,691,714	28,672,901	34,346,474
<u>Paid Claims</u>			
Medical & Hospital Expenses	(17,387,071)	(20,891,230)	(17,277,826)
Pharmacy	(3,787,143)	(3,504,662)	(4,009,168)
Capitation	(1,521,485)	(1,553,107)	(1,162,302)
Reinsurance of Claims	(277,386)	(281,113)	(240,430)
State Pass Through Funds Distributed		(28,672,901)	(34,346,474)
Paid Administration	(2,494,333)	(1,258,459)	(2,616,623)
MCO Tax Received / (Paid)	-	-	829,564
Net Cash Provided/ (Used) by Operating Activities	8,095,794	764,243	27,670,643
Cash Flow From Investing/Financing Activities			
Proceeds from Line of Credit			-
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(169,050)	(31,263)	(31,026)
Net Cash Provided/(Used) by Investing/Financing	(169,050)	(31,263)	(31,026)
Net Cash Flow	\$ 7,926,744	\$ 732,980	\$ 27,639,617
Cash and Cash Equivalents (Beg. of Period)	35,064,697	34,331,717	23,068,235
Cash and Cash Equivalents (End of Period)	42,991,440	35,064,697	50,817,760
	\$ 7,926,744	\$ 732,980	\$ 27,749,525
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	1,568,798	1,410,963	4,109,976
Depreciation & Amortization	7,015	7,015	11,407
Decrease/(Increase) in Receivables	(1,544,001)	(1,795,333)	22,788,941
Decrease/(Increase) in Prepaids & Other Current Assets	(104,858)	62,856	769,972
(Decrease)/Increase in Payables	5,901,351	1,581,709	(1,578,838)
(Decrease)/Increase in Other Liabilities	(38,333)	(38,333)	(121,667)
Change in MCO Tax Liability	1,114,454	1,149,386	1,433,012
Changes in Claims and Capitation Payable	(812,202)	(4,509,964)	1,913,029
Changes in IBNR	2,003,570	2,895,944	(1,655,189)
	8,095,794	764,243	27,670,643
Net Cash Flow from Operating Activities	\$ 8,095,794	\$ 764,243	\$ 27,670,643

Statement of Cash Flows - YTD

	Nov '13 YTD
Cash Flow From Operating Activities	
Collected Premium	\$ 113,871,840
Miscellaneous Income	52,485
State Pass Through Funds	61,123,883
<u>Paid Claims</u>	
Medical & Hospital Expenses	(87,619,942)
Pharmacy	(17,409,958)
Capitation	(7,124,901)
Reinsurance of Claims	(1,354,575)
State Pass Through Funds Distributed	(54,268,141)
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(13,299,029)
Repay Initial Net Liabilities	-
MCO Taxes Received / (Paid)	(826,566)
Net Cash Provided/(Used) by Operating Activities	(6,854,905)
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	-
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(971,415)
Net Cash Provided/(Used) by Investing/Financing	(971,415)
Net Cash Flow	\$ (7,826,320)
Cash and Cash Equivalents (Beg. of Period)	50,817,760
Cash and Cash Equivalents (End of Period)	42,991,440
	\$ (7,826,320)
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	6,890,930
Depreciation & Amortization	30,992
Decrease/(Increase) in Receivables	(29,389,799)
Decrease/(Increase) in Prepays & Other Current Assets	(1,107,243)
(Decrease)/Increase in Payables	7,066,076
(Decrease)/Increase in Other Liabilities	(192,821)
Change in MCO Tax Liability	4,669,729
Changes in Claims and Capitation Payable	(3,614,408)
Changes in IBNR	8,791,639
	(6,854,905)
Net Cash Flow from Operating Activities	\$ (6,854,905)



Fiscal Year 2013-14 Budget Update

Michelle Raleigh, CFO
Executive / Finance Committee Meeting
January 9, 2014

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Introduction

- Gold Coast Health Plan's (GCHP or Plan) FY2013-14 (7/1/13-6/30/14) budget was approved by the Commission during the June 24, 2013 meeting
- Since that time, additional requirements have been clarified as the State budget was finalized and the Affordable Care Act (ACA) is being implemented, specifically:
 - **Medi-Cal Expansion**
 - Membership estimates have been revised
 - Draft State rates have been received
 - **Mental Health benefit expansion**
 - Not part of the original budget, passed in budget trailer bill SB1X1 in late June
 - Draft State rates have been received for all affected membership
- There continue to be pending items for this fiscal year, such as:
 - Final FY2013-14 State rates (including ACA1202 Physician rate increases)
 - Administrative needs (e.g., staff, consulting) related to new contractual requirements

Introduction, cont.

- Due to this additional information, GCHP is in the process of updating the FY2013-14 budget
- At this point in time, the majority of the budget components have been updated and incorporated into this presentation to reflect:
 - Medi-Cal Expansion – increases in membership, revenue and costs
 - Expanded Mental Health benefit – increases revenue and costs and reflects contract with Beacon Health Strategies (BHS)
 - Updated FY2013-14 Rates – increases revenue per State
 - Updated base period for health care cost estimates – utilizes 12 months of the most recent historical cost experience (December 2012 – November 2013)
 - Refreshed GCHP Initiatives - reflected in updated base period
- Administrative costs will be updated through January as new benefit and contract requirements are clarified

Membership

Overall GCHP membership has increased between prior budget and draft updated budget by an average 3,000 members, consisting of:

- Update of traditional membership based on more recent base period and trends (including TLIC membership)
- Phase-in of Medi-Cal Expansion members, starting with approximately 7,800 on 1/1/14 (i.e., primarily LIHP membership) and reaching approximately 14,000 by 6/30/14, updated budget reflects:
 - More members on day one to reflect more recent LIHP membership
 - More heavily front-loaded additional expansion members

	Est. 1/1/14 Membership	Est. 6/30/13 Membership
Original Budget	6,800	11,600
Revised Draft Budget	7,800	14,000

Membership, cont.

Aid Category – Average Membership for FY2013-14 (See Note 1)	Budget FY 2013-14	Updated Budget FY2013-14
Adult/Family	74,079	72,466
SPD	9,413	9,546
Dual	17,769	17,920
Sub-total	101,260	99,932
		<i>(1,328)</i>
TLIC (Healthy Families)	17,676	20,292
Medi-Cal Expansion (Note 2)	4,611	6,279
Averaged Members	123,547	126,504
		<i>2,957</i>

Note 1 - Member categories have been grouped to include as follows: Seniors and persons with disabilities (SPD) includes Aged-Medi-Cal, Disabled-Medi-Cal, Long-term Care-Medi-Cal, and Breast and Cervical Cancer Treatment Plan (BCCTP). Dual includes Aged-Dual, Disabled-Dual, and Long-term Care-Dual.

Note 2 – Membership shown is averaged over 12 months however these populations start on 1/1/14.

Revenue

Draft FY2012-13 State rates have been updated based on more recent information:

- Capitation rates have been clarified by the State
- Estimated Assembly Bill #97 (AB97) provider reductions have been reserved for FY 2013-14, updated budget reflects accruing these over the confirmed time period (from October)
- Draft State capitation rates have been provided for the Medi-Cal Expansion population and the Mental Health benefit expansion

Additional revenue items that have not be changed from initial budget include:

- Physician fee increase to Medicare levels under ACA Section 1202 have not been provided for FY2013-14 and therefore continue to not be reflected in the budget
- The following items are pending and would be pass through items: MCO Tax, Hospital Quality Assurance Fees (HQAF or SB239), and/or Intergovernmental Transfer (IGT) funds

Revenue, cont.

Total Revenues in PMPM (See Note 1)	Budget FY 2013-14	Updated Budget FY2013-14
Adult/Family	\$ 130.10	134.25
SPD	\$ 914.87	930.82
Dual	\$ 440.19	428.01
<i>Averaged PMPM for Existing Categories</i>	<i>257.46</i>	<i>263.02</i>
TLIC (Healthy Families)	\$ 77.90	81.01
Medi-Cal Expansion (See Note 2)	\$ 349.99	734.82
<i>Averaged PMPM - Aggregate</i>	<i>234.18</i>	<i>257.24</i>
Total Revenues in \$ (stated in thousands)	\$ 347,755	391,052

Note 1 - Additional revenue to cover expanded mental health benefits have been reflected in rates above for all populations except Dual.

Note 2 - Original budget rates for Medi-Cal expansion population were estimated from State budget (May revise), updated rates based on rate package provided by the State.

Health Care Costs

Medical and pharmacy expenses were updated from the prior budget as follows:

- Updated Base Period - actual costs were used over the most recent 12 month period through November 2013
- Medi-Cal Expansion – health care costs were estimated based on State rate development
- Mental Health benefit expansion – health care costs were estimated based on State rate development
- Provider contracting updates:
 - For the LIHP & Medi-Cal Expansion populations, all providers will be reimbursed on a fee-for-service basis due to limited or no experience data for these members – once adequate experience is collected, capitation rates will be developed
 - Ongoing Plan-to-Plan contract with Kaiser for Health Family transition populations

Health Care Costs, cont.

Health care costs were also updated as GCHP reevaluated the financial forecast initiatives:

- Initiatives were originally identified in December 2012 to improve efficiencies and financial position of the Plan
- Initiatives have been reviewed to determine if they are achieving anticipated results or need to be modified
- Initiatives have been contributing to the Plan’s overall bottom line:
 - 11 initiatives have been operationalized
 - 6 initiatives have been completed
 - 4 have been redefined or removed

Majority of original initiatives are now part of health care cost experience and have contributed to Plan’s financial results

Health Care Costs, cont.

- Reflects updated base experience and results of initiatives
- Increases are due to higher cost information provided for the Medi-Cal Expansion population and the incorporation of the new Mental Health benefit
- Lower than previously anticipated capitation levels

	Budget FY 2013-14	Updated Budget FY2013-14
Capitation *	\$ 46,085	19,284
Claims:		
Inpatient	\$ 122,899	149,130
Outpatient	\$ 39,900	50,143
Professional	\$ 27,262	29,932
Pharmacy	\$ 38,901	57,205
Other **	\$ 21,958	30,183
Care Management	\$ 8,482	10,092
	259,400	326,685
Total	\$ 305,485	345,969

Total Health Care Costs in PMPM	Budget FY 2013-14	Updated Budget FY2013-14
	\$ 206.05	227.90

* Includes PCP, Specialty, Plan-to-Plan, Non-emergency transportation, and Vision Service Plan

** Other claims include all other fee for service expenses, reinsurance and transportation expenses

Summary

- Growth in membership driven by updated experience and Medi-Cal Expansion population estimates
- Increase in revenue and costs is driven by updated State rate packages

	Budget FY 2013-14*	Updated Budget FY2013- 14**	Change
	(\$ amounts are stated in thousands)		%
Average Monthly Enrollment	123,547	126,504	2.4%
Premium Revenue	\$ 347,755	391,052	12.5%
Health Care Costs	\$ 305,485	345,969	13.3%
Gross Margin	\$ 42,270	45,083	6.7%

Medical Loss Ratio (MLR) 87.8% 88.8% 1.1%

Next Steps

- Administrative expenses currently under review to account for higher membership base and additional contractual requirements, such as:
 - New Mental Health benefit
 - New contractual requirements (e.g., MLR tracking, contract compliance, health education)
 - Larger membership base
 - Ongoing responses to CAP items
 - Additional staffing needs and related expenses
 - New building expenses
- Present final revised budget (including administrative expenses) for approval to Commission at January 27th meeting



Gold Coast Health Plan Year-End Legislative Update

by Don Gilbert, Mike Robson, and Trent Smith
December 18, 2013

With the 2013 calendar year winding down, attention around the State Capitol begins to focus on the 2014 Legislative Session. The coming year promises to be an interesting year.

Election Year

It is a gubernatorial election year which means all the statewide constitutional seats, including the office of the Governor, will be up for election. At this point, Governor Brown has not officially announced that he will run for re-election, but most observers believe he will run. Early polling indicates that should he run, he will most likely win. Another statewide seat of interest is the race for Controller which will pit Assembly Speaker John Perez (D-Los Angeles) against Board of Equalization member Democrat Betty Yee from the Bay Area.

All the Assembly seats and half the Senate seats will be in play as well. Candidates for the open legislative seats are already jockeying for position and seeking campaign financing for their races. This will be the second election cycle where the top-two vote getters in the primary, regardless of party, will move to the general election in November. Based on the meetings we have had with some of those running, we are beginning to see “moderate” candidates from both parties surface in safe Democrat and Republican seats. In the last election cycle there were only a few races where two candidates from one party made the November ballot. It will be interesting to see whether that increases in 2014 and whether those races impact public policy debates, such as the debate over the State Budget, in the Capitol.

Budget

As we have previously reported, the non-partisan Legislative Analyst Office (LAO), projects that the state will close the 2013-14 fiscal year in June with a budget that is on pace to close with a \$2.4 billion surplus. The LAO attributes this surplus to the passage of Proposition 30 which increased sales and income taxes through 2018 and an upswing in revenue from capital gains. This surplus combined with continued economic recovery leads the LAO to project that, with no changes in spending policy, the state will end the 2014-2015 fiscal year with a \$5.6 billion surplus, and as much as a \$9.6 billion surplus by 2018.

However, the Legislature will not sit idly by and watch the surplus grow as projected. Already, the Assembly Democratic Caucus, led by Speaker John Perez and Budget

December 18, 2013
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Chair Nancy Skinner (D-Berkeley), have released a “Blueprint for a Responsible Budget” (Blueprint) which outlines a short and long-term spending plan that utilizes and spends the projected revenue growth. Interestingly, the Assembly Democrats released this Blueprint well in advance of the Governor’s proposed budget on January 10, thus setting the stage for a possible showdown with the Governor on how to spend or not spend the budget surplus.

The Governor has already publicly stated that he will continue to urge fiscal restraint and is not interested in growing government or long-term spending programs. The Assembly Democrats state a desire to build a healthy budget reserve of \$8 billion and not to commit to ongoing programs. But, at the same time their Blueprint, though not specific on numbers, calls for more investment in transitional kindergarten, higher education, and Medi-Cal reimbursement, all of which would be high-cost ongoing programs.

We will know more about potential conflicts once the Governor releases his budget on January 10. Some questions of interest include: Will Speaker Perez, with a June election against another Democrat, use the budget debate to bolster his campaign for statewide office? Will rank and file Democrats follow the lead of the outgoing Speaker or the Governor in this debate? What role will moderate Democrats and Republicans play in the debate?

In the interim, the Legislature is gearing up for its return on January 6. Before the end of January, each house will need to clear those bills that were introduced in the house of origin but not passed in 2013. At the same time, legislators will begin introducing the thousand or so bills that are expected to be introduced in 2014. And, as discussed above, the Governor’s budget will be released on January 10.

We look forward to representing Gold Coast Health Plan in 2014 and will keep you apprised of developments that affect you.

In the meantime, we wish you a Happy New Year.