

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Special Executive / Finance Committee Meeting Minutes
November 6, 2014**

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 Araujo called the meeting to order at 3:06 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

COMMITTEE MEMBERS PRESENT

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Antonio Alatorre, Clinicas del Camino Real, Inc.
David Glycer, Private Hospitals / Healthcare System
Gagan Pawar, MD, Clinicas del Camino Real, Inc. (arrived at 3:16 p.m.)
Dee Pupa, Ventura County Health Care Agency

STAFF IN ATTENDANCE

Ruth Watson, Interim CEO / COO
Michelle Raleigh, CFO
Scott Campbell, Legal Counsel
Traci R. McGinley, Clerk of the Board
Guillermo Gonzalez, Government Affairs Director
Steve Lalich, Communications Director
Allen Maithel, Controller
Al Reeves, MD, CMO
Melissa Scrymgeour, CIO
Lyndon Turner, Financial Analysis Director

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. August 7, 2014 Regular Meeting Minutes

Committee Member Alatorre requested that the minutes reflect two statements he made during the meeting regarding 1) a request for staff to review the capitation payment for primary care physicians in the county and 2) his request that the IBNR / IBNP be separated in the financials.

2. APPROVAL ITEMS

a. 2015 Executive / Finance Meeting Calendar

After discussion of whether the meetings needed to be held as often, it was decided that the schedule would be adopted as presented and the frequency would be discussed again in a few months.

Committee Member Alatorre moved to approve the 2015 Executive / Finance Committee Meeting Calendar. Committee Member Glycer seconded. The motion carried with the following vote:

AYE: Alatorre, Araujo, Glycer, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: None.

3. ACCEPT AND FILE ITEMS

a. CEO Update

Interim CEO Watson reviewed the written report with the Committee.

b. CFO Update – September Financials

CFO Raleigh reviewed the Financials which reflect some needed audit adjustments. Additional audit adjustments may be needed as the auditors have not completed the FY 2013-14 audit. Membership growth is greater than anticipated therefore the Plan is doing significantly better than budgeted. GCHP is making great strides in reaching the required Tangible Net Equity (TNE), it is currently at 217%, with the Lines of Credit (LOC) from the County and 185% without.

In response to Chair Araujo's questions regarding the TNE, CFO Raleigh confirmed that the TNE changes monthly based on the number of members, the population mix and the health care costs. Committee Member Glycer asked if a 300%-400% level was considered healthy. CFO Raleigh responded that it was.

Committee Member Glycer stated that GCHP is building needed reserves; however, there was \$47 million in profits, three times greater than budgeted and asked how much of the change was just in the month of September. CFO Raleigh stated that it changed approximately 15%. Committee Member Glycer added that if it continued at that rate by the end of the year the Plan would be over 300%. He stated that he agreed with Committee Member Alatorre's statement from the previous meeting that GCHP needs to start passing some of the profits back to providers.

Interim CEO Watson acknowledged that GCHP agreed and has determined that it will be a large project to ascertain what the right amount would be, not just individual doctors, but hospitals as well.

CFO Raleigh stated that approximately \$10 million is due to the membership mix; between 5,000-9,000 Adult Expansion (AE) members per month are coming into the program and there is no usage data with this population therefore GCHP has been unable to predict the expenses.

CFO Raleigh confirmed Committee Member Pupa's question as to whether GCHP had the figures reviewed by an actuary.

Discussion was held regarding the new supplemental payment from the State for reimbursement of Hepatitis C drugs. CFO Raleigh noted that GCHP received a little more than was spent the previous three months, but it is at risk because it is part of the capitation payment. CMO Dr. Reeves stated that the State just finalized the methodology for reimbursing the Plans. CFO Raleigh added that the methodology is working so far and the State just shared enough information to allow the Plan to estimate what it will get back from the State.

Financial Analysis Director Turner added that the State recently requested information for a rate development template on the adult expansion and staff believes the State is looking at this for a possible rate cut.

In response to a question from Chair Araujo, CFO Raleigh stated that the State internally develops the rates for COHS, but uses outside actuaries for the other managed care plans.

Committee Member Alatorre asked if they took into account ACE data. CFO Raleigh responded that they did not. Committee Member Pupa added that they could not because the benefits were not the same and ACE was based on Ventura County's cost so the data was useless with the exception of use. CFO Raleigh confirmed that it is the same across the State.

CFO Raleigh continued reviewing the Financials and stated that health care costs are more than budgeted due to membership being greater than anticipated.

CFO Raleigh stated that a larger provider, the County of Ventura, is still having problems with billing GCHP therefore the reserves were increased. In response to a question from Committee Member Pawar CFO Raleigh stated that GCHP will not have to pay the provider for billings more than twelve months old, but must take the amounts into account in order to estimate the total future costs.

CFO Raleigh reported that since there was no cost experience for the adult expansion population GCHP utilized the State's costs estimates included in the AE rate package. CFO Raleigh added that all the plans in the State are trying to determine what the expenses are going to be with these Members, and there is a possibility that money may go back to the State.

Committee Member Pupa added that utilization trends are going to change every month. CFO Raleigh explained that the State will take 18 months to determine what the real expenses are.

Discussion was held regarding the legal expenses. CFO Raleigh explained that if GCHP does not receive an invoice from a particular legal firm it is estimated. Legal expenses will stay high for some time due to the investigations.

Committee Member Alatorre asked about AB 85. CFO Raleigh explained that it is an ongoing reconciliation progress.

Committee Member Glycer moved to approve the CEO Update and CFO Update – September Financials. Committee Member Alatorre seconded. The motion carried with the following vote:

AYE: Alatorre, Araujo, Glycer, Pawar and Pupa.
NAY: None.
ABSTAIN: None.
ABSENT: None.

4. INFORMATIONAL ITEMS

- a. Update on Auditor Recommendations (Final) – FY 2012-13
- b. Draft FY 2013-14 Audit Results
- c. Draft Lines of Credit (LOC) Payback Terms

CFO Raleigh reviewed the Informational Items with the Committee.


COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

The meeting adjourned at 4:13 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board