

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

**Antonio Alatorre
David Glycer**

**Gagan Pawar, M.D.
Dee Pupa**

February 11, 2016

The Commission met in special meeting, regular session in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo California and was called to order by Committee member Alatorre at 3:02p.m.

ROLL CALL

Present: Antonio Alatorre, Gagan Pawar, M.D., David Glycer, and Dee Pupa,

Absent: None.

Committee member Alatorre presided.

Noted: Agenda item No. 3 is being moved to the Reports section.

1. Minutes

RECOMMENDATION

Approve the minutes of the regular Executive/Finance Committee meeting of January 7, 2016.

Committee member Glycer moved to approve the recommendation. Committee member Pupa seconded. The vote was as follows:

AYES: Antonio Alatorre, Gagan Pawar, M.D., David Glycer, and Dee Pupa

NOES: None.

ABSENT: None.

Committee member Alatorre declared the motion carried.

2. December Financials Report

RECOMMENDATION

Accept the financials report as presented.

DISCUSSION

Chief Financial Officer (CFO) Mowlavi reviewed the financial highlights.

Financial performance for the six months ended December 31, 2015 generated a gain in unrestricted net assets of \$24.3million which was \$17million favorable to budget. The gain was driven by continued membership growth in Adult Expansion and lower than anticipated health care and administrative costs.

The fiscal year to date medical loss ratio (MLR) was 87% and an increase month over month with December at 91%. The administrative cost ratio was 5.5% and was favorable to the budget by \$2.6 million, driven largely by labor savings.

As of December, Tangible Net Equity (TNE) was \$131.4 million. Excluding the \$7.2 million Ventura County Lines of Credit, the TNE was 550% higher than the minimum state requirement and 50% over the targeted TNE. Commissioner Glycer asked what the Plan was planning on doing with the extra funds. CFO Mowlavi explained the Plan is exploring different ways to put the money into the community. Commissioner Pupa requested a TNE comparison graph showing other health plans. CFO Mowlavi will provide this information.

The Plan continues to follow-up with the Department of Health Care Services (DHCS) to request permission to repay the Ventura County Lines of Credit. There have been changes in management at DHCS and the Plan is staying in contact with those involved to help expedite the repayment.

Membership continues to grow. The December membership of 203,857 exceeded budget by 7,822 members. The increase in membership was primarily in the Adult Expansion (AE) category, which accounts for 62% of the total growth year over year.

Net revenue was \$322.7 million or \$7.0 million favorable to budget. The positive variance was primarily due to increase in membership with higher capitation rates (Adult Expansion). For the year, revenue includes a \$16.9 million reserve for rate reductions associated with AE. This reserve represents an expected refund to DHCS for rate overpayments. Committee members Pupa and Glycer would like to know what the actual MLR for Adult Expansion is. CFO Mowlavi indicated that the AE MLR has been increasing and the actual current rate will be calculated and provided.

Cash and short term investments were \$408.2 million at December 31, which includes pass-through payments for AB85 of \$1.8 million and Managed Care Organization tax of \$3.8 million. CFO Mowlavi noted that a significant portion of the cash will be used for repayments of amounts owed to the State of California \$235 million and the County of Ventura Lines of Credit of \$7.2 million.

Committee member Pupa moved to approve the recommendation. Committee member Glycer seconded. The vote was as follows:

AYES: Antonio Alatorre, Gagan Pawar, M.D., David Glycer, and Dee Pupa

NOES: None.

ABSENT: None.

Committee member Alatorre declared the motion carried.

3. Approval of Healthcare Effectiveness Data and Information Set (HEDIS) Contract

Quality Improvement Director Kim Osajda presented explained the request for proposal (RFP) process to find out which vendor has best service. Implementation of the new contract is scheduled for April 1, 2016. Procurement compiled all information and it will be presented for approval at the next Commission meeting. Commissioner Glycer asked how difficult the change would be. Director Osajda stated different implementation mapping is done quarterly. Need to look at quality and integrity of tables. Looking to find a vendor who will give real time data.

4. Pharmacy Benefits Manager (PBM) RFP Update

The PBM Contract expires later this year. The Plan went to RFP to look for the best fit and solid rating. Three finalists were identified and were interviewed. They were asked for their best and final offer. A recommendation will be made at the February 22, 2016 Commission meeting.

Commissioner Glycer asked how difficult the transition would be. Anne Freese, Director of Pharmacy answered that the difficulties are identifying the pitfalls and access to data from prior PBM is there is a switch. The biggest challenges are making sure members can continue to use medication as previously and looking at contracted pharmacies and checking to see that they can move forward; both are considered highly sensitive issues if vendors are changed. Understanding where the benefit is and tracking the claims data from the PBM to make sure it's accurate, will help the Plan moving forward with the pitfalls.

Commissioner Pupa stated that the Network is key. Commissioner Glycer asked if there are big differences in the network. Director Freese responded that there could be. Commissioner Alatorre asked about Xerox. Director Freese stated the interface between Xerox and PBM is eligibility file – will need to test and make sure it works.

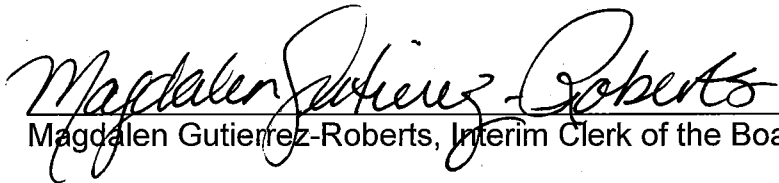
Commissioner Pupa asked about implementation timeframe is if vendors are changed. Director Freese answered 120 days; it's a solid period of time to see if implementation went smoothly. New contract would start October 1st. Script Care contract expires on September 30th but have a few one (1) month extensions if needed.

The committee recessed at 3:25 p.m. Closed Session resumed at 3:27 p.m.

ADJOURNMENT

The meeting was adjourned at 3:51 p.m.

APPROVED:


Magdalen Gutierrez-Roberts, Interim Clerk of the Board