



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

2240 E. Gonzales, Suite 230, Oxnard, CA 93036  
**Thursday, August 1, 2013**  
**3:00 p.m.**

**AGENDA**

**CALL TO ORDER / ROLL CALL**

**PUBLIC COMMENT**

1. **APPROVE MINUTES**
  - a. [June 6, 2013 Regular Executive / Finance Meeting Minutes](#)
2. **APPROVAL ITEMS**
  - a. [Workers Compensation](#)
3. **ACCEPT AND FILE ITEMS**
  - a. [CEO Update](#)
  - b. [June Financials](#)
4. **INFORMATIONAL ITEMS**
  - a. [AB 97 Update](#)

**COMMENTS FROM COMMITTEE MEMBERS**

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

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

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

**Ventura County Medi-Cal Managed Care Commission (VCMCC) dba  
Gold Coast Health Plan  
Executive Finance Committee Meeting Agenda (continued)**  
2240 E. Gonzalez, Room 230, Oxnard, CA  
**August 1, 2013** at 3:00 p.m.

## **ADJOURNMENT**

Unless otherwise determined, the next regular meeting of the Executive / Finance Committee Meeting will be held on September 5, 2013 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 230, 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**

**June 6, 2013**

*(Not official until approved)*

**CALL TO ORDER**

Chair Gonzalez called the meeting to order at 3:01 p.m. in Suite 230 at the Ventura County Public Health Building located at 2240 E. Gonzales Road, Oxnard, CA 93036.

**COMMITTEE MEMBERS PRESENT**

**Anil Chawla, MD**, Clinicas del Camino Real, Inc.

**David Glycer**, Private Hospitals / Healthcare System

**Robert Gonzalez, MD**, Ventura County Medical Health System

**ABSENT / EXCUSED**

**Roberto Juarez**, Clinicas del Camino Real, Inc.

**Catherine Rodriguez**, Ventura County Medical Health System

**STAFF IN ATTENDANCE**

Michael Engelhard, CEO

Michelle Raleigh, CFO

Nancy Kierstyn Schreiner, Legal Counsel

Traci R. McGinley, Clerk of the Board

Sonia DeMarta, Controller

Melissa Scrymgeour, IT Director

Lyndon Turner, Finance Manager

Cassie Undlin, Consultant

Nancy Wharfield, MD, Medical Director Health Services

**PUBLIC COMMENTS**

None.

**1. APPROVE MINUTES**

**a. May 2, 2013 Regular Meeting Minutes**

Committee Member Chawla moved to approve the May 2, 2013 Regular Meeting Minutes. Chair Gonzalez seconded. The motion carried. **Approved 3-0.**

## 2. APPROVAL ITEMS

### a. Reinsurance Contract

CFO Raleigh reported that the Plan's current reinsurance policy is with OneBeacon and has a \$350,000 deductible. GCHP's Insurance Broker Beecher Carlson obtained quotes from a number of companies for multiple coverage and deductible options, including the Targeted Low Income Children (TLIC) category. In reviewing the quotes and taking into account the experience of the Plan and the estimated costs of the claims, GCHP recommends a \$500,000 deductible and continuing the relationship with OneBeacon for reinsurance with anticipated FY 2013-14 premiums of approximately \$3 million.

Committee Member Chawla moved to select OneBeacon to provide reinsurance coverage with a \$500,000 deductible for FY 2013-14. Committee Member Glycer seconded. The motion carried. **Approved 3-0.**

### b. DHCS Contract Amendments 6 & 7

CEO Engelhard requested that this item be pulled as GCHP has not received the amendments from the State.

### c. FY 2013-14 Budget

CFO Raleigh reviewed the presentation and noted that minor changes had been made to the budget since it was initially reviewed at the May 20, 2013 Commission Meeting. Three additional pages were handed out to the Committee Members. CFO Raleigh reported that there are two new populations for the Plan which will cause Member growth.

Changes have been made due to the following: provider contracts, health care costs, the Medical Management System (MMS) and transitioning the nurses from Xerox to GCHP. GCHP will fine tune the budget with the new MMS and reinsurance decisions.

CFO Raleigh added that April's actual financial results and release of FY 2011-12 AB 97 reserves have been incorporated. GCHP updated revenue to reflect the new draft capitated rates, the IGT revenue and the Medi-Cal population estimates. GCHP shows an anticipated 9,000 members from LIHP on August 1, 2013. Assumptions have been made, such as provider contracting and the moving of Clinicas del Camino Real Specialty Contract to a Plan-to-Plan contract with AHP. It was noted that there was growth in capitated services due to the number of members affected by additional capitated contracts.

Discussion was held regarding the fact that pharmacy is included in the fully delegated contracts. Concern was raised regarding the large number of emergency room visits by the Healthy Families population. CFO Raleigh indicated that the Plan does have ER Initiatives in place around this issue and will monitor the issue.

Committee Members previously requested benchmarks of GCHP versus other COHS and health plans be included in the information. Discussion was held regarding the fact

that GCHP expects ACS / Xerox management fees will go down due to GCHP accessing reduced prices as membership increases.

Discussion was held regarding the reduced Total Net Equity (TNE) requirement as more services are capitated. GCHP believes that by the end of next year the Plan will be at 150%, but must be 130% to be off State watch.

**James Ward** of Clinicas questioned Healthy Family rates and the services that will be included in the Kaiser and AHP Plan-to-Plan contracts.

Committee Member Glycer moved to recommend adoption of the FY 2013-14 budget to the Commission. Committee Member Chawla seconded. The motion carried.

**Approved 3-0.**

**d. Medical Management System (MMS) Vendor Selection**

IT Director Scrymgeour reviewed the process GCHP had gone through in selection of the MMS. Several key staff members went through the process to review the systems and how they would work for the Plan. Director Scrymgeour explained that MedHOK is very rich in clinical functions.

**RECESS**

A brief recess was taken from 4:20 p.m. to 4:22 p.m.

**RETURN TO OPEN SESSION**

IT Director Scrymgeour continued her report. She explained that Inland Empire Health Plan (IEHP) recently completed their RFP, selected MedHOK and IEHP's process is going very well. The system has large strong reporting capabilities which GCHP needs, overall MedHOK scored much higher than the other systems.

Committee Member Chawla moved to select MedHOK as the vendor of choice and allow the CEO to enter into an agreement to implement the MedHOK MMS. Committee Member Glycer seconded. The motion carried. **Approved 3-0.**

**3. ACCEPT AND FILE ITEMS**

**a. CEO Update**

CEO Engelhard reviewed his report and highlighted the current status of AB 97, adding that the item will go before the Commission to determine if the cuts are to be absorbed into GCHP or passed on to the providers.

**b. April Financials**

CFO Raleigh reviewed the April financials and reported a \$2.2 million net income. GCHP is favorable in health care costs; however administrative expenses are over budget. GCHP is reviewing how it groups services and will be changing it to be more in line and similar to how the State groups them.

April shows higher claims, mostly due to having an additional payment cycle in April. Claim inventory is staying low and the hit target auto-adjudication percentages. Discussion was held regarding the number of old claims requiring reprocessing and the fact that interest must be paid to the providers of those claims. GCHP and ACS are reviewing those claims to determine the cause of those delays and whether they were delayed to due to GCHP policy changes or ACS functions.

Committee Member Glycer moved to accept the CEO Report and the April Financials. Committee Member Chawla seconded. The motion carried. **Approved 3-0.**

**4. INFORMATIONAL ITEMS**

**a. Financial Forecast Status Update**

Consultant Undlin reviewed the Financial Forecast Update and the work that had been done by GCHP around the initiatives. One area that has not progressed as expected is around the provider contracting negotiations. Chair Gonzalez noted that this was an important issue since it had a large financial impact. There was discussion as to what the Commission could do to help in this situation. CEO Engelhard added that he would reach out the contracting individuals and stress the importance due to the requirements of the Corrective Action Plan (CAP) that the Plan is under.

**COMMENTS FROM COMMITTEE MEMBERS**

Chair Gonzalez acknowledged the amount that has been accomplished and the progress made by the Plan.

**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 5:35 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 5:45 p.m.

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

**ADJOURNMENT**

Meeting adjourned at 5:46 p.m.

**AGENDA ITEM 2a**

To: Executive / Finance Committee of Gold Coast Health Plan  
 From: Michelle Raleigh, Chief Financial Officer  
 Date: August 1, 2013  
 Re: Workers Compensation Contract

**SUMMARY:**

Gold Coast Health Plan's (GCHP) contract with The Hartford for workers compensation coverage expires on August 31, 2013. The Plan's insurance broker, Beecher Carlson, has prepared a proposal of options for coverage year (CY) 2013-14. GCHP staff is requesting the Executive / Finance Committee authorized the Plan to continue workers compensation insurance coverage through The Hartford and to recommend approval to the Plan's Commission.

**BACKGROUND / DISCUSSION:**

GCHP began utilizing The Hartford to provide workers compensation coverage on September 1, 2012 when it terminated its agreement with Regional Government Services for human resources and payroll services.

The Hartford's annual contract expires on August 31, 2013. Therefore, Plan staff requested that Beecher Carlson, obtain bids from workers compensation carriers. Bids were obtained from two carriers with key premium information summarized below. Note the base rates have decreased in the new CY due to reclassification as an administrative organization.

	Projected Payroll Expense \$5,458,208		Estimated Payroll Expense \$11,163,917	
Coverage Year	9/1/12 - 8/31/13		9/1/13 - 8/31/14	
	The Hartford		The Hartford	State Fund
<b>Cost</b>				
Estimated Annual Premium	\$84,600		\$93,800	\$118,400
Base Rate (per \$100 PR)	\$1.55		\$0.84	\$1.06
<b>Coverage</b>				
Bodily Injury By Accident - Each Accident	\$1,000,000		\$1,000,000	\$1,000,000
Bodily Injury By Disease - Policy Limit	\$1,000,000		\$1,000,000	\$1,000,000
Bodily Injury By Disease - Each Employee	\$1,000,000		\$1,000,000	\$1,000,000



The Plan recommends continuing coverage with The Hartford because:

- They offer lower estimated annual premium for equivalent coverage level and
- It is administratively simpler to continue coverage with an existing carrier.

**FISCAL IMPACT:**

Premiums will increase by approximately \$9,200 (\$93,800 - \$84,600) for CY 2013-14 when compared to CY 2012-13, driven by higher payroll expenses.

**RECOMMENDATION:**

Staff requests that the Executive / Finance Committee recommend approval of continuing the workers compensation insurance with The Hartford Company for CY 2013-14.

**CONCURRENCE:**

N/A

**Attachments:**

N/A



### **AGENDA ITEM 3b**

To: Gold Coast Health Plan Executive / Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: August 1, 2013

Re: June, 2013 Financial Package (Unaudited)

#### **SUMMARY:**

Staff is presenting the attached June, 2013 financial statements (unaudited) 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 June, 2013 financial statements to the Plan's Commission.

#### **BACKGROUND / DISCUSSION:**

The Plan has prepared the June 2013 financial package (unaudited), including balance sheets, income statements and statements of cash flows reflecting monthly and year-to-date information.

#### **FISCAL IMPACT:**

Highlights of **the year-to-date** financials include:

Overall, the Plan's performance was ahead of budget, with an annual net income of \$6.6 million compared to a budgeted net income of approximately \$4.1 million. The primary driver of this positive variance was due to higher capitation rates paid to the Plan.

The month's positive net income contributed to a significant improvement in the Plan's Tangible Net Equity (TNE). As a result, the June year-end TNE is a positive \$7.7 million. The primary differences between the budgeted TNE of approximately \$6.3 million and the actual TNE are that the budgeted TNE did not include an assumption of the rate increase or reversal of AB 97 reserves<sup>1</sup>, but included the assumption that the additional line of credit (LOC) would be \$1 million more than the actual funding.

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<sup>1</sup> AB 97 reserves were held for potential provider rate reductions. DHCS confirmed on July 12, 2013 that these reductions would be reflected in the Plan's capitation rates beginning in September 2013, allowing the Plan to reverse prior period reserves.

Highlights of **this month's** financials include:

This month's net income of \$4.1 million included the recognition of \$2.7 million in revenue due to the FY 2012-13 State capitation rate increases<sup>2</sup>. In addition, the Plan reversed \$1.2 million of AB 97 reserves related to the current fiscal year. Excluding these items, June's net income would have been approximately \$0.2 million.

Other items to note include:

Membership - The Plan had 2,927 more members than budgeted for the month with larger than expected enrollment in the Dual and Targeted Low Income Children (TLIC) categories.

Revenue - Total revenue was higher than anticipated by an average \$32.70 per member per month (PMPM). Excluding the special items mentioned above, the revenue would have resulted in a \$4.58 lower average PMPM. Lower than expected membership in the Aged, Disabled and LTC categories contributed to the variance.

Health Care Costs - June's actual total health care costs (\$225.52 PMPM) when compared to budgeted costs (\$219.61 PMPM) varied by \$5.91 or 2.6%. The variance was due to the Plan increasing the incurred but not paid (IBNP) reserves due to an uptick in open claims. The increase was mitigated somewhat by favorable net reinsurance and claims recoveries which were higher than expected. Also, pharmacy costs were lower than budgeted due to the initiation of a new MAC pricing schedule for generic drugs. It is expected that the savings will continue into the new fiscal year.

Fluctuations reflected in the various categories of services are the result of a change in GCHP's method of distributing Health Care Costs (HCC) across categories of service<sup>3</sup>. The budget utilized a prior allocation methodology, while actual HCC uses current payment information. This change will more accurately reflect true HCC, as it is based on actual claims payments rather than estimates.

Administrative Expenses - Overall operational costs were higher than anticipated by \$5.65 PMPM. Expenses were impacted by the following items:

- Higher than projected fees associated with
  - continued temporary support provided by Tatum and

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<sup>2</sup> Incorporated State capitation rates as reflected in DHCS Contract Amendments 6 & 7.

<sup>3</sup> HCC reallocation was effective with the May, 2013 financial statements.

- consulting fees from extended engagement of State monitor and IT / project management consulting
- Higher than expected legal and accounting due to timing of services.
- The increase was partially offset by lower than budgeted ACS management fees and translation services.

Cash + Medi-Cal Receivable - the Plan continues to monitor its cash balance and is continuing with cash management programs that began in February. The Cash and Medi-Cal Premium Receivable balances of \$58.3 million exceeded the budget of \$56.1 million by \$2.2 million, or 4%. This positive variance was achieved despite the \$1.0 million difference between the budgeted and actual LOC funding.

**RECOMMENDATION:**

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

**CONCURRENCE:**

N/A.

**Attachments:**

June, 2013 Financial Package



**FINANCIAL PACKAGE**

For the month ended June 30, 2013

**TABLE OF CONTENTS**

- Financial Overview
- Membership
- Total Expenditure Composition
- Paid Claims and IBCP Composition
- Pharmacy Cost & Utilization Trends
- Income Statement YTD
- Balance Sheet
- Cash & Medi-Cal Receivable Trend

**APPENDIX**

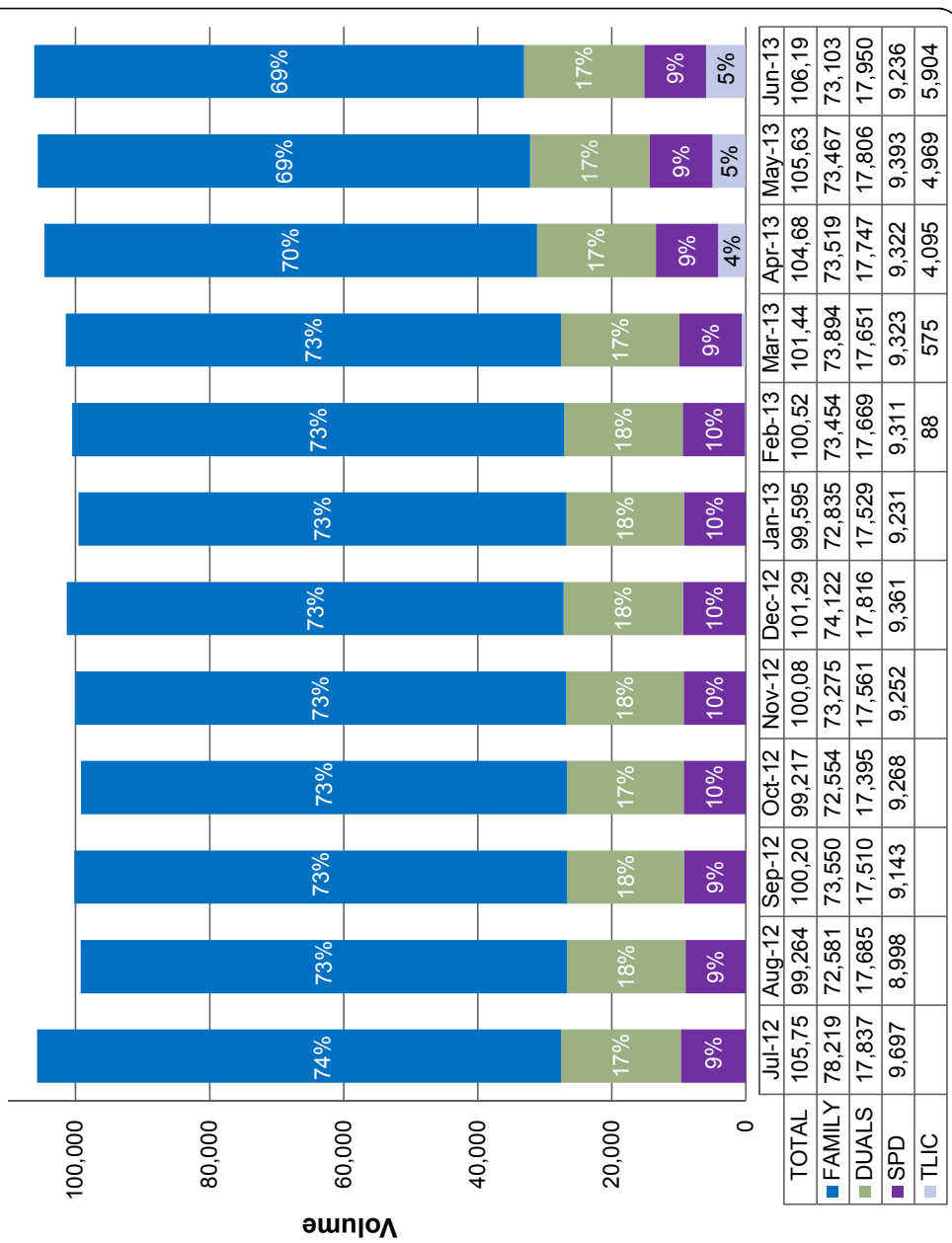
- Income Statement by Month
- PMPM Income Statement by Month
- Statement of Cash Flows
- Statement of Cash Flows YTD

Financial Overview

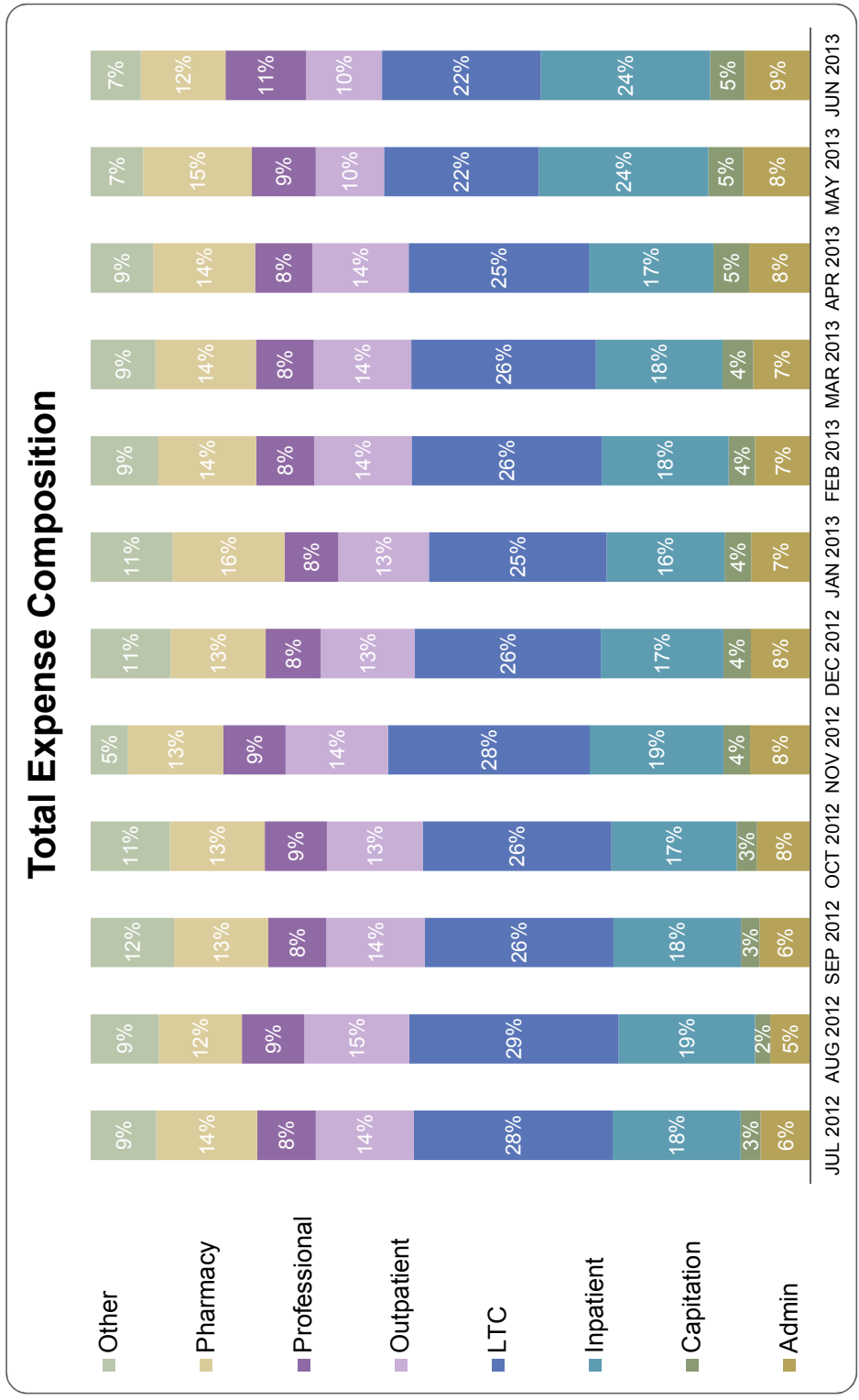
Description	UNAUDITED FY 2012-13 Actual											Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
	AUDITED	JUL - SEP	OCT - DEC	JAN - MAR	Apr-13	May-13	Jun-13	APR - JUN	YTD					
Member Months	1,258,189	305,220	300,604	301,560	104,683	105,635	106,193	316,511	1,223,895					
Revenue	304,635,932	73,225,136	76,563,668	76,414,965	27,863,013	26,629,553	30,335,300	84,827,867	311,031,635	305,938,328	5,093,307	1.7%		
<i>pmpm</i>	242.12	239.91	254.70	253.40	266.17	252.09	285.66	268.01	254.73	253.99	0.15	0.1%		
Health Care Costs	287,353,672	71,648,550	68,967,923	69,698,937	23,399,396	22,912,363	23,822,397	70,134,156	280,449,566	280,200,594	(248,972)	(0.1%)		
<i>pmpm</i>	228.39	234.74	229.43	231.13	223.53	216.90	224.33	221.59	229.75	232.62	3.47	1.5%		
% of Revenue	94.3%	97.8%	90.1%	91.2%	84.0%	86.0%	78.5%	82.7%	90.2%	91.6%				
Admin Exp	18,891,320	4,976,867	6,036,079	6,049,617	2,185,050	2,363,386	2,402,927	6,951,364	24,013,927	21,618,338	(2,395,589)	(11.1%)		
<i>pmpm</i>	15.01	16.31	20.08	20.06	20.87	22.37	22.63	21.96	19.62	17.95	(1.67)	(9.3%)		
% of Revenue	6.2%	6.8%	7.9%	7.9%	7.8%	8.9%	7.9%	8.2%	7.7%	7.1%				
Net Income	(1,609,063)	(3,400,282)	1,559,667	666,411	2,278,567	1,353,803	4,109,976	7,742,347	6,568,143	4,119,396	2,448,747	(59.4%)		
<i>pmpm</i>	(1.28)	(11.14)	5.19	2.21	21.77	12.82	38.70	24.46	5.37	3.42	1.95	(56.9%)		
% of Revenue	-0.5%	-4.6%	2.0%	0.9%	8.2%	5.1%	13.5%	9.1%	2.1%	1.3%				
100% TNE	16,769,368	16,693,841	16,308,936	16,264,038	16,241,914	16,160,773	16,141,114	16,141,114	16,141,114	16,277,102	(135,988)	(0.8%)		
% TNE Required	36%	36%	52%	52%	52%	52%	68%	68%	68%	68%				
Required TNE	6,036,972	6,009,783	8,480,647	8,457,300	8,445,795	8,403,602	10,975,958	10,975,958	10,975,958	11,068,430	(92,472)	(0.8%)		
GCHP TNE	(6,031,881)	(9,432,163)	(5,672,496)	(5,006,086)	(2,727,518)	3,626,285	7,736,261	7,736,261	7,736,261	6,287,515	1,448,746	(23.0%)		
TNE Excess / (Deficiency)	(12,068,853)	(15,441,946)	(14,153,143)	(13,463,385)	(11,173,313)	(4,777,317)	(3,239,696)	(3,239,696)	(3,239,696)	(4,780,915)	1,541,219	32.2%		

**Note:** Jul-Sep- Health Care Costs include \$7M IBNR addition.  
 Budgeted TNE assumed additional \$6M subordinated debt in March '13; actual LOC increase was \$5M in May '13.

**Membership**



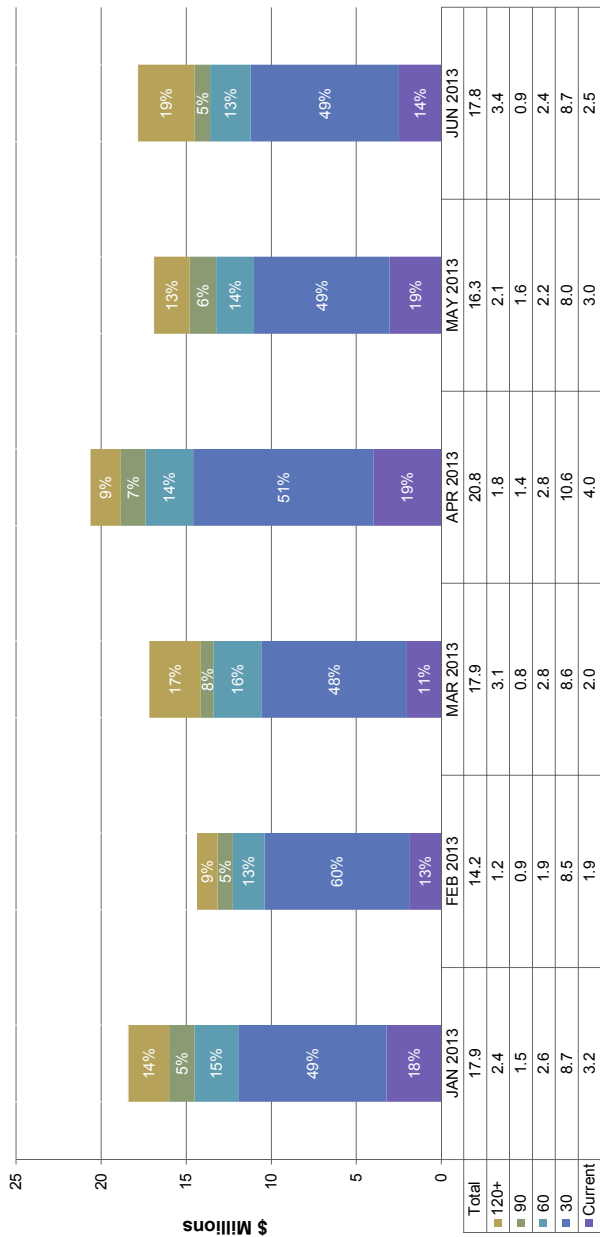
SPD = Seniors and Persons with Disabilities  
 TLIC = Targeted Low Income Children



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. This change will more accurately reflect true HCC, as it is based on actual claims payments rather than estimates.

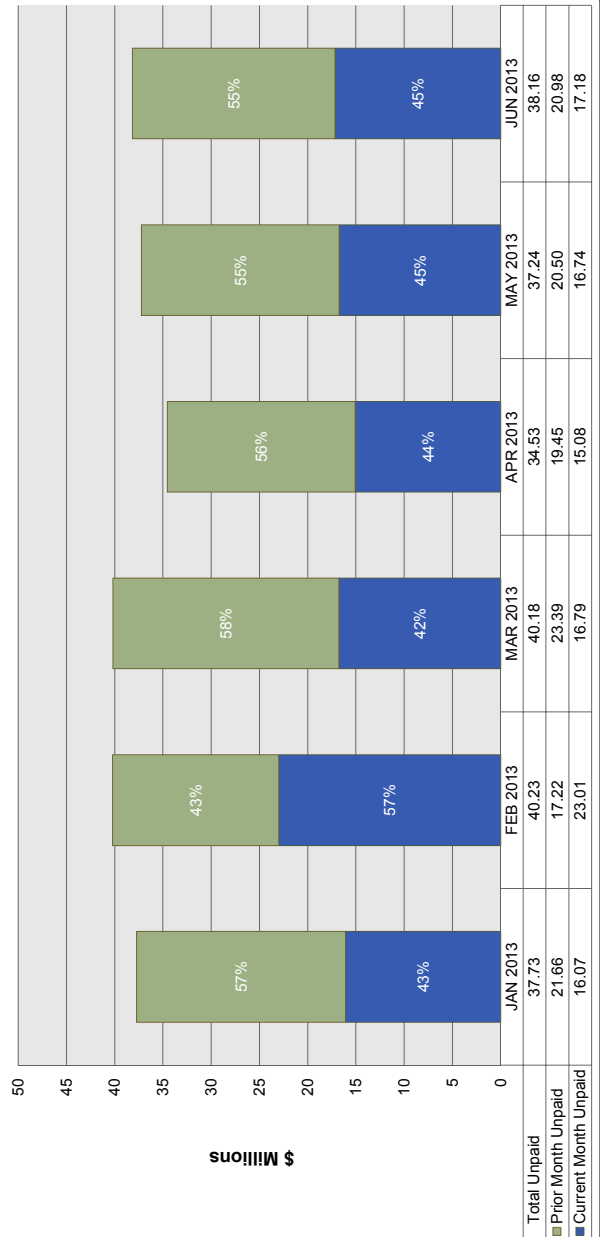


**Paid Claims Composition (excluding Pharmacy and Capitation Payments)**



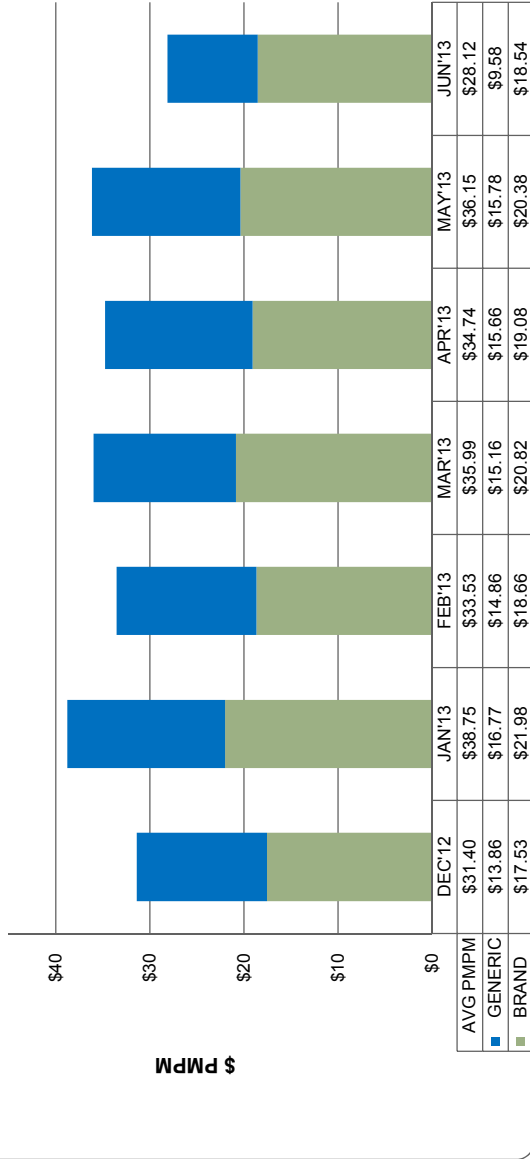
Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.

**IBNP Composition (excluding Pharmacy and Capitation)**

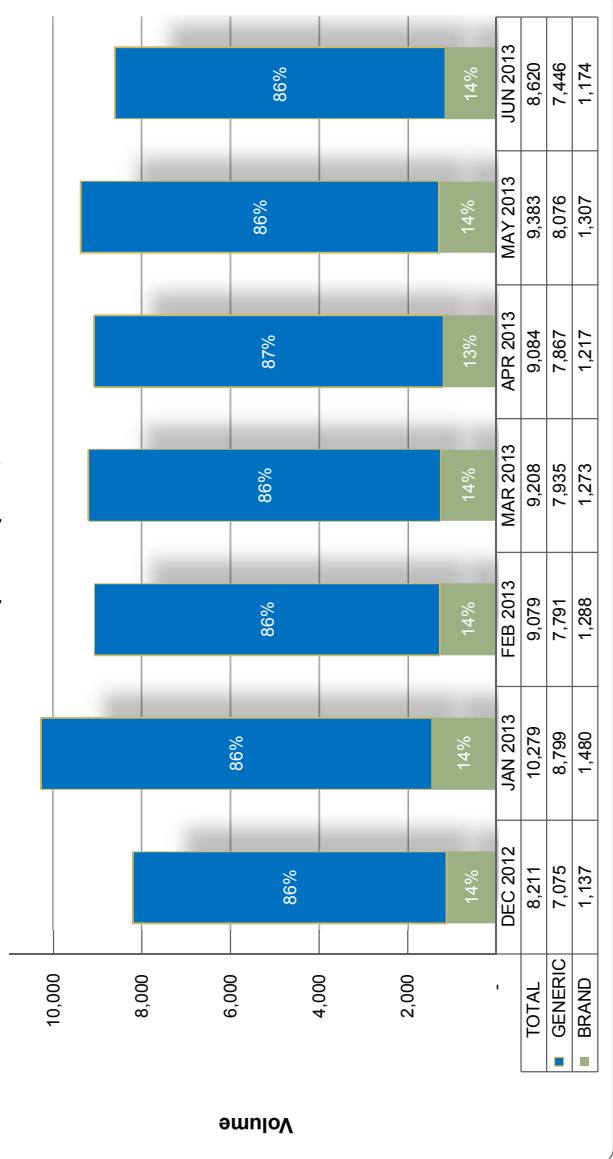


Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

Pharmacy Cost Trend



Annualized Prescriptions per 1,000 Members



**Income Statement**  
**For The Twelve Months Ended June 30, 2013**

	Jun'13 Year-To-Date		Variance Fav/(Unfav)	Comments
	Actual	Budget		
<b>Membership (includes retro members)</b>	1,223,337	1,204,549	18,788	TLIC membership growth larger than expected
<b>Revenue:</b>				
Premium	\$ 308,009,966	\$ 306,728,091	\$ 1,281,875	Includes \$2.7M State rate increase adjustment
Reserve for Rate Reduction	1,914,156	(1,423,189)	3,337,345	Includes release of \$1.9M FY2011-12 and \$1.2M FY2012-13 AB97
MCO Premium Tax	(1,680)	(7,778)	6,098	
<b>Total Net Premium</b>	<b>309,922,441</b>	<b>305,297,124</b>	<b>4,625,317</b>	
<b>Other Revenue:</b>				
Interest Income	114,009	181,204	(67,195)	
Miscellaneous Income	995,185	460,000	535,185	Includes \$535K FY2011-12 IGT admin fee
<b>Total Other Revenue</b>	<b>1,109,194</b>	<b>641,204</b>	<b>467,990</b>	
<b>Total Revenue</b>	<b>311,031,635</b>	<b>305,938,328</b>	<b>5,093,307</b>	
<b>Medical Expenses:</b>				
<u>Capitation</u>	11,159,035	10,193,091	(965,944)	Now includes some Specialty Physician, NEMT and Vision
<u>Incurred Claims*</u>				
Inpatient	56,793,410	50,769,377	(6,024,033)	
LTC/SNF	78,259,796	82,318,068	4,058,272	
Outpatient	30,804,439	34,403,929	3,599,490	
Laboratory and Radiology	2,541,419	2,770,237	228,818	
Emergency Room Facility Services	6,143,374	5,712,032	(431,342)	
Physician Specialty Services	25,758,126	23,339,828	(2,418,298)	
Pharmacy	41,118,154	38,439,105	(2,679,049)	
Other Medical Professional	2,884,039	3,160,541	276,502	
Other Medical Care Expenses	5,713		(5,713)	
Other Fee For Service Expense	18,435,685	18,664,265	228,580	
Transportation	2,625,381	3,370,761	745,380	
Total Claims	265,369,537	262,948,143	(2,421,394)	
Medical & Care Management Expense	7,557,484	7,428,323	(129,161)	
Reinsurance	(141,858)	(368,963)	(227,105)	Timing of recoveries lags expected receipts
Claims Recoveries	(3,494,632)	-	3,494,632	Additional provider recoveries not allocated to specific categories of service. Additionally, claims recoveries efforts enhanced due to assignment of an employee dedicated to recover overpayments
Sub-total	3,920,994	7,059,360	3,138,366	
<b>Total Cost of Health Care</b>	<b>280,449,566</b>	<b>280,200,594</b>	<b>(248,972)</b>	
<b>Contribution Margin</b>	<b>30,582,069</b>	<b>25,737,734</b>	<b>4,844,335</b>	
<b>General &amp; Administrative Expenses:</b>				
Salaries and Wages	5,056,803	4,696,377	(360,426)	Actual salaries were in line with budgeted amounts, YTD variance results entirely from the use of temporary labor
Payroll Taxes and Benefits	1,254,386	1,107,651	(146,735)	
Total Travel and Training	67,666	64,573	(3,093)	
Outside Service - ACS	10,963,938	11,063,412	99,474	
Outside Service - RGS	23,674	23,674	0	
Outside Services - Other	538,615	495,948	(42,667)	
Accounting & Actuarial Services	406,111	468,027	61,916	
Legal Expense	450,167	285,086	(165,081)	Greater than anticipated expenses for provider contract review
Insurance	104,670	114,742	10,072	
Lease Expense - Office	213,692	241,936	28,244	
Consulting Services Expense	3,271,648	1,708,986	(1,562,662)	State monitor continued beyond budget assumption of Jan end date
Translation Services	22,860	90,893	68,033	
Advertising and Promotion Expense	10,541	14,150	3,609	
General Office Expenses	996,755	690,210	(306,545)	Variance due to additional lease space, hiring expenses, and association fees
Depreciation & Amortization Expense	50,789	56,576	5,787	
Printing Expense	72,360	116,975	44,615	
Shipping & Postage Expense	58,272	50,008	(8,264)	
Interest Exp	450,981	329,114	(121,867)	
<b>Total G &amp; A Expenses</b>	<b>24,013,927</b>	<b>21,618,338</b>	<b>(2,395,589)</b>	
<b>Net Income / (Loss)</b>	<b>\$ 6,568,143</b>	<b>\$ 4,119,396</b>	<b>\$ 2,448,747</b>	

\*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. This change will more accurately reflect true HCC, as it is based on actual claims payments rather than estimates.

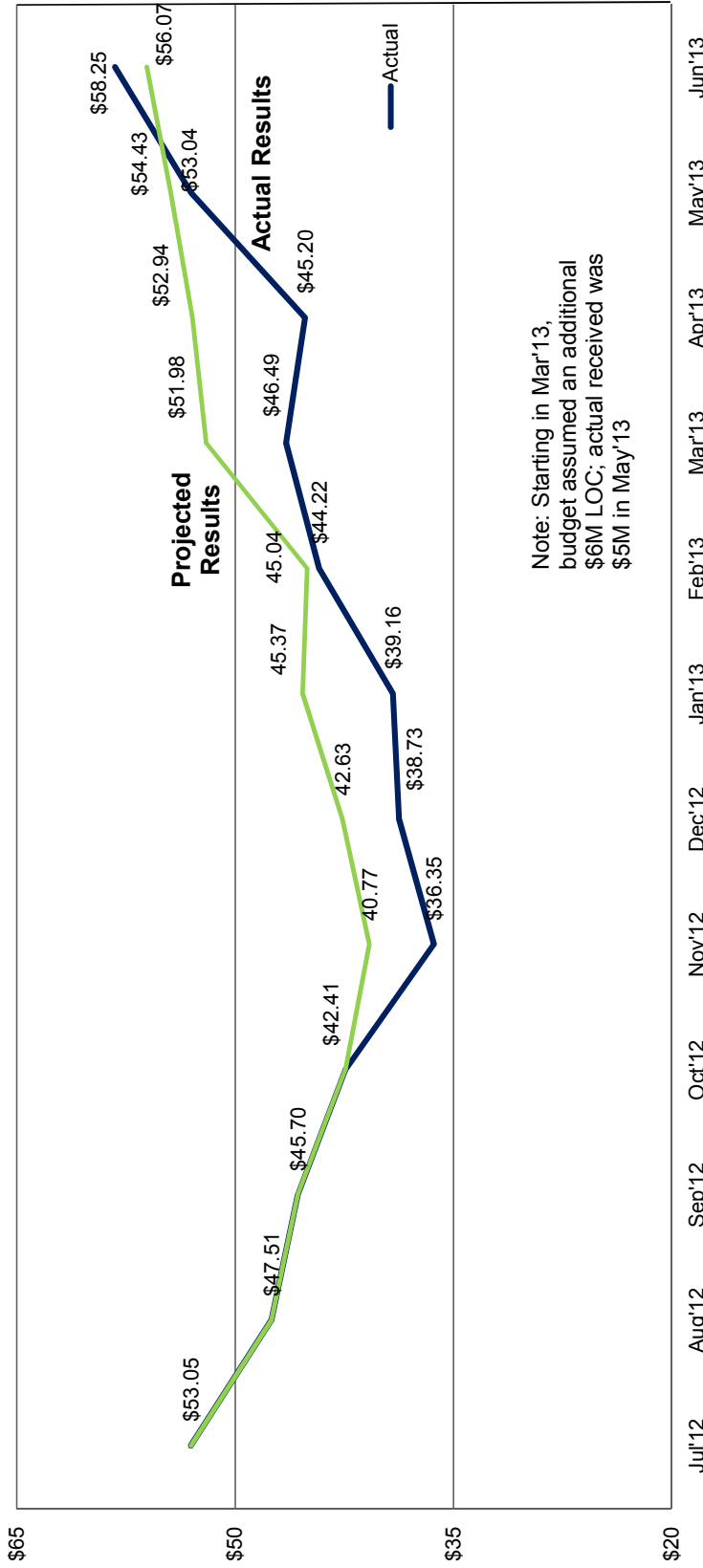
## Comparative Balance Sheet

	6/30/13	5/31/13	Audited FY 2011 - 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Total Cash and Cash Equivalents</b>	<b>\$ 50,707,852</b>	<b>\$ 23,068,235</b>	<b>\$ 25,554,098</b>
Medi-Cal Receivable	7,543,835	29,970,926	28,534,938
Provider Receivable	1,161,379	1,681,329	6,539,541
Other Receivables	300,397	142,297	2,148,270
<b>Total Accounts Receivable</b>	<b>9,005,611</b>	<b>31,794,552</b>	<b>37,222,748</b>
Total Prepaid Accounts	351,145	1,117,992	185,797
Total Other Current Assets	10,000	13,125	375,000
<b>Total Current Assets</b>	<b>\$ 60,074,607</b>	<b>\$ 55,993,904</b>	<b>\$ 63,337,644</b>
<b>Total Fixed Assets</b>	<b>230,913</b>	<b>211,294</b>	<b>176,028</b>
<b>Total Assets</b>	<b>\$ 60,305,520</b>	<b>\$ 56,205,197</b>	<b>\$ 63,513,672</b>
<b>LIABILITIES &amp; FUND BALANCE</b>			
<b>Current Liabilities</b>			
Incurring But Not Reported	\$ 29,901,103	\$ 31,556,293	\$ 52,610,895
Claims Payable	9,748,676	7,820,587	10,357,609
Capitation Payable	1,002,623	1,017,683	633,276
Accrued Premium Reduction	-	1,180,078	1,914,157
Accounts Payable	1,693,432	1,897,301	886,715
Accrued ACS	422,138	1,172,318	200,000
Accrued Expenses	477,477	362,000	-
Accrued Premium Tax	7,286,494	5,853,482	602,900
Accrued Interest Payable	9,712	5,780	-
Current Portion of Deferred Revenue	460,000	460,000	460,000
Accrued Payroll Expense	605,937	170,057	-
Current Portion Of Long Term Debt	41,667	125,000	500,000
<b>Total Current Liabilities</b>	<b>\$ 51,649,258</b>	<b>\$ 51,620,578</b>	<b>\$ 68,165,553</b>
<b>Long-Term Liabilities</b>			
Other Long-term Liability	-	-	-
Deferred Revenue - Long Term Portion	920,000	958,333	1,380,000
Notes Payable	7,200,000	7,200,000	-
<b>Total Long-Term Liabilities</b>	<b>8,120,000</b>	<b>8,158,333</b>	<b>1,380,000</b>
<b>Total Liabilities</b>	<b>\$ 59,769,258</b>	<b>\$ 59,778,912</b>	<b>\$ 69,545,553</b>
Beginning Fund Balance	(6,031,881)	(6,031,881)	(4,422,819)
Net Income Current Year	6,568,143	2,458,166	(1,609,062)
<b>Total Fund Balance</b>	<b>536,262</b>	<b>(3,573,715)</b>	<b>(6,031,881)</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 60,305,520</b>	<b>\$ 56,205,197</b>	<b>\$ 63,513,672</b>

**FINANCIAL INDICATORS**

Current Ratio	1.16 : 1	1.08 : 1	0.93 : 1
Days Cash on Hand	58	27	30
Days Cash + State Capitation Receivable	67	63	64

Cash + Medi-Cal Receivable Trend





## APPENDIX

- Income Statement Monthly Trend
- PMPM Income Statement by Month
- Statement of Cash Flows - Monthly
- Statement of Cash Flows - YTD

## Income Statement Monthly Trend

	2013 Actual Monthly Trend			Current Month			
	MAR 2013	APR 2013	MAY 2013	JUN 2013		Variance Fav/(Unfav)	
				Actual	Budget		
<b>Membership (includes retro members)</b>	101,443	104,683	105,635	105,635	102,708	2,927	
<b>Revenue:</b>							
Premium	\$ 25,821,551	\$ 26,032,054	\$ 26,048,832	\$ 29,108,295	\$ 26,210,507	\$ 2,897,788	<i>Includes \$2.7M rate increase adjustment</i>
Reserve for Rate Reduction	(167,680)	1,785,047	-	1,180,078	(127,154)	1,307,232	<i>Release of FY2012-13 AB97 reserves</i>
MCO Premium Tax	(182)	-	-	-	(786)	786	
<b>Total Net Premium</b>	<b>25,653,689</b>	<b>27,817,101</b>	<b>26,048,832</b>	<b>30,288,373</b>	<b>26,082,567</b>	<b>4,205,806</b>	
<b>Other Revenue:</b>							
Interest Income	6,873	7,579	7,203	8,594	15,726	(7,132)	
Miscellaneous Income	38,333	38,333	573,518	38,333	38,333	0	
<b>Total Other Revenue</b>	<b>45,206</b>	<b>45,912</b>	<b>580,721</b>	<b>46,927</b>	<b>54,059</b>	<b>(7,132)</b>	
<b>Total Revenue</b>	<b>25,698,895</b>	<b>27,863,013</b>	<b>26,629,553</b>	<b>30,335,300</b>	<b>26,136,626</b>	<b>4,198,674</b>	
<b>Medical Expenses:</b>							
<u>Capitation (PCP, Specialty, NEMT &amp; Visi</u>	1,123,027	1,274,651	1,226,446	1,254,306	947,095	(307,211)	
<u>Incurred Claims:</u>							
Inpatient	4,594,575	4,422,556	5,955,342	6,185,239	3,510,918	(2,674,321)	
LTC/SNF	6,718,243	6,404,450	5,438,652	5,774,127	6,672,224	898,097	
Outpatient	2,776,364	2,682,417	1,803,363	2,132,380	2,925,977	793,597	
Laboratory and Radiology	232,801	225,582	158,267	126,783	228,019	101,236	
Emergency Room Facility Services	537,953	521,965	430,333	506,334	344,269	(162,065)	
Physician Specialty Services	2,102,513	2,026,032	2,245,622	2,929,617	1,800,436	(1,129,181)	
Pharmacy	3,650,281	3,626,289	3,819,028	3,092,352	3,165,457	73,105	<i>Reflects new MAC pricing for generic drugs</i>
Other Medical Professional	225,650	216,345	83,856	84,601	244,497	159,896	
Other Medical Care Expenses	647	-	-	755	-	(755)	
Other Fee For Service Expense	1,574,293	1,489,453	1,497,072	1,524,389	1,509,035	(15,354)	
Transportation	102,868	73,499	71,310	60,991	251,382	190,391	
<b>Total Claims</b>	<b>22,516,189</b>	<b>21,688,588</b>	<b>21,502,845</b>	<b>22,417,569</b>	<b>20,652,214</b>	<b>(1,765,355)</b>	
Medical & Care Management Expe	631,474	894,013	722,529	732,777	722,445	(10,332)	
Reinsurance	227,620	26,355	70,711	(368,913)	233,825	602,738	
Claims Recoveries	(407,819)	(484,211)	(610,167)	(213,342)	-	213,342	
Sub-total	451,275	436,157	183,072	150,522	956,270	805,748	
<b>Total Cost of Health Care</b>	<b>24,090,491</b>	<b>23,399,396</b>	<b>22,912,363</b>	<b>23,822,397</b>	<b>22,555,579</b>	<b>(1,266,818)</b>	
<b>Contribution Margin</b>	<b>1,608,404</b>	<b>4,463,617</b>	<b>3,717,190</b>	<b>6,512,903</b>	<b>3,581,047</b>	<b>2,931,856</b>	
<b>General &amp; Administrative Expenses:</b>							
Salaries and Wages	457,668	464,103	600,314	731,003	483,411	(247,592)	<i>Actual wages below budget due primarily to delays in planned new hirings. This was offset by temporary labor expenses and updated payroll</i>
Payroll Taxes and Benefits	91,493	113,969	108,592	199,544	103,302	(96,242)	
Total Travel and Training	4,398	5,140	13,746	2,712	2,545	(167)	
Outside Service - ACS	904,052	892,178	945,040	924,744	950,298	25,554	
Outside Services - Other	24,294	99,755	31,920	26,808	19,494	(7,314)	
Accounting & Actuarial Services	18,828	33,046	51,270	61,489	30,400	(31,089)	<i>Variance to timing of audit work</i>
Legal Expense	24,015	37,957	46,299	80,775	16,850	(63,925)	<i>Reflects legal fees incurred but not yet invoiced</i>
Insurance	9,245	9,245	10,516	7,677	10,792	3,115	
Lease Expense - Office	25,980	26,080	25,980	7,937	27,630	19,693	
Consulting Services Expense	401,116	286,436	443,743	229,676	1,150	(228,526)	<i>Variance results from IT &amp; project management consultants and State Monitor services</i>
Translation Services	2,515	1,125	4,610	3,672	20,777	17,105	
Advertising and Promotion Expense	-	-	1,050	-	2,500	2,500	
General Office Expenses	86,891	171,615	71,628	83,271	62,552	(20,719)	<i>Unbudgeted expenses for associations dues</i>
Depreciation & Amortization Expense	3,554	3,836	3,648	11,407	6,657	(4,750)	
Printing Expense	1,722	5,445	3,672	12,974	6,541	(6,433)	
Shipping & Postage Expense	5,507	10,933	179	2,120	1,624	(496)	
Interest Exp	28,423	24,186	1,180	17,120	9,180	(7,940)	
<b>Total G &amp; A Expenses</b>	<b>2,089,699</b>	<b>2,185,050</b>	<b>2,363,386</b>	<b>2,402,927</b>	<b>1,755,703</b>	<b>(647,224)</b>	
<b>Net Income / (Loss)</b>	<b>\$ (481,295)</b>	<b>\$ 2,278,567</b>	<b>\$ 1,353,803</b>	<b>\$ 4,109,976</b>	<b>\$ 1,825,344</b>	<b>\$ 2,284,632</b>	

## PMPM Income Statement Comparison

	2013 Actual Monthly Trend			May'13 Month-To-Date		Variance
	MAR 2013	APR 2013	MAY 2013	Actual	Budget	Fav/(Unfav)
<b>Members (Member/Months)</b>	98,520	101,741	105,635	105,635	102,708	2,927
<b>Revenue:</b>						
Premium	262.09	255.87	246.59	275.56	255.19	20.36
Reserve for Rate Reduction	(1.70)	17.55	-	11.17	(1.24)	12.41
MCO Premium Tax	(0.00)	-	-	-	(0.01)	0.01
<b>Total Net Premium</b>	<b>260.39</b>	<b>263.33</b>	<b>246.59</b>	<b>286.73</b>	<b>253.95</b>	<b>32.78</b>
<b>Other Revenue:</b>						
Interest Income	0.07	0.07	0.07	0.08	0.15	(0.07)
Miscellaneous Income	0.39	0.38	5.43	0.36	0.37	(0.01)
<b>Total Other Revenue</b>	<b>0.46</b>	<b>0.43</b>	<b>5.50</b>	<b>0.44</b>	<b>0.53</b>	<b>(0.09)</b>
<b>Total Revenue</b>	<b>260.85</b>	<b>263.77</b>	<b>252.09</b>	<b>287.17</b>	<b>254.48</b>	<b>32.70</b>
<b>Medical Expenses:</b>						
<u>Capitation</u>	11.40	12.53	11.61	11.87	9.22	2.65
<u>Incurred Claims:</u>						
Inpatient	46.64	43.47	56.38	58.55	34.18	(24.37)
LTC/SNF	68.19	62.95	51.49	54.66	64.96	10.30
Outpatient	28.18	26.37	17.07	20.19	28.49	8.30
Laboratory and Radiology	2.36	2.22	1.50	1.20	2.22	1.02
Emergency Room Facility Services	5.46	5.13	4.07	4.79	3.35	(1.44)
Physician Specialty Services	21.34	19.91	21.26	27.73	17.53	(10.20)
Pharmacy	37.05	35.64	36.15	29.27	30.82	1.55
Other Medical Professional	2.29	2.13	0.79	0.80	2.38	1.58
Other Medical Care Expenses	0.01	-	-	0.01	-	(0.01)
Other Fee For Service Expense	15.98	14.64	14.17	14.43	14.69	0.26
Transportation FFS	1.04	0.72	0.68	0.58	2.45	1.87
<b>Total Claims</b>	<b>228.54</b>	<b>205.32</b>	<b>203.56</b>	<b>212.22</b>	<b>201.08</b>	<b>(11.14)</b>
Medical & Care Management	6.41	8.79	6.84	6.94	7.03	0.10
Reinsurance	2.31	0.26	0.67	(3.49)	2.28	5.77
Claims Recoveries	(4.14)	(4.76)	(5.78)	(2.02)	-	2.02
<b>Sub-total</b>	<b>4.58</b>	<b>4.13</b>	<b>1.73</b>	<b>1.42</b>	<b>9.45</b>	<b>8.02</b>
<b>Total Cost of Health Care</b>	<b>244.52</b>	<b>223.53</b>	<b>216.90</b>	<b>225.52</b>	<b>219.61</b>	<b>(5.91)</b>
<b>Contribution Margin</b>	<b>16.33</b>	<b>42.64</b>	<b>35.19</b>	<b>61.65</b>	<b>34.87</b>	<b>26.79</b>
<b>Administrative Expenses</b>						
Salaries and Wages	4.65	4.56	5.68	6.92	4.71	(2.21)
Payroll Taxes and Benefits	0.93	1.12	1.03	1.89	1.01	(0.88)
Total Travel and Training	0.04	0.05	0.13	0.03	0.02	(0.00)
Outside Service - ACS	9.18	8.77	8.95	8.75	9.25	0.50
Outside Services - Other	0.25	0.98	0.30	0.25	0.19	(0.06)
Accounting & Actuarial Services	0.19	0.32	0.49	0.58	0.30	(0.29)
Legal Expense	0.24	0.37	0.44	0.76	0.16	(0.60)
Insurance	0.09	0.09	0.10	0.07	0.11	0.03
Lease Expense -Office	0.26	0.26	0.25	0.08	0.27	0.19
Consulting Services Expense	4.07	2.82	4.20	2.17	0.01	(2.16)
Translation Services	0.03	0.01	0.04	0.03	0.20	0.17
Advertising and Promotion Expense	-	-	0.01	-	0.02	0.02
General Office Expenses	0.88	1.69	0.68	0.79	0.61	(0.18)
Depreciation & Amortization Expense	0.04	0.04	0.03	0.11	0.06	(0.04)
Printing Expense	0.02	0.05	0.03	0.12	0.06	(0.06)
Shipping & Postage Expense	0.06	0.11	0.00	0.02	0.02	(0.00)
Interest Exp	0.29	0.24	0.01	0.16	0.09	(0.07)
<b>Total Administrative Expenses</b>	<b>21.21</b>	<b>20.68</b>	<b>22.37</b>	<b>22.75</b>	<b>17.09</b>	<b>(5.65)</b>
<b>Net Income / (Loss)</b>	<b>(4.89)</b>	<b>21.57</b>	<b>12.82</b>	<b>38.91</b>	<b>17.77</b>	<b>21.14</b>



## Statement of Cash Flows - Monthly

	<u>JUN'13</u>	<u>MAY'13</u>
<b>Cash Flow From Operating Activities</b>		
Collected Premium	\$ 52,138,834	\$ 25,564,446
Miscellaneous Income	8,594	7,203
HQAF Funds Received	34,346,474	-
<b><u>Paid Claims</u></b>		
Medical & Hospital Expenses	(17,277,826)	(16,067,915)
Pharmacy	(4,009,168)	(4,005,123)
Capitation	(1,162,302)	(1,212,755)
Reinsurance of Claims	(240,430)	(3,873)
HQAF Funds Distributed	(34,346,474)	
Paid Administration	(2,616,623)	(3,062,066)
MCO Tax Received / (Paid)	829,564	-
<b>Net Cash Provided/ (Used) by Operating Activities</b>	<b><u>27,670,643</u></b>	<b><u>1,219,917</u></b>
<b>Cash Flow From Investing/Financing Activities</b>		
Proceeds from Line of Credit	-	5,000,000
Repayments on Line of Credit	-	-
Net Acquisition of Property/Equipment	(31,026)	(2,013)
<b>Net Cash Provided/(Used) by Investing/Financing</b>	<b><u>(31,026)</u></b>	<b><u>4,997,987</u></b>
<b>Net Cash Flow</b>	<b><u>\$ 27,639,617</u></b>	<b><u>\$ 6,217,904</u></b>
Cash and Cash Equivalents (Beg. of Period)	23,068,235	16,850,331
Cash and Cash Equivalents (End of Period)	50,707,852	23,068,235
	<b><u>\$ 27,639,617</u></b>	<b><u>\$ 6,217,904</u></b>
<b>Adjustment to Reconcile Net Income to Net Cash Flow</b>		
Net (Loss) Income	4,109,976	1,353,803
Depreciation & Amortization	11,407	3,648
Decrease/(Increase) in Receivables	22,788,941	(1,401,202)
Decrease/(Increase) in Prepaids & Other Current Assets	769,972	89,138
(Decrease)/Increase in Payables	(1,578,838)	(335,292)
(Decrease)/Increase in Other Liabilities	(121,667)	(80,000)
Change in MCO Tax Liability	1,433,012	600,764
Changes in Claims and Capitation Payable	1,913,029	(1,920,243)
Changes in IBNR	(1,655,189)	2,909,301
	<b><u>27,670,643</u></b>	<b><u>1,219,917</u></b>
<b>Net Cash Flow from Operating Activities</b>	<b><u>\$ 27,670,643</u></b>	<b><u>\$ 1,219,917</u></b>

## Statement of Cash Flows - YTD

	<u>Jun '13 YTD</u>
Cash Flow From Operating Activities	
Collected Premium	\$ 336,042,267
Miscellaneous Income	114,009
HQAF Funds Received	34,346,474
<u>Paid Claims</u>	
Medical & Hospital Expenses	(233,904,478)
Pharmacy	(44,681,081)
Capitation	(10,411,964)
Reinsurance of Claims	(2,772,746)
HQAF Funds Distributed	(34,346,474)
Payment of Withhold / Risk Sharing Incentive	-
Paid Administration	(26,502,482)
MCO Taxes Received / (Paid)	175,900
Net Cash Provided/(Used) by Operating Activities	<u>18,059,427</u>
Cash Flow From Investing/Financing Activities	
Proceeds from Line of Credit	7,200,000
Repayments on Line of Credit	-
Net Acquisition of Property/Equipment	(105,674)
Net Cash Provided/(Used) by Investing/Financing	<u>7,094,326</u>
<b>Net Cash Flow</b>	<b><u>\$ 25,153,754</u></b>
Cash and Cash Equivalents (Beg. of Period)	25,554,098
Cash and Cash Equivalents (End of Period)	<u>50,707,852</u>
	<b><u>\$ 25,153,754</u></b>
Adjustment to Reconcile Net Income to Net Cash Flow	
Net Income/(Loss)	6,568,143
Depreciation & Amortization	50,789
Decrease/(Increase) in Receivables	28,217,138
Decrease/(Increase) in Prepaids & Other Current Assets	199,652
(Decrease)/Increase in Payables	207,823
(Decrease)/Increase in Other Liabilities	(918,333)
Change in MCO Tax Liability	6,683,594
Changes in Claims and Capitation Payable	(239,586)
Changes in IBNR	(22,709,792)
	<u>18,059,427</u>
<b>Net Cash Flow from Operating Activities</b>	<b><u>\$ 18,059,427</u></b>

# Gold Coast Health Plan - Inventory Trend Comparison

From 01/01/13 thru 07/23/13

Week	Open	Denied	Received	Paid
1/1	14874	1726	15461	11238
1/8	14975	2523	17404	15685
1/15	21001	2235	21133	14722
1/23	18680	2426	17770	17190
1/30	21223	2463	21072	18331
2/5	20933	3051	24324	22569
2/12	18868	2970	21336	19287
2/19	11822	3179	14844	17464
2/26	18807	1882	24295	5651
3/5	20512	4326	22416	20191
3/12	18878	4555	24047	17363
3/19	17553	3387	22764	18610
3/26	16340	3859	29757	18516
4/2	14086	7200	24626	23089
4/9	14403	5195	20073	18495
4/16	12792	3977	21664	17426
4/23	10686	4224	20747	17122
4/30	9350	3560	22132	18286
5/7	6206	5843	20257	28942
5/14	4326	1643	19563	8005
5/21	3833	2037	20647	18838
5/28	11207	2830	19158	15737
6/4	12066	1946	24365	14007
6/11	18237	4458	24056	19238
6/18	19399	3466	22777	19508
6/25	18777	2679	21875	21403
7/2	19881	3167	24219	19547
7/9	19755	2399	15808	16321
7/16	18225	2719	17630	15148
7/23	15165	3086	17953	15812

\*inventory day late due to delayed payment run

\*inventory day late due to delayed payment run

\*Check run time moved from 5:30pm to 12:00pm. Claims processed after 12pm will reflect on next report.

\* Counts of claims may actually span an earlier or later month than shown and are summarized according to weekly check run.

Month*	Open	Denied	Received	Paid	#GHP Bus days	Avg Rcvd in month	Avg Pd in month
January	90753	11373	92840	77166	21	4,421	3,675
February	70430	11082	84799	64971	18	4,711	3,610
March	73283	16127	98974	74680	21	4,713	3,556
April	61317	24156	109242	94418	22	4,966	4,292
May	25572	12353	79625	71522	23	3,462	3,110
June	68479	12549	93073	74156	24	3,878	3,090
July	73026	11371	75610	66828	23	3,287	2,906

Open: Current claim inventory ready to be processed.  
 Denied: Claims processed this week with a denial.  
 Received: Claims received this week to be processed.  
 Paid: Claims processed this week with a payment.

## Inventory Trend January 2013 - June 2013

