

**Ventura County Medi-Cal Managed Care Commission
(VCMMCC) dba Gold Coast Health Plan (GCHP)
Commission Meeting Minutes
June 25, 2012**

CALL TO ORDER

Chair Gonzalez called the meeting to order at 3:05 p.m. in Suite 200 at the Ventura County Public Health Building located at 2240 E. Gonzalez Road, Oxnard, CA 93036.

The Pledge of Allegiance was recited.

ROLL CALL

COMMISSION MEMBERS IN ATTENDANCE

David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program

Maylee Berry, Medi-Cal Beneficiary Advocate

Anil Chawla, MD, Clinicas del Camino Real, Inc. (Arrived 3:08 p.m.)

Lanyard Dial, MD, Ventura County Medical Association

Laurie Eberst, RN, Private Hospitals / Healthcare System

John Fankhauser, MD, Ventura County Medical Center Executive Committee

(Arrived 4:10 p.m.)

Robert Gonzalez, MD, Ventura County Health Care Agency

David Glycer, Private Hospitals / Healthcare System

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

Kathy Long, Ventura County Board of Supervisors

Catherine Rodriguez, Ventura County Medical Health System

STAFF IN ATTENDANCE

Cassie Undlin, Interim CEO

Nancy Kierstyn Schreiner, Legal Counsel

Sonia DeMarta, Interim CFO

Traci R. McGinley, Clerk of the Board

Paula Cabral, Administrative Assistant

OTHER STAFF IN ATTENDANCE

Charlie Cho, MD, Chief Medical Officer

Guillermo Gonzalez, Government Affairs and Communications Director

Steve Lalich, Communications Manager

PUBLIC COMMENT / CORRESPONDENCE

Kimberly Bridges, Centers for Family Health at Community Memorial Hospital. Ms. Bridges stated that Centers for Family Health is concerned about the proposed change to the Auto Assignment Policy. Family Health currently meets the criteria of a

Traditional Provider, they have 11 centers county-wide and over 40% of their payer mix is Medi-Cal, 62 Providers and 17 Specialty Providers that all provide care to Medi-Cal patients. If the Auto Assignment Policy changes to exclude Traditional Providers, it will seriously hurt their organization and the way they deliver care or it could make it non-existent. She stated that due to the short notice of the meeting, they were unable to reach key providers who would like to address the Commission, including the Vice-President of Planning and the Medical Director. She urged the Commission not to make any policy changes until they have a chance to be better represented.

1. APPROVAL OF MINUTES

None to approve at this time.

2. APPOINTMENT OF DR. CHAWLA TO THE FINANCE AND EXECUTIVE COMMITTEE

Interim CEO Undlin read the following section from the Bylaws:

Article IV: Standing Committees

- (a) Executive / Finance Committee
 - ii. Membership

“If the private hospital / healthcare system representative, the Ventura County Medical Center Health System representative and / or the Clinicas Del Camino Real representative are also the Chairperson and / or Vice-Chairperson of the governing board, then, the other Commissioner who is a representative of the same constituency or organization as the Commissioner serving as Chairperson or Vice-Chairperson shall be appointed to the Executive / Finance Committee to fill that reserved seat. For example, if the Ventura County Medical Center Health System representative and the Clinicas Del Camino Real representative are also the Chairperson and Vice-Chairperson, respectively, of the governing board, then, the other Ventura County Medical Center Health System representative and the physician representative nominated by Clinicas Del Camino Real shall be appointed to fill the respective designated seat on the Executive / Finance Committee.”

Commissioner Long moved to appoint Dr. Chawla to the Executive Finance Committee. Commission Berry seconded. The motion carried. **Approved 10-0.**

3. ACCEPT AND FILE CEO REPORT

Interim CEO Undlin had Communications Director Steve Lulich provide a demonstration of the new GCHP website which launched on June 18th. Director Lulich explained that the site is fully mirrored in Spanish and that Coffey Communications will host the website. The new site allows members to search for physicians by location and has mapping capability. Director Lulich explained that the website was shown to the Consumer Advisory Committee on June 6th; they were quite pleased and assisted in choosing photos for the site.

Director Lalich added that moving forward the Plan will be reviewing the site with staff from VCMC Clinicas and CMH for input to enhance the site. Director Lalich also discussed a Member E-newsletter (an electronic newsletter); in English and Spanish; that will be available upon request to pregnant women up to 43 weeks and New Parent to age 3.

Chair Gonzalez asked for confirmation that a certified translator was used and Commissioner Juarez asked if it was at a sixth grade level; Director Lalich confirmed both. Director Lalich added that not all sections of the site were up, but would be within the next few weeks.

Interim CEO Undlin continued her report, stating that the Care Management System went live today with the claims system which had been in process for some time. The Milliman reporting package has been implemented, some early reports were run but staff is still in the process of testing and validating numbers. Examples were taken to the Executive Finance Committee at the last meeting. When this is functioning properly it will allow the Plan to focus on the provision and utilization of services and to better understand the health of our population.

Interim CEO Undlin stated that Tatum Consulting had completed an IT and Health Services Assessment over the last month to assist in improving the processes on the IT side to show where the Plan needs to be implementing better procedures and controls of technology, how it is used and how all that ties into the reporting package.

The Plan continues to be under the State Corrective Action Plan, to a much lesser degree, but they will still be evaluating the claims and the cost of our claims. They are still evaluating the financial condition of the organization.

We received the results from a Member Rights Review done in early March; the State came in and evaluated those processes. We had five findings in the Grievances and Appeals area, three in Prior Authorization and one in the Interpretation Services. The goal is to help the Plan perform better and focus our resources better. We will be taking this report to the Compliance Committee.

The County has given the Plan access to an additional 1,600 square feet of office space very close to our office which will extend our time in the building until after the first of the year, allowing us more time to find a new location.

Responsibility for community outreach has been moved to Guillermo Gonzalez, Government Affairs and Communication Director. Director Gonzalez has put together a plan, with the assistance of Steve Lalich and Erika Reyes and wants to involve the Community Advisory Council.

Interim CEO Undlin stated that she had been on calls with DHCS and COHS Association. The newest change to the Healthy Families Program is that the State is

allowing Kaiser to participate at a level that is different than what was projected. Kaiser will keep their Healthy Families kids that are currently signed up with them. Nothing is solid yet, however, this is not a position neither the Plan nor the Commissioners wanted to see.

Government Affairs Director Gonzalez addressed the Commission and explained that this is tentative. Currently there are approximately 20,000 individuals with Healthy Families in the County of Ventura and 9,000 are with a commercial plan. Kaiser is the big issue right now and they have entered into negotiations with the State to keep the 3,000 they currently have. They would presumably directly contract with the State for those kids. The 11,000 with the County of Ventura will roll over to the Gold Coast Health Plan over a phased in period.

Interim CEO Undlin stated that the final outcome has implications to the type of organization Gold Coast is. If Kaiser gets a direct contract with the State, the other commercial plans would most likely be right behind. The COHS are fighting this, but it may be too late so we are trying to figure out the best approach.

Government Affairs Director Gonzalez added that it directly undermines the mission of the COHS to be responsible for all Medi-Cal lives. If they are proposing to put Healthy Families kids under Medi-Cal and if Kaiser is allowed to contract directly with the State then that directly undermines GCHP's mission.

Commissioner Juarez pointed out that all 22,000 lives should roll over to GCHP immediately then go through the allocation process.

Interim CEO Undlin suggested that the FQHC's should weigh in. Commissioner Juarez agreed and suggested that the Commission take a position as well.

Chair Gonzalez stated that he believed this was attached to a bill or a rider. Government Affairs Director Gonzalez responded indicating that there is trailer bill language that will be issued in the next 48 hours that will dictate how this plan will be executed.

Chair Gonzalez asked who will present this to the legislature. Government Affairs Director Gonzalez responded that the subcommittee on health and the budget committee will approve the trailer bill language believes it will be prudent to take a position on it with the other COHS plans.

Legal Counsel Kierstyn Schreiner explained that the CEO had authority and could notify the State. Government Affairs Director Gonzalez noted that this action was still subject to CMS approval.

Interim CEO Undlin added that the MCO tax sunsets at the end of this month. Chair Gonzalez noted that the Plan has been putting out over \$2 million quarterly.

Interim CEO Undlin reported that there has been an increase in claims inventory rate over the prior month. ACS was short-staffed. The claims backlog is down to 12 days (from 14) and GCHP and ACS are working on lowering this number.

Commissioner Eberst expressed concern regarding the backlog issue as St. Johns was dealing with claims that were more than two months old at this time. After discussion Interim CEO Undlin explained that if a claim has been denied, it is not in the backlog.

After further discussion, Interim CEO Undlin explained that IBNR calculation is dependent on maintaining a consistent pattern in claims payment and inventory. Due to the start-up nature of the organization, it has been difficult to maintain consistent patterns and the ability to accurately estimate IBNR is difficult.

Judy Heilman, Tatum Consultant, responded that the issue is most likely in the pended claims and that they can be pended for a variety of reasons: system issues, policy, retro activity, etc. and there are some that are two months old.

Chair Gonzalez stated that he would like the Executive Finance Committee to review the pended claims, types, numbers and actions.

4. ACCEPT AND FILE FINANCIAL REPORT

Interim CFO DeMarta reviewed the May financial report. Membership declined by approximately 200 members, year-to-date member months is 1.1 million; revenue for the month increased slightly and we continue to run ahead of budget by \$25 million, pmpm revenue is \$240. Healthcare claims costs increased and the Plan made a determination this month to increase reserve for IBNR by \$3 million based upon a recommendation from Milliman IBNR for May and June will be reviewed again at year-end to ensure its adequacy.

Administrative expenses increased due primarily to four new hires and interest expense (due to increase in delayed claims). Net income for the month is a loss \$690,000, year-to-date is still showing net income \$9.1 million (\$7.92 pmpm). The TNE requirement for the month is \$3.1 million, running ahead at \$4.7 million (or 30% of requirement). Interim CFO DeMarta indicated that beginning July 1st (month 12); the reserve requirement will be increased to 36%.

Interim CFO DeMarta reviewed graphic displays of operating results showing membership. Retro membership is trending pretty flat from April to May. Pharmacy encounter costs continue to be positive to budget; ratio of generic to brand is quite significant and has been the biggest impact. The highest dollar spent is in brand, but the number of prescriptions is highest in generics. Our healthcare costs are running at approximately 89-90%. The biggest expenditures are in-patient hospital costs. It is believed that now that the Milliman reporting tool is operational, it will allow staff to focus on where the issues are. Administrative expenses make up 6% of total revenues.

The Commissioners noted that there was a large IBNR increase in February and another one in May. Interim CFO DeMarta responded IBNR will be an estimate until numbers can be refined and the overpayments can be rectified.

Commissioners questioned the large expense under in-patient services. Interim CFO DeMarta responded that staff believes it is due to LTC services, but is also reviewing average lengths of stay. The Commission requested hearing back on the matter.

Commissioner Glycer moved to approve and file the Financial Report. Commissioner Chawla seconded. The motion carried. **Approved 11-0.**

5. EXECUTIVE FINANCE REPORT

a. Auto Assignment Policy.

The policy was reviewed at the Executive Finance Meeting.

Interim CEO Undlin reported that in July all three primary care groups (VCMC, Clinicas and CMH) had a couple of PCP's that were double assigned, after that time they were no longer double assigned.

Interim CEO Undlin stated that as part of the review she looked at how many physicians are in the county and how many members they have. A report was handed out. Issue 1: Physicians were double assigned, but this occurred for all three groups in the month of July only. Issue 2: The issue was raised about losing prior patients. It appeared that all groups "lost enrollment" and so it appears that is because patients were going to multiple health systems. With the implementation of the managed care COHS model, all members were assigned to only one of the primary care groups. This resulted in numbers lower than expected for all of the primary care groups. Another reason is that "administrative" members are not assigned; they are kept at the Plan level. Interim CEO Undlin stated that therefore, it did not indicate to her that there had been a loss of enrollment.

The other two issues are: Issue 3: the ratio between Safety-Net Providers and Traditional Providers and the Issue 4: assignment to Residents.

Chair Gonzalez stated that the Committee divided what happened in the past versus going forward. We felt there should be additional analysis done on the prior period. There were questions about how many physicians showed in specific areas in the county under certain systems. After the first couple of months it seemed to stabilize.

It was noted that staff was directed to do additional analysis on the prior periods. There were questions about how many physicians showed in specific areas in the county under certain systems.

Chair Gonzalez continued, stating that the Committee then looked at that point going forward and discussed the complexity of Auto Assignment. That leaves us with the issue of the 3:1 ratio versus another decision.

Chair Gonzalez closed his report by stating that Interim CEO Undlin would like the Commission to make a decision so she can implement a process, the State would be notified and the Plan would become compliant with those rules. Interim CEO Undlin indicated that for the month of May it was about 150 members that would go to Safety-Net. The system currently in place does not allow for a 3:1 ratio.

Commissioner Araujo asked if the State had a definition of "Safety-Net" and "Traditional" Providers. Interim CEO Undlin responded that the definition of Safety-Net is clear, Traditional are ones that see a significant portion of Medi-Cal; however, they didn't indicate what that portion is.

Commissioner Glycer stated that the current structure yields almost a 9:1 ratio to Safety-Net and it didn't seem appropriate to cut out traditional Medi-Cal providers who have been providing services to Medi-Cal beneficiaries for years.

Commissioner Dial asked how many in the month of May needed to be auto-assigned.

Interim CEO Undlin stated 90% of Auto-Assignment is going to Safety-Net Providers. Interim CEO Undlin also indicated that 1,200 per month need to be auto assigned and of those 200 would go to Traditional Providers.

Chair Gonzalez noted that the number each particular month may be low; however there are times, such as when Healthy Families patients move over, there may be large numbers.

Commissioner Juarez stressed that this was approved by the Commission to go into effect July 1, 2011, and was intended for the Safety-Net providers to be protected. The question is what would it have looked like on July 1st to the Safety-Net providers had it been done the way it was approved.

Commissioner Juarez stated that the Safety-Net protection was put in place to protect the Safety-Net system. The inability of GCHP is not the fault of the Safety-Net Providers. The second issue relates to the unassigned Administrative Members. The Commissioner felt that these members, approximately 40% of total GCHP membership, are not "in managed care" even though they help GCHP establish their TNE and establish their reserves at the expense of the Providers.

Interim CEO Undlin explained that it will cost money to redesign the system because the current algorithm cannot do the ratio.

Chair Gonzalez stated that the Plan needs into get into compliance for 3:1 ratio. It needs to be automated and will be discussed at the next Executive Finance Committee

Meeting. Commissioner Long agreed that the issues need to be resolved, the time, cost and labor.

b. Budget Review Committee.

Interim CEO Undlin reported to the Commission that the Committee requested a couple of representatives to assist with our annual budget. Commissioners Rodriguez and Glycer agreed to assist. Commissioner Juarez would like to work on the HR salary portion of budget.

c. Time of Executive Finance Committee.

Discussion was held, the recently changed time of the meeting did not accommodate the new Legal Counsel. The next meeting will remain at 1:30 p.m. on July 19th, but Interim CEO Undlin will work on finding a time during the third week of the month.

Legal Counsel Kierstyn Schreiner indicated that there may be a need for a bylaw amendment to allow the Executive Committee to adopt its own Meeting schedule.

6. DISCUSSION OF AGENCY GOVERNANCE AND MANAGEMENT, COMMITTEE STRUCTURE, YEARLY AGENDA, STRATEGIC PLANNING

Review of organization charts and various committees, including an Audit and a Compliance Committee.

Legal Counsel Kierstyn Schreiner explained that traditionally, as a public entity, Boards and Commissions make the policy decisions, oversee the financials of the agency and any other items specifically set forth in the ordinance that created the Commission and its bylaws and that Commissions then leave the daily Plan operations to the CEO and upper management. Due to the events of this last year there has been more involvement by Commission and committees. The Commission may wish to continue in that manner or delegate specific oversight to committees and have liaisons from the Commission. When there are reports back to the Commission and the liaisons can enhance those reports. The Commission may delegate specific items to the CEO or send those to specific committees. The Commission may also create ad hoc committees. The general rule of thumb regarding ad hoc committees is that if one is convened and it lasts longer than one year then it becomes a standing committee and becomes subject to The Brown Act. Typically if a committee is specifically created by the Commission, it is a Brown Act Committee.

Interim CEO Undlin explained that she was proposing a structure that would provide more knowledge of what was happening in the Plan without the Commission managing the Plan.

Interim CEO Undlin reviewed the Commission Committees as provided in the packet: the **Executive Finance Committee, Physician Advisory Council, (Provider Advisory Committee)** and the **Consumer Advisory Council (Consumer Advisory Committee)**. Interim CEO Undlin stated that she would like to see Maylee Berry on the Committee

representing the Commission, it will be led by Guillermo's group and involve Member Services Group as well.

Chair Gonzalez noted that in looking at the makeup of the committee it appears to be more of a consumer advocacy group; he felt there should be a member advisory group to allow members a voice on how the Plan is meeting their needs.

Interim CEO Undlin continued stating that there are currently two ad hoc committees: the "Auto Assignment Committee" and the "Special Committee" which has been handling the interviewing and the special items that have been going on at the Plan.

Interim CEO Undlin continued stating that she is proposing getting the **Compliance Committee** up and going, which is a Plan committee. The Plan will take the Members Rights report, the Corrective Action Plan and The Code of Conduct.

Compensation Committee, staff will do the work on setting the salary ranges. GCHP will be moving from RGS to its own staffing in January next year. The Plan will be meeting and putting together compensation and HR policies.

Quality Improvement Committee, there are Committee members of the Board involved in how we do quality this will provide for the way the Plan does business.

Audit Committee will engage the Auditors and work with them to ensure that the Plan's financial reports accurately state the financial position of the Plan.

Interim CEO Undlin reviewed her handout regarding the "Annual Commission Agenda" Meeting and the timelines of when items come before the Commission.

ADJOURN TO CLOSED SESSION

The Commission adjourned to Closed Session at 4:50 p.m.

7. CLOSED SESSION

A. Public Employment pursuant to Government Code Section 54957

Title: Permanent Chief Executive Officer & Chief Financial Officer.
Continuation of CEO interview and further discussion.

B. Conference with Labor Negotiator pursuant to Government Code Section 54957.6

Agency designated representative: Nordman Cormany Hair & Compton LLP,
Nancy Kierstyn Schreiner. Unrepresented employees: permanent CEO and CFO

C. Conference with Legal Counsel - Anticipated Litigation pursuant to Government Code Section 54956.9 - (6 cases)

RETURN TO OPEN SESSION

The Regular Meeting reconvened at 7:14 p.m. Legal Counsel Kierstyn Schreiner noted there were no announcements from Closed Sessions.

ADJOURNMENT

The meeting adjourned at 7:14 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board