

**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, October 3, 2013
3:00 p.m.

AGENDA

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

1. **APPROVE MINUTES**
 - a. [August 1, 2013 Regular Executive / Finance Meeting Minutes](#)

2. **ACCEPT AND FILE ITEMS**
 - a. CEO Update
 - b. [August Financials](#)

3. **INFORMATIONAL ITEMS**
 - a. [State of California Contract – Updated Capitation Rates](#)

CLOSED SESSION

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

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)**
2240 E. Gonzalez, Room 230, Oxnard, CA
October 3, 2013 at 3:00 p.m.

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 November 7, 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**

August 1, 2013

(Unofficial Until Approved)

CALL TO ORDER

Chair Gonzalez called the meeting to order at 3:08 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.

Vacant, 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

Guillermo Gonzalez, Government Relations Director

Melissa Scrymgeour, IT Director

Lyndon Turner, Finance Manager

Ruth Watson, COO

Introductions

Stuart Busby, Chief-Capitated Rates Development Division; and Calvin Oshiro, Financial Audit and Reviews Section of California Department Health Care Services (DHCS). Mark Abernathy and Matt Moschel from Berkley Research Group (BRG).

PUBLIC COMMENTS

None.

1. APPROVE MINUTES

a. June 2, 2013 Regular Meeting Minutes

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

2. APPROVAL ITEMS

a. Workers Compensation

CFO Raleigh reviewed her written report with the Committee.

Committee Member Chawla moved to accept Hartford Company for workers compensation insurance for coverage year 2013-14. Committee Member Glycer seconded. The motion carried. **Approved 3-0.**

3. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Engelhard reminded the Committee that today was the first day of the Healthy Families Program transition. GCHP had a meeting with providers on July 28, 2013, and continues to work with Members to keep as many as possible from Auto-Assignment. COO Watson added that there had only been a couple of calls due to information not being readily available because the file from the State came late and did not transfer correctly. Due to the transition, GCHP now has 118,603 Members. Chair Gonzalez noted that this is an area of concern for providers and requested regular updates regarding the selection and auto-assignment numbers and issues.

CEO Engelhard reported that GCHP expects to receive notification of the items that need to be corrected based on the results of the December, 2012 Medical Review Audit and will share those items with the Commission. There will most likely be many items and will take extensive staff time to go through, correct and / or respond to once the audit results are delivered.

b. June Financials (Unaudited)

CFO Raleigh reviewed the June unaudited financials and reported that overall the Plan is ahead of budget when comparing net income. This was driven by 1) actual revenue being higher than budget (by approximately \$5 million), 2) health care costs being very close to budget and 3) administrative costs being over budget (by approximately \$2.4 million). The administrative costs being over budget is mostly due to higher than anticipated consulting and legal fees. With June's figures, a significant improvement has been made in the Plan's Tangible Net Equity (TNE), reaching \$7.7 million.

Further discussion was held regarding: 1) temporary and consulting services utilized by the Plan; 2) current TNE levels and the required levels at specific dates and how it impacts the Corrective Action Plan (CAP); and 3) claims inventory, amounts paid, etc.

After discussion was held regarding the Healthy Families program transition population, CFO Raleigh reported that GCHP is setting up separate reports so the new population can be separately analyzed.

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

4. INFORMATIONAL ITEMS

a. AB 97 Update

CFO Raleigh reviewed the report. After discussion and questions regarding which services and physicians this affects, CFO Raleigh stated that more information would be shared with the Commission once further information is provided by the State and GCHP finishes the analysis. CEO Engelhard added that provider contracts would have to be reviewed before finalizing any rate reductions.

COMMENTS FROM COMMITTEE MEMBERS

Chair Gonzalez recognized the progress of the financial forecast of GCHP.

ADJOURNMENT

Meeting adjourned at 4:05 p.m.

AGENDA ITEM 2b

To: Gold Coast Health Plan Executive / Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: October 3, 2013

Re: August, 2013 Financials (Unaudited)

SUMMARY:

Staff is presenting the attached August, 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 August, 2013 financial statements to the Plan's Commission.

BACKGROUND / DISCUSSION:

The Plan has prepared the August 2013 financial package (unaudited), including balance sheets, income statements and statements of cash flows.

FISCAL IMPACT:

The Plan's financial operating performance resulted in a positive variance as compared to budget for August. On a year-to-date basis, net income is approximately \$2.5 million compared to \$2.0 million assumed in the budget. These operating results have contributed to the month-end Tangible Net Equity (TNE) level of approximately \$10.3 million, which exceeds budget of \$8.0 million by nearly \$2.3 million. The required TNE as of August 30, 2013 is \$10.7 million (68% of \$15.7 million) which is approximately \$431,000 higher than the Plan's current TNE level of \$10.3 million.

Other items to note include:

Membership - The Plan's July membership was 120,332 and exceeded budget by approximately 276 members. As expected, membership mix for August shifted with the final transition of the Healthy Families population to Medi-Cal [indicated as the Targeted Low Income Children (TLIC) population], where its percentage of total membership increased to 18%, up 12% from July.

Revenue – August net revenue was \$26.7 million which is below the budgeted total of \$27.4 million. On a per member per month (PMPM) basis, net revenue was

\$222.09 PMPM compared to the budget of \$228.49 PMPM. The slight differences between actual and budgeted membership is due to enrollment mix.

There are several points to be made regarding revenue:

- Community Adult Based Services (CBAS) - Also contributing to this variance is the confirmation¹ from the Department of Health Care Services (DHCS) that the monthly capitation rates will include payment for CBAS in the FY 2013-14 rates, which had been paid for separately until June 30, 2013. The Plan and the State are discussing the methodology used to include the CBAS payment in the monthly capitation payment to confirm that the Plan will continue to receive funds comparable to historical reimbursement.
- Sales Tax - It is important to note at the time the budget was finalized, a tax was not expected to be applied to the Plan's capitation rates. However, in the final State budget passed on June 27, 2013, a new tax was incorporated under Senate Bill 78. Therefore, the tax of 3.9375% has been applied to the Plan's actual premium rates. This tax is then reserved for separately and is comparable to the budgeted revenue on a net revenue basis. Note the tax is expected to be a budget-neutral pass-through item.

Health Care Costs – Health care costs for August were \$762,000 below budget. Continuing recovery efforts also contributed to lower health care costs. On a PMPM basis, reported health care costs for August were \$195.90 versus a budgeted amount of \$202.70.

Please also note the following for August:

- Paid claims were low (by an estimated \$860,000) for the month due to one of the Plan's major provider's delay in claims submission primarily driven by the implementation of a new Electronic Health Records (EHR) system. This estimate was developed by comparing the average payments made to this provider for the seven months prior to August to the actual payments in August. This estimate has been reflected in the incurred but not paid (IBNP) amount for the month of August.
- The IBNP methodology was updated to reflect the transition of the TLIC members and recognized that their health care expenses would be less on a PMPM basis than the Plan's traditional population.

Administrative Expenses - Overall operational costs were \$81,000 or \$0.71 PMPM under budget. Areas impacting administrative expenses were:

¹ The Plan received an updated draft FY 2012-13 rate package on September 13, 2013 and an updated draft FY 2013-14 rate package on September 17, 2013 (also refer to Executive / Finance Committee Item 3a). The FY 2013-14 rate package reflected the inclusion of CBAS services.

- Savings from lower than projected fees associated with continued support services provided by ACS.
- Timing of certain expenditures with some expected expenditures pushed into the future (e.g., Xerox SOC-1 audit, printing and mailings).
- Savings from lower than forecasted personnel costs due to differences in timing of new hires versus that projected in the budget.
- Savings were offset by higher expenses for outside services to support on-going operations.

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 of \$91.3 million reported as of August 31, 2013 included an IGT payment of \$25.6 million. It should be noted that the majority of this amount was disbursed in early September 2013. Excluding the impact of the IGT payment, the total of Cash and Medi-Cal Receivable balance as of August 31, 2013 was \$65.7 million, or \$8.9 million better than a budgeted level of \$56.8 million.

Fixed Assets – The Plan is in the early stages of installing a 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 \$384,000.

RECOMMENDATION:

Staff proposes that the Plan's Commission approve and accept the August, 2013 financial package.

CONCURRENCE:

N/A

Attachments:

August, 2013 Financial Package



FINANCIAL PACKAGE
For the month ended August 31, 2013

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

APPENDIX

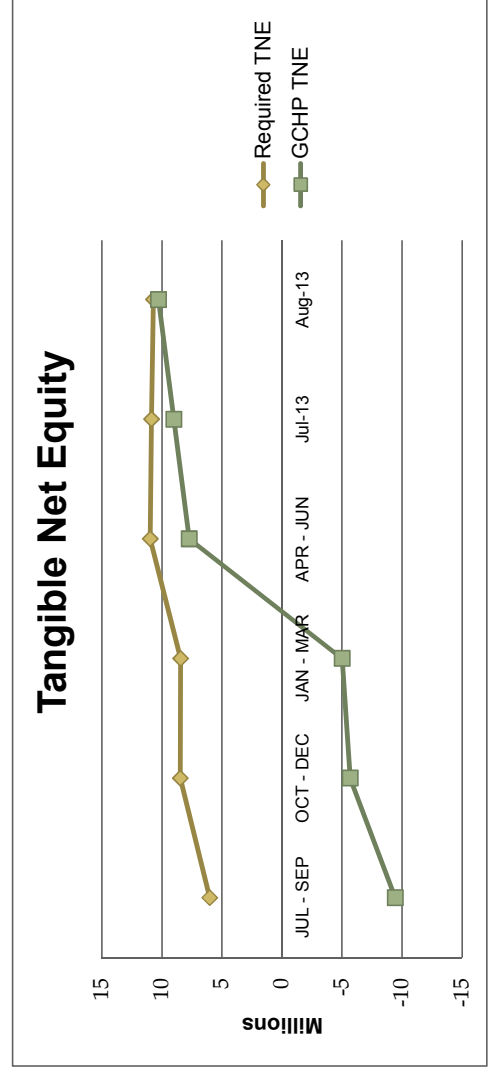
- Comparative Balance Sheet
- YTD Income Statement
- Statement of Cash Flows

Financial Overview

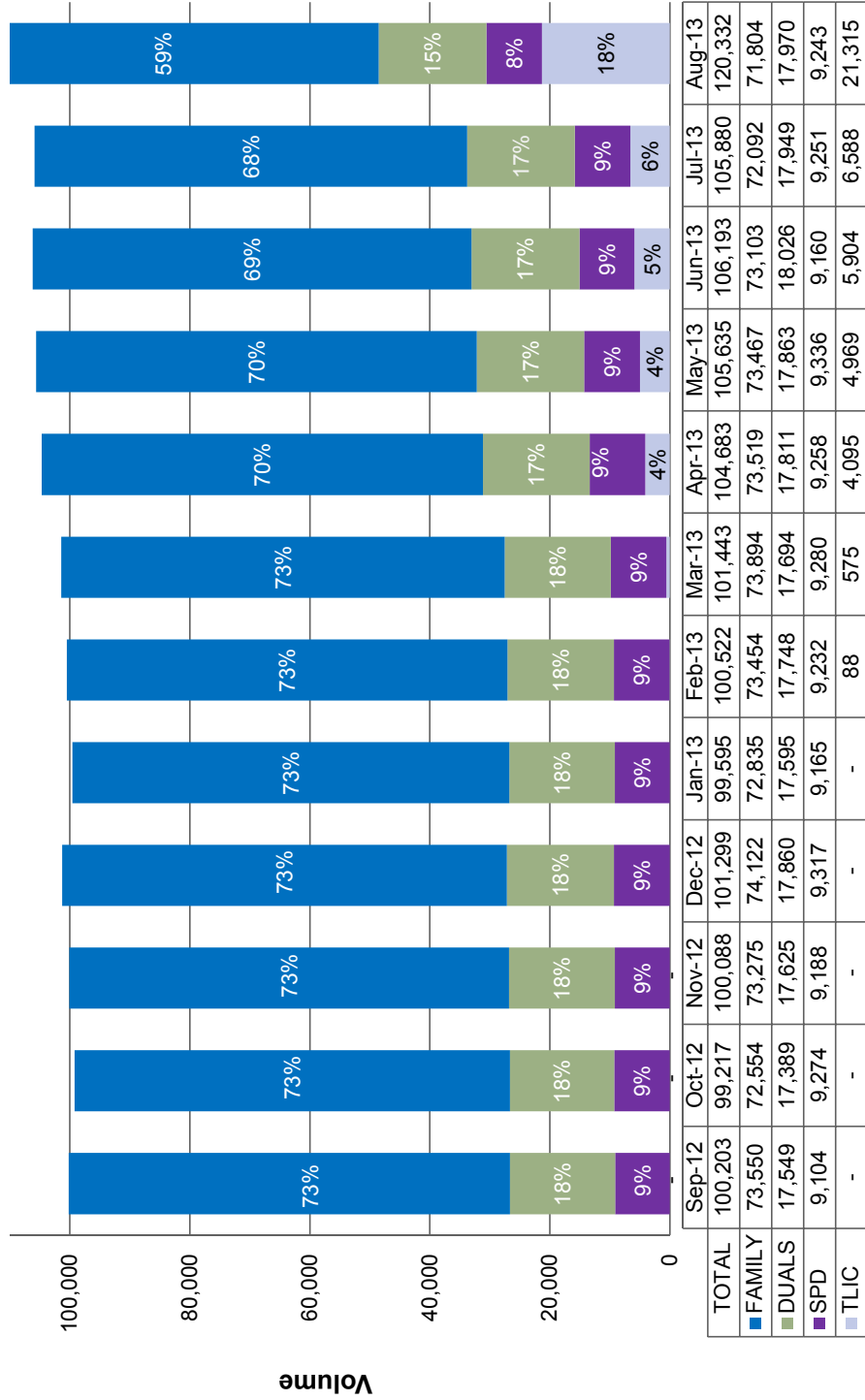
Description	UNAUDITED FY 2012-13 Actual				UNAUDITED FY 2013-14 Actual			Budget Comparison		
	JUL - SEP	OCT - DEC	JAN - MAR	APR - JUN	Jul-13	Aug-13	YTD	Budget YTD	Variance Fav/(Unfav)	Variance Fav/(Unfav) %
Member Months	305,220	300,604	301,560	316,511	105,880	120,332	226,212	225,018	1,194	0.5 %
Revenue <i>pmpr</i>	73,225,136 239.91	76,563,668 254.70	76,414,965 253.40	84,827,967 268.01	26,680,808 251.99	26,724,574 222.09	53,405,382 236.09	53,683,489 238.57	(278,107) (2.49)	(0.5)% (1.0)%
Health Care Costs <i>pmpr</i> % of Revenue	71,648,550 234.74 97.8%	68,967,923 229.43 90.1%	69,698,937 231.13 91.2%	70,134,156 221.59 82.7%	23,429,811 221.29 87.8%	23,572,589 195.90 88.2%	47,002,401 207.78 88.0%	47,625,242 211.65 88.7%	622,841 3.87 -0.7%	1.3 % 1.8 % -0.8%
Admin Exp <i>pmpr</i> % of Revenue	4,976,867 16.31 6.8%	6,036,079 20.08 7.9%	6,049,617 20.06 7.9%	6,951,364 21.96 8.2%	1,968,367 18.59 7.4%	1,892,167 15.72 7.1%	3,860,534 17.07 7.2%	4,081,973 18.14 7.6%	221,439 1.07 0.4%	5.4 % 5.9 % 4.9%
Net Income <i>pmpr</i> % of Revenue	(3,400,282) (11.14) -4.6%	1,569,667 5.19 2.0%	666,411 2.21 0.9%	7,742,347 24.46 9.1%	1,282,629 12.11 4.8%	1,259,818 10.47 4.7%	2,542,447 11.24 4.8%	1,976,274 8.78 3.7%	566,173 2.46 1.1%	28.6 % 28.0 % 29.3%
100% TNE	16,693,841	16,308,936	16,264,038	16,141,114	16,003,415	15,749,996	15,749,996	16,266,238	(516,242)	(3.2)%
Required TNE	6,009,783	8,480,647	8,457,300	10,975,958	10,882,323	10,709,998	10,709,998	11,061,042	(351,044)	(3.2)%
GCHP TNE	(9,432,163)	(5,672,496)	(5,006,086)	7,736,261	9,018,891	10,278,708	8,016,909	8,016,909	2,261,799	28.2 %
TNE Excess / (Deficiency)	(15,441,946)	(14,153,143)	(13,463,355)	(3,239,696)	(1,863,432)	(431,289)	(431,289)	(3,044,133)	2,612,844	185.8 %

Note: Jul-Sep- Health Care Costs include \$7M IBNR addition.

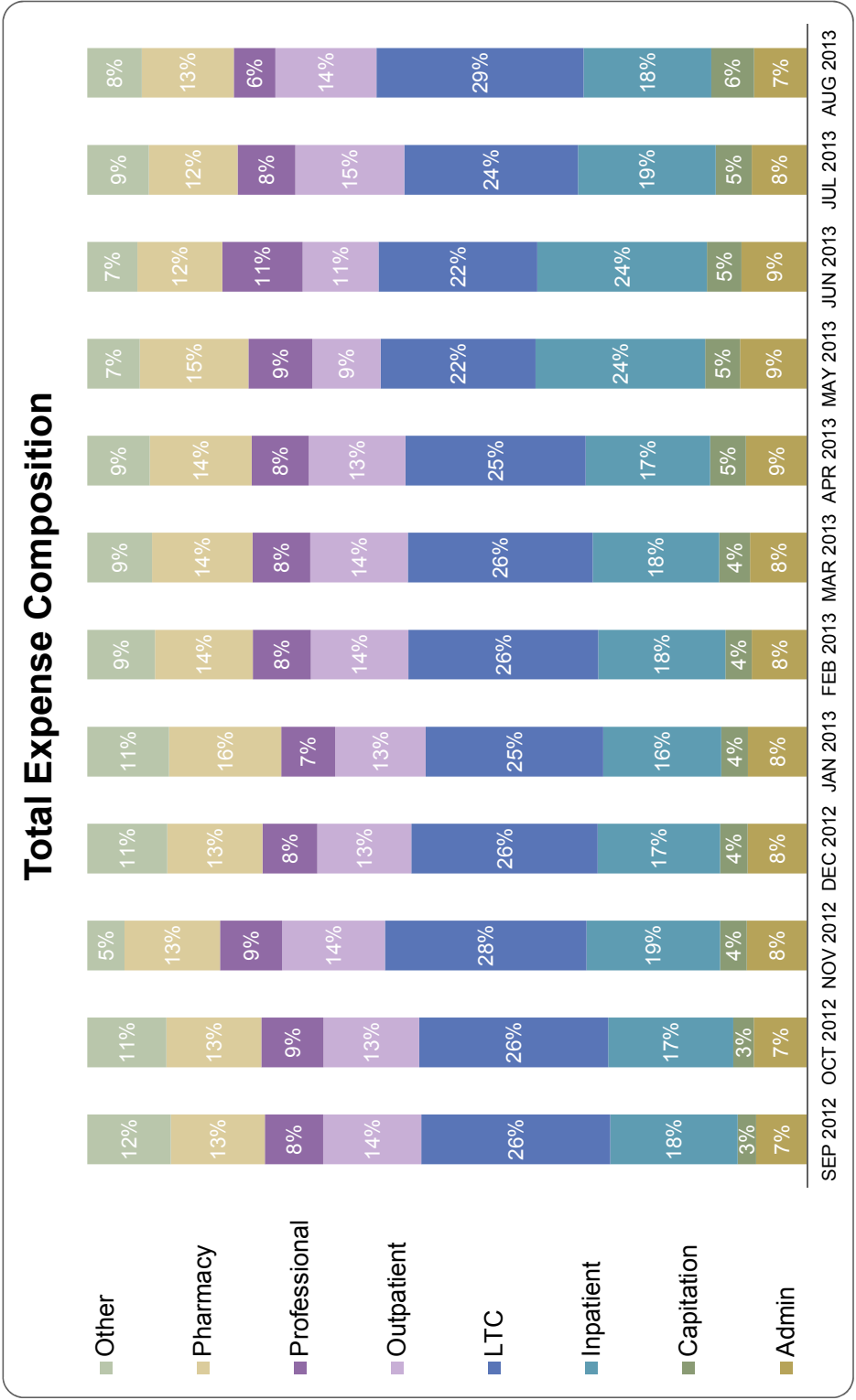
Budgeted TNE assumed additional \$6M subordinated debt in March '13; actual LOC increase was \$5M in May '13.



Membership - Rolling 12 Months

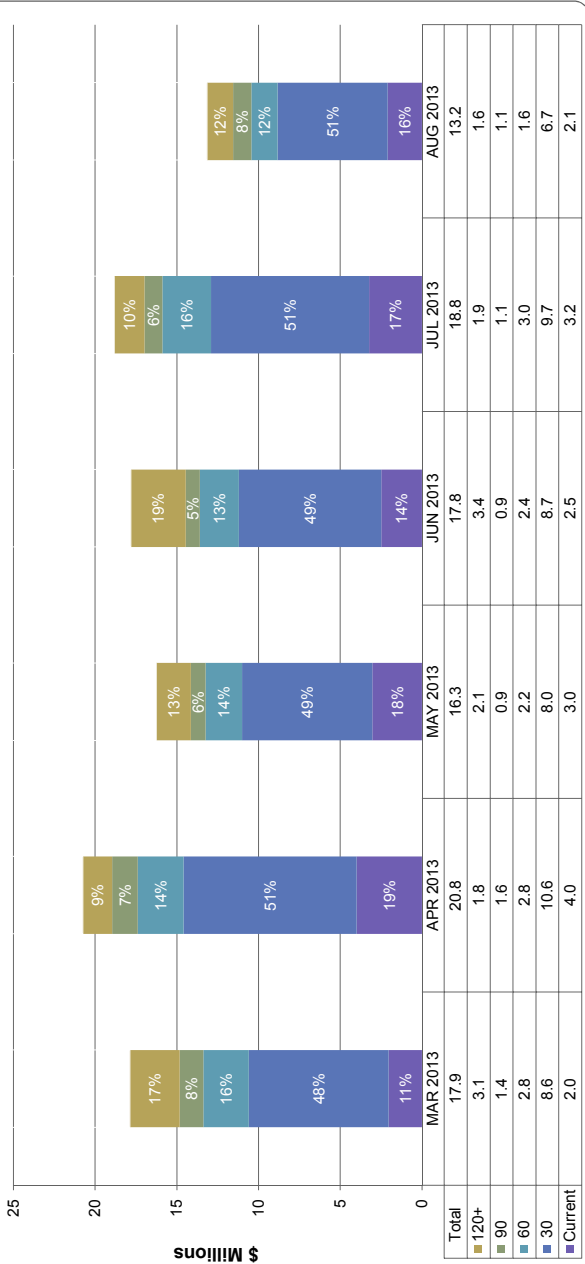


SPD = Seniors and Persons with Disabilities
 TLIC = Targeted Low Income Children



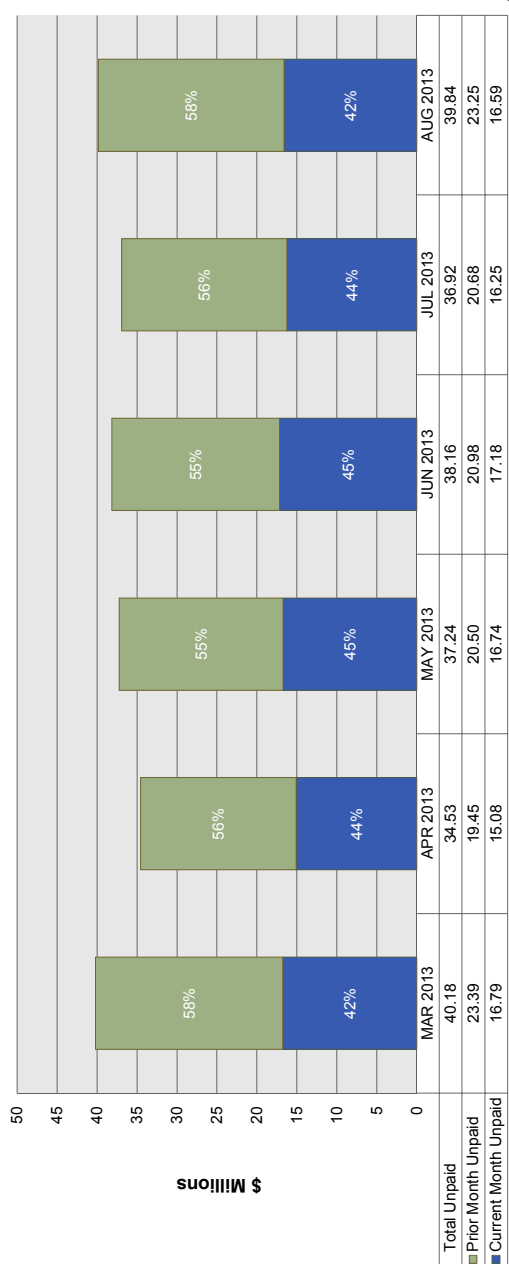
In May, GCHP changed its method of distributing Health Care Costs (HCC) across categories of service. Prior months utilized an allocation methodology. The methodology was updated to utilize payment information by different categories of services. This change will more accurately reflect true HCC, as it is based on actual claims payments rather than estimates.

Paid Claims Composition (excluding Pharmacy and Capitation Payments)



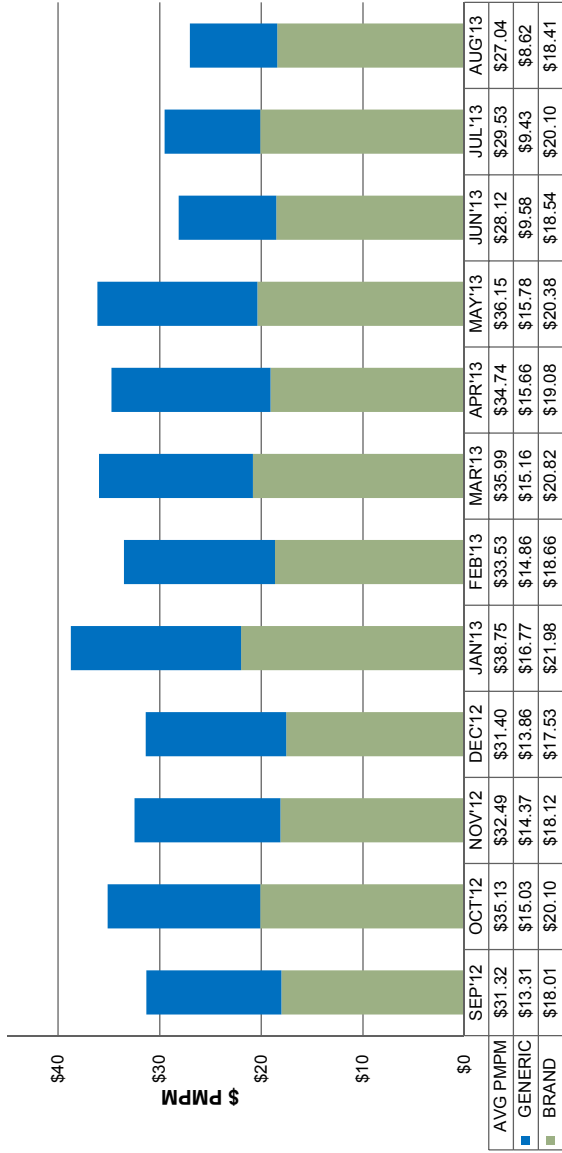
Note: Paid Claims Composition - reflects adjusted medical claims payment lag schedule.

IBNP Composition (excluding Pharmacy and Capitation)

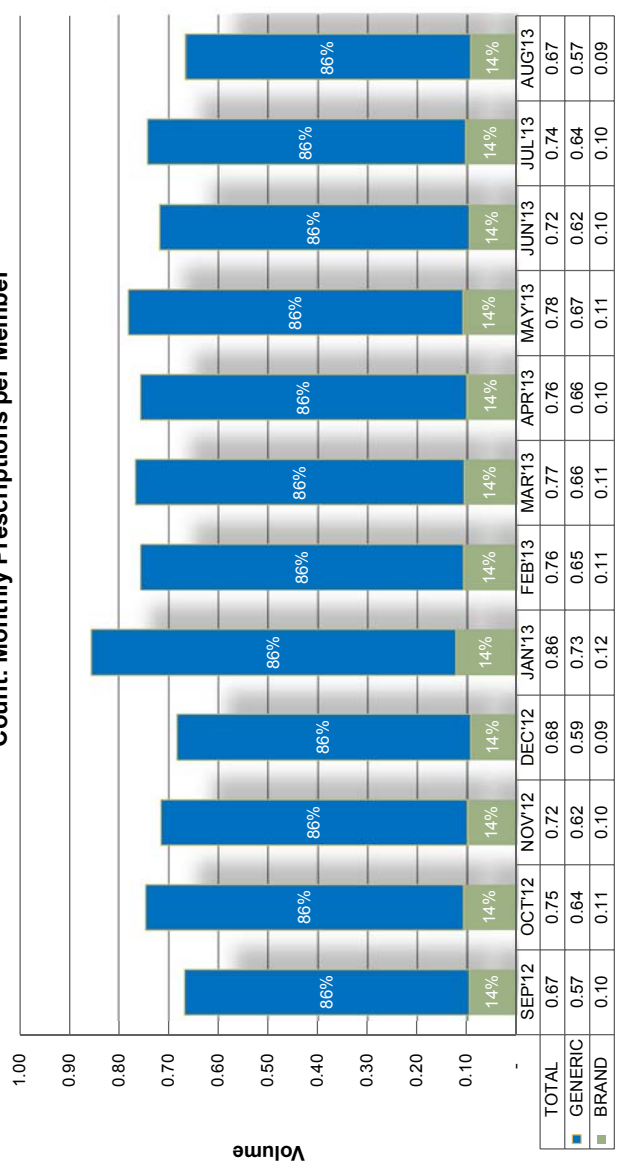


Note: IBNP Composition - reflects updated medical cost reserve calculation plus total system claims payable.

Pharmacy Cost Trend



Count: Monthly Prescriptions per Member

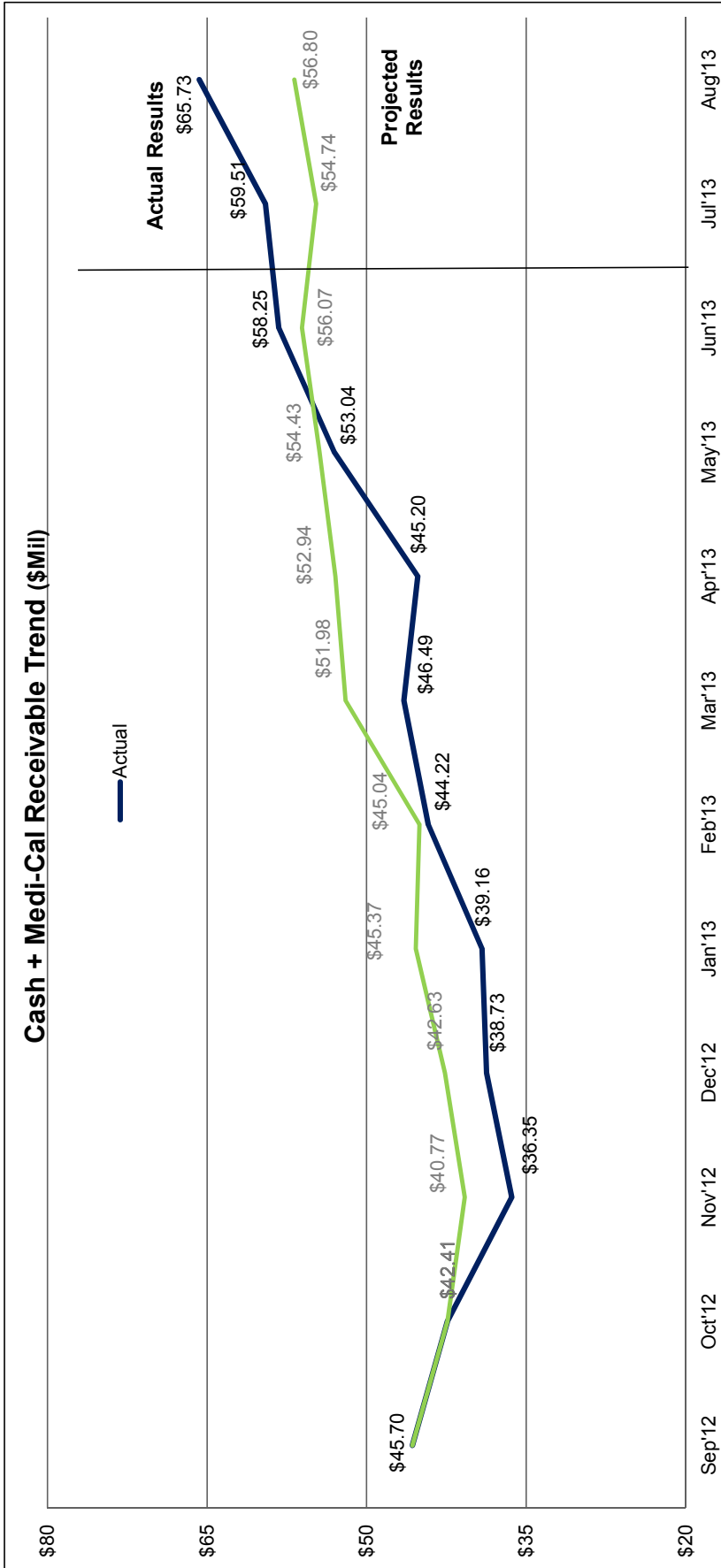


Income Statement Monthly Trend

	2013 Actual Monthly Trend			2014 Actual	Current Month		
	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013		Variance
					Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	104,683	105,635	106,193	105,880	120,332	120,056	276
Revenue:							
Premium	\$ 26,032,054	\$ 26,048,832	\$ 29,108,295	\$ 27,686,491	\$ 27,789,352	\$ 27,514,707	\$ 274,645
Reserve for Rate Reduction	1,785,047	-	1,180,078	-	-	(129,170)	129,170
MCO Premium Tax	-	-	-	(1,053,211)	(1,110,416)	-	(1,110,416)
Total Net Premium	27,817,101	26,048,832	30,288,373	26,633,279	26,678,936	27,385,537	(706,601)
Other Revenue:							
Interest Income	7,579	7,203	8,594	9,195	7,304	8,254	(951)
Miscellaneous Income	38,333	573,518	38,333	38,333	38,333	38,333	0
Total Other Revenue	45,912	580,721	46,927	47,529	45,637	46,587	(950)
Total Revenue	27,863,013	26,629,553	30,335,300	26,680,808	26,724,574	27,432,125	(707,551)
Medical Expenses:							
<u>Capitation (PCP, Specialty, NEMT & Visic</u>	1,274,651	1,226,446	1,254,306	1,270,073	1,507,335	1,724,468	217,133
<u>Incurring Claims:</u>							
Inpatient	4,422,556	5,955,342	6,185,239	4,850,263	4,512,661	4,007,649	(505,012)
LTC/SNF	6,404,450	5,438,652	5,774,127	6,128,764	7,333,312	6,503,554	(829,758)
Outpatient	2,682,417	1,803,363	2,132,380	2,882,860	2,955,457	2,954,949	(508)
Laboratory and Radiology	225,582	158,267	126,783	222,454	113,377	243,167	129,790
Emergency Room Facility Services	521,965	430,333	506,334	745,797	497,008	587,178	90,170
Physician Specialty Services	2,026,032	2,245,622	2,929,617	2,033,957	1,479,169	2,101,856	622,687
Pharmacy	3,626,289	3,819,028	3,092,352	3,126,910	3,253,505	3,456,194	202,689
Other Medical Professional	216,345	83,856	84,601	169,903	118,201	208,381	90,180
Other Medical Care Expenses	-	-	755	-	-	-	-
Other Fee For Service Expense	1,489,453	1,497,072	1,524,389	1,137,610	1,235,873	1,567,767	331,894
Transportation	73,499	71,310	60,991	40,124	35,404	70,401	34,997
Total Claims	21,688,588	21,502,845	22,417,569	21,338,642	21,533,967	21,701,097	167,130
Medical & Care Management Expense	894,013	722,529	732,777	742,126	730,967	725,776	(5,191)
Reinsurance	26,355	70,711	(368,913)	259,745	258,884	183,686	(75,198)
Claims Recoveries	(484,211)	(610,167)	(213,342)	(180,775)	(458,563)	-	458,563
Sub-total	436,157	183,072	150,522	821,096	531,288	909,462	378,174
Total Cost of Health Care	23,399,396	22,912,363	23,822,397	23,429,811	23,572,589	24,335,027	762,438
Contribution Margin	4,463,617	3,717,190	6,512,903	3,250,997	3,151,984	3,097,098	54,887
General & Administrative Expenses:							
Salaries and Wages	464,103	600,314	731,003	562,828	420,641	483,676	63,035
Payroll Taxes and Benefits	113,969	108,592	199,544	123,309	112,105	124,901	12,796
Total Travel and Training	5,140	13,746	2,712	3,630	5,840	24,985	19,145
Outside Service - ACS	892,178	945,040	924,744	852,085	880,703	919,621	38,918
Outside Services - Other	99,755	31,920	26,808	16,447	49,938	25,924	(24,014)
Accounting & Actuarial Services	33,046	51,270	61,489	44,003	20,164	13,333	(6,830)
Legal Expense	37,957	46,299	80,775	57,931	26,462	30,400	3,938
Insurance	9,245	10,516	7,677	11,838	9,972	10,792	820
Lease Expense - Office	26,080	25,980	7,937	25,980	28,480	25,980	(2,500)
Consulting Services Expense	286,436	443,743	229,676	172,165	201,612	160,638	(40,974)
Translation Services	1,125	4,610	3,672	4,878	2,788	2,537	(251)
Advertising and Promotion Expense	-	1,050	-	4,080	14,120	14,460	340
General Office Expenses	171,615	71,628	83,271	63,357	88,394	91,970	3,576
Depreciation & Amortization Expense	3,836	3,648	11,407	5,235	5,235	6,864	1,629
Printing Expense	5,445	3,672	12,974	2,628	1,418	25,108	23,690
Shipping & Postage Expense	10,933	179	2,120	41	219	2,725	2,506
Interest Exp	24,186	1,180	17,120	17,933	24,076	9,160	(14,916)
Total G & A Expenses	2,185,050	2,363,386	2,402,927	1,968,367	1,892,167	1,973,073	80,906
Net Income / (Loss)	\$ 2,278,567	\$ 1,353,803	\$ 4,109,976	\$ 1,282,629	\$ 1,259,818	\$ 1,124,024	\$ 135,793

MPPM Income Statement Comparison

	2013 Actual Monthly Trend			2014 Actual	Aug'13 Month-To-Date		Variance
	APR 2013	MAY 2013	JUN 2013	JUL 2013	Actual	Budget	Fav/(Unfav)
Members (Member/Months)	101,741	105,635	106,193	105,880	120,332	120,056	276
Revenue:							
Premium	255.87	246.59	275.56	261.49	230.94	229.18	1.76
Reserve for Rate Reduction	17.55	-	11.17	-	-	(1.08)	1.08
MCO Premium Tax	-	-	-	(9.95)	(9.23)	-	(9.23)
Total Net Premium	231.17	216.47	251.71	221.33	221.71	228.11	(6.39)
Other Revenue:							
Interest Income	0.07	0.07	0.08	0.09	0.06	0.07	(0.01)
Miscellaneous Income	0.38	5.43	0.36	0.36	0.32	0.32	(0.00)
Total Other Revenue	0.38	4.83	0.44	0.39	0.38	0.46	(0.08)
Total Revenue	231.55	221.30	287.17	221.73	222.09	228.49	(6.40)
Medical Expenses:							
<u>Capitation</u>	12.53	11.61	11.87	12.00	12.53	14.36	(1.84)
<u>Incurred Claims:</u>							
Inpatient	43.47	56.38	58.55	45.81	37.50	33.38	(4.12)
LTC/SNF	62.95	51.49	54.66	57.88	60.94	54.17	(6.77)
Outpatient	26.37	17.07	20.19	27.23	24.56	24.61	0.05
Laboratory and Radiology	2.22	1.50	1.20	2.10	0.94	2.03	1.08
Emergency Room Facility Services	5.13	4.07	4.79	7.04	4.13	4.89	0.76
Physician Specialty Services	19.91	21.26	27.73	19.21	12.29	17.51	5.21
Pharmacy	35.64	36.15	29.27	29.53	27.04	28.79	1.75
Other Medical Professional	2.13	0.79	0.80	1.60	0.98	1.74	0.75
Other Medical Care Expenses	-	-	0.01	-	-	-	-
Other Fee For Service Expense	14.64	14.17	14.43	10.74	10.27	13.06	2.79
Transportation FFS	0.72	0.68	0.58	0.38	0.29	0.59	0.29
Total Claims	180.24	178.70	186.30	177.33	178.95	180.76	1.80
Medical & Care Management	8.79	6.84	6.94	7.01	6.07	6.05	(0.03)
Reinsurance	0.26	0.67	(3.49)	2.45	2.15	1.53	(0.62)
Claims Recoveries	(4.76)	(5.78)	(2.02)	(1.71)	(3.81)	-	3.81
Sub-total	3.62	1.52	1.25	6.82	4.42	8.99	4.57
Total Cost of Health Care	223.53	216.90	224.33	221.29	195.90	202.70	6.80
Contribution Margin	42.64	35.19	61.33	30.70	26.19	25.80	0.40
Administrative Expenses							
Salaries and Wages	4.56	5.68	6.07	4.68	3.50	4.03	0.53
Payroll Taxes and Benefits	1.12	1.03	1.66	1.02	0.93	1.04	0.11
Total Travel and Training	0.05	0.13	0.02	0.03	0.05	0.21	0.16
Outside Service - ACS	8.77	8.95	7.68	7.08	7.32	7.66	0.34
Outside Services - Other	0.98	0.30	0.22	0.14	0.41	0.22	(0.20)
Accounting & Actuarial Services	0.32	0.49	0.51	0.37	0.17	0.11	(0.06)
Legal Expense	0.37	0.44	0.67	0.48	0.22	0.25	0.03
Insurance	0.09	0.10	0.06	0.10	0.08	0.09	0.01
Lease Expense -Office	0.26	0.25	0.07	0.22	0.24	0.22	(0.02)
Consulting Services Expense	2.82	4.20	1.91	1.43	1.68	1.34	(0.34)
Translation Services	0.01	0.04	0.03	0.04	0.02	0.02	(0.00)
Advertising and Promotion Expense	-	0.01	-	0.03	0.12	0.12	0.00
General Office Expenses	1.69	0.68	0.69	0.53	0.73	0.77	0.03
Depreciation & Amortization Expense	0.04	0.03	0.09	0.04	0.04	0.06	0.01
Printing Expense	0.05	0.03	0.11	0.02	0.01	0.21	0.20
Shipping & Postage Expense	0.11	0.00	0.02	0.00	0.00	0.02	0.02
Interest Exp	0.24	0.01	0.14	0.15	0.20	0.08	(0.12)
Total Administrative Expenses	18.16	19.64	19.97	16.36	15.72	16.43	0.71
Net Income / (Loss)	18.94	11.25	34.16	10.66	10.47	9.36	1.11





APPENDIX

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

Comparative Balance Sheet

	8/31/13	7/31/13	6/30/13
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	\$ 85,684,442	\$ 24,277,962	\$ 50,707,852
Medi-Cal Receivable	5,637,672	35,230,747	7,543,835
Provider Receivable	1,030,614	914,174	1,161,379
Other Receivables	196,032	195,116	300,397
Total Accounts Receivable	6,864,319	36,340,038	9,005,611
Total Prepaid Accounts	1,176,495	1,226,549	351,145
Total Other Current Assets	10,000	10,000	10,000
Total Current Assets	\$ 93,735,256	\$ 61,854,548	\$ 60,074,607
Total Fixed Assets	615,332	236,494	230,913
Total Assets	\$ 94,350,588	\$ 62,091,042	\$ 60,305,520
LIABILITIES & FUND BALANCE			
Current Liabilities			
Incurred But Not Reported	\$ 34,529,652	\$ 33,171,805	\$ 29,901,103
Claims Payable	8,633,379	\$ 5,648,707	9,748,676
Capitation Payable	1,250,713	\$ 1,015,278	1,002,623
Accrued Premium Reduction	-	\$ -	-
Accounts Payable	1,466,215	\$ 2,000,411	1,693,432
Accrued ACS	1,214,024	\$ 1,191,571	422,138
Accrued Expenses	26,052,342	\$ 522,166	477,477
Accrued Premium Tax	9,252,398	\$ 7,513,140	7,286,494
Accrued Interest Payable	15,920	\$ 12,869	9,712
Current Portion of Deferred Revenue	460,000	\$ 460,000	460,000
Accrued Payroll Expense	353,902	\$ 654,538	605,937
Current Portion Of Long Term Debt	-	\$ -	41,667
Total Current Liabilities	\$ 83,228,546	\$ 52,190,484	\$ 51,649,258
Long-Term Liabilities			
Other Long-term Liability	-	-	-
Deferred Revenue - Long Term Portion	843,333	881,667	920,000
Notes Payable	7,200,000	7,200,000	7,200,000
Total Long-Term Liabilities	8,043,333	8,081,667	8,120,000
Total Liabilities	\$ 91,271,879	\$ 60,272,151	\$ 59,769,258
Beginning Fund Balance	536,262	536,262	(6,031,881)
Net Income Current Year	2,542,447	1,282,629	6,568,143
Total Fund Balance	3,078,709	1,818,891	536,262
Total Liabilities & Fund Balance	\$ 94,350,588	\$ 62,091,042	\$ 60,305,520

FINANCIAL INDICATORS

Current Ratio	1.13 : 1	1.19 : 1	1.16 : 1
Days Cash on Hand	101	29	27
Days Cash + State Capitation Receivable	108	70	63

Income Statement
For The Two Months Ended August 31, 2013

	Aug'13 Year-To-Date		Variance
	Actual	Budget	Fav/(Unfav)
Membership (includes retro members)	226,212	225,018	1,194
Revenue:			
Premium	\$ 55,475,843	\$ 53,848,976	\$ 1,626,867
Reserve for Rate Reduction	-	(258,308)	258,308
MCO Premium Tax	(2,163,627)	-	(2,163,627)
Total Net Premium	53,312,216	53,590,668	(278,452)
Other Revenue:			
Interest Income	16,499	16,155	345
Miscellaneous Income	76,667	76,666	1
Total Other Revenue	93,166	92,821	345
Total Revenue	53,405,382	53,683,489	(278,107)
Medical Expenses:			
<u>Capitation</u>	2,777,408	3,010,373	232,965
<u>Incurred Claims*</u>			
Inpatient	9,362,924	7,916,088	(1,446,836)
LTC/SNF	13,462,076	13,005,465	(456,611)
Outpatient	5,838,317	5,832,117	(6,200)
Laboratory and Radiology	335,831	474,145	138,314
Emergency Room Facility Services	1,242,805	1,127,159	(115,646)
Physician Specialty Services	3,513,126	4,004,946	491,820
FQHC Services Capitation	-	-	-
Professional FFS Expense	-	-	-
Pharmacy	6,380,415	6,814,561	434,146
Incentives - P4P	-	-	-
Other Medical Professional	288,104	416,622	128,518
Other Medical Care Expenses	-	-	-
Other Fee For Service Expense	2,373,483	3,116,302	742,819
Transportation	75,528	136,311	60,783
Total Claims	42,872,609	42,843,716	(28,893)
Medical & Care Management Expense	1,473,093	1,426,876	(46,217)
Reinsurance	(779,185)	344,277	1,123,462
Claims Recoveries	658,476	-	(658,476)
Sub-total	1,352,384	1,771,153	418,769
Total Cost of Health Care	47,002,401	47,625,242	622,841
Contribution Margin	6,402,981	6,058,247	344,734
General & Administrative Expenses:			
Salaries and Wages	983,469	958,986	(24,483)
Payroll Taxes and Benefits	235,414	247,256	11,841
Total Travel and Training	9,470	42,153	32,683
Outside Service - ACS	1,732,788	1,848,884	116,096
Outside Service - CQS	-	-	-
Outside Service - RGS	-	-	-
Outside Service - Script Care	-	-	-
Outside Services - Other	66,385	103,648	37,263
Accounting & Actuarial Services	64,166	101,667	37,500
Legal Expense	84,393	60,800	(23,593)
Insurance	21,810	21,584	(226)
Lease Expense - Office	54,460	51,960	(2,500)
Consulting Services Expense	373,777	344,276	(29,501)
Translation Services	7,666	5,325	(2,341)
Advertising and Promotion Expense	18,200	28,580	10,380
General Office Expenses	151,751	192,326	40,575
Depreciation & Amortization Expense	10,470	13,478	3,008
Printing Expense	4,046	26,526	22,480
Shipping & Postage Expense	260	16,250	15,990
Interest Exp	42,010	18,275	(23,734)
Total G & A Expenses	3,860,534	4,081,973	221,439
Net Income / (Loss)	\$ 2,542,447	\$ 1,976,274	\$ 566,173

Statement of Cash Flows - Monthly

	AUG '13	JUL '13	JUN'13
Cash Flow From Operating Activities			
Collected Premium	\$ 56,847,242	\$ -	\$ 52,138,834
Miscellaneous Income	542,489	9,195	8,594
State Pass Through Funds	25,595,240	-	34,346,474
Paid Claims			
Medical & Hospital Expenses	(13,601,172)	(18,926,200)	(17,277,826)
Pharmacy	(3,569,832)	(2,994,857)	(4,009,168)
Capitation	(1,274,000)	(1,257,418)	(1,162,302)
Reinsurance of Claims	(258,884)	(259,745)	(240,430)
HQAF Funds Distributed		-	(34,346,474)
Paid Administration	(3,119,372)	(2,163,484)	(2,616,623)
MCO Tax Received / (Paid)	628,843	(826,566)	829,564
Net Cash Provided/ (Used) by Operating Activities	61,790,554	(26,419,075)	27,670,643
Cash Flow From Investing/Financing Activities			
Proceeds from Line of Credit		-	-
Repayments on Line of Credit	-	-	-
Net Acquisition of Property/Equipment	(384,074)	(10,815)	(31,026)
Net Cash Provided/(Used) by Investing/Financing	(384,074)	(10,815)	(31,026)
Net Cash Flow	\$ 61,406,480	\$ (26,429,890)	\$ 27,639,617
Cash and Cash Equivalents (Beg. of Period)	24,277,962	50,707,852	23,068,235
Cash and Cash Equivalents (End of Period)	85,684,442	24,277,962	50,707,852
	\$ 61,406,480	\$ (26,429,890)	\$ 27,639,617
Adjustment to Reconcile Net Income to Net Cash Flow			
Net (Loss) Income	1,259,818	1,282,629	4,109,976
Depreciation & Amortization	5,235	5,235	11,407
Decrease/(Increase) in Receivables	29,475,719	(27,334,427)	22,788,941
Decrease/(Increase) in Prepaids & Other Current Assets	50,054	(875,404)	769,972
(Decrease)/Increase in Payables	24,720,848	1,172,860	(1,578,838)
(Decrease)/Increase in Other Liabilities	(38,333)	(80,000)	(121,667)
Change in MCO Tax Liability	1,739,259	226,645	1,433,012
Changes in Claims and Capitation Payable	3,220,107	(4,087,314)	1,913,029
Changes in IBNR	1,357,848	3,270,701	(1,655,189)
	61,790,554	(26,419,075)	27,670,643
Net Cash Flow from Operating Activities	\$ 61,790,554	\$ (26,419,075)	\$ 27,670,643

AGENDA ITEM 3a

To: Gold Coast Health Plan Executive/Finance Committee

From: Michelle Raleigh, Chief Financial Officer

Date: October 3, 2013

Re: State of California Contract – Updated Capitation Rates

SUMMARY:

State of California (State) Department of Health Care Services (DHCS) has presented Gold Coast Health Plan (GCHP or Plan) with updated rate packages documenting State capitation payments. GCHP staff is presenting this summary to Executive / Finance Committee for informational purposes.

BACKGROUND / DISCUSSION:

DHCS establishes monthly capitation payments made to contracted health plans via an actuarial process and updates them periodically to reflect legislated and regulated policy changes and other adjustments. Previously, GCHP staff discussed DHCS Contract Amendments 6 and 7 which reflected rate adjustments with the Commission. These amendments were approved by the Commission on June 24, 2013. The State recently provided final [pending the Centers for Medicare and Medicaid Services (CMS) review] rate packages for the fiscal year (FY) 2012-13 and draft rates for the FY 2013-14. Both of these rate packages are under review by staff.

FINANCIAL IMPACT:

The FY 2012-13 rate package clarified the following:

- Based on staff's analysis and final clarification of various budget and policy changes, staff estimates that revenue for FY 2012-13 will be \$4.0 million above what was assumed in GCHP's unaudited financials. The Plan is anticipating this additional revenue will be reflected as an audit adjustment and is confirming with the auditors before the FY 2012-13 financial audit is completed.
- The rates included additional amounts for the Hospital Quality Assurance Fee for FY 2012-13. These additional funds are to be distributed as established in Senate Bill 335.
- The rates include a 2.35% MCO tax in recognition of recently passed legislation which retroactively reinstated the tax for FY 2012-13. The Plan is awaiting a contract amendment reflecting the rate increase for the MCO tax.
- As expected, the rates have not been reduced for any AB 97 provider reductions since the State has communicated that these reductions will be made to capitation

rates for the next fiscal year (i.e., FY 2013-14). These rate reductions were discussed at the September 23, 2013 GCHP Commission meeting.

The rate packages continue to be reviewed by Staff. GHCP staff met with DHCS staff on September 23, 2013 where questions were posed about the rate development. GCHP Staff will report back to the GCHP Commission when these questions have been clarified.

CONCURRENCE:

N/A

Attachments:

None.