

**Ventura County Medi-Cal Managed Care Commission
(VCOMMCC) dba Gold Coast Health Plan (GCHP)
Executive / Finance Committee Meeting Minutes
June 4, 2015**

CALL TO ORDER

Chair Araujo called the meeting to order at 3:05 p.m. in the Executive Conference Room at Gold Coast Health Plan, 711 E. Daily Drive, Suite 106, Camarillo, CA 93010.

ROLL CALL

COMMITTEE MEMBERS PRESENT

Antonio Alatorre, Clinicas del Camino Real, Inc.
David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
Gagan Pawar, MD, Clinicas del Camino Real, Inc.
Dee Pupa, Ventura County Health Care Agency

EXCUSED / ABSENT COMMITTEE MEMBERS

David Glycer, Private Hospitals / Healthcare System

STAFF IN ATTENDANCE

Dale Villani, Chief Executive Officer
Lyndon Turner, Financial Analysis Director
Traci R. McGinley, Clerk of the Board
Scott Campbell, Legal Counsel
Stacy Diaz, Human Resources Director
William Freeman, Network Operations Director
Steven Lalich, Communications Director
Allen Maithel, Controller
Al Reeves, MD, Chief Medical Officer
Melissa Scrymgeour, Chief Information Officer
Ruth Watson, Chief Operating Officer

The Members of the Executive / Finance Committee welcomed the new CEO, Dale Villani to the Plan.

PUBLIC COMMENTS

None.

1. **APPROVE MINUTES**

a. **May 7, 2015 Regular Meeting Minutes**

It was noted that the second paragraph of item 2b, *March Financials*, should read as follows:

Committee Member Alatorre asked about the ACA 1202 payments. Financial Analysis Director Turner explained that it had been accrued in prior months.

Committee Member Pupa moved to approve the May 7, 2015 Regular Meeting Minutes as amended. Committee Member Alatorre seconded. The motion carried with the following vote:

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

2. **APPROVAL ITEMS**

The insurance items were presented next to accommodate the travel schedule of Beecher Carlson staff.

c. **Executive Liability and Errors & Omissions Insurance**

Blake Kirk of Beecher Carlson reviewed the quotes for FY 2015-16 the Executive Liability and Managed Care Errors & Omissions (E&O) Insurance with the Committee. He explained that there was a slight increase in costs which was expected due to the tightening insurance market and continued claims activity on the current policies. A non-renewal notice was received from the current carrier for the Managed Care E&O Program.

Two bids were received for the Managed Care E&O program with the recommendation to contract with AIG Lexington at an annual premium of \$64,453 with terms that matched last year's carrier. Argo / AIG rebid the Executive Liability Program with an annual premium of \$253,000.

Chair Araujo asked what the taxes and fees would be on the AIG / Lexington policy; he was advised that as a non-admitted insurance company doing business in California the taxes are typically 3% and the fees \$25.

Committee Member Alatorre moved to approve AIG / Argo for the Executive Liability policy and the AIG / Lexington for the Managed Care Errors & Omissions policy. Committee Member Pupa seconded. The motion carried with the following vote:

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

ABSENT: Glycer.

b. Reinsurance Contract

Blake Kirk of Beecher Carlson reviewed the quotes, briefly discussed the claim history and explained that OneBeacon had been GCHP's carrier from 2011-2013, but had experienced an aggregate claims loss against claims paid during that period. OneBeacon quoted for FY 2015-16, but at a much higher premium rate.

Blake Kirk of Beecher Carlson explained that GCHP has had traditional insurance to date; but costs have gotten quite high so Beecher Carlson was recommending the Plan consider an Aggregating Specific Deductible (ASD) policy from StarLine. GCHP would pay a portion of the total premium, approximately \$1.47 per-member per-month (pmpm) or \$3 million and holdback \$2 million or \$0.96 pmpm in a reserve account. As each claim exceeds the \$650,000 deductible GCHP would allocate that expense out of that \$0.96 reserve fund and when or if that fund is exhausted the carrier picks up everything above that. However, if it isn't exhausted GCHP would keep what was remaining in the fund. He added that Beecher Carlson also negotiated an experience refund on the pay rate with 40% back on the 70%.

Discussion was also held regarding an organization called Advocate Strategies which works with a lot of plans around transplants; their network typically includes USC, Cedars-Sinai or City of Hope. GCHP would benefit contracting with Advocate Strategies because they typically get better pricing due to volume.

Blake Kirk noted that Beecher Carlson recommended GCHP go with StarLine because their price was competitive, have been in business longer than the others, are A rated, have good claim turn-around and very good underwriting programs. StarLine also has the most liberal experience refund on the pay rate; they offer a claim run-in, the policy is 12 months, and each year GCHP were to renew the policy, it can carry forward the month of June into the next policy year on any claim for any member that has not yet reached the deductible. He did add that StarLine would have the option to re-rate GCHP should membership increase more than 25% above the projected growth of 205,000-210,000.

CEO Villani and COO Watson expressed agreement with the Beecher Carlson's recommendation.

Discussion was held regarding the fact that the Commission Meeting is just days before the effective date of the policy. Blake Kirk explained that the carrier will prepare the binder contingent upon final approval by the Commission as long as the Executive / Finance Committee recommends approval.

Committee Member Alatorre moved to approve the StarLine ASD proposal. Committee Member Pupa seconded. The motion carried with the following vote:

AYE: Alatorre, Araujo, Pawar and Pupa.

NAY: None.

ABSTAIN: None.
ABSENT: Glycer

a. FY 2015-16 Operating and Capital Budget

COO Watson noted that changes were made to the budget based on feedback from the Executive / Finance Committee and the Commission. She also advised the Committee that it was highly likely that legislation will be passed which will require the Plan to obtain a Knox Keene license therefore funds will need to be budgeted for that process.

Financial Analysis Director Turner highlighted that membership and revenue was been updated based on additional information from the State. Most of the growth is anticipated in the Adult Expansion (AE) population. Revenue is anticipated to increase 35% over last year due to enhanced membership. Other minor changes include a new category for the Quality Initiatives or Pay-for-Performance program, pharmacy costs have been slightly increased and mental health has been adjusted downward due to a change in experience and Applied Behavior Analysis (ABA) costs have been added into the budget at approximately \$164,000 per month beginning in September.

Committee Member Pupa suggested that information be provided to the Commission regarding the medical and non-medical staff being added and the reasons for those additions. COO Watson noted that a majority of the medical staff is driven by increased membership.

Chair Araujo asked about the increased insurance costs. Discussion was held regarding the changes needed to reflect the premium and liability fund for the premium hold back.

Committee Member Alatorre moved to approve the FY 2015-16 Operating and Capital Budget. Committee Member Pupa seconded. The motion carried with the following vote:

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

3. ACCEPT AND FILE ITEMS

a. CEO Update

CEO Villani requested COO Watson provide the Update. COO Watson reviewed the information with the Committee. The Enhanced Capitation for Services provided to GCHP's Adult Expansion (AE) Population Program was reviewed in detail.

Chair Araujo recommended that the program information note that it is for services after January 1, 2014. Committee Member Alatorre asked if the program had gone before the State. COO Watson stated that it had not, but that it was based on a program in place by another plan. Legal Counsel Campbell added that it is also based on an Attorney General opinion.

b. March Financials

Financial Analysis Director Turner briefly reviewed the financials. He explained that the Plan continues to add to the Tangible Net Equity (TNE), currently at approximately \$101.7 million.

Committee Member Alatorre asked about the enhanced capitation reimbursement. COO Watson explained that it is not in the financials for this fiscal year but is budgeted for next fiscal year.

Chairman Araujo moved to accept and file the CEO Update and the March Financials. Committee Member Pupa seconded. The motion carried with the following vote:

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

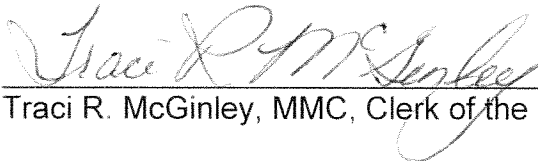
COMMENTS FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

Meeting adjourned at 4:42 p.m.

APPROVED:



Traci R. McGinley, MMC, Clerk of the Board