

**Ventura County Medi-Cal Managed Care Commission (VCMMCC)
dba Gold Coast Health Plan (GCHP)**

May 23, 2016 Regular Meeting Minutes

CALL TO ORDER

Commissioner Darren Lee called the meeting to order at 3:04 p.m. in the Lower Plaza Assembly Room at the County of Ventura Government Center – Hall of Administration, 800 South Victoria Avenue, Ventura, California.

PLEDGE OF ALLEGIANCE

Commissioner Lee led the Pledge of Allegiance.

ROLL CALL

Present: Commissioners Antonio Alatorre, Shawn Atin, Barry Fisher, Darren Lee, Gagan Pawar, M.D., Dee Pupa, and Jennifer Swenson

Absent: Commissioners Lanyard Dial, Peter Foy, and Michelle Laba, M.D.

PUBLIC COMMENT

David Cruz, Ventura County resident, invited the Commission to appear on his community outreach program.

SPECIAL PRESENTATIONS

- 1. Sponsorship Award to National Health Foundation**
- 2. Sponsorship Award to Ventura County Area Agency on Aging**

The Commission unanimously agreed to hear the special presentations once both recipients arrived.

FORMAL ACTION ITEMS

- 3. Pharmacy Benefits Manager (PBM) Request for Proposals**

RECOMMENDATION

Reject all proposals from the Request for Proposals (RFP) that staff initiated on November 6, 2015; and provide direction to staff to either: (i) open a revised RFP to all proposers, or (ii) limit a revised RFP to the three finalists identified in the current RFP process.

Scott Campbell, General Counsel, stated due to prior ownership of Magellan stock, Chief Executive Officer Dale Villani will recuse himself and Chief Operating Officer Ruth Watson will recuse herself due to nature of the Request for Proposal (RFP) and the potential for appeal.

General Counsel Campbell stated the reasons for the recommendation is there is a potential of a conflict of interest challenge due to the interview process with the prior RFP panel; the Commission has indicated it wants the RFP to have an additional focus on the ability of the proposers to be able to serve the local pharmacies as stated by the pharmacists at the February 22, 2016 meeting; and to address the 340B issues. If all the bids are rejected, the new RFP should be ready by the end of the week, the proposals can be evaluated within 30 days, and the interviews with the finalists are scheduled for July. Additionally, the Commission's rules allow for the Commission to submit the new RFP to the three candidates.

Kevin Brown, Script Care President, spoke in favor of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Keely Michalk, Script Care Director of Provider Quality Assurance, spoke in favor of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Amy Cansler, Script Care Vice President, spoke in favor of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Andrew Kugler, Mayer Brown LLP, General Counsel for Script Care, spoke in favor of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Earl Hurst, Magellan Rx Management Senior Vice President and General Manager, spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Mara Mitchel, Magellan Rx Management Senior Vice President of Strategic Operations, spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Tony Zappa, pharmacist representing Magellan Rx Management, spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Rob Coppola, Magellan Rx Management Vice President of Medicaid Sales, spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Ron Foll, Magellan Rx Management Senior Legal Counsel, addressed the conflict of interest issue concerning the Plan's CEO citing Government Code (G.C.) 1091.5

and spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

Jennifer Dauer, Diepenbrock Elkin Gleason LLP, outside counsel for Magellan Rx Management, spoke in opposition of Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals.

The Commission unanimously agreed to hear Agenda Item No. 3, Pharmacy Benefits Manager Request for Proposals after the Closed Session.

General Counsel Campbell stated per G.C.1091.5, the Ventura County representatives do not have conflict of interest as salary received from the County does not to qualify.

Commissioner Alatorre stated he did not have a conflict of interest and would not be recusing himself.

General Counsel Campbell noted additional information was received from Magellan today that pertains to the non-existence of the conflict of interest, which will be discussed in Closed Session.

Mr. Villani and Ms. Watson returned to the meeting.

SPECIAL PRESENTATIONS

1. Sponsorship Award to National Health Foundation

Kelly Bruno, representative for the National Health Foundation, received the sponsorship award.

2. Sponsorship Award to Ventura County Area Agency on Aging

Victoria Jump, representative for the Senior Nutrition Program, received the sponsorship award.

FORMAL ACTION ITEMS

4. March 2016 Fiscal Year to Date Financials

RECOMMENDATION

Accept and file March 2016 Fiscal Year to Date Financials.

Patricia Mowlavi, Chief Financial Officer, noted the Department of Health Care Services gave the Plan permission to repay line of credit to the County of Ventura and as of March 2016, the Plan's Tangible Net Equity (TNE) is at 545% of the State required minimum.

Commissioner Fisher moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

5. Fiscal Year 2016/2017 Budget

RECOMMENDATION

Approve Fiscal Year 2016/2017 Budget and the staffing levels.

Ms. Mowlavi stated due to the Plan's stable financial position, it will allow for additional investments in improving the health of the Plan's members by supporting its providers, and per the federal government's direction, is committed to moving towards outcome and value based performance.

Key budget assumptions included:

- Anticipated flat growth of 6,000 members
- 4.8% reduction in revenue rates driven by the 13.9% reduction for the Adult Expansion rates
- \$12.1 million investment in Alternative Resources for Community Health (ARCH) program
- Administrative expenses budgeted to remain flat at 6.7% of revenue
- TNE projected to be at 498% of the state required minimum

Staff gave a budget presentation which included:

- The ARCH program
- Value Based Contracting: Triple Aim of Health Care
- Impact of the Center for Medicare and Medicaid Services approved regulations for Medicaid
- Breakdown of how the revenue received from the State is applied
- Increase in provider reimbursement rates
- \$2.8 million for one time investments for strategic projects
- Estimations of the number of SB 75 enrollees
- Projection of a 84% Medical Loss Ratio by the end of next year
- \$170 million reduction in cash/investment by August/September which was created by the State's overpayments
- Little change in membership mix and revenue impact from last fiscal year
- Intentional draw down of the TNE

- Medical Cost Ratio budgeted at 92%
- Breakdown of health care costs
- Employee investments
- Focus on how project investments align with the Plan's strategic initiatives

Commissioner Pupa moved to approve the recommendation. Commissioner Fisher seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

6. Internal Audit Report, Revenue

RECOMMENDATION

Approve the Internal Audit Report.

Martin Haisma, Certified Information System Analyst, Certified Internal Auditor, Project Management Professional, Etonien Consulting, stated there were three insignificant findings in the review of the revenue policy and procedures, which have been remediated, and is currently conducting a review around Human Resources, Payroll, and Office Expenditures.

Commissioner Swenson moved to approve the recommendation. Commissioner Atin seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

7. Reinsurance for High Cost Claims Policy Renewal

RECOMMENDATION

Approve and authorize binding reinsurance for high cost claims policy renewal with StarLine per the quote estimate.

Ms. Mowlavi stated the current reinsurance policy will expire on June 30, 2016. Beecher Carlson, the Plan's insurance broker, received five bids. The StarLine quote was the lowest received with a rate reduction of \$453,000 and there is a possibility of a refund from the prior year's premium.

Commissioner Fisher moved to approve the recommendation. Commissioner Alatorre seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

8. Ventura County Behavioral Health Overdose Rescue Project Sponsorship Application Request (ARCH)

RECOMMENDATION

Approve the Ventura County Behavioral Health Overdose Rescue Project sponsorship application request for fifty-one thousand three hundred dollars (\$51,300) for 1,000 naloxone overdose rescue kits.

Commissioner Fisher recused himself as he is the Director of the Ventura County Health Care Agency.

Ralph Oyaga, Executive Director for Government, Regulatory and External Relations, gave the staff report and noted the kits come with information and training.

Dan Hicks, Ventura County Behavioral Health ADP Prevention Manager, stated the County loses 80 to 100 people each year from accidental opiate overdose, which is part of a national epidemic. Opiate overdose is the gradual cessation of breathing allowing time to respond and anyone with the proper training can legally administer the naloxone in response to an overdose crisis. A handout of overdose statistics was distributed and is on file.

A discussion followed between Commissioners and staff regarding the clarification of the contents and distribution of the kits; the benefit to current members who are at high risk of accidental overdose; ARCH requests being funded by excess resources for the current fiscal year and a budget set for fiscal year 2016/2017; and the data collection of confirmed overdose reversals.

Commissioner Atin moved to approve the recommendation. Commissioner Pawar seconded.

AYES: Commissioners Alatorre, Atin, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: Commissioner Fisher.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

Commissioner Fisher returned to the Commission meeting.

REPORTS

9. Chief Executive Officer (CEO) Update

Mr. Villani highlighted the 5th Annual Community Resource Fair held on Saturday, May 14, 2016, at Park Place in Oxnard and thanked Lupe Gonzalez and the Health Education, Community Outreach team for their great work on the event.

10. Chief Operations Officer (COO) Update

Ms. Watson stated staff is producing new information regarding membership churn statistics and is working with the County to reach out to members who are approaching the end of the redetermination period to prevent them from falling off and coming back retroactively.

11. Health Services Update

Nancy Wharfield, M.D., Associate Chief Medical Officer, noted the reporting period data was relatively flat.

12. Health Education Update

C. Albert Reeves, M.D., Chief Medical Officer, stated Lupe Gonzalez, MPH, PhD, Director of Health Education, Outreach, Cultural and Linguistic Services, is available for questions on the Community Outreach Summary report.

Commissioner Fisher moved to accept and file the reports. Commissioner Pupa seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

COMMENTS FROM COMMISSIONERS

None.

Mr. Campbell stated staff will be polling the Commissioners regarding availability for the next four Commission meetings.

Commissioner Lee noted in past discussions it had been proposed to move to electronic packets and would like to revisit the topic.

Mr. Campbell announced the Closed Sessions items are the ones listed on the Agenda and on Agenda Item No. 16 Conference with Legal Counsel – Anticipated Litigation, is to discuss the PBM RFP statements, due to the threats of litigation in writing and orally, with Mr. Villani and Ms. Watson recusing themselves for the same reasons as previously noted in Item No. 3. On Agenda Item No. 17 Conference with Legal Counsel – Existing Litigation, the two representatives from Clinicas will be recusing themselves.

CLOSED SESSION

The Commission adjourned to Closed Session at 4:46 p.m. regarding the following items:

13. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

14. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Scott Campbell, General Counsel

Unrepresented employee: Chief Executive Officer

15. PUBLIC EMPLOYEE APPOINTMENT

Title: Chief Diversity Officer

16. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Two Cases

17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Paragraph (1) of subdivision (d) of Section 54956.9
Clinicas Del Camino Real Inc. v. Ventura County Medi-Cal Managed Care
Commission dba Gold Coast Health Plan, Ventura County Superior Court Case
No. 56-2014-00456149-CU-BC-VTA

OPEN SESSION

The Regular Meeting reconvened at 6:15 p.m.

Mr. Campbell stated that no reportable action was taken for Agenda Item Nos. 13, 14, 15, and 16.

3. Pharmacy Benefits Manager Request for Proposals

Staff: Scott Campbell, General Counsel

RECOMMENDATION

Reject all proposals from the Request for Proposals (RFP) that staff initiated on November 6, 2015; and provide direction to staff to either: (i) open a revised RFP to all proposers, or (ii) limit a revised RFP to the three finalists identified in the initial RFP process.

Commissioner Fisher moved to reject all proposals from the Request for Proposals that staff initiated on November 6, 2015, and directed staff to limit a revised RFP to the three finalists identified in the prior RFP process. Commissioner Pawar seconded.

AYES: Commissioners Alatorre, Atin, Fisher, Lee, Pawar, Pupa, and Swenson.

NOES: None.

ABSTAIN: None.

ABSENT: Commissioners Dial, Foy, and Laba.

Commissioner Lee declared the motion carried.

CLOSED SESSION

The Commission adjourned to Closed Session at 6:17 p.m. regarding the following item:

17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Paragraph (1) of subdivision (d) of Section 54956.9
Clinicas Del Camino Real Inc. v. Ventura County Medi-Cal Managed Care
Commission dba Gold Coast Health Plan, Ventura County Superior Court Case
No. 56-2014-00456149-CU-BC-VTA

OPEN SESSION

The Regular Meeting reconvened at 6:34 p.m.

Commissioner Lee stated that no reportable action was taken for Agenda Item No. 17.

ADJOURNMENT

The meeting was adjourned at 6:35 p.m.

APPROVED:



Tracy J. Oehler, Clerk of the Board