

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

**Executive/Finance Committee Regular Meeting**

**Special Meeting**

**Friday, November 17, 2017 – 2:00 p.m.**

**Community Room at Gold Coast Health Plan**

**711 E. Daily Drive, Suite 106, Camarillo, CA 93010**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

The public has the opportunity to address Ventura County Medi-Cal Managed Care Commission (VCMCC) doing business as Gold Coast Health Plan Executive/Finance Committee on the agenda. Persons wishing to address the Committee should complete and submit a speaker card.

Persons wishing to address the Committee are limited to three minutes. Comments regarding items not on the agenda must be within the subject matter jurisdiction of the Committee.

**CONSENT CALENDAR**

**1. Approval of the Executive/Finance Committee Regular Minutes of June 8, 2017**

Staff: Tracy Oehler, Clerk of the Board

RECOMMENDATION: Approve the minutes.

**2. Approval of the 2018 Executive/Finance Committee Meeting Calendar**

Staff: Tracy Oehler, Clerk of the Board

RECOMMENDATION: Approve the 2018 Executive/Finance Committee meeting calendar.

### **FORMAL ACTION ITEMS**

#### **3. September 2017 Fiscal Year to Date Financials**

Staff: Lyndon Turner, Interim Chief Financial Officer

RECOMMENDATION: Accept the September 2017 Fiscal Year to Date Financials and forward to the Ventura County Medi-Cal Managed Care Commission for approval.

### **INFORMATIONAL UPDATE**

#### **4. Tangible Net Equity (TNE) Strategy**

Staff: Dale Villani, Chief Executive Officer and Lyndon Turner, Interim Chief Financial Officer

RECOMMENDATION: Accept and file.

#### **5. PUBLIC EMPLOYEE APPOINTMENT**

Title: Chief Financial Officer

### **COMMENTS FROM COMMITTEE MEMBERS**

### **ADJOURNMENT**

---

Administrative Reports relating to this agenda are available at 711 East Daily Drive, Suite #106, Camarillo, California, during normal business hours and on <http://goldcoasthealthplan.org>. Materials related to an agenda item submitted to the Committee after distribution of the agenda packet are available for public review during normal business hours at the office of the Clerk of the Board.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact (805) 437-5509. Notification for accommodation must be made by the Tuesday prior to the meeting by 3 p.m. will enable the Clerk of the Board to make reasonable arrangements for accessibility to this meeting.

## AGENDA ITEM NO. 1

### Ventura County Medi-Cal Managed Care Commission (VCMMCC) Executive/Finance Committee

#### June 8, 2017 Regular Meeting Minutes

#### **CALL TO ORDER**

Committee member Darren Lee called the meeting to order at 3:03 p.m. in the Community Room located at Gold Coast Health Plan, 711 East Daily Drive, Camarillo, California.

#### **ROLL CALL**

Present: Committee members Antonio Alatorre (arrived 3:09 p.m.), Narcisa Egan, Darren Lee, and Catherine Rodriguez.

Absent: Committee member Jennifer Swenson.

#### **PUBLIC COMMENT**

None.

#### **CONSENT CALENDAR**

1. **Approval of the Executive/Finance Committee Regular Minutes of January 5, 2017**

RECOMMENDATION: Approve the minutes.

Committee member Rodriguez moved to approve the recommendation. Committee member Egan seconded. The vote was as follows:

AYES: Committee members Egan, Lee, and Rodriguez.

NOES: None.

ABSENT: Committee members Alatorre and Swenson.

Committee member Lee declared the motion carried.

#### **FORMAL ACTION ITEMS**

2. **April 2017 Fiscal Year to Date Financials**

RECOMMENDATION: Accept the April 2017 Fiscal Year to Date Financials and forward to the Ventura County Medi-Cal Managed Care Commission for approval.

Patricia Mowlavi, Chief Financial Officer, reviewed the April 2017 fiscal year to date financials and reported there was a gain in net assets of \$6.1 million, which was \$8.7 million higher than budget. The cost of health care was lower than budget, driven by the timing of the Alternative Resources for Community Health (ARCH) grant program. Current membership was 205,106 a decline of 8,716 members and staff is working on a task force to focus on ways to enroll eligible individuals back into Medi-Cal. On a per member per month (PMPM) basis, the revenue was \$4.15 above budget resulting from the membership mix, with more than expected Adult Expansion membership. The Medical Loss Ratio (MLR) continues to increase, is at 92.2% of revenue, and is anticipated to increase by year-end.

Committee member Alatorre arrived at 3:09 p.m.

Ms. Mowlavi stated on page 17 of the agenda packet, the \$131 million for the Adult Expansion overpayment was moved from a long-term liability to a short-term liability as it is expected the State of California will soon be collecting the overpayment.

A discussion followed between the Committee members and staff regarding that there is no indication the State of California will charge interest on the overpayment monies; and the \$4 million dollars shown in March was a release of prior reserves as the Adult Expansion experience developed and the MLR has exceeded 85%.

Committee member Egan moved to approve the recommendation. Committee member Rodriguez seconded. The vote was as follows:

AYES: Committee members Alatorre, Egan, Lee, and Rodriguez.

NOES: None.

ABSENT: Committee member Swenson.

Committee member Lee declared the motion carried.

### **3. Gold Coast Health Plan Budget Fiscal Year 2017-2018**

RECOMMENDATION: Accept the Gold Coast Health Plan Budget for Fiscal Year 2017-2018 and forward to the Ventura County Medi-Cal Managed Care Commission for approval.

Ms. Mowlavi provided the Commission with a handout of the presentation. (A copy of the presentation is on file.) Highlights included membership is projected to remain stable at 202,696 members; revenue remains relatively flat though there was a slight increase of 0.16%; the cost of health care continues to exceed the State rate assumption at 92.6% of revenue; administrative expenses are budgeted at 7.3% of revenue; and the Tangible Net Equity (TNE) is projected at 547% of the State required minimum by year end. The Medical Cost Ratio has improved from 86% from last fiscal year and is projected to increase to 93% by this fiscal year

end. There is an anticipated loss of \$1 million for this fiscal year. Additionally, there is no money set aside in the proposed budget for the ARCH program as it is being used to draw down the excess TNE. It was noted the Plan has the lowest TNE of all the County Organized Health Systems (COHS).

Lyndon Turner, Senior Director of Financial Analysis, reviewed the Income Statement Summary and stated the premium revenue was slightly up; capitation appears to be flat but reminded the Committee that in 2016/2017 there was one month with the accrued Adult Expansion enhanced capitation consisting of approximately \$4.1 million creating an inflated amount; and there is a 3.7% increase for the in-patient. Savings are expected to be modest under the new OptumRx contract. Administrative expenses are holding flat and the non-operating income will be decreasing due to the repayment to the State, ending with a \$2 million gain for the budget year.

A discussion followed between the Committee members and staff regarding the premium revenue not being inflated or adjusted down, as there is no longer a need for a reserve. It was clarified the budget does not include the April actuals reflective of a nine plus three.

Melissa Scrymgeour, Chief Information Officer, reviewed the project portfolio, which was derived from the three-year strategic plan.

Commissioner Rodriguez requested the projections for the capital expenditures be included for the next Commission meeting, as well as the number of full time equivalents along with the salary ranges by position.

Committee member Rodriguez moved to approve the recommendation. Committee member Alatorre seconded. The vote was as follows:

AYES: Committee members Alatorre, Egan, Lee, and Rodriguez.

NOES: None.

ABSENT: Committee member Swenson.

Committee member Lee declared the motion carried.

## **REPORTS**

### **4. Implementation of OptumRx Update**

**RECOMMENDATION:** Accept and file the report.

Anne Freese, PharmD, Director of Pharmacy, gave an update on the implementation of OptumRx the new pharmacy benefit manager (PBM). OptumRx went live on June 1, 2017, and has received over 35,000 paid claims, which is average at approximately 5,000 claims per day. Dr. Freese stated there have been

some issues, which include the Kaiser contract being outstanding. However, members are continuing to receive their prescriptions. Another issue was with the pharmacy coding that has been reviewed and adjusted with only four pharmacies outstanding. Additionally, there are pharmacies that are not satisfied with the reimbursements and have been directed to go through the OptumRx appeal process. The Committee stressed that if the rates are not competitive it is important OptumRx be proactive and address these concerns promptly and that staff assist with resolving this issue. Lastly, Script Care, Ltd. has provided a proposal for a way to continue the 340B process and discussions are occurring on how the data will be transferred.

A discussion followed between the Committee members and staff regarding comparative data being available from the other COHS, but data is not available from none COHS, and to follow-up on the 340B percentages.

### **COMMENTS FROM COMMITTEE MEMBERS**

None.

### **ADJOURNMENT**

The meeting was adjourned at 4:12 p.m.



AGENDA ITEM NO. 2

2018 Executive/Finance Committee Meetings

711 E. Daily Drive, Community Room, Camarillo, CA  
Meeting time is at 3:00 p.m.

January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
25	26	27	28			

March						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

September						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

### **AGENDA ITEM NO. 3**

TO: Gold Coast Health Plan Executive/Finance Committee

FROM: Lyndon Turner, Interim Chief Financial Officer

DATE: November 17, 2017

SUBJECT: September 2017 Fiscal Year to Date Financials

#### **SUMMARY:**

Staff is presenting the attached September 2017 fiscal year-to-date (FYTD) financial statements (unaudited) of Gold Coast Health Plan (“Plan”) for review by the Executive/Finance Committee. The Plan requests that the Executive/Finance Committee recommend approval of these financials to the Commission.

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

The staff has prepared the September 2017 FYTD financial package, including statements of financial position, statement of revenues, expenses and changes in net assets, and statement of cash flows.

#### **FISCAL IMPACT:**

##### **Financial Highlights**

Overall Performance – For the three month period ended September 30, 2017, the Plan’s performance was a decrease in net assets of \$6.5 million, which was \$6.7 million higher than budget. Cost of health care was higher than budget by \$9.2 million, which was driven by higher contracted rates and high-cost Inpatient claims. The medical loss ratio increased to 97.1 percent of revenue, which was 4.5 percent higher than the budget. Administrative savings were realized through lower than projected administrative expenses. The administrative cost ratio was 0.04 percent lower than budget.

Membership – September membership of 205,695 was 1,035 members higher than budget due higher than expected membership in the Adult Expansion category of aid.

Revenue – September FYTD net revenue was \$173.3 million or \$1.5 million higher than budget, On a PMPM basis, revenue was \$2.80 PMPM above budget due to membership mix, with higher than expected Adult Expansion membership.



**MCO Tax** – MCO tax is a pre-determined liability in accordance with Senate Bill X2-2 passed in October 2016. The Plan’s MCO tax liability for FY 2018 is \$89.3 million, accrued at a rate of approximately \$7.4 million per month. The second quarterly installment of MCO tax for the fiscal year is scheduled for payment in January 2018.

**Health Care Costs** – September FYTD health care costs were \$168.3 million or \$9.2 million higher than budget. The medical loss ratio (MLR) was 97.1 percent versus 92.6 percent for budget.

**Adult Expansion Population 85% Medical Loss Ratio** – The Balance Sheet contains a \$131.3 million reserve for return of potential Medi-Cal capitation revenue to the DHCS under the terms of the MLR contract language.

	Expansion Population				Classic Population
	1/1/2014 - 6/30/2015 MLR Period 1	7/1/2015 - 6/30/2016 MLR Period 2	7/1/2016 - 6/30/2017 MLR Period 3	7/1/2016 - 9/30/17 MLR Period 4	7/1/2016 - 9/30/17
Total Revenue	361,237,234	293,173,426	268,060,238	66,534,242	106,730,775
Total Estimated Medical Expense	206,719,452	237,729,974	234,431,483	65,041,506	103,336,875
	57.2%	81.1%	87.5%	97.8%	96.8%
<b>Total MLR Reserve</b>	<b>118,168,494</b>	<b>13,101,452</b>			

**Administrative Expenses** – For the fiscal year ended September 30, administrative costs were \$12.4 million or \$270,000 below budget. As a percentage of revenue, administrative costs (or ACR) were 7.1 percent versus 7.4 percent for budget.

**Cash and Investments** – At September 30, the Plan had \$444.7 million in cash and short-term investments. The AE overpayment due to DHCS (related to incorrect rate payments and to achieve 85% MLR) totals \$234.5 million. For the fiscal year ended September, the State has recouped a total of \$45.8 million related to AE rate overpayment.

**Investment Portfolio** – At September 30, 2017, the value of the investments (all short term) was \$250.9 million. The portfolio included Cal Trust \$51.1 million; Ventura County Investment Pool \$86.1 million; LAIF CA State \$63.7 million; Bonds and Commercial Paper \$50 million.

**RECOMMENDATION:**

Staff requests that the Executive / Finance Committee recommend approval of the September 2017 financial package.

**CONCURRENCE:**

N/A

**ATTACHMENT:**

September 2017 Financial Package



## **FINANCIAL PACKAGE**

For the month ended September 30, 2017

### **TABLE OF CONTENTS**

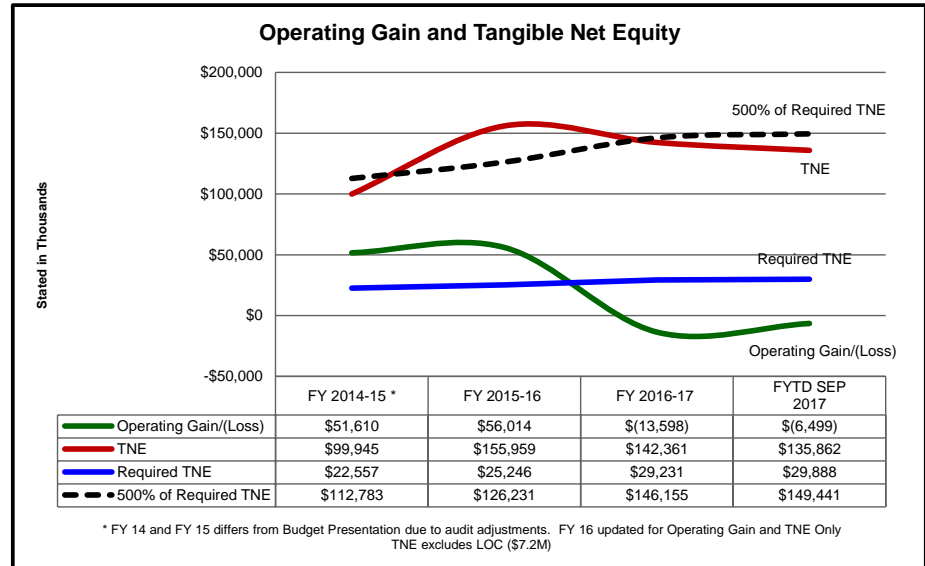
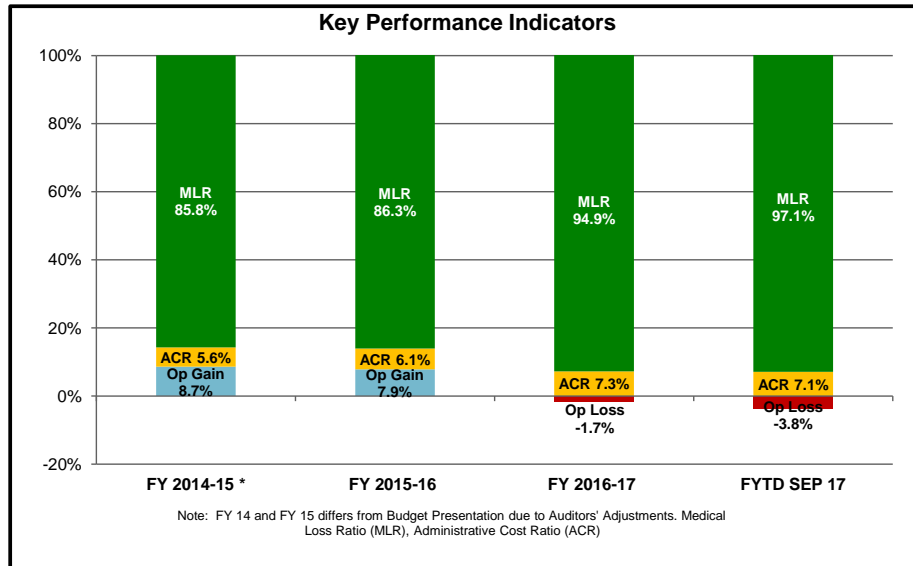
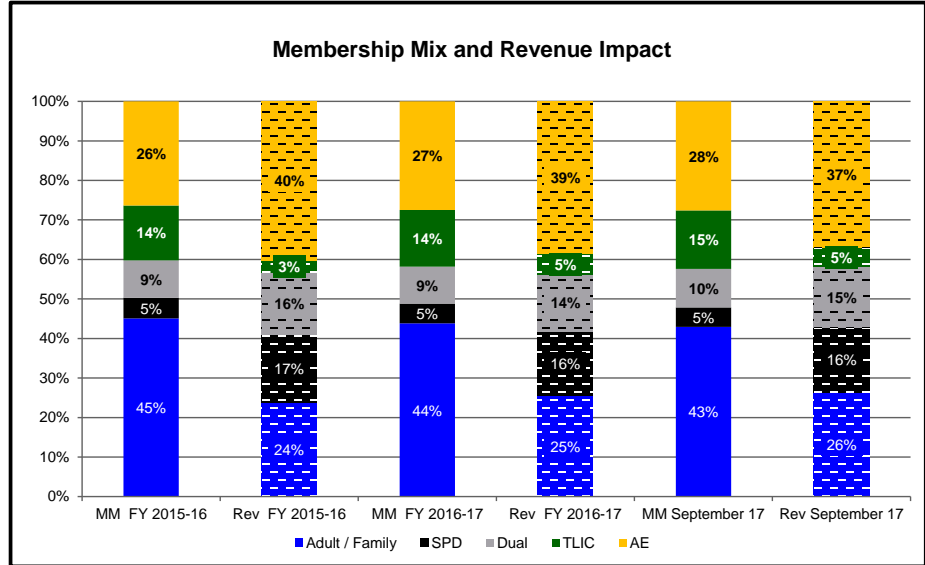
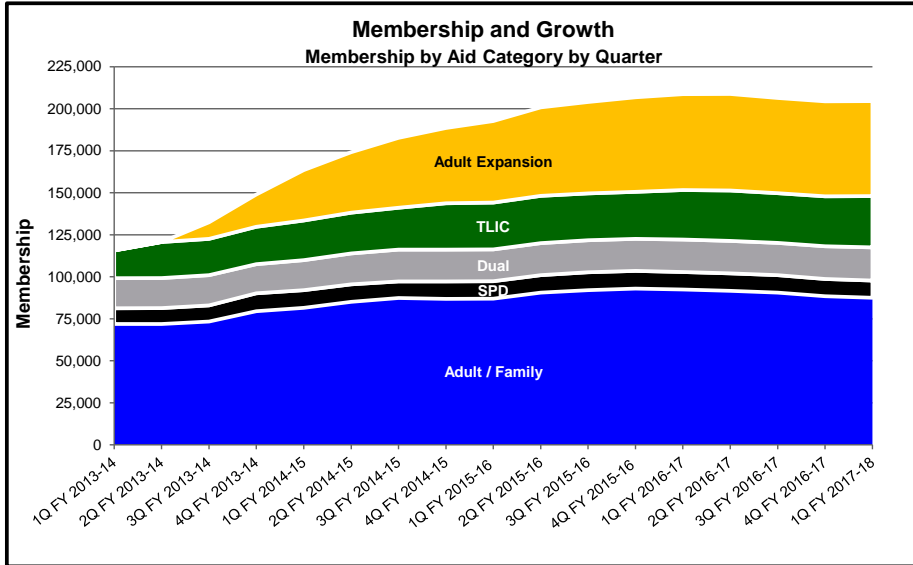
- Financial Overview
- Financial Performance Dashboard
- Cash and Operating Expense Requirements

### **APPENDIX**

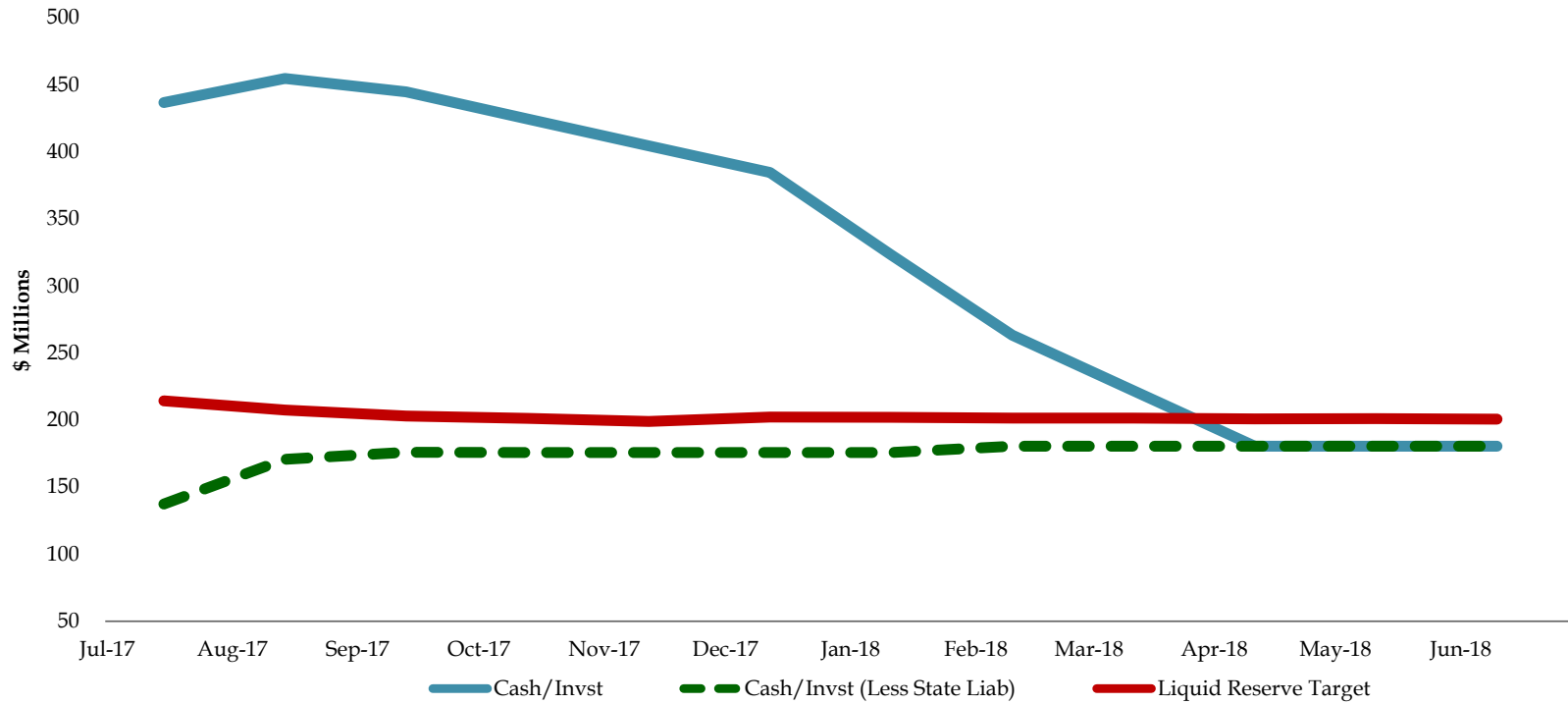
- Statement of Financial Positions
- YTD Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Membership
- Paid Claims and IBNP Composition

Description	AUDITED	AUDITED	FY 2017-18				Budget Comparison	
	FY 2015-16	FY 2016-17	JUL 17	AUG 17	SEP 17	FYTD SEP 17	Budget FYTD	Variance Fav / (Unfav)
<b>Member Months</b>	<b>2,413,136</b>	<b>2,485,202</b>	<b>203,077</b>	<b>205,002</b>	<b>205,695</b>	<b>613,774</b>	<b>614,409</b>	(635)
<b>Revenue</b>	<b>675,629,602</b>	<b>680,255,278</b>	<b>57,560,932</b>	<b>57,633,531</b>	<b>58,070,555</b>	<b>173,265,018</b>	<b>171,724,917</b>	1,540,101
<i>pppm</i>	279.98	273.72	283.44	281.14	282.31	282.29	279.50	2.80
<b>Health Care Costs</b>	<b>583,149,780</b>	<b>645,931,276</b>	<b>57,605,616</b>	<b>58,083,191</b>	<b>52,607,136</b>	<b>168,295,943</b>	<b>159,064,086</b>	(9,231,857)
<i>pppm</i>	241.66	259.91	283.66	283.33	255.75	274.20	258.89	(15.31)
% of Revenue	86.3%	95.0%	100.1%	100.8%	90.6%	97.1%	92.6%	-4.5%
<b>Admin Exp</b>	<b>38,256,908</b>	<b>51,176,317</b>	<b>4,246,896</b>	<b>4,115,955</b>	<b>4,018,408</b>	<b>12,381,259</b>	<b>12,651,130</b>	269,870
<i>pppm</i>	15.85	20.59	20.91	20.08	19.54	20.17	20.59	0.42
% of Revenue	5.7%	7.5%	7.4%	7.1%	6.9%	7.1%	7.4%	0.2%
<b>Non-Operating Revenue / (Expense)</b>	<b>1,790,949</b>	<b>3,254,139</b>	<b>302,433</b>	<b>282,279</b>	<b>328,847</b>	<b>913,559</b>	<b>228,967</b>	684,593
<i>pppm</i>	0.74	1.31	1.49	1.38	1.60	1.49	0.37	1.12
% of Revenue	0.3%	0.5%	-0.5%	-0.5%	-0.6%	-0.5%	-0.1%	-0.4%
<b>Total Increase / (Decrease) in Unrestricted Net Assets</b>	<b>56,013,863</b>	<b>(13,598,175)</b>	<b>(3,989,147)</b>	<b>(4,283,336)</b>	<b>1,773,858</b>	<b>(6,498,625)</b>	<b>238,668</b>	(6,737,293)
<i>pppm</i>	23.21	(5.47)	(19.64)	(20.89)	8.62	(10.59)	0.39	(10.98)
% of Revenue	8.3%	2.0%	-6.9%	-7.4%	3.1%	-3.8%	0.1%	3.9%
<b>YTD</b>								
100% TNE	25,246,284	29,231,052	30,067,645	30,129,010	29,888,218	29,888,218	29,490,525	397,693
% TNE Required	100%	100%	100%	100%	100%	100%	100%	
Minimum Required TNE	25,246,284	29,231,052	30,067,645	30,129,010	29,888,218	29,888,218	29,490,525	397,693
<b>GCHP TNE</b>	<b>155,959,127</b>	<b>142,360,951</b>	<b>138,371,804</b>	<b>134,088,469</b>	<b>135,862,326</b>	<b>135,862,326</b>	<b>142,599,619</b>	(6,737,292)
TNE Excess / (Deficiency)	<b>130,712,843</b>	<b>113,129,900</b>	<b>108,304,160</b>	<b>103,959,459</b>	<b>105,974,109</b>	<b>105,974,109</b>	<b>113,109,094</b>	(7,134,985)
% of Required TNE level	<b>618%</b>	<b>487%</b>	<b>460%</b>	<b>445%</b>	<b>455%</b>	<b>455%</b>	<b>484%</b>	

## FINANCIAL PERFORMANCE DASHBOARD FOR MONTH ENDING SEPTEMBER 30, 2017



## GOLD COAST HEALTH PLAN FY 2017 - 18 Cash & Operating Expense Requirements



Assumes payback to DHCS for AE rate overpayment and MLR (85%) capitation to be completed by April 2018.



For the month ended September 30, 2017

**APPENDIX**

- Statement of Financial Position
- YTD Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Membership
- Paid Claims and IBNP Composition

**STATEMENT OF FINANCIAL POSITION**

	09/30/17	08/31/17	07/31/17
<b>ASSETS</b>			
<b>Current Assets:</b>			
<b>Total Cash and Cash Equivalents</b>	\$ 193,796,041	\$ 203,943,722	\$ 167,132,712
<b>Total Short-Term Investments</b>	250,896,509	250,730,805	269,555,019
Medi-Cal Receivable	92,245,791	94,731,725	122,618,874
Interest Receivable	516,998	459,850	518,205
Provider Receivable	557,467	667,563	705,630
Other Receivables	1,500,000	1,500,000	1,500,000
<b>Total Accounts Receivable</b>	<b>94,820,256</b>	<b>97,359,139</b>	<b>125,342,709</b>
Total Prepaid Accounts	1,614,382	1,893,643	1,794,254
Total Other Current Assets	135,560	135,560	135,560
<b>Total Current Assets</b>	<b>541,262,749</b>	<b>554,062,870</b>	<b>563,960,255</b>
<b>Total Fixed Assets</b>	<b>2,216,537</b>	<b>2,260,874</b>	<b>2,305,131</b>
<b>Total Assets</b>	<b>\$ 543,479,286</b>	<b>\$ 556,323,744</b>	<b>\$ 566,265,386</b>
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Current Liabilities:</b>			
Incurred But Not Reported	\$ 56,345,708	\$ 52,073,578	\$ 53,141,812
Claims Payable	23,839,533	28,239,908	18,179,523
Capitation Payable	57,160,872	57,125,863	57,354,194
DHCS - Reserve for Capitation Recoup	131,269,946	131,269,946	131,269,946
Accounts Payable	2,268,304	9,034,195	16,052,879
Accrued ACS	1,688,638	1,707,424	1,691,408
Accrued Expenses	112,140,057	127,422,461	142,483,948
Accrued Premium Tax	20,492,764	13,047,415	5,602,074
Accrued Payroll Expense	1,390,368	1,293,442	1,096,483
<b>Total Current Liabilities</b>	<b>406,596,190</b>	<b>421,214,233</b>	<b>426,872,267</b>
<b>Long-Term Liabilities:</b>			
Other Long-term Liability-Deferred Rent	1,020,770	1,021,042	1,021,315
<b>Total Long-Term Liabilities</b>	<b>1,020,770</b>	<b>1,021,042</b>	<b>1,021,315</b>
<b>Total Liabilities</b>	<b>407,616,960</b>	<b>422,235,276</b>	<b>427,893,582</b>
<b>Net Assets:</b>			
Beginning Net Assets	142,360,951	142,360,951	142,360,951
Total Increase / (Decrease in Unrestricted Net Assets)	(6,498,625)	(8,272,483)	(3,989,147)
<b>Total Net Assets</b>	<b>135,862,326</b>	<b>134,088,469</b>	<b>138,371,804</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 543,479,286</b>	<b>\$ 556,323,744</b>	<b>\$ 566,265,386</b>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THREE MONTHS ENDED SEPTEMBER 30, 2017**

	SEPTEMBER 2017 Year-To-Date		Variance Fav / (Unfav)
	Actual	Budget	
<b>Membership (includes retro members)</b>	613,774	614,409	(635)
<b>Revenue</b>			
Premium	\$ 195,601,048	\$ 195,356,739	\$ 244,309
MCO Premium Tax	(22,336,030)	(23,631,822)	1,295,792
<b>Total Net Premium</b>	<b>173,265,018</b>	<b>171,724,917</b>	<b>1,540,101</b>
<b>Total Revenue</b>	<b>173,265,018</b>	<b>171,724,917</b>	<b>1,540,101</b>
<b>Medical Expenses:</b>			
<u>Capitation (PCP, Specialty, Kaiser, NEMT &amp; Vision)</u>	15,555,073	16,265,533	710,460
<u>FFS Claims Expenses:</u>			
Inpatient	31,724,766	32,891,286	1,166,520
LTC / SNF	30,001,315	28,983,033	(1,018,283)
Outpatient	13,817,390	12,972,481	(844,909)
Laboratory and Radiology	1,105,378	687,313	(418,065)
Emergency Room	8,193,191	6,286,912	(1,906,279)
Physician Specialty	13,604,726	12,819,163	(785,563)
Primary Care Physician	4,520,326	3,637,760	(882,566)
Home & Community Based Services	3,640,622	4,551,571	910,949
Applied Behavior Analysis Services	1,983,107	1,173,235	(809,872)
Mental Health Services	1,571,783	2,340,316	768,533
Pharmacy	35,345,808	27,993,075	(7,352,733)
Other Medical Professional	848,154	1,200,646	352,492
Other Medical Care	6,240	0	(6,240)
Other Fee For Service	2,574,219	1,988,281	(585,938)
Transportation	569,572	367,585	(201,987)
Total Claims	149,506,595	137,892,657	(11,613,938)
Medical & Care Management Expense	2,824,510	3,560,340	735,830
Reinsurance	756,685	1,345,556	588,871
Claims Recoveries	(346,920)	0	346,920
Sub-total	3,234,274	4,905,896	1,671,621
<b>Total Cost of Health Care</b>	<b>168,295,943</b>	<b>159,064,086</b>	<b>(9,231,857)</b>
<b>Contribution Margin</b>	<b>4,969,075</b>	<b>12,660,831</b>	<b>(7,691,756)</b>
<b>General &amp; Administrative Expenses:</b>			
Salaries, Wages & Employee Benefits	5,631,544	5,993,882	362,338
Training, Conference & Travel	66,921	172,774	105,853
Outside Services	6,476,271	6,919,913	443,642
Professional Services	1,081,801	895,500	(186,301)
Occupancy, Supplies, Insurance & Others	1,650,977	2,229,400	578,423
ARCH/Community Grants	298,254	0	(298,254)
Care Management Credit	(2,824,510)	(3,560,340)	(735,830)
Total G & A Expenses	<b>12,381,259</b>	<b>12,651,130</b>	<b>269,870</b>
<b>Total Operating Gain / (Loss)</b>	<b>\$ (7,412,184)</b>	<b>\$ 9,701</b>	<b>\$ (7,421,885)</b>
<b>Non Operating</b>			
Revenues - Interest	913,559	228,967	684,593
<b>Total Non-Operating</b>	913,559	228,967	684,593
<b>Total Increase / (Decrease) in Unrestricted Net Assets</b>	<b>\$ (6,498,625)</b>	<b>\$ 238,668</b>	<b>\$ (6,737,293)</b>
Net Assets, Beginning of Year	142,360,951		
Net Assets, End of Current Period	135,862,326		



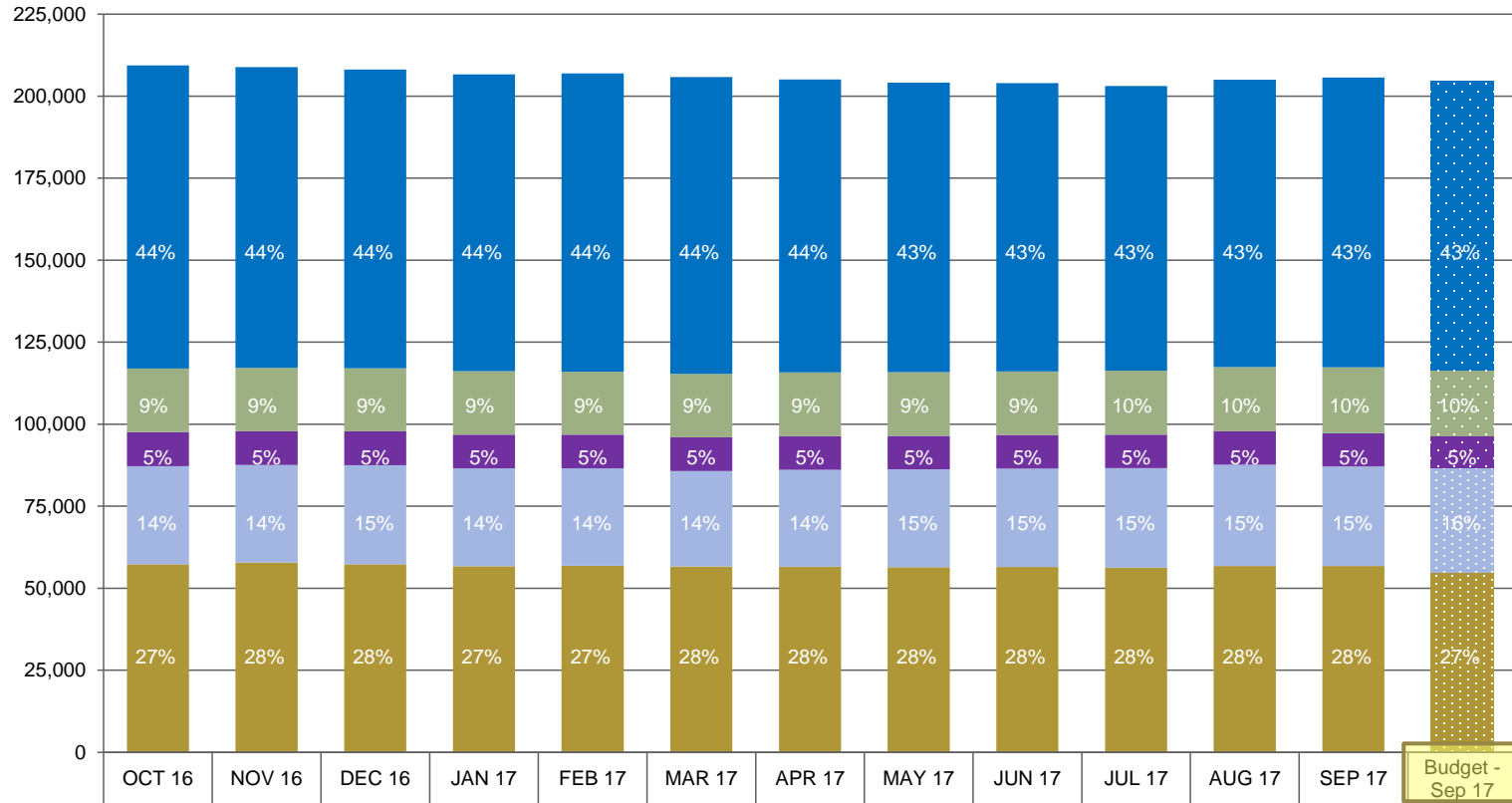
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	FY 2016-17			FY 2017-18 Monthly Trend			Current Month		
	Jun 17	Jul 17	Aug 17	SEPTEMBER 2017		Variance Fav / (Unfav)			
				Actual	Budget				
<b>Membership (includes retro members)</b>	203,990	203,077	205,002	205,695	204,660	1,035			
<b>Revenue:</b>									
Premium	\$ 62,406,054	\$ 65,006,273	\$ 65,078,872	\$ 65,515,904	\$ 65,051,905	\$ 463,998			
MCO Premium Tax	(7,333,552)	(7,445,341)	(7,445,341)	(7,445,348)	(7,871,774)	426,426			
<b>Total Net Premium</b>	<b>55,072,502</b>	<b>57,560,932</b>	<b>57,633,531</b>	<b>58,070,555</b>	<b>57,180,131</b>	<b>890,424</b>			
<b>Total Revenue</b>	<b>55,072,502</b>	<b>57,560,932</b>	<b>57,633,531</b>	<b>58,070,555</b>	<b>57,180,131</b>	<b>890,424</b>			
<b>Medical Expenses:</b>									
<u>Capitation (PCP, Specialty, Kaiser, NEMT &amp; Vision)</u>	5,296,649	5,196,768	5,162,964	5,195,341	5,412,808	217,467			
<u>FFS Claims Expenses:</u>									
Inpatient	8,603,936	11,930,937	11,586,395	8,207,433	10,947,673	2,740,240			
LTC / SNF	10,552,442	10,602,658	10,114,354	9,284,303	9,649,015	364,712			
Outpatient	3,812,264	3,455,473	5,607,078	4,754,839	4,319,221	(435,617)			
Laboratory and Radiology	211,239	432,458	350,157	322,764	228,858	(93,905)			
Physician ACA 1202	370,381	0	0	0	0	0			
Emergency Room	2,211,124	2,077,878	3,020,035	3,095,278	2,092,463	(1,002,815)			
Physician Specialty	4,741,892	4,524,338	4,665,076	4,415,312	4,268,892	(146,421)			
Primary Care Physician	1,708,898	1,402,259	1,302,571	1,815,495	1,211,346	(604,149)			
Home & Community Based Services	1,475,139	1,078,625	1,072,894	1,489,103	1,520,222	31,119			
Applied Behavior Analysis Services	684,387	627,661	757,729	597,717	390,562	(207,155)			
Mental Health Services	697,153	664,607	426,848	480,327	778,856	298,529			
Pharmacy	12,698,077	13,244,829	11,428,152	10,672,826	9,314,312	(1,358,514)			
Other Medical Professional	368,748	287,126	294,355	266,673	399,900	133,227			
Other Medical Care	0	0	6,240	0	0	0			
Other Fee For Service	842,709	801,567	960,938	811,715	662,332	(149,383)			
Transportation	391,072	147,303	247,980	174,290	122,281	(52,008)			
<b>Total Claims</b>	<b>49,369,463</b>	<b>51,277,719</b>	<b>51,840,803</b>	<b>46,388,074</b>	<b>45,905,932</b>	<b>(482,141)</b>			
Medical & Care Management Expense	1,113,973	862,769	1,015,943	945,798	1,136,347	190,549			
Reinsurance	252,147	251,985	251,278	253,422	448,205	194,783			
Claims Recoveries	(672,140)	16,376	(187,798)	(175,499)	0	175,499			
Sub-total	693,979	1,131,130	1,079,423	1,023,721	1,584,552	560,831			
<b>Total Cost of Health Care</b>	<b>55,360,092</b>	<b>57,605,616</b>	<b>58,083,191</b>	<b>52,607,136</b>	<b>52,903,293</b>	<b>296,157</b>			
<b>Contribution Margin</b>	<b>(287,590)</b>	<b>(44,684)</b>	<b>(449,660)</b>	<b>5,463,419</b>	<b>4,276,839</b>	<b>1,186,580</b>			
<b>General &amp; Administrative Expenses:</b>									
Salaries, Wages & Employee Benefits	1,949,388	1,745,912	1,986,761	1,898,872	1,967,351	68,479			
Training, Conference & Travel	26,061	22,722	20,631	23,568	59,075	35,507			
Outside Services	2,276,567	2,099,910	2,197,098	2,179,263	2,304,920	125,657			
Professional Services	587,108	354,196	391,965	335,641	281,058	(54,582)			
Occupancy, Supplies, Insurance & Others	858,173	588,671	535,444	526,862	603,332	76,469			
ARCH/Community Grants	1,202,990	298,254	0	0	0	0			
Care Management Credit	(1,113,973)	(862,769)	(1,015,943)	(945,798)	(1,136,347)	(190,549)			
<b>Total G &amp; A Expenses</b>	<b>5,786,313</b>	<b>4,246,896</b>	<b>4,115,955</b>	<b>4,018,408</b>	<b>4,079,389</b>	<b>60,981</b>			
<b>Total Operating Gain / (Loss)</b>	<b>(6,073,903)</b>	<b>(4,291,580)</b>	<b>(4,565,615)</b>	<b>1,445,011</b>	<b>197,449</b>	<b>1,247,562</b>			
<b>Non Operating:</b>									
Revenues - Interest	323,968	302,433	282,279	328,847	76,240	252,607			
<b>Total Non-Operating</b>	<b>323,968</b>	<b>302,433</b>	<b>282,279</b>	<b>328,847</b>	<b>76,240</b>	<b>252,607</b>			
<b>Total Increase / (Decrease) in Unrestricted Net Assets</b>	<b>(5,749,936)</b>	<b>(3,989,147)</b>	<b>(4,283,336)</b>	<b>1,773,858</b>	<b>273,689</b>	<b>1,500,168</b>			
<b>Full Time Employees</b>				<b>180</b>	<b>184</b>	<b>4</b>			

<b>STATEMENT OF CASH FLOWS</b>	<b>July 17</b>	<b>Aug 17</b>	<b>Sept 17</b>	<b>FYTD 17-18</b>
<b>Cash Flows Provided By Operating Activities</b>				
Net Income (Loss)	(3,989,147)	(4,283,336)	1,773,858	(6,498,625)
<b>Adjustments to reconciled net income to net cash provided by operating activities</b>				
Depreciation on fixed assets	44,685	44,257	44,337	133,279
Amortization of discounts and premium	(28,951)	(26,201)	(22,098)	(77,250)
<b>Changes in Operating Assets and Liabilities</b>				
Accounts Receivable	2,361,682	27,983,570	2,538,883	32,884,134
Prepaid Expenses	1,704,743	(99,389)	279,261	1,884,615
Accounts Payable	(2,245,306)	(21,867,467)	(21,970,428)	(46,083,201)
Claims Payable	(4,662,380)	9,832,054	(4,365,366)	804,307
MCO Tax liability	(13,573,650)	7,445,341	7,445,348	1,317,039
IBNR	(224,535)	(1,068,234)	4,272,130	2,979,361
<b>Net Cash Provided by Operating Activities</b>	<b>(20,612,860)</b>	<b>17,960,595</b>	<b>(10,004,074)</b>	<b>(12,656,340)</b>
<b>Cash Flow Provided By Investing Activities</b>				
Proceeds from Restricted Cash & Other Assets				
Proceeds from Investments	50,000,000	19,000,000	-	69,000,000
Proceeds for Sales of Property, Plant and Equipment				
Payments for Restricted Cash and Other Assets				
Purchase of Investments	(40,068,401)	(149,585)	(143,607)	(40,361,592)
Purchase of Property and Equipment	(7,750)			(7,750)
<b>Net Cash (Used In) Provided by Investing Activities</b>	<b>9,923,849</b>	<b>18,850,415</b>	<b>(143,607)</b>	<b>28,630,658</b>
<b>Cash Flow Provided By Financing Activities</b>				
None	-	-	-	-
<b>Net Cash Used In Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(10,689,011)</b>	<b>36,811,010</b>	<b>(10,147,681)</b>	<b>15,974,318</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>177,821,723</b>	<b>167,132,712</b>	<b>203,943,722</b>	<b>177,821,723</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>167,132,712</b>	<b>203,943,722</b>	<b>193,796,041</b>	<b>193,796,041</b>

## GOLD COAST HEALTH PLAN

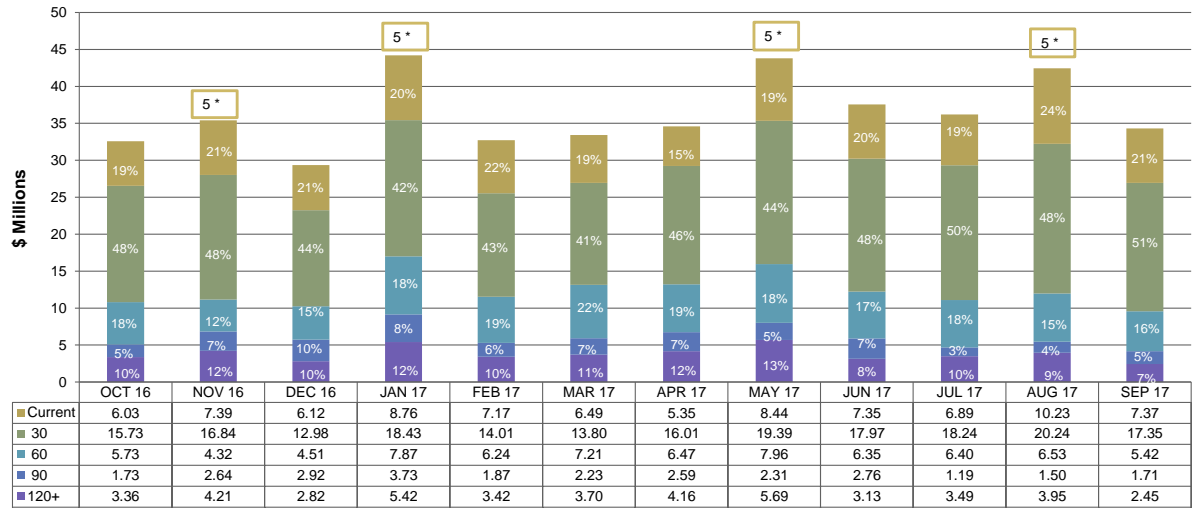
### Membership - Rolling 12 Month



**SPD = Seniors and Persons with Disabilities    TLIC = Targeted Low Income Children    AE = Adult Expansion**

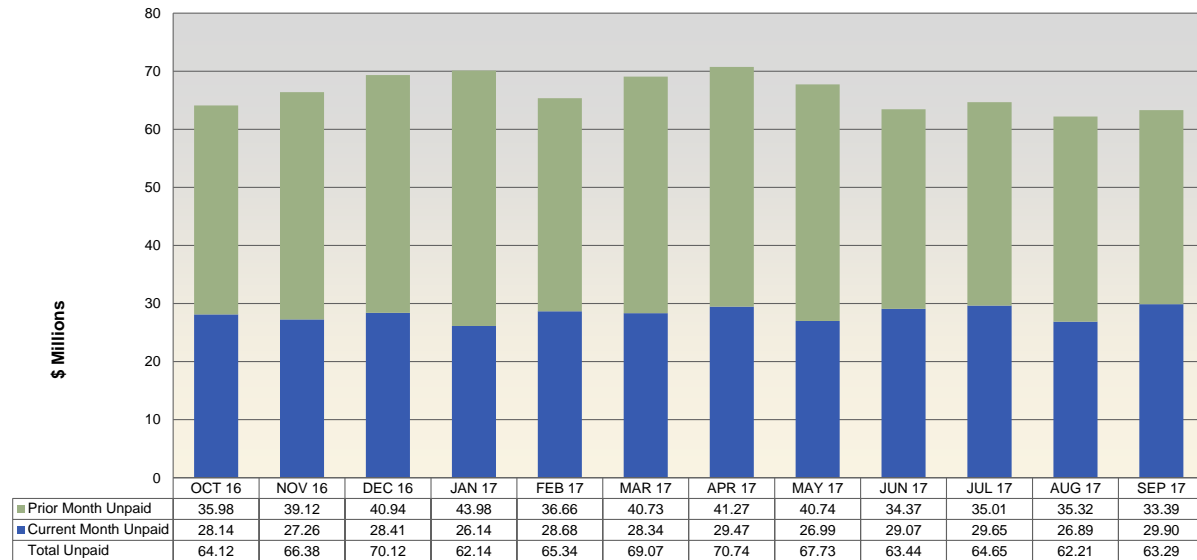
**GOLD COAST HEALTH PLAN  
SEPTEMBER 2017**

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



**Note: Paid Claims Composition** - reflects adjusted medical claims payment lag schedule. Months Indicated with 5\* represent months for which there were 5 claim payments. For all other months, 4 claim payments were made.

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



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



**AGENDA ITEM NO. 4**

TO: Gold Coast Health Plan Executive/Finance Committee

FROM: Dale Villani, Chief Executive Officer and Lyndon Turner, Interim Chief  
Financial Officer

DATE: November 17, 2017

SUBJECT: Tangible Net Equity (TNE) Strategy

**PRESENTATION**