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BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, September 8th, 2023
12:00 p.m. – 2:00 p.m.

Video Conference Call and
1240 S. Loop Road
Alameda, CA 94502

1. CALL TO ORDER

Board of Governors Present: Rebecca Gebhart (Chair), Dr. Rollington Ferguson, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Andrea Schwab-Galindo, Dr. Evan Seevak

Board of Governors Remote: Dr. Noha Aboelata (Vice-Chair)

Board of Governors Excused: Aarondeep Basrai, Dr. Michael Marchiano, Jody Moore, Yeon Park, Supervisor Lena Tam, Natalie Williams

Alliance Staff Present: Matthew Woodruff, Dr. Steve O'Brien, Gil Riojas, Anastacia Swift, Ruth Watson, Sasi Karaiyan, Tiffany Cheang, Michelle Lewis, Lao Paul Vang

Chair Gebhart called the regular Board of Governors meeting to order at 12:00 p.m.

2. ROLL CALL

Roll call was taken, and a quorum was established.

3. AGENDA APPROVAL OR MODIFICATIONS

There were no modifications to the agenda.

4. INTRODUCTIONS

There were no introductions.

5. CONSENT CALENDAR

- a) JULY 14th, 2023, BOARD OF GOVERNORS MEETING MINUTES
- b) RESOLUTION 2023-07 CHANGING HEALTH CARE QUALITY COMMITTEE (HCQC) TO QUALITY IMPROVEMENT AND HEALTH EQUITY COMMITTEE (QIHEC)

c) RESOLUTION 2023-08 ASSIGNING A NEW RESOLUTION NUMBER TO THE PREVIOUSLY ADOPTED RESOLUTION CHANGING THE FREQUENCY OF BOARD OF GOVERNORS TO CORRECT NUMBERING ERROR

Motion: A motion was made by Marty Lynch and seconded by Dr. Kelley Meade to approve the Consent Calendar Agenda Items 5a through 5c.

Vote: The motion was passed unanimously.

Ayes: Dr. Rollington Ferguson, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelly Meade, Andrea Schwab-Galindo, Dr. Evan Seevak, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

During the update provided by Dr. Kelley Meade on the Compliance Advisory Committee, it was mentioned that the committee had met informally due to a lack of quorum. The committee discussed the compliance dashboard, which had 178 findings, including state audit findings and self-identified findings. However, 163 of these findings have been completed, indicating good progress. They also discussed the 2023 DHCS Routine Medical Survey, which had a positive interview in April. The preliminary report is expected to be released in Q4 of this year. The committee reviewed the DMHC 2022 claim settlement practices and the provider dispute resolution mechanism for children's first and CHCN. The oversight plan for these organizations includes quarterly audits of claims settlement practices starting from 2023. The DMHC Full Medical Survey had three findings in grievances and appeals, and three in prescription drug coverage. The plan submitted its final corrective action plan responses at the end of 2022 to the state. This summer, the plan received notification in June that the department will be conducting a follow-up review survey of these outstanding items. They will be evaluating general plan deficiencies with grievances and appeals, and with prescription drug coverage processes. The case files for these evaluations are due to the department by August 31st, 2023. Lastly, regarding the 2021 DHCS Routine Medical Survey, the plan is awaiting closure of the corrective action plans by DHCS, and the Kindred-focused audit of 2020 is officially closed.

The committee is currently seeking members for the compliance sub-committee. If you are interested, please contact Dr. Meade.

Question: *Dr. Ferguson asked if there were any particular items we should focus on.*

Answer: *Dr. Meade said repeat findings is an express concern that we would want to pay attention to.*

Question: Starting January 1st, when all Anthem members are integrated into, will the Compliance Committee have a role?

Answer: We have some necessary procedures to go through, including block file transfers. Our compliance team has met with DMHC to discuss the steps needed to file for these transfers. Thankfully, the majority of our members are already with AHS, CHCN, and CFMG and will remain with their physicians. However, we still need to file all regulatory paperwork for these new members. We strive to prevent repeat findings, but if they do arise, we conduct an analysis to determine if they are truly repeat issues. This analysis is discussed at the Compliance Advisory Committee and brought up by our Chair. We haven't provided updates on this matter due to the lengthy audit process. We will have more detailed updates on our findings in the coming months. If there is anything noteworthy that the Board should be aware of, we will escalate it and provide a comprehensive understanding of our progress in the 2023 DHCS Routine Medical Survey. We are still closing audits from 2021, which is a normal timeframe for DMHC.

Comment: Dr. Ferguson emphasized the importance of keeping track of all the information presented. As the board members cannot remember every detail, it is crucial to bring up any repeat findings during each meeting. The committee does an excellent job of presenting all the details, but sometimes it is helpful to see a broad picture. For example, if there is a repeat finding of a certain issue, it would be useful to know about it so the board can focus on addressing it.

b) FINANCE COMMITTEE

Dr. Ferguson stated that the Finance committee did not meet on Tuesday. However, we did meet with our auditors, Moss Adams, and they will present their findings in October.

c) JANUARY BOARD RETREAT MEETING PLANNING

Chair Gebhart mentioned that in the spirit of our new meeting schedule, we will be having a retreat in January. She will be collaborating with Matt and our Strategic Planning Committee to ensure that we have a meaningful and beneficial agenda that benefits both our plan and the Board. To assist her in convening the committee, she kindly requests that board members email her their thoughts on what topics we should focus on and how we should spend our time at the retreat. This will ensure that the committee has some suggestions to work with instead of starting with a blank slate. Board members are encouraged to send their suggestions to Chair Gebhart.

7. CEO UPDATE

In the CEO Update, Matt Woodruff shared that we've been successful in meeting both our regulatory and non-regulatory metrics. Despite the ongoing pandemic, we had one of our best months, missing only one non-regulatory metric in the area of member services. In June, the health plan started a race, gender, and ethnicity salary survey, with results to be presented to the Board in October. Alameda County's Cal AIM initiative received positive recognition for its focus on housing, food, and street medicine. On August 24th, DHCS and OMB officials met with the Alliance, CHCN, HICSA, and community-based providers to discuss why Alameda County is excelling in certain categories compared to other counties. Presentations were given on ECM and community support related to homelessness and housing support, as well as the coordinated entry system and CHCN's transformation into an ECM provider. Overall, the coordination between the plan, the county, and providers was highly praised.

On September 1st, the Alliance received final approval to be a single plan model as of January 1st. Although there are still four filings left to complete, we are incredibly proud of our achievement and the hard work that went into making it happen.

Question: *What do you think contributed to the success of this county and its implementation of community support and services? Was it the coordination or the whole-person care approach? What do you think they discovered as the reason for their success, compared to other jurisdictions?*

Answer: *During their visit, the OMB from CMS had the opportunity to understand how we work together and how long the process has taken for our County to be successful, with the Cal AIM and other initiatives. They asked many questions about the services offered and the coordination between the county and us. Dr. Kathleen Clanon emphasized the importance of whole person care and how it was initially implemented as a self-funded pilot by the team. It was also noted that the success is the result of a long-term relationship built over many years and not just acutely.*

Question: *Chair Gebhart inquired about the number of deliverables.*

Answer: *Danube responded that there are approximately 246 deliverables, and we are scheduled to submit the next filing September 18th. Our final submission for 2023 is expected to be at the end of December. DHCS keeps us informed, and this week, we learned that out of the 20 unidentified deliverables, three or four have been identified. Danube further noted that the Compliance Advisory Committee and the Board of Governors will be kept informed on the progress.*

Chair Gebhart thanked everyone for their hard work.

Question: *Dr. Seevak had a question about the last bullet point in the CEO report regarding recruiting incentives for our network. Just to clarify, are you requesting the Board to provide their thoughts on this matter? Is that what is reflected in the notes there?*

Answer: *In response, Matt stated that during the June board meeting, he presented some information on the topic and invited anyone who wanted to make comments or edits to send them in. For any other board members who haven't commented yet or would like to see it, please get in touch with Matt.*

8. BOARD BUSINESS

a) REVIEW AND APPROVE JUNE AND JULY 2023 MONTHLY FINANCIAL STATEMENTS

During the meeting, Chief Financial Officer Gil Riojas provided financial statements for a two-month period. He suggested that moving forward, we should review the details of these statements during the Finance Committee meeting and then present a two-page summary highlighting the most important topics during the board meeting.

June 2023 Monthly Financial Statement

Executive Summary:

- For the month ended June 30th, 2023, the Alliance increased enrollment by 1,503 members to 361,685 members. Net Income of \$1.7 million was reported, bringing the end of the year pre-audit Net Income to \$93.2 million. The Plan's medical expenses represented 89.5% of revenue at year end. Alliance reserves were 758% of regulatory requirements.

Revenue:

- For the month ended June 30th, 2023, the Actual Net Income was \$1.7 million. For the fiscal YTD ended June 30th, 2023, the Net Income was \$93.2 million.

Medical Loss Ratio (MLR):

- The Medical Loss Ratio was 94.3% for the month and 89.5% for the fiscal year-to-date. The Plan reported a total of \$1.3B in Medical Expenses at year end.

Tangible Net Equity (TNE):

- The Department of Managed Health Care (DMHC) required \$42.7M in reserves, we reported \$328.8M. We had a slight decrease in reserves from the previous month, but our reserves continue to be well above DMHC requirements.

The Alliance continues to benefit from increased non-operating income, particularly significant positive returns (\$14.8M) in the investment portfolio. Additionally, a positive variance (\$10M) in administrative expenses has resulted in lower total expense numbers for the year.

Question: Dr. Ferguson noted the success of our investment portfolio in green investments over the past year and inquired about the current state of our investments. Have we noticed a decrease in their performance, and should we consider reviewing our approach?

Answer: We have a monthly meeting with our investment advisor to review our portfolio. Regarding our green investments, we decided to start small and assess the results. Therefore, the risk for us is quite low since we invested a smaller amount than our \$350 million. The returns we've seen in the last 12 months are consistent with our other investments. However, there is always a risk, especially if market conditions change. Fortunately, most of our green investments are short-term, so we can quickly take advantage of increasing interest rates, which helps to mitigate some of the risks.

July 2023 Monthly Financial Statement

Executive Summary:

- For the month ended July 31st, 2023, the Alliance had enrollment of 358,306 members, a Net Income of \$9.7 million and 723% of required Tangible Net Equity (TNE).

Enrollment:

- Total enrollment has decreased by 3,379 members since June 2023. This decline was expected due to the redetermination process and is predicted to continue for the rest of

the fiscal year. We anticipate a decline in membership due to the disenrollment redetermination process as we move to a single plan model.

Category of Aid:

- The most negative impacted by enrollment decreases were in the Medi-Cal Child, Medi-Cal Adult and Optional Expansion category.
- The seniors and persons with disabilities category had a relatively flat change from the previous month.
- The Duals category was relatively level as well.
- The Group Care category appears to have stabilized after a period of decline, with a slight leveling off.
- We had a decline of about 10 members in our long-term care, which is a very small number.

Net Income:

- For the month and fiscal year-to-date ended July 31st, 2023:
 - Actual Net Income was \$9.7 million.
 - Budgeted Net Loss was \$723,000.

Revenue:

- For the month and fiscal year-to-date ended July 31st, 2023:
 - Actual Revenue was \$138.7 million.
 - Budgeted Revenue was \$136.8 million.
- For the month ended July 31st, 2023, Revenue was \$1.9 million favorable, driven by incentive revenue timing and base capitation revenue, slightly offset by supplemental maternity revenue.

Medical Expense:

- For the month and fiscal year-to-date ended July 31st, 2023
 - Actual Medical Expense was \$126.2 million.
 - Budgeted Medical Expense was \$131.0 million.
- Reported financial results include medical expenses, which contain estimates for Incurred-But-Not-Paid (IBNP) claims. The calculation of monthly IBNP is based on historical trends and claims payments. The Alliance's IBNP reserves are reviewed by our Actuarial Consultants.
- For July updates to Fee-For-Service (FFS) increased the estimate for the prior period unpaid Medical Expenses by \$164,000.

***Question:** Could you explain why the long-term care costs are unfavorable? The State handed over the responsibility to the plans, so why are we losing money? Is this just a timing and budgeting issue?*

***Answer:** This was looked into, and what we're seeing is by category of aid, more expenses related to long-term care, and the SPD category which our rate for that is lower than the long-term care rate. Additionally, some expenses related to our optional expansion category of aid have long-term care costs that were unanticipated. As a result, there is a variance between our budget to actuals. We had anticipated that the majority of our membership would fall under the long-term care category, with some seniors and people with disabilities. However, we have seen a higher volume of SPDs and optional expansion cases than we initially anticipated. During the setup process, we discovered that it is common for changes to take 6 to 9 months to be made if someone*

is placed in the wrong category. The facility is responsible for making the change and submitting it to the county and state. Once approved by both, it will eventually be updated by the health plan.

Question: Is there a possibility that the variance that we see in the long-term care line includes items that could have been charged to different lines in the medical expenses here? In other words, while it looks intimidating to see that we lost \$4.4 million or we varied from the budget by \$4.4 million, is that misleading because some of the positive variances that we're seeing in other categories wouldn't be as great if the expenses were attributed correctly?

Answer: There might be some ancillary costs that were related to long-term care, and we see some favorability there, but for the most part, the long-term care category of aid and long-term care category of service should capture all those long-term care costs.

Medical Loss Ratio (MLR):

The Medical Loss Ratio (total reported medical expense divided by operating revenue) was 90.9% for the month and fiscal year-to-date.

Administrative Expense:

- For the month and fiscal year-to-date ended July 31st, 2023
 - Actual Administrative Expense: \$5.7 million.
 - Budgeted Administrative Expense: \$7.3 million.

The year-to-date variances include:

- Delayed timing of start dates for Consulting for new projects, Computer Support Services and Purchased Services.
- Delayed hiring of new employees and temporary help.

Question: Mr. Jackson asked Gil if he believed that the variance would even out over time and smooth over the coming months.

Answer: Gil is of the opinion that it should. In the past, we have consistently experienced a positive difference in our administrative expenses, and so we have attempted to create a budget that is as close to realistic as possible. However, there are certain factors that can cause delays, such as the hiring process or project delays, which can lead to this difference. This is something that we are discussing with our Finance Team, with the aim of minimizing this difference. We are also exploring the possibility of reallocating funds from one area to another, in order to keep our budget steady, rather than increasing our budget beyond what we have already planned for.

Other Income/Expense:

Other Income & Expense is comprised of investment income and claims interest.

- Fiscal year-to-date net investments show a gain of \$2.9 million.
- Fiscal year-to-date claims interest expense, due to delayed payment of certain claims, or recalculated interest on previously paid claims is \$43,000.

Tangible Net Equity (TNE):

- The Department of Managed Health Care (DMHC) monitors the financial stability of health plans to ensure that they can meet their financial obligations to consumers. The Alliance exceeds DMHC's required TNE.
 - Required TNE \$46.2 million
 - Actual TNE \$334.2 million
 - Excess TNE \$287.9 million
 - TNE % of Required TNE 723%
- Key Metrics
 - Cash & Cash Equivalents \$477.5 million
 - Pass-Through Liabilities \$228.5 million
 - Uncommitted Cash \$249.0 million
 - Working Capital \$312.4 million
 - Current Ratio 1.66 (regulatory minimum is 1.00)

Question: *Dr. Meade asked about the steep decrease in child health enrollment and what factors are causing it despite protection measures for re-enrollment.*

Answer: *The goal is for those children to eventually be redetermined and then entered back into Medi-Cal again. Another possibility is that some individuals may be in their 90-day grace period and can rejoin the program during that time. Additionally, it's important to consider those who have moved out of the County.*

Question: *What are the majority of our pass-through liabilities? Specifically, is there an entity that the majority of the pass-through goes to?*

Answer: *It's likely that most of our pass-through liabilities are related to intergovernmental transfers. These are payments from the state that are meant for our provider partners and hospital partners. The state sends the money to us, and we hold on to it for a while before passing it along to the providers. Hospital systems are a big driver of those intergovernmental transfers.*

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Dr. Evan Seevak to approve the June and July 2023 monthly financial statements.

Vote: The motion was passed unanimously.

Ayes: Dr. Rollington Ferguson, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelly Meade, Andrea Schwab-Galindo, Dr. Evan Seevak, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

b) REDETERMINATIONS

Gil Riojas, Michelle Lewis, and Carol VanOosterwijk presented on the topic of the public health emergency and redeterminations. Items of discussion included:

- Alameda County Social Services Agency and Alameda Alliance Collaborative efforts
 - Discuss agency community-wide and direct outreach activities, updates, and areas for additional support.

- Data Sharing
- Tracking and Trending
- Alameda County Medi-Cal Renewal Data
- Enrollment by Population – Impact of Redeterminations
 - Biggest net reductions in ACA OE and Child Categories of Aid
 - Minimal change for SPD, Duals, LTC and Group Care
 - For the past 3 years, Final Enrollment has been less than Preliminary Enrollment; that changed in July. Between July 5th and August 5th, July net membership grew by 419. Between August 5th and September 5th, August net membership grew by 1,416.
 - July saw 6,829 additions and 10,249 terminations.
 - August saw 6,071 additions and 10,208 terminations.
- Membership Profiles
 - Prior Utilization
 - 93% of members terminated have less than \$5,000 in costs or no utilization.
 - Ethnicity
 - Age

Comment: Chair Gebhart has expressed interest in examining the 34% of individuals who are not utilizing the aid and determining their aid categories. She also wants to compare this percentage to other plans to determine if it is better or worse. Additionally, she wants to discuss our overall approach to assisting the non-utilizers in the future. She believes that the Board would find this information very valuable.

Question: Is there a bottom line on the acuity of the member?

Answer: There could be an impact from that. In the past, the state has slightly reduced our rate due to lower quality as enrollment increased. However, with the recent influx of new members who have yet to utilize care, we may see higher acuity levels among those who remain enrolled. This could potentially have a positive impact on our rates.

Informational item only.

c) ALLIANCE STATE-FUNDED INCENTIVE PAYMENT PROGRAMS

Dani Staub, Director of Incentives & Reporting and Jessica Pedden, Quality Analytics Manager provided an update on the Incentive Program. Items of discussion included:

- Housing & Homelessness Incentive Program (HHIP)
- Student Behavioral Health Incentive Program (SBHIP)
- Cal AIM Incentive Payment Program (IPP)
- Data Sharing Agreement (DSA) Signatory Grant
- Equity and Practice Transformation Payments Program

Question: Is there an investment plan for Submission #2 or will it be developed later?

Answer: Yes, that has been submitted to the State and we received 100% funding for it.

Question: Slide 5 indicated a potential earning of \$44 million, but the investment plan is only for \$26.5 million. What is the plan for the remaining amount?

Answer: Although we may qualify for up to \$44.4 million, we cannot guarantee that we will receive that full amount. Therefore, we must estimate how much we may receive from the State based on our deliverables. It seems that with our Submission 2 report, we may receive more funds than initially expected. If this is the case, we plan to reinvest those additional dollars back into our community.

Question: Is the plan for incentive screening for housing insecurity in a robust way that we reimburse providers to do that so that they are then eligible for this pool, or do they get to this pool at a different time?

Answer: Our efforts are streamlined through the county's coordinated entry system and housing project. We collaborate closely with the county and its established programs, which have a wide reach and involve various provider partners. Our role is a crucial link in this chain, as funding passes through this process.

Question: Homeless youth are often underreported. Is there a way to address this?

Answer: Youth are now eligible in ECM and ECM is a major component of the structure that we have for our street outreach in particular so we're definitely thinking about that and talking to our providers about that. Street medicine will be a big part of that as we move forward.

Question: Is our goal to get 100% of these incentive payments and if not, why are there things we just structurally can't get?

Answer: Some of the tasks fall within the timeframe we need to accomplish. We assess our partners' capabilities to determine what can be achieved during this period.

Informational item only.

Chair Gebhart suggested postponing the Finance training and Property discussion agenda items to the next Board of Governors meeting due to time constraints.

d) FINANCE TRAINING ON HEALTH PLAN REVENUE

The agenda item for Finance Training was postponed to the next Board of Governors meeting due to time constraints.

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Dr. Marty Lynch to postpone the agenda items for Finance training and the property discussion to the next board meeting.

Vote: Motion unanimously passed.

Ayes: Dr. Rollington Ferguson, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Andrea Schwab-Galindo, Dr. Evan Seevak, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

e) ALLIANCE PROPERTY DISCUSSION

The agenda item for the Alliance property discussion was postponed to the next Board of Governors meeting due to time constraints.

9. STANDING COMMITTEE UPDATES

a) PEER REVIEW AND CREDENTIALING COMMITTEE

Dr. O'Brien provided an update on the Peer Review and Credentialing Committee meeting that met on July 18th. The committee approved 10 initial providers, including 55 new Behavioral Health providers and 36 recredentialed providers.

b) PHARMACY & THERAPEUTICS COMMITTEE

An update on the Pharmacy & Therapeutics committee was shared at the last board meeting. However, Dr. O'Brien provided an update on the HCQC meeting held on August 18th. Dr. O'Brien expressed gratitude towards Matt Woodruff, Chair Rebecca Gebhart, and Vice Chair Dr. Noha Aboelata for attending the meeting. The HCQC meeting was informative, featuring an excellent presentation on HEDIS best practices, data interventions, and opportunities for improvement. Additionally, updates were shared on the HEDIS program, P4P program, access survey results, and case management work plan. The committee is currently working with Matt to discuss HEDIS efforts with an emphasis on quality and finance. Their goal is to further support providers in delivering excellent quality services. More details on this topic will be shared in the future.

c) CONSUMER MEMBER ADVISORY COMMITTEE

Matt Woodruff shared an update on the Consumer Member Advisory Committee held on June 15th. There were two main presentations that day. One was on ECM as it relates to the new children's population of focus that started on July 1st and the other main presentation that day was on the updates to our cultural sensitivity training. The next Consumer Member Advisory Committee meeting will be held on September 14th.

10. STAFF UPDATES

There were no staff updates.

11. UNFINISHED BUSINESS

None.

12. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

None.

13. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

14. ADJOURNMENT

Chair Gebhart adjourned the meeting at 2:02 p.m.