

**ALAMEDA ALLIANCE FOR HEALTH  
FINANCE COMMITTEE  
REGULAR MEETING**

January 11<sup>th</sup>, 2022  
8:00 am – 9:00 am

**SUMMARY OF PROCEEDINGS**

**Meeting Conducted by Teleconference**

**Committee Members on Conference Call:** Dr. Rollington Ferguson, Dr. Michael Marchiano, Nick Peraino, Gil Riojas

**Board of Governor members on Conference Call:** James Jackson

**Alliance Staff on Conference Call:** Scott Coffin, Tiffany Cheang, Sasi Karaiyan, Shulin Lin, Dr. Steve O'Brien, Carol van Oosterwijk, Anastacia Swift, Jennifer Vo, Ruth Watson, Matt Woodruff, Christine Corpus

<b>AGENDA ITEM SPEAKER</b>	<b>DISCUSSION HIGHLIGHTS</b>	<b>ACTION</b>	<b>FOLLOW UP</b>
<b>CALL TO ORDER, ROLL CALL, and INTRODUCTIONS</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson called the Finance Committee meeting to order at 8:00 am.  The following public announcement was read.  "The Board recognizes that there is a proclaimed state of emergency at both the State and the local Alameda County level, and there are recommended measures to promote social distancing in place. The Board shall therefore conduct its meetings via teleconference in accordance with Assembly Bill 361 for the duration of the proclaimed state of emergency."  "Audience, during each agenda item, you will be provided a reasonable amount of time to provide public comment."  A telephonic Roll Call was then conducted.		

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	Scott Coffin introduced Andrea Schwab-Galindo. Andrea is the CEO of Tiburcio Vasquez Health Center and is the newest member on our Board of Governors.		
<b>CONSENT CALENDAR</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson presented the Consent Calendar.  December 7 <sup>th</sup> , 2021, Finance Committee Minutes were approved at the Board of Governors meeting December 10 <sup>th</sup> , 2021, and not presented today.	There were no modifications to the Consent Calendar, and no items to approve.	
<b>a.) CEO Update</b>			
<b>Scott Coffin</b>	<p>Scott Coffin provided updates to the committee on the following:</p> <p><b><u>State Budget</u></b> – Governor Newsom released the State budget and our teams have begun the process of analyzing the specific changes to the Medi-Cal Program. Highlights include the following:</p> <ul style="list-style-type: none"> <li>• Expansion of Full Scope coverage to adults 26-49 years of age, regardless of immigration status no sooner than 2024.</li> <li>• Coordinated re-entry in the Justice System</li> <li>• Behavioral Health for Children and Youth</li> <li>• Proposition 56 – Provider Payments</li> <li>• Foster-Care Program Carve-In</li> </ul> <p><b><u>Waiver Renewals</u></b> – The Department of Health Care Services (DHCS) released on December 29<sup>th</sup>, 2021, a series of 5-year Waiver renewals. The Waivers are mentioned in the Governor’s budget proposal and provide the funding and the authority to effect these changes. These include the 1115 Waiver, the 1915b Specialty Mental Health Waiver, and the 1915c Home and Community Based Service (HCBS) Waiver</p> <p><b><u>Report of the underlying causes for October’s \$7.3 million Net Loss</u></b> – As reported in the October 2021 financials, we recorded a Net Loss of \$7.3 million, which was a \$10 million unfavorable variance to budget and driven by significantly higher volume of claims for the month. As a result of this “break-out” month, a cross-functional team was formed including personnel from Health Care Services, Finance, Analytics, Operations, and other areas to analyze the impacts from a cost and utilization standpoint and identify</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	

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	emerging trends. This analysis also included the impact of COVID-19. Gil Riojas provided a verbal report of the findings followed by a brief discussion.		
<b>b.) Review and approve November 2021 Monthly Financial Statements</b>			
Gil Riojas	<p><b><u>November 2021 Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment is 295,151 and continues to trend upward, Total enrollment has increased by 1556 members from August 2021, and 6,597 members since June 2021. Consistent increases were primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals category of aid. SPD remains relatively flat, while Group Care took a slight decline.</p> <p>Total Enrollment continues to increase month over month and as previously discussed, the rate of increase has fluctuated since our highest increase of 4,140 members in August 2020. We anticipate a continued increase in enrollment due to the mandatory enrollment in Managed Care that took place in January. We continue to evaluate the potential implication to our Budget, our Revenue, and our Expenses. We certainly anticipate an increase in Medical Claims.</p> <p><b>Net Income:</b> For the month ending November 30<sup>th</sup>, 2021, the Alliance reported a Net Income of \$1.3 million (versus budgeted Net Loss of \$3.6 million). The favorable variance is attributed to lower than anticipated Medical and Administrative Expenses. For the year-to-date, the Alliance recorded a Net Loss of \$1.6 million versus a budgeted Net Loss of \$6.5 million.</p> <p><b>Revenue:</b> For the month ending November 30<sup>th</sup>, 2021, actual Revenue was \$98.7 million vs. our budgeted amount of \$98.8 million. We continue to remain very close to budget on Revenue.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month were \$92.1 million vs. our budgeted amount of \$95.6 million. For the year-to-date, actual Medical Expenses were \$465.6 million versus budgeted \$469.1 million. Drivers leading to the</p>		

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	<p>unfavorable variance can be seen on the tables on page 11. Further explanation of the variances can be seen on pages 11 and 12.</p> <p><b>Medical Loss Ratio:</b> Our MLR ratio for this month was reported at 93.2%. Year-to-date MLR was at 95.0% vs our annual budgeted percentage 91.5%.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending November 30<sup>th</sup>, 2021 were \$5.4 million vs. our budgeted amount of \$6.9 million. Our Administrative Expense represents 5.4% of our Revenue for the month, and 5.3% of Net Revenue for year-to-date. Reasons for the favorable month-end variances, as well as the favorable year-to-date variances are outlined on page 13 of the presentation.</p> <p><b>Other Income / (Expense):</b> As of November 30<sup>th</sup>, 2021, our YTD interest income from investments was \$143,000. As mentioned in previous committee meetings, we are looking at extending our timeframe for investments. We started that process this month and have looked at some longer term investments which will hopefully allow us to achieve higher interest income from our investments over the next several months. We continue to explore the sustainable investments possibilities and should have some information to share at the February 2022 Finance Committee meeting.</p> <p>YTD claims interest expense is \$156,000. This amount is very close to our projections.</p> <p><b>TangibleNet Equity (TNE):</b> We reported a TNE of 543%, with an excess of \$166.3 million. This remains a healthy number in terms of our reserves.</p> <p><b>Cash and Cash Equivalents:</b> We reported \$325.5 million in cash; \$235.7 million is uncommitted. Our current ratio is above the minimum required at 1.82 compared to regulatory minimum of 1.0.</p>		

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	<p><b>Capital Investments:</b> We have spent \$112,000 in Capital Assets year-to-date. Our annual capital budget is \$1.4 million.</p> <p><b>Question:</b> Dr. Marchiano expressed an understanding of the difficulty in preparing a budget for an organization such as ours, especially with all the moving parts, and changes coming from the State. He asked what changes we have made in our budgeting process, and what do we look at now that we didn't in previous years. Gil Riojas acknowledged the challenge and answered that FY22 and FY23 have been and will be the years with the most change in our industry so far. Our biggest lift has been to understand and try to stay ahead of everything that is changing and how they might impact our budget. He further added that our Quarterly Forecasts are the tool we use to reflect any unanticipated changes or impacts to our approved Budget. Scott Coffin reminded the committee that we added the Projects and Programs Department approximately 2 years ago, and they are tasked with keeping track of all new projects.</p> <p><b>Question:</b> Nick Peraino asked what changes were implemented in the investment strategy. Gil Riojas answered that longer-term investments (12-24 months), which will give a better return is one change. He also noted that due to certain market changes, some of our shorter term (&gt;90 days) investments will also provide greater return. We continue to work directly with our Investment Manager to maximize potential returns.</p>	<p><u>Motion to accept</u> <b><u>November 2021 Financial Statements</u></b></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> N. Peraino</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
<b>ADJOURNMENT</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson motioned to adjourn the meeting.</p> <p>The meeting adjourned at 8:39 am.</p>	<p><u>Motion to adjourn:</u> Dr. Ferguson <u>Seconded:</u> N. Peraino</p> <p>No opposed or abstained.</p>	

Respectfully Submitted By:  
Christine E. Corpus, Executive Assistant to CFO