

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

**May 9th, 2023
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted in-person and by Teleconference.

Committee Members in-person: Dr. Rollington Ferguson, Dr. Michael Marchiano, James Jackson, Gil Riojas

CALL TO ORDER, ROLL CALL, AND INTRODUCTIONS

Dr. Ferguson called the Finance Committee to order at 8:00 am. A Roll Call was then conducted.

CONSENT CALENDAR

Dr. Ferguson presented the Consent Calendar.

Motion: A motion was made by James Jackson and seconded by Dr. Ferguson to approve the March 2023 monthly financial statements as presented.

Vote: Motion unanimously passed.

Ayes: James Jackson, Dr. Michael Marchiano, Gil Riojas, Dr. Ferguson

No opposition or abstentions.

a) REVIEW & APPROVE MARCH 2023 MONTHLY FINANCIAL STATEMENTS

Enrollment

Following last month's significant increase, there was a slightly lower increase, but still consistent with what we'd seen in previous months, with a 2900-member increase from the previous month. We continue to see increases in our Child Category of Aid and Adults Optional Expansion. A larger increase in our seniors and persons with disabilities and then a significant increase in our duals were the primary drivers of that jump. Two new categories of aid were added, which are Medi-Cal Long Term Care enrollees and Medi-Cal Long Term Care Duals enrollees. Both categories also showed increases in January and February.

Net Income

For the month ending March 31st, 2023, the Alliance reported an Actual Net Income of \$10.7 million and a Budgeted Net Loss of \$1.6 million. For the fiscal YTD ending March

31st, 2023, the Alliance reported an Actual Net Income of \$65.3 million and a Budgeted Net Income of \$19.8 million.

Revenue

Revenue continues to increase. It is expected that as membership goes up, the revenue numbers will continue to go up. For the month ending March 31st, 2023, Actual Revenue was \$138.2 million and Budgeted Revenue was \$137.3 million. For the fiscal YTD ending March 31st, 2023, Actual Revenue was \$1.0 billion, and the Budgeted Revenue was \$1.0 billion. For the month ending March 31st, 2023, the favorable revenue variance of \$890,000 was primarily due to favorable \$3.4 million Capitation revenue due to higher than budgeted CY 2023 rates, received after the Budget was finalized. There was an unfavorable \$3.0 million Medi-Cal Base Capitation. This is driven by lower than budgeted enrollment.

Medical Expense

Medical Expenses have increased as a result of membership increases. For the month ending March 31st, 2023, the Actual Medical Expense was \$123.8 million, and the Budgeted Medical Expense was \$131.1 million. For the fiscal YTD ending March 31st, 2023, the Actual Medical Expense was \$913.0 million, and the Budgeted Medical Expense was \$963.1 million.

Medical Loss Ratio (MLR)

The Medical Loss Ratio (total reported medical expense divided by operating revenue) was 89.6% for the month and 89.4% for the fiscal year-to-date.

Administrative Expenses

Administrative expenses were shown as unfavorable this month. For the month ending March 31st, 2023, the Actual Administrative Expense was \$5.9 million, and the Budgeted Administrative Expense was \$7.8 million. For the fiscal YTD ending March 31st, 2023, the Actual Administrative Expense was \$52.2 million, and the Budgeted Administrative Expense was \$58.2 million.

The year-to-date variances include: Delayed timing of new project start dates for Consultants, Computer Support Services and Purchased Services; Delayed hiring of new employees and temporary help. The Administrative Loss Ratio (ALR) is 4.3% of net revenue for the month and 5.1% of net revenue year-to-date.

Tangible Net Equity (TNE)

TNE is a calculation of a company's total tangible assets minus the company's total liabilities. The Alliance exceeds DMHC's required TNE. The Required TNE - \$39.6 million; Actual TNE - \$295.9 million; Excess TNE - \$256.3 million; TNE % of Required TNE - 747%.

Question: There are three more months and currently reporting out about 65 million net income right now. With trends being hard to apply here especially during COVID, is there any idea on what the remainder of the years will look like?

Answer: I can see our net income at the end of the year being somewhere upwards of \$75 to \$80 million. And there are a lot of factors that could change, but that's kind of where I see things heading now. And that's what we'll present in our meeting next month: our Q3 forecast. So as part of our budget process for next year, we're also updating our Q3 forecasts, which should give us a really good indication of where we're going to end up by the end of June.

ADJOURNMENT

Dr. Ferguson adjourned the meeting at 8:45 a.m.

Respectfully Submitted by:

Jessmine Matthews, MBA

Executive Assistant to Chief Compliance & Chief Privacy Officer