

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

**April 6, 2021  
8:00 am – 9:00 am**

**SUMMARY OF PROCEEDINGS**

**Meeting Conducted by Teleconference**

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

**Committee Members absent:** Nick Peraino

**Alliance Staff and other Board of Governor members on Conference Call:** Scott Coffin, Matt Woodruff, Dr. Steve O'Brien, Anastacia Swift, Tiffany Cheang, Richard Golfin III, Carol vanOosterwijk, Ruth Watson, Shulin Lin, Lilliana Wang, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER and INTRODUCTIONS</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson called the Finance Committee meeting to order at 8:03 am and conducted Roll Call.		
<b>CONSENT CALENDAR</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson presented the Consent Calendar.  March 9, 2021, Finance Committee Minutes were approved at the Board of Governors meeting on March 12, 2021, and not presented today.  There were no modifications to the Consent Calendar. No motion or vote is required.		
<b>a.) CEO Update</b>			
<b>Scott Coffin</b>	S. Coffin guided the Finance Committee through a PowerPoint presentation on the Provider Sustainability Fund as an action item to discuss the remaining \$8.3 million allocation for Fiscal Year 2021 and for the Committee to provide a recommendation to the full Board of Governors on Friday, April 9, 2021.		

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	<p>Upon completion of the presentation, the Committee discussed four options that were presented, and following a discussion, a decision was made to recommend termination of the funding program to the full Board of Governors on Friday, April 9.</p>	<p>Motion to bring recommendation to full Board of Governors to <b><u>Terminate the Provider Sustainability Fund program and transfer the dollars back to the operating budget:</u></b></p> <p>Motion: Dr. Marchiano Seconded: Dr. Ferguson</p> <p><u>All in Favor</u> – pass</p> <p>No oppose or abstain</p>	
<b>b.) Review February 2021 Monthly Financial Statements</b>			
<p><b>Gil Riojas</b></p>	<p><b><u>February 2021 Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment is 279,835 and continues to trend upward. Enrollment has increased by 1,951 members from January 2021, and 23,090 members since June 2020. As in previous months, increases are primarily in the Child, Adult, and Optional Expansion categories of aid.</p> <p>We added a new graph to show our net change in enrollment. While membership continues to increase, we are beginning to see a decline in the rate of increase month-over-month. This change in the rate of increase will affect our forecast for the rest of this year and the budget process into the next fiscal year. In addition, we do expect to see further decreases in the rate of enrollment once the public health state of emergency has ended.</p> <p><b>Net Income:</b> For the month ending February 28, 2021, the Alliance reported a Net Income of \$7.5 million (versus budgeted Net Income of \$249,000). For the year-to-date, the Alliance recorded a Net Loss of \$10.0 million versus a budgeted Net Loss of \$20.6 million. Factors creating the favorable variance were higher than anticipated Revenue, lower than anticipated Administrative Expense, and lower than anticipated Medical Expense.</p>		

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	<p><b>Revenue:</b> For the month ending February 28, 2021, actual Revenue was \$97.1 million vs. our budgeted amount of \$93.0 million. The favorable variance can be attributed to unanticipated retroactive adjustments made by DHCS for calendar years 2014 through 2020.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month were very close to target at \$84.9 million vs. our budgeted amount of \$85.1 million. For the year-to-date, actual Medical Expenses were \$670.2 million versus budgeted \$667.4 million. Drivers leading to the unfavorable variance can be seen on the tables on pages 10 and 11, with the explanation on pages 11 and 12.</p> <p><b>Medical Loss Ratio:</b> Our MLR ratio for this month was reported at 87.5%. As a reminder, we are required to have an MLR above 85% for our Optional Expansion population and we are still above that. We do anticipate that number to go back up. Year-to-date MLR was at 95.9% vs our annual budgeted percentage 94.2%.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending February 28, 2021 were \$4.7 million vs. our budgeted amount of \$7.7 million. We are also below budget for year-to-date at \$39.1 million vs. budgeted \$48.4 million. Our Administrative Expense represents 4.9% of our Revenue for the month, and 5.6% of Net Revenue for year-to-date. The reasons for the favorable variance are listed on page 13 of the presentation and remain consistent with prior periods.</p> <p><b>Other Income / (Expense):</b> As of February 28, 2021, our YTD interest income from investments was \$490,000. We continue to discuss strategy with our investment manager to see if there is a way to increase our return.</p> <p>YTD claims interest expense is \$241,000.</p> <p><b>TangibleNet Equity (TNE):</b> We reported a TNE of 570%, with an excess of \$161.7 million. This remains a healthy number in terms of our reserves.</p>		

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	<p><b>Cash and Cash Equivalents:</b> We reported \$338.3 million in cash; \$128.8 million is uncommitted. Our current ratio is above the minimum required at 1.52 compared to the regulatory minimum of 1.0.</p> <p><b>Capital Investments:</b> We have spent \$543,000 in Capital Investments, and our budget for the year is \$2.4 million.</p>	<p><u>Motion to accept <b>February 2021, Financial Statements.</b></u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> G. Riojas</p> <p><u>All in Favor</u> – pass</p> <p>No opposed or abstained</p>	
<p><b>Dr. Rollington Ferguson</b></p>	<p>Dr. Ferguson motioned to adjourn the meeting. The meeting adjourned at 8:51 am.</p>	<p><u>Motion to adjourn:</u> Dr. Ferguson <u>Seconded:</u> Dr. Marchiano</p> <p>No opposed or abstained.</p>	

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