

**ALAMEDA ALLIANCE FOR HEALTH
BOARD OF GOVERNORS MEETING**

**Thursday, January 26, 2006
6:00 p.m.**

1240 South Loop Road, Alameda, CA 94502

Present:

Ingrid Lamirault
Michael Mahoney (Chair)
Jane Garcia (Vice-Chair)
Ray Davis, Jr. MD
Gail Steele
Pamela Gumbs
Linda Price, MD
John Norton, MD
Charlie Ridgell
Marty Lynch

Excused:

None

Unexcused:

Frank Tiedemann
Damita Davis-Howard

1. Call to Order:

Meeting was called to order at 6:07 p.m. by the Chair, Michael Mahoney. A quorum of the members was present.

2. Approval of Agenda & Minutes:

Motion: J. Garcia

Second: R. Davis, Jr. MD

Results: The January 26, 2006 agenda was approved unanimously. The November 28, 2005 minutes were approved unanimously.

• AGENDA ITEM	• SPEAKER	• DISCUSSION HIGHLIGHTS	• ACTION	• FOLLOW UP
Frequency of Board, Finance Committee, and Strategic Planning Committee Meetings (Please refer to attached handout)		frequency from monthly to “as necessary,” with a minimum of two meetings per year.”	No: 1 vote Abstain: none	
4. CEO’S REPORT				
(ATTACHMENT A)	I. Lamirault	<p>Ingrid Lamirault, CEO, presented updates on efforts by the Alliance to obtain a Medi-Cal rate increase:</p> <ul style="list-style-type: none"> • In November, the Alliance submitted an update to DHS summarizing progress reducing medical expense through provider rate reductions and medical management. • PMPM Consulting has informed DHS and DMHC about the results of their operational audit and monitoring, but the Alliance has not received a final report from PMPM. • DHS recognizes the progress that the Alliance has made toward regaining credibility as a viable organization. • Among the thirteen local health plans, the Alliance is in the fourth worst financial condition for FY 06-07. • Eight other local plans forecast financial trouble in FY 07-08. • DHS has reacted to this situation by hiring an actuarial firm, Mercer to assist them in the rate calculation process for FY 06-07 and for the SPD expansion. • Local Health Plans of California (LHPC) hired Milliman to review Mercer’s methodology for the rate setting. • LHPC met to discuss the problems with DHS rates. • The resulting report from LHPC to DHS emphasizes issues around: <ul style="list-style-type: none"> ○ The need for Mercer to get input from policymakers to make the policy decisions inherent in rate setting, i.e., looking for the lowest bid, highest quality, and good 		<p>CEO: Present Medi-Cal Voluntary rates to the Board when they are available from the actuaries.</p> <p>CEO: Include a copy of the LHPC report to DHS in the next Board packet CEO Report.</p>

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		<p>access.</p> <ul style="list-style-type: none"> ○ Arbitrary budget adjustments to rates (average of -19%). ○ The need for plans to build reserves or surpluses; the state should not wait until plans are insolvent to make corrections. ○ The impact of Medicare Part D. ○ The need for trend adjustments. ○ The lack of proper notice and information to plans. ○ Data sources for developing rates. <ul style="list-style-type: none"> • The Alliance continues to work with DHS, DMHC, and PMPM to address the need for a rate increase in FY 06-07. (are you sure it wasn't 07-08??) • In February, the Finance Committee will work on the reforecasting that will help determine the next message to DHS. <p>Mr. Mahoney asked, "When the state got the waiver from the federal government, did the state say in the waiver how it would calculate premiums to local initiatives?"</p> <p>Ms. Lamirault responded that the state is required to use "actuarially sound methods" and annually certify to the federal government that the methods are actuarially sound.</p> <p>Mr. Mahoney asked whether the Alliance was left with no options when the actuarially sound methods showed that it should get a rate increase, but the state did not give one.</p> <p>Ms. Lamirault stated that other plans filed a Notice of Dispute with the state when that happened, but that the plans never won.</p> <p>Mr. Mahoney said that the state expects the plans to operate with a business model, but when it is successful, the state does not give the plan an increase</p>	<p>Finance Committee: Reforecasting at February meeting.</p>	<p>CEO: Present the Alliance's new message to DHS at March Board meeting.</p> <p>CFO: Send forecast to Finance Committee prior to the February meeting.</p>

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		<p>because it has reserves (even while providing high quality care). The fact that a plan has reserves is not a result of the state overpaying, but of using good business practices. Legislators and policymakers cannot expect a plan to be run like a business, and then sanction it when it has success. The state is violating its agreement with the federal government, that set up the program, and the result is legal exposure for the state.</p>		
5. CHIEF MEDICAL OFFICER'S REPORT				
<p>Chief Medical Officer's Report (ATTACHMENT B)</p> <p>Medintelligence Key Performance Analysis for Alameda Alliance for health, Ending October 3Q05 (Please refer to the attached handout)</p>	<p>A. Chen, MD</p>	<p>Dr. Chen, Medical Director, presented the Pharmacy & Therapeutics Committee (P&T) Update:</p> <ul style="list-style-type: none"> • The P&T Committee was reclassified as a standing committee of the Board, so a vote on the revised formulary is necessary. • As part of the Turnaround, the formulary is being scrutinized for drugs that are unnecessarily expensive, and for which there are quality alternatives. • CT stands for "contingency therapy." CTs allow members to continue using certain drugs if they have already tried the alternatives that are now on the formulary and found that the more expensive drugs were necessary. <p>Dr. Chen presented the annual update on pharmacy management: Medintelligence Key Performance Analysis for Alameda Alliance for health, Ending October 3Q05. This includes the following data on Alliance prescriptions:</p> <ul style="list-style-type: none"> • Volume • Amount paid • Cost drivers • Performance comparisons • Projections • Analysis • % generic • Recommendations 	<p>Motion: R. Davis, Jr. MD Second: J. Norton, MD Result: The motion to approve the Formulary Updates recommended by P&T was approved unanimously.</p> <p>None</p>	<p>None</p> <p>None</p>

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6. CFO'S REPORT				
<p>Financial Report for the Month & Year-to-Date Ended December 31, 2005 (ATTACHMENT C)</p>	<p>J. Volkober</p>	<p>John Volkober, CFO, presented the Financial Report for the Month & Year-to-Date Ended December 31, 2005:</p> <ul style="list-style-type: none"> • Financial Results Narrative • Income Statement Reports • Administrative Expense Detail Report • Balance Sheet • Cash Flow Statements • TNE Calculations <p>Mr. Volkober explained that Alameda County's Social Services Agency (SSA) converted to the new computer automated Medi-Cal eligibility screening system, Cal-Win, in November 2005. As a result, membership decreased by about 4000 Mandatory, low-utilizing members. SSA informed the Alliance that another loss of more than 4,000 members can be expected in March 2006.</p> <p>Mr. Lynch inquired about efforts for re-enrollment of these terminated Medi-Cal members.</p> <p>Ms. Lamirault stated that the Alliance is calling and sending letters to members who need to complete their redetermination packets to avoid a break in coverage and/or termination. Low literacy is one barrier to completion of the forms.</p> <p>The Board recommended contacting the members' PCPs or clinics to inform them of the need to fill out the packets. The need for assistance filling out packets, due to literacy issues, was discussed. The plans are looking for ways to get members into SSA offices where they can get assistance.</p> <p>Supervisor Steele recommended that the Alliance attend a Social Services Committee to inform them about the problem because the Board of Supervisors is not aware</p>	<p>Motion: J. Norton, MD Second: R. Davis, Jr. MD Result: The motion to approve the Financial Report for the Month & Year-to-Date Ended December 31, 2005 was approved unanimously.</p> <p>Finance department: Determine the actual financial impact of Medi-Cal redeterminations by SSA.</p> <p>Alliance staff: Inform PCPs and clinics about their members who need to complete their redetermination packets.</p> <p>Alliance staff: Report to the county Social Services</p>	<p>CFO: Report findings on impact of Medi-Cal redeterminations.</p> <p>Alliance staff: Report on expanded retention/outreach efforts to members who need to complete redetermination packets.</p> <p>Alliance staff:</p>

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		continue.		
7. OTHER BUSINESS				
None	None	None	None	
8. PUBLIC COMMENTS				
None	None	None	None	

9. Next Meeting Date

The next meeting date was set for Thursday, March 23, 2006.

10. Adjournment to Closed Session

Motion: C. Ridgell

Second: L. Price, MD

Results: The motion to adjourn the Alameda Alliance for Health Board of Governors meeting was passed unanimously at 7:19 p.m.

Respectfully Submitted By

Ingrid Lamirault, Secretary/Treasurer of the Board and CEO