

BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, May 9th, 2025
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. Noha Aboelata (Vice-Chair), Aarondeep Basrai, Dr. Kathleen Clanon, Dr. Rollington Ferguson, James Jackson, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams

Board of Governors Remote: Andrea Ford (Traditional Brown Act), Andie Martinez-Patterson (AB 2449 “Just Cause”), Dr. Kelley Meade (AB 2449 “Just Cause”)

Board of Governors Excused: Tosan Boyo, Byron Lopez, Dr. Marty Lynch

Alliance Staff Present: Matthew Woodruff, Gil Riojas, Anastacia Swift, Sasi Karaiyan, Tiffany Cheang, Michelle Lewis, Lao Paul Vang

Chair Gebhart called the regular Board of Governors meeting to order at 12:02 p.m.

2. ROLL CALL

Roll call was taken, and a quorum was established.

3. AGENDA APPROVAL

There were no modifications to the agenda.

4. INTRODUCTIONS

There were no introductions.

5. CONSENT CALENDAR

- a) MARCH 14th, 2025, BOARD OF GOVERNORS MEETING MINUTES
- b) MARCH 11th, 2025, FINANCE COMMITTEE MEETING MINUTES
- c) APRIL 22nd, 2025, FINANCE COMMITTEE MEETING MINUTES
- d) MARCH 14th, 2025, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES

e) APPROVE RESOLUTION FOR QIHEC NOMINEE

Motion: A motion was made by Natalie Williams and seconded by Yeon Park to approve the Consent Calendar.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Dr. Kathleen Clanon, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Andie Martinez-Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

There were no updates due to the cancellation of the meeting. The Compliance Advisory Committee is scheduled to reconvene on June 13th.

b) FINANCE COMMITTEE

February Financial Results: Mr. Jackson reported that the Finance Committee met on April 22nd to discuss the financial results. Enrollment increased by 450 members, totaling 413,000 members. A net income of \$5.1 million was reported, marking the first positive net income in twelve months. The medical loss ratio (MLR) was at 90%, within the ideal range of 90-95%. Tangible net equity increased from 186% to 202%, driven by a reduction in outstanding claims and a shorter month, resulting in fewer claims due.

March Financial Results: Mr. Jackson discussed the March financial results, noting a decrease in enrollment by 648 members, totaling 412,000 members. A net income of \$450,000 was reported, marking the second consecutive month of positive net income. The MLR was 96%, and tangible net equity remained stable at around 200%. Positive revenue from the MCO tax and better-than-expected investment income were highlighted as key drivers of the positive results.

7. CEO UPDATE

Mr. Woodruff highlighted that the Alliance achieved positive net income for two consecutive months for the first time in a year. He thanked the teams working on finances and medical management for their efforts in achieving this milestone. There have also been ongoing efforts to manage the budget amidst changing federal and state regulations. He emphasized the importance of contingency planning and being prepared for various scenarios that may impact the budget.

Question: Ms. Schwab-Galindo inquired about the internal timeline for the information needed for contingency planning. What aspects is the plan evaluating and reviewing?

Answer: Mr. Woodruff mentioned that when the revised budget is released next week, we will review it promptly to incorporate any relevant information into our budget. The federal government is expected to finalize its budget in September, and the state may call a special session depending on the outcome of the federal budget. We are developing contingency plans based on various scenarios.

Question: Chair Gebhart asked if we approve a budget, and then there is a material change at the federal level, can we then ~~de~~-create-an adjusted budget?

Answer: Mr. Woodruff stated that in June, we will approve a draft budget based on the information available at that time. Then, in December, we will finalize the budget, incorporating any changes that may arise. The draft budget will serve as our operating budget until the final version is approved.

Question: Chair Gebhart asked how the Alliance's professional organizations and lobbyists are advocating for managed care in California, particularly against the elimination of the MCO tax and UIS. How are our associations representing members on these issues?

Answer: Mr. Woodruff noted that the Alliance cannot hire a lobbyist directly. Instead, we partner with the Local Health Plan Coalition, allocating part of our dues for their lobbying efforts. Over the past year, we have actively supported various bills and sent letters of support.

Informational Item only.

8. BOARD BUSINESS

a) REVIEW AND APPROVE FEBRUARY AND MARCH 2025 MONTHLY FINANCIAL STATEMENTS

Chief Financial Officer Mr. Gil Riojas provided updates on the financials for February and March 2025.

FEBRUARY 2025 MONTHLY FINANCIAL STATEMENT

Executive Summary

For the month of February, the Alliance continues to see incremental increases in enrollment, reaching 413,278 members. A Net Income of \$5.1 million was reported, and the Plan's Medical Expenses represented 89.9% of revenue. Alliance reserves increased slightly to 202% of the required and continue to remain above minimum requirements.

Enrollment – In February, Enrollment increased by 450 members.

Net Income – For the month ended February 28th, 2025, actual Net Income was \$5.1 million vs. budgeted Net Income of \$10.6 million. For the fiscal YTD, actual Net Loss was \$98.8 million vs. budgeted Net Loss of \$83.9 million. For the month, Premium Revenue was unfavorable to budget, actual Revenue was \$176.8 million vs. budgeted Revenue of \$191.5 million, Premium Revenue

variance of \$14.7 million is primarily due to reconciliation of CY2022 Prop56 MEP, which led to a \$13.8 million reduction in revenue.

Medical Loss Ratio (MLR) – The Medical Loss Ratio was 89.9% for the month, and 102.9% for fiscal YTD. The major variances include unfavorable Outpatient FFS, Long-Term Care, Inpatient Hospital FFS, and Ancillary FFS.

Tangible Net Equity (TNE) – The Department of Managed Health Care (DMHC) required \$77.7M in reserves, we reported \$156.6M. Our overall TNE remains just above DMHC requirements at 202%.

The Alliance continues to benefit from increased non-operating income. For the Fiscal year-to-date, investment shows a gain of \$22.2M. Capital assets acquired so far are \$592k.

MARCH 2025 MONTHLY FINANCIAL STATEMENT

Executive Summary

For the month of March, the Alliance dipped slightly in enrollment, reaching 412,630 members. A Net Income of \$458,000 was reported, and the Plan's Medical Expenses represented 95.9% of revenue. Alliance reserves decreased slightly to 197% of the required and continue to remain above minimum requirements.

Enrollment – In March, Enrollment decreased by 648 members.

Net Income – For the month ended March, actual Net Income was \$458,000 vs. budgeted Net Income of \$7.6 million. For the fiscal YTD, actual Net Loss was \$98.3 million vs. budgeted Net Loss of \$76.3 million. For the month, Premium Revenue was favorable to budget, actual Revenue was \$191.7 million vs. budgeted Revenue of \$190.9 million. Premium Revenue variance of \$811,000 is primarily due to CY2024 rate adjustments.

Medical Loss Ratio (MLR) - The Medical Loss Ratio was 95.9% for the month and 102% for fiscal YTD. The major variances include unfavorable Inpatient Hospital FFS, Long Term Care FFS, Pharmacy FFS, and Ancillary FFS.

Tangible Net Equity (TNE) – The Department of Managed Health Care (DMHC) required \$79.8 million in reserves, we reported \$157.1 million. Our overall TNE remains above DMHC requirements at 197%.

The Alliance continues to benefit from increased non-operating income. For the Fiscal year-to-date, investments show a gain of \$3.1 million. Capital assets acquired so far are \$859,000.

Question: *Dr. Seevak asked about our expectations for this year's MCO tax net amount.*

Response: *Mr. Riojas mentioned that our quarterly payments amount to approximately \$188 million, which total around \$750 million annually. We expect to receive that total, although there is some risk based on the state's calculations.*

Motion: A motion was made by Yeon Park and seconded by Natalie Williams to approve the February and March 2025 monthly financial statements.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Dr. Kathleen Clanon, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Andie Martinez-Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart

No opposition or abstentions.

b) COMMUNITY SUPPORTS INFORMATIONAL UPDATE

Mr. Woodruff explained the impact of recent policy guides on the Alliance's ability to manage Community Supports and the need to address a \$12 million deficit. He mentioned an upcoming meeting with DHCS and DMHC to discuss additional funding. Mr. Woodruff also acknowledged the feedback received from providers and emphasized the importance of working together to address the funding challenges. He thanked Alameda County Health for their constructive feedback and ongoing collaboration.

Multiple speakers expressed concerns about potential cuts to Community Supports funding and emphasized the importance of these services for vulnerable populations.

Public comment speakers:

1. [Beatriz Saki, East Bay Innovations](#)
2. Alexis Chettiar, Cardea Health
3. Catherine Hayes, Cardea Health
4. Andrew Somera, Alameda County Health, Housing & Homeless Services
5. Katie Jackson, Project Open Hand
6. Karen Cooper, Cardea Health
7. Meg O'Neill, Cardea Health
8. John Miller, Cardea Health
9. Dr. Steven Chen, Recipe4Health, Alameda County
10. Dr. June Tester, UCSF
11. Jenny Wang, Alameda County Public Health
12. Kimi Watkins Tart, Alameda County Public Health
13. Jovan Yglecias, Bay Area Community Services
14. Gemma Jamena, Bay Area Community Health
15. Brenda Goldstein, LifeLong Medical Care
16. Rebecca Murillo, Alameda County Community Food Bank

Discussions will continue, and there will be an update on this item at the next board meeting.

Informational Item only.

c) MEDICAL MANAGEMENT UPDATE

AAH Top 5%

- Top 5% of AAH members account for ~80% of total costs*
 - ~26K members
 - Top Cost categories:
 - Inpatient = 32%
 - SNF/ICF/DD = 5.5%

- ER = 3.6%
- Pharmacy** = 20%

Inpatient Interventions

On-going

- Over/Under Utilization Workgroup- started in Dec 2024 – meets monthly
- Receive real-time information/Hospital partner rounds - weekly
- Transitional Care Services (TCS); close follow-up of members discharged from a facility/hospital
- Expanded Pharmacy outreach to members with discharge diagnosis of heart failure or sepsis (AHS/Sutter– started Oct 2024; Washington Hosp - Feb 2025)
- Continue to work with hospital partners to refine the identification of high-utilizing members
- Fund CHCN’s CTRN program (11 RN FTEs, 3.5 coordinator FTEs)
- Delegate P4P incentive for reduced unplanned readmissions

Future

- Targeted enrollment in ECM–MIF prioritization to ECM providers (June 2025)
- TCS vendor for high-risk members to assist with PCP follow-up (~Summer 2025)
- Further expand Pharmacy outreach to include additional hospitals (~Summer 2025)
- Inpatient-focused interventions with the largest delegate (~Summer 2025)
- Work with Finance and Contracting to ensure appropriate payment for inpatient services, such as contracted versus noncontracted and diagnosis per diem vs APR-DRG.

Long-Term Support Services Interventions

On-going

- Sitter program restructured with contracting
- On-site visitation in LTC facilities
- LTC rounds (LTC/IP/ECM) – weekly
- Monitor payment of non-covered MediCal benefits, such as Congregate Living Health Facilities
- Updated Community Supports Criteria – Dec 2024

Future

- Ensure members have the appropriate DHCS LTC aid code
- Refine Community Supports criteria (new policy guides 4/30/25)

Emergency Department Interventions

On-going

- Member education campaign- increase Telehealth and Urgent Care utilization; New brochures to members
- Community Health Workers (CHW) care coordination in EDs (Highland, Sutter) – Aug/Sept 2024
- QI navigators (2) f/u ED visits (AHS) for Mental Health (MH) or Substance Use Disorder (SUD)→warm transfer to Behavioral Health (BH) – Jan 2025
- Monthly rounds with Kaiser ED/IP Teams for Alliance utilizers of ED/IP – Feb 2025
- Incentives to expand PCP hours of operation
- QI Team meets monthly with direct and delegated providers to share access data, encourage incentive participation

Future

- Expand network access to PCPs, Urgent care, and MH providers
- Train SUD ED navigators to include/link to MH; Expand ED SUD Navigators to other EDs
- Expand Admission/Discharge/Transfer to receive from Tertiary Hospitals (UCSF/Stanford)
- Partner with Delegates for CHW ED Navigation for PCP/BH follow-up after ED visits

Pharmacy Interventions

Ongoing

- Formulary/Prior Authorization (PA) review (ex – Anticoagulants)
- Monitor new claims for carve out drugs/Physician Administered Drugs process – Oct 2024
- Process change: logic for payment of new J codes/PA– Feb 2025 (pend not pay); UM impact
- Monitor drug rebate opportunities
- Expanded pharmacy network with better pricing (partnership between Perform Rx and Optum)
- Gap in care report for HTN, DM, and Asthma for med non-adherence shared with providers via the QI Team.
- New policy regarding self-injectables administered in office (June 2025)

Special Health Care Strategies

- Identify members with special health care needs.
- Work closely with members and PCP to assist with education and care coordination.
- Enroll members in ECM to coordinate care.
- Create and monitor a report.

Strategies for All Other Members

- Evaluate and understand the members within this category
- Enroll members in ECM to assist with care coordination

Question: Ms. Peterson inquired about what portion of the inpatient high utilizers come through the ED?

Response: Dr. Carey mentioned that they do not have that information yet, but it is part of the deep dive they are looking at to understand where the inpatient members are coming from.

Informational Item only.

9. STANDING COMMITTEE UPDATES

a) PEER REVIEW AND CREDENTIALING COMMITTEE

b) QUALITY IMPROVEMENT HEALTH EQUITY COMMITTEE

Due to time constraints, updates from the standing committees will be shared at the next board meeting.

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

Vice-Chair Aboelata adjourned the meeting at 2:02 p.m.