



BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, June 12th, 2026
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: Andrea Schwab-Galindo (Chair), Aaron Basrai, Dr. Kathleen Clanon, Dr. Rollington Ferguson, Rebecca Gebhart, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Supervisor Lena Tam, Marcus Watkins, Natalie Williams

Board of Governors Remote: None

Board of Governors Excused: Dr. Noha Aboelata (Vice-Chair), Andrea Ford

Alliance Staff Present: Matthew Woodruff, Dr. Donna Carey, Gil Riojas, Stephen Smythe, Anastacia Swift, Sasi Karaiyan, Tiffany Cheang

Chair Andrea Schwab-Galindo called the regular Board of Governors meeting to order at 12:01 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) MAY 8th, 2026, BOARD OF GOVERNORS MEETING MINUTES

b) MAY 8th, 2026, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES

c) MAY 5th, 2026, FINANCE COMMITTEE MEETING MINUTES

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

Vote: The motion was passed unanimously.

Ayes: Aaron Basrai, Dr. Rollington Ferguson, Rebecca Gebhart, James Jackson, Byron Lopez, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Supervisor Lena Tam, Marcus Watkins, Natalie Williams, Chair Andrea Schwab-Galindo.

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

The Compliance Advisory Committee reported that audits for 2023 and 2024 have been fully closed, while the 2025 joint DMHC routine full medical survey is ongoing, with four out of sixteen items already closed and two repeat findings actively being remediated. For the 2026 survey, an exit conference has taken place, but the committee is still awaiting the preliminary report, with two self-identified items pending resolution. The committee also noted progress on network adequacy surveys, including a federal survey submitted early and expected to pass at 100%, and a similar state survey conducted by a third party. Members expressed satisfaction with the enterprise risk management process and anticipate further updates in future meetings. The committee reviewed and updated its charter, focusing on governance and its reporting relationship to the board, with input from Mr. Smith and his team. Additionally, the committee received a detailed report from the operational compliance committee, affirmed that the agenda aligned with the Board of Governors, and described the meeting as productive and positive, inviting questions from attendees.

b) FINANCE COMMITTEE

The Finance Committee met on June 9th and discussed four major items: April finances, the preliminary budget for fiscal year 2027, member activity analysis, and the annual grants program. The Alliance has awarded \$6.1 million in grants to date, with a detailed analysis of grant distribution forthcoming; however, the committee noted the absence of an institutional breakdown of grant recipients and requested further analysis. The preliminary budget for fiscal year 2027 anticipates a net loss of about \$23.7 million, with enrollment projected to decline to 263,000 members and medical expenses expected to decrease to \$1.8 billion, raising questions about the reasons for lower projected medical costs. April finances showed a monthly enrollment drop of approximately 5,500 members and a year-over-year decline of about 31,000, with medical expenses exceeding budget by \$5 million for the month but remaining on target year-to-date. Tangible net equity (TNE) has remained stable, and the medical loss ratio (MLR) rose slightly to 95.5% for the month, averaging 92% year-to-date. Overall, the committee reported positive financial trends and highlighted the need for further explanation of enrollment declines and medical expense projections.

c) COMMUNITY ADVISORY SELECTION COMMITTEE

The Community Advisory Committee (CAC) Selection Committee met in May, welcomed new members, and completed its annual charter review, recommending updates to align with current Brown Act requirements and clarifying participation expectations. The committee supported electronic voting for remote participants and reviewed membership attendance and engagement, discussing outreach strategies for inactive members. Recruitment efforts were updated to ensure the committee remains

diverse and representative of all members. The report emphasized ongoing efforts to maintain active engagement and inclusivity within the committee, and invited questions or comments from attendees.

7. CEO UPDATE

Mr. Woodruff presented the CEO report, noting that the Alliance once again failed to meet its grievance compliance targets. He attributed this shortfall to staffing shortages, with eight positions remaining vacant and recruitment efforts ongoing. The Board reviewed the Grievance and Appeals Report, which included the following information: member grievances had an 85% processing time for expedited grievances, falling short of the 95% compliance target. Additionally, the department achieved a 75% processing time for standard grievances, which also did not meet the 95% compliance standard. Furthermore, the Alliance's encounter data reporting was below the 65% and 80% standards, as the Alliance allowed providers to submit claims outside of the timely filing window due to the implementation of their new systems. He highlighted operational updates, including the need to reschedule the July board meeting due to anticipated absences, leading to a board vote to move it to August. Mr. Woodruff discussed upcoming board training requirements and introduced new live and digital options to ensure compliance and accommodate members' schedules. He reported 100% compliance for the Medicare network after signing a contract with Sutter and indicated plans to explore future compliance strategies. Legislative and budget updates were previewed, with Mr. Woodruff emphasizing the impact of state cuts to ECM and community supports and raising concerns about other health plans' leniency toward state guidelines. This prompted a board discussion about balancing operational flexibility with audit and financial risk, and Mr. Woodruff committed to providing a risk-benefit analysis and further data before any changes are made. He concluded by noting that additional strategic decisions will be required as the financial environment evolves and is committed to keeping the board informed and involved.

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Aaron Basrai to postpone the July 10, 2026, Board of Governors meeting to August 14, 2026.

Vote: The motion was passed unanimously.

Ayes: Aaron Basrai, Dr. Kathleen Clanon, Dr. Rollington Ferguson, Rebecca Gebhart, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Supervisor Lena Tam, Marcus Watkins, Natalie Williams, Chair Andrea Schwab-Galindo.

No opposition or abstentions.

8. BOARD BUSINESS

a) LEGISLATIVE UPDATE

Highlights:

Budget Agreement & Timeline

- The Senate and Assembly reached a two-party budget agreement; bills are expected soon, and voting is scheduled for the following week. Ongoing negotiations with the governor's office are anticipated.

Medi-Cal Proposals

- Transition of UIS (Uninsured Immigrant Services) population to fee-for-service is still under negotiation; advocacy efforts continue to maintain managed care access for these members.

- Medi-Cal premiums delayed until July 2027; governor to set premium level between \$0 and \$50 by June 2027.
- Full-scope Medi-Cal for qualified non-citizens delayed to 2027-28, affecting about 9,000 Alameda County residents.
- Dental benefit cuts for adults with unsatisfactory immigration status are delayed by 12 months.
- Asset test for older adults and people with disabilities lowered to \$21,000 in 2027-28; adult acupuncture benefit retained.
- Medi-Cal loss remittances approved as budgeted; distressed hospitals to receive \$200M in forgivable loans and \$250M for public hospitals.

ECM & Community Supports

- The Senate and Assembly approved reductions in access to ECM (Enhanced Care Management) and community supports, with increased utilization management for ABA (Applied Behavioral Analysis) and transportation benefits.

HR1 Impacts

- HR1 provisions will cause 44,000 Medi-Cal members to lose coverage in 2026-27, with further losses projected by 2029.
- CMS released an interim final rule for work and community engagement requirements, with public comment due July 31. Medical frailty exclusions will require additional proof for exemption.

MCO Tax

- New MCO (Managed Care Organization) tax model proposed: \$8.85 per member per month for both Medi-Cal and non-Medi-Cal entities. Medi-Cal plans see a wash, but non-Medi-Cal plans face a net tax. Hospital payments are at risk if the tax is not approved.

UIS Transition Advocacy

- Local plans, including the Alliance, are actively advocating to keep the UIS population in managed care. Multiple meetings with legislators and local partners, including Assembly Member Bonta and Ortega.
- Alternative proposal developed: state-only contract for managed care plans to retain preventive services, with federally payable services (emergency, OB) carved out to fee-for-service. The proposal maintains two-thirds of the administration's savings and requests that the legislature fund the \$190M shortfall.
- Advocacy efforts are credited with keeping the issue alive in negotiations.

Implications & Next Steps

- If UIS members move to fee-for-service, providers will receive lower reimbursement rates; the proposal aims to maintain current capitation rates for managed care.
- Anticipated impacts on coverage, access, administrative burden, and financial stability for providers and the Alliance. Board to consider interventions and investments once more information is available.
- The health PAC program may see increased enrollment if UIS members lose managed care; current data shows only a small fraction of disenrolled Medi-Cal members joining Health PAC, likely due to deferred care.
- Emphasis on advocacy, data-driven decision-making, and proactive planning for health equity and financial sustainability.

Question: Ms. Gebhart asked if the MCO tax does not go through, will hospital payments be negatively impacted? Mr. Riojas confirmed that hospital payments would be negatively impacted, as the MCO tax funds various programs, including direct payments and intergovernmental transfers.

Question: Dr. Seevak asked for providers, if the plan is getting reduced rates for the UIS population, will that reduction be passed along to providers? Mr. Woodruff explained that if UIS members move to fee-for-service, providers will receive lower reimbursement rates (100% of Medi-Cal FFS). If the alternative proposal is accepted, the Alliance would pay providers at current capitation rates for managed care services.

Question: Mr. Basrai inquired whether programs like HealthPAC will be affected if UIS members lose managed care, and what the expected financial impact would be. Mr. Woodruff and Dr. Clanon responded that more UIS members would likely move into Health PAC, but current data show only a small fraction of disenrolled Medi-Cal members are joining Health PAC, likely due to deferred care. The full impact will depend on final budget decisions and further data analysis.

Informational Item Only.

b) FY26 GRANT UPDATES

Summary:

- Grant policy approved in 2025.
- An update to the Board will be provided every June.
- Grants greater than \$1.5M must be approved by action of the Board.
- Incentive and reporting department will review all grant approval requests.
- Grants will require detailed project plans with objectives, timelines, milestones, and budgets.

Question: Dr. Seevak asked if anyone has been looking closely at the grants and outcomes to see whether the investment has been worth it. Mr. Riojas responded that the Alliance is working to improve its process, analyzing data to evaluate grant effectiveness and determine future continuation. This includes collecting reports from providers and comparing outcome measures before and after grants.

Informational Item only.

c) MEMBER ACUITY ANALYSIS

Categories Defined:

- Stayers: Members who remain continuously enrolled.
- Leavers: Members who exit the plan.
- Joiners: New members joining the plan.

Cost Findings:

- Baseline (stayers) PMPM cost: ~\$340.
- Leavers PMPM cost: ~\$344, slightly higher than stayers, contrary to expectations.
- Joiners PMPM cost: ~\$411, significantly higher than both stayers and leavers.
- Net effect: Joiners' higher costs offset the expectation that leavers would be less costly.

Leavers Analysis:

- Higher costs among leavers are mainly in SPD and duals categories, likely due to end-of-life expenses rather than healthy disenrollment.

Joiners Analysis:

- Joiners are consistently more expensive, raising overall plan acuity and costs.

Optional Expansion and Child Categories:

- In these groups, leavers are less costly than stayers, confirming initial assumptions for these categories.

UIS Population:

- UIS members have 6.7% higher PMPM costs than baseline, especially in optional expansion adult and child categories.

Implications:

- Rising acuity among joiners may require adjustments to expense forecasts and outreach to the state for rate reconsideration.
- Care management programs will be critical for high-acuity joiners.
- If acuity trends shift downward, it would favorably impact rates and reserves, but current data show rising acuity.

Next Steps:

- Analysis will be repeated twice a year.
- Targeted case management for high-acuity joiners.
- Actuarial review to ensure rates align with actual acuity.
- Ongoing communication with the state to advocate for rate adjustments based on real data.

Question: Dr. Seevak asked what time frame is used to measure the cost of joiners? Mr. Riojas explained that the analysis looked at costs for joiners over a six-month period, acknowledging that costs are typically higher initially due to increased service use when members first join.

Informational Item only.

d) REVIEW AND APPROVE APRIL 2026 MONTHLY FINANCIAL STATEMENTS

APRIL 2026 Financial Statement Summary

Enrollment:

Enrollment decreased by 5,575 members since March 2026. Total enrollment decreased by 31,030 members since June 2025.

Net Income:

For the month ended April 30th, 2026, the Alliance reported a Net Income of \$388,000 (versus budgeted Net Income of \$1.9 million). For the year-to-date, the Alliance recorded a Net Income of \$67.0 million versus a budgeted Net Income of \$21.1 million.

Premium Revenue:

For the month ended April 30th, 2026, actual Revenue was \$188.1 million vs. our budgeted amount of \$183.1 million.

Medical Expense:

Actual Medical Expenses for the month were \$179.5 million, vs. budgeted amount of \$172.6 million. For the year-to-date, actual Medical Expenses were \$1.8 billion vs. budgeted Medical Expense of \$1.8 billion.

Medical Loss Ratio:

Our MLR ratio for this month was reported as 95.5%. The year-to-date MLR was 92.3%.

Administrative Expense:

Actual YTD Administrative Expenses for the month ending April 30th, 2026, were \$11.4 million vs. our budgeted amount of \$11.5 million. Our Administrative Loss Ratio (ALR) is 6.1% of our Revenue for the month, and 5.5% of Net Revenue for year-to-date.

Other Income / (Expense):

As of April 30th, 2026, our YTD interest income from investments shows a gain of \$24.9 million.

Managed Care Organization (MCO) Provider Tax:

For the month ending April 30th, 2026, we reported \$63.5 million MCO Tax Revenue vs. budgeted MCO Tax Revenue of \$60.3 million. Our MCO Tax Expense was \$63.5 million vs. budgeted MCO Tax Expense of \$60.3 million.

Tangible Net Equity (TNE):

For April, the DMHC requires that we have \$79.8 million in TNE, and we reported \$236.3 million, leaving an excess of \$156.5 million. As a percentage we are at 296%, which remains above the minimum required.

Cash and Cash Equivalents:

We reported \$577.3 million in cash; \$413.2 million is uncommitted. Our current ratio is above the minimum required at 1.23 compared to regulatory minimum of 1.0.

Capital Investments:

We have acquired \$51,000 in Capital Assets year-to-date. Our annual capital budget is \$1.4 million.

Question: Mr. Watkins asked whether IHSS is included in the numbers and whether there is a way to see what is declining in IHSS versus traditional Medi-Cal? Mr. Riojas confirmed that IHSS is included, noted continued enrollment growth in IHSS (group care), and explained that declines are mainly in Medi-Cal categories, with IHSS offsetting some of the losses. Detailed breakdown is available.

Motion: A motion was made by Natalie Williams and seconded by Dr. Kelley Meade to approve the April 2026 Financial Statements.

Vote: The motion was passed unanimously.

Ayes: Aaron Basrai, Dr. Rollington Ferguson, Rebecca Gebhart, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Supervisor Lena Tam, Marcus Watkins, Natalie Williams, Chair Andrea Schwab-Galindo.

No opposition or abstentions.

e) REVIEW AND APPROVE FISCAL YEAR 2027 BUDGET

Highlights

- FY 2027 Projected Net Loss of \$23.7 million.
- Projected Tangible Net Equity (TNE) at year-end is 302% of required TNE.
- June 2027 projected enrollment is 263,000, down 106K from the prior year.
- Revenue is \$1.93 billion, \$338 million lower than FY 2026 3Q Forecast due to enrollment loss.
- Medical Expense totals \$1.8 billion in FY 2027, a decrease of \$236.5 million (-11.6%) from FY 2026 3Q Forecast.
- Administrative Department Expenses are \$3.8 million less than FY 2026 3Q Forecast, representing 6.4% of revenue.
- Clinical Department Expenses are \$2.5 million higher than FY 2026 3Q Forecast and comprise 2.1% of revenue.
- Medicare D-SNP program membership is expected to grow steadily over time.
- D-SNP Revenue risk scores are higher than bid assumptions, leading to higher revenue.
- and expenses.
- Infertility services are now included under Group Care in accordance with regulatory requirements.
- Transitional Rent is added to FY2027 Preliminary Budget projections.
- Transitional Care Management is starting in July 2026.

Question: Dr. Seevak inquired whether the assumption is that, if the UIS population stays with the Alliance, it would be a pass-through, and whether the Alliance would lose money on UIS patients? Is it possible that UIS members could continue to be administered through the Alliance even if their Medical status changes? Mr. Riojas clarified that the budget assumes the UIS population will not be in managed care and will move to fee-for-service, which is a major driver of revenue and expense decreases; Mr. Woodruff and Mr. Riojas explained that the state has not elaborated, but the budget conservatively assumes the population leaves managed care. If they move to fee-for-service, the state will administer, not the Alliance.

Question: Dr. Ferguson asked how and when the Alliance recover on group care, given that group care and D-SNP are showing increases in membership but also losses. Mr. Riojas stated that a new two-year contract with a rate increase was negotiated with the county, aiming for break-even or better, and noted the challenge of managing D-SNP due to fixed costs and slow enrollment growth.

Question: Mr. Basrai questioned how conservative the 106,000-member loss estimate is in the preliminary budget. Does it account for UIS, retroactive redeterminations, and work requirements from HR1? Mr. Riojas confirmed the estimate is conservative, assuming more members are disenrolled, and it accounts for all those factors.

Question: Dr. Ferguson asked when the Alliance will start being aggressive in enrolling D-SNP members to even out losses? Mr. Woodruff responded that aggressive marketing would begin in August, after a deliberate slow start to protect STARS ratings, with campaigns and co-branding planned with key partners.

Motion: A motion was made by Jody Moore and seconded by Natalie Williams to approve the Fiscal Year 2027 Budget.

Vote: The motion was passed unanimously.

Ayes: Aaron Basrai, Dr. Rollington Ferguson, Rebecca Gebhart, James Jackson, Byron Lopez, Dr. Marty Lynch, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Supervisor Lena Tam, Marcus Watkins, Natalie Williams, Chair Andrea Schwab-Galindo.

No opposition or abstentions.

9. STAFF UPDATES

There were no staff updates.

10. UNFINISHED BUSINESS

None.

11. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

None.

12. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

13. ADJOURNMENT

Chair Schwab-Galindo adjourned the meeting at 1:53 p.m.