

BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, July 12th, 2024
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. Rollington Ferguson, Andrea Ford, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams (arrived at 12:19 p.m.)

Board of Governors Remote: James Jackson ('Traditional Brown Act'), Jody Moore ('Just Cause' provision)

Board of Governors Excused: Colleen Chawla, Dr. Marty Lynch, Yeon Park, Andrea Schwab-Galindo

Alliance Staff Present: Matthew Woodruff, Dr. Donna Carey, Richard Golfin III, Gil Riojas, Anastacia Swift, Ruth Watson, Sasi Karaiyan, Tiffany Cheang, Lao Paul Vang

Chair Gebhart called the regular Board of Governors meeting to order at 12:00 p.m.

2. ROLL CALL

Roll call was taken, and a quorum was established.

3. AGENDA APPROVAL OR MODIFICATIONS

There were no modifications to the agenda.

4. INTRODUCTIONS

Matt Woodruff introduced Dr. Lo, who co-presented the Long-Term Care update.

5. CONSENT CALENDAR

- a) JUNE 11th, 2024, FINANCE COMMITTEE MEETING MINUTES
- b) JUNE 14th, 2024, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES
- c) JUNE 14th, 2024, BOARD OF GOVERNORS MEETING MINUTES

- d) **REVIEW AND APPROVE RESOLUTION RE-APPOINTING BYRON LOPEZ TO DESIGNATED BOARD OF GOVERNORS SEAT (LABOR STAKEHOLDER, SEIU/UNITED HEALTHCARE WORKERS WEST)**
- e) **REVIEW AND APPROVE RESOLUTION RE-APPOINTING REBECCA GEBHART TO DESIGNATED BOARD OF GOVERNORS SEAT (AT-LARGE SUBJECT KNOWLEDGE EXPERTISE)**

Motion: A motion was made by Supervisor Lena Tam and seconded by Dr. Rollington Ferguson to approve the Consent Calendar Agenda Items 5a through 5e.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Dr. Evan Seevak, Supervisor Lena Tam, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

Dr. Kelley Meade reported on the Compliance Advisory Committee meeting held on July 12th, discussing the 2024 DHCS potential findings. The state audit, conducted from June 17th to June 28th, resulted in 23 potential findings across six areas: utilization management (four findings), case management and continuity of care (nine findings, including one repeat), access and availability (two findings), member rights (six findings), fraud, waste, and abuse (one finding), and state-supported services (one nuanced billing issue). The findings were deemed correctable and not alarming, with only one repeat finding noted.

b) FINANCE COMMITTEE

Dr. Ferguson shared an update on the Finance Committee meeting held on July 10th. The discussion covered the May financials and the potential repeat findings mentioned by Dr. Meade. There was also an update on the fiscal year 2024 budget. Regarding the repeated findings, there is a possibility of facing fines of a minimum of \$25,000, although the exact amount is unknown. The May financials were not very promising. The MLR has increased to 118%, and we incurred a debt loss of \$29 million. TNE has decreased to 540%, indicating a downward trend, and the high MLR is a concern. Long-term care was also discussed, raising the question of what actions to take. Proposed solutions will be presented, including addressing the estimated 50% incorrect acuity, affecting reimbursement.

7. CEO UPDATE

In the CEO report, Matt Woodruff provided an overview of the financial update and operational challenges, including a \$21 million revenue drop, the final repayments to the State, and the cost of long term care continues to increase.

A long-term care presentation co-presented with Dr. Lowe highlighted the long-term care challenges and solutions, increase in membership, intensive case management and education, aid code correction, and matching levels of care and services.

Key Points from the presentation include:

- Growth in Long-term Care Membership: Since December, long-term care membership increased by 50%, with a significant influx of members from Anthem stabilizing in April.
- Focus on Intensive Case Management: There has been an emphasis on intensive case management and education for members and providers, including social workers visiting facilities to assess and address needs.
- Efforts to Correct Aid Codes: Efforts are ongoing to correct aid codes for members to ensure they receive appropriate benefits and services, involving collaboration between social workers, providers, and the State.
- Challenges in Long-term Care: Long-term care has been challenging, including housing shortages and the need to accurately match care levels to member needs, focusing on meeting member preferences and improving internal systems.

Question: What is the reason behind the increase in long-term care membership, and how is it managed?

Answer: Long-term care membership has increased by 50% since December, largely due to the influx of members from Anthem, necessitating better coding and management of these members.

Medicare Supplemental Benefits Review

- Supplemental Benefits Analysis: A comprehensive analysis was conducted on supplemental benefits, comparing offerings in Alameda County and the broader marketplace to be competitive and address community needs.

Question: What supplemental benefits are offered in Alameda County and other markets?

Answer: A comprehensive review of supplemental benefits such as dental, vision, and transportation was conducted to be competitive in the market, with comparisons made to other providers in Alameda County and Southern California.

Question: What is the Alliance's strategy to offer supplemental benefits comparable to Kaiser by 2026?

Answer: The Alliance aims to offer at least the same supplemental benefits as Kaiser by 2026, focusing on community needs through provider town halls and other engagement strategies.

8. BOARD BUSINESS

a) REVIEW AND APPROVE MAY 2024 MONTHLY FINANCIAL STATEMENTS

Chief Financial Officer Gil Riojas presented an overview of the May 2024 Financial Statements.

Key Points from the presentation include:

- The Alliance reported a net loss of \$29 million, mainly due to the acuity adjustment for calendar year 2023 that reduced the revenue by \$30 million.
- The acuity adjustment was based on comparing long-term care expenses between the Alliance and Anthem, which resulted in a revenue shift from the Alliance to Anthem.
- The revenue was \$127 million, \$30 million lower than the budget and \$21 million lower than the previous month.
- The medical expenses were \$150 million, \$5 million lower than the budget but \$41 million higher than the previous month.
- The medical loss ratio was 118%, which means that for every dollar of revenue, the alliance spent \$1.18 on medical expenses.
- The administrative expenses were \$14.6 million, \$1.1 million lower than the budget and \$0.4 million lower than the previous month.
- The investment income was \$2.8 million, \$0.8 million higher than the budget and \$0.2 million higher than the previous month.
- The tangible net equity was \$360 million, 514% of the regulatory minimum.
- The cash and cash equivalents were \$189 million, \$9 million lower than the previous month.

Question: What was the main reason for the net loss of \$29 million in May?

Answer: The main reason for the net loss of \$29 million in May was the acuity adjustment for the calendar year 2023, which reduced the revenue by \$30 million.

Question: How did the acuity adjustment affect the revenue and the MLR?

Answer: The acuity adjustment was based on comparing long-term care expenses between the Alliance and Anthem, which resulted in a revenue shift from the Alliance to Anthem.

Question: In January, our TNE was around 700%, and it's now around 514%. Is the MLR the most significant factor that contributed to its drop of 200%?

Answer: Yes. Our medical loss ratio has increased because of the significant reductions in revenue that have reduced our tangible net equity. Our medical expenses, compared to revenue, are higher, and our reserve is lower because we're taking those down. We're hopeful that after June, we'll stabilize, and hopefully, we can grow again.

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Dr. Kelley Meade to approve the May 2024 monthly financial statements.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

b) UPDATE TO FY24 BUDGET

Gil Riojas provided a brief update on the FY24 budget, noting that revenue is expected to be low in June due to acuity adjustments, leading to a significant net loss. Without recruitment expenses, the net income would have been approximately \$40 million, with a tangible net equity of about 590% and a medical loss ratio of about 94%. The aim is to stabilize and achieve growth in reserves and net income in the current fiscal year.

Informational item only.

c) UNSATISFACTORY IMMIGRATION STATUS (UIS) PRESENTATION

Gil Riojas provided an overview of the Unsatisfactory Immigration Status (UIS) population, which consists of undocumented individuals eligible for the Medi-Cal program.

Key Points discussed in the presentation include:

- As of May 2024, Alliance had 67,000 undocumented members with unsatisfactory immigration status.
- January 2024 saw a net increase of 30,000 in UIS membership. As a reminder, older adults were eligible starting in May of 2022, who are 50 and older and younger adults in January of this year, ages 26-49 are not eligible. This is why we see these increases from where we were in the past. This was due to new populations, partially offset by Kaiser members leaving the Plan.
- UIS members represented 17% of Alliance members.
- 36% of adult members are undocumented; 19% of ACA OE members are undocumented. Of the remaining populations, 9% are undocumented.
- In the first quarter of CY 2024, the Child, ACA OE, Duals, LTC and LTC Dual populations had MLRs above the target Medical Loss Ratio of 90-95%.

Informational Item Only.

d) TARGETED RATE INCREASE (TRI) PRESENTATION

Gil Riojas shared an update on the Targeted Rate Increase (TRI), a state initiative to increase reimbursement rates for certain primary care, obstetric, and mental health services for Medi-Cal members.

Key Points from the presentation include:

- The TRI is funded by the Managed Care Organization (MCO) tax, a tax on health plans participating in Medi-Cal.

- The TRI started in January 2020 and requires the plans and their delegated providers to pay at least 87.5% of the Medicare fee schedule for the designated services.
- The State has provided a list of over 700 codes that are eligible for the TRI and expects the plans to report and monitor compliance with the TRI payments.
- The State also intends to expand the TRI program for calendar year 2025 and add new codes, and increase the rates, but with a lower budget allocation.
- The Alliance has been working on analyzing the current fee schedules, comparing them with the TRI fee schedule, and making any necessary adjustments to ensure the proper payments to the providers.
- The Alliance has also been collaborating with the delegated providers, CHCN and AHS, to ensure that they are also paying their providers according to the TRI fee schedule.
- The Alliance received a final All Plan Letter (APL) from the State in June 2020 that outlines the requirements and expectations for the TRI program.

e) OVERVIEW AND DISCUSSION OF TRILOGY DOCUMENTS

Dr. Donna Carey presented an overview of the Trilogy documents that were approved at the board meeting on June 14th, 2024. These documents outline the annual work plans and evaluations for the quality, case management, and utilization management programs of the Alliance. The presentation discussed the goals, programs, and evaluations of these departments, emphasizing key metrics and future plans.

Key points in the overview included:

- **Quality Program Overview:** The quality program aims to monitor and evaluate the quality, safety, and appropriateness of care and services delivered to members, with multiple committees overseeing various aspects of this work.
- **Key Quality Metrics:** Quality metrics include HEDIS measures, member experience surveys, and state-directed quality improvement projects, focusing on areas like well-child visits and follow-ups after ED visits.
- **Case Management Programs:** Case management involves a collaborative process of assessment, planning, and coordination to meet members' health needs, with programs like enhanced care management, complex case management, and transitional care services.
- **Challenges in Case Management:** Challenges include low return rates for health risk assessments and the need for creative solutions to improve member engagement and consent for services.
- **Utilization Management Goals:** The utilization management department ensures medically necessary and appropriate care, with a high volume of authorizations and low denial rates.
- **2024 Work Plan:** Plans for 2024 include reducing required prior authorizations, increasing staffing, expanding ADT feeds, and improving delegate oversight.
- **Member Experience and Outreach:** Efforts to improve member experience and outreach include staff training to verify contact information and innovative strategies to engage non-utilizers.

9. STANDING COMMITTEE UPDATES

a) PEER REVIEW AND CREDENTIALING COMMITTEE – APRIL & MAY

Dr. Carey provided an update on the Peer Review and Credentialing Committee meetings that took place in April and May. In April, 155 providers were credentialed. In May, three peer review committee meetings were held. On May 6th, a temporary medical director was credentialed to assist with the UM volume. In the May meeting, a total of 273 providers were credentialed.

Question: Are the majority of those providers credentialed for behavioral health or for a specific area?

Answer: In both April and May, the majority of the credentialed providers were in behavioral health. In April, we credentialed 80 behavioral health providers, and in May, we credentialed over 200.

b) QUALITY IMPROVEMENT HEALTH EQUITY COMMITTEE – APRIL & MAY

Dr. Carey provided an update on the Pharmacy & Therapeutics committee meeting that took place in May. During the meeting, Dr. Chapman gave a presentation on the expansion of the Lanterman Petris Short Act, which increased the number of providers authorized to place 5150 or 5585 holds. The committee reviewed 23 policies and procedures, as well as the trilogy documents. Additionally, Dr. Andrea Woo from AHS presented on patient throughput in the Emergency Department at Highland. The committee reviewed and approved 30 policies and procedures and approved the Population Health Management program.

c) COMMUNITY ADVISORY COMMITTEE - JUNE

Matt Woodruff shared three main updates from the last Community Advisory Committee meeting held in June. There was a discussion about health education materials and all the different benefits that we now have under health education. There was a great discussion about access and where the Consumer Advisory Committee could refer members if they had questions about all the different benefits that are now out there. There was also discussion about the grievance and appeal data and some of the effects that the community has seen on grievances and an in-depth report on outreach and marketing.

10. STAFF UPDATES

There were no staff updates.

11. UNFINISHED BUSINESS

None.

12. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

A request was made for the glossary and primer on long-term care facilities and for the primer to be sent out via email for board members to have as a handy resource.

13. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

14. ADJOURNMENT

Chair Gebhart adjourned the meeting at 2:04 p.m.