BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, September 11th, 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, Yeon Park, Wendy Peterson, Dr. Evan Seevak, Marcus Watkins, Natalie Williams

Board of Governors Remote: Andrea Ford, Yeon Park, Dr. Noha Aboelata

Board of Governors Excused: Jody Moore

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

Chair Andrea Schwab-Galindo called the regular Board of Governors meeting to order at 12:04 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) **AUGUST 11th, 2026, FINANCE COMMTTEE MEETING MINUTES**

b) **AUGUST 14th, 2026, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES**

c) **AUGUST 14th, 2026, BOARD OF GOVERNORS MEETING MINUTES**

d) APPROVE RESOLUTION APPOINTING MARCUS WATKINS TO THE FINANCE COMMITTEE

e) APPROVE RESOLUTION APPOINTING MEMBER(S) TO QUALITY IMPROVEMENT HEALTH EQUITY – UTILIZATION MANAGEMENT COMMITTEE

f) 2026 SALARY SCHEDULE REVIEW

Question: Ms. Gebhart asked how salary ranges are determined and benchmarked. Mr. Woodruff explained that a salary survey is conducted every other year by an external firm and benchmarked against comparable California health plans. The survey evaluates job titles, grades, and salary ranges. He noted that the most recent update resulted in an average increase of approximately 8.3% to the salary ranges.

Question: Ms. Gebhart requested that future reports include a year-over-year comparison of salary range changes. Mr. Woodruff agreed that a year-over-year change column by grade would be included in future reports.

Question: Ms. Gebhart asked whether employee benefits, including retirement benefits, could be reviewed by the Finance Committee for greater visibility. Mr. Woodruff agreed that employee benefits could be brought to the Finance Committee for review, with timing anticipated around December due to ongoing benefit cost negotiations.

Question: Chair Schwab-Galindo asked whether salary schedules are reviewed by the Finance Committee prior to approval by the Board. Mr. Woodruff explained that salary schedules previously went directly to the full Board through the consent calendar; however, the revised process provides for Finance Committee review prior to consideration by the full Board.

Motion: A motion was made by Natalie Williams and seconded by Supervisor Lena Tam to approve the Consent Calendar.

Vote: The motion was passed unanimously.

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

Recuse: Marcus Watkins

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

The Compliance Advisory Committee reported strong progress on training completion, with the majority of required items completed and ongoing efforts to close remaining gaps. The committee reviewed regulatory and audit activity, including the 2026 DHCS audit results with state-identified and self-identified findings currently in progress, and noted completion of the 2025 fiscal examination and DHCS survey requirements, with DMHC items still open. Overall trends showed a reduction in repeat findings and continued improvement in compliance performance. The committee also reviewed regulatory sanctions and accountability items, including managed care accountability metrics where most requirements were met without financial penalty, and discussed a historical $25,000 sanction related to 2021 telehealth data reporting issues, which remains relevant for context in ongoing compliance oversight.

b) FINANCE COMMITTEE

The Finance Committee reviewed continued membership decline, reporting a reduction of approximately 3,000 members for the month and total enrollment of about 368,000, with projections indicating further declines potentially bringing membership below 300,000 over the fiscal year. Financial performance reflected pressure on margins, including a medical loss ratio of approximately 98% and a tangible net equity decline to 284%, alongside a reported loss in group care driven by high-cost utilization in the first month under updated rates. The committee also discussed salary schedule review processes, including an approximate 8.3% increase in salary ranges based on an external survey and the establishment of an annual July review cycle, as well as questions regarding the CEO contract review timeline through the executive committee. Additional discussion included rising pharmacy costs driven by physician-administered specialty drugs, a $2.3 million investment gain, strong liquidity with approximately $541 million in cash, and a generally break-even position on MCO tax impacts.

7. CEO UPDATE

The CEO update highlighted a $5 million net loss for the month of July, consistent with budget expectations, alongside continued enrollment decline trends that are beginning to moderate slightly over recent months. Key operational and environmental risks were discussed, including anticipated 20–30% reductions in Enhanced Care Management rates, uncertainty regarding community supports participation among health plans statewide, and the expected departure of approximately 60,000 undocumented members into fee-for-service Medi-Cal beginning in January, all of which are incorporated into current financial planning. The update also emphasized ongoing operational mitigation strategies, including expanded outreach initiatives, partnerships with county and provider partners, and the development of an AI-supported tool to improve redeterminations, gap closure, and member engagement.

The Board reviewed and evaluated the written Grievance and Appeals Report and Summary Log for August 2026, covering all lines of business – Medi-Cal, IHSS, and D-SNP. Management presented detailed written records of grievance and appeal volumes, categories, resolution outcomes, and regulatory timeliness metrics. The Board thoroughly discussed the trends, formally accepted the written record, and acknowledged receipt and review of the report and management’s ongoing monitoring of grievance and appeal performance.

Question: Ms. Peterson asked when clarity will be available regarding the new governor's stance and policy direction. Mr. Woodruff indicated formal clarity will likely come later in the budget cycle, but informal signals may emerge earlier through ongoing state discussions.

Question: Dr. Aboelata asked about the upcoming ECM changes, including whether eligibility criteria would be tightened and how the new payment structure would account for increased service intensity. Mr. Woodruff explained that the model is shifting toward fewer members receiving more intensive, in-person services with more frequent contact, and that payment will shift from flat monthly payments to a touch-based model. He noted that reimbursement may increase depending on service frequency. Gil added that overall costs are expected to remain similar or increase slightly depending on utilization.

Question: Dr. Ferguson asked for clarification regarding the approximately 60,000 members leaving the plan, the impact on projections and what actions are being taken to address membership decline and related financial and sustainability risks. Mr. Woodruff explained that these members are transitioning to fee-for-service Medi-Cal and are already reflected in budget assumptions, with overall membership expected to decline below 300,000. He noted that physician-administered drug costs are a key driver of current losses and that utilization trends, membership changes, and enrollment patterns will continue to be monitored.

8. BOARD BUSINESS

a) REVIEW AND APPROVE JULY 2026 MONTHLY FINANCIAL STATEMENTS

JULY 2026 Financial Statement Summary

Enrollment:

Total enrollment decreased by 2,999 members since June 2026.

Net Income:

For the month ended and fiscal YTD ended July 31st, 2026, the Alliance reported a Net Loss of $5.2 million (versus budgeted Net Loss of $5.2 million).

Premium Revenue:

For the month ended and fiscal YTD July 31st, 2026, actual Revenue was $180.0 million vs. our budgeted amount of $179.5 million.

Medical Expense:

Actual Medical Expenses for the month and fiscal YTD were $176.4 million, vs. budgeted amount of $175.3 million.

Medical Loss Ratio:

Our MLR ratio for this month and fiscal YTD was reported as 98.0%.

Administrative Expense:

Actual Administrative Expenses for the month and fiscal YTD ending July 31st, 2026, were $11.1 million vs. our budgeted amount of $11.8 million. Our Administrative Loss Ratio (ALR) is 6.2% of our Revenue for the month, and fiscal year-to-date.

Other Income / (Expense):

For fiscal year-to-date, our YTD interest income from investments show a gain of $2.3 million.

Managed Care Organization (MCO) Provider Tax:

For the month ending July 31st, 2026, we reported $60.6 million MCO Tax Revenue vs. budgeted MCO Tax Revenue of $60.1 million. Our MCO Tax Expense was $60.6 million vs. budgeted MCO Tax Expense of $60.1 million.

Tangible Net Equity (TNE):

For July, the DMHC requires that we have $79.9 million in TNE, and we reported $226.5 million, leaving an excess of $146.6 million. As a percentage we are at 284%, which remains above the minimum required.

Cash and Cash Equivalents:

We reported $540.9 million in cash; $558.5 million is uncommitted. Our current ratio is above the minimum required at 1.16 compared to regulatory minimum of 1.0.

Capital Investments:

We have acquired $135,000 in Capital Assets year-to-date. Our annual capital budget is $1.3 million.

Motion: A motion was made by Natalie Williams and seconded by James Jackson to approve the July 2026 Monthly Financial Statements.

Vote: The motion was passed unanimously.

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

No opposition or abstentions.

b) HEALTH CARE SERVICES: PROGRAM DATA UPDATE

Dr. Carey presented the Healthcare Services Program Data Update, providing an overview of outcomes and performance across care management, transitional care, Enhanced Care Management (ECM), population health initiatives, Community Health Worker (CHW) outreach, doula services, and inpatient utilization. Dr. Carey highlighted improvements in health risk assessment completion and several clinical measures, discussed ECM enrollment and member engagement, and reviewed outcomes associated with doula services and inpatient utilization initiatives.

Question: Dr. Lynch asked whether the Alliance can track emergency room and hospital utilization outcomes for ECM members at the member level. Dr. Carey explained that this information is not yet fully available. Claims and ECM enrollment data are available; however, dashboards linking the data are still being developed due to prior data accuracy issues.

Question: Ms. Gebhart asked how health risk assessment (HRAs) completion relates to STARS performance. Dr. Carey explained that HRAs are foundational to identifying member needs and help drive interventions related to STARS performance, although the relationship to STARS is indirect. Ms. Cheang added that HRA is currently a STARS measure but is expected to be retired in a future cycle.

Question: Ms. Schwab-Galindo asked how member outreach is conducted and whether methods other than telephone calls are used. Dr. Carey explained that outreach is primarily conducted by telephone and is supplemented by provider gap-in-care lists and coordination with primary care providers.

Informational Item only.

c) ANALYTICS: HEDIS/STARS UPDATE

Ms. Cheang provided an overview of HEDIS, STARS, MCAS, and DMHC quality measurement and regulatory requirements. She reported that MCAS performance improved from 83% to 94%, with most measures meeting required thresholds, and discussed expanded DMHC reporting requirements and related performance improvement efforts. Ms. Cheang also reviewed the Alliance's STARS performance, including its current 3.5-star rating, measures not meeting minimum performance thresholds, and upcoming changes to STARS measures. She highlighted ongoing efforts to improve clinical outcomes, provider and member engagement, data quality, and member experience.

Question: Chair Schwab-Galindo asked about the weighting of clinical outcomes versus member experience measures in STARS. Ms. Cheang explained that weighting varies by measure and that member experience measures generally carry greater weight, although clinical/HEDIS measures make up a larger number of the overall measures.

Question: Chair Schwab-Galindo asked what contributed to the improvement in MCAS performance from 83% to 94%. Ms. Cheang explained that the improvement resulted primarily from addressing previously missed measures, including diabetes, and from updated data, including corrected topical fluoride files.

Question: Dr. Meade asked whether the corrected dental data files may have been adjusted for patient age or other factors. Ms. Cheang stated that the specific reason for the correction was not provided by the State; however, rates changed significantly after the updated files were loaded.

Question: Dr. Lynch asked why the hypertension measure was still not met and what was being done to address it. Ms. Cheang and staff explained that the measure was missed by a small margin of approximately nine members and would be reviewed further, with a focus on disparities and improvement opportunities.

Question: Dr. Ferguson asked how grievances and appeals affect STARS performance. Ms. Cheang and Mr. Woodruff explained that grievances are reviewed and analyzed by the STARS workgroup to identify trends and improvement opportunities, and that member satisfaction and grievance patterns can affect STARS performance.

Question: Ms. Williams asked why the asthma medication-related measure was removed from HEQMS. Ms. Cheang explained that NCQA removed the measure due to concerns regarding its validity and that a replacement asthma-related measure is being developed.

Informational Item only.

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)

None.

13. ADJOURNMENT

Chair Schwab-Galindo adjourned the meeting at 2:04 p.m.