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BOARD OF GOVERNORS  
Regular Meeting Minutes  
Friday, September 13<sup>th</sup>, 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), Colleen Chawla, Dr. Rollington Ferguson, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Andrea Schwab-Galindo, Supervisor Lena Tam, Natalie Williams

**Board of Governors Remote:** Andrea Ford ('Traditional Brown Act')

**Board of Governors Excused:** Aaron Basrai, Yeon Park, Dr. Evan Seevak

**Alliance Staff Present:** Matthew Woodruff, Dr. Donna Carey, 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 12:04 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

The new board members, Tosan Boyo and Wendy Peterson, were formally introduced. Additionally, Stephen Smythe was introduced as the new Director of Compliance, Dr. Donna Carey as the new Chief Medical Officer, and Troy Szabo, who is serving as the external General Counsel to Alameda Alliance.

## 5. CONSENT CALENDAR

a) JULY 9<sup>th</sup>, 2024, FINANCE COMMITTEE MEETING MINUTES

b) JULY 12<sup>th</sup>, 2024, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES

- c) **JULY 12<sup>th</sup>, 2024, BOARD OF GOVERNORS MEETING MINUTES**
- d) **REVIEW AND APPROVE RESOLUTION RE-APPOINTING JAMES JACKSON TO DESIGNATED BOARD OF GOVERNORS SEAT (ALAMEDA HEALTH SYSTEM)**
- e) **REVIEW AND APPROVE RESOLUTION RE-APPOINTING DR. EVAN SEEVAK TO DESIGNATED BOARD OF GOVERNORS SEAT (AT-LARGE SUBJECT KNOWLEDGE EXPERTISE)**

**Motion:** A motion was proposed by Dr. Marty Lynch and seconded by Dr. Kelley Meade to approve the Consent Calendar Agenda Items 5a through 5e, with a modification to the BOG July 12th, 2024, minutes. The Finance Committee section under section 6b should state, "The TNE has decreased to 540%".

**Vote:** The motion was passed unanimously.

**Ayes:** Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Andrea Schwab-Galindo, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

## **6. BOARD MEMBER REPORTS**

### **a) ANNOUNCEMENT REGARDING JUNE CLOSED SESSION**

Chair Rebecca Gebhart issued a statement of a potential Brown Act violation. It had come to the board's attention that during the June 14th, 2024, board meeting, an oversight resulted in the board's closed session report not being publicly reported. As a result, the recorded minutes do not reflect the actions taken by the board in the closed session. The following reportable action from the June 14th, 2024, closed session should have been disclosed at the conclusion of the meeting:

"During the closed session, the Board reported on the process of the CEO's performance review and reviewed the CEO's performance, and there was a consensus to increase the CEO's compensation to \$500,011. This amount aligns with the CEO compensation of the CEO managed care plan salary survey of Northern California Region, 2023 median for CEO salaries."

The Board also thanked CEO Matthew Woodruff for his leadership and diligence in directing the Alliance's operation and the mission to serve our members.

### **b) COMPLIANCE ADVISORY COMMITTEE**

Dr. Kelley Meade provided an update on the Compliance Advisory Committee meeting held on September 13<sup>th</sup>. The committee thoroughly reviewed the compliance dashboard and addressed nine open items from the 2023 Focus Medical Survey report. Notably, about half of them were related to behavioral health, with the remaining items focusing on the audit and compliance with transportation and our transport vendor. Additionally, the committee discussed the 2024 routine full medical survey, highlighting twenty-three self-identified findings and sixteen new self-identified findings, bringing the total to thirty-nine.

## c) FINANCE COMMITTEE

Dr. Ferguson provided an update on the Finance Committee meeting that took place on September 10th. During the meeting, the committee discussed the financial performance for June and July. In June, we incurred a net loss of \$60.6 million, contributing to a total year loss of \$68.6 million. The TNE (Total Net Expenditure) for the year declined to 403%. Moving into the new fiscal year, we continued to experience losses, with a net loss of \$7 million in July. The TNE was reported to be 361%, indicating an ongoing decline. The MLR (Medical Loss Ratio) for June was 139. The state's recoupment of \$59 million significantly contributed to the loss. Long-term care and ER services also posed challenges in terms of spending. The committee extensively discussed the challenges related to long-term care, recognizing the need to address the current trends. Double payments and potential overpayments for hold stays were also identified as issues, with an estimated \$3-5 million impact. Further discussions on these matters are planned.

Question: *Where has the \$59 million recoupment been allocated?*

Answer: *The transition of long-term care members to the Alliance from January to March who were previously with Anthem revealed a significant disparity in the proportion of long-term members between Alliance and Anthem. At that time, our organization had 300,000 lives, including 1,400 long-term care members, while Anthem had 81,000 lives with 1,000 long-term care members. This indicates a substantial imbalance and a higher demand for care within Anthem's membership. Despite now serving the former Anthem members, the financial resources were allocated to Anthem.*

## 7. CEO UPDATE

In the CEO update, Matt Woodruff discussed the following key points:

### Financials

- Revenue was \$164.3 million in July 2024 and Year-to-Date (YTD).
- Tangible Net Equity (TNE): Financial reserves are 361% of the required DMHC minimum, representing \$179.6 million in excess TNE.
- Total enrollment in July 2024 was 404,508, an increase of 518 Medi-Cal members compared to June.

### Key Performance Indicators

- The Alliance did not meet our claims timeliness payment. According to the state metric, which stands at 90%, our score of 87% indicates that our claim fell slightly below the state standard.
- The Alliance missed an internal metric on system availability. Our goal is 100%, and we averaged 99.9%.

### Alliance Updates

- The Alliance Health Equity plan starting in 2025, and Provider Training is due to DHCS in December 2024. The Alliance will send these documents for Board review in October 2024.

### Medicare Overview

D-SNP Readiness

- Alameda Alliance for Health (AAH) Medicare Advantage (MA) Duals Eligible Special Needs Plan (D-SNP) will begin serving members on January 1st, 2026.

### Long Term Care

- Recoupments – The system paid the full claim, not just a retroactive delta of \$2.5 million.
- Case Management – Our social workers visit the facilities monthly to meet with the staff, check on the members, and ensure all their case management needs are met. We aim to prevent unnecessary emergency room or hospital visits by closely monitoring these facilities and members. If a facility has 6-20 of our members, we meet with them quarterly. We conduct phone check-ins for facilities with fewer than five members. Our team focuses on prioritizing facilities with the highest number of members to ensure they receive proper care.

Question: *How do we ensure those members meet the requirements to stay in those facilities?*

Answer: *We continually monitor our utilization, track emergency room visits and hospital admissions, and follow up with members.*

Question: *What happens if you find a diminished quality of care? What are the plans of action to increase it?*

Answer: *We have a quality-of-care process in place. If there is a grievance or concern about the quality of care, we conduct an investigation. This involves looking at the facility, asking questions, and reviewing medical records to ensure the quality of care. Depending on the investigation's findings, we take the appropriate next steps.*

Question: *Do we have data on ER utilization by different delegated groups or provider types so that we can focus interventions on them?*

Answer: *We have a report that will help us categorize emergency room visits as necessary or potentially avoidable. We plan to use the Johns Hopkins algorithm to assist us.*

Comment: *Due to significant interest, Chair Gebhart suggests considering a comprehensive long-term care report for an upcoming board meeting.*

Informational item only.

## **8. BOARD BUSINESS**

### **a) REVIEW AND APPROVE JUNE AND JULY 2024 MONTHLY FINANCIAL STATEMENTS**

Gil Riojas, the Chief Financial Officer, presented an overview of the financial statements for June and July 2024. The complete packet, containing all the details, had already been presented to the Finance Committee earlier in the week.

## **June 2024 Financials**

**Enrollment** – In June, Enrollment decreased by 1,289 members from the previous month. In total, our enrollment increased by 42,305 during the 2023-2024 Fiscal Year.

**Net Income** – For the month ended June 30<sup>th</sup>, 2024, the actual Net Loss was \$60.6 million vs. the budgeted Net Loss of \$1.8 million. The fiscal year-to-date actual Net Loss was \$68.6 million vs. the Budgeted Net Income of \$9.3 million.

**Medical Loss Ratio (MLR)** - The Medical Loss Ratio was 139.2% for the month and 100.1% for the fiscal year-to-date.

**Tangible Net Equity (TNE)** – DMHC required \$63.4 million in reserves; we reported \$192.0 million. Our overall TNE remains above the required levels at 403%.

***Question:** Dr. Ferguson inquired about the plan to halt the decline, expressing concern about the possibility of ending up with negative numbers if the trend persists.*

***Answer:** Matt mentioned that we will recoup the money and improve the system. We are also making improvements in case management. We are currently focusing on these two areas: the operational side of claims and the operational side of healthcare services. We believe that improving case management will have the most long-term impact on our members, and we will provide monthly updates.*

## **July 2024 Financials**

**Enrollment** – Total enrollment increased by 518 members since June 2024.

**Net Income** – For the month and fiscal YTD ended July 31<sup>st</sup>, 2024, the actual Net Loss was \$7.0 million vs. the budgeted Net Loss of \$2.4 million. For the month and fiscal YTD, Premium Revenue was slightly unfavorable to budget, actual Revenue was \$164.3 million vs. budgeted Revenue of \$166.0 million.

**Medical Loss Ratio (MLR)** – The Medical Loss Ratio was 100.1% for the month.

**Tangible Net Equity (TNE)** – DMHC required \$68.8 million in reserves; we reported \$179.6 million. Our overall TNE remains above DMHC requirements at 361%.

We are currently undergoing our Moss Adams audit and are in the final stages of completing it. We expect to have the audit report ready for the board at the October board meeting. We do not anticipate any findings from the audit.

***Question:** Dr. Aboelata asked if we should conduct further analysis to determine what additional facilities we might need.*

***Answer:** Matt mentioned that the Alliance has a solid urgent care network. Over the years, we have conducted various outreach campaigns for urgent care. Additionally, our network is quite extensive. In the future, we will focus on ensuring that our members receive the appropriate care at the right location and time.*

**Motion:** A motion was made by Dr. Rollington Ferguson and seconded by Natalie Williams to approve the June and July 2024 monthly financial statements.

**Vote:** The motion was passed unanimously.

**Ayes:** Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Andrea Schwab-Galindo, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

## **b) MEDICARE UPDATE**

Tome Meyers presented an update on Medicare, covering D-SNP Organizational Projects, technology updates, vendor management, sales model overview, stars measures overview, provider networks, challenges & risks, and next steps.

Key highlights:

- D-SNP Program: 39 active projects and 55 reviewed/approved projects, projecting approximately 150.
- RFP's:
  - Dental – finalizing vendor selection
  - Hearing – Released on August 30th, 2024
  - Vision – Released on August 8th, 2024
- Completed first series (of three webinars) for Medicare provider contracting education with Chapman Consulting.
- Completed D-SNP readiness meeting with DMHC, DHCS, and CMS on August 19th, 2024.
- Will conduct a pre-delegation audit for Pharmacy Benefits Manager (PBM) on October 21st, 2024.
- Claim system optimization and D-SMP core systems upgrades started on July 31st, 2024.

***Question:** Chair Gebhart asked about the concierge-like sales model and the high touch aspect, specifically inquiring whether there is a component of health navigation that aids individuals in accessing care or if the focus is solely on providing educational information. Furthermore, Chair Gebhart sought clarification on whether there is any hands-on navigation involved in the process.*

***Answer:** Tome mentioned that there's navigation involved not only within our health plan but also with services in the community and within the hospital. When an individual is identified as qualifying for case management, the sales individual would refer them to the case management team and ensure that the individual is partnered with Dr. Carey and her group. This involves navigating not only within our organization but also within the hospital.*

***Question:** James Jackson inquired about the protocol regarding the low percentage of provider contracts received back. Is there a specific threshold for the return percentage needed to deem the process viable?*

***Answer:** Tome stated that we aim to achieve the target by December. Upon reviewing LHPC's timeline, we see we are currently on track with the contracting process. The goal is to have 33% completed by the end of the month, another 33% shortly after, and to be fully prepared to proceed in December. Despite feeling like we should be further ahead; we are on schedule according to the timeline.*

Question: Dr. Lynch asked if we have seen a budget for the annual expenses of implementing the plan.

Answer: Matt mentioned that the overall budget was shared with the board in December and filed with the state. He also expressed willingness to share the updated budget at a future meeting.

Question: Jody inquired about the defining characteristics of palliative care for an individual.

Answer: Dr. Carey explained that palliative care focuses more on managing the level of a patient's condition rather than providing a specific diagnosis. Palliative care aims to relieve symptoms and ensure that individuals with chronic illnesses effectively manage their symptoms. If a person meets the criteria for palliative care, they can receive this type of care.

Informational item only.

### **c) BEHAVIORAL HEALTH UPDATE**

Due to time constraints, the Behavioral Health Presentation has been rescheduled for the October 11th, 2024, Board meeting.

Motion: A motion was made by James Jackson and seconded by Natalie Williams to postpone the Behavioral Health Update to the October 11th, 2024, board meeting.

Vote: The motion was passed unanimously.

Ayes: Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Andrea Schwab-Galindo, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

## **9. STANDING COMMITTEE UPDATES**

### **a) PEER REVIEW AND CREDENTIALING COMMITTEE**

Dr. Carey provided an update on the Peer Review and Credentialing Committee's meeting held in July. A total of 128 initial providers were credentialed, with 107 of them in behavioral health. Additionally, 18 providers were recredentialed, bringing the total number of credentialed to 146. Furthermore, 65 facilities were approved during the meeting.

### **b) PHARMACY & THERAPEUTICS COMMITTEE**

Dr. Carey provided an update on the Pharmacy & Therapeutics committee meeting that took place on June 11<sup>th</sup>. This was the final meeting for the Senior Director of Pharmacy, Dr. Helen Lee. In the meeting, eight therapeutic categories and drug monographs were updated, eight formulary modifications were made, five drugs were updated to non-formulary status, two new medications were added to their formulary, and one medication was added to their formulary without prior authorization. Additionally, they updated eight prior authorization guidelines and reviewed 22 prior authorization guidelines with no updates.

## **c) QUALITY IMPROVEMENT HEALTH EQUITY COMMITTEE**

Dr. Carey gave an overview of the Quality Improvement Health Equity Committee meeting that took place on August 16th. During the meeting, CHCN, a community partner, presented a QI measure strategy for updating chronic disease. Work plans for UM and quality departments were approved, and there was also an update on behavioral health.

### **10. STAFF UPDATES**

There were no staff updates.

### **11. UNFINISHED BUSINESS**

None.

### **12. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS**

At a future board meeting, there will be a comprehensive analysis of long-term care and emergency room services in relation to primary care, as well as strategies to increase urgent care utilization. The behavioral health update will also be presented at the next board meeting.

### **13. PUBLIC COMMENT (NON-AGENDA ITEMS)**

There were no public comments for non-agenda items.

### **14. ADJOURNMENT**

Chair Gebhart adjourned the meeting at 1:55 p.m.