

BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, October 11th, 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), Aarondeep Basrai, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford (arrived at 1:02 p.m.) James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam

Board of Governors Remote: Tosan Boyo, Andie Martinez-Patterson, Jody Moore, Andrea Schwab-Galindo

Board of Governors Excused: Dr. Noha Aboelata (Vice-Chair), Dr. Marty Lynch, Natalie Williams

Alliance Staff Present: Matthew Woodruff, Dr. Donna Carey, Gil Riojas, Anastacia Swift, Ruth Watson, 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

There were no modifications to the agenda.

4. INTRODUCTIONS

Matt Woodruff introduced the Moss Adams auditors, who reviewed the financial reports. Matt also introduced and welcomed two new board members, Tosan Boyle, CEO of Sutter East Bay, and Wendy Peterson, CEO of the Senior Services Coalition.

5. CONSENT CALENDAR

- a) SEPTEMBER 10th, 2024, FINANCE COMMITTEE MEETING MINUTES**
- b) SEPTEMBER 13th, 2024, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES**
- c) SEPTEMBER 13th, 2024, BOARD OF GOVERNORS MEETING MINUTES**
- d) REVIEW AND APPROVE RESOLUTION RE-APPOINTING YEON PARK TO DESIGNATED BOARD OF GOVERNORS SEAT (AT-LARGE LABOR)**
- e) REVIEW AND APPROVE RESOLUTION RE-APPOINTING AARON BASRAI TO DESIGNATED BOARD OF GOVERNORS SEAT (AT-LARGE PHARMACIST)**
- f) REVIEW AND APPROVE RESOLUTION RE-APPOINTING DR. ROLLINGTON FERGUSON TO DESIGNATED BOARD OF GOVERNORS SEAT (ACCMA/SMMA PHYSICIAN)**

Motion: A motion was made by Dr. Evan Seevak and seconded by Dr. Rollington Ferguson to approve the Consent Calendar Agenda Items 5a through 5f.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

No opposition or abstentions.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

Dr. Kelley Meade provided an update on the Compliance Advisory Committee meeting held on October 11th. At the meeting, several informational updates were discussed. We are awaiting the 2024 DHCS audit draft findings, which are expected next week and will be discussed at the next board meeting. Additionally, a network adequacy validation audit was recently completed with no formal findings, which is a commendable achievement.

The bulk of the meeting focused on a preliminary internal report comparing behavioral health services between our plan and other company audit results. This report highlights the strengths developed within our plan, particularly in managing provider expertise and access to grievance and appeal processes. More details of this report will be provided to the board as it progresses.

b) FINANCE COMMITTEE

During the Finance Committee update on October 8th, Dr. Ferguson reviewed the August financials and the Moss Adams report. Moss Adams found no inconsistencies in our financial reports over the past year and provided a positive assessment. However, since the quorum was not met, the meeting was informational only.

Dr. Ferguson highlighted concerns about our financial health. Our Tangible Net Equity (TNE) continues to decline, and our Medical Loss Ratio (MLR) is consistently over 100%, nearing 110%. This high MLR indicates that we are spending significantly more on medical expenses than anticipated. Matt and the team will present options to address these financial challenges.

7. REVIEW AND APPROVE MOSS ADAMS FINANCIAL AUDIT REVIEW

Chris Pritchard, Rianne Suico, and Gordon Lam from Moss Adams presented their findings related to the fiscal year 2024 financial statements, highlighting an unmodified audit opinion: "Financial statements are presented fairly and in accordance with generally accepted accounting principles." This is the highest level of assurance that can be issued from the audit firm.

Discussion included assets, liabilities, and net position balance (cash balances, investment evaluations, premiums receivable, claims payable, net position, etc.), noting no significant issues.

Management and the entire team demonstrated a high level of collaboration and responsiveness in addressing all inquiries essential to substantiating the reported figures. There were no audit adjustments or disagreements with management. Notably, there is no indication of significant instances of fraud or noncompliance with pertinent laws and regulations. From the auditor's perspective, the overall audit process proceeded seamlessly.

Chair Gebhart expressed gratitude to CFO Gil Riojas and the entire finance team for their continuous preparedness for audits. She also acknowledged CEO Matt Woodruff for his leadership in finance as well.

Motion: A motion was made by Dr. Rollington Ferguson and seconded by James Jackson to accept the Moss Adams Financial Audit review.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

No opposition or abstentions.

8. CEO UPDATE

CEO Matt Woodruff provided important updates regarding the financials. He highlighted a scheduled meeting with the Department of Health Care Services (DHCS) to discuss current financials and the cost of care.

Key Highlights:

DHCS Meeting: A meeting with DHCS is scheduled to address current financials.

Financial Losses: Matt reported financial losses of \$18 million for August and \$23 million for the first two months of the fiscal year. This situation underscores the urgent need for financial measures. Several strategies to mitigate these losses were discussed, including a hiring freeze, postponing contract changes with providers, freezing community, and recovering funds from claims overpayment, with \$600,000 already recouped.

Regulatory Metrics: Key regulatory metrics were reviewed, showing an increase in the Medical Loss Ratio (MLR) and issues related to missed claims payments. This prompted the need for additional Finance Committee meetings.

Rate Adjustments: Matt mentioned that the final rates for the calendar year 2024 include a 0.1% increase, amounting to approximately \$1.2 million.

Risk Adjustment: The process of risk adjustment was discussed, particularly the impact of the state's removal of the COVID acuity adjustment, which has resulted in a 0.5% decrease in long-term care rates.

Question: *What process will you use to determine where to scale back community support and ECM?*

Answer: *Matt explained the process of determining whether to scale back existing offerings, including the need for state approval and potential impacts on the model of care.*

Question: *James Jackson asked about the impact of changes on Financial Metrics*

Answer: *Matt estimated that the changes could save about \$10-\$20 million, with the potential for more savings depending on the duration of the hiring freeze and other factors.*

Question: *Tosan Boyo had a question concerning capacity constraints with new enrollments.*

Answer: *Matt explained the State's stance on health plan responsibilities and the need to increase access by adding new providers.*

Question: *Dr. Seevak asked what data is being used to support access issues.*

Answer: *Matt mentioned using data on provider closures and ER visit rates to argue for increased access and efforts to bring new providers into the network.*

Question: *Do we have a contingency plan if the State denies relief?*

Answer: *Matt outlined the potential actions, including extending the hiring freeze, layoffs, and cutting community support programs.*

9. BOARD BUSINESS

a) REVIEW AND APPROVE AUGUST 2024 MONTHLY FINANCIAL STATEMENTS

During the meeting, Gil Riojas, the Chief Financial Officer, presented a general overview of the financial statements for August 2024. The Alliance continued to see slight increases in enrollment, reaching 405,267 members. A Net Loss of \$18.4 million was reported, and the Plan's Medical Expenses represented 106.8% of revenue. Alliance reserves decreased to 322% of what is required but remained above minimum requirements.

Enrollment:

- Total enrollment has increased by 759 members since July 2024.
- Total enrollment has increased by 1,277 members since June 2024.

Net Income:

- For the month ended August 31st, 2024:
 - Actual Net Loss \$18.4 million
 - Budgeted Net Loss \$2.7 million
- For the fiscal YTD ended August 31st, 2024:
 - Actual Net Loss \$25.3 million
 - Budgeted Net Loss \$5.2 million

Premium Revenue

- For the month ended August 31st, 2024:
 - Actual Revenue: \$175.8 million
 - Budgeted Revenue: \$166.1 million
- For the fiscal YTD ended August 31st, 2024:
 - Actual Revenue: \$340.1 million
 - Budgeted Revenue: \$332.1 million

Medical Expense

- For the month ended August 31st, 2024:
 - Actual Medical Expense: \$187.9 million.
 - Budgeted Medical Expense: \$162.6 million.

Medical Loss Ratio (MLR)

- The Medical Loss Ratio was 106.8% for the month and 103.6% for the fiscal year-to-date.

Administrative Expense

- For the month ended August 31st, 2024:
 - Actual Administrative Expense: \$9.5 million
 - Budgeted Administrative Expense: \$8.8 million
- For the fiscal YTD ended August 31st, 2024:
 - Actual Administrative Expense: \$20.3 million
 - Budgeted Administrative Expense: \$17.5 million

Other Income/ (Expense)

- Other Income & Expense is comprised of investment income and claims interest. Fiscal year-to-date net investments show a gain of \$7.2 million.

Tangible Net Equity (TNE)

- Required TNE - \$71.5 million
- Actual TNE - \$230.0 million
- Excess TNE - \$158.5 million
- TNE% of Required TNE – 322%

Capital Investment

- Fiscal year-to-date capital assets acquired: \$530,000.
- Annual capital budget: \$1.7 million

Question: What is the zone of TNE that is most ideal?

Answer: The ideal TNE should be between 300% to 700%. The state requires monthly reporting if TNE goes below 150%, and it should always be above 100%.

Question: When you drill down on the medical expenses, what are the drivers within those categories?

Answer: Inpatient expenses, long-term care, and ER visits are the main drivers. Trends show higher utilization and unit costs, particularly in the SPD and optional expansion categories.

Question: What is the status of the campaign to educate patients on alternatives to ER visits, such as telehealth and urgent care?

Answer: The plan is to use case managers and frontline staff to inform members about alternative access options. A campaign to send notifications to members is also being considered.

Motion: A motion was made by Yeon Park and seconded by Dr. Evan Seevak to approve the August 2024 monthly financial statements.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

No opposition or abstentions.

b) APPROVE TO ADD NOVEMBER FINANCE SUBCOMMITTEE MEETING ON NOVEMBER 12, 2024

Motion: A motion was made by Aarondeep Basrai and seconded by Supervisor Lena Tam to approve adding the November Finance subcommittee meeting on November 12, 2024.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon

Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

No opposition or abstentions.

c) APPROVE RESOLUTION ADDING REBECCA GEBHART TO THE FINANCE COMMITTEE

Motion: A motion was made by Yeon Park and seconded by Dr. Evan Seevak to approve adding Rebecca Gebhart to the Finance Committee.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Jody Moore, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

Abstention: Chair Rebecca Gebhart

No opposition.

d) BEHAVIORAL HEALTH UPDATE

Ruth Watson, Dr. Carey & Dr. Currie presented an update on Behavioral Health.

Highlights:

Lessons Learned:

- Significant pent-up demand and care coordination needs were identified post-insourcing.
- Specialized staff were added to address specific issues.
- New regulatory requirements were implemented, and care coordination with primary care and co-treating providers is still under development.
- A stronger relationship with Alameda County Behavioral Health (ACBH) was developed.

Utilization Increase:

- Unique utilizers increased by 175%, indicating more people are using the benefit.
- The penetration rate improved from 3.6% to 5.2%.

Behavioral Health Therapy (BHT) for Autism:

- Challenges in getting Comprehensive Diagnostic Evaluations (CDE) providers are crucial for appropriate treatment.
- A 97% increase in unique utilizers from June 2023 to May 2024.
- Authorization volume increased significantly, with an average of 328 prior authorizations per month in 2024.

Successes:

- Doubled member utilization from pre-launch.
- Strong regulatory compliance and timely grievance handling.
- Expanded network with a 53% increase in mental health providers and improved language-specific services.

Challenges:

- Only 35% of authorized ABA services are provided, indicating a need for stability in the BHT network.
- Addressing grievances related to timely callbacks and provider attitudes.

Question: What contributed to the increase in unique utilizers for behavioral health services?

Answer: Increased community outreach, listening sessions, and member notifications about the insourcing of behavioral health services contributed to the increase.

Question: How has the relationship with Alameda County Behavioral Health (ACBH) evolved?

Answer: The relationship has strengthened significantly, with regular meetings to address individual cases and broader service responsibilities.

Question: What caused the spike in grievances in May?

Answer: The spike was due to concerns about not receiving timely callbacks and issues with provider attitudes. These have been addressed, leading to a decrease in complaints.

Informational item only.

e) CYBER SECURITY UPDATE

Chief Information Officer Sasi Karaiyan delivered a concise presentation on cybersecurity, which included an overview of the following topics: Security Strategies, Accomplishments, Ongoing Initiatives, Healthcare Incidents, Security Training and Awareness, Effectiveness of End User Training, AAH Network Intrusion Detection, the IT Security Roadmap, and Alliance's Cybersecurity Score.

Informational Item only.

f) REPORT OUT OF BEHAVIORAL HEALTH AUDIT

Due to time constraints, the Behavioral Health Audit was postponed to December 13, 2024, Board meeting.

10. STANDING COMMITTEE UPDATES**a) PEER REVIEW AND CREDENTIALING COMMITTEE**

Due to time constraints, the Behavioral Health Audit was postponed to December 13, 2024, Board meeting.

b) PHARMACY & THERAPEUTICS COMMITTEE

Due to time constraints, the Behavioral Health Audit was postponed to December 13, 2024, Board meeting.

c) STRATEGIC PLANNING COMMITTEE

Due to time constraints, the Behavioral Health Audit was postponed to December 13, 2024, Board meeting.

11. STAFF UPDATES

There were no staff updates.

12. UNFINISHED BUSINESS

Motion: A motion was made by James Jackson and seconded by Aarondeep Basrai to postpone the Behavioral Health Audit Update and Standing Committee Updates to December 13, 2024, Board meeting.

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Andie Martinez Patterson, Dr. Kelley Meade, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Chair Rebecca Gebhart.

13. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

None.

14. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

15. ADJOURNMENT

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