

BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, December 13th, 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, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam

Board of Governors Remote: Dr. Noha Aboelata (Vice-Chair), Tosan Boyo, Natalie Williams

Board of Governors Excused: Jody Moore

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 noon.

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 Troy Szabo, the new general counsel, who attended the meeting in person for the first time.

Colleen Chawla was acknowledged for her contributions as she prepares to leave Alameda County to become the San Mateo County Health Chief. Colleen expressed her appreciation for her time on the board and the connections she made.

5. CONSENT CALENDAR

- a) OCTOBER 8th, 2024, FINANCE COMMITTEE MEETING MINUTES**
- b) NOVEMBER 12th, 2024, FINANCE COMMITTEE MEETING MINUTES**
- c) OCTOBER 11th, 2024, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES**
- d) OCTOBER 11th, 2024, BOARD OF GOVERNORS MEETING MINUTES**
- e) APPROVE RESOLUTION FOR QIHEC NOMINEES**
- f) APPROVE RESOLUTION FOR PHARMACY & THERAPEUTICS (P&T) COMMITTEE NOMINEE**
- g) APPROVE RESOLUTION AMENDING THE ALAMEDA ALLIANCE FOR HEALTH CONFLICT OF INTEREST CODE AND LIST OF DESIGNATED FILERS**
- h) APPROVE THE 2024-2025 HOURLY AND SALARY SCHEDULE**

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

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Tosan Boyo, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Yeon Park, Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, 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 that took place on December 13th. The 2025 joint DMHC and DHCS routine full medical survey was discussed, with a reduction in findings from 21 to 20 and six self-identified issues. She also discussed the importance of completing mandatory compliance training, including HIPAA and Fraud, Waste, and Abuse training, was emphasized. An email reminder was sent to those who had not yet completed the training. Documentation of transplant referrals and other compliance topics were also reviewed during the meeting.

b) FINANCE COMMITTEE

Dr. Rollington Ferguson provided an update on the Finance Committee meeting held on December 10th. The committee reported on the financial challenges, including a significant net loss, increasing medical expenses, and the need for measures to address financial challenges. A special Finance Committee meeting was scheduled for January 22nd to discuss financials, re-forecasting, and measures implemented to address costs.

7. CEO UPDATE

Matt Woodruff provided an update on the financial situation, the impact of increased utilization, and the measures being taken to address costs.

Financials

- Revenue was \$158.2 million in October 2024 and \$669.3 million Year-to-Date.
- Tangible Net Equity (TNE): Financial reserves are 252% of the required DMHC minimum, representing \$117.1 million in excess TNE.
- Total enrollment in October 2024 was 406,153, an increase of 220 Medi-Cal members compared to September 2024.

Utilization

The increase in utilization was attributed to the single plan model and the addition of new members with higher utilization rates.

Board Retreat

The Board retreat will be held on January 31st from 9:00 am – 4:00 p.m. at Alameda Alliance with plans to discuss Medicare and other financial topics.

Special Finance Committee Meeting

A special Finance committee meeting will be held on January 22nd at 8:00 a.m. to discuss the updated budget and forecast.

Question: Colleen Chawla requested clarification on the factors contributing to the financial difficulties.

Answer: Matt mentioned that utilization is up, especially with new members having higher utilization. Long-term care costs were the first area of concern, and measures are being implemented to address this.

Question: James Jackson inquired about how other plans are managing this situation.

Answer: Matt mentioned that other plans have sued the state for rates in the calendar year 2024. However, the approach taken by Gil and Matt has been to collaborate with the state, resulting in better information and possible rate adjustments.

Question: Andie inquired whether the state wants us to participate in D-SNP.

Answer: Matt stated that the state intends for the plan to be incorporated into Medicare and has issued a draft All Plan Letter (APL) indicating potential consequences for plans that do not comply. The state believes that this integration will enhance the coordination of services.

Question: Rebecca requested clarification on the go/no-go date for the D-SNP.

Answer: Matt indicated that the application for the D-SNP must be submitted by February 12th. Therefore, the final decision will be made during the board retreat on January 31st.

8. BOARD BUSINESS

a) BEHAVIORAL HEALTH AUDIT

Richard Golfin III provided an update on the Behavioral Health Comparison Audit (BHCA), an audit review comparing the Behavioral Health Clinical Operations at the Alameda Alliance to the findings in the DMHC settlement agreement with Kaiser Foundation Health Plan & its associated companies.

Specific Goals of the Review

- Identify potential areas for improvement.
- Mitigate risk.
- Reduce potential and future findings and/or sanctions as a result of State Oversight.

BHCA Details and Procedure

- The BHCA review criteria excludes analysis of both Behavioral Health Treatment and Kaiser delegation.
- The BHCA included a review of current policies, procedures, workflows, and program documents.
- The BHCA Analyzed data from October 1, 2023, through December 31, 2023.
- The Internal Audit Department conducted in-depth meetings with subject matter experts.

Summary

- 66 Review Criteria
- 11 Criteria: Findings and/or observations identified.
- 47 Criteria: Fully compliant with review parameters.
- 8 Criteria: Not applicable due to de-delegation of behavioral health services.

Next Steps

- Meet with stakeholders for a Plan of action on findings and observations and generate the final report.
- Issue the final report and action plans by December 27, 2024.

Question: Yeon inquired whether service providers and members are engaged for feedback during the audit process.

Answer: Richard stated that this exercise reviewed policies, procedures, and workflows with internal stakeholders. Direct feedback from members and providers was not included but may be considered for future reviews.

Informational Item only.

b) REVIEW AND APPROVE SEPTEMBER AND OCTOBER 2024 MONTHLY FINANCIAL STATEMENTS

Chief Financial Officer Gil Riojas provided the following updates on the September and October 2024 Financials:

SEPTEMBER 2024 FINANCIAL STATEMENTS

Enrollment

Enrollment increased by 666 members since August and an overall increase of 1,943 members since June 2024.

Net Income

For the month ending September 30th, 2024, the Alliance reported a Net Loss of \$8.7 million (versus budgeted Net Loss of \$215,000). For the year-to-date, the Alliance recorded a Net Loss of \$34.1 million versus a budgeted Net Income of \$5.4 million.

Premium Revenue

For the month ending September 30th, 2024, actual Revenue was \$170.9 million vs. our budgeted amount of \$166.2 million.

Medical Expense

Actual Medical Expenses for the month were \$174.5 million, vs. the budgeted amount of \$159.0 million. For the year-to-date, actual Medical Expenses were \$526.9 million vs. budgeted Medical Expenses of \$483.8 million.

Medical Loss Ratio

Our MLR ratio for this month was reported as 102.1%. The year-to-date MLR was 103.1%. Normally, we aim to be between 90-95%. Thus, we are significantly higher than our target range.

Administrative Expense

Actual Administrative Expenses for the month ending September 30th, 2024, were \$8.9 million vs. our budgeted amount of \$10.0 million. Our Administrative Loss Ratio (ALR) is 5.2% of our Revenue for the month and 5.7% of Net Revenue year-to-date.

Other Income / (Expense)

As of September 30th, 2024, our YTD interest income from investments shows a gain of \$10.9 million.

Managed Care Organization (MCO) Provider Tax

For the month ending September 30th, 2024, we reported \$194.3 million unbudgeted MCO Tax Revenue and \$47.1 million unbudgeted MCO Tax Expense.

Tangible Net Equity (TNE)

For September, the DMHC requires that we have \$70.2 million in TNE, and we reported \$221.3 million, leaving an excess of \$151.1 million. As a percentage we are at 315%, which remains above the minimum required.

Cash and Cash Equivalents

We reported \$625.4 million in cash; \$442.3 million is uncommitted. Our current ratio is above the minimum required at 1.17 compared to the regulatory minimum of 1.0.

Capital Investments

We have acquired \$530,000 in Capital Assets year-to-date. Our annual capital budget is \$1.7 million.

OCTOBER 2024 FINANCIAL STATEMENTS

Enrollment

Enrollment increased by 220 members since September, and an overall increase of 2,163 members since June 2024.

Net Income

For the month ending October 31st, 2024, the Alliance reported a Net Loss of \$27.0 million (versus budgeted Net Loss of \$4.9 million). For the year-to-date, the Alliance recorded a Net Loss of \$61.0 million versus a budgeted Net Loss of \$10.3 million.

Premium Revenue

For the month ending October 31st, 2024, actual Revenue was \$158.2 million vs. our budgeted amount of \$166.3 million.

Medical Expense

Actual Medical Expenses for the month were \$177.2 million, vs. the budgeted amount of \$164.3 million. For the year-to-date, actual Medical Expenses were \$704.1 million vs. budgeted Medical Expenses of \$648.1 million.

Medical Loss Ratio

Our MLR ratio for this month was reported as 112.0%. The year-to-date MLR was 105.2%.

Administrative Expense

Actual Administrative Expenses for the month ending October 31st, 2024, were \$10.0 million vs. our budgeted amount of \$9.5 million. Our Administrative Loss Ratio (ALR) is 6.3% of our Revenue for the month and 5.9% of Net Revenue year-to-date.

Other Income / (Expense)

As of October 31st, 2024, our YTD interest income from investments shows a gain of \$13.0 million.

Managed Care Organization (MCO) Provider Tax

For the month ending October 31st, 2024, we reported \$63.5 million in MCO Tax Revenue vs. budgeted MCO Tax Revenue of \$47.2 million. Our MCO Tax Expense was \$63.5 million vs. the budgeted MCO Tax Expense of \$47.2 million.

Tangible Net Equity (TNE)

For October, the DMHC requires that we have \$77.2 million in TNE, and we reported \$194.3 million, leaving an excess of \$117.1 million. As a percentage, we are at 252%, which remains above the minimum required.

Cash and Cash Equivalents

We reported \$448.2 million in cash; \$332.6 million is uncommitted. Our current ratio is above the minimum required at 1.17 compared to regulatory minimum of 1.0.

Capital Investments

We have acquired \$530,000 in Capital Assets year-to-date. Our annual capital budget is \$1.7 million.

Motion: A motion was made by Yeon Park and seconded by Dr. Kelley Meade to approve the September and October 2024 Financial Statements.

Vote: The motion was passed unanimously.

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

No opposition or abstentions.

c) REVIEW AND APPROVE FISCAL YEAR 2025 FINAL BUDGET

Highlights

- 2025 Projected Net Loss of \$65.3 million.
- Projected TNE excess at 6/30/25 of \$26.6 million is 134% of required TNE.
- Year-end enrollment is slightly lower than the Preliminary Budget.
- Revenue is \$2.1 billion in FY 2024, \$86 million higher than Preliminary, due to favorable new rates.
- PMPM Fee-for-Service and Capitated Medical Expense increases by 6.2%.
- Administrative expenses represent 5.6% of revenue, \$7.8 million higher than Preliminary expenses. Increases include Purchased & Professional Services (\$ 9.2 million), Licenses, Insurance & Fees (\$600K), and Other Expense (\$400K). These were offset by reductions in Employee Expense (\$2.4 million). Clinical expenses comprise 2.8% of revenue, \$8.7 million higher than Preliminary. CalAIM Incentives (\$5.2 million), Community Relations (\$2.1 million), Purchased & Professional Services (\$2.3 million), Licenses, Insurance & Fees (\$500K), other (\$900K).

- A CY 2024 Major Organ Transplant Risk Corridor Payment to DHCS of \$21.0 million is planned for December 2024.

Staffing

- Staffing includes 718 full-time equivalent employees by June 30, 2025. This includes 480 Administrative employees and 238 Clinical employees.
- There are 87 new positions requested for FY 2025, a reduction of 13 from the Preliminary Budget. The new positions are in Operations (40), Healthcare Services (21), Compliance (7), Analytics (6), Finance/Vendor Management (6), Information Technology (5), Integrated Planning (3), and a decrease in Executive/Legal (-1).

Enrollment

- Enrollment at year-end is 409,000, 1,100 lower than in the Preliminary Budget.
- Member Months of 4,885,000 are 8,800 lower than in the Preliminary Budget.
- As a Single Plan County, Alameda will have responsibility for Foster Children and Youth as of January 2025.
- LTC and LTC Duals will be combined by DHCS with the SPD and SPD Duals COAs beginning January 2025.
- Total Medi-Cal enrollment is projected to grow very slightly throughout the year.
- Group Care enrollment is projected to be virtually unchanged.

Revenue

- 98% of Revenue for Medi-Cal, and 2% for Group Care.
- High-level final Medi-Cal base rates were received on 12/2/24. The rates were favorable compared to the previous draft rates.
- Details for ECM, MOT, GEMT, Community Supports, etc., are not yet available.
- Final PMPM Medi-Cal base rates are 5.8% higher than the Preliminary Budget. This is driven by higher rates for SIS members in the SPD and ACA OE Categories of Aid.
- The Supplemental Maternity Kick payment per delivery was reduced by 4.4%.
- Per-member-per-month Group Care rates are unchanged.

Medical Expense

- 98% of Expense for Medi-Cal, 2% for Group Care.
- Medical loss ratio is 97.9%, an increase of 2.0% over the Preliminary Budget.
- Material increases in the Inpatient and Long-term Care Categories of Service were partially offset by decreases in Capitated Expense.
- \$3.0 million has been added to the Provider Incentive Pool.

Hospital and Provider Rates

- FY 2025 Hospital and SNF contract rates increased by \$3.3 million compared to the Preliminary Budget.
- Professional capitation decreased by \$26.8 million, as current rates will be largely sufficient to cover the new TRI fee schedule.

Question: Dr. Seevak inquired about the budgetary impact of postponing the Medicare component for one year.

Answer: Gil indicated that delaying the Medicare piece for a year would save money in terms of FTEs and consulting costs, potentially saving upwards of eight or nine million dollars in the short term.

Question: Wendy inquired whether the 2025 rates are sufficient if the medical loss ratio and other drivers are controlled.

Answer: Gil stated the 2025 rates are expected to be better than the current rates and should result in positive financial results for the entirety of the calendar year 2025, assuming medical management is appropriately handled.

Question: Yeon asked if the FTE number will change based on the final budget.

Answer: Matt replied that the number of FTEs has already been reduced from the original count, and while the current request is included in the final budget, it will still be reviewed on a case-by-case basis. The overall FTE count by the end of the fiscal year may be less than what is currently projected.

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Natalie Williams to approve the Fiscal Year 2025 Final Budget.

Vote: The motion was passed unanimously.

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

No opposition or abstentions.

d) HEALTH EQUITY UPDATE

Lao Paul Vang presented the Health Equity update, outlining the vision, mission, priorities, and action plans for addressing health disparities and promoting Health Equity among Alliance members.

4 Quadrants of Priority

- Internal Stakeholders, Members, Providers, CBOs, and downstream networks
- Intersectoral, Collaboration, and Partnerships

Short-term Action Plans

1. DHCS 23-025 implemented this All-Plan Letter on 09/14/2023 that represents DHCS' multi-pronged vision:
 - Data collection and stratification
 - Workforce diversity and cultural responsiveness
 - Eliminating health disparities
2. Comprehensive DEI training includes three modules:
 - Health Equity
 - Cultural Sensitivity
 - Diversity, Equity, Inclusion & Belonging (DEIB)

3. Timeline:

- Submission for DHCS approval: December 2024
- Rollout of Pilot Training: January 2025
- General Rollout Training: Summer 2025

Mid-term Action Plans

Non-Utilization Equity Project: Alliance Data

- The macro and micro data will guide us in developing priorities and targeted interventions for specific vulnerable populations who need help the most.
- Alliance Utilization vs Non-utilization data stratified by race, ethnicity, neighborhood, etc., will help explain variance.
- The equity-based information might provide indication into potential SDOHs, thereby allowing for more effective and targeted intervention.

Long-term Action Plans

Health Equity & DEIB Roadmap
(3 Yr. Milestones)

- Stakeholders Committee's Meetings & Discussions
- Identify and create milestones.
- Rollout 2025-2028

Question: Yeon Park asked whether the data on Pacific Islanders includes broader Asian communities.

Answer: Paul explained that the data presented refers explicitly to the Pacific Islander community. There is separate data available for the broader Asian population, and efforts are being made to work with community organizations for deeper data desegregation.

Comment: Yeon Park emphasized the importance of including family members in the co-design strategy, as they can provide valuable insights and perspectives, particularly for individuals who may lack their own opinions or voices.

Informational Item only.

e) REVIEW AND APPROVE STANDING COMMITTEE STIPENDS POLICY

Motion: A motion was made by Aaron Basrai and seconded by Andrea Schwab-Galindo to approve the Standing Committee Stipends Policy.

Vote: The motion was passed unanimously.

Ayes: Aaron Basrai, Colleen Chawla, Dr. Rollington Ferguson, Andrea Ford, James Jackson, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Dr. Kelley Meade, Yeon Park,

Wendy Peterson, Andrea Schwab-Galindo, Dr. Evan Seevak, Natalie Williams, Chair Rebecca Gebhart.

No opposition or abstentions.

9. UNFINISHED BUSINESS

None.

10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

None.

11. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

12. ADJOURNMENT

Chair Gebhart adjourned the meeting at 2:08 p.m.