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BOARD OF GOVERNORS  
Regular Meeting Minutes  
Friday, March 10<sup>th</sup>, 2023  
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, Byron Lopez, Dr. Marty Lynch (virtual), Dr. Michael Marchiano, Supervisor Lena Tam, Jody Moore, Dr. Kelley Meade, Dr. Evan Seevak (virtual), Natalie Williams (virtual)

**Board of Governors Excused:** Andrea Schwab-Galindo, Yeon Park, James Jackson

**Alliance Staff Present:** Scott Coffin, Dr. Steve O'Brien, Gil Riojas, Anastacia Swift, Ruth Watson, Richard Golfin III, Matthew Woodruff, Sasi Karaiyan, Tiffany Cheang, Michelle Lewis, Paul Vang

**Guests: None**

Chair Gebhart called the regular Board of Governors meeting to order at 12:03 p.m.

## 2. ROLL CALL

Roll call was taken by the Clerk of the Board, and a quorum was confirmed.

## 3. AGENDA APPROVAL OR MODIFICATIONS

There were no modifications to the agenda.

## 4. INTRODUCTIONS

Scott introduced and welcomed Paul Vang, Chief Health Equity Officer. Mr. Vang shared a short statement.

## 5. CONSENT CALENDAR

- a) FEBRUARY 10<sup>th</sup>, 2023, BOARD OF GOVERNORS MEETING MINUTES
- b) FEBRUARY 22<sup>nd</sup>, 2023, SPECIAL MEETING OF THE BOARD OF GOVERNORS
- c) MARCH 7<sup>th</sup>, 2023, FINANCE COMMITTEE MEETING MINUTES
- d) MARCH 2023 SALARY SCHEDULE

**Motion:** A motion was made by Dr. Rollington Ferguson and seconded by Dr. Kelley Meade to approve Consent Calendar Agenda Items 1 through 5.

**Vote:** Motion unanimously passed.

**Ayes:** Aarondeep Basrai, Dr. Rollington Ferguson, Byron Lopez, Dr. Michael Marchiano, Dr. Kelley Meade, Jody Moore, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No oppositions or abstentions.

## **6. RECOMMENDATION AND APPROVAL OF RESOLUTION #2023-01: ANNOUNCEMENT OF NEW CHIEF EXECUTIVE OFFICER AND PROPOSED EMPLOYMENT TERMS**

Chair Gebhart introduced the item and read a statement applauding and honoring CEO Scott Coffin for his service. She announced a Save the Date of June 2<sup>nd</sup>, 2023, from 5:30 pm – 8:00 pm to honor and thank Scott for his tenure. A Save the Date with details is forthcoming.

Dr. Seevak provided a brief update from the CEO Search Committee. The proposed employment terms and Resolution #2023-01 for the new Chief Executive Officer (CEO) were read into the record.

Chief Operating Officer Matthew Woodruff was announced as the new Chief Executive Officer (CEO) and congratulated. He assumes full responsibility as CEO on June 1<sup>st</sup>, 2023. Mr. Woodruff provided a brief statement and thanked the Board.

Chief Compliance & Privacy Officer Richard Golfin III announced into the record that the public disclosure has been satisfied for the closed session items of the February 10<sup>th</sup>, 2023, regular board meeting and the February 22<sup>nd</sup>, 2023, special meeting.

**Motion:** A motion was made by Dr. Rollington Ferguson and seconded by Supervisor Lena Tam to approve Resolution #2023-01 and the proposed employment terms for the new Chief Executive Officer.

**Vote:** Motion unanimously passed.

**Ayes:** Aarondeep Basrai, Dr. Rollington Ferguson, Byron Lopez, Dr. Marty Lynch, Dr. Michael Marchiano, Dr. Kelley Meade, Jody Moore, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No oppositions or abstentions.

## **7. BOARD MEMBER REPORTS**

### **a) COMPLIANCE ADVISORY COMMITTEE**

Chair Gebhart provided an update on the Compliance Advisory Committee meeting held on March 15<sup>th</sup>, 2023.

## **b) FINANCE COMMITTEE**

Dr. Rollington Ferguson provided an update on the Finance Committee meeting held on March 7<sup>th</sup>, 2023. He is pleased to hear that the state of the Alliance is solid and that all numbers are looking upward and pleased to see that enrollment is continuing.

## **8. CEO UPDATE**

Scott Coffin, Chief Executive Officer, presented the following updates:

- Revenue in January 2023 was \$122.6 million. Medical expenses were \$99.6 million and administrative expenses were \$6.8 million in January.
- Total enrollment in January 2023 reached 329,814.
- Second Quarter Forecast highlights
- Program Implementation updates for Mental Health, Medi-Cal, and Single Plan Model.
- Executive Dashboard highlights
- On March 31<sup>st</sup>, we are terminating our agreement with Beacon Health and the administration of these services will be the responsibility of Alameda Alliance staff.
- As part of the readiness process reached a point with the Department of Managed Health Care (DMHC), some questions related to mental health parity compliance. The questions will be addressed and resolved in March, but it does have a potential impact in terms of the go-live. We are going live but we may go live with conditional approval which means we would have a task list and make commitments on completion dates for outstanding tasks.

Scott congratulated Matthew Woodruff on his appointment as the new CEO.

Question: Are there any outstanding items that should cause concern?

Answer: There are twelve issues but nothing in there that is proprietary. For example, they asked if we have contracted with the agencies that you need to have the review criteria that they had not seen in the documentation, but we are well on our way. They went down their list concern by concern and we feel like we easily had answers. They are all material issues that relate to readiness. We have everything close to being done and we are double-checking now.

## **9. BOARD BUSINESS**

### **a) ASSEMBLY BILL 2449 – BROWN ACT UPDATES**

Chief Compliance and Privacy Officer Richard Golfen III thanked Scott for his service, welcomed the new Chief Health Equity Officer, and congratulated Matt Woodruff on his appointment.

Richard shared a high-level overview of the recent Brown Act updates which include:

- The public health emergency officially ended in California on February 28<sup>th</sup> which affects meetings in this setting including standing committees.
- As of January 1<sup>st</sup>, 2023 – allows some remote participation.
- Quorum of Members required in person at meetings.
- Members can be remote only if:

- “Just Cause” or “Emergency Circumstances”
- Member must notify the board/committee at the earliest opportunity and provide a general description of the reason.
- Members must use audio and visual technology and disclose whether any individual over age 18 is present.

Comment: Dr. Marty Lynch would like the Alliance to advocate that change in the Brown Act to allow these meetings to be hybrid to maximize participation in these meetings and in standing committees.

Question: Does the statement that members may not participate remotely for more than three consecutive months mean participate and being able to vote? If I am participating, but I am not voting, would it count toward my two meetings per year?

Answer: Absolutely, that is also our interpretation.

Question: There has been a discussion in the past about frequency. Is there a stipulation that we must meet every month or meet every other month? Has there been any discussion on having a more robust meeting every other month rather than a meeting every month?

Answer: We can advocate our association bodies for the plan and the board’s position and bump this up on their agenda as something to advocate for. This is the plan’s choice. Right now, we meet 11 months out of the year, and we recess (in alignment with the Alameda County Board of Supervisors) in the month of August. We could look at the option to stagger the meetings in different intervals and still maintain some of the committee meetings on a monthly basis.

Question: Clarification is needed on the quorum issue and you can miss only if you’re voting versus you’re just there observing. If there isn’t a vote, are we running into a quorum issue with the committees?

Answer: It was proposed that this be added as an agenda item at the next Compliance Committee meeting so that we could talk about it from a compliance perspective and understand where the flexibilities are and maybe bring a fuller kind of report to the board next time.

## **b) FORM 700 DISCUSSION**

Due to the tight timeline, Chair Gebhart reminded board members to submit their Form 700 to Jeanette by March 23<sup>rd</sup>. Jeanette sent an email with all the information and forms. If you have no interests to report, you can go straight to Page 5 and sign it.

## **c) REVIEW AND APPROVE JANUARY 2023 MONTHLY FINANCIAL STATEMENTS**

Chief Financial Officer Gil Riojas gave the following January 2023 Finance updates:

### Executive Summary

- For the month ended January 31<sup>st</sup>, 2023, the Alliance had an enrollment of 329,814 members, a Net Income of \$17.7 million, and 713% of the required Tangible Net Equity (TNE).

## Enrollment

- Enrollment continues to increase. It increased by 2,000 members. Initially, we had expected to see a higher number of members join in January because of the Long Term Care transition and also there are some categories currently that were fee for service beneficiaries that were moving to managed care and that was supposed to happen in January. It did not so we expect to see that in February.
- The only area of a potential dropping in enrollment is related to our group care program.
- Two new categories of enrollment are being added this month which are Medi-Cal Long Term Care enrollees and Medi-Cal Long Term Care Duals enrollees.

## Net Income:

- For the month ended January 31<sup>st</sup>, 2023:
  - Actual Net Income: \$17.7 million.
  - Budgeted Net Loss: \$1.1 million.
- One factor that impacts our net income and our revenue is related to the final rates that we receive from DHCS. Prior to the completion of the budget, we had final rate estimates but we didn't have the actual rates. Those were received in mid-December and those ultimately positively influenced our revenue and net income for January and will continue to for the rest of this fiscal year.

## Revenue:

- For the month ended January 31<sup>st</sup>, 2023:
  - Actual Revenue: \$122.6 million.
  - Budget Revenue: \$136.3 million.
- The final rates of our revenue going forward will be positive. The rates were a bit better than we anticipated and that has an impact not only in January but for the rest of this year until next fiscal year because the rates that we receive from DHCS are on a calendar year basis and we have calendar year rates.

## Medical Expense:

- For the month ended January 31<sup>st</sup>, 2023:
  - Actual Medical Expense: \$99.7 million.
  - Budgeted Medical Expense: \$130 million.
- The anticipation is that our medical expenses will go up commensurate with our increase in enrollment related to long term care.

*Question: In January or December when we didn't have the names, some of us wondered whether we would be charged for their care anyway, since the move started in January, so we didn't have the names in January, but they were receiving care and they were in long term care in January. Is there a possibility that those costs will eventually come back and be charted to us?*

*Answer: From what we understand because of the delay, we won't necessarily be responsible for those Long Term care costs for those members that were not assigned to us in January. The bulk of them were assigned in February. February and forward, we'll see those costs from Members that were in our enrollment, but we won't experience increased costs retroactively for those members. There is a small number that was moved over in January and for those, we are responsible for.*

Administrative Expense:

- For the month ended January 31<sup>st</sup>, 2023:
  - Actual Administrative Expense: \$6.8 million.
  - Budgeted Administrative Expense: \$7.5 million.

Other Income/ (Expense):

- Other Income & Expense is comprised of investment income and claims interest.

Tangible Net Equity (TNE):

- The Alliance exceeds DMHC's required TNE.
  - Required TNE - \$38 million
  - Actual TNE - \$271 million
  - Excess TNE - \$233 million
  - TNE % of Required TNE – 713%

**Question:** *With regards to our reserves vs. risks, what are our reserves compared to the risk corridor, DSNP & CalAIM in the future?*

**Answer:** *An example is, if you look at the risk corridor, the risk corridor is our way for the State to support us and if our expenses are more than what the State anticipates and puts in our rate, then there is the ability for us to pass along some of those expenses and costs to the State to supplement. We have risk corridors for our enhanced care management and major organ transplant that may require us to pay money back, but we have already set aside funding for that, so it is not captured under our Tangible Net Equity. We don't want to report more positive than needed revenue numbers because again, there is the potential risk that some of that revenue that we may receive may have to be passed back to the State.*

**Motion:** A motion was made by Dr. Michael Marchiano and seconded by Aaron Basrai to approve the January 2023 monthly financial statements as presented.

**Vote:** Motion unanimously passed.

**Ayes:** Aarondeep Basrai, Dr. Rollington Ferguson, Byron Lopez, Dr. Marty Lynch, Dr. Michael Marchiano, Dr. Kelley Meade, Jody Moore, Supervisor Lena Tam, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No oppositions or abstentions.

#### **d) FISCAL YEAR 2023 SECOND QUARTER FORECAST**

Gil Riojas presented the Fiscal Year 2023 Second Quarter Forecast.

Some of the highlights include:

- Anticipated net income at the end of the year to be about \$61 million which is significantly favorable to our budget. Big drivers of that are related to our rates, the timing of when we received our enrollment, and medical expense trends.
- Anticipated Tangible Equity to be at 629% of the required which represents \$273 million.
- Medical Loss Ratio for the organization is 90.4%
- Administrative Expenses represent 5.7% of the revenue received.

- Membership continues to grow, anticipating it to end the fiscal year at 359,000 members. FTE continues to grow as well. At year-end, it is at 495, an addition of 6 from the Final Budget.
- Revenue continues to grow, anticipated at \$1.4 billion for the rest of the year versus the expense of \$1.3 billion for medical expenses and then administrative expenses to be about \$83 million for the entirety of the year.
- Net income is significantly favorable to what was anticipated from our final budget.
- Significant changes potentially to happen over the next 12 to 18 months include moving to a single plan model, Kaiser Permanente direct contract with DHCS, and the addition of LTC populations of focus and undocumented adults which are all to occur in January 2024.
- Medi-Cal re-determinations begin in July and will go through June.
- Group Care is anticipated to remain relatively steady at approximately 5,700 members.
- Significant changes to the Medi-Cal contract include increased regulations and reporting, focus on alternative Payment Methodologies, enhancement on Quality Requirements, and additional Health Equity Requirements.
- Changes to Medi-Cal Benefits and Services include new ECM Populations of Focus, additional Community Supports planned for deployment, and the impact of a potential budget deficit at the state level and how that could affect our rates for future years.

**Motion:** A motion was made by Dr. Rollington Ferguson and seconded by Dr. Michael Marchiano to approve the Fiscal Year 2023 Second Quarter Forecast as presented.

**Vote:** Motion unanimously passed.

**Ayes:** Aaron Basrai, Dr. Rollington Ferguson, Byron Lopez, Dr. Marty Lynch, Dr. Michael Marchiano, Dr. Kelley Meade, Jody Moore, Supervisor Lena Tam, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart

No oppositions or abstentions.

### **e) MENTAL HEALTH INSOURCING GO-LIVE APRIL 1<sup>st</sup>**

Chief Projects Officer shared updates on Mental Health Insourcing.

Some of the highlights include:

- Insourcing of mental health and autism spectrum services is tracking to complete on March 31<sup>st</sup>.
- Full compliance with SB855 will go-live on April 1<sup>st</sup>.
- Staffing teams in Behavioral Health and Member Services are fully staffed. The only positions that have not been hired so far are some administrative positions in Analytics and Finance.
- Impacted Member Letters and Notices have been mailed.
- A vendor has been engaged to do after-hours customer support.

**Question:** *How are we doing with the transition with ABA services? Do we anticipate that there will be gaps or interruptions in service?*

**Answer:** *Overall, the contracting is going well. We have contracted with most of Beacon's network. We are in conversations with everybody still. There was a number that declined, most of them declined because they were closing their doors or merged with another group. Also,*

*people for ABA services who have received prior authorization from Beacon, we will honor it and will not need to get a reauthorization.*

Question: *What is the difference between Insourcing and contracting?*

Answer: *Beacon itself does not provide any mental health care. They are a broker who contracts with providers in our community. We have contracted with all the same providers. Essentially, almost all of those same providers who contracted with Beacon are now contracting directly with The Alliance. As a result, the vast majority of members will be able to continue with their same provider.*

Comment: *It might be helpful to have a list (hard copy) of the behavioral specialists from the primaries.*

#### Beacon De-Implementation Activities

- ABA Authorization Report and Referring Provider Report will now come to us.
- The Pending/Open Member Cases Report was delivered to us on 2/23 so we can identify what, who's out there, and who's being seen by whom before we take it over. These are the things that we received in February.
- A provider notification letter was sent on February 20<sup>th</sup>.

#### Work in Progress

- We are working hard to make sure all our systems are in place.
- We are working so that our Behavioral Health team has a queue that comes in so that when somebody calls in and they do have to work on a referral, they have a way to do it electronically.
- Worked on end-to-end process workflows.
- Provider Portal online forms are in test.
- Phase 2 Initiative – Once we go live in March and April 1<sup>st</sup>, we will begin to look at what we are doing, and how things are working and identify those things we might want to do to make these services better.

Question: *How are we going to market this? How are we going to go to the public? We should be marketing this and getting ready for 2024.*

Answer: *We have sent out provider letters to members a couple of times and updated websites. We are also working with our provider partners because one of our goals of this Insourcing is to increase the percentage of members who are utilizing mental health services.*

## **10. STANDING COMMITTEE UPDATES**

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

- The Peer Review and Credentialing Committee met on February 21<sup>st</sup>. The same discussions we are having internally now on the Brown Act are having the same impact on PRCC and the other committees because all of these committees have practicing physicians and the impact or the need to have an on-site quorum is a major issue for these committees. These committees are all critical in the functioning regulatory functioning of the organization. If we don't have credentialing, we can't credential providers.
- 242 initial applicants were approved of which 210 were behavioral health providers. We credentialed 34 providers.



#### **d) HEALTH CARE QUALITY COMMITTEE**

- The Health Care Quality Committee met on February 17<sup>th</sup>. We were glad to see Chair Gebhart and our CEO Scott Coffin attended the meeting. This is an open committee, and we encourage everybody to attend.
- We also reviewed a schedule and shared some audit updates including going over some new benefits of the Doulas, CHW, and dyadic services and what that means to the membership.
- Updates on Health and Long Term Care on the Insourcing processes and the quality program update with Public Health.

#### **11. STAFF UPDATES**

None.

#### **12. UNFINISHED BUSINESS**

None.

#### **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 1:48 p.m.