

BOARD OF GOVERNORS
Regular Meeting Minutes
Friday, June 14th, 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, Byron Lopez, Dr. Marty Lynch, Andie Martinez Patterson, Jody Moore, Yeon Park, Dr. Evan Seevak, Supervisor Lena Tam, Natalie Williams

Board of Governors Remote: James Jackson, Dr. Noha Aboelata (Vice-Chair)

Board of Governors Excused: Andrea Ford, Dr. Kelley Meade, Andrea Schwab-Galindo

Alliance Staff Present: Matthew Woodruff, Dr. Donna Carey, Gil Riojas, Anastacia Swift, Ruth Watson, Sasi Karaiyan, Michelle Lewis, Lao Paul Vang

Chair Gebhart called the regular Board of Governors meeting to order at 12:01 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

There were no introductions.

5. CONSENT CALENDAR

- a) MAY 7th, 2024, FINANCE COMMITTEE MEETING MINUTES
- b) MAY 10th, 2024, COMPLIANCE ADVISORY COMMITTEE MEETING MINUTES
- c) MAY 10th, 2023, BOARD OF GOVERNORS MEETING MINUTES
- d) 2023 CASE MANAGEMENT & CARE COORDINATION, COMPLEX CASE MANAGEMENT & DISEASE MANAGEMENT PROGRAM EVALUATION

- e) **2024 CASE MANAGEMENT & CARE COORDINATION, COMPLEX CASE MANAGEMENT & DISEASE MANAGEMENT PROGRAM DESCRIPTION**
- f) **2023 UTILIZATION MANAGEMENT PROGRAM EVALUATION**
- g) **2024 UTILIZATION MANAGEMENT PROGRAM DESCRIPTION**
- h) **2023 QUALITY IMPROVEMENT – PROGRAM EVALUATION**
- i) **2024 QUALITY IMPROVEMENT – PROGRAM DESCRIPTION**

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

Vote: The motion was passed unanimously.

Ayes: Aarondeep Basrai, Colleen Chawla, Dr. Rollington Ferguson, James Jackson, Byron Lopez, Dr. Marty Lynch, Jody Moore, Yeon Park, Dr. Evan Seevak, Natalie Williams, Vice Chair Dr. Noha Aboelata, Chair Rebecca Gebhart.

No opposition or abstentions.

Comment: Dr. Marty Lynch would like to get a summary of our evaluation data on different care management programs.

6. BOARD MEMBER REPORTS

a) COMPLIANCE ADVISORY COMMITTEE

Byron Lopez provided an update on the June 14th Compliance Advisory Committee meeting. The committee presented a report on compliance activities, including updates and observations from the 2024 DHCS Routine Full Medical Survey.

b) FINANCE COMMITTEE

Dr. Ferguson provided an update on the Finance Committee meeting held on June 11th. The April 2024 financials were discussed, and the FY25 Draft Budget was presented.

7. CEO UPDATE

Highlights:

Single Plan Model

- Total membership as of April 2024 is 405,174.
- Approximately 81,000 members transitioned from Anthem to Alameda Alliance on January 1, 2024.
- Prior to the MCP transition, 54,620 Anthem members assigned to AHS or CHCN have been reassigned to AHS and CHCN since the transition to the Alliance.
- Undocumented members
 - In December 2023, 30,565 undocumented residents were enrolled into the Alliance. As of April 1st, 64,815 undocumented residents are Alliance members.
 - 7,334 undocumented Anthem members assigned to AHS or CHCN have been reassigned to AHS and CHCN since joining the Alliance.
- Total authorization volume in December 2023 was 5,098 compared to 7,393 in April 2024.
- A 50% increase in claims since the single plan transition
- 380 providers added since January 2024
- A 1% increase in confirmed member utilization since the single plan model transition

Community Supports

- The Alliance is receiving \$7 million in FY25 funding from DHCS for Community Support.
- The Alliance estimates that we will spend approximately \$35 million to support the CS program in Fiscal Year 2025, compared to \$24 million in Fiscal Year 2024.

Budget Changes for End of FY 24

- State recouped \$59 million for Calendar Year 2023 and Calendar Year 2024 from the Alliance in the months of May and June
- Acuity adjustment
- Biggest recoupment was in long-term care services
- For FY24, we had projected a year-end net income of \$23 million and are now looking at a potential \$5.5 million loss.

FY25 Budget Changes

- Programs that have been cut are Board Grants, Community Reinvestment, Other Grants, and provider grants
- FY25 travel will be subject to CEO/CFO approval
- Employee benefit cost sharing may need to increase depending on contract negotiations
- The Board will be made aware of any additional changes that may need to be put into place during the final budget adoption in December.

Question: *Are there items in the State's budget in the May revise and in the current negotiation that would further impact the Alliance?*

Answer: *If our rates decrease, they will adjust them based on the state's budget. This will also impact on the Targeted Rate Increase (TRI). We can expect more information when the Governor's budget is released.*

8. BOARD BUSINESS

a) REVIEW AND APPROVE APRIL 2024 MONTHLY FINANCIAL STATEMENTS

During the meeting, the Chief Financial Officer, Gil Riojas, presented a general overview of the financial statements for April 2024. The complete packet, containing all the details, had already been presented to the Finance Committee earlier in the week.

To summarize, for the month ended April 30th, 2024, the Alliance had enrollment of 405,174 members, a Net Loss of \$8.3 million and 554% of required Tangible Net Equity (TNE).

Highlights:

Enrollment

- Total enrollment increased by 1,233 members since March 2024
- Total enrollment increased by 43,489 members since July 2023.

Net Income

- For the month ended April 30th, 2024:
 - Actual Net Loss: \$8.3 million.
 - Budgeted Net Loss \$876,000
- For the fiscal YTD ended April 30th, 2024:
 - Actual Net Income: \$21.2 million
 - Budgeted Net Income: \$16.8 million

Premium Revenue

- For the month ended April 30th, 2024:
 - Actual Revenue: \$159.6 million
 - Budgeted Revenue: \$158.6 million
- For the fiscal YTD ended April 30th, 2024:
 - Actual Revenue: \$1.5 billion
 - Budgeted Revenue: \$1.5 billion

Medical Expense

- For the month ended April 30th, 2024:
 - Actual Medical Expense: \$165.4 million
 - Budgeted Medical Expense: \$153.0 million
- For the fiscal YTD ended April 30th, 2024:
 - Actual Medical Expense: \$1.4 billion
 - Budgeted Medical Expense: \$1.4 billion

Medical Loss Ratio (MLR)

The Medical Loss Ratio was 103.6% for the month and 94.9% for the fiscal year-to-date.

Administrative Expense

- For the month ended April 30th, 2024:
 - Actual Administrative Expense: \$10.2 million
 - Budgeted Administrative Expense: \$8.9 million
- For the fiscal YTD ended April 30th, 2024:
 - Actual Administrative Expense: \$79.4 million
 - Budgeted Administrative Expense: \$84.7 million

Other Income/ (Expense)

- Fiscal year-to-date net investments show a gain of \$25.8 million.
- Fiscal year-to-date claims interest expense due to delayed payment of certain claims or recalculated interest on previously paid claims is \$691,000.

Managed Care Organization (MCO) Provider Tax

- For the month ended April 30th, 2024:
 - \$113.7 million unbudgeted MCO Tax Revenue
 - \$108.3 million unbudgeted MCO Tax Expense

Tangible Net Equity (TNE)

- Required TNE \$62.4 million
- Actual TNE \$345.2 million
- Excess TNE \$282.8 million
- TNE % of Required TNE 554%

Capital Investment

- Fiscal year-to-date capital assets acquired: \$1.2 million.
- Annual capital budget: \$1.6 million

Motion: A motion was made by Dr. Rollington Ferguson and seconded by Dr. Evan Seevak to approve the April 2024 monthly financial statement.

Vote: The motion was passed unanimously.

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

No opposition or abstentions.

b) REVIEW AND APPROVE FY25 DRAFT BUDGET PRESENTATION

During the FY25 Draft Budget presentation, Chief Financial Officer Gil Riojas discussed the challenging news of reductions and rate changes for calendar years 24 and 25. He emphasized the importance of advocating for community support and explained the need to convey the value of these benefits beyond just the numbers to the DHCS. Riojas highlighted the significance of presenting a solid argument for why these benefits are essential for the community's well-being, especially in discussions with the DHCS and not just with the actuaries. It is evident that the equation for some of these benefits does not work out in the organization's favor. As a result,

further discussions with the state will be necessary to emphasize the importance of these essential support services for the future.

Question: Can County leadership partner with us in these conversations, or is this primarily a conversation with DHCS?

Answer: Once we know the future of community support, we should discuss it with the County and the State to bring everyone together and advocate for the valuable services.

Question: Are we going to engage our assembly and elected officials?

Answer: We addressed this matter on two recent occasions, engaging in discussions regarding our observations and desired actions. We anticipate further developments in the future.

Highlights:

- 2025 Projected Net Income of \$376,000.
- The projected Tangible Net Equity (TNE) excess at 6/30/25 of \$245.1 million is 439% of the required TNE. The Alliance remains financially strong.
- Year-end enrollment is 5,000 higher than June 2024; Fiscal Year member months are 350,000 higher than the prior year. Enrollment peaks at 410,000 in June 2025.
- Premium Revenue is \$2.0 billion in FY 2025, an increase of \$269.8 million (15.3%) from FY 2024.
- Fee-for-Service and Capitated Medical Expense is \$1.9 billion in FY 2025, an increase of \$252.2 million (15.3%) from FY 2024.
- Administrative Department Expenses are \$11.4 million higher than FY 2024 and represent 5.5% of revenue.
- Clinical Department Expenses are \$3.6 million lower than FY 2024 and comprise 2.5% of revenue.
- 2024 Projected Net Loss of \$5.5 million
- Unfavorable Revenue recoupments totaling \$87.1 million in FY 2024. The majority of these are from prior years.

Question: Regarding the 2023 Major Organ Transplants Risk Corridor Payback, is there an understanding of the reasons behind the lower-than-anticipated number of major organ transplants?

Answer: Our team is currently focusing on two primary areas. First, we are reviewing our process for referring patients to specialists to get on the transplant list. We have noticed that some of our members have been denied placement on the list due to not meeting the necessary criteria, particularly related to chronic conditions, behavioral health issues, and substance abuse problems. We are investigating why our denial numbers are higher than expected and examining how these numbers are calculated at the state level to determine any inaccuracies in the data.

Motion: A motion was made by Natalie Williams and seconded by Dr. Marty Lynch to approve the FY25 Draft Budget.

Vote: The motion was passed unanimously.

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

No opposition or abstentions.

c) MEDICARE PRESENTATION

Tome Meyers, Executive Director, Medicare Programs, provided the board with an update on Medicare. Items of discussion included:

- Dual Eligible Special Needs Plans (D-SNPs) in CA
- MA D-SNP Product Timeline
- Alameda County Medicare Landscape
- Member & Provider Engagement
- Stars Measures Overview
- Medicare Stars Scoring and Rating Methodology
- Challenges & Risks
- Closing Statements/Next Steps

Highlights:

- Provider Medicare Advantage D-SNP overview with CHCN (April 30th) and AHS (May 8th)
- May 17th – received comments from DMHC for all submissions related to Medicare License Expansion Filing
 - AAH response is due to DMHC by June 16th.
- Medicare provider contract & Medicare product amendment (for vendors) is being finalized with a goal to start provider contracting in July 2024
- TruCare optimization and D-SNP core systems upgrades started May 22nd
- In Development: Dental & Vision RFP, Branding RFQ, Current PBM Services, Provider Outreach Services, Model of Care (MOC), IT Strategy, Supplemental Benefits Structure, Stars Playbook & Workplan

Question: *We are unfamiliar with bidding in Medi-Cal. Could you please provide more information on what is required?*

Answer: *In Medicare, we need to market the product to members and incent them to enroll. Our bid design will include different supplemental benefits and vendors to compete with Kaiser. We will go through a thorough evaluation with Milliman to ensure everything is sound. We need to take several steps to prepare for this from a module perspective. After that, we will file it with CMS. The bid design is quite complex and requires expertise in both benefits and finance.*

Question: *In terms of the design, does that live in the model of care and in the supplemental benefits structure? How would the Board and the Consumer Advisory Committee be involved and give input into the design of the benefits or to learn about what is a standard benefit design so that we could potentially give input to it.*

Answer: *The model of care refers to healthcare services and quality improvement, focusing on how these services are provided and the additional benefits that support them.*

We have a standard Medicare benefit design that is consistent nationwide. In addition to this, we need to consider what Kaiser is offering and then determine what additional coverage is required based on the community's needs. We are open to discussing this with the board. It is important to keep in mind that this is a competitive and sales-oriented product. The details are confidential once we submit our bid until they are made public. Therefore, we will not be aware of Kaiser's offerings, and they will not be aware of ours.

Question: *Regarding provider outreach, are you anticipating expanding the provider network for the Medicare product?*

Answer: *We plan to focus on our existing Medicaid network and collaborate with them as our primary strategy. However, we also need to meet CMS network adequacy requirements, and we have identified some gaps that we need to address by contracting with additional specialists. Our third approach involves looking at our current Medicaid duals with an income of \$40,000 or more, seeing where they are currently receiving care, and comparing it with our network to identify gaps in care that need to be addressed for better continuity moving forward.*

Comment: *Dr. Ferguson is impressed with Matt and the team's progress and movement.*

Informational item only.

9. STAFF UPDATES

There were no staff updates.

10. UNFINISHED BUSINESS

None.

11. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS

A request was made to provide a summary of the Trilogy documents at the next board meeting.

12. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments for non-agenda items.

13. CLOSED SESSION

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation, one (1) potential case.
(Paragraph (2) or (3) of subdivision (d) of GOV. CODE, § 54956).

b) PUBLIC EMPLOYEE PERFORMANCE EVALUATION: CHIEF EXECUTIVE OFFICER (GOV. CODE SECTION 54957).

The Board convened into a Closed Session at 1:35 p.m. The Board Chair reopened the meeting at 2:03 pm.

No reportable action was taken in the Closed Session.

14. ADJOURNMENT

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

Respectfully submitted by: Brenda Martinez, Clerk of the Board.