

**ALAMEDA ALLIANCE FOR HEALTH
FINANCE COMMITTEE
REGULAR MEETING**

**February 6th, 2024
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted in-person and by Teleconference.

Committee Members in-person: Dr. Rollington Ferguson, Yeon Park, Gil Riojas

Committee Members on Conference Call: James Jackson

Board of Governor members in-person and on Conference Call: Rebecca Gebhart

Alliance Staff in-person and on Conference Call: Matt Woodruff, Tiffany Cheang, Sasi Karaiyan, Anastacia Swift, Ruth Watson, Shulin Lin, Carol van Oosterwijk, Linda Ly, Maryam Maleki, Brenda Martinez, Jeanette Murray, Renan Ramirez, Danube Serri, James Zhong Xu, Christine Corpus

CALL TO ORDER, ROLL CALL, AND INTRODUCTIONS

Dr. Ferguson called the Finance Committee meeting to order at 8:00 am. A Roll Call was then conducted.

CONSENT CALENDAR

Dr. Ferguson presented the Consent Calendar.

There were no modifications to the Consent Calendar, and no items to approve.

a.) CEO UPDATE

Matt Woodruff provided updates to the committee on the following:

- Single Plan Model
 - Matt started off by thanking the team for all the work put forth into getting ready for the Single Plan Model and reported that we have done very well in managing our finances over the last 6 months. Matt explained that this is especially good because of all the changes with the Single Plan Model we anticipate over the *next* six months.
- Claims and Member Services Volume
 - We were within regulatory compliance, but not within *internal* compliance with our claims turnaround for the first time in at least 6 plus years.
 - We missed it by 2%, so we processed at 88% instead of 90%. Matt added that he believes that has to do with the sheer amount of volume that we received.
 - For Member Services, again, we hit the regulatory metrics, but we did not hit our internal metrics.
 - We were off by 9% on our speed to answer and off by 6% on our abandonment So we are the largest claims volume ever at the alliance.
 - In December 2023, we received 215,000 claims at the Alliance, and in January we received 298,000. So, we had an increase of about 83,000 claims for the month of January. As a result, we are looking at staffing, and determining if this increase is a one-time event.

- If you look overall at our membership, our membership went from 350,000 to 400,000. If everybody remembers, with Kaiser leaving, we lost the 51,000 Kaiser members, but then we gained 101,000 anthem and undocumented members.
- I mentioned the fact that we missed our Member services internal marks, but we hit regulatory.
 - In December we had almost 14,000 calls.
 - In January we were just a couple of calls short of 30,000, so we more than doubled the calls for Member services.
 - For the first six months of the year, we averaged one person a day coming on site asking questions, for January, we averaged 5 people per day. So, the volume is definitely increasing.
- Our Healthcare Services department had approximately 1200 authorizations that were requested in December from our membership, and in January, we had over 2700 authorizations that were requested.

So overall, our volumes have gone up tremendously with going into the Single Plan Model. We are looking to see what we can do from not just a staffing, but also a systems perspective. Sasi and his team are looking at all the systems and what we can do to try to enhance them and make all the data entry go smoother.

As a reminder, we hold ourselves to a higher standard than what is required for regulatory compliance. If you remember back in 2018 and 2019, we went through a national certification, and we were considered a call center of excellence, so we are still holding ourselves to those standards. When COVID hit, everything happened and now we are trying to get back to those standards.

Matt then addressed questions and commentary from the committee.

Informational update to the Finance Committee. Voting is not required.

b.) REVIEW AND APPROVE NOVEMBER AND DECEMBER 2023 MONTHLY FINANCIAL STATEMENTS

NOVEMBER 2023 Financial Statement Summary

Enrollment:

Enrollment decreased slightly by 1,541 members. DHCS is no longer assigning new members to Anthem, so all new members are being assigned to the Alliance. This helped to offset the continued redetermination disenrollments.

Net Income:

For the month ending November 30th, 2023, the Alliance reported a Net Income of \$3.4 million (versus budgeted Net Loss of \$1.0 million). The favorable variance is attributed to higher than anticipated Investment Income, and lower than anticipated Medical and Administrative Expense. For the year-to-date, the Alliance recorded a Net Income of \$24.8 million versus a budgeted Net Income of \$20.4 million.

Revenue:

For the month ending November 30th, 2023, actual Revenue was \$137.8 million vs. our budgeted amount of \$136.2 million. This slight positive variance is primarily due to the timing of revenue

recognition. Our actual year-to-date Revenue is currently at \$688.0 million versus budgeted Revenue of \$686.3 million.

Medical Expense:

Actual Medical Expenses for the month were \$128.3 million, vs. our budgeted amount of \$129.4 million. For the year-to-date, actual Medical Expenses were \$637.2 million versus budgeted \$638.4 million. Drivers leading to the favorable variance can be seen on the tables on pages 11 and 12, with further explanation on pages 12 and 13.

Medical Loss Ratio:

Our MLR ratio for this month was reported at 93.1%. Year-to-date MLR was at 92.6%.

Administrative Expense:

Actual Administrative Expenses for the month ending November 30th, 2023 were \$7.9 million vs. our budgeted amount of \$10.2 million. Our Administrative Loss Ratio (ALR) is 5.7% of our Revenue for the month, and 5.5% of Net Revenue for year-to-date.

Other Income / (Expense):

As of November 30th, 2023, our YTD interest income from investments show a gain of \$12.0 million.

YTD claims interest expense is \$253,000.

Tangible Net Equity (TNE):

The DMHC requires that we have \$49.9 million in TNE, and we reported \$348.8 million, so the excess of that is \$298.9 million. As a percentage, we are at 699% of required, which remains very healthy.

Cash and Cash Equivalents:

We reported \$480.5 million in cash; \$310.7 million is uncommitted. Our current ratio is above the minimum required at 1.80 compared to regulatory minimum of 1.0.

Capital Investments:

We have spent \$1.2 million in Capital Assets year-to-date. Our annual capital budget is \$1.6 million.

DECEMBER 2023 Financial Statement Summary

Enrollment:

The Alliance experienced a slight decrease in enrollment due to ongoing redetermination efforts. Enrollment decreased by 546 members to 351,980 members.

Net Income:

For the month ending December 31st, 2023, the Alliance reported a Net Income of \$10.6 million (versus budgeted Net Loss of \$3.4 million). The favorable variance is attributed to higher than anticipated Revenue, higher than anticipated Other Income/Expense, and lower than anticipated Medical and Administrative Expenses. For the year-to-date, the Alliance recorded a Net Income of \$35.4 million versus a budgeted Net Income of \$17.0 million.

Revenue:

For the month ending December 31st, 2023, actual Revenue was \$135.1 million vs. our budgeted amount of \$132.8 million. The slight positive variance is primarily due to the timing of revenue

recognition. Our actual year-to-date Revenue is currently at \$823.0 million versus budgeted Revenue of \$819.0 million.

Medical Expense:

Actual Medical Expenses for the month were \$122.2 million, vs. budgeted amount of \$128.6 million. For the year-to-date, actual Medical Expenses were \$759.4 million versus budgeted \$767.0 million. Drivers leading to the favorable variance can be seen on the tables on pages 47 and 48, with further explanation on pages 48 and 49.

Medical Loss Ratio:

Our MLR ratio for this month was reported at 90.4%. Year-to-date MLR was at 92.3%.

Administrative Expense:

Actual Administrative Expenses for the month ending December 31st, 2023 were \$7.0 million vs. our budgeted amount of \$10.0 million. Our Administrative Loss Ratio (ALR) is 5.2% of our Revenue for the month, and 5.4% of Net Revenue for year-to-date.

Other Income / (Expense):

As of December 31st, 2023, our YTD interest income from investments show a gain of \$16.8 million.

YTD claims interest expense is \$294,000.

Tangible Net Equity (TNE):

The DMHC requires that we have \$49.6 million in TNE, and we reported \$359.3 million, so the excess of that is \$309.7 million. As a percentage we are at 724% and that means we have over 7 times the amount that is required.

Cash and Cash Equivalents:

We reported \$516.0 million in cash; \$345.3 million is uncommitted. Our current ratio is above the minimum required at 1.82 compared to regulatory minimum of 1.0.

Capital Investments:

We have spent \$1.1 million on Capital Assets year-to-date. Our annual capital budget is \$1.6 million.

Motion: A motion was made by Yeon Park, and seconded by James Jackson, to accept and approve the November 2023, and December 2023 Financial Statements.

Motion Passed

No opposed or abstained.

c.) VICE CHAIR RESIGNATION

Matt Woodruff announced that current Vice-Chair Dr. Michael Marchiano has resigned from the Board entirely, and at the March Board of Governor's meeting, we will hold a vote for a new vice-chair. Mr. James Jackson has graciously agreed to put his name in to be the new vice chair, and again, that vote will take place at the March 8th Board meeting.

Informational update to the Finance Committee. Voting is not required.

ADJOURNMENT

Dr. Ferguson adjourned the meeting at 8:59 a.m.