

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

**February 11th, 2025
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted in-person and by Teleconference.

Committee Members in-person: Dr. Rollington Ferguson, Rebecca Gebhart, James Jackson, Yeon Park, Gil Riojas

Committee Members by Teleconference: None

Committee Members Excused: None

Board of Governor members in-person and on Conference Call: Tosan Boyo, Andie Martinez Patterson, Andrea Schwab-Galindo

Alliance Staff in-person and on Conference Call: Matt Woodruff, Dr. Donna Carey, Tiffany Cheang, Sasi Karaiyan, Richard Golfin III, Lao Paul Vang, Ruth Watson, Yen Ang, Brett Kish, Shulin Lin, Linda Ly, Brenda Martinez, Renan Ramirez

CALL TO ORDER

Dr. Ferguson convened the Finance Committee meeting at 8:00 a.m.

ROLL CALL

Roll call was conducted and confirmed.

INTRODUCTIONS

There were no introductions.

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 an update on the upcoming Fiscal Year 2026 budget, emphasizing preparations for a major enrollment loss and limited staffing growth. Specifically, there was a discussion about the financial impact of losing 80,000 individuals from the undocumented population, estimating a potential revenue loss of \$500 to \$600 million. Matt is collaborating with Alameda County Health to gather data and plan for this change. This significant reduction would impact both revenue and expenses, and the team is working on detailed calculations to present at the March meeting.

Matt will meet with the state to discuss three key topics: the undocumented population, DEI, and transgender issues. This meeting is expected to offer more information on the state's plans and potential impacts on health plans.

Question: Dr. Ferguson asked what the 80,000 lives translate to in dollars.

Answer: Matt mentioned they are assembling details for the March board meeting, where he will explain the specifics. The estimated range is \$500 to \$600 million.

Question: Dr. Ferguson inquired about the potential impact on our budget.

Answer: Gil noted that an evaluation of expenses and revenue indicates \$500-600 million in expenditures could reduce both. This impacts the medical loss ratio and overall income. A key consideration is the financial outcome of providing coverage, requiring assessment of whether expenses exceed revenue. Preliminary evaluations suggest a potential positive margin, affecting our financial performance.

Comment: Ms. Gebhart indicated that Alameda County has historically been required to assist its indigent population according to the welfare and institutions code, unlike other counties. The budget designated for the indigent program amounts to \$60 million, and if current trends continue, funding from the health plan is anticipated to decrease, leading to significant losses for providers as payments will mainly revert to the county at lower rates. Furthermore, Gil noted that the scope of funding includes the MCO tax, which contributes approximately \$100 to \$130 million.

b) REVIEW AND APPROVE THE DECEMBER 2024 MONTHLY FINANCIAL STATEMENTS

DECEMBER 2024 Financial Statement Summary

Enrollment:

Enrollment increased by 5,348 members since November and an overall increase of 8,236 members since June 2024.

Net Income:

For the month ending December 31st, 2024, the Alliance reported a Net Loss of \$8.6 million (versus budgeted Net Loss of \$26.8 million). For the year-to-date, the Alliance recorded a Net Loss of \$97.2 million versus a budgeted Net Loss of \$97.8 million.

Premium Revenue:

For the month ending December 31st, 2024, actual Revenue was \$163.0 million vs. our budgeted amount of \$137.1 million.

Medical Expense:

Actual Medical Expenses for the month were \$164.6 million, vs. budgeted amount of \$154.5 million. For the year-to-date, actual Medical Expenses were \$1.1 billion vs. budgeted Medical Expense of \$1.0 billion.

Medical Loss Ratio:

Our MLR ratio for this month was reported as 101.0%. The year-to-date MLR was 105.7%.

Administrative Expense:

Actual Administrative Expenses for the month ending December 31st, 2024, were \$9.4 million vs. our budgeted amount of \$11.3 million. Our Administrative Loss Ratio (ALR) is 5.8% of our Revenue for the month, and 5.7% of Net Revenue for year-to-date.

Other Income / (Expense):

As of December 31st, 2024, our YTD interest income from investments show a gain of \$17.5 million.

Managed Care Organization (MCO) Provider Tax:

For the month ending December 31st, 2024, we reported \$64.5 million MCO Tax Revenue vs. budgeted MCO Tax Revenue of \$63.7 million. Our MCO Tax Expense was \$64.5 million vs. budgeted MCO Tax Expense of \$63.7 million.

Tangible Net Equity (TNE):

For December, the DMHC requires that we have \$77.6 million in TNE, and we reported \$158.2 million, leaving an excess of \$80.6 million. As a percentage we are at 204%, which remains above the minimum required.

Cash and Cash Equivalents:

We reported \$648.6 million in cash; \$552.4 million is uncommitted. Our current ratio is above the minimum required at 1.10 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 \$2.0 million.

Comment: Rebecca expressed her appreciation to Gil and the Finance team for maximizing investment returns, as this has greatly benefited us.

Question: Dr. Ferguson warned that serious issues could arise if we do not control the situation. If we fail to manage our medical expenses, the state will take over the plan. What steps are we currently taking? We have not observed an effective decline. What drastic measures are we implementing, and if we can have a plan for that?

Answer: Matt confirmed support for Dr. Carey as a first-time CMO, with collaboration from Dr. Carter on various initiatives. We expect progress on our metrics and will review strategies and savings in March, particularly in finances and medical management.

Matt also mentioned a \$22 million shortfall in community supports and discussed potential service cuts due to state underfunding, particularly impacting housing and food services.

Question: Yeon inquired about the status of our investments.

Answer: Gil mentioned that this will be presented in March, as our investments are reviewed annually, with some categorized as short-term and others as long-term.

Motion: A motion was made by James Jackson, and seconded by Yeon Park, to accept and approve the December 2024 Financial Statements.

Motion Passed

No opposed or abstained.

UNFINISHED BUSINESS

There was no unfinished business.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Dr. Ferguson adjourned the meeting at 8:33 a.m.