

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

**March 8th, 2022
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted by Teleconference

Committee Members on Conference Call: Dr. Rollington Ferguson, Dr. Michael Marchiano, Nick Peraino, Gil Riojas

Board of Governor members on Conference Call: James Jackson

Alliance Staff on Conference Call: Scott Coffin, Tiffany Cheang, Richard Golfin III, Sasi Karaiyan, Dr. Steve O'Brien, Anastacia Swift, Ruth Watson, Matt Woodruff, Shulin Lin, Carol van Oosterwijk, Linda Ly, Jennifer Vo, Sandra Galindo, Christine Corpus

| AGENDA ITEM SPEAKER | DISCUSSION HIGHLIGHTS | ACTION | FOLLOW UP |
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| CALL TO ORDER, ROLL CALL, and INTRODUCTIONS | | | |
| Dr. Rollington Ferguson | <p>Dr. Ferguson called the Finance Committee meeting to order at 8:01 am.</p> <p>The following public announcement was read.</p> <p>"The Board recognizes that there is a proclaimed state of emergency at both the State and the local Alameda County level, and there are recommended measures to promote social distancing in place. The Board shall therefore conduct its meetings via teleconference in accordance with Assembly Bill 361 for the duration of the proclaimed state of emergency."</p> <p>"Audience, during each agenda item, you will be provided a reasonable amount of time to provide public comment."</p> <p>A telephonic Roll Call was then conducted.</p> | | |

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| CONSENT CALENDAR | | | |
| Dr. Rollington Ferguson | <p>Dr. Ferguson presented the Consent Calendar.</p> <p>February 8th, 2022, Finance Committee Minutes were approved at the Board of Governors meeting February 11th, 2022, and not presented today.</p> | <p>There were no modifications to the Consent Calendar, and no items to approve.</p> | |
| a.) CEO Update | | | |
| Scott Coffin | <p>Scott Coffin provided updates to the committee on the following:</p> <p>CalAIM: The CalAIM program launched on January 1st, 2022, and included three services: 1) Enhanced Care Management, 2) Community Supports, and 3) Major Organ Transplant. The ECM and transplant services are defined benefits under Medi-Cal, and the community supports are optional services. The DHCS is currently negotiating a case rate with the University of California health system; the Alliance has negotiated an interim rate until the final reimbursement rate is determined by the DHCS and UC health system. We will have discussion in the coming months about the cost experience with the CalAIM program.</p> <p>Incentive Programs: The State of California, authorized through Governor Newsom’s revised budget, released five incentive programs related to the CalAIM program, including 1) Behavioral health incentive program, 2) Student behavioral health incentive program, 3) CalAIM incentive payment program, 4) housing & homelessness incentive program, and 5) vaccine incentive program. The student behavioral health incentive program aligns Alameda Alliance with Alameda County’s Office of Education and other agencies.</p> <p>Vaccine Incentive Program: The vaccine incentive program ended on February 28th, 2022. DHCS awarded the Alliance up to \$8.4 million for this incentive program and paid the Alliance \$1.2 million to date. The Alliance spent \$1.4 million, and increased vaccination ratios by 12.2% for Medi-Cal beneficiaries 12 years and older. The final result was 74.4%, representing 10.6% under the 85% goal. A final report is being prepared for delivery to the DHCS on April 20th, and a report will be presented to the Finance Committee and Board of Governors in April 2022.</p> | <p>Informational update to the Finance Committee</p> <p>Vote not required</p> | |

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| b.) Review and approve January 2022 Monthly Financial Statements | | | |
| Gil Riojas | <p><u>January 2022 Financial Statement Summary</u></p> <p>Enrollment: For the first time in Alameda Alliance history, we surpassed the 300,000 member threshold. Current enrollment is 303,173 and continues to trend upward. Total enrollment has increased by 6,445 members from December 2021, and 14,619 members since June 2021. As discussed in prior meeting, the significant increase in enrollment is primarily due to the mandatory enrollment in Managed Care that took place in January. The increases were primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals category of aid. SPD and Group Care remain relatively flat.</p> <p>Approximately 5,000 of the new members came from the mandatory enrollment into Managed Care. As previously discussed, we also expect an additional bump in membership toward the end of our fiscal year as enrollment of undocumented adults over the age of 50 is added in May 2022. We continue to evaluate the potential implication to our Budget, our Revenue, and our Expenses.</p> <p>Net Income: For the month ending January 31st, 2022, the Alliance reported a Net Income of \$4.1 million (versus budgeted Net Income of \$2.4 million). The favorable variance is attributed to lower than anticipated Administrative Expenses and higher than anticipated Revenue, which was slightly offset by higher than anticipated Medical Expense. For the year-to-date, the Alliance recorded a Net Income of \$1.1 million versus a budgeted Net Loss of \$6.8 million.</p> <p>Revenue: For the month ending January 31st, 2022, actual Revenue was slightly higher at \$98.3 million vs. our budgeted amount of \$96.8 million. We continue to remain close to budget on Revenue.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$89.0 million, vs. our budgeted amount of \$86.5 million. For the year-to-date, actual Medical Expenses were \$649.9 million versus budgeted \$650.9 million. As a reminder, January is the first month that the Revenue and Expenses for the Pharmacy carveout had an</p> | | |

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| | <p>effect on our financials. Drivers leading to the favorable variance can be seen on the tables on page 11. Further explanation of the variances can be seen on pages 11 and 12.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 90.5%. Year-to-date MLR was at 94.4% vs our annual budgeted percentage 91.5%.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending January 31st, 2022 were \$5.1 million vs. our budgeted amount of \$7.9 million. Our Administrative Expense represents 5.2% of our Revenue for the month, and 5.4% of Net Revenue for year-to-date. Reasons for the favorable month-end variances, as well as the favorable year-to-date variances can be attributed to 1) Delayed timing of new project start dates for Consultants, Computer Support Services, and Purchased Services, and 2) Delayed hiring of new employees.</p> <p>Other Income / (Expense): As of January 31st, 2022, our YTD interest income from investments was \$238,329.</p> <p>YTD claims interest expense is \$232,772.</p> <p>TangibleNet Equity (TNE): We reported a TNE of 543%, with an excess of \$168.5 million. This remains a healthy number in terms of our reserves.</p> <p>Cash and Cash Equivalents: We reported \$324.1 million in cash; \$197.3 million is uncommitted. Our current ratio is above the minimum required at 1.68 compared to regulatory minimum of 1.0.</p> <p>Capital Investments: We have spent \$112,000 in Capital Assets year-to-date. Our annual capital budget is \$1.4 million.</p> <p>Question: Dr. Marchiano asked if there is a difference in reimbursement for the additional undocumented members we are expecting in May. Gil Riojas answered that the State only pays differently based on Category of Aid and</p> | | |

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| | <p>not on documentation status. The incoming members would be folded into appropriate Category of Aid and paid accordingly. Scott Coffin clarified that the age group we are expecting in May are over age 50.</p> <p>Dr. Marchiano asked if we know the acuity of this population. Gil Riojas answered that this is a new population base for us and so we do not have historical data yet to answer that but are actively seeking the answer.</p> | <p><u>Motion to accept</u> <u>January 2022 Financial Statements</u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> N. Peraino</p> <p><u>Motion Passed</u></p> <p>No opposed or abstained</p> | |
| c.) Fiscal Year 2022 Second Quarter Forecast | | | |
| Gil Riojas | <p>Gil Riojas shared our Fiscal Year 2022 Second Quarter Forecast.</p> <p>Highlights of the Presentation:</p> <ul style="list-style-type: none"> ▪ Projected Net Income of \$5.2 million is \$1.8 million higher than the Final Budget presented to the Board of Governors on December 12, 2021. ▪ Tangible Net Equity is 550% of required TNE at year-end. ▪ Final Base rates were received on January 31st, 2022. The Final Rates were approximately 0.6% lower than the draft rates. <ul style="list-style-type: none"> ➢ The University of California MOT Case rate is pending finalization between the UC system and DHCS. ▪ Administrative staffing is consistent with Budget. Clinical Departments have an increase of 2 Full-time Equivalent Employees compared to Budget. ▪ Clinical Department Expense decreases by \$1.8 million, driven by an increase in vacant positions. ▪ Administrative Department Expense decreases by \$3.1 million, driven by an increase in vacancies and delayed projects. ▪ Year-end total enrollment is 14,000 higher than Budget. | <p><u>Motion to accept</u> Fiscal Year 2022 Second Quarter Forecast</p> <p><u>Motion:</u> N. Peraino <u>Seconded:</u> J. Jackson</p> <p><u>Motion Passed</u></p> <p>No opposed or abstained</p> | |
| d.) Investment Update | | | |
| Gil Riojas | <p>Gil Riojas advised the committee that we are continuing our analysis of our investment policy to look at the ESG (Environmental, Social, and Governance) criteria. The Investment Manager will be meeting with Scott and Gil at the end of the month to review potential scenarios of what our ESG portfolio would</p> | <p>Informational update to the Finance Committee</p> <p>Vote not required</p> | |

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| | <p>look like. This involves taking some of our longer-term investments (1-year or above) and moving a portion of those investments into the ESG portfolio.</p> <p>Questions we have for our Investment Manager include: 1) What type of ESG investment would fit in our portfolio given our governance rules; and 2) As we look at those investments and make some projections for the rest of this year, what is impact to return on those investments.</p> <p>Question: Dr. Ferguson asked if the situation in Europe changes anything we are looking to do. Gil Riojas answered that is one of the questions presented to the Investment Manager. We are currently looking at less volatile bond type investments such as municipal bonds with States, Cities, and counties vs. investments on the open market. Scott clarified that markets are volatile, and the timing of the portfolio changes may occur after the security markets stabilize.</p> | | |
| ADJOURNMENT | | | |
| Dr. Rollington Ferguson | <p>Dr. Ferguson motioned to adjourn the meeting.</p> <p>The meeting adjourned at 8:40 am.</p> | <p><u>Motion to adjourn:</u> Dr. Ferguson <u>Seconded:</u> N. Peraino</p> <p>No opposed or abstained.</p> | |

Respectfully Submitted by:
Christine E. Corpus, Executive Assistant to CFO