ALAMEDA ALLIANCE FOR HEALTH
FINANCE COMMITTEE
REGULAR MEETING

January 5, 2021
8:00 am – 9:00 am

SUMMARY OF PROCEEDINGS

Meeting Conducted by Teleconference

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

Alliance Staff and other Board of Governor members on Conference Call: Scott Coffin, Matt Woodruff, Sasi Karaiyan, Dr. Steve O'Brien, Anastacia Swift, Ruth Watson, Tiffany Cheang, Richard Golfin III, Carol vanOosterwijk, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER			
Dr. Rollington Ferguson	Dr. Ferguson called the Finance Committee meeting to order at 8:02 am and conducted Roll call.		
CONSENT CALENDAR			
Dr. Rollington Ferguson	Dr. Ferguson presented the Consent Calendar. December 8, 2020, Finance Committee Minutes were approved at the Board of Governors meeting on December 11, 2020 and not presented today. There were no modifications to the Consent Calendar. No motion or vote required.		
a.) CEO Update			
Scott Coffin	S. Coffin gave updates to the committee on the following: **CalAIM** – CMS approved a one-year 1115 Waiver Extension, which extends the Whole Person Care program through December 31, 2021. The Alliance is particularly interested in the following changes:	Informational update to the Finance Committee Vote not required	

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	- Enhanced Care Management & In Lieu Of Services begin in January 2022 - Model of Care and Transition Plan is due by July 2021 - Provider network submissions by September 2021 - Whole Person Care (AC3) and Health Homes programs end 12/31/2021 - Public listening sessions are being scheduled in Alameda County during January and February - Alameda Alliance is actively coordinating with Alameda County Health Agencies (Health Care Services Agency, Social Services, others) The development of the enhanced care management and in-lieu-of service benefits that take effect in January 2022 will require detailed planning to begin in early calendar year 2021. We will be planning to transition the Whole Person Care (WPC) initiative, which is operated by Alameda County under the "AC3" brand, and the Health Homes program, which the Alliance administers through DHCS into this new benefit in 2022. There is anticipated to be a fiscal impact to the current budget, as there is planning that is needed in early 2021. The two deliverables that we need to prepare and deliver by July 2021 are the Model of Care, and the Transition plan. Our team is coordinating with our committee partners and analyzing what work will be required. In a future meeting, the Alliance and the committee partners will meet to discuss the possible fiscal impacts. **<u>Pharmacy Transition</u>** – The transition is on track and scheduled for April 1, 2021. Alameda Alliance project team is current on the deliverables for this and is planning for the April 1 transition to the State of California. The Alliance retains the administration for physician-administered drugs for Medi-Cal and will continue to administer the pharmacy services for the Group Care members. **<u>Behavioral Health Integration (BHI) Incentive Pilot</u>** – This is a two-year program sponsored by DHCS that starts January 1, 2021, and concludes December 31, 2022. The Alliance submitted three (3) executive agreements to DHCS prior to the 12/31/2020 deadline. Selected entities awarded by the State to participate include Community Health Center Network (CHCN),		

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	Lifelong Medical, and Tri-City Health Center (now Bay Area Community Health). In January 2021, more than $550,000 in grant payments will be distributed by the Alliance to the BHI pilot sites listed above to cover operational readiness expenses. **COVID-19** – The Alliance is coordinating with Alameda County Health Care Services Agency to support communications to Medi-Cal and Group Care members for the vaccine distribution. **Question:** Dr. Ferguson asked how the Behavioral Health Integration Pilot would affect the Alliance's plans for Behavioral Health in the future of the plan. Dr. O'Brien answered that the BHI Pilot will allow for greater communication and relationship building on the Behavioral Health side with some of our key clinic partners as we move forward with integrating mental health into primary care.		
b.) Inpatient Trends Presentation			
Gil Riojas / Dr. Steve O'Brien	G. Riojas and Dr. O'Brien led the committee through a detailed presentation to review the Inpatient Utilization and Cost Trends. G. Riojas led the first portion of the presentation, which focused on inpatient expenses related to emergency admissions and elective surgeries, including a detailed breakdown of utilization by category of aid and ethnicity. Dr. O'Brien followed up with the second half of the presentation discussing Access and Navigation of the Complex Care System. He further defined the role responsibilities each entity plays in a member's transistion of care, with the overall quality goal being increased access to Medically Necessary Care, and reduced Readmissions. **Question:** Dr. Ferguson asked why the length of stay was shown to be increasing and asked if this was representative of all of our contracted hospitals across the board or if it was the result of any one hospital "throwing off the curve." Dr. O'Brien answered that the patient mix with COVID have impacted the average length of stay. G.Riojas followed up regarding the data for the average length of stay per hospital request.	Informational update to the Finance Committee Vote not required	G. Riojas to work with T. Cheang in Analytics to see if it is possible to provide data showing length of stay per hospital.

c.) Review November 2020 Monthly Financial Statements			
G. Riojas	**<u>November 2020 Financial Statement Summary</u>** **Enrollment:** Current enrollment continues to trend upward and has increased by 2,878 members from October 2020 and 16,551 members since June 2020. Current enrollment is 273,296, the highest ever in the history of the Alliance. We continue to show consistent increases in the Child, Adult, and Optional Expansion categories. **Disenrollment and New Enrollment:** The trends for new enrollment and disenrollment continue to remain stable since May. Disenrollments average around 2,000 (less than January to March), while new enrollments averaged around 4,000, which is basically unchanged from the prior periods. **Net Income:** For the month ending November 30, 2020, the Alliance reported a Net Income of $367,000 (versus budgeted Net Loss of $1.3 million). For the year-to-date, the Alliance recorded a Net Loss of $15.4 million (versus a budgeted Net Loss of $17.1 million). Factors creating the favorable variance were lower than anticipated Medical Expense and lower than anticipated Administrative Expense, offset slightly by lower than anticipated Revenue and lower than anticipated Other Income & Expense. **Revenue:** For the month ending November 30, 2020, actual Revenue was $86.4 million vs. our budgeted amount of $86.7 million. **Medical Expense:** Actual Medical Expenses for the month were $81.5 million vs. our budgeted amount of $82.7 million. For the year-to-date, actual Medical Expenses were $413.3 million versus budgeted $414.6 million. Drivers leading to the unfavorable variance can be seen on the tables on pages 10 and 11, with the explanation on pages 11 and 12. For the month, the variance is due to a decrease in our IBNP claims. We adjusted that liability downward to reduced it		

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	by approximately $846,000. The largest percentage variance is due to reinsurance. **Question:** Dr. Ferguson asked for an explanation of the reinsurance effect. G. Riojas referred to the table on page 10. The line for Net Reinsurance shows ($462,000). We anticipated and budgeted that we would have $19,000 in expense related to reinsurance. However, we collected $462,000 in reinsurance money from our reinsurer so that offsets any expenses we had reported for July through November. Our Medical Expense was reduced by $462,000 because we recouped money from our reinsurance. **Medical Loss Ratio:** We would expect our Medical Loss Ratio to be high as it is. Our MLR ratio for this month was reported at 94.3%. Year-to-date MLR was at 98.0% vs budgeted 95%. We will continue to monitor this. **Administrative Expense:** Actual Administrative Expenses for the month ending November 30, 2020 were $4.6 million vs. our budgeted amount of $5.4 million. We are also below budget for year-to-date at $24.1 million vs. budgeted $24.8 million. Our Administrative Expense represents 5.3% of our Revenue for the month, and 5.7% of Net Revenue for year-to-date. Reasons for the favorable variance are listed on page 13 of the presentation and remain consistent with prior periods. **Other Income / (Expense):** As of November 30, 2020, our YTD interest income from investments was $363,000. YTD claims interest expense is $156,000. **TangibleNet Equity (TNE):** We reported a TNE of 571%, with an excess of $157.3 million. This remains to be a very healthy number. **Cash and Cash Equivalents:** We reported $267.9 million in cash; $186.0 million is uncommitted. Our current ratio is above the minimum required at 1.82 compared to regulatory minimum of 1.0. **Capital Investments:**	<u>Motion to accept November 2020, Financial Statements</u> <u>Motion</u>: Dr. Marchiano <u>Seconded</u>: G. Riojas <u>All in Favor</u> – pass No opposed or abstained	

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	We have spent $363,000 in Capital Investments, and our budget for the year is $2.5 million.		
ADJOURNMENT			
Dr. Rollington Ferguson	Dr. Ferguson motioned to adjourn the meeting. The meeting adjourned at 8:54 am.	Motion to adjourn: Dr. Ferguson Seconded: Dr. Marchiano All in Favor – pass No opposed or abstained.	

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