

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

**November 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, Gil Riojas

Board of Governor members on Conference Call: Yeon Park

Alliance Staff on Conference Call: Scott Coffin, Tiffany Cheang, Richard Golfin, III, Sasi Karaiyan, Dr. Steve O'Brien, Ruth Watson, Matthew Woodruff, Carol van Oosterwijk, Shulin Lin, Danube Serri, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER			
Dr. Rollington Ferguson	<p>Dr. Rollington Ferguson called the meeting to order at 8:00 am.</p> <p>The following public announcement was read.</p> <p style="text-align: center;"><i>"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."</i></p> <p>A telephonic Roll Call was then conducted.</p>		
INTRODUCTIONS			
Scott Coffin	<p>Scott Coffin introduced Yeon Park, our newly appointed member to the Board of Governors, currently in attendance at today's Finance Committee Meeting. Ms. Park is the Vice-President of the SEIU local 1021, serving as the East Bay Ethics Liaison.</p>		

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CONSENT CALENDAR			
Dr. Rollington Ferguson	<p>Dr. Ferguson presented the Consent Calendar.</p> <p>October 11th, 2022, Finance Committee Minutes were approved at the Board of Governors meeting October 14th, 2022, and not presented today.</p>	There were no modifications to the Consent Calendar, and no items to approve.	
a.) CEO Update			
Scott Coffin	<p>Scott Coffin provided updates to the Committee on the following:</p> <p><u>Final Budget Update</u> – The Final Budget for Fiscal Year 2023 will be presented at the December Finance Committee and Board of Governor’s meetings. The Department of Health Care Services (DHCS) will not deliver final Medi-Cal Base Rates until late in the month of December and therefore final base rates will not be included in the Final Budget. We will include the final rates in our February 2023 Q3 Forecast.</p> <p><u>Alternative Payment Methodology</u> – DHCS has introduced a new payment program affecting Federally Qualified Health Centers (FQHC). The program is scheduled begin in calendar year 2024. We are in the early stages with both the DHCS and local FQHCs on the formation of what this program <i>could</i> look like in Alameda County. On November 1st, several local health centers filed a Letter of Intent to DHCS to participate in this optional program. Details will be shared at future Finance Committee and Board of Governors meetings as they become available from the State.</p> <p>Question: Dr. Ferguson asked if there is any additional information available to share regarding the potential payment structure changes. Gil Riojas answered that currently FQHCs get paid directly from the DHCS through a specific program (PPS) that may be changing, giving them an opportunity to retain the rate that the State was paying them with potential to earn more, based on Quality scores and other measures. This would put the plan in the middle of the funding arrangement between the State and the FQHC, providing an element of potential risk to the Plan, while providing a lot of opportunity for FQHC.</p> <p><u>Quality Component added to Base Rates Calculation</u> – Starting in calendar year 2023, the DHCS will be factoring HEDIS scores into Medi-Cal Base Rates and the County-wide Averaging Process, as the Quality Component. DHCS will use the Plan’s 2021 HEDIS score for year-one. A</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	

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	<p>presentation will be delivered to the Finance Committee in December or January.</p> <p>Public Health Emergency (PHE) Unwinding Initiative – The PHE is currently set to continue through January 2023. Alameda County Social Services will begin the process of Medi-Cal Enrollee Redetermination 60-days after the end of the PHE. It is expected that this process will remove individuals who are no longer eligible for Medi-Cal services. We do not yet have an estimate of the impact to our enrollment at the Alliance. DHCS has asked us to partner with local agencies to help minimize the impact to individuals who are no longer eligible for Medi-Cal but need to find another source of health coverage. The Alliance will be investing funds in early 2023 that support outreach programs purposed to help people connect with health insurance.</p>		
b.) Review September 2022 Monthly Financial Statements			
<p>Gil Riojas</p>	<p><u>September 2022 Financial Statement Summary</u></p> <p>As a reminder, we are on a Fiscal Year that begins on July 1st and goes to June 30th of the following year. This is the third month of the fiscal year and represents our first quarter of the fiscal year.</p> <p>Enrollment: Current enrollment is 321,333 and continues to trend upward, Total enrollment has increased by 2,077 members from August 2022, and 8,277 members since June 2022. Consistent increases were primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals, SPD, and Group Care categories of aid. Monthly enrollment trends are projected to increase as the Public Health Emergency (PHE) is currently extended through January 2023. The disenrollment process is scheduled to start 90-days later.</p> <p>Net Income: For the month ending September 30th, 2022, the Alliance reported a Net Income of \$4.0 million (versus budgeted Net Loss of \$230,000). For the year-to-date, the Alliance recorded a Net Income of \$12.0 million versus a budgeted Net Income of \$5.7 million. The favorable variance is primarily due</p>		

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	<p>to lower than anticipated Medical Expense and lower than anticipated Administrative Expense. This is further explained on page 9.</p> <p>Revenue: For the month ending September 30th, 2022, actual Revenue was \$100.9 million vs. our budgeted amount of \$102.7 million. The slight unfavorable Revenue variance is mainly due to the previously discussed acuity adjustment by DHCS.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$91.2 million vs. our budgeted amount of \$95.8 million. Medical Expense for the year-to-date were \$275.4 versus a budgeted \$292.0 million. Drivers leading to the favorable variance can be seen on the tables on page 11, with further explanation on pages 11 and 12.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 90.4%. Year-to-date MLR was at 91.0%.</p> <p>Question: Dr. Marchiano asked if there has ever been an instance where our MLR was below 85%, and further asked what you would look at and how you would fix it. Gil Riojas answered that it has not happened during his tenure. He further explained that MLR represents the percentage of Revenue dollars that are spent on Medical Expenses. We may have an odd month here or there where we spent less than anticipated (below 85%) but the State is interested when it is below 85% annualized. Dr. Ferguson added that he recalled a time when there was discussion of the State recouping the excess funds. Shulin Lin confirmed Dr. Ferguson’s recollection, explaining that in Fiscal Years 2014/15, and 2015/16, when the Optional Expansion population was first brought in to Medi-Cal, the State was paying the Alliance at a higher rate than our expenses justified. After reviewing claims data, the State discovered the discrepancy and in addition to adjusting our rate, they recouped monies from the Alliance.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending September 30th, 2022 were \$5.7 million vs. our budgeted amount of \$7.2 million. Our Administrative Expense represents 5.7% of our Revenue for the month, and 5.3% of Net Revenue for year-to-date. Reasons for the favorable month-end variances, as</p>	<p>Dr. Ferguson asked for comparison of September 2021 fiscal YTD Pharmacy Expense to September 2022 fiscal YTD Gil to prepare for BOG</p>	

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	<p>well as the favorable year-to-date variances are outlined on page 13 of the presentation.</p> <p>Other Income / (Expense): As of September 30th, 2022, our YTD interest income from investments was \$930,000.</p> <p>YTD claims interest expense is \$82,000.</p> <p>Tangible Net Equity (TNE): We reported a TNE of 639%, with an excess of \$204.7 million. This remains a healthy number in terms of our reserves.</p> <p>Cash and Cash Equivalents: We reported \$399.6 million in cash; \$212.6 million is uncommitted. Our current ratio is above the minimum required at 1.57 compared to regulatory minimum of 1.0.</p> <p>Capital Investments: For the month ending September 30th, 2022, we added \$24,000 in Capital Assets. Our annual capital budget is \$1.0 million.</p>	<p><u>Motion to accept</u> <u>September 2022 Financial Statements</u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> Gil Riojas</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
ADJOURNMENT			
Dr. Rollington Ferguson	The meeting adjourned at 8:45 am.		

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