

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

**December 6, 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:** James Jackson

**Alliance Staff on Conference Call:** Scott Coffin, Tiffany Cheang, Sasi Karaiyan, Shulin Lin, Dr. Steve O'Brien, Anastacia Swift, Carol van Oosterwijk, Ruth Watson, Matt Woodruff, Linda Ly, Danube Serri, Jeanette Murray, Mashon Jones

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER, ROLL CALL, and INTRODUCTIONS</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson called the Finance Committee meeting to order at 8:00 am.</p> <p>The following public announcement was read.</p> <p style="padding-left: 40px;">"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 style="padding-left: 40px;">"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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<b>CONSENT CALENDAR</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson presented the Consent Calendar.</p> <p>November 8<sup>th</sup>, 2022, Finance Committee Minutes were approved at the Board of Governors meeting on November 11<sup>th</sup>, 2022, and not presented today.</p>	<p>There were no modifications to the Consent Calendar, and no items to approve.</p>	
<b>a.) CEO Update</b>			
<b>Scott Coffin</b>	<p>Scott Coffin provided updates to the committee on the following:</p> <p><b><u>Final Budget FY2022</u></b> – Fiscal Year 2023 final budget is being presented to the Finance Committee today for approval and will be brought forward to the Board of Governors on Friday for final approval. This budget includes the first quarter forecast, represents our actual experience through October, and forecasts our performance through the end of June 2023.</p> <p>The Department of Health Care Services has not delivered the Medi-Cal base rates to us at this point; they are expected to be received by the end of December.</p> <p>We are using forecasted information that we've put together with partial information from the State as a placeholder. We will come back in the month of February 2023 as part of our third-quarter forecast and will include those final Medi-Cal rates in that report.</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	
<b>b.) Review and approve October 2021 Monthly Financial Statements</b>			
<b>Gil Riojas</b>	<p><b><u>October 2022 Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment is 323,198 and continues to trend upward. Total enrollment has increased by 1,865 members from September 2022 and 10,142 members since June 2022. Since the beginning of the public health emergency, our</p>	<p><b><u>Motion to approve October 2022 Financial Statement</u></b></p> <p><u>Motion:</u> Dr. Ferguson <u>Seconded:</u> J. Jackson</p>	

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	<p>enrollment has continued to grow. Consistent increases were primarily in the Child, Adult, Optional Expansion, SPD, and Duals categories of aid. We have some slight variations in Group Care. Group Care is our commercial line, so it's not related to the public health emergency, and you see some fluctuation there.</p> <p>Total enrollment continues to increase month over month.</p> <p><b>Question:</b> Dr. Ferguson asked to speak more about enrollment trends. Gil answered consistent month over month increases are anticipated until the restarting of the dis-enrollment process.</p> <p><b>Question:</b> Dr. Ferguson asked why there was such a significant spike in January and July. Gil answered January 2022, there were populations that were moved from Medi-Cal Fee-For-Service into Medi-Cal Managed Care. The eligibility of the older adults that are undocumented took effect in May, but it took a couple of months for that to actually appear on our enrollment. Thus, the larger increase in July 2022. I would anticipate for the rest t of this calendar year our enrollment to increase with a big spike also in January 2023.</p> <p><b>Question:</b> Dr. Marchiano asked, is it still optional for those members with medical Fee-For-Service to go into a Medi-Cal managed care plan? Is the State making it mandatory to join a managed care plan or are you still able to stay on the Fee-For-Service? Gil answered you have to have a certain kind of an exception to stay in. The State has been pushing more to have all of the Fee-For-Service Medi-Cal enrollees moved into managed care. Scott advised there are approximately 70,000 adults and children in the Fee-For-Service system today in Alameda County. The State has announced by December 31<sup>st</sup>, of 2023 that 99% of the adults and children enrolled in Fee-For-Service will be transitioned into managed care. How they go about achieving that is unclear at this point.</p> <p><b>Net Income:</b> For the month ending October 31<sup>st</sup>, 2022, the Alliance reported a Net Income of \$9.5 million with a Budgeted Net Loss of \$2.9 million. For the year-to-date, the Alliance recorded a Net Income of \$21.6 million versus a Budgeted Net Loss of \$8.7 million.</p>	<p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	

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	<p><b>Revenue:</b> For the month ending October 31<sup>st</sup>, 2022, actual Revenue was \$105.7 million vs. our budgeted amount of \$102.9 million. For the year-to-date, the Alliance recorded an actual Revenue of \$408.4 million vs. our budgeted amount of \$409.7 million.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month were \$91.6 million vs. our budgeted amount of \$98.6 million. For the year-to-date, actual Medical Expenses were \$366.9 million versus budgeted \$390.6 million. Medical expenses are lower than we anticipated, particularly this month. Reasons for the favorable month-end variances, as well as the favorable year-to-date variances, are outlined on page 11 of the presentation.</p> <p><b>Medical Loss Ratio:</b> Our MLR ratio for this month was reported at 86.6%. Year-to-date MLR was at 89.8%.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending October 31<sup>st</sup>, 2022, were \$5.3 million vs. our budgeted amount of \$7.3 million. Our Administrative Expense represents 5.0% of our Revenue for the month, and 5.3% of Net Revenue for year-to-date. Reasons for the favorable month-end variances, as well as the favorable year-to-date variances are outlined on page 13 of the presentation.</p> <p><b>Other Income / (Expense):</b> As of October 31<sup>st</sup>, 2022, our YTD interest income from investments increased by \$770,000 from the prior month. We show a gain of about \$1.7 million on a year-to-date basis.</p> <p>YTD claims interest expense is \$104,000.</p> <p><b>Question:</b> Dr. Ferguson inquired about our green investments – how they're looking. Gil answered overall the returns are pretty consistent with what we have see as the rest of our portfolio. 2023 will be a good time to assess and see how our investments have done. As the investments mature we will need to determine how we want to reinvest our funds.</p>		

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	<p><b>TangibleNet Equity (TNE):</b> We reported a TNE of 681%, with an excess of \$215.2 million. This remains a healthy number in terms of our reserves.</p> <p><b>Cash and Cash Equivalents:</b> We reported \$321.2 million in cash; \$219.7 million is uncommitted. Our current ratio is above the minimum required at 1.77 compared to regulatory minimum of 1.0.</p> <p><b>Capital Investments:</b> We have spent \$197,000 in Capital Assets year-to-date. Our annual capital budget is \$1.0 million.</p>		
<b>c.) Review and Approve Fiscal Year 2022 Final Budget</b>			
<b>Gil Riojas</b>	<p>Gil Riojas gave a PowerPoint Presentation detailing the changes between the Preliminary Budget presented June, and the Final Budget presented today.</p> <p>Highlights of the differences between the Preliminary and Final budgets:</p> <ul style="list-style-type: none"> <li>• Increased projected membership to 357,000</li> <li>• Projected Net Income of \$17.8 million</li> <li>• Administrative Expense % decrease from 6.6%to 5.7%</li> <li>• Medical Loss Ratio decreases from 94.6% to 93.2%</li> <li>• TNE percentage increases from 479.3% to 532%</li> <li>• Increase in FTE's from 478to 489</li> </ul>	<p><u>Motion to approve <b>Final Budget for Presentation to Full Board</b></u></p> <p><u>Motion:</u> J. Jackson <u>Seconded:</u> Dr. Ferguson</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
<b>ADJOURNMENT</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson adjourned the meeting at 8:55 am.		

Respectfully Submitted By:  
Mashon Jones, Executive Assistant to CISO