

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

**December 8, 2020  
8:00 am – 9:00 am**

**SUMMARY OF PROCEEDINGS**

**Meeting Conducted by Teleconference**

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

**Alliance Staff and other Board of Governor members on Conference Call:** Dr. Michael Marchiano, Scott Coffin, Matt Woodruff, Sasi Karaiyan, Dr. Steve O'Brien, Anastacia Swift, Ruth Watson, Tiffany Cheang, Richard Golfin III, Carol vanOosterwijk, Rahnuma Shaheen, Regis Haegler, Jessmine Matthews

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER</b>			
<b>Dr. Rollington Ferguson</b>	Dr. Ferguson called the Finance Committee meeting to order at 8:02 am and conducted Roll call.		
<b>CONSENT CALENDAR</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson presented the Consent Calendar.</p> <p style="padding-left: 40px;">a) November 10, 2020, Finance Committee Minutes</p> <p>Motion to Approve November 10, 2020, Finance Committee Minutes.</p> <p>A vote by roll call was taken, and the motion passed.</p>	<p><u>Motion to accept November 10, 2020, Minutes</u></p> <p><u>Motion:</u> N. Peraino <u>Seconded:</u> G. Riojas</p> <p><u>All in Favor</u> – pass</p> <p>No opposed or abstained</p>	
<b>a.) CEO Update</b>			
<b>Scott Coffin</b>	<p>S. Coffin gave updates to the committee on the following:</p> <p><b>COVID-19</b> – The preparation work has begun in coordinating with Alameda County Health Care Services Agency for vaccine distribution. While the role of the Alliance is still being formed with HCS agency, we are going to be</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	

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	<p>partnering with the agency to ensure that we get the communications out to our members and our providers in regards to the roll out plan.</p> <p>The CARES Act funding, which is the Coronavirus Aid Relief Economic Security funding, ends at the end of calendar year 2020, however, the funding for contract tracing and COVID-19 testing continues on through April of 2021. There is planning work underway between the county and the state for continuation of other services that are funded directly through the CARES Act. The Alliance will work directly with the county to ensure that we have a partnership moving forward to assist with communicating to members about vaccine treatments and locations throughout the county.</p> <p><b>Medi-Cal Enrollment</b> – Our Medi-Cal enrollment continues to increase. The redetermination process remains suspended through the Governor’s executive order, which allows for more individuals to remain covered under the Medi-Cal program. We continue to see a mix of new enrollees into Medi-Cal as well as those who would otherwise have been disenrolled through the redetermination process.</p> <p><b>CalAIM</b> – 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 Model of Care, and Transition plan. Our team is coordinating with our committee partners and analyzing what work will be required, and then we will get back to the committee with possible fiscal impact in a future meeting.</p> <p><b>Operating Results</b> – As we look at the numbers, we have four months of actual experience to date with an operating net loss of \$15.8 million, however in our Q1 Forecast we will show why we anticipate ending the fiscal year with only a \$15.4 million net loss.</p>		<p>Prepare report of fiscal impact to 2021 budget for CalAIM preparation work.</p>
<p><b>b.) Review October 2020 Monthly Financial Statements</b></p>			

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Gil Riojas	<p><b><u>October 2020 Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment continues to trend upward and has increased by 3,230 members from September 2020, and 13,673 members since June 2020. Current enrollment is 270,418, with consistent increases in the Child, Adult, and Optional Expansion categories. With the extension of the Public Health Crisis and the impact on our enrollment, we expect the numbers to continue to increase throughout the end of this year. As discussed, any Supreme Court ruling would have a significant impact in our Optional Expansion category, which includes 90,000 members.</p> <p><b>Disenrollment and New Enrollment:</b> 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 period.</p> <p><b>Net Income:</b> For the month ending October 31, 2020, the Alliance reported a Net Loss of \$7.8 million (versus budgeted Net Loss of \$2.9 million). For the year-to-date, the Alliance recorded a Net Loss of \$15.8 million (versus a budgeted Net Loss of \$14.1 million). Factors creating the unfavorable variance were higher than anticipated Medical Expense, offset by higher than anticipated Revenue and lower than anticipated Administrative Expense.</p> <p><b>Revenue:</b> For the month ending October 31, 2020, actual Revenue was \$85.7 million vs. our budgeted amount of \$81.9 million. The favorable variance is related to the Prop 56 Program and will later be offset by enhanced payments to qualified providers.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month were \$88.7 million vs. our budgeted amount of \$77.8 million. For the year-to-date, actual Medical Expenses were \$331.9 million versus budgeted \$307.3 million. Drivers leading to the unfavorable variance can be seen on the tables on pages 15 and 16, with the explanation on pages 16 and 17. For the year, these include Primary Care expenses related to Prop 56, as well as inpatient hospital and FFS expense;</p>		

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	<p>however, for the month, the variance is due to an increase in our IBNP claims. We increased that by about \$4.4 million, most of that being attributed to a very high dollar claim that we accrued for in October. The results of the claim had a significant impact on our Medical Expenses. We are working with the hospital to see if we can renegotiate the dollar amount of the claim, as well as speaking with our reinsurer to mitigate some of the impact. We anticipate being able to recoup approximately \$2.0 million at the end of the fiscal year, and that has been reflected in the new Q1 Forecast/Final Budget.</p> <p><b>Question:</b> Dr. Ferguson asked if the adjustments made to the IBNP should have been reflected over the months we were aware of it versus reporting it all at once. G.Riojas answered that while were tracking the case and knew of it being a catastrophic case, the extent of the charges were unknown until the claim came in. We are meeting internally to find ways to better track and report the length of stay and costs.</p> <p><b>Medical Loss Ratio:</b> We would expect our Medical Loss Ratio to be high and it is. Our MLR ratio for this month was reported at 103.5%. Year-to-date MLR was at 98.9% vs budgeted 95%. We will continue to monitor this.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending October 31, 2020 were \$4.8 million vs. our budgeted amount of \$7.2 million. We are also below budget for year-to-date at \$19.5 million vs. budgeted \$30.2 million. Our Administrative Expense represents 5.6% of our Revenue for the month, and 5.8% of Net Revenue for year-to-date.</p> <p><b>Other Income / (Expense):</b> As of October 31, 2020, our YTD interest income from investments was \$250,000. This is a bit of an increase over prior months. We had been averaging about \$25,000 per month, but for the month of October, it went up to \$72,000. As a follow-up from last month's conversation and approval from the Finance Committee and the Board, we worked with our investment manager and made adjustments to the timing of some of our investments, so now we have about \$60 million in longer term investments and we are hopeful that will continue to increase the return on that amount of money. YTD claims interest expense is \$113,000.</p> <p><b>TangibleNet Equity (TNE):</b></p>		

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	<p>We reported a TNE of 555%, with an excess of \$156.1 million. Our reserve is still high, but it has dipped primarily as a result of the net losses we have experienced over the last couple of months.</p> <p><b>Cash and Cash Equivalents:</b> We reported \$301.0 million in cash; \$180.2 million is uncommitted. Our current ratio is above the minimum required at 1.71 compared to regulatory minimum of 1.0.</p> <p><b>Capital Investments:</b> We have spent \$327,000 in Capital Investments, and our budget for the year is \$2.5 million.</p>	<p><u>Motion to accept <b>November 2020, Financial Statements</b></u></p> <p><u>Motion:</u> N. Peraino <u>Seconded:</u> Dr. Ferguson</p> <p><u>All in Favor</u> – pass</p> <p>No opposed or abstained</p>	
<b>c.) Q1 Forecast and Final Budget Presentation</b>			
<b>G. Riojas</b>	<p>G.Riojas let the committee through a detailed presentation to review the Q1 Forecast results of actual versus budget, along with an amended forecast for the remainder of the fiscal year. The Q1 Forecast, once approved, will serve as our new Final Budget.</p>	<p><u>Motion to accept <b>Q1 Forecast and Final Budget</b></u></p> <p><u>Motion:</u> N. Peraino <u>Seconded:</u> Dr. Marchiano</p> <p><u>All in Favor</u> – pass</p> <p>No opposed or abstained.</p>	
<b>ADJOURNMENT</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson motioned to adjourn the meeting. The meeting adjourned at 9:02 am.</p>	<p><u>Motion to adjourn:</u> Dr. Ferguson</p> <p><u>Seconded:</u> Dr. Marchiano <u>All in Favor</u> – pass</p> <p>No opposed or abstained.</p>	

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