

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

**February 9, 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, Nick Peraino, 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, Shulin Lin, Christine Corpus, Jeanette Murray

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER and INTRODUCTIONS			
Dr. Rollington Ferguson	<p>Dr. Ferguson called the Finance Committee meeting to order at 8:08 am and conducted Roll call.</p> <p>G. Riojas introduced our new Controller, Shulin Lin. Shulin joined us from Alameda Health Systems and is dedicated to continuing her work with the Safety Net organization. She started her position with the Alliance on February 8, 2021.</p>		
CONSENT CALENDAR			
Dr. Rollington Ferguson	<p>Dr. Ferguson presented the Consent Calendar.</p> <p>January 5, 2021, Finance Committee Minutes were approved at the Board of Governors meeting on January 8, 2021, and not presented today.</p> <p>There was one modification to the agenda. Add discussion of Sustainability Fund to agenda following the Medi-Cal Rates Update Presentation.</p>		

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
a.) CEO Update			
Scott Coffin	<p>S. Coffin gave updates to the committee on the following:</p> <p>COVID-19 – The Alliance has been actively engaged with Alameda County Health Care Services Agency as well as many of the Safety Net providers on collaboration to support communications to Medi-Cal and Group Care members for the vaccine distribution.</p> <p>To date, the Alliance has prepaid approximately \$484,000 to Community Health Center Network (CHCN). These funds are allocated in two categories:</p> <ul style="list-style-type: none"> • \$292,000 is allocated for Alliance Group Care members. There are 14 designated locations to make scheduling quick and convenient. Group Care members also have the option of going to their primary or other vaccine location. • \$192,000 is allocated for vaccinations at CHCN health centers, available to all populations regardless of insurance. <p>FEMA is launching a mass vaccination site at the Oakland Coliseum starting on February 16, 2021. There will be two sites in the state, with the other being located in Los Angeles. The Alliance Outreach and Communications Teams are assisting with getting the information out to our members based on their eligibility.</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	
b.) Review December 2020 Monthly Financial Statements			
Gil Riojas	<p><u>December 2020 Financial Statement Summary</u></p> <p>Enrollment: Current enrollment is 275,589 and continues to trend upward. Enrollment has increased by 2,293 members from November 2020, and 18,884 members since June 2020. We continue to show consistent increases in the Child, Adult, and Optional Expansion categories. Other categories of aid continue to be relatively flat over the last twelve months.</p> <p>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</p>		

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	<p>March), while new enrollments averaged around 4,000, which is basically unchanged from the prior periods.</p> <p>Net Income: For the month ending December 31, 2020, the Alliance reported a Net Loss of \$3.3 million (versus budgeted Net Loss of \$1.6 million). For the year-to-date, the Alliance recorded a Net Loss of \$18.7 million, which is in line with what we budgeted for YTD. Factors creating the unfavorable variance were lower than anticipated Revenue, higher than anticipated Medical Expense, and lower than anticipated Other Income & Expense, offset by lower than anticipated Administrative Expense.</p> <p>Revenue: For the month ending December 31, 2020, actual Revenue was \$86.9 million vs. our budgeted amount of \$87.8 million.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$85.4 million vs. our budgeted amount of \$83.6 million. For the year-to-date, actual Medical Expenses were \$498.7 million versus budgeted \$498.2 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 unfavorable variance is due mainly due to inpatient expense. We had a surge in COVID hospital admits in the month of December, and as we look forward, we anticipate higher than budget COVID admits for the month of January as well.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 98.2%. Year-to-date MLR was at 98.0% vs our annual budgeted percentage 94.2%. We will continue to monitor this.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending December 31, 2020 were \$4.8 million vs. our budgeted amount of \$5.9 million. We are also below budget for year-to-date at \$28.9 million vs. budgeted \$30.7 million. Our Administrative Expense represents 5.6% 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.</p>		

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	<p>Other Income / (Expense): As of December 31, 2020, our YTD interest income from investments was \$406,000. YTD claims interest expense is \$181,000.</p> <p>TangibleNet Equity (TNE): We reported a TNE of 554%, with an excess of \$153.6 million. This remains a healthy number.</p> <p>Cash and Cash Equivalents: We reported \$267.7 million in cash; \$175.5 million is uncommitted. Our current ratio is above the minimum required at 1.79 compared to the regulatory minimum of 1.0.</p> <p>Capital Investments: We have spent \$379,000 in Capital Investments, and our budget for the year is \$2.5 million.</p> <p>Question: Dr. Ferguson asked if we would be able to go back to the State to request an increase in rates due to an increase in COVID care expense? G. Riojas answered that we typically do not have the ability to go back and request a change in our rates; however, we are capturing the expenses on our Medical Expense reporting, and our future rates may be affected favorably as a result of the increase. Additionally, for the Calendar year 2021, the State did make an upward adjustment for COVID starting in January, but we do not expect any other adjustments this Fiscal Year.</p>	<p><u>Motion to accept December 2020, Financial Statements</u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> N. Peraino</p> <p><u>All in Favor</u> – pass</p> <p>No opposed or abstained</p>	
c.) Calendar Year 2021 Medi-Cal Rates Update			
G. Riojas	<p>G. Riojas led the committee through a detailed presentation to review the 2021 Medi-Cal Final Rates vs. Estimated. Overall, based on the new rates, we will receive \$13.0 million in additional revenue versus budgeted for January – June 2021. However, there will be significant expense offsets leaving an anticipated Net benefit to the Alliance in the range of \$0.5 million to \$1.0 million.</p>	<p>Informational update to the Finance Committee.</p> <p>Presentation will be brought to Board of Governors meeting on Friday.</p> <p>Vote not required</p>	

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d.) Update on Sustainability Funding			
Scott Coffin	<p>In May 2020, the Board approved \$16.6 million in funding, which would have been paid from our reserves to frontline Safety Net providers that met specific eligibility criteria. The distribution started in Fiscal Year 2020. \$8.3 million was allocated for FY2020, and 79% or \$6.6 million was paid out. At the end of the Fiscal Year, due to the forecasted Net Loss in FY2021, the Board decided it would be prudent to defer payouts in FY2021 until final Medi-Cal rates were received by DHCS and analysis completed internally. As this has now been completed, the Board will revisit the decision to continue with distributions from the Sustainability Fund, to terminate the fund, or to distribute a portion of the remaining \$8.3 million to eligible providers.</p> <p>Discussion: Dr. Marchiano and N. Peraino both expressed approval of moving the discussion to the Board for re-evaluation. Dr. Ferguson expressed concern that the budget numbers are not favorable and asked Gil to provide an analysis of what the impact of continuing the program would be on the budget. G. Riojas answered that based on the preliminary rates if we continued with the program and dispensed the remaining \$8.3 million, we would end with a Net Loss of approximately \$15.4 million or if we discontinue the program, that reduces our Net Loss to about \$7 million. Dr. Ferguson asked that the committee members consider the overall financial health of the Alliance when coming to a decision on Friday.</p>	<p>Informational update to the Finance Committee.</p> <p>Presentation will be brought to Board of Governors meeting on Friday.</p> <p>Vote not required</p>	
Dr. Rollington Ferguson	Dr. Ferguson motioned to adjourn the meeting. The meeting adjourned at 9:00 am.	<p><u>Motion to adjourn:</u> Dr. Ferguson</p> <p><u>Seconded:</u> N. Peraino</p> <p>No opposed or abstained.</p>	

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