

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

**March 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, Tiffany Cheang, Richard Golfin III, Carol vanOosterwijk, Shulin Lin, Lilliana Wang, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER and INTRODUCTIONS			
Dr. Rollington Ferguson	Dr. Ferguson called the Finance Committee meeting to order at 8:00 am and conducted the roll call. G. Riojas introduced Lilliana Wang, our new Senior Manager Financial Planning & Analysis.		
CONSENT CALENDAR			
Dr. Rollington Ferguson	Dr. Ferguson presented the Consent Calendar. February 9, 2021, Finance Committee Minutes were approved at the Board of Governors meeting on February 12, 2021 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: <u>American Rescue Plan Act (ARPA) 2021</u> – The American Rescue Plan Act is the second part to the CARES Act in 2020. \$1.9 Trillion has been approved by the Senate and the House, and is pending a vote from the House of	Informational update to the Finance Committee Vote not required	

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<p>Representatives before it advances to President Biden for final approval. This is an economic stimulus fund, and there is a significant amount of dollars allocated to the healthcare sector. We will be learning more about the specifics of what it will mean to Alameda County Safety Net providers in the coming weeks.</p> <p>Medi-Cal Eligibility – The number of eligible people enrolling into the Medi-Cal Managed Care program is starting to plateau. The numbers that we were seeing each month; 2,000-3,000 new members are declining. The Alliance verified with Alameda County Social Services, and they confirmed their new applications are also declining. The numbers are still increasing, but the growth is beginning to slow down. The Alliance is at a historically high enrollment of nearly 278,000 members.</p> <p>Medi-Cal Pharmacy Transition – As was announced at the last Board meeting, we have an indefinite deferral of this transition. It is unclear what the State is going to do as a final action, and there are no dates in the future that have been confirmed for the transition. We continue with our planning efforts for a transition and await further instruction from the State.</p>		
b.) Review January 2021 Monthly Financial Statements			
Gil Riojas	<p><u>January 2021 Financial Statement Summary</u></p> <p>Enrollment: Current Enrollment is 277,884 and continues to trend upward. Enrollment has increased by 2,295 members from December 2020, and 21,139 members since June 2020. While membership continues to increase, we are beginning to see a decline in the rate of increase month over month. 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>Net Income: For the month ending January 31, 2021, the Alliance reported a Net Income of \$1.2 million (versus budgeted Net Loss of \$2.2 million). For the year-to-date, the Alliance recorded a Net Loss of \$17.5 million versus a budgeted Net Loss of \$20.9 million. Factors creating the favorable variance were lower than</p>		

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<p>anticipated Administrative Expense, higher than anticipated Revenue, offset by higher than anticipated Medical Expense.</p> <p>Revenue: For the month ending January 31, 2021, actual Revenue was \$93.1 million vs. our budgeted amount of \$92.0 million. The slight favorable variance can be attributed to the final rates received from DHCS.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$86.5 million vs. our budgeted amount of \$84.2 million. For the year-to-date, actual Medical Expenses were \$585.2 million versus budgeted \$582.4 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 months of December and January. More explained in the COVID-19 presentation. Other factors leading to the unfavorable variance relate to Pharmacy expenses, as well as Ancillary Fee for Service – specifically non-medical and ambulance transportation being higher than budget. Offset by favorable capitated medical expenses.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 92.9%. Year-to-date MLR was at 97.2% vs our annual budgeted percentage 94.2%. In previous months we were reporting our MLR in the 97%-99% and that resulted in Net Loss for us, whereas this month we reported 92.9% and show a Net Income.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending January 31, 2021 were \$5.4 million vs. our budgeted amount of \$10.0 million. We are also below budget for year-to-date at \$34.4 million vs. budgeted \$40.7 million. Our Administrative Expense represents 5.6% of our Revenue for the month, and 5.7% of Net Revenue for year-to-date. The main reason for the favorable variance is the delay of the Sustainability Fund. Other reasons for the favorable variance are listed on page 13 of the presentation and remain consistent with prior periods.</p>		

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<p>Other Income / (Expense): As of January 31, 2021, our YTD interest income from investments was \$429,000. We continue to discuss strategy with our investment manager to see if there is a way to increase our return. YTD claims interest expense is \$205,000.</p> <p>TangibleNet Equity (TNE): We reported a TNE of 544%, with an excess of \$154.0 million. This remains a healthy number in terms of our reserves.</p> <p>Cash and Cash Equivalents: We reported \$331.4 million in cash; \$180.8 million is uncommitted. Our current ratio is above the minimum required at 1.60 compared to regulatory minimum of 1.0.</p> <p>Capital Investments: We have spent \$380,000 in Capital Investments, and our budget for the year is \$2.4 million.</p>	<p><u>Motion to accept January 2021, 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.) Claims Interest Analysis			
Matt Woodruff	<p>M. Woodruff led the Committee through a detailed Claims Interest Analysis presentation discussing the following:</p> <ul style="list-style-type: none"> • Review current fiscal year interest payments • Review primary sources and causes for interest incurred • Review year-end cost comparison to budget • Top Ten Providers Paid Interest • Conclusions and next steps 	<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>	
d.) Fiscal Year 2021 Second Quarter Forecast			
Gil Riojas	<p>G. Riojas led the Committee through a presentation to review the Q2 Forecast results of actual versus budget and discussed:</p> <ul style="list-style-type: none"> • FY2021 Forecast Highlights • Membership • Revenue 	<p>Informational update to the Finance Committee.</p> <p>Presentation will be brought to Board of Governors meeting on Friday.</p>	

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • Medical Expense • Forecast versus Budget Results • Medical Loss Ratio by Population • Administrative & Clinical Staffing 	Vote not required	
e.) COVID-19 Cost and Utilization			
Gil Riojas	<p>G. Riojas gave a COVID Impact Update presentation and led the Committee through the following topics:</p> <ul style="list-style-type: none"> • Projection Assumptions and Challenges • Costs by Population and Category of Service • Admission Trends 	<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 9:01 am.	<p><u>Motion to adjourn</u>: Dr. Ferguson</p> <p><u>Seconded</u>: Dr. Marchiano</p> <p>No opposed or abstained.</p>	

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