

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

**July 6, 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, Tiffany Cheang, Richard Golfin III, Sasi Karaiyan, Dr. Steve O'Brien, Anastacia Swift, Carol van Oosterwijk, Ruth Watson, Matt Woodruff, 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 Roll call was conducted.		
CONSENT CALENDAR			
Dr. Rollington Ferguson	Dr. Ferguson presented the Consent Calendar. June 8, 2021, Finance Committee Minutes were approved at the Board of Governors meeting June 11, 2021 and not presented today. There were no modifications to the Consent Calendar.	<u>Motion to accept Consent Calendar</u> <u>Motion:</u> Dr. Marchiano <u>Seconded:</u> N. Peraino <u>Pass by Consent</u>	
a.) CEO Update			
Scott Coffin	S. Coffin gave updates to the committee on the following: <u>Single Plan Model</u> –Last month, the Board of Governors approved a plan to proceed forward in conjunction with Alameda County in this effort. An impact assessment was initiated and included Alameda County Health Care Services Agency (HCSA), Alameda Health Systems (AHS), Community Health Center Network (CHCN), and the Alameda Alliance. We are currently conducting an	Informational update to the Finance Committee Vote not required	

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	<p>impact assessment to identify the benefits and opportunities as well as the risks and costs associated with changing the Medi-Cal delivery model from a two-plan model to a single-plan model. The final approval is required by the Alameda County Board of Supervisors no later than October 2021. The outcomes from the impact assessment will be presented to the County Board of Supervisors and the Alliance Board of Governors in the month of September.</p> <p>COVID-19 Vaccination Progress Report –Current vaccination rates among the Alliance’s Medi-Cal and Group Care members (aged 12+) is currently 54%, including partially or fully vaccinated, or 122,292 members. This is a 7% increase over the previous month. Alameda County is 81% vaccinated and Statewide is currently just over 69%.</p> <p>CalAIM – <i>This will be a standing item on the agenda for the Finance Committee and Board Meeting, and each month a discussion will be facilitated to update the Board Members and Committee Members.</i></p> <p>Update will be provided as a separate agenda item.</p>		
b.) Review May 2021 Monthly Financial Statements			
Gil Riojas	<p><u>May 2021 Financial Statement Summary</u></p> <p>Enrollment: Current enrollment is 286,757 and continues to trend upward, Total enrollment has increased by 2,566 members from April 2021, and 30,012 members since June 2020. As in previous months, increases are primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals category of aid.</p> <p>Total Enrollment continues to increase month over month, however; as previously discussed, the rate of increase has fallen from a high of 4,140 members in August 2020. While the rate of increase had been declining in previous months, we did see an uptick in the rate of increase for April and May, and could be an indication of a new stabilized rate of increase. We do anticipate the enrollment to peak and then assuming the Health Emergency ends, sometime in the early part of the year, it should begin to decline.</p>		

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	<p>Net Income: For the month ending May 31, 2021, the Alliance reported a Net Income of \$682,000 (versus budgeted Net Income of \$1.8 million). For the year-to-date, the Alliance recorded a Net Loss of \$3.0 million versus a budgeted Net Loss of \$18.4 million. The unfavorable variance is attributed to higher than anticipated Medical Expense, and lower than anticipated Other Revenue. These were somewhat offset by higher than anticipated Revenue and lower than anticipated Administrative Expense.</p> <p>Revenue: For the month ending May 31, 2021, actual Revenue was \$96.6 million vs. our budgeted amount of \$81.2 million. Factors creating the favorable variance were mainly due to delay of pharmacy carve-out. We will see the variance for Revenue and Medical Expense for the rest of the fiscal year due to indefinite delay status of pharmacy carve-out.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$90.8 million vs. our budgeted amount of \$73.8 million. For the year-to-date, actual Medical Expenses were \$942.3 million versus budgeted \$901.3 million. Drivers leading to the unfavorable variance can be seen on the tables on page 11, with the greatest variances coming from the pharmacy carve-out and Inpatient Hospital expenses. Further explanation on pages 11 and 12.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 94.0%. Year-to-date MLR was at 95.7% vs our annual budgeted percentage 94.2%. As a reminder we want our MLR to be below 95%.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending May 31, 2021 were \$5.1 million vs. our budgeted amount of \$5.6 million. Our Administrative Expense represents 5.3% of our Revenue for the month, and 4.6% of Net Revenue for year-to-date.</p> <p>Other Income / (Expense): As of May 31, 2021, our YTD interest income from investments was \$615,000. 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 \$309,000.</p>		

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	<p>TangibleNet Equity (TNE): We reported a TNE of 556%, with an excess of \$166.6 million. This remains a healthy number in terms of our reserves.</p> <p>Cash and Cash Equivalents: We reported \$309.8 million in cash; \$195.5 million is uncommitted. Our current ratio is above the minimum required at 1.74 compared to regulatory minimum of 1.0.</p> <p>Capital Investments: Fiscal year-to-date Capital Assets acquired less Capital Assets retired is negative \$864,000 (net negative due to retirement of Trizetto software, \$2 million). Our annual capital budget is \$2.4 million.</p> <p>Question: Dr. Ferguson asked for clarification of the reporting of medical expenses excluding IBNP from the charts on page 11. G. Riojas explained the three columns of the chart and how they each reflect our medical expenses.</p> <p>Question: Dr. Ferguson asked regarding COVID-19 related costs compared to what we might see in a typical year for influenza. Had there been any changes in the flu over the last year and how does it compare? Has there been a financial impact? Dr. O'Brien answered that the Alliance has had almost no influenza hospitalizations over the last year and our PCPs indicated they saw very little influenza in their practices. Having said that, there isn't a clear favorable financial impact because while overall hospitalization are down, the length of stay and complexity of care needed has been up. The COVID-19 pandemic has had multiple different ramifications across healthcare and did change a variety of different dynamics.</p> <p>Question: Dr. Marchiano asked about the Alliance outreach efforts to increasing our vaccination rates amongst our members, and if we notice that one works better than another. M. Woodruff answered that the Alliance had a three-touch approach as each population has become eligible. We send letters, postcards, and utilize robocalls to communicate the member's eligibility and offer to schedule vaccine appointments. Our provider network CHCN has indicated that there is a marked increase in appointment requests following the postcard and robocall efforts. The letters do not seem to influence people to schedule. The biggest response has been a result of approval from S. Coffin in May to offer a \$10 grocery gift card. Since offering the incentive we have seen</p>	<p><u>Motion to accept May 2021, Financial Statements</u></p>	

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	<p>a large jump including over 700 calls to our call center specifically related to the gift card offering.</p> <p>Dr. Ferguson asked if one of the grocery stores would be willing to partner with the Alliance and “double down” on the offering. M. Woodruff answered that he would explore that option.</p>	<p><u>Motion:</u> N. Peraino <u>Seconded:</u> Dr. Marchiano</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
c.) CalAIM Progress Report: In-Lieu of Services			
Scott Coffin	<p>S. Coffin gave an in-depth presentation to update the committee on the progress being made toward the January 1, 2022 implementation of In-Lieu of Services component of CalAIM.</p>	<p>Informational update to the Finance Committee.</p> <p>Vote not taken.</p>	
Dr. Rollington Ferguson	<p>Dr. Ferguson motioned to adjourn the meeting.</p> <p>The meeting adjourned at 8:59 am.</p>	<p><u>Motion to adjourn:</u> Dr. Ferguson <u>Seconded:</u> N. Peraino</p> <p>No opposed or abstained.</p>	

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