

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

September 7, 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

**Board of Governor members on Conference Call:** James Jackson

**Alliance Staff on Conference Call:** Scott Coffin, Tiffany Cheang, Richard Golfin III, Shulin Lin, Dr. Steve O'Brien, Anastacia Swift, Carol van Oosterwijk, Ruth Watson, Matt Woodruff, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER and INTRODUCTIONS</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson was delayed, in his absence, Scott Coffin called the Finance Committee meeting to order at 8:00 am and Roll Call was conducted.</p> <p>Scott Coffin introduced Alameda Health Systems new CEO James Jackson as the newest Board of Governors member in attendance.</p>		
<b>CONSENT CALENDAR</b>			
<b>Dr. Rollington Ferguson</b>	<p>Dr. Ferguson presented the Consent Calendar.</p> <p>July 6, 2021, Finance Committee Minutes were approved at the Board of Governors meeting July 9, 2021 and not presented today.</p> <p>There were no modifications to the Consent Calendar.</p>	<p><u>Motion to accept <b>Consent Calendar</b></u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> G. Riojas</p> <p><u>Pass by Consent</u></p>	
<b>a.) CEO Update</b>			

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<p><b>Scott Coffin</b></p>	<p>Scott Coffin gave updates to the committee on the following:</p> <p><b>CalAIM</b> – As discussed at the last Board of Governors meeting in July 2021, Enhanced Care Management (ECM), In-Lieu-Of Services (ILOS), and Major Organ Transplant (MOT) services all start on January 1, 2022. ILOS are not a defined benefit, they are optional services. We had originally identified seven ILOS service categories and have now reduced to six. The six categories of service that the Alliance will focus on are: Three Housing Services Benefits, Medically Tailored and Medically Supported Meals (Food), Recuperative Care (Medical Respite), and Asthma Remediation.</p> <p>As a reminder, we also discussed the estimated costs at last meeting and anticipate receiving final rates from the State (DHCS) by the end of this month and we anticipate that in November we will have our rate analysis complete and be able to clarify the impact to budgeted revenue and expenses.</p> <p>We remain on track with our regulatory submissions that are due to the State, as we remain focused on operational readiness.</p> <p><b>Single Plan Model</b> –The Board will be talking on Friday under closed session. We did receive approval from DHCS as part of the Letter of Intent process to continue moving forward. We are also working on some of the estimated costs that will be related to this transition, as well as defining some of the roles and responsibilities between the Alliance and the County of Alameda.</p> <p><b>COVID-19 Vaccination Progress Report</b> –Alameda County is reporting about 76% vaccination rate among those 12 years and older across the county. DHCS released a report last month that highlighted the discrepancy between County rates and Medi-Cal rates of vaccination, with Medi-Cal being significantly lower. The Alliance’s Medi-Cal and Group Care members (aged 12+) rate of vaccination is currently 67%. There is currently a 9% gap between our members and the County average. This type of variance is common throughout the state. As a result, the State created an incentive program and announced an offer of application to participate. The Alliance submitted our application on August 31, and DHCS is expected to approve by September 21. This is to address the number of people who remain unvaccinated. The State is offering significant incentive funding to conduct a combination of outreach efforts to reach those members and increase the overall rate of vaccination</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	

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	<p>amongst our members. If accepted, we will bring more details along with an estimate of what we think some of the expenditures might be.</p> <p><b>Question:</b> Dr. Ferguson asked if we have a point person at the Alliance for our vaccination effort. Scott Coffin has appointed Matt Woodruff, our Chief Operating Officer, as the lead person for this effort. In addition, we are in the process of identifying a community lead that would be in the field. Matt Woodruff provided a summary of the program to the committee.</p>		
<b>b.) Review June 2021 and July 2021 Monthly Financial Statements</b>			
<p><b>Gil Riojas</b></p>	<p><b><u>June 2021 (Pre-Audit) Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment is 288,554 and continues to trend upward, Total enrollment has increased by 1,797 members from May 2021, and looking at the full fiscal year, we can see that our membership grew by almost 32,000 members since June 2020. Consistent increases were primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals category of aid, with SPD and Group Care remaining relatively flat for the full fiscal year.</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 we did see an uptick in the rate of increase for April and May, our June numbers are lower.</p> <p><b>Net Income:</b> For the month ending June 30, 2021, the Alliance reported a Net Income of \$1.4 million (versus budgeted Net Income of \$3.0 million). For the year-to-date, the Alliance recorded a Net Loss of \$1.6 million versus a budgeted Net Loss of \$15.4 million. The unfavorable variance is largely attributed to higher than anticipated Medical Expense and higher than anticipated Administrative Expense. These were somewhat offset by higher than anticipated Revenue.</p> <p><b>Revenue:</b> For the month ending June 30, 2021, actual Revenue was \$90.8 million vs. our budgeted amount of \$80.9 million. Factors creating the favorable variance were mainly due to delay of pharmacy carve-out. We will see the variance for</p>		

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	<p>Revenue and Medical Expense for the rest of the fiscal year due to indefinite delay status of pharmacy carve-out. As a fiscal year end summary, our actual Revenue was \$1.1 billion vs. a budgeted amount of \$1.0 billion.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month were \$81.8 million vs. our budgeted amount of \$71.7 million. For the year-to-date, actual Medical Expenses were \$1.0 billion versus budgeted \$973.0 million. Drivers leading to the unfavorable variance can be seen on the tables on page 12, with the greatest variances coming from the pharmacy carve-out and Inpatient Hospital expenses. Further explanation on pages 12 and 13. As a summary, the largest categories of services that drove our expenses were Inpatient Hospital FFS Expense, Capitated Medical Expenses, Pharmacy Expense, and Outpatient Expense. We do anticipate these to continue to be the largest expenses in the new fiscal year.</p> <p><b>Medical Loss Ratio:</b> Our MLR ratio for this month was reported at 90.9%. Year-to-date MLR was at 95.2% vs our annual budgeted percentage 94.2%. As a reminder we want our MLR to be below 95%.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending June 30, 2021 were \$7.6 million vs. our budgeted amount of \$6.3 million. Our Administrative Expense represents 8.4% of our Revenue for the month, and 5.0% of Net Revenue for year-to-date. Reasons for the unfavorable month-end variances, as well as the favorable year-to-date variances are outlined on page 15 of the presentation.</p> <p><b>Other Income / (Expense):</b> As of June 30, 2021, our YTD interest income from investments was \$649,000. We continue to discuss strategy with our investment manager to see if there is a way to increase our return.</p> <p>YTD claims interest expense is \$329,000.</p> <p><b>TangibleNet Equity (TNE):</b> We reported a TNE of 560%, with an excess of \$168.1 million. This remains a healthy number in terms of our reserves.</p>		

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	<p><b>Cash and Cash Equivalents:</b> We reported \$301.0 million in cash; \$206.2 million is uncommitted. Our current ratio is above the minimum required at 1.80 compared to regulatory minimum of 1.0.</p> <p><b>Capital Investments:</b> Fiscal year-to-date Capital Assets acquired less Capital Assets retired is <b>negative</b> \$5.3 million. Total fixed assets acquitted fiscal year-to-date of \$1.2 million are offset by an accounting policy threshold change (negative \$4.5 million) and retirement of Trizetto software (negative \$2.0 million). Our annual capital budget is \$2.4 million.</p> <p><b>Question:</b> Dr. Marchiano asked if the Alliance has any recruiting efforts and asked if other plans are seeing the increases in enrollment that we are. Gil Riojas explained that under State regulation we are not allowed to recruit, but that yes, plans across the state are seeing similar increases in enrollment. Scott Coffin further explained the process by which the Alliance obtains new members.</p> <p><b>Question:</b> Dr. Ferguson asked how often we should revisit our investment plan to bring up to date or make changes at the committee level. Gil Riojas expressed that an annual report would be welcomed and furthered offered more detailed discussion regarding the investment strategy depending on the interest of the committee. Board members in attendance each offered their voice of support for an annual update.</p>	<p><u>Motion to accept June 2021, Financial Statements</u></p> <p><u>Motion:</u> Dr. Marchiano <u>Seconded:</u> N. Peraino</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	<p>Prepare Report of annual Investment Strategy update</p>
Gil Riojas	<p><b><u>July 2021 Financial Statement Summary</u></b></p> <p><b>Enrollment:</b> Current enrollment is 290,091 and continues to increase. Total enrollment has increased by 1,537 members from June 2021. 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. While we did see an uptick in the rate of increase for April and May, our June and July numbers appear to be back in line with the previous decline in rate of increase. We do anticipate once the Health Emergency ends, it should begin to decline.</p>		

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	<p><b>Net Income:</b> For the month and fiscal year-to-date ending July 31, 2021, the Alliance reported a Net Income of \$2.6 million (versus budgeted Net Income of \$1.4 million). The favorable variance is attributed to higher than anticipated Revenue and lower than anticipated Administrative Expense.</p> <p><b>Revenue:</b> For the month and fiscal year-to-date ending July 31, 2021, actual Revenue was \$97.3 million was nearly spot on our budgeted amount of \$97.2 million.</p> <p><b>Medical Expense:</b> Actual Medical Expenses for the month and fiscal year-to-date were \$89.8 million vs. our budgeted amount of \$89.7 million. Details of categorized expenses can be seen on the tables on page 52 with further explanation on page 53.</p> <p><b>Medical Loss Ratio:</b> Our MLR ratio for the month and fiscal year-to-date was reported at 92.4%. vs our annual budgeted percentage 92.0%. As a reminder we want our MLR to be below 95%.</p> <p><b>Administrative Expense:</b> Actual Administrative Expenses for the month ending July 31, 2021 were \$4.8 million vs. our budgeted amount of \$6.2 million. Our Administrative Expense represents 4.9% of our Revenue for the month and year-to-date. Reasons for the favorable variance can be seen on page 54.</p> <p><b>Other Income / (Expense):</b> As of July 31, 2021, our YTD interest income from investments was \$22,000. We continue to discuss strategy with our investment manager to see if there is a way to increase our return.</p> <p>YTD claims interest expense is \$16,000.</p> <p><b>TangibleNet Equity (TNE):</b> We reported a TNE of 558%, with an excess of \$170.1 million. This remains a healthy number in terms of our reserves.</p>		

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	<p><b>Cash and Cash Equivalents:</b> We reported \$281.0 million in cash; \$204.0 million is uncommitted. Our current ratio is well above the minimum required at 1.90 compared to regulatory minimum of 1.0.</p> <p><b>Capital Investments:</b> No new fixed assets were acquired in the month of July. Our annual capital budget is \$1.4 million.</p> <p><b>Question:</b> Dr. Ferguson asked if the pharmacy component of transplant patients would be carved out once the Major Organ Transplant benefit takes effect or if we will be responsible for that. Dr. Steve O'Brien answered that anything that a patient picks up at a pharmacy, regardless of health condition, would be carved out of the Plan, and would be the responsibility of the State, and any medication administered by a physician or in an outpatient infusion center would be the responsibility of the Plan.</p>	<p><u>Motion to accept <b>July 2021, Financial Statements</b></u></p> <p><u>Motion:</u> N. Peraino <u>Seconded:</u> J. Jackson</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
<p>c.) CalAIM Progress Report: In-Lieu of Services d.) Single Plan Model Update e.) Vaccination Incentive Program</p>			
<p><b>Scott Coffin</b></p>	<p>Scott Coffin consolidated these briefings in his CEO Update.</p>		
<p><b>ADJOURNMENT</b></p>			
<p><b>Dr. Rollington Ferguson</b></p>	<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. Marchiano <u>Seconded:</u> J. Jackson</p> <p>No opposed or abstained.</p>	

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