

ALAMEDA ALLIANCE FOR HEALTH
BOARD OF GOVERNORS
REGULAR MEETING

May 10, 2019
12:00 pm – 2:00 pm
1240 South Loop Road, Alameda, CA

SUMMARY OF PROCEEDINGS

Board Members Present: Dr. Evan Seevak (Chair), Rebecca Gebhart (Vice Chair), Scott Coffin, Dr. Noha Aboelata, Aarondeep Basrai, Wilma Chan, Dr. Rollington Ferguson, Delvecchio Finley, Dr. Michael Marchiano, Dr. Kelly Meade, Nicholas Peraino, Will Scott, Travis Stein

Excused: Fedal Almaliti, David B. Vliet

Alliance Staff Present: Scott Coffin, Tiffany Cheang, Sasi Karaiyan, Dr. Steve O'Brien, Gil Riojas, Anastacia Swift, Matt Woodruff, Jeanette Murray

Board of Governors on Conference Call: Marty Lynch

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
1. CALL TO ORDER			
E. Seevak	The regular board meeting was called to order by E. Seevak at 12:04 PM. A board quorum was established by a simple majority for the meeting.	None	None
2. INTRODUCTIONS and 4. ROLL CALL			
E. Seevak	Introductions were made for those present.	None	None
3. AGENDA APPROVAL OR MODIFICATIONS			
E. Seevak	S. Coffin asked to modify the agenda and add to the Board Business section, a document called the draft discussion copy of the Board Member Evaluation & Nomination Process. The document was handed out to the Board and copies were made available for the public.	None	None
5. CONSENT CALENDAR			
E. Seevak	E. Seevak requested that S. Coffin give a summary of the nine Health Care Services documents presented on the Consent Calendar. <ul style="list-style-type: none"> • S. Coffin explained, The Health Care Services program 		None

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	<p>evaluations, descriptions, and work plans are submitted to the DHCS annually. The descriptions and work plans define the current operations, and the evaluations are for the prior year to evaluate the actions taken. These documents are used by regulatory auditors. The Alliance’s Health Care Quality Committee “HCQC” has reviewed and approved these documents, and they are presented to the Board of Governors annually for approval as part of the Consent Calendar.</p> <p>E. Seevak requested a motion to approve the Consent Calendar:</p> <ul style="list-style-type: none"> • April 12, 2019 Board of Governors Meeting Minutes. • 9 Health Care Services Program evaluations, descriptions, and work plans documents. <p>R. Ferguson moved to approve the Consent Calendar. M. Marchiano seconded the motion. The motion passed unanimously.</p>	<p>Meeting Minutes Motion: R. Ferguson Second: M. Marchiano Motion passed.</p>	
6. a. BOARD MEMBER REPORT – COMPLIANCE ADVISORY GROUP			
R. Gebhart	<p>R. Gebhart provided the following Compliance Advisory Committee updates for the dashboard and the readiness activities for the upcoming DHCS medical services audit. The board member who participated was W. Scott. The committee tracks DHCS, DMHC, and internally identified findings.</p> <ul style="list-style-type: none"> • On the dashboard, all of the items have corrective action plans that have been completed. • Sixty-three percent (63%) of those corrective action plans have undergone an internal validation process. • There are two (2) specific findings on the DHCS medical services audit from last year: <ul style="list-style-type: none"> ○ A grievance issue due to grievances that were not being properly reviewed by medical staff. #26 in the advisory group workbook (copied provided to Board and public). <ul style="list-style-type: none"> ▪ They have corrected the situation by having Dr. O’Brien be the reviewer since the Alliance does not have sufficient nursing staff. ▪ Technically, we are in compliance. ○ Provider training language appropriately in the Alliance’s 		

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	<p>delegates' contracts. #33 in the advisory group workbook (copied provided to Board and public).</p> <ul style="list-style-type: none"> ▪ The Alliance has one (1) delegate contract still outstanding. ▪ The contract has to be executed for the purpose of the audit. ▪ The new and revised language is if the auditors want to see it, even though the contract is not completely executed, it will meet their standards. <ul style="list-style-type: none"> • The readiness activities in preparation for the 2019 DHCS medical services audit. • The auditors will be on-site for two (2) weeks, starting June 10th; they have requested files for review. <ul style="list-style-type: none"> ○ Prior audit 390 files were requested and the current audit includes 270 files. 80 of the 270 files pulled are related to grievances. Grievances will be an area of focus. ○ Staff's priority through the year is addressing the findings from the prior year's audit. ○ Top priority is to make sure the prior year's findings are corrected and squeaky clean. ○ The auditors will likely look at last year's findings first. • EPSDT is one of the topics we hear a lot about. Because of the governor's focus on EPSDT, we expect more questions about our services under this program. • Mock Audits: Compliance Department coordinates mock audit sessions for Alliance staff involved in the audit sessions, teaching the principles of responding to questions, completely and truthfully. • S. Coffin reiterated that the focus is on being absolutely truthful and answering "the question," asked by the auditor. • The Alliance has two (2) consultants who have significant experience with medical services audits and have partnered with us in preparation. • There is usually an exit conference on the last day – where preliminary audit findings are usually shared. The auditors then go back to the state and vet with another team at the state and look in more detail at the specifics before they write up the final report. 		
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	<ul style="list-style-type: none"> • There is a new kind of audit which the staff is calling the ad-hoc audit. Ad-hoc audits are not the usual large, regulatory requirement audits that everyone is accustomed to; they are specialty audits. • The two (2) Ad Hoc audits are: <ul style="list-style-type: none"> ○ The rate development template audit ○ The medical loss ratio audit <p>R. Gebhart reported that DCHS may audit anything they like, anything that's under their regulatory purview. They are picking very specific topics, and they want to unpack them to make sure the Alliance's business processes are compliant. We will get more information about those specifics in the future. They will probably show up on the dashboard. Finally, there will be a strong focus from now until the end of the calendar year on audits and continuing their focus to improve with regulatory compliance. G. Riojas added that we have our annual audit with our auditor Moss-Adams. This audit is in June and goes through September.</p>		
6. b. BOARD MEMBER REPORT – FINANCE COMMITTEE			
R. Ferguson	<p>R. Ferguson reported from the Finance Committee meeting on May 7th. Board member M. Marchiano also attended this meeting.</p> <ul style="list-style-type: none"> • The MLR audit from the office of the Inspector General (federal audit) is coming. <ul style="list-style-type: none"> ○ This is a federal audit. ○ They are looking at the MLR from 2014 onward. ○ Our MLR has not been in the 85-90% ranges, which we may pay some money back. • Good news: budgeted YTD net loss - \$27.0 million; actual YTD net loss - \$1.8 million. • Enrollment continues to decline since June of last year. <p>E. Seevak had a question regarding the enrollment. Do we know if part of the reason is due to employment going up, so more people are getting employer-based health insurance versus Medicaid? R. Ferguson believes that is one of the reasons. Also, the county is cleaning up their rolls, which impacts Alliance enrollment numbers as well.</p> <p>G. Riojas added that statewide Medical enrollment is going down, but</p>		

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	<p>commercial enrollment is going up. E. Seevak added that he is concerned that there's more to the drop off than just the employment trend and social services.</p> <p>R. Ferguson added that Alameda Alliance patients living in nursing homes revert to the state after two months. We are losing a percentage there as well. He suggested to research the mortality rates and this information needs to be reported. It may be one of the things the state is looking to take money back from.</p>		
6.c. BOARD MEMBER REPORT – BOARD MEMBER RECOGNITION			
E. Seevak	<p>E. Seevak recognized Board Member Travis Stein for his service to the Board and announced that he would be leaving his post on the Alliance Board of Governors.</p> <p>T. Stein thanked everyone in the room.</p>		
7.a. BOARD BUSINESS – REVIEW AND APPROVE FINANCIAL STATEMENTS			
G. Riojas	<p>G. Riojas provided the following financial updates for January:</p> <ul style="list-style-type: none"> • Enrollment has decreased by 774 since February 2019 and has decreased by 7,150 since June 2018. Current enrollment is at 259,147. The most significant decreases have been in the Child, Adult, and Optional Expansion categories of aid. • Actual net loss of \$3.7 million; budgeted net loss of \$3.2 million. Actual YTD net loss of \$1.8 million; budgeted YTD net loss of \$27 million. • Actual revenue of \$79.6 million; budgeted revenue of \$75 million. • Actual medical expenses of \$79.9 million; budgeted medical. expenses of \$74.2 million. Actual YTD medical expenses of \$658.8 million vs. budgeted YTD medical expenses of \$666.8 million. • Primary drivers for the variance include: <ul style="list-style-type: none"> ○ Prop 56 payments. ○ Revenue received for services from the state which are then passed onto providers. ○ Ground Emergency Medical Transportation (GEMT). ○ Increased to incur but not paid claims (IBNP), by \$946,000. 		

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	<p>E. Seevak asked to talk more about the GEMT.</p> <p>G. Riojas explained that we received a draft from the state related to ambulances and licenses. Alliance is not contracted as an ambulance company, but receives a flat fee of \$339 for providing service.</p> <p>E. Seevak asked what the expenses that the Alliance has?</p> <p>G. Riojas responded it's an additional payment to ambulance companies that we already use. We are passing the money we get from the state to the company.</p> <p>E. Seevak asked whether there is a net increase in expenses for the Alliance.</p> <p>G. Riojas responded there is potentially an increase. It's a risk-based formula; the actuaries calculate the risks looking at previously offered services. The amount of revenue given to Alliance by the state is based on data going back to July 2018, for what they believe will be the amount of EMT services that will happen in 2019. The actual amount of services may be less or more than projected.</p> <p>R. Gebhart asked how this payment system works process-wise.</p> <p>G. Riojas responded that we look at what services we have already paid for in claims, and then pay additional money for the eligible claims.</p> <p>R. Gebhart: Commercial payers usually pay much higher than Medi-Cal for ambulance rides. Ever since the Affordable Care Act, the payer mix for ambulance companies changed and made it very hard for ambulance companies to cover their costs. This is to supplement low Medi-Cal rates.</p> <p>E. Seevak asked for further explanation regarding IBNP changes for March.</p> <p>G. Riojas offered clarification: The chart on page 357 of the report shows YTD medical expenses are down \$3.5 million. Mostly due to less stop-loss cases than previously estimated and Prop 56 revenue on primary care side.</p> <ul style="list-style-type: none"> • Medical Loss Ratio was 100.4% for the month and 95.4% for the fiscal YTD; budgeted 98.9% for YTD. 		
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	<ul style="list-style-type: none"> • Actual administrative expenses of \$3.9 million; budgeted administrative expenses of \$4.6 million. Actual YTD administrative expenses of \$37.8 million vs. budgeted YTD administrative expenses of \$40.2 million. • YTD interest income from investments is \$4.4 million, and YTD claims interest expense is \$474,000. <ul style="list-style-type: none"> ◦ Investment strategy is working, although the higher the risk, the higher the return on interest. • Tangible net equity (TNE) continues to remain healthy at 583% of the required amount, with a surplus of \$156.1 million. <ul style="list-style-type: none"> ◦ Has slowed down since April 2018, but a healthy current ratio of 1.47. • Balance Sheet: Cash \$370.5 million; \$114.5 million is uncommitted. • The 3rd quarter forecast will be coming shortly. 	<p>Motion: R. Ferguson Second: W. Scott Motion passed.</p>	
E. Seevak	<ul style="list-style-type: none"> • Reminder regarding Compliance training for board members. <ul style="list-style-type: none"> ◦ Training is 2 different online programs. • Retreat – September 13th, combined with Board Meeting. <ul style="list-style-type: none"> ◦ More planning/info will happen June or later. 		
*. Addition to Agenda			
S. Coffin	<p>S. Coffin presented the Draft Discussion copy of the Board Member Evaluation & Nomination Process document for review by the Board and summarized the process.</p> <ul style="list-style-type: none"> • Board composition is defined by board bylaws (updated 2017): 15 board seats, of which 13 are 4-year terms, and the 2 consumer seats that are a 1-year terms. • To fill vacancies, the Board recommends candidate(s) to Alameda County Board of Supervisors, who may then approve the candidate(s) - average time to complete screening, interviewing, recommendation, and approval process is 2-3 months. • 2 of the five at-large seats are designated by type- either pharmacist or 		

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	<p>labor representative, remaining are designated by the expertise and recommended by Board of Governors.</p> <ul style="list-style-type: none"> Each seat is designated by council, association or affiliation- from which candidates are drawn from. Section 3D of bylaws define the roles of each board seat. <p>D. Finley asked if possible to see a listing of what seat board members are currently in and when they were originally appointed to board.</p> <p>S. Coffin said there is a log which tracks that information and a copy will be sent out along with board bylaws.</p>		
8. CEO UPDATE			
S. Coffin	<p>S. Coffin provided the following updates:</p> <ul style="list-style-type: none"> Governor Newsom Budget: <ul style="list-style-type: none"> <u>May Revise</u> <ul style="list-style-type: none"> In next 30 days, the Alliance will begin assessing the impact this has on Medi-Cal funding statewide - in particular to Alameda County and the Alliance. We will also share a summary of those findings. Excludes managed care organization tax and covers undocumented young adults up to 26 and may affect enrollment. <u>Executive Order</u> <ul style="list-style-type: none"> Pharmacy benefits are transitioning from managed care into fee-for-service by January 1, 2021. This means the Alliance will not be responsible for authorizing payments for pharmacy services in the future. DHCS will publish the report to the Governor's Office in July, and the transition will be shared with managed care plans. The Alliance will likely start transition planning later this year. Three main parts: <ul style="list-style-type: none"> Procurement of drugs: the state will assume control. Administration: we don't know what this will be like, and health plans may or may not be involved. The outcome may involve the creation of statewide formulary, administration function to manage utilization reviews and denials, and the third part is the drug procurement responsibilities. 		Find out from DHCS and Alameda County if Delegate contracts prohibit them from reaching out to members directly.

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	<p>K. Meade asked whether counties currently using a fee-for-service model will have to use some other vendor instead. A. Basrai replied that SB 642 by Sen. Stone proposes to have a pharmacy benefit manager run by the state which may allow health plans to have some measure of control.</p> <p>E. Seevak asked who the driving force behind the executive order is. S. Coffin replied that it originated in Governor Newsom's 1st executive order, in order to drive costs down.</p> <p>M. Lynch asked over phone for clarification on the transition of pharmacy services to fee-for-service. S. Coffin replied that he would be issuing a written statement to the board in the next two weeks on the 340B decision and the Alliance policy. He added that the associations are waiting for the state's July transition plan and then responding.</p> <p>F. Delvecchio asked how health plans reliant on the 340B program would be able to serve their members if they were unable to receive rebates with the executive order. S. Coffin replied that the Local Health Plans of California and the California Association of Public Hospitals plan to discuss it.</p> <p>S. Coffin added that:</p> <ul style="list-style-type: none"> • The Q3 forecast will be published to the Board by the end of May. • The Preliminary annual budget will be presented to the Board for approval at the June Board meeting. • A Final budget will be finalized for approval in September and include rates from the state. • Alliance submitted initial budget ahead of schedule to DHCS on 4/30/19. • The Operations Dashboard: <ul style="list-style-type: none"> ○ Provider disputes: the Alliance has 45 business days to resolve disputes and has to meet deadline 95% of the time- in April, met deadline at 93%. <ul style="list-style-type: none"> ▪ This is due to staffing vacancies and will meet compliance once positions are filled. ○ Internal goal for overturned rate is 25%, but that increased from 22% in March to 34% in April. <p>S. O'Brien provided an update on Care Coordination and Complex Care</p>		<p>Will research about the cause and how to lower the overturned rate</p>

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	<p>Management:</p> <ul style="list-style-type: none"> o The internal team has grown in case management, social work, and nursing from offsite temporary workers. o Correction to board package: new cases open in March 2019- should be 236 for care coordination, 45 for complex case management, but the total numbers are the same. <ul style="list-style-type: none"> ▪ Due to the rapid growth of Health Homes, Whole Person Care and expansion of Care Neighborhood, more people are being seen by complex case management rather than care coordination. <p>S. Coffin reported on the status of HEDIS. 95.2% of records were collected and the HEDIS season ends in early June.</p> <p>T. Cheang provided further update on HEDIS:</p> <ul style="list-style-type: none"> o Forecasted number: above last year's 70.9% to around 71.4%. <p>R. Ferguson asked for clarification on how the chart selection is completed. T. Cheang explained that the Alliance uses an NCQA-certified engine to do random sampling.</p> <p>S. Coffin stated:</p> <ul style="list-style-type: none"> • DHCS announced that a procurement process for a commercial plan will begin soon and the targeted implementation plan is 2023. The Alliance is excluded from this. • Health Homes Program: the Alliance started in December 2016, funded it through the operational budget and the program launched in July 2017. We have invested about \$1.5 million in the pilot. The goal was to tie into a Whole Person Care pilot, and we've accomplished that. <ul style="list-style-type: none"> o Pending DHCS approval, we plan to implement this program under federal guidelines on 7/1/19. • Scheduled Audits: <ul style="list-style-type: none"> o DHCS Medical Survey Audit – June 10-21, 2019. o Moss-Adams Financial Audit – June 17-21, 2019. o DMHC Financial Audit – November 4-14, 2019. • Pending Audits: 		
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	<ul style="list-style-type: none"> ○ Office of Inspector General (OIG): date certain for the audit has not been confirmed. Time period for audit is 30 months. January 2014-June 2016 <ul style="list-style-type: none"> ▪ The OIG is examining how the Alliance categorizes and reports medical expenses. <p>G. Riojas provided the Board an update on what we are expecting for the upcoming Medical Survey Audit on June 10, 2019.</p> <ul style="list-style-type: none"> • The Alliance has been working year-long on Corrective Action Plans (CAPs) from last year's audit and coordinating with auditors from DHCS about their time on site and what their focus will be on. • Currently pulling requested files for auditors. • Conducting mock audits to train staff and helping them understand how to answer auditor questions, what questions may be asked. <p>S. O'Brien provided additional insight into preparations, especially in reviewing the requested charts- 21 appeals and 60 grievances, to understand what issues the auditors might want to assess and how to address them.</p> <p>K. Meade asked for clarification of the validation process. G. Riojas replied that the Alliance has an internal audit process which examines whether we have met the measures and made the necessary changes.</p> <p>S. Coffin added that sanctions are likely to be imposed after the audits. The penalties may be reducing default assignment/percentage of enrollment or fines.</p> <ul style="list-style-type: none"> • Preliminary budget in June will be much higher in anticipation of fines. <p>N. Aboelata asked a question about how sanctions would be assessed. Is it only financial penalties, or is there any other type of penalty that they can impose. G. Riojas answered that based on information provided so far, the potential is for monetary penalties.</p> <p>E. Seevak asked a follow up question about whether the Alliance believes it has given back any money we owe the federal government. G. Riojas said yes.</p>		

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	<p>S. Coffin offered clarification that the state has already conducted this audit, and this is the federal version of that audit.</p> <p>E. Seevak asked if Moss-Adams looks at that as a potential financial risk. G. Riojas answered that in the past, they have not looked at it, but given the interest from the state and federal agencies, they may decide to include it in the upcoming audit. S. Coffin added the federal government is looking closely at the spending since the optional expansion was funded by federal money.</p> <p>D. Finley asked how we would forecast fines. S. Coffin replied that forecasting the amount of fine is difficult to predict, but they will likely occur before CAPs are issued. For purposes of forecasting in the budget, there will be a higher estimate than past budgets and will adjust as part of the quarterly forecast process. D. Finley asked what would be a high estimate.</p> <p>R. Gebhart provided an additional update about delegation oversight. The State's requirements are becoming stricter and it will be something which affects many board members, and providers.</p> <p>D. Finley asked if the board would be talking more about delegation oversight. S. Coffin responded that board members will receive a board binder in the next 30 days, which will contain information about the board bylaws, contact information, and the requirements for delegation oversight, etc.</p> <p>R. Gebhart suggested having a presentation about delegation oversight at the next board meeting.</p> <p>K. Meade asked a question regarding tool for audit readiness. G. Riojas replied that the report submitted to the Compliance Committee is used for that purpose. R. Gebhart added that the report also includes self-reported issues observed by staff continuously.</p> <p>E. Seevak offered that if the auditors request an interview with BOG Members, he would be willing to participate.</p> <p>S. Coffin also extended an offer for anyone to join in on mock audits.</p>		
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	<p>W. Scott offered to participate in the mock audit as well, stating that it would be a great opportunity for education of Compliance Committee members.</p> <p>N. Aboelata asked if delegates are allowed to reach out to members. G. Riojas answered that we would have to check with the state to get a definitive answer to that.</p>		
9.a. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE			
S. O'Brien	<p>S. O'Brien provided a summary of the most recent Peer Review and Credentialing Committee meeting, which was held on April 16, 2019.</p> <ul style="list-style-type: none"> • There were 18 initial providers credentialed. <ul style="list-style-type: none"> ○ 5 primary care, 6 specialty care, and 7 mid-level practitioners. • There were 45 providers re-credentialed. <ul style="list-style-type: none"> ○ 13 primary care, 21 specialty care, and 11 mid-level practitioners. • There was 1 provider terminated. <p>E. Seevak asked what would cause a provider to be terminated. S. O'Brien gave the reasons this particular provider was terminated: multiple grievances, lots of bad actions, received a year of credentialing and got worse, did not re-credentialing application, etc.</p> <p>R. Ferguson commented that it is his opinion that the Board should be providing approval vote for the Standing Committee Updates.</p>		Reach out to outside counsel to see if approving by BOG vote is advised.
10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS			
E. Seevak	<p>W. Scott asked for more research on the enrollment issues. He believes that there's more to the fast drop off rate of enrollment rate than just the employment rate going up and Alameda County going through their rolls.</p> <p>T. Stein offered an agreement statement that he believes this is a good step, and that the Alliance needs to be able to have more comparisons against trends statewide, national, etc. In the past, the board has only been able to speculate about issues such as enrollment, and they should be able to know the reasons why and take appropriate steps to address issues like this.</p> <p>S. Coffin added that limited membership data about disenrollment is available from Alameda County Social Services, adding the disenrollment data about why</p>	None	None

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	<p>a person becomes ineligible for Medi-Cal is not provided by the State.</p> <p>T. Cheang commented that it's not possible to see if a former Alliance member has moved out of the county, just that they've disappeared from the enrollment roster.</p> <p>W. Scott speculated that rampant homelessness in California may contribute to enrollment drop off.</p>		
11. PUBLIC COMMENTS (NON-AGENDA ITEMS)			
E. Seevak	None	None	None
12. ADJOURNMENT			
E. Seevak	The meeting was adjourned at 2:06 PM.	None	None

Respectfully Submitted By:
Brenda Lee, Executive Assistant to the Chief Operating Officer