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Board of Governors Meeting Minutes

**ALAMEDA ALLIANCE FOR HEALTH
BOARD OF GOVERNORS
REGULAR MEETING**

December 13, 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), Dr. Noha Aboelata, Wilma Chan, Aarondeep Basrai, Dr. Rollington Ferguson, Marty Lynch, Dr. Meade, Delvecchio Finley, David Vliet, Feda Almaliti,
Excused: Will Scott, Dr. Michael Marchiano, Nicholas Peraino
Alliance Staff Present: Scott Coffin, Gil Riojas, Matt Woodruff, Tiffany Cheang, Anastacia Swift, Diana Sekhon, Sasikumar Karaiyan, Jeanette Murray
Board of Governors on Conference Call: None
Guest Speakers: None

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
1. CALL TO ORDER			
Dr. Seevak	The regular board meeting was called to order by Dr. Seevak at 12:05 PM.	None	None
2. ROLL CALL			
Dr. Seevak	Board Members, Alliance Staff, and Guests in the Public Seating Area introduced themselves.	None	None
3. AGENDA APPROVAL OR MODIFICATIONS			
Dr. Seevak	None	None	None
4. INTRODUCTIONS			
Dr. Seevak	Introductions were made during Roll Call.	None	None

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
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5. CONSENT CALENDAR			
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Dr. Seevak	<p>Review and Approve Consent Calendar items.</p> <ul style="list-style-type: none"> • November 2019 Board of Governors Meeting Minutes. • Conflict Of Interest Resolution. • 2020 Alliance Anti-Fraud Plan. • 2020 Alliance Code of Conduct. • Milliman Clinical Guidelines Licensing. <p>All Consent items were approved.</p>	<p>Motion: R. Gebhart Second: M. Lynch Motion passed.</p>	None
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6. a. BOARD MEMBER REPORT – COMPLIANCE ADVISORY COMMITTEE			
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R. Gebhart	<p>The Compliance Advisory Group met on December 13, 2019.</p> <ul style="list-style-type: none"> • Rebecca gave a detailed update on the Compliance Advisory Committee Meeting. • Fedal Almaliti also joined the meeting. • An invitation went out to Board Member to attend this meeting, which starts at 10:30 a.m. before the Board of Governors meeting. <p>Audits</p> <ul style="list-style-type: none"> • The meeting focused on two audits. • DMHC Financial Audit Update. • This audit occurs every 3 years. • The DHCS Medical follow-up Audit. • The DHCS audit occurred in 2017. • The DHCS reviewing earlier deficiencies. • DHCS Network Certification Audit. • Timely Access: Measures time and distance access standards. • Both DMHC and DHCS both have standards that the Alliance must meet. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
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AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<p>Question: Are there enough pediatric specialties serving the Alliance members?</p> <p>Answer: Timely access to Pediatric Specialists continues to be a challenge, and the Alliance is seeking more providers to serve the children.</p> <p>Question: How is access to a Specialist measured?</p> <p>Answer: The time required to schedule an appointment with a physician.</p>		
6. b. BOARD MEMBER REPORT – FINANCE COMMITTEE			
Dr. Ferguson	<p>The Finance Committee was held on Tuesday, December 10, 2019.</p> <p>Dr. Ferguson reported the following update:</p> <ul style="list-style-type: none"> • This Finance Committee met on Tuesday, December 10. • The Alliance financials remain stable and positive. • Membership continues to drop each month. • Medical Loss Ratio (MLR) is steady. • Scott reviewed the new CalAIM Proposal with the Committee, and will formally present in this meeting today. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
7. CEO UPDATE			
S. Coffin	<p>CEO Updates, December 2019 Board of Governors Meeting.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> • Medi-Cal membership continues to decline each month by 1,200 - 1,500 persons. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	

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	<ul style="list-style-type: none"> ○ 2% to 3% statewide disenrollment trend, 5% to 6% disenrollment in Alameda County. ○ Governor’s budget is forthcoming in January and will provide more details on program funding for public health services. ○ Discussion on reasons for disenrollment. ● October net income is \$3.6 million, and year-to-date net income \$9.6 million. ● Q1-2020 forecast increases net income by \$1.5 million, forecasting \$1.2 million net income by year-end, June 30, 2020. <ul style="list-style-type: none"> ○ Factors that influence this forecast include membership trends, shifts up or down in utilization, unplanned recoupments from the state, and performance on our clinical and operational initiatives. ○ \$4.5 million in targeted savings, reduction in pharmacy expenditures and inpatient length of stay reductions. A mid-year report is being prepared for the Board. ○ Impact of death audit, \$1.5 million budgeted, DHCS to collect funds in early January. ○ Claim interest paid year-to-date is \$118,000, and targeting to end the year under \$350,000 or less. Significant reduction from previous years above \$2 million. ● Core operating metrics (see dashboard) are stable, administrative vacancy rate is 2% above target. <p>Regulatory Audits</p> <ul style="list-style-type: none"> ● DMHC claims and finance audit began on 12/9/19, and ends 12/20/19. <ul style="list-style-type: none"> ○ Audit review period is 9/2017 to 10/2019. ○ Samples include paid, denied, high-dollar & interest-bearing claims. ● DMHC medical survey audit in February 2020. ● Office of Inspector General (OIG) audit is pending a confirmation date; examines medical loss ratios for two periods: <ul style="list-style-type: none"> ○ 1/1/14-6/30/15 and 7/1/15-6/30/16. 		

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	<p>CalAIM</p> <ul style="list-style-type: none"> • California Advancing & Innovating Medi-Cal (CalAIM) proposal released by DHCS on October 28, 2019. • Long-term care and pharmacy transitions occur on January 1, 2021. • Alliance sponsored a Long-term care workshop was conducted this week, full day of discussions across each part of the organization, and included partners from Alameda County Health Care Services Agency, Alameda Health System, Community Health Center Network, and Alameda County Social Services. • Local governance established with Alameda County Health Services Agency, co-chair with Director Chawla to convene a group of the safety-net leaders. Board of Governor Delvecchio Finley is part of this group along with the CEO from Community Health Center Network. • Local elected officials to communicate on CalAIM and other changes in the Medi-Cal program: <ul style="list-style-type: none"> ○ Alliance CEO meeting with Mayors in each of the incorporated cities, and presenting at the Mayor’s Council in January on CalAIM problem of homelessness. ○ Meetings with local officials being scheduled in unincorporated areas (e.g. Ashland and Cherryland). ○ Supervisors Chan, Miley, Carson, Valle, and Haggerty. ○ Senator Nancy Skinner. <p>DHCS Death Audit</p> <ul style="list-style-type: none"> • The Death Audit time period is April 2011 to December 2018. • \$1.5 million allocated in current budget, and is a high-level estimate. • The DHCS is collecting the funds, based on their analysis, in January 2020. • No formal appeal process has been defined by DHCS, the Alliance would raise discrepancies based on the results. 		

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	<p>Question/Comment: A meeting with Wendy Petersen would be beneficial regarding the long-term care for aging adults enrolled in Medi-Cal.</p> <p>Answer: A meeting was held recently with Wendy Petersen and Senator Skinner to discuss the concerns related to serving the needs of aging adults.</p>		
8. a. BOARD BUSINESS – REVIEW AND APPROVE OCTOBER 2019 Monthly Financial Statements			
Gil Riojas	<p>Gil Riojas reported on the October 2019 monthly financial statements.</p> <p>Net Income and Enrollment:</p> <ul style="list-style-type: none"> • For the month ending October 31, 2019, the Alliance had enrollment of 252,901 members and a net income of 3.6 million. Tangible Net Equity (TNE) is 584%. • For the year-to-date, the Alliance recorded a net income of \$9.6 million. • Our enrollment decreased by 1,314 members since the month of September. <p>Revenue:</p> <ul style="list-style-type: none"> • For the month ending October 31, 2019, revenue came in slightly higher than budgeted at \$80.0 million vs. budgeted amount of \$78.8 million. • For the year-to-date, the Alliance recorded revenue of \$321.8 million (versus budgeted revenue of \$317.3 million). • The largest variances are due to higher than anticipated revenue. <p>Medical Expense:</p> <ul style="list-style-type: none"> • Actual Medical Expenses were \$72.6 million vs. our budgeted amount of \$73.8 million for current month. • For the year-to-date, Medical Expenses are \$296.6 million vs. budgeted amount of \$224.3 million. 	<p>Motion: Dr. Ferguson Second: Dr. Meade Motion passed.</p>	

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	<p>Administrative Expense:</p> <ul style="list-style-type: none"> Actual Administrative Expenses were below budget for the month at \$4.4 million vs. budgeted \$5.1 million. We are also below budget for year-to-date at \$17.4 million vs. \$19.6 million. Our Administrative Expense represents 5.5% of our net Revenue for the month and 5.4% of net Revenue for the year-to-date. <p>Other Income / (Expense):</p> <ul style="list-style-type: none"> As of October 31, 2019, our year-to-date interest income from investments is \$2.2 million, and year-to-date claims interest expense is \$118,000. <p>Tangible Net Equity (TNE):</p> <ul style="list-style-type: none"> Tangible net equity results continue to remain healthy, and at the end of October, TNE was reported at 584% of the required amount, with a surplus of \$157.7 million. <p>Cash Position and Assets:</p> <ul style="list-style-type: none"> We reported \$224.6 million in cash; \$188.0 million is uncommitted. Our current ratio is above the minimum required at 2.19 compared to 1.0. <p>Capital Investments:</p> <ul style="list-style-type: none"> Capital Assets Fiscal year-to-date is \$377,000. Annual Capital budget is \$2.5 million. <p>Question:</p> <ul style="list-style-type: none"> What is the Behavioral Health Therapy (BHT) Supplement? <p>Answer:</p> <ul style="list-style-type: none"> The Behavioral Health Therapy Supplement is supplemental funds paid by the state for therapy services for patients with autism. <p>Question:</p>		

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	<ul style="list-style-type: none"> • How far back can a delegated provider go with late payments? <p>Answer:</p> <ul style="list-style-type: none"> • Late payments are usually only a few months. 		
8. b. FISCAL YEAR 2020 FIRST QUARTER FORECAST PRESENTATION			
Gil Riojas	<p>Gil Riojas presented the Fiscal Year 2020 First Quarter Forecast Presentation.</p> <p>Forecast Highlights:</p> <ul style="list-style-type: none"> • Projected net income of \$1.2 million, representing \$1.5 million favorability to the approved budget. • Forecasted year-end enrollment is 500 members below budget (11,000 member months). <ul style="list-style-type: none"> ◦ Leading categories of aid in this enrollment decline include Child, ACA OE and Adults. • Per Member Per Month (PMPM) revenue is \$4.00 higher than the approved budget due to rate increases announced after the budget was finalized, 25% Rate Range revenue, higher than anticipated retroactive revenue, and BHT Kick Payments. <ul style="list-style-type: none"> ◦ Increases result in \$7.7 million in additional revenue. • PMPM capitation expense is unfavorable due to higher non-medical transportation expense and delayed contract negotiations. • PMPM fee-for-service medical expense is unfavorable, mainly due to higher Inpatient expense, particularly for ACA OE population, partially offset by favorable SPD Inpatient expense. <ul style="list-style-type: none"> ◦ Increases result in \$9.2 million in additional Medical Expense. • Administrative department expense is \$2.2 million favorable, mainly due to anticipated delays until FY2021 for IT projects resulting delays in consulting fees and other project costs. • “Other Income or Expense” is \$700,000 favorable to budget primarily due to increased returns on investment. <p>Question:</p>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	None

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • Why was there an increase in the MLR last month? <p>Answer:</p> <ul style="list-style-type: none"> • The higher MLR resulted from increased revenue, offsetting against expenses. <p>Question:</p> <ul style="list-style-type: none"> • Are we in conversation with Social Services about the cost of GroupCare – re: amount coming in under contract we pay them a difference but if the cost is more we pay that too? <p>Answer:</p> <ul style="list-style-type: none"> • Scott responded by saying that preparation activities are underway and a meeting is being scheduled. <p>Question:</p> <ul style="list-style-type: none"> • Is there a limit on the Duals MLR? <p>Answer:</p> <ul style="list-style-type: none"> • No, payback to the state but the state has starting asking information about MLR. <p>Question:</p> <ul style="list-style-type: none"> • Should we target MLR above 90%? <p>Answer:</p> <p>The primary focus is increasing quality. If we focus on the quality the reduction in costs would follow.</p> <p>Question:</p> <ul style="list-style-type: none"> • In terms of staffing vacancies, why are we experiencing a higher average of unfilled positions? <p>Answer:</p> <ul style="list-style-type: none"> • Recruiting and retaining in the East Bay is a challenge. <ul style="list-style-type: none"> ◦ We recently presented to the staff a comprehensive presentation on their employee benefits. 		

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8. c. CalAIM PRESENTATION			
Scott Coffin	<p>Scott Coffin facilitated a CalAIM presentation with the Board of Governors and attending staff. The presentation is the first part of a multi-part presentation, purposed to summarize the 5-year proposal introducing California Advancing & Innovating Medi-Cal (CalAIM).</p> <p>Topics Included:</p> <ul style="list-style-type: none"> • Major changes in public health. • Executive Summary of CalAIM • Alliance's Guiding Principles. • Model of Care. • Impacts to the Alliance. • CalAIM year-by-year transitions. • Actions & Next Steps. <p>Question:</p> <ul style="list-style-type: none"> • How will the Alliance handle the advertising off another health care entity if Anthem loses the county contract? <p>Answer:</p> <ul style="list-style-type: none"> • The Strategic Planning Committee, comprised of Board members, will be addressing this topic as part of the future planning activities. <p>The Board discussed the above CalAIM subjects.</p>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p> <p>The Board to receive a list of the big issues that the Health Plan might experience with CalAIM.</p>	
9. a. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE			
Dr. Seevak	None	None	None
10. UNFINISHED BUSINESS			
Dr. Seevak	None	None	None
11. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS			

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
Dr. Seevak	None	None	None
12. PUBLIC COMMENTS (NON-AGENDA ITEMS)			
Dr. Seevak	None	None	None
13. ADJOURNMENT			
Dr. Seevak	The meeting was adjourned at 1:35PM and transitioned into a closed session. Following the closed session, the public meeting was resumed then adjourned by 2:05PM.	None	None

Respectfully Submitted By: Jeanette Murray
Executive Assistant to the Chief Executive Officer and Clerk of the Board