ALAMEDA ALLIANCE FOR HEALTH
BOARD OF GOVERNORS
REGULAR MEETING

March 8, 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, Feda Almaliti, Dr. Noha Aboelata, Wilma Chan, Dr. Rollington Ferguson, Delvecchio Finley, Marty Lynch, Dr. Kelly Meade, Nick Peraino, Will Scott, Travis Stein, and David Vliet

Excused: Aarondeep Basrai, Dr. Michael Marchiano

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

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 12:06 PM. A board quorum was established by a simple majority for the meeting.	None	None
2. ROLL CALL			
E. Seevak		None	None
3. AGENDA APPROVAL OR MODIFICATIONS			
E. Seevak	There were no modifications to the agenda.	None	None
4. INTRODUCTIONS			
E. Seevak	Dr. Kelly Meade was introduced as the newest member of the Board. Dr. Meade was born and raised in Oakland, and she is a general Pediatrician. She has been with Children's Hospital, Oakland for 23 years. Her most recent position was as Medical Director of UHC. Children's Hospital is now Benioff Children's Hospital and is affiliated with the Health System of UCSF. Dr. Meade's most recent role is with the UCSF School of Medicine Dean's Office.	None	None

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5. CONSENT CALENDAR			
E. Seevak	E. Seevak requested a motion to approve the Consent Calendar: • February 8, 2019 Board of Governors Meeting Minutes. M. Lynch moved to approve the Consent Calendar. D. Vliet seconded the motion. The motion passed unanimously.	Motion: W. Chan Second: N. Aboelata Motion passed unanimously.	None
6. a. BOARD MEMBER REPORT – COMPLIANCE ADVISORY GROUP			
R. Gebhart	R. Gebhart provided the following updates from the Compliance Advisory Committee. Board members who participated were N. Aboelata, T. Stein, F. Almaliti, and W. Scott. The committee tracks DHCS, DMHC, and internally identified findings. • There are a total of 95 findings that we are tracking and 89% have been completed. The remaining 11% of state findings are still in progress to be completed by the next meeting. • A particular finding that was called out for discussion was the Notice of Authorization letter process. The finding was that the letters were not clear, concise, or at the sixth (6th) grade reading level. The Alliance has an NCQA (National Committee for Quality Assurance) expert currently reviewing applicable letters and templates and applying NCQA best practices to them. • Other specific findings discussed related to receiving final documentation or having a particular Corrective Action Plan finalized and made ready for the verification process. • There are two audits related to the California State Auditor office that we will be tracking. 1) Medi-Cal eligibility discrepancies audit which reviewed enrolled Medi-Cal members that were discovered to be deceased. We are waiting to see what the State will do regarding potential recoupment of revenue paid for those deceased members. 2) We are anticipating the release of the second California State Auditor Report on EPSDT (Early and Periodic Screening, Diagnostic, and Treatment). The focus on EPSDT is anticipated to refining and increasing metrics on pediatric services. • The DMHC Financial Audit is scheduled for November. The next DMHC Medical Services Audit will take place in June/July. M. Lynch asked for a summary of the items that are a specific cause for concern.	None	

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	R. Gebhart responded that the biggest issues are as follows: • Complex Case Management. • Technology – reducing manual workarounds. • State Focus of Delegation oversight and our role in that.		
6.b. BOARD MEMBER REPORT– FINANCE COMMITTEE			
R. Ferguson	R. Ferguson reported from the Finance Committee meeting on March 5th. Board member, M. Marchiano also attended this meeting. • TNE continues to remain stable. • Administrative costs are back under budget after two months of being slightly above. • Projected budgeted loss is approximately $20 million less than anticipated. We are currently at a $1 million Net Loss. • Membership continues to decline. S. Coffin and team are "digging down" to get answers.	None	None
7. CEO UPDATE			
S. Coffin	S. Coffin provided the following updates: • Reported on budgeted net loss vs. actual. • MLR is running 2.7% less than original budget leading to $20M favorable variance. • Second quarter forecasts a year-end $10.7M net loss vs. original projected net loss of $38M. • Enrollment down statewide. Governor's budget estimates further decline throughout the state. • March 11 presentation to County regarding enrollment trends throughout Alameda County. This is a joint partnership presentation with Social Services Agency, and Health Care Services Agency. • Budgeting process began in February and will be completed in May. A preliminary budget will be presented to the Board in June so that we have a working budget for the new fiscal year on July 1. We will receive our final rates from the Department of Health Care Services (DHCS) sometime in July and will return to the Board with a final Budget for approval in August. • Operations dashboard (red areas):	None	

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	○ Our vacancy rate is currently at 14%. Our internal goal is 10%. We currently have 37 vacancies. ○ Provider Disputes & Resolutions overturn rate is currently at 29%, and our internal benchmark is 25%. This is partly due to reorganization of the departments. ○ In January we transitioned Case Management programs together for the purpose of expanding capacity for the Whole Person Care pilot (AC3 program), and to prepare for upcoming Health Homes Program implementation. There are zeros in the case management program section of the packet due to delay in reporting since combining case management. M. Lynch asked if it is possible to include at least the most current numbers in the dashboard, even if they are not the most up-to-date. Dr. O'Brien answered that it was an oversight on his part and reported the current numbers to the board. Health Home Pilot currently has 173 members, and AC3 (Alameda County Care Connect) currently has 274 members, which includes Care Neighborhood members. • Governor's budget proposal highlights: ○ Strong emphasis on preventative health for children. ○ Access to healthcare for young adults up to age 26. ○ Develop a single-payer system for pharmaceuticals, results in carving out pharmacy services from the managed care system and transitioning into the fee-for-service system by January 2021. ○ Plan due out from DHCS in July. R. Gebhart asked if there could be a deep dive into the 340B plan at the next board meeting so that the board can have a working understanding of the program and the implications. S. O'Brien gave a high-level overview of the program. S. Coffin further offered that information would be sent to the Board for review and possible discussion at the next Board meeting. • 340B Outpatient Drug Administration : ○ The 340B program provides brand and generic drugs outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. In preparation for regulatory filing		Deep dive into 340B for general Board understanding

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	requirements the Alliance is launching a two-phase project that would establish a "340B clearinghouse" for purposes of encounter reporting, and subsequently develop a 340B payment methodology for outpatient drugs that complies with the DHCS payment methodology (SPA 17-002). o The high-cost single source brand drugs are more than 90% of the 340B eligible fills (e.g., oncology, hematology, rheumatology, ophthalmology). Generic drugs represent approx. 10% or less of the 340B-eligible fills. o The rollout of the Alliance's 340B Compliance Program is divided into two phases, and would be completed by the end of 2019: ▪ Phase One: By July 2019, Alliance establishes a clearinghouse "exchange" to reconcile 340B purchases and report to the Department of Health Care Services as part of the regulatory encounter filings. ▪ Phase Two: By December 2019, Alliance sets up a transparent "340B drug formulary" and reimburses pharmacies for actual acquisition costs plus dispensing fees for covered brand and generic drugs administered to Alliance patients. DHCS is issuing final instructions to health plans in Q1-2019. M. Lynch asked about Phase 2 of 340B Program. S. O'Brien explained it is in regards to reimbursement. The State will reimburse actual costs plus a dispensing fee. Additionally, under the proposed program, each plan needs to decide how we will reimburse covered entities for these drugs. E. Seevak commented regarding Alliance's role and asked for clarification. S. O'Brien answered we are a middle man/payer. M. Lynch asked D. Finley and K. Meade how public hospitals and public clinics are involved and what their exposure to it is. D. Finley answered that they are very concerned and gave a brief overview of how the discounts are being used currently. The concern is that the discounts used to be given to the covered entities directly and now the State will take them up front and will reimburse the plan actual costs. The loss of these funds to the covered entities directly will likely impact other programs that the funds were being used for. K. Meade responded that CHO is using it only in niche programs and brought up LA County to		Homework on LA County

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	which D. Finley gave some insight. D. Finley also offered that the new Health Care Services Director comes from LA County. S. O'Brien provided a final contribution offering reassurance that we are taking all concerns into consideration and will be made part of the overall conversation when making these decisions. • Regulatory audits. As R. Gebhart reported, there will be two routine audits later this year. • Health Home Program – Application completed ahead of the deadline to the state and awaiting decision from State. If approved, the Alliance would officially start the program on July 1, 2019. Specific recognition to Dr. Steve O'Brien, Dr. Michelle Schneidermann, and our safety-net community partners (AHS, CHCN, HCSA, community health centers, and community-based care management entities) for committing to the Health Home Pilot back in 2016. • CA State Auditor's office has launched two separate audits of State Agencies and the Alliance was interviewed and will likely be cited in the final report. o The first is related to children's services /EPSDT. o The second is related to Medi-Cal eligibility discrepancies. Specifically relating to deceased enrollee potential takeback. The reports will be made available around the third (3rd) quarter of this year. F. Almaliti asked how we get notified that the member is deceased. S. Coffin answered that the dis-enrollment process happens at the county level. He further offered that it seems to be more an issue of timeliness of reporting deceased status rather than not being reported at all. R. Ferguson and N. Aboelata commented regarding the reporting process. The physician typically signs the death certificate, but there is currently no mechanism to report this to the plan. • Quality Improvement & Regulatory Enforcements. o DHCS announced they would be raising the minimum performance levels for health care measures, and that financial penalties and sanctions could result for managed care health plans failing to		

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	meet the minimum requirements which will be defined in the pending All Plan Letter (APL). M. Lynch asked a question regarding the new Deputy Director for Community Health for LA County Department of Health Services, Dr. Mark Ghaly, and his experience with the homeless and indigent population. D. Finley stated that he had worked with Dr. Ghaly in LA and offered that Dr. Ghaly did a lot of integrated work with jail and behavioral health. K. Meade added that he started in San Francisco and then was recruited to LA County, and has a lot of health center experience and working with incarcerated youth.		
8.a. BOARD BUSINESS – REVIEW AND APPROVE FINANCIAL STATEMENTS			
G. Riojas	G. Riojas provided the following financial updates for January: • Net Loss of $1.4 million; budgeted Net Loss of $3.1 million. Actual YTD Net Loss of $983,000; budgeted YTD Net Loss of $20.9 million. • Enrollment decreased by 2,664. Current enrollment is at 261,526. Medicaid enrollment across the United States is down by 600,000 members, primarily in the child category of aid. • Revenue $74.5 million; budgeted revenue $74.5 million. • Actual Medical Expenses $72.1 million; budgeted medical expense $73.5 million. • Medical Loss Ratio 96.7% for the month and 95.1% YTD; budgeted 98.9% for YTD. • Administrative Expenses $4.2 million; budgeted $4.6 million. YTD actual administrative expense $30.1 million vs. budgeted $31.3 million. • YTD interest income from investments is $3.6 million, and YTD claims interest expense is $396,000. • Tangible net equity (TNE) continue to remain healthy 596% of the required amount, with a surplus of $157.4 million. • Balance Sheet: Cash $228.3 million; $182.6 million is uncommitted. D. Vliet asked how we compare to other plans of our size in regards to fiscal position this time of the year. G. Riojas answered we have a good balance being pretty much right in the middle in nearly all categories. All plans saw an uptick in medical expenses at the beginning of the fiscal		

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	year, but all the plans have leveled off like we did but no real explanation. E. Seevak reiterated that other plans are seeing a "leveling off" of medical expense. G. Riojas confirmed. M. Lynch asked what the greatest contributor to the success we are seeing in our finances is, if not for the initiatives and efforts of the Alliance. G. Riojas answered that it's not so much that medical expenses are going down, so much as they are not as high as we originally anticipated they would be. D. Finley asked if there can there be additional intelligence into the trend and how we use that assumption and incorporate it into the forecast/budget. S. Coffin added that we would come back with more reporting and understanding how assumptions are made. Hesitant to take credit for savings until proper vetting can be done. N. Aboelata contributed to the conversation asking when we would feel comfortable making the connection between savings and our interventions. E. Seevak also asked if other case management programs might be contributing as well and not just the complex case management pilots. S. O'Brien answered it is cumulative processes and actions that are contributing to the decline in expenses, but we are looking to quantify via ROI which programs are helping the most. T. Stein asked if there was a specific assessment phase with ROI and outcomes structured into the pilot program. G. Riojas answered that outcomes and ROI was not part of the pilot program, but it will be part of the actual program. R. Ferguson asked if we had any outcomes data on our pilot. S. O'Brien answered that because we had multiple pilots going on simultaneously and we are now diving into the data to determine which programs were more successful than others. T. Cheang also contributed that we are currently analyzing data for ROI measures.		Benchmarks against other plans

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	K. Meade added the perspective that it took her organization two years to see a change in utilization when they had a similar type of program. T. Stein and N. Aboelata commented about the need to understand the expectations of timelines for results so the Board can have the necessary confidence to be able to ask the right questions necessary to move forward with future pilots and programs. R. Gebhart suggested at a future meeting we can have a presentation.	Motion: T. Stein Second: M. Lynch Motion passed.	
8. b. BOARD BUSINESS – SECOND QUARTER 2019 FORECAST			
G. Riojas	G. Riojas provided the following 2019 Q2 Forecast: • Original budgeted loss was $37.8M; Q2 reduced that loss to $10.7M which is driven by medical and administrative expenses. Biggest contributing factor is the trends we anticipated in catastrophic cases did not materialize. E. Seevak asked for our definition of a catastrophic case. G. Riojas answered that it applies to cases that exceed a certain dollar amount and for the Alliance, that amount is anything over $100,000. • Administrative expenses are anticipated to be lower than budgeted. • Medical Loss Ratio (MLR) is anticipated to be 2.7% lower at 96.2%. • TNE at year-end is higher than anticipated at $174M and 541.8%. D. Vliet asked what a Global Subcontractor is. G. Riojas answered that this refers to our Kaiser contract. • $6.3M Favorable Rate Variance in our anticipated Inpatient Expenses. This is due to largely to originally forecasted higher number of stop-loss cases. Based on historical levels, we anticipated a $10M impact; however, due to fewer than anticipated cases reaching that stop-loss figure, the impact was $3.7M, leaving the $6.3M favorable variance. A lengthy discussion regarding Stop-Loss ensued amongst Board members resulting in the understanding that the Stop-Loss issue is related to our contract with Alameda Health Systems Hospitals and that	None	None

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	overall the current data suggests that we will not have as many of these catastrophic cases as we originally budgeted for the remainder of the fiscal year. It is a number that has some variability, but if that number stays the same at 14, there could be some additional savings. E. Seevak asked for clarification to the point that we are not paying as much more to AHS as we anticipated, G. Riojas answered that utilization is not as high as we thought it would be, but the rates have gone up significantly. F. Almaliti asked if our reinsurance covers the stop-loss cases. G. Riojas answered that reinsurance covers us up to a certain percentage. So if a case goes above $550K, stop-loss for us kicks in, and then a reinsurer will pay things above there. It's a little bit different with the contracts. One of the things the reinsurer does is look at some of the contracts, and they want to make sure they are reinsuring things they want to reinsure, and this is something they may look at and say it needs to be carved out. It's not as if the reinsurer kicks in after a certain amount; they are very particular about what they cover and what they won't. F. Almaliti asked how many inpatient days triggers the stop-loss. G. Riojas affirmed that it was a very good question and it is what we try to estimate. We had used a measure of days, and we projected that going forward, but what we're seeing is that wasn't the thing that would trigger the stop-loss, and so now we are reevaluating what baseline we should use for that. Is it a higher number of days? The type of care that they're getting? Those are all things that we're looking into for our next year and the rest of this year. • $102M in fees paid to Alameda County for deceased enrollees. Potential recoupment could affect future forecast. However it is anticipated that if the State decides to recoup any of this, it will likely hit next fiscal year budget/forecast.		
9.a. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE			
S. O'Brien	S. O'Brien provided a summary of the most recent Peer Review and Credentialing Committee Meeting, which was held on February 19, 2019. • There were 19 initial providers credentialed.		None

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	o 9 primary care, 3 specialty care, 3 ancillary, and 4 mid-level practitioners. • There were 28 providers re-credentialed.		
10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS			
S. Coffin	o 340B summary to be distributed. o Health utilization patterns year-over-year – compare to at least two other regions with public plans. o Timelines for reporting benefits of our different programs.	None	None
11. PUBLIC COMMENTS (NON-AGENDA ITEMS)			
E. Seevak		None	None
12. ADJOURNMENT			
E. Seevak	The meeting was adjourned at 2:00 PM.	None	None

Respectfully Submitted By:
Christine E. Corpus, Executive Assistant to the Chief Financial Officer