

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

July 12, 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, Feda Almaliti, Wilma Chan, Aarondeep Basrai, Dr. Michael Marchiano, Dr. Kelly Meade,  
**Excused:** Will Scott, Dr. Rollington Ferguson, Delvecchio Finley, Nicholas Peraino  
**Alliance Staff Present:** Scott Coffin, Dr. Steve O'Brien, Gil Riojas, Matt Woodruff, Tiffany Cheang, Jeanette Murray  
**Board of Governors on Conference Call:** Marty Lynch, David B. Vliet

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>1. CALL TO ORDER</b>			
E. Seevak	The regular board meeting was called to order by E. Seevak at 12:09 PM.	None	None
<b>2. ROLL CALL</b>			
E. Seevak	Board Members, Alliance Staff, and Guests in the Public Seating Area were introduced.	None	None
<b>3. AGENDA APPROVAL OR MODIFICATIONS</b>			
E. Seevak	Motion to remove the June minutes from the consent calendar to make two corrections.	Motion: Dr. Seevak Seconded: Dr. Marchiano No opposed or abstained.	None
<b>4. INTRODUCTIONS</b>			
E. Seevak	Introductions of attendees were made during Roll Call.	None	None

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<b>5. CONSENT CALENDAR</b>			
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E. Seevak	<p>The consent calendar contained the June 2019 Minutes not the review of the 2019 Financial Statements. Two corrections were made on the minutes.</p> <ul style="list-style-type: none"> <li>1) Section 4. Stated: "Review 2019 Financial Statements" to be changed to: "June 2019 Board of Governors Meeting Minutes".</li> <li>2) Section 6.a., Compliance Advisory Group Report, delete the last bullet "A presentation was given by Gil Riojas".</li> </ul> <p>Motion to accept the June 2019 Minutes with the two corrections.</p>	<p>Motion: Dr. Marchiano  Second: F. Almaliti  Motion passed.  No opposed / Dr. Meade obtained</p>	None
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<b>6. a. BOARD MEMBER REPORT – FINANCE COMMITTEE</b>			
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Dr. Marchiano	<ul style="list-style-type: none"> <li>The Finance Committee Meeting was held on Tuesday, July 09, 2019.</li> <li>Below are 3 concerns that Dr. Marchiano listed.</li> </ul> <p><b>Enrollment down vs. the Alliance Turnaround Plan:</b></p> <ul style="list-style-type: none"> <li>Member difference: Turn Around Plan is based on 265 thousand enrollees but the current total is 258 thousand.</li> <li>Will Operational efficiency offset what we do not receive in enrollees?</li> </ul> <p><b>Death Audit:</b></p> <ul style="list-style-type: none"> <li>Scott will talk about the Death Audit during his CEO Report.</li> </ul> <p><b>Ancillary Expense:</b></p> <ul style="list-style-type: none"> <li>Ground emergency medical transport.</li> <li>Non-emergency and non-medical expense declining.</li> </ul>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	<p>To bring back analyses to next meeting on transportation expense.</p>
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**7.a. BOARD BUSINESS – REVIEW AND APPROVE FINANCIAL STATEMENTS**

<p>G. Riojas</p>	<p><b><u>May 2019 Financial Statement Summary</u></b></p> <p><b>Net Income:</b></p> <ul style="list-style-type: none"> <li>• For the month ending May 31, 2019, the Alliance ended with a Net Loss of \$5.5 million (versus budgeted Net Loss of \$3.6 million).</li> <li>• For the year-to-date, the Alliance recorded a Net Loss of \$8.9 million (versus budgeted Net Loss of \$34.0 million).</li> <li>• Factors resulting in the unfavorable variance are related to higher than anticipated Medical Expense.</li> </ul> <p><b>Enrollment:</b></p> <ul style="list-style-type: none"> <li>• Our enrollment decreased by 1,156 members since the month of April.</li> <li>• Current enrollment is at 257,781.</li> <li>• We continue to see reductions in the Adult, Child, and Optional Expansion categories of aid.</li> <li>• Other categories remain flat.</li> </ul> <p>Question: Enrollment has dropped, is it the same in other counties?</p> <ul style="list-style-type: none"> <li>• We are in line with statewide trends.</li> </ul> <p>Question: What percent of our expenses are fixed? Since we are losing members, we should be spending less.</p> <ul style="list-style-type: none"> <li>• Administrative expenses are \$76.0 to \$86.0 million, \$800 to \$900 million is Medical Expense.</li> <li>• Our largest area is Medical Expenses.</li> </ul> <p>Question: Enrollment is going down is our Medical Expenses also going down?</p> <ul style="list-style-type: none"> <li>• Gil hopes to have this analysis by September.</li> </ul> <p><b>Revenue:</b></p> <ul style="list-style-type: none"> <li>• Our Revenue reported is for the month ending May 31, 2019.</li> </ul>	<p>Gil to share enrollment analysis with Board</p>	
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	<ul style="list-style-type: none"> <li>Actual Revenue at \$75.8 million vs. budgeted amount of \$75.4 million.</li> <li>Year-to-date, our revenue is approximately \$16 million higher than budgeted, primarily due to Prop 56 and Ground Emergency Medical Transportation (GEMT) revenue.</li> </ul> <p><b>Medical Expense:</b></p> <ul style="list-style-type: none"> <li>Actual Medical Expenses were \$77.8 million vs. budgeted amount of \$75.0 million.</li> <li>Year-to-date, we are still below budget for Medical Expenses by approximately \$5.3 million.</li> <li>The largest variances are related to Prop 56 and GEMT payments to Primary Care, these contribute to our income.</li> </ul> <p>Question: Are Prop 56 and GEMT payments a straight pass thru or is the plan compensated?</p> <ul style="list-style-type: none"> <li>It is a risk based approach and not a straight pass thru.</li> </ul> <p><b>Medical Loss Ratio:</b></p> <ul style="list-style-type: none"> <li>We reported an MLR of 102.6% for the month and 96.3% YTD.</li> <li>We budgeted 98.9% for YTD.</li> </ul> <p><b>Administrative Expense:</b></p> <ul style="list-style-type: none"> <li>Actual Administrative Expenses were on budget at \$4.4 million.</li> <li>YTD we reported \$46.5 million vs. budgeted \$49.1 million.</li> <li>As mentioned over the last fiscal year, delayed hiring, and less than planned Computer Support Services make up the bulk of the savings.</li> <li>Our Administrative Expense represents 5.8% of our Revenue for the month, and 5.5% YTD as compared to budget of 6%.</li> </ul> <p>Question: There are a number of vacancies if these vacancies were filled, would the Alliance be over in administrative expenses?</p> <ul style="list-style-type: none"> <li>Yes</li> </ul>		
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	<p><b>Other Income / (Expense):</b></p> <ul style="list-style-type: none"> <li>As of May 31, 2019, our YTD interest income from investments is \$6.3 million.</li> <li>Year-to-date claims interest expense is \$545,000.</li> </ul> <p><b>Tangible Net Equity (TNE):</b></p> <ul style="list-style-type: none"> <li>TNE was reported at 552% of the required amount, with a surplus of \$148.4 million.</li> </ul> <p><b>Cash Position and Assets:</b></p> <ul style="list-style-type: none"> <li>We reported \$416.3 million in cash, \$164.5 million is uncommitted.</li> <li>Our current ratio is above the minimum required at 1.47 compared to 1.0.</li> </ul> <p>Motion carried to approve the May 2019 financial report as presented to the Board of Governors.</p>	<p>Motion: Dr. Aboelata Second: F. Almaliti Motion passed. No opposed or abstained.</p>	
<b>8.a. CEO UPDATE</b>			
S. Coffin	<p><b>Operations Dashboard:</b></p> <ul style="list-style-type: none"> <li>The Operations Dashboard contains two areas that are highlighted in red status, and include the vacancy rate and provider disputes and resolutions.</li> </ul> <p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>Vacancy rate is at 13% open positions remain unfilled.</li> <li>The breakdown of departments are located in the Human Resource packet</li> <li>Delayed hiring, East Bay competitive job market, and finding the right candidates to fill the positions are the reasons for our vacancy rate.</li> <li>Our internal target vacancy rate is 10% or less.</li> </ul>		Claims: Report on auto and not auto adjudicate.

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	<p><b>Provider Disputes and Resolutions</b></p> <ul style="list-style-type: none"> <li>• 530 disputes and 153 overturned.</li> <li>• 31% overturn rate, approx. 6% over the internal target of 25%.</li> <li>• Claims and configuration are analyzing why these claims were not paid correctly.</li> </ul> <p>Question: Are these Auto-adjudication or not, so that we can know if it is an IT issue?</p> <ul style="list-style-type: none"> <li>• There is more than just configuration. There are several different reasons that this could happen and we would not know until after analyzing the data.</li> </ul> <p><b>Governor Newsom’s Executive Order:</b></p> <ul style="list-style-type: none"> <li>• Governor Newsom’s executive order was issued on January 7<sup>th</sup>.</li> <li>• The order transitions the administration of pharmacy services by January 2021 from Managed Care to Fee-For-Service.</li> <li>• DHCS defining specific details of transition of services and initiated a public stakeholder process approximately by July 24<sup>th</sup>.</li> <li>• Alliance to start operational readiness in the first quarter of 2020.</li> <li>• The State believes it can get better pharmacy discounts.</li> <li>• The revenue impact to the Alliance could be an 18% reduction or more, equating to \$150 million per year.</li> </ul> <p><b>State Budget and Legislative Policies:</b></p> <ul style="list-style-type: none"> <li>• Governor’s fiscal budget at present is in Sacramento at the capital traversing through the legislative process.</li> <li>• Alliance is tracking about 50 bills between the Senate and Assembly that relate to Health Care matters, including one that covers the Health Home Program.</li> <li>• 1115(a) and 1915(b) Waivers, we do not have the replacement language yet.</li> <li>• 1115(a) funded the Whole Person Care and has strong influence on local public hospitals and the county health system.</li> <li>• 1915(b) Waiver is a mental health bill and is anticipated to move forward for 5 years.</li> </ul>	<p>Informational update to the Board Governors.</p> <p>Motion and vote not required.</p>	

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	<ul style="list-style-type: none"> <li>• The Department of Finance’s trailer bill, is currently working its way through the House.</li> <li>• The Trailer bill is used to define some of the details, including Managed Care sanctions, which are tied to financial penalties.</li> <li>• The language in the trailer bill allows DHCS to exercise sanctions more swiftly than they have been permitted to do in the past.</li> <li>• Policy changes to Medi-Cal eligibility, covered benefits, access to care standards, specialty mental health and homeless programs are all wrapped up in this bill.</li> </ul> <p><b>DHCS Death Audit:</b></p> <ul style="list-style-type: none"> <li>• Last year the Bureau of State Auditor’s released a report in October 2018.</li> <li>• This report identified more than 450,000 individuals statewide with questionable eligibility.</li> <li>• These discrepancies were divided into two groups. <ul style="list-style-type: none"> <li>1) People who do not meet eligibility requirements.</li> <li>2) Decreased individuals that remain on Medi-Cal.</li> </ul> </li> <li>• 16,600 members identified in Alameda County (deceased or did not meet criteria).</li> <li>• Alameda County paid Managed Care \$103 million.</li> <li>• Health Care Services (DHCS) is analyzing deceased enrollees for the period 2014 through 2018.</li> <li>• DHCS will send their analysis reports to the plans and an invoice in January 2020.</li> <li>• We are doing an internal analysis and will develop a future process to retain reserves for this issue.</li> <li>• The Alliance Analytics and Alameda County Social Services Analytics are analyzing the data for future financial forecasting.</li> <li>• There will be potential future recoupments until the eligibility problem is fixed.</li> </ul>		

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	<p>Question: Have we engaged legal counsel?</p> <ul style="list-style-type: none"> <li>Once we finish our analysis we will be engaging with legal counsel.</li> </ul> <p>Question: Why did DHCS decide to go back to this time?</p> <ul style="list-style-type: none"> <li>Not sure, but it was the time the Affordable Care Act (ACA) started.</li> </ul> <p>Question: Can the providers provide the Alliance with death certificates to dis-enroll members?</p> <ul style="list-style-type: none"> <li>It is the County that unrolls/enrolls members and the Alliance or providers cannot be involved in this process.</li> </ul> <p><b>Health Home Program officially launched on July 1, 2019:</b></p> <ul style="list-style-type: none"> <li>DHCS approved on 6/10/2019 the Alliance was approved to participate.</li> <li>Rates were received from DHCS on June 30<sup>th</sup>, one day prior to start of program.</li> <li>We are in the process of finalizing the contracts with our providers and community based care management entities.</li> <li>Program will start a little slower but since we had a pilot program that we started back in 2017, we are ahead in the enrollment process.</li> <li>At present, the clinical is good versus contractual part of the program.</li> </ul> <p><b>Routine &amp; Focused Regulatory Audits:</b></p> <ul style="list-style-type: none"> <li>DMHC Medical Survey Audit completed on June 21<sup>st</sup>, 2019.</li> <li>Moss Adams financial audit completes the week of June 17<sup>th</sup>, 2019.</li> <li>The Department of Managed Health Care (DMHC) Financial audit, has been scheduled for December. They will be onsite 12/9 – 12/13.</li> <li>Federal Office of Inspector General (OIG) will be conducting an audit on our Medical Loss Ratio. This will cover a total of 30 months (January 2014 through June 2016).</li> <li>The OIG Audit date has not been announce yet to the Alliance.</li> </ul> <p><b>Med-Cal Managed Care Procurement:</b></p> <ul style="list-style-type: none"> <li>DHCS will put out a proposal in 2020 in Alameda County for a commercial health plan.</li> </ul>		



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	<ul style="list-style-type: none"> <li>Alameda Alliance is a public health plan so we do not participate in this procurement process.</li> <li>The new health plan will start in 2023.</li> </ul>		
<b>9.a. STANDING COMMITTEE UPDATES – MEMBERS ADVISORY COMMITTEE</b>			
S. Coffin	<p>The Members Advisory committee meets quarterly. The last meeting was held on June 27, 2019.</p> <p>Discussion was around Health Care Topics:</p> <ul style="list-style-type: none"> <li>Opioids drug program.</li> <li>Grievances and Appeals.</li> <li>Health Education Update.</li> <li>Communications and Outreach.</li> </ul>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
<b>9.b. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE</b>			
S. O'Brien	<ul style="list-style-type: none"> <li>The Peer Review and Credentialing Committee (PRCC) was held on June, 2019.</li> <li>Total of 20 providers were initially credentialed, and 42 were re-credentialed.</li> <li>Of the 20 initial credentials, 6 PCP, 7 Specialist, 1 Ancillary, and 6 Mid-levels.</li> <li>Of the 42 re-credentials, 11 PCP, 15 Specialist, 3 Ancillary, and 13 Mid-levels.</li> </ul>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
<b>9.c. STANDING COMMITTEE UPDATES – PHARMACY AND THERAPEUTICS COMMITTEE</b>			
S. O'Brien	<p>June 25, 2019 highlights:</p> <ul style="list-style-type: none"> <li>Reviewed DHCS Audit Update.</li> </ul>	<p>Informational update to the Board of Governors.</p>	

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	<ul style="list-style-type: none"> <li>• Reviewed Budget Plan for FY 2020-2021.</li> <li>• Dr. Lee reported on PerformRx Delegation Audit.</li> <li>• Pharmacy cost containment-Physician Administered Drugs.</li> <li>• Opioid Program next step Quantity Limit and Day Supply update on new starts.</li> <li>• Reviewed top drugs by cost and prior authorization.</li> <li>• Reviewed P&amp;Ps.</li> <li>• Reviewed change of formulary status &amp; ADA 2019 guidelines prescriber update.</li> <li>• Reviewed new drug class.</li> <li>• Reviewed Medication Request Guidelines.</li> </ul>	Motion and vote not required.	
<b>10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS</b>			
E. Seevak	<ul style="list-style-type: none"> <li>• Member cost analysis - Utilizer per thousand (Gil).</li> <li>• Highlights from transportation expense analyses.</li> <li>• Access to care presentation in October on high and low utilizers.</li> <li>• Delegation of Authority at October or other meeting (Gil).</li> <li>• Recess in August.</li> <li>• Board Retreat in September.</li> </ul>	Future Board	Yes
<b>11. PUBLIC COMMENTS (NON-AGENDA ITEMS)</b>			
E. Seevak	None	None	None
<b>12. CLOSED SESSION</b>			
E. Seevak	None	None	None
<b>12. ADJOURNMENT</b>			
E. Seevak	The meeting was adjourned at 1:58 PM.	None	None

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