

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

October 11, 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. Michael Marchiano, Dr. Kelly Meade, Dr. Rollington Ferguson, Delvecchio Finley, Marty Lynch, David B. Vliet
Excused: Feda Almaliti, Will Scott, Nicholas Peraino
Alliance Staff Present: Scott Coffin, Dr. Steve O'Brien, Gil Riojas, Matt Woodruff, Tiffany Cheang, Anastacia Swift, Jeanette Murray
Board of Governors on Conference Call: None
Guest Speakers: Rianne Suico and Gordon Lam from Moss Adams

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 12:03 PM.	None	None
2. ROLL CALL			
Dr. Seevak	Board Members, Alliance Staff, and Guests in the Public Seating Area were introduced.	None	None
3. AGENDA APPROVAL OR MODIFICATIONS			
Dr. Seevak	None	None	None
4. INTRODUCTIONS			
Dr. Seevak	Introductions were given during Roll Call.	None	None

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5. CONSENT CALENDAR

Dr. Seevak	Review and Approve September 2019 Board of Governors Meeting Minutes.	Motion: Dr. Ferguson Second: M. Lynch Motion passed.	None
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6. a. BOARD MEMBER REPORT – COMPLIANCE ADVISORY COMMITTEE

R. Gebhart	<p>The Compliance Advisory Group met on October 11, 2019.</p> <ul style="list-style-type: none"> • Rebecca gave a detailed update on the Compliance Advisory Committee. • The Committee had not met for 3 months because of the Board Retreat and the Summer Recess Break. • The Committee looked at 3 recent Audits: <ol style="list-style-type: none"> 1) Annual Audit Certification Assessment. Four areas of improvement were found. 2) DHCS Medical services background Audit. This audit from June there were 30 findings but 11 might not apply. A number of these are repeat findings. <p>Question: Dr. Marchiano - What is the Alliance's base line of findings. Gil: We do not have one but would like least as possible.</p> <ol style="list-style-type: none"> 3) NCQA Accreditation review looks at our Medi-Cal line and Commercial line of business to accredit them. <ul style="list-style-type: none"> • The Alliance meets the NCQA Medi-Cal threshold but not the NCQA threshold with our Commercial line of business. <p>Question: Dr. Ferguson - Is there a Lawsuit between CMA and NCQA, and if so how does that affect us? Scott: Not aware of any lawsuit but we will follow-up.</p>	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	<p>CMA and NCQA Lawsuit information?</p>
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6. b. BOARD MEMBER REPORT – FINANCE COMMITTEE

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
Dr. Ferguson	<p>Finance Committee was held on Tuesday, October 8, 2019.</p> <ul style="list-style-type: none"> • Moss Adams Presented the 2019 Audit results. • Tangible Net Equity continues to be almost 6 times what is required by the state. <p>Membership:</p> <ul style="list-style-type: none"> • The focus at the Finance committee is the Membership decline and why it continues to have no explanation. <p>Dr. Ferguson made comments:</p> <ul style="list-style-type: none"> • What is our proportion of Kaiser Membership, and has Kaiser’s Membership stayed stable statewide? If so, why? • How does Kaiser select which members they choose and are they choosing more healthy members? 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
7. CEO UPDATE			
S. Coffin	<p>Finances:</p> <ul style="list-style-type: none"> • Declining membership, our budget tracks to the statewide forecasts of a 3% decline in Medi-Cal enrollment. • More knowledge is needed to know why. We are having discussion with Alameda County and asking for data and hopefully will bring back information. • We are seeing disenrollments 1400-1500 per month. <p>Operations Dashboard metrics:</p> <ul style="list-style-type: none"> • “Red” HR Vacancy Rate. It is 12 percent and our goal is 10 percent. • All other metrics are in green. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	

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	<p>Long-Term Care – LTC:</p> <ul style="list-style-type: none"> • DHCS announced on September 3rd that LTC will go into Medi-Cal Managed Care. • Skilled nursing facilities, subacute & pediatric subacute facilities, intermediate care facilities, and transplants. • January 2021 implementation of this new benefit into managed care. • Transplants are a significant area of concern to transition. Currently we administer kidney and corneal transplants. • Long-term care includes major organ transplants – heart, liver, lung, pancreas, bone marrow and stem cell. • Additional detail from DHCS is pending. <p>Pharmacy:</p> <ul style="list-style-type: none"> • Administration of pharmacy services set to transition to the Department of Health Care Services by January 2021. Two public stakeholder sessions completed by the DHCS. • Detailed guidance from DHCS is pending. • Alliance is participating in State Workgroups and coordinating through managed care trade associations. <p>Question: Dr. Ferguson - Does our reinsurance cover transplants. Gil: Insurance and reinsurance does cover per our contacts. There are networks and rates involved with this. Nothing is exactly clear from the State yet, as more details are to come. We are internally developing plans.</p> <p>Date of Death Audit:</p> <ul style="list-style-type: none"> • Recoupment for 7 years, 7 months. April 2011 through December 2018. • One-time demand for payment in January 2020. • Financial impact unknown at this time. The current budget has \$1.5M allocated toward this recoupment. <p>Regulatory Audits:</p> <ul style="list-style-type: none"> • DMHC routine finance audit in December 2019. • MLR audit by Federal Office of Inspector General (OIG) is pending. 		

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	<p>Board of Governors Retreat:</p> <ul style="list-style-type: none"> • First part of the day was a discussion on the federal, state, and local health policy impacts. • Second half was talking through the role of the Board of Governors. • Opportunities to change our community outreach efforts, and the potential role of enrollment assistance services. • Medi-Cal procurement and potential impacts to membership. • Policy changes that impact Medi-Cal eligibility and enrollment, and potential changes • Lack of clarity about Medi-Cal disenrollments, and the reasons why people are leaving the Medi-Cal program in Alameda County. • Readiness efforts to prepare for the Pharmacy Carve-In / Long-Term Care (January 2021). • Discussed lines of business expansion – Medicare SNP, Covered CA Exchange. • Behavioral Health risk assessment and sourcing strategies. <p>Comments: Dr. Seevak – The Alliance is renewing our Strategic Committee Meeting. We are planning to launch this meeting January 2020. The committee is looking for Board members that would like to be involved.</p> <p>Rebecca, Scott, and Dr. Seevak meeting to talk about how to better develop the Board Meetings.</p> <ul style="list-style-type: none"> • Chief Compliance Officer interviewing is in process. • Customer Service Week – October 7-11. 		
8. a. BOARD BUSINESS – REVIEW AND APPROVE MOSS ADAMS FISCAL YEAR 2019 AUDIT			
Rianne Suico and Gordon Lam	Moss Adams gave a comprehensive presentation explaining their audit process and results.	Motion: M. Lynch Second: Dr. Kelley Motion passed.	

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	<ul style="list-style-type: none"> • Moss Adams issued the Alliance an Unmodified Opinion which is “Combined financial statements are presented fairly and in accordance with generally accepted accounting principles”. • This is the highest level of assurance that can be issued from the audit firm. • The composition of assets were confirmed (cash and cash equivalents, premiums receivable, investments, reinsurance, capital assets) and noted that there was a shift in holdings leaving a lower cash balance and a higher investment balance. • Liabilities and net position balance were confirmed (accounts payable, accrued expenses, claims payable, payable to other governmental agencies and hospital fee, net position, etc.) and were consistent. • Medical Services was the largest expense in Operational Expense followed by Marketing and Depreciation. • Revenues, Claims, and Claims Payable have remained consistent from the prior years. • Tangible net equity has been surpassing the TNE requirements for the last 4 years, and remains very healthy. • The Accounting estimates are reasonable, no audit adjustments, no issues discussed prior to our retention as auditors, no disagreements with management and there were no adjustments or issued completing work. <p>Questions: Dr. Seevak - Any discrepancies? Answer: None</p>		
8. b. REVIEW AND APPROVE AUGUST 2019 MONTHLY FINANCIAL STATEMENTS			
Gil Riojas	<p>Net Income and Enrollment:</p> <ul style="list-style-type: none"> • For the month ending August 31, 2019, the Alliance had enrollment of 255,613 members and a Net Loss of \$77,000 and Tangible Net Equity is 561%. • For the year-to-date, the Alliance recorded a Net Income of \$2.1 million net income. • Our enrollment decreased by 1,032 members since the month of 	<p>Motion: Dr. Ferguson Second: D. Finley Motion passed.</p>	

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	<p>August, and just over 2700 members since June 2019.</p> <ul style="list-style-type: none"> We continue to see reductions in the Adult and Child categories of aid. SPDs and Duals are slightly stable. <p>Revenue:</p> <ul style="list-style-type: none"> Revenue results continue to be close to projections. For the month ending August 31, 2019, Revenue came in slightly higher than budgeted at \$80.7 million vs. budgeted amount of \$79.1 million. For the year-to-date, the Alliance recorded Revenue of \$161.0 million (versus budgeted Revenue of \$159.4 million). The largest variances are due to higher than anticipated base capitation, and higher than expected Behavioral Health Therapy Supplemental payments. <p>Medical Expense:</p> <ul style="list-style-type: none"> Actual Medical Expenses were \$76.6 million vs. our budgeted amount of \$73.0 million for current month. For the year-to-date, Medical Expenses are \$150.8 million vs. budgeted amount of \$147.2 million. <p>Administrative Expense:</p> <ul style="list-style-type: none"> Actual Administrative Expenses were below budget for the month at \$4.5 million vs. budgeted \$5.1 million. We are also below budget for year-to-date at \$8.7 million vs. \$9.3 million. Our Administrative Expense represents 5.6% of our 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 August 31, 2019, our YTD interest income from investments is \$1.1 million, and YTD claims interest expense is \$56,000. <p>Tangible Net Equity (TNE):</p> <ul style="list-style-type: none"> Tangible net equity results continue to remain healthy, and at the 		

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	<p>end of August, TNE was reported at 561% of the required amount, with a surplus of \$150.3 million.</p> <p>Cash Position and Assets:</p> <ul style="list-style-type: none"> We reported \$230.5 million in cash; \$101.3 million is uncommitted. Our current ratio is above the minimum required at 1.69 compared to 1.0. <p>Capital Investments:</p> <ul style="list-style-type: none"> Capital Assets Fiscal year-to-date is \$308,000. Annual Capital budget is \$2.5M. 		
8. c. ACCESS TO CARE UPDATE			
Dr. O'Brien	<p>Dr. O'Brien presented a presentation on Access to Care.</p> <ul style="list-style-type: none"> Last year, we had 191,000 members utilizing services and 91,000 not utilizing services. Note that the total of these is more than our total membership because of the monthly variation in membership (on and off Medi-Cal) affects the totals. There is variation in number of utilizers per delegate (AHS [30k,] AAH [37k], CFMG [24k], CHCN [77k]) and non-utilizers per delegate (AHS [17k,] AAH [14k], CFMG [7k], CHCN [19k]) resulting in significant variation in the ratios of utilizers to non-utilizers by delegate (AHS 1.7 AAH direct 2.6, CFMG 3.4, CHCN 4.1). When assessed by gender, age and ethnicity, significant trends showed that men are slightly more likely to be non-utilizers, children are slightly less likely to be non-utilizers and Vietnamese and Whites were slightly more likely to be non-utilizers. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
9. a. STANDING COMMITTEE UPDATES – PHARMACY AND THERAPEUTICS COMMITTEE (P&T)			
S. O'Brien	Pharmacy and therapeutics committee discussed and reviewed the following items;	Informational update to the Board of Governors.	

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	<p>Formulary changes with financial impact:</p> <ul style="list-style-type: none"> • Calcitonin Gene-Related Peptide (CGRP) Receptor Inhibitors MRG. <p>Other formulary changes:</p> <ul style="list-style-type: none"> • Pregabalin (Lyrica). • Orilissa medication request guideline (New). • Physician Administered Medication (PAD)/ Medical Benefit Guidelines (New). • White Blood Cell Stimulators Class Review. • HIV Class Review. • ADHD Class Review. • Oral Fluoroquinolones Class Review. • Glaucoma Class Review. • Agents for Constipation and IBS: IBS-C/D, CIC, OIC Class Review. • Respiratory Devices – Masks Class Review. 	<p>Motion and vote not required.</p>	
9. b. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE			
S. O'Brien	<p>The Peer Review and Credentialing Committee (PRCC) was held on September 17, 2019.</p> <ul style="list-style-type: none"> • Total of 23 providers were initially credentialed, and 33 were re-credentialed. • Of the 23 initial credentials, 8 PCP, 7 Specialist, 2 Ancillary, and 6 Mid-levels. • Of the 33 re-credentials, 12 PCP, 13 Specialist, 2 Ancillary, and 6 Mid-levels. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
9. c. STANDING COMMITTEE UPDATES – HEALTH CARE QUALITY COMMITTEE (HCQC)			
S. O'Brien	<p>The HCQC was held on September 19, 2019.</p>	<p>Informational update to the Board of</p>	

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	<p>Topics discussed were:</p> <p>CMO Updates:</p> <ul style="list-style-type: none"> • Dr. Schneidermann leaving the Alliance last day 10/11/19. • Legal Consultations. • Kaiser 2019 UM and QM Program Description and Evaluation received. <p>P&P:</p> <ul style="list-style-type: none"> • Approval of P&P's. • UM. • Case Management. • Health Care Services. <p>QI Program:</p> <ul style="list-style-type: none"> • Opioids/Substance Use Disorder. • Initial Health Assessments. • Potential Quality Issues. • Health Information Form/Member Evaluation Tool. (HIF/MET) and Health Risk Assessments (HRA). • Pediatric Care Coordination Pilot: Launch in October 2019. • Facility Site and Medical Record Reviews. • Health Education. <p>Compliance Updates:</p> <ul style="list-style-type: none"> • Telehealth APL • Prop 56 APL • CAPs. <p>Grievances and Appeals:</p> <ul style="list-style-type: none"> • Grievances and Appeals discussion. <p>Pharmacy & Therapeutics.</p> <ul style="list-style-type: none"> • Medication Therapy Management. <ul style="list-style-type: none"> • Generic Lyrica. 	<p>Governors.</p> <p>Motion and vote not required.</p>	

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9. d. STANDING COMMITTEE UPDATES – CONSUMER ADVISORY COMMITTEE			
S. Coffin	<p>The Consumer Advisory Committee was held on September 19, 2019. Updates were:</p> <ul style="list-style-type: none"> • Shared CEO Update, monthly and yearly reports, and budget. • Report of Grievances and Appeals. • Voted in new member to CAC (MAC). • Presentation of Health Home Program. • Health Education Update. 	<p>Informational update to the Board of Governors.</p> <p>Motion and vote not required.</p>	
10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS			
Dr. Seevak	<p>Alliance Next steps:</p> <ul style="list-style-type: none"> • CMA and NCQA legal action. • Integration of long term care. • High Utilizers progress report. • Pediatric strategy that the Alliance is launching. • Update of the 3-year Strategic Work group. 	None	See: Next Steps.
11. PUBLIC COMMENTS (NON-AGENDA ITEMS)			
Dr. Seevak	None	None	None
12. ADJOURNMENT			
Dr. Seevak	The meeting was adjourned at 2:03 PM.	None	None

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