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

**April 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), Feda Almaliti, Dr. Noha Aboelata, Wilma Chan, Dr. Rollington Ferguson, Delvecchio Finley, Marty Lynch, Dr. Michael Marchiano, Dr. Kelly Meade, Will Scott, Travis Stein
**Excused:** Aarondeep Basrai, Nick Peraino, David B. Vliet
**Alliance Staff Present:** Scott Coffin, Tiffany Cheang, Sasikumar Karaiyan, Dr. Steve O'Brien, Gil Riojas, Matt Woodruff

| AGENDA ITEM SPEAKER | DISCUSSION HIGHLIGHTS | ACTION | FOLLOW UP |
|---|---|---|---|
| **1. CALL TO ORDER** | | | |
| R. Gebhart | The regular board meeting was called to order by R. Gebhart at 12:06 PM. A board quorum was established by a simple majority for the meeting. | None | None |
| **2. ROLL CALL** | | | |
| R. Gebhart | | None | None |
| **3. AGENDA APPROVAL OR MODIFICATIONS** | | | |
| R. Gebhart | There were no modifications to the agenda. | None | None |
| **4. INTRODUCTIONS** | | | |
| R. Gebhart | Introductions made for those present | None | None |
| **5. CONSENT CALENDAR** | | | |
| R. Gebhart | R. Gebhart requested a motion to approve the Consent Calendar:<br>• March 8, 2019 Board of Governors Meeting Minutes. | Meeting Minutes<br>Motion: W. Scott | None |

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| | o W. Scott moved to approve the Consent Calendar. The motion was seconded by M. Marchiano. The motion passed unanimously. | Second: M. Marchiano<br>Motion passed unanimously. | |
| **6. a. BOARD MEMBER REPORT – COMPLIANCE ADVISORY GROUP** | | | |
| R. Gebhart | R. Gebhart provided the following updates from the Compliance Advisory Committee. Board member who participated was W. Scott. The committee tracks DHCS, DMHC, and internally identified findings.<br><br>• All of the Corrective Action Plans have been completed or are in the process of being verified.<br>• The committee spent most of their time discussing the importance of the new focus areas of the DHCS.<br>o Increased focus on quality, including HEDIS and NCQA. The State is adding new measures retroactive to January 2019 in regards to preventative health, specifically pediatric preventative health.<br>o Delegation Oversight – The State is requiring all plans to attend more closely to their delegation oversight to include annual auditing, reporting, and monitoring. They will be checking quality and compliance of our delegates.<br>o Quality, completeness, and accuracy of encounter data.<br><br>M. Lynch asked if there are different levels of oversight based on levels of capitation. G. Riojas answered that the levels of oversight would be different for those entities that are delegated to do more.<br><br>R. Gebhart asked if it would be possible to have a presentation on Delegation Oversight at a future meeting. Specifically a grid that shows all the delegates and what program areas are within their agreements, showing who is responsible for what when it comes to monitoring. | | Presentation on Delegation Oversight for purpose of Board edification. |

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| | E. Seevak asked if the new areas of focus related to quality have changed or if this represents a heightened focus on the same areas of focus. R. Gebhart answered that they are new areas of focus. S. O'Brien added that along with these being new measures, the State has also raised the threshold of accountability and compliance from the top 75% to the top 50%.<br><br>• Preparations are being made for the DHCS Medical Services Audit in June. This is a full medical services audit, but there will be extra focus on the issues identified in the prior audit.<br>• NCQA accreditation review data will be submitted in July, followed by an onsite review in September. The three main components that NCQA will review are as follows:<br>o Standards and Guidelines.<br>o HEDIS Scores.<br>o Results of NCQA Member Survey.<br>• Our previous NCQA accreditation review was in 2016 and we received designation of "Commendable". | | |
| **6.b. BOARD MEMBER REPORT– FINANCE COMMITTEE** | | | |
| R. Ferguson | R. Ferguson reported from the Finance Committee meeting on March 9th. Board members M. Marchiano and N. Peraino also attended this meeting.<br>• TNE continues to remain healthy at 592%.<br>• We had projected a $3.0 million Net Loss for the month of February; instead we had an approximate $3.0 million Net Income. We are currently at a $2.0 million Net Income Year-to-Date vs. our original projection of a $38 million Net Loss.<br>• Membership continues to decline without definitive answers.<br>• Requested discussion related to increasing Board participation in Finance Committee membership. | Requested to discuss recruitment of additional Board members for Finance Committee during already scheduled closed session following regular meeting. | |

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| **7.a. BOARD BUSINESS – REVIEW AND APPROVE FINANCIAL STATEMENTS** | | | |
| G. Riojas | G. Riojas provided the following financial updates for January:<br><br>• Enrollment has decreased by 1,605 since January 2019, and has decreased by 6,376 since June 2018. Current enrollment is at 259,921. The most significant decreases have been in the Child, Adult, and Optional Expansion categories of aid. This was discussed at a recent DMHC Financial Solvency Standards Board (FSSB) meeting, and it was shown that as Medi-Cal enrollment has decreased state-wide, there has been a subsequent increase in large and small group commercial enrollment. This could indicate that as the economy and job market flourishes, people are able to receive insurance through employment rather than needed state provided Medi-Cal.<br>• Net Income of $3.0 million; budgeted Net Loss of $2.9 million. Actual YTD Net Income of $2.0 million; budgeted YTD Net Loss of $23.8 million.<br><br>• Revenue $83.9 million; budgeted revenue $74.7 million. We have tracked very closely the last 12 months on expected Revenue with the exception of the two months that we received Prop 56 revenue (April 2018, and February 2019). This will also result in a corresponding increase in Medical Expense as the funds are paid out to participating Primary Care Providers.<br><br>M. Lynch asked if the Prop 56 revenue and corresponding Medical Expense is “a wash”. Does the Alliance keep any of the additional revenue? G. Riojas answered that the State puts a threshold that the plans must pay out 95% of the revenue to its providers and if they don’t meet the threshold, we must refund the state the additional funds. The Alliance could potentially benefit from the 5% above the state required threshold, but as this is a risk-based program that is not something we can budget for. | | |

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| | • Actual Medical Expenses $77.6 million; budgeted medical expense $73.8 million. As stated above, the additional expense is attributed to Prop 56 payout. Actual YTD Medical Expense of $578.9 million vs. budgeted $592.6 million.<br><br>W. Scott commented that he has been told by other members that they are receiving letters from Physicians that they are now billing separately from the facilities in order to receive payment more expeditiously and wondered if we need to track that separately. G. Riojas answered that we only pay based on contract. If physicians are contracted with us independently then we pay them directly within 45 working days of receiving the claim per statutory regulation. If they are not contracted with us then the service is not covered by the Alliance at all.<br><br>• Medical Loss Ratio 92.5% for the month and 94.8% YTD; budgeted 98.9% for YTD.<br>• Administrative Expenses $3.8 million; budgeted $4.4 million. YTD actual administrative expense $33.9 million vs. budgeted $35.7 million.<br>• YTD interest income from investments is $3.9 million, and YTD claims interest expense is $420,000.<br><br>R. Ferguson asked how our interest expense compares to this time last year. G. Riojas answered that last year we ended at approximately $3.0 million paid which is significantly higher than where we will end up this year. R. Ferguson asked a follow-up question regarding the recent audit that was completed, and wanted to know if we have implemented any corrective actions. M. Woodruff answered that we have implemented or are in the process of implementing several corrective actions. The audit looked at everything from how the contracts are set up, to how authorizations are completed, configurations of systems, and how we pay claims. | | |

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| | There were recommendations across the board, but the most significant was in how our systems "talk" to each other and making that more efficient.<br><br>• Tangible net equity (TNE) continues to remain healthy at 592% of the required amount, with a surplus of $159.7 million.<br>• Balance Sheet: Cash $233.1 million; $162.8 million is uncommitted.<br><br>E. Seevak asked how our interest income compared to last year. G. Riojas answered that it is better. It is difficult to make a comparison due to the amount of money invested now versus last year, but it has been significant enough to know that the investment strategy approved by the Board last year is indeed making a positive difference. | Motion: R. Ferguson<br>Second: M. Marchiano<br>Motion passed. | |
| **7. b. BOARD BUSINESS – UTILIZATION TRENDS REVIEW** | | | |
| G. Riojas<br>S. O'Brien | G. Riojas and S. O'Brien provided a brief presentation on Utilization and Cost Trends:<br><br>• Separate handout measuring trends for Inpatient, Outpatient, ER, and Pharmacy over an approximate 24-month period. | None – Informational Only | None |
| **7. c. BOARD BUSINISS – HEALTH SERVICES UPDATE – EPSDT** | | | |
| S. O'Brien | S. O'Brien provided the following updates from Health Care Services:<br>• EPSDT (Early Periodic Screening, Diagnosis, and Treatment).<br>o This is a pediatric Medi-Cal benefit and approximately 100,000 of our members are children. Two of our delegated partners manage approximately 2/3 of those members. CHCN oversees approximately 35k, and CFMG oversees approximately 32k.<br>o Major focus in state. | | |

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| | o State may be tying some components to Prop 56 incentive payments.<br>o SWOT analysis:<br>▪ Strength – We have a lot of pediatricians and specialists in our key geographic areas, as well as a great partner in UCSF Benioff Children's Hospital (CHO).<br>▪ Weakness – Pediatrics is a very competitive market which makes it somewhat tumultuous and a little bit unstable. Additionally, one of our main partners, CFMG, is currently significantly underperforming in quality scores, and we are working very closely with them to bring them up to quality standards.<br>▪ Opportunities – relate to leveraging our partnerships with CHCN and CFMG. The competitive environment does make things a bit unstable but it also forces people to pay more attention because we are not tied to any particular group. Also, Alameda County intends to incorporate CCS (California Children's Services) into our Managed Care plan in 2022.<br>▪ Threats – The state has made it clear that they will start to sanction plans that are not doing well with EPSDT. If quality metrics are low there will be financial penalties and other sanctions enforced.<br>• Action steps as a plan<br>o Quality – Review HEDIS measures and CMS core requirements. New measures require Average or above rating in order to avoid being fined. We are currently looking to see where the areas where we are solid, where we are under, and where we are borderline. We will look at those areas and then coordinate with our | | |

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| | partners to drive these measures to where we need them to be.<br>o Access – We are looking at our service area to see if we have the right access.<br>o Case Management – CCS has a robust case management and we have to work out how to interface with that, and to understand them more so that we can make that care more seamless.<br>o Utilization Management – We are looking to see if there are any barriers and are there ways we can facilitate access to preventative services.<br><br>M. Lynch asked if there are other CMS measures not related to EPSDT that the state is interested in or just those mentioned. S. O'Brien answered that along with the pediatric measures, the state is also including in all of the adult CMS core measures into our accountability set. The new measures are retroactive to January 2019, and must meet 50% or better of MPL's (Minimum Performance Levels) versus the previous requirement of 25%.<br><br>R. Gebhart asked if we find that our current structure of contracted providers doesn't have the capacity that we need for the preventative services and screenings, do we then either incentivize our providers to add those services or we identify new providers that can provide those services and contract with them. S. O'Brien answered yes to this. R. Gebhart followed up asking if we do that, are we then eligible to resubmit for rate change for adding those expanded services? To which S. O'Brien answered no. The state already has an expectation that these services are being provided currently. What has changed is the level of expected compliance to these measures and the penalty associated with failing to do that. He went on to explain that the state has not yet defined exactly how to incorporate Prop 56 funds to these measures. | | Educational information regarding CMS measures. |

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| | K. Meade made the observation that there have been tremendous changes in the data capture systems over the last 10 years and that at the encounter level the work is likely being done, but it is not being captured correctly. Many of the forms previously completed manually have moved to electronic versions and information gets lost in translation in the move from manual platform to electronic. Additionally, in the 18-21 year old range, it is more complicated because they then apply CMS core measures and those are not loaded into most pediatric provider systems. S. O'Brien affirmed these observations.<br><br>F. Almaliti asked who then would be performing coordination of care. S. O'Brien answered that the PCP would continue to manage simple coordination of care; CCS would provide for the more complex cases, the Alliance does a lot related to the wrap-around services, as well as Beacon.<br><br>R. Ferguson asked about the substandard quality level of CFMG and asked if we have a timeline for corrective action from them? S. O'Brien answered that there is not a timeline yet, but we are currently in dialogue with them to help them get where they need to be. | | |
| **8. CEO UPDATE** | | | |
| S. Coffin | S. Coffin provided the following updates:<br><br>• Reported on actual Net Income vs. budgeted Net Loss.<br>• Q3 Forecast will be presented at next meeting and will give us the projection through the remainder of the fiscal year.<br>• Revenue is $11 million higher than budget; Medical Expense is greater than 4% below budget.<br>• We continue to work on increasing quality for our members and reduce unnecessary expenses.<br>• The Operations Dashboard (red areas): | None | |

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| | o Claim payment to providers is currently at 30-days and our target is 25-days. We expect to be corrected in the next 30-45 days.<br>o Claims processed within 90 calendar days are currently at 96%, and the DHCS goal is 99%. We expect to be corrected on this issue in the next 30-45 days as well.<br>o Our average speed to answer and abandonment rates numbers did not meet our internal goals.<br><br>R. Ferguson commented that it is his perception that we consistently have a problem with member services and phones issues causing customer service levels to dip. Can it be fixed with consistency? S. Coffin answered that we continue to pursue solutions that will help us meet these desired service levels. M. Woodruff further answered that we are in State compliance, we hold ourselves to a higher standard, and it is that higher standard that we are falling short of.<br><br>• Review of Preliminary Timeline for Reporting of Program Benefits.<br>• Discussed the latest published Dashboard report from DHCS which shows that the Alliance is improving on its timeliness and accuracy for encounter reporting.<br>• Due to time constraints and the need to end early for closed session, S. Coffin tabled the remainder of his update for a future meeting. | | |
| **9.a. STANDING COMMITTEE UPDATES – PEER REVIEW AND CREDENTIALING COMMITTEE** | | | **9.a.** |
| S. O'Brien | S. O'Brien provided a summary of the most recent Peer Review and Credentialing Committee Meeting, which was held on April 16, 2019.<br><br>• There were 17 initial providers credentialed.<br>• There were 24 providers re-credentialed. | | None |

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| **9.b. STANDING COMMITTEE UPDATES – HEALTH CARE QUALITY COMMITTEE** | | | |
| S. O'Brien | S. O'Brien reported that the HCQC met.<br>• The Alliance has added a new Senior Director of Quality, Stephanie Wakefield, as well as new managers for Access and Availability, and Clinical Quality.<br>• Reminder about Performance Improvement Projects:<br>o Access to Primary Care for 12-19 year olds at Tri-City.<br>o Comprehensive Diabetes care at Highland.<br>o Members on persistent medication.<br>o Tdap compliance. | | None |
| **9. c. STANDING COMMITTEE UPDATES – PHARMACY AND THERAPEUTICS COMMITTEE** | | | |
| S. O'Brien | S. O'Brien reported that the Pharmacy and Therapeutics Committee met as well, and provided updates on the following:<br>• Two new pharmacists added to the team.<br>• Discussed Pharmacy cost containment measures.<br>• Pharmacy will be carved back in at state level. | | |
| **9. d. STANDING COMMITTEE UPDATES – MEMBERS ADVISORY COMMITTEE** | | | |
| S. Coffin | S. Coffin provided the following updates from the Member Advisory Committee, which met on March 21, 2019:<br>• Recognized the two members present in the public audience, as well as F. Almaliti, and W. Scott who are Board Members.<br>• 10 members attended in March for discussion about:<br>o Grievances & Appeals – in-network and out-of-network<br>o DME (Durable Medical Equipment) supplier, CHME regarding customer service issues.<br>o Cultural and Linguistics.<br>o Communication and Outreach. | | |

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| **10. STAFF ADVISORIES ON BOARD BUSINESS FOR FUTURE MEETINGS** | | | |
| S. Coffin | None | None | None |
| **11. PUBLIC COMMENTS (NON-AGENDA ITEMS)** | | | |
| E. Seevak | F. Almaliti announced that April is National Autism Awareness Month and reminded the Board that Autism is the fastest growing pediatric issue in the United States, with 3% of the population currently being diagnosed somewhere on the Autism Spectrum. This surpasses Juvenile Diabetes, and all pediatric cancers combined. Current statistics show that 1:35 boys are diagnosed with Autism, and affects 1:58 births overall. She handed out canvas bags for all those in attendance. | None | None |
| **12. ADJOURNMENT** | | | |
| E. Seevak | The meeting was adjourned at 1:52 PM for closed session | None | None |

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