



Judge Allows State Conservator To Take Over Public Health Plan's Finances

by David Gorn

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A Superior Court judge last week ruled the state may appoint a conservator to take over the troubled finances of Alameda Alliance for Health, a local initiative health plan in Alameda County.

Judge Brenda Harbin-Forte in California Superior Court in Alameda County signed [her ruling](#) Wednesday and released it Friday. It approved the Department of Managed Health Care's choice of Berkeley Research Group to serve as conservator of Alameda Alliance. Berkeley Research Group was originally brought in to monitor the business dealings of the health plan, not run it.

The judge put a time constraint on the conservatorship. It will operate for a year, retroactive to May 5, the day DMHC officials took over the finances of Alameda Alliance.

Computer system problems contributed to non-payment of claims at the Alliance, which DMHC director Shelley Rouillard at the time called "the largest claims violation in the history of this department."

Advocates for Alameda Alliance wanted the judge to rule in favor of local control of the plan. They said computer problems and outstanding claims are in the process of being resolved. They worry that an outside consulting group will look more at short-term fixes than long-term viability.

"We as stakeholders will continue to monitor actions taken by the conservator," said Corinne Jan, CEO of Family Bridges, a not-for-profit care network based in Oakland that works with Alameda Alliance.

"And we will be prepared to address any of them that negatively impact the goals and objectives of our community partnerships, the status and integrity of the provider network and ultimately accessibility to continued quality care," Jan said in an email.

Rouillard said local control of the health plan always has been the department's ultimate goal.

"I look forward to continuing to work with our conservator to bring the plan into a healthy financial condition and then transition the plan back to local control," Rouillard said in an email on Friday.

Alex Briscoe, a member of the Alameda Alliance board of directors and Alameda County health director in charge of the Health Care Services Agency, said he doesn't like the way the state takeover happened. He objected to the forced and escorted ouster of administrators from the building and the potential conflict of hiring the monitor as the conservator, which

he called "unseemly." But Briscoe said the judge was right to uphold the state's authority to secure the plan's finances.

"When this first happened, my response was, 'This is crazy,'" Briscoe said. "But now I believe the state acted within its regulatory authority. ... I'm supportive of the judge's decision, and I'm very glad it contained the [one-year] time frame."

Briscoe pointed out that the ousted administrators successfully ran a challenging public health plan for almost two decades, and that no patient care was ever interrupted at Alameda Alliance. The unpaid claims are a serious issue, he said. But other contributing pressures on the health plan also merit serious attention.

"I think the situation does call into question the challenges facing smaller plans. There are just not enough covered lives here," Briscoe said. "Also, poor people cost more. That's the problem with Medi-Cal managed care -- with the low Medi-Cal reimbursement levels, plans will always have challenges."

Those challenges are long-term ones, Briscoe said -- something that the conservator might not fully appreciate.

"We are concerned that decisions based on achieving compliance may not be in the best interests of the health plan," he said. "We want not just to survive but to thrive. So we're concerned because it's not just about short-term compliance but about the long-term success of our plan."

That has been one of Jan's main points, that a narrow, short-term view could undermine what so many people have spent so much time and effort building.

"The court has spoken. We will move on," Jan said. "However, moving on doesn't mean our attention toward the well-being of our members will wane. If anything it will be more acute than ever before."