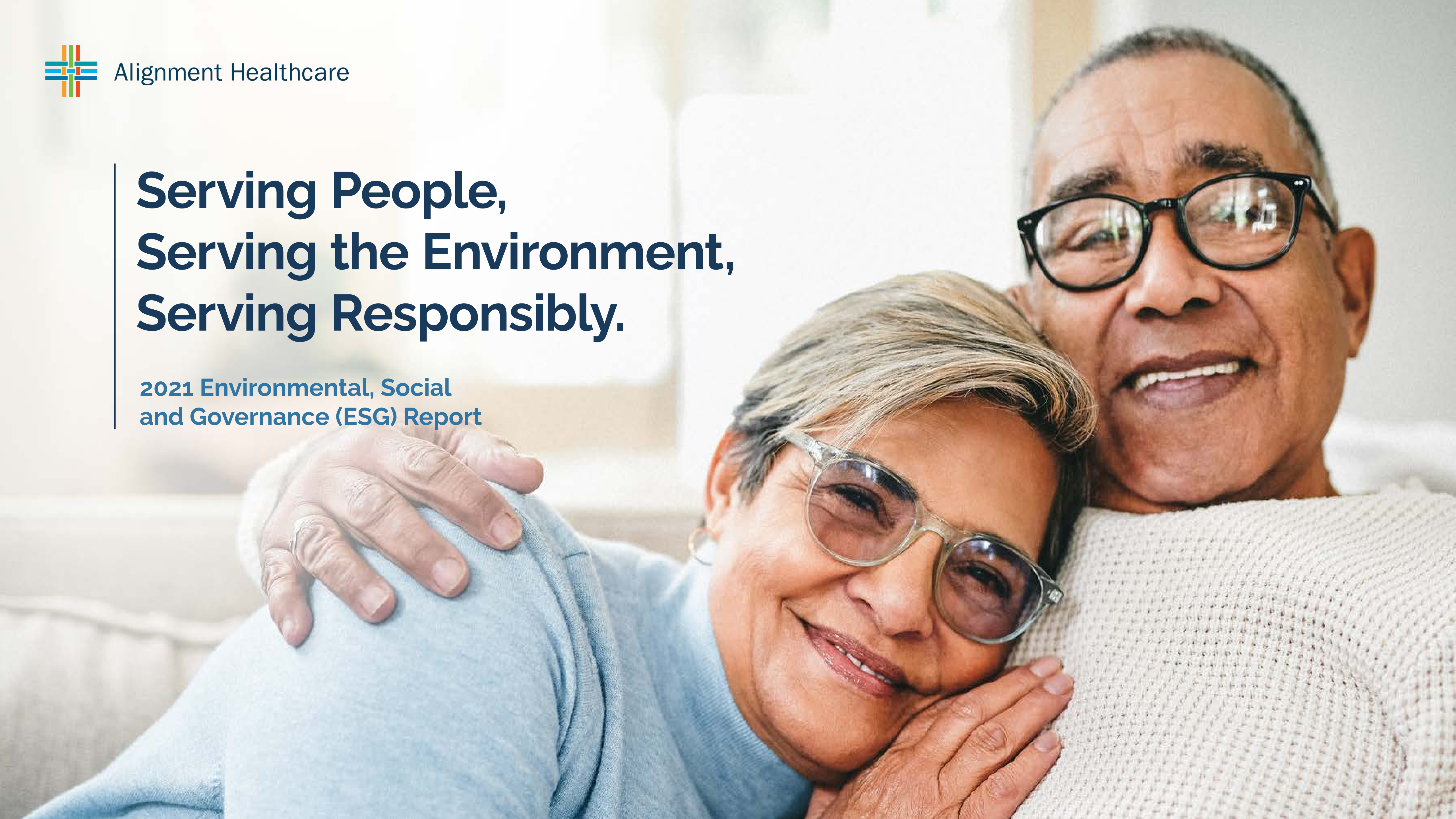




Alignment Healthcare

# Serving People, Serving the Environment, Serving Responsibly.

2021 Environmental, Social  
and Governance (ESG) Report



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# Message from the Founder and CEO

Our commitment to doing well by doing good is core to who we are and what we do. Our approach at Alignment Healthcare is to ensure that everyone who needs care receives it at the level that their health conditions require. We strive to make everyone as healthy as possible.



After experiencing first-hand the frustration created by the fragmented and disconnected health care system while caring for my mother, I joined health care leaders across the industry to build a new kind of health care company – focused on what’s best for members.

## ESG is inherently built into everything we do.

Today, Alignment is a consumer-centric platform that is transforming the health care experience for seniors through our Medicare Advantage health plans. Our company name was chosen purposefully because we envisioned a connected approach to care and coverage across the health care ecosystem, leveraging innovative technologies and best practices to drive better outcomes for members and their families.

To accomplish our goal of becoming the most trusted brand in senior care, it is critical that we achieve and sustain business excellence by making the right decisions with integrity, corporate responsibility and ethics to protect and enhance the interests of all our stakeholders.

One of our core values is having a serving heart, and that value is integrated into each of the three pillars of our environmental, social and governance (ESG) approach:

-  **Serving People** – Serving our members, physician partners, employees, communities and the public interest
-  **Serving the Environment** – Recognizing and improving our environmental footprint
-  **Serving Responsibly** – Conducting business compliantly while managing risk and ensuring independent and diverse oversight

ESG is inherently built into everything we do. Within this report, we have detailed our actions and achievements. Our report shows the impact we are making to deliver better care at lower costs, improve health outcomes and bridge health equity gaps to drive toward better health care access for all, regardless of health or wealth.



I’m proud of the progress that has led to this inaugural ESG report, though considerable work still needs to be done. This is just the beginning.

We strive to continue changing health care, particularly for the senior population, and we are making daily advancements. Many thanks to the Alignment Healthcare team for consistently leading with a serving heart and those reading this for taking the time to learn more about our journey.

Sincerely,

John Kao

# Serving People, Serving the Environment, Serving Responsibly

At Alignment Healthcare, our goal is to deliver better care at lower costs, improve health outcomes and bridge health equity gaps to drive toward better access for all, no matter a member's health or wealth.

## Jan. 1, 2022 Snapshot



**92,700** Health plan members<sup>1</sup>



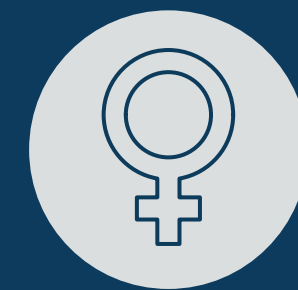
Across **38** markets<sup>2</sup> in **4** U.S. states



**850+** Employees



**150+** Employed clinicians



**68%** of employees are women



**67%** of employees are African American, Asian, Hispanic/Latino, Indigenous or Other



Headquarters **LEED Gold** and **Energy Star** certified

## Members We Served in 2021



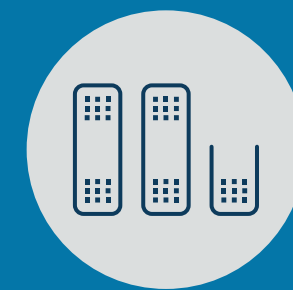
**100%** of members are Medicare enrollees



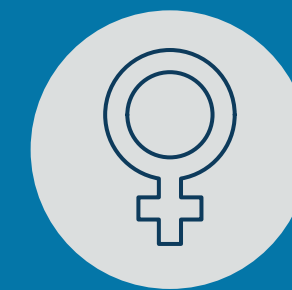
**29%** of members are Medicare and Medicaid enrollees



**73** Average age of members



An average of **2.5** chronic conditions per member



**55%** of members are women



**45%** of members are African American, Asian, Hispanic/Latino, Indigenous or Other



**34%** of members are part of Medicare's Low-Income Subsidy (LIS) program

<sup>1</sup> This data excludes third-party payers and direct contracting entities, representing strictly Alignment Health Plan membership  
<sup>2</sup> Defined as counties





## Outcomes We Delivered in 2021



**156** Inpatient admissions per thousand members  
*38% better than 2019 Medicare Fee-For-Service (FFS)*



**304** Emergency room visits per thousand members  
*52% better than Medicare FFS*



**37** Skilled nursing facility admissions per thousand members  
*45% better than Medicare FFS*



**14%** Member 30-day hospital readmission rate  
*26% better than Medicare FFS*



**60+** Overall Net Promoter Score (NPS)  
*Significantly higher than the industry average NPS of 30-40<sup>3</sup>*

## Alignment Health Plan Star Ratings

Every year, Medicare evaluates plans based on a 5-Star Quality Rating System.



Overall star rating for the last 5 years



Star rating on the Consumer Assessment of Healthcare Providers and Systems (CAHPS) measure "Rating of Health Plan" in 2018-2020<sup>4</sup>



Star rating on all medication adherence measures (diabetes, hypertension and cholesterol) in 2018-2020<sup>4</sup>



Star rating for Healthcare Effectiveness Data and Information Set (HEDIS) measures in 2018-2020 across 10 key quality metrics<sup>4</sup>

<sup>3</sup>. Based on Deft Research's 2019-2020 Medicare Member Experience Study  
<sup>4</sup>. 2021 Star rating results will be available in October 2022

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# About Alignment Healthcare

Alignment Healthcare (Alignment) is a consumer-centric, tech-enabled Medicare Advantage (MA) company designed to transform the health care experience for our members. We deliver this experience through our MA plans, customized to meet the needs of a diverse and growing population of seniors across the United States.

## MA Industry Projections in the U.S.

- MA population expected to increase from 28 million in 2021 to 37 million in 2025
- MA penetration expected to accelerate from 44% to approximately 47% during that period<sup>5</sup>



5. <https://www.lek.com/insights/so/medicare-advantage-solutions>

## Value-Based Care

Alignment’s business model is centered around value-based care as an MA company.

The MA system is designed to pay private health plans an amount of money per member per month to cover the entirety of their members’ health care expenditures. This means private health plans, like Alignment Health Plan, are responsible for outcomes, medical cost control and benefits administration. By aligning value-based payments with overall patient outcomes and total medical expenditures rather than volume of services, the MA system allows managed care companies to invest in and adopt a proactive, high-touch, comprehensive and long-term approach to their members’ care.

Our ultimate success is measured by our ability to deliver high-quality care at a lower cost rather than by service volume, all while providing a superior member experience.

## Our Vision, Mission and Values

We founded Alignment in 2013 to address the challenging health care experiences faced by our parents and other loved ones. We saw firsthand the complexities they encountered as seniors attempting to navigate care delivery and insurance without an advocate tasked with creating an integrated consumer experience that provides holistic, quality care at an affordable price.

The fragmented health care system disproportionately impacts seniors due to the constraints and barriers inhibiting quality care, such as the absence of care coordination, poor information transparency and misaligned incentives – all of which are often prevalent in the health care system.

Alignment was founded with one mission: to improve health care one person at a time and provide the same level of care we would want for our loved ones.

Our fully integrated, value-based care model is designed to serve our members by addressing their individual needs and personalizing preventive care.

This mission is supported by a relentless focus on our core values to:

- Always put the member first
- Support the doctor
- Use data and technology to revolutionize care
- Act with a serving heart





### Driving Impact as a Payvider



Our operating model integrates the benefits of acting as the payer and provider. As the payer, we design the direct-to-consumer product, establish the provider network and have complete access to each member’s health care data. As the provider, we employ clinicians through our Care Anywhere model focused on supporting members who have chronic conditions, are frail or are at high risk. We believe integrating these roles helps health insurance and health care be as they should, positioning us to drive optimal experiences and outcomes for our members. As a payvider, Alignment has:

- Increased control of the economics, allowing us to eliminate waste in the supply chain
- Ownership and design of the direct-to-consumer product, allowing us to make the greatest possible positive social impact for all members through supplemental benefit offerings that address social determinants of health (SDoH)
- Management of the information ecosystem and unique access to data, allowing Alignment and our partners to make more informed decisions with insights driven by our proprietary technology platform AVA® - Alignment’s Virtual Application - while safeguarding our members’ sensitive personal and health information
- Control of the provider network, ensuring high-quality access to care for all our members

### Addressing Social Determinants of Health to Provide Equitable Care for All

The U.S. Department of Health and Human Services defines SDoH as the conditions in the environments where people are born, live, work, play, worship and age that affect a wide range of health, functioning and quality-of-life outcomes and risks.<sup>6</sup>

SDoH can be grouped into five domains:<sup>7</sup>

-  Economic Stability
-  Education Access and Quality
-  Health Care Access and Quality
-  Neighborhood and Built Environment
-  Social and Community Context

We consider how SDoH impacts our members and communities, focusing on health care access and quality. Specifically, the Centers for Medicare and Medicaid Services (CMS) Health Equity initiatives include a goal to ensure that services are culturally and linguistically appropriate, care is high-value and person-centered, underserved communities have access to quality care, disparities are eliminated, and social needs are addressed.

**At Alignment, we aim to deliver the most significant impact to our members by removing as many barriers as possible to move toward health equity. Everyone deserves to be as healthy as possible.**

We are actively contributing toward SDoH strategies and expanding access to health care for underserved communities.

Alignment is proud to be a signatory of the Health Equity Pledge launched by the Health Evolution Forum, which will impact over 13 million outpatient visits annually and health care coverage for more than 9 million people.

**The pledge consists of three objectives:**

- 1** Collect data across race, ethnicity, language and gender for at least 50% of a signatory’s members
- 2** Stratify and regularly review the data
- 3** Participate in the Health Evolution Health Equity Learning Lab by sharing the stratified data to engage in benchmarking and best practices for reducing disparities<sup>8</sup>

6. <https://health.gov/healthypeople/priority-areas/social-determinants-health>  
7. <https://health.gov/healthypeople/priority-areas/social-determinants-health>  
8. <https://www.healthevolution.com/forum-health-equity-pledge-supporters>



# ESG Approach and Framework Alignment

Whether creating opportunities for improved health outcomes for our members or reducing our environmental impact through technology-based services, such as telehealth, we are addressing the health care challenges of the people and communities around us.

That is why the cornerstone of our ESG approach is **leading with a serving heart**.

## Framework Alignment

ESG factors are inherently built into our business model and day-to-day operations. We created an ESG working group in 2021 to formally address the ESG factors that are material to our business and stakeholders.

Our ESG working group of dedicated employees and external advisors performed a materiality assessment based on ESG rating agencies and frameworks, such as the Value Reporting Foundation’s SASB standards.<sup>9</sup> We also used the United Nations Sustainable Development Goals (UN SDGs)<sup>10</sup> as an essential guide for our approach. We are currently reviewing our environmental impacts while also exploring ways to align our practices to additional frameworks in the future.

Of the 17 UN SDGs, we identified the following as most relevant to our business:



### SDG 3: Ensure healthy lives and promote well-being for all at all ages

Alignment supports this goal by:

- Providing low-cost, high-quality preventive care through holistic services
- Advancing health coverage for seniors
- Improving access to care and more significant health outcomes
- Bending the cost curve and reinvesting in additional health care services, products, benefits and workforce
- Partnering with health care physicians and provider organizations to raise awareness and increase access to health care options directed toward seniors
- Improving the lives of seniors, which also helps to alleviate the stress on caregivers and other family members; this ultimately supports the health of the whole family



### SDG 5: Achieve gender equality and empower all women and girls

Alignment supports this goal by:

- Assessing SDoH within our AVA platform, through our care delivery model and across our product designs to support our ability to provide female members with the best care
- Elevating women throughout our organization from general employment opportunities to leadership roles
- Achieving the Board’s female representation recommendation by the 30% Club, a global initiative to raise executive and board-level gender diversity<sup>11</sup>



### SDG 10: Reduce inequality within and among countries

Alignment supports this goal by:

- Reducing SDoH barriers across health care access and services with supplemental benefits that address loneliness, lack of transportation, food insecurity and other areas for underserved populations; this includes various geographic areas from urban to rural
- Promoting and improving equality in society for seniors
- Advancing our diversity, equity and inclusion (DEI) initiatives
- Eliminating bias within the delivery of health care through our AVA platform
- Helping to address future Medicare funding and solvency challenges by delivering high quality at a lower cost today, all for the benefit of future generations

<sup>9</sup>. [https://www.sasb.org/standards/materiality-finder/find/?industry\[\]=HC-MCandlang=en-us](https://www.sasb.org/standards/materiality-finder/find/?industry[]=HC-MCandlang=en-us) See the appendices for the SASB matrix and our responses.

<sup>10</sup>. <https://sdgs.un.org/goals>

<sup>11</sup>. <https://30percentclub.org>



# Our ESG Pillars

After assessing the ESG factors that are material to our business, we designed our oversight process around three key pillars, all focused on serving – serving people, serving the environment and serving responsibly.



## Social

**Our serving people pillar focuses on:**

- **Product and Benefit Design.** Designing products and benefits that help meet the diverse needs of members, addressing health equity by providing care transportation, meal delivery, wellness and grocery benefits and demographically and culturally tailored health care resources and products
- **Care Delivery.** Offering high-quality, low-cost, personalized care that fulfills the unmet needs of members by leveraging innovation and technology, particularly for the most vulnerable members with chronic, complex conditions
- **Human Capital Management.** Attracting, engaging, developing and retaining a highly skilled, experienced and passionate workforce
- **Diversity, Equity and Inclusion (DEI).** Fostering a diverse team that reflects the uniqueness of our members and supports our culture of innovation



## Environment

**Our serving the environment pillar focuses on:**

- **Sustainable Operations.** Supporting the transition to a low-carbon economy, including expanding telehealth



## Governance

**Our serving responsibly pillar focuses on:**

- **Ethics and Compliance.** Conducting business ethically, honestly and in compliance with applicable laws and regulations
- **Enterprise Risk Management (ERM).** Managing a top-down view and management of the most significant risks to achieve Alignment's strategic objectives, including identifying and managing ESG risks
- **Data Privacy.** Upholding our responsibility to safeguard our members' sensitive personal and health information and protect our business against cyber threats
- **Board Composition.** Ensuring an independent and diverse Board of Directors (Board) with an optimal mix of experience and skills
- **ESG Governance.** Committing to management and Board-level oversight of ESG matters

A Message from the Founder and CEO

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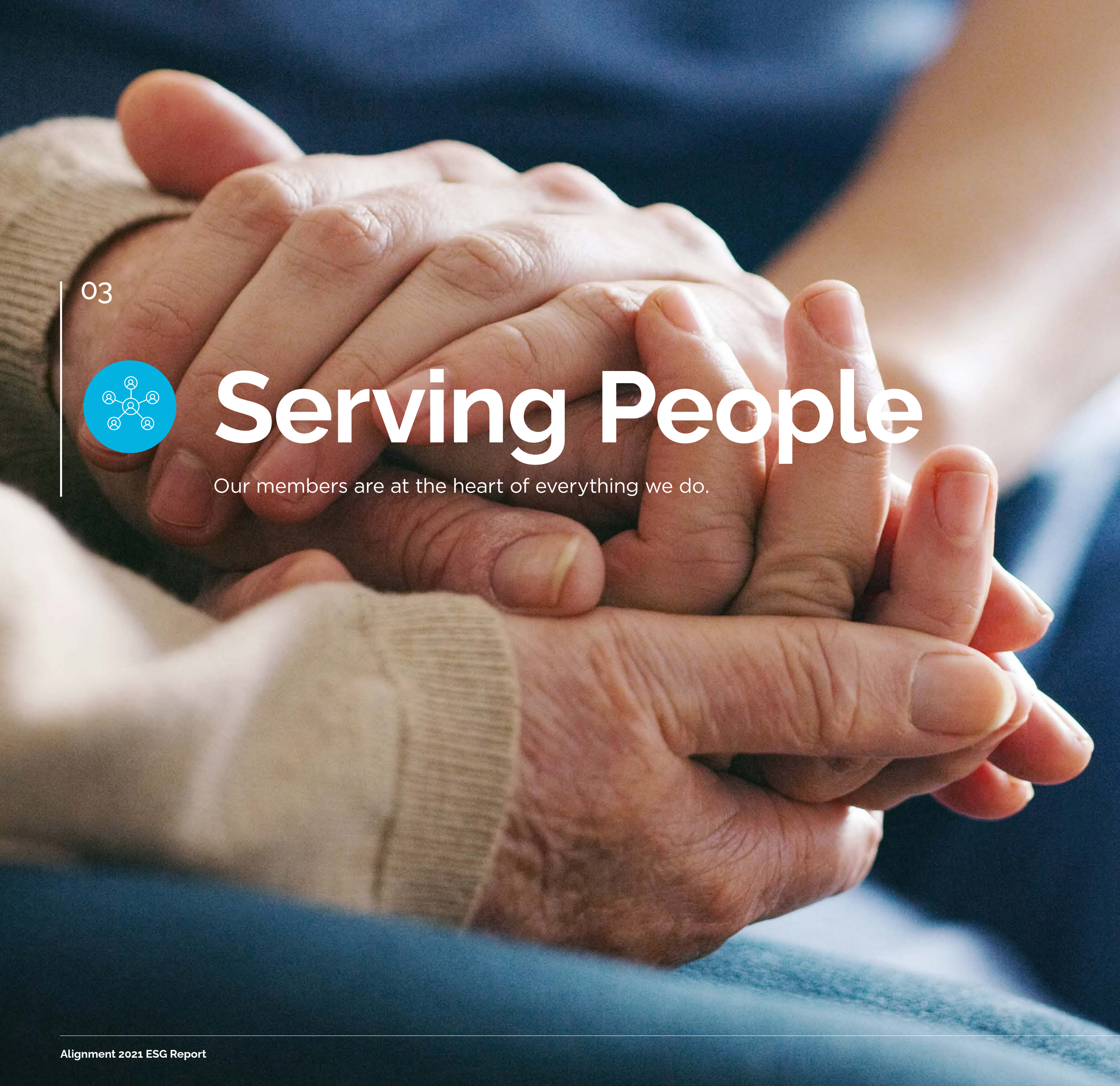
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# Serving People

Our members are at the heart of everything we do.

## Our serving people pillar focuses on:

Always putting our members first. Our passionate, diverse workforce powers our positive member outcomes. We work closely with physician partners to deliver those outcomes while also serving the public interest and making a positive impact on our communities

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# Serving Our Members

We meet our members where they are on their health journey and partner with them to identify and implement behavior and wellness interventions as part of their daily lives.

## Above all, it is about care



*You do so many good things for me and always follow up with me within 24-48 hours. I have had back and nerve problems for years and I have received excellent care under Alignment. Talking to you makes my pains and stress go away.*



**Robert T.**  
Alignment Health Plan  
Member



### Excellence in Pharmacy Quality Award 2021

Alignment has been recognized for this award by the Pharmacy Quality Alliance (PQA) for the last four years. The award recognizes MA prescription drug plans with at least a 4.5-star out of 5-star Part D summary rating and a perfect 5-star rating on all five PQA medication measures used within the CMS star rating program.

## How Alignment is Transforming Health Care

Our company was built with six core principles in mind:

- 1 Leverage data, technology and analytics to power all aspects of our model
- 2 Engage consumers directly and develop products to meet their needs
- 3 Proactively manage and coordinate care for our most vulnerable members
- 4 Empower providers and employ flexible care delivery models
- 5 Design and deploy innovative value-based payment models
- 6 Cultivate a culture of innovation

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## Alignment Health Plan Star Ratings

Every year, Medicare evaluates plans based on a 5-Star Quality Rating System.



Overall Star rating for  
the last 5 years



Star rating on all  
medication adherence  
measures (diabetes,  
hypertension and  
cholesterol) in 2018-2020<sup>12</sup>



Star rating on the CAHPS  
measure "Rating of Health  
Plan" in 2018-2020<sup>12</sup>



Star rating for HEDIS  
measures in 2018-2020  
across 10 key quality  
metrics<sup>12</sup>

<sup>12</sup> 2021 Star rating results will be available in October 2022





## Sample Care Coordination Outcomes

### Chronic Kidney Disease Care

We proactively engage members with late-stage chronic kidney disease to help delay disease progression and, when appropriate, ensure optimal transitions to end-stage renal disease treatment. We are avoiding unnecessary hospitalizations that are costly – nearly 2.5 times that of outpatient treatment, according to Alignment Health Plan data.

**From 2019 to 2021, Alignment more than doubled the rate of outpatient dialysis treatment in a planned outpatient clinic setting.**

### Diabetes Care

For those affected by chronic conditions, including diabetes, we give members the tools needed to proactively manage their health, from kidney disease monitoring to helping control blood sugar. A hemoglobin A1c (HbA1c) test measures how much sugar is attached to the blood's hemoglobin protein. **A 1 point reduction in HbA1c leads to a reduction in health risks, including a 21% reduction in death from diabetes.**<sup>14</sup>

**>1.1 points**

Average reduction in Alignment members' HbA1c after 12 months of Care Anywhere enrollment

13. <https://www.graham-center.org/content/dam/rgc/documents/publications-reports/reports/PrimaryCareChartbook2021.pdf>

14. <https://pubmed.ncbi.nlm.nih.gov/10938048/>

## 2021 Outcomes

**5**

Average annual visits per member

*Nearly double the average number of primary care visits for older adults across the U.S.<sup>13</sup>*

**199,000+**

Alignment member touchpoints

**99,000+**

Alignment clinical member touchpoints

*Includes Care Anywhere visits, Jump Start Assessments and other primary care visits*

**23,000+**

Alignment member touchpoints related to case management and special needs plans

**156**

Inpatient admissions per thousand members

*38% better than 2019 Medicare FFS*

**304**

Emergency room admissions per thousand members

*52% better than 2019 Medicare FFS*

**37**

Skilled nursing facility admissions per thousand members

*45% better than 2019 Medicare FFS*

**14%**

Member readmission rate

*26% better than 2019 Medicare FFS*

**60+**

Overall NPS score

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## Leveraging Insights to Power Our Model

Health care organizations have long struggled to harness the utilization of data and technology to enhance business operations, improve clinical outcomes and drive consumer satisfaction fully. The industry produces an extraordinary amount of digitized data that is often unusable and siloed within organizations. Alignment saw this as an opportunity to create further impact through integrated data management.

AVA, our proprietary technology platform, was designed specifically for senior care. It provides end-to-end coordination of the health care ecosystem and is built upon a unified data architecture.

As a health plan, our position in the health care ecosystem allows us to access robust amounts of information on our members relative to single-point solutions. AVA leverages the data to paint a complete picture of a member's health and well-being: lab, pharmacy, admission, discharge and transfer, encounter, authorization and demographics.

Our technology capabilities enable us to ingest and transform broad, longitudinal datasets into insights, analytics and custom-built applications designed to ensure consistent, high-quality care and service for Alignment's members. We are also intentional in our efforts to ensure that AVA has no unintentional racial bias built into the algorithms.

**We believe that AVA generates more timely, accurate and actionable insights than existing solutions, driving targeted member interventions and enabling internal care team workflows that result in superior clinical outcomes and consumer experiences.**

The AVA platform is purpose-built to be used in all aspects of providing superior health care for Alignment's senior members by connecting consumers, caregivers, providers, health plans, brokers and pharmacies.

AVA supports the following audiences with tailored dashboards and insights:

- Members
- Alignment employees:
  - › Care teams (physicians, clinicians, nurses, social workers, health coaches and coordinators)
  - › Operations teams
  - › Marketing teams
  - › Member Services and Concierge personnel
- Trusted local community-based health care providers and brokers

AVA's scalability enables us to reliably replicate our members' outcomes and experiences as we scale in existing markets and expand to new ones.

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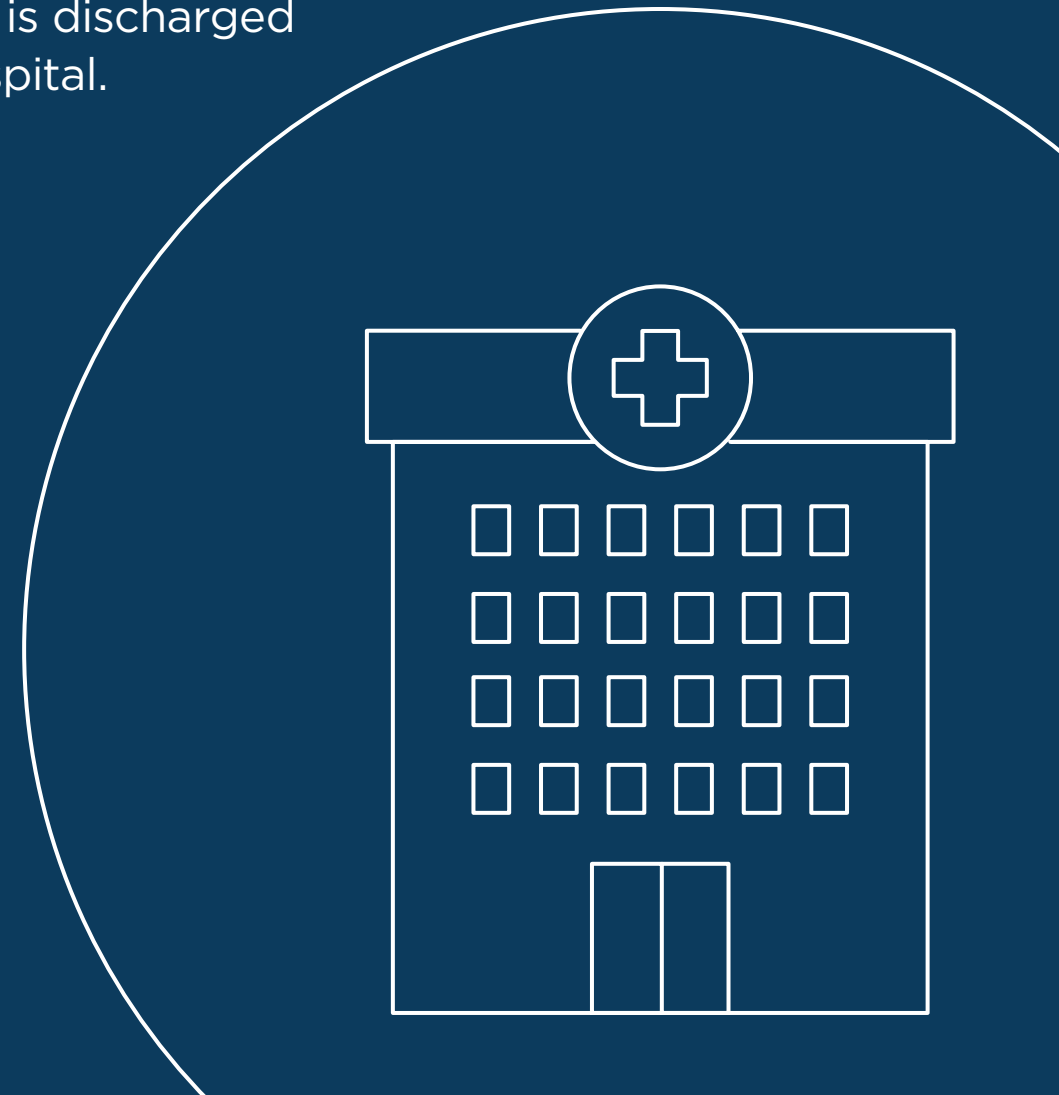
## AVA in Action – A Case Study on Proactive Care: Hospital Discharge

Seniors are often left to navigate the health care ecosystem alone - this confusing, sometimes frightening, world requires them to ensure they schedule and attend their follow-up appointments, manage their complicated list of pharmaceuticals, and seek care and support proactively as issues arise. This reflects “sick care” at its worst, not proactive “health care.”

With Alignment:

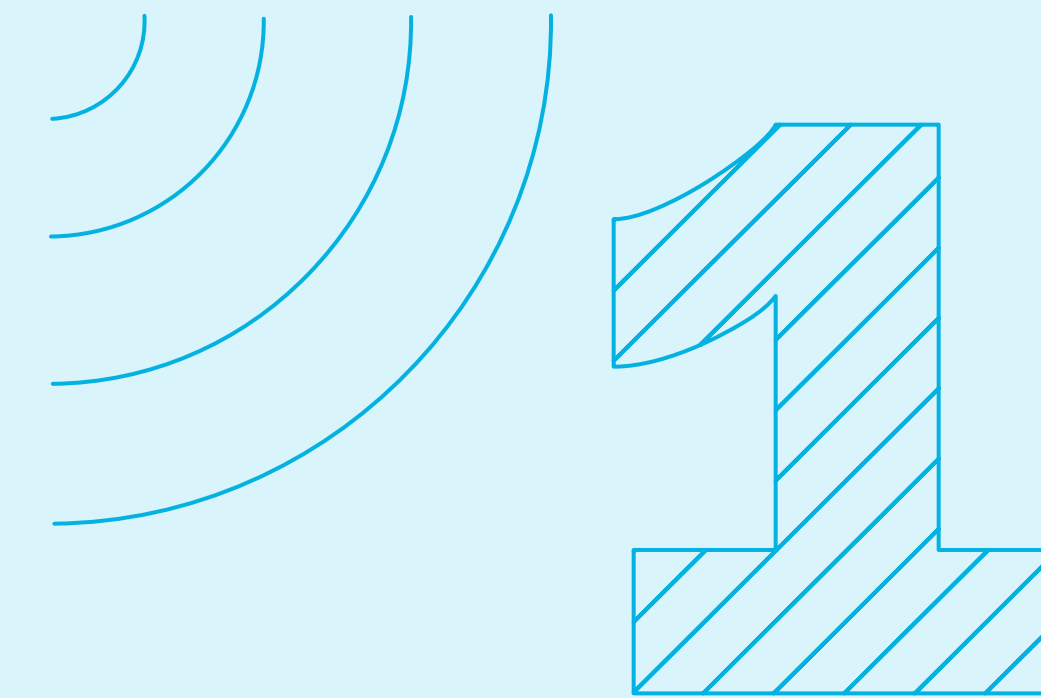
### Step 1 →

An Alignment member is discharged from hospital.



### Step 2 ↙

With our more than 11,000 hospital data connections, our cloud-based data platform ingests and processes the discharge data in near real-time. It creates a readmission risk score and risk category from 1 to 5 (1 is Extreme and 5 is Low)



### Step 4

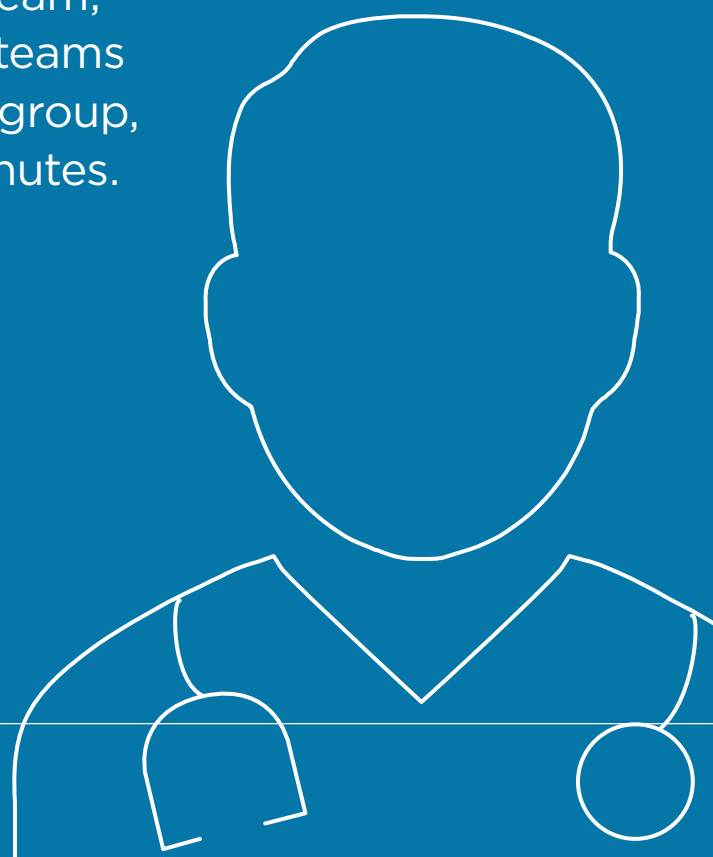
Alerts are enabled for all the member’s care providers to ensure subsequent adherence to the recommended post-discharge preventive care. For example:

- We run our proprietary readmission prediction model immediately after discharge and refresh it every two hours based on the real-time data. For the first 30 days after discharge, we receive and send notifications to clinical teams and providers about members with extreme and very high likelihood of readmission risk.
- Our proactive medication adherence engine helps us identify members on a daily basis who have a medication refill soon and do proactive personalized omni-channel engagement with members and their prescribers to prevent medication non-adherence before it even happens.



### Step 3 →

Notifications, along with a Patient 360 report, which includes a longitudinal patient health record as well as AI-based action items, are sent to the member’s care team, including Alignment’s internal clinical team, the member’s PCP and care teams from the member’s provider group, within approximately two minutes.



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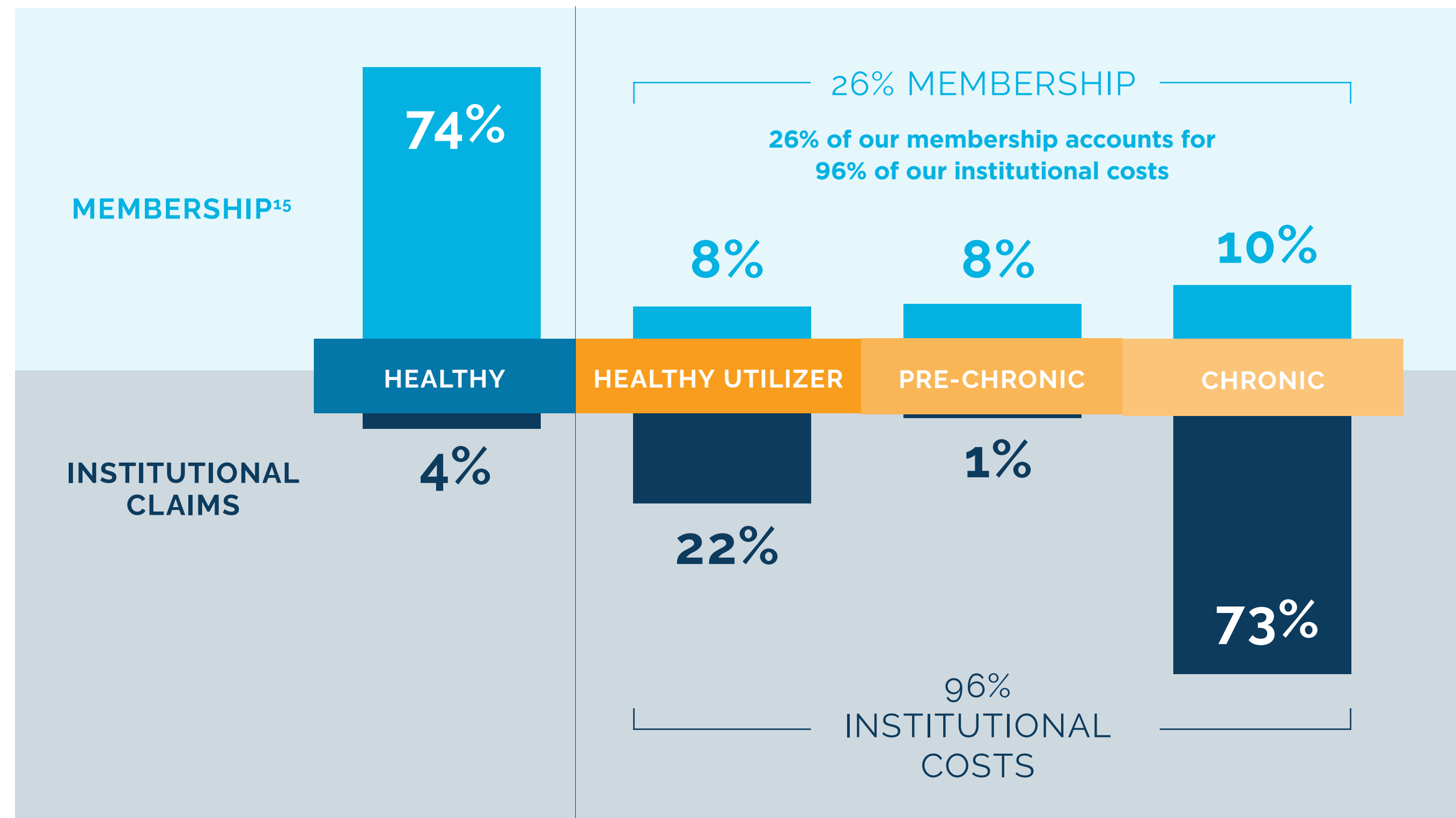
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## Leveraging Stratification to Deliver an Efficient and Supportive Care Model

Our clinical model paired with and powered by AVA is what sets Alignment apart. We employ a holistic member approach to care rather than just focusing on one disease state or wellness intervention.

Our clinical continuum separates members into four categories to provide optimized care for every stage of a senior's life: healthy, healthy utilizer, pre-chronic and chronic.



<sup>15</sup> Based on California at-risk members, 2021 date of service

## Better Care for All Seniors, No Matter Their Health or Wealth

Often, the senior health care narrative focuses on managing existing health conditions. Our clinical model sets us apart with its focus on preventive care for all stages of a senior's health profile, *including those who are categorized as healthy.*

True preventive health is beneficial for all. Our personalized programs and services can be layered on, as needed, to support seniors' health and overall well-being to keep them healthier, for longer.



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## Our Clinical Model – Care Anywhere

We use stratification to deliver a highly personalized experience unique to each member. Our clinical model is designed specifically for seniors and is managed across:

### Disciplines

- Social
- Psychological
- Pharmaceutical
- Functional

### Sites of Care

- Home
- Inpatient
- Outpatient
- Virtual

A multi-disciplinary care team is vital to executing a medical and behavioral care plan that drives improved outcomes.

Our pre-chronic and chronic members are typically targeted for engagement through our Care Anywhere program. Launched in 2017, Care Anywhere is an advanced clinician-driven model of care that is staffed by Alignment-employed physicians, advanced practice clinicians, case managers, social workers and behavioral health coaches to deliver ongoing home-based and virtual care to address immediate, chronic and social health care needs, across a variety of chronic conditions.

These members receive additional, proactive engagement and have 24/7 access to care at home, in the doctor’s office or anywhere by phone or video. It also includes extensive coordination with their primary care provider (PCP) and network physicians.

Importantly, Care Anywhere is **free of charge** to the senior – it requires no co-pays or co-insurance. This approach eliminates the financial barriers that often create inequitable access to care, allowing all high-risk, chronic seniors the high-touch care they deserve, regardless of socioeconomic status.

Further, we believe, based on data gathered and analyzed using AVA, that our Care Anywhere program creates numerous benefits for our high-risk members with complex needs:

- Improved quality of life
- High patient satisfaction
- Reductions in unnecessary emergency room visits and inpatient care
- Lower readmission rates

These improved outcomes translate into financial savings that we can reinvest in our product offerings.

**5,000+**  
MEMBERS in the  
Care Anywhere  
program

**27** Alignment  
ENGAGEMENTS  
per year<sup>16</sup>

**17,000+**  
Care Anywhere  
TELEHEALTH  
VISITS

<sup>16</sup>. Estimated number of visits per year includes members who had an initial Care Anywhere visit plus estimates, including program-based follow-up activities and engagement



*Being able to identify our highest risk members easily using the panel management tool in AVA has helped me to focus extra attention and care towards the patients who may need it most. As a clinician, I am always trying to meet the needs of our patients in order to keep them as healthy as possible, and the panel management tool makes it easier to identify those needs.*



**Barbara C.**, Clinician



*From my experience with the Care Anywhere program, the panel management tool provides tremendous value to me in identifying the most vulnerable and highest risk patients quickly and efficiently. Having the ability to access the necessary information at the push of a button also allows for improved time management and improved quality of care for my patients.*



*I utilize the panel management tool to track my patients daily. With targeting our attention to those who need the most immediate care, like focusing on who has been hospitalized or who has been discharged, the panel management tool allows my team and I to quickly identify patient care opportunities and to deliver the quality care our members need.*

**Grace N.**, Clinician

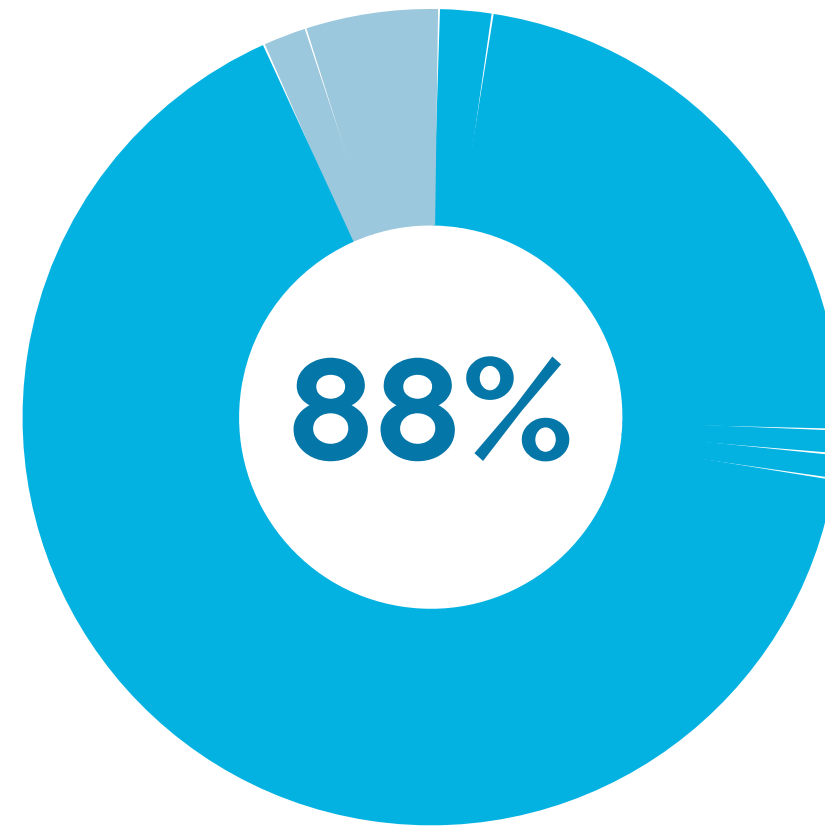


# Clinical Programs that Drive Outcomes

## Annual Wellness Visits

To serve our members where they are, we must understand their position along their health journey.

Our employed clinicians or our local network of clinicians complete a comprehensive health evaluation in a clinic, virtually or in the member’s home. The initial wellness assessment aims to provide a direct path for improving health outcomes by proactively screening for upcoming health care needs and/or preventing adverse health outcomes. Our clinicians and partner physicians then coordinate the most effective care plan.



OF HIGH-RISK MEMBERS ENROLLED IN CLINICAL PROGRAMS COMPLETE A COMPREHENSIVE ANNUAL EXAM



AMONG MEMBERS WHO COMPLETED ANNUAL WELLNESS VISITS<sup>17</sup>

## Orienting New Members

Virtual and in-person town halls are offered to orient new members to Alignment and help them learn about the products and programs to which they have access. During the pandemic, many of these meetings took place over the phone to keep our members safe and make the events as easy as possible to access. If members want to participate, all they have to do is answer their phone at the time of the event, or if members prefer to dial in themselves, there is a dial-in offered in both English and Spanish.

## Member Welcome Call

An Alignment Member Services agent calls new enrollees every month to welcome them to the plan. Preliminary data suggests we are cutting disenrollment risk by close to half when we successfully complete a welcome call.

17. Based on 2021 California health plan membership



# 2021 Case Management

**23,000+**

Cases managed by the Case Management team in 2021

**16,700+**

SDoH referrals

*Including:*

**16,600+**

Meals provided to members via referrals for food insecurity or Moms Meals

**7,100+**

Care navigation or resource referrals, including transportation, companion care and benefits support

**5,400+**

Health literacy referrals for disease education or wellness checks

**1,700+**

Behavioral health, social isolation or advanced care planning referrals

**900+**

Referrals for housing needs or home safety

**750+**

Referrals for financial assistance



## Case Management and SDoH Referrals

**A recently published McKinsey analysis showed that only 19% of MA individuals surveyed said they were invited to complete a health assessment, and only 5% were asked about their social needs.**<sup>18</sup>

All Alignment members are eligible for case management, a collaborative process that assesses, plans, implements, coordinates, monitors and evaluates the options and services required to meet a member's needs. Case managers work to facilitate care coordination, disease management education and collaboration with PCPs, social workers, families and caregivers. The program also supports members transitioning from the hospital to the home, members with complex needs and other members who would benefit from clinical or social interventions.

**Both case management and Care Anywhere programs address health and wellness as part of our whole-person approach. This is accomplished mainly by engagement via telephone at various points throughout the member's journey with the goal of identifying and providing effective clinical and social interventions as needs arise.**

Case management also includes SDoH referrals identified by internal and external providers, including financial assistance, transportation, low-cost housing resources, behavioral health services, social isolation services, care navigation resources, like transportation and companion care, and food insecurity.

Our referral coordination amongst PCPs and Alignment clinicians, in tandem with our AVA platform, aims to identify our members facing challenges based on SDoH.<sup>19</sup>

This social-based care helps to address loneliness, homelessness or housing instability, adult neglect, substance disorders and caregiving needs, among others.

Alignment has also established a process that allows our organization to respond promptly to reports of immediate threats that may expose members to health and safety risks, such as suicide threats, spousal abuse and elder abuse. It is the Alignment policy that any employee who, during the normal course of performing assigned duties, observes, suspects or has knowledge of a patient health and safety risk shall immediately report the known or suspected instance to any manager or director and the appropriate agency.

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<sup>18</sup>. <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/what-medicare-advantage-members-want-from-their-onboarding-experience>

<sup>19</sup>. [https://cdc.gov/pcd/issues/2019/18\\_0549.htm](https://cdc.gov/pcd/issues/2019/18_0549.htm)



## Virtual Care Center

All Alignment members are eligible to use telehealth and our Virtual Care Center (VCC) at no additional cost. The VCC includes a team of dedicated Alignment advanced practice clinicians, registered nurses, health coaches and medical assistants who are available 24/7 to address urgent needs via telehealth.

The VCC supports our initiative to create equitable access to care for all members by providing an easily accessible platform that avoids the cumbersome transportation needs that many of our members face. We believe it creates better outcomes because our 24/7 care teams can access full member insights through AVA and better understand the patient's holistic profile and health history.

***To ensure all our members can access their health care teams, our clinical team and care coordinators identify members in need of loaner phones or tablets to increase their ability to participate in virtual care initiatives.***

## Healthy at Home

When a member leaves a hospital after treatment, they undergo a hospital discharge process. Carefully following health care providers' instructions can help minimize the risk of readmission. The Healthy at Home program aims to transition members from a hospital stay to home with attentive care and a hands-on approach.

Members are provided a 60-day enrollment after their hospital stay, whereby weekly in-person or virtual follow-ups ensure the best outcomes from recovery to long-term health following a post-discharge.

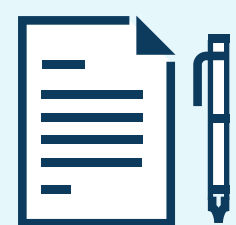
In addition, meals are provided to members who need them to support their recovery.


### State-of-the-art patient care

One member, an 82-year-old woman, was identified as being at very high risk of hospitalization by AVA after seeing her urologist for a urinary tract infection (UTI). The urology office attempted to set up outpatient infusions at the hospital, but the hospital could not accommodate the high-frequency infusions required. Therefore, the urologist suggested she be admitted to the emergency room (ER).

Our VCC clinician used AVA to view the patient's medication, history of frequent UTIs and labs and urine studies, and confirmed a rare type of UTI. Within 30 minutes, the clinician coordinated with the urologist and the member for home infusions and visits by our Care Anywhere clinical team, helping achieve the member's wishes of preventing hospitalization and any potential hospital-related complications.

**100,600+**  
TELEHEALTH VISITS

 **350+**  
MEAL REFERRALS  
POST-DISCHARGE

 **10,000+**  
MEALS DELIVERED  
POST-DISCHARGE

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## Remote Monitoring

We also developed a remote monitoring program for recently discharged members and for members who are chronically ill. It provides daily monitoring from members' homes, including vital sign checks and care plan updates.

All members that enroll in our home monitoring program receive regular health screenings, which can be completed at home via a tablet and Bluetooth-enabled biometric devices. Our VCC monitors these screenings 24/7 and provides immediate intervention if the responses are out of range for that member's baseline or if the member requests immediate support via the monitoring devices.

## Chronic Kidney Disease Care Coordination

This program proactively engages members with late-stage chronic kidney disease (CKD) and coordinates with their community of providers to help delay disease progression and ensure optimal transitions to end-stage renal disease (ESRD) treatment, when appropriate, including dialysis, transplant, and palliative care. Members are provided ongoing nephrologist engagement, enrolled in kidney education classes, supported through treatment decisions and referred to Care Anywhere for comorbidity management.

Without timely intervention and education, members may not fully understand their kidney disease's severity or treatment options until they dialyze in the hospital. It's Alignment's priority to minimize these instances as much as possible and bring awareness to all available treatment options to allow members, caregivers and providers to choose the best path for each situation.

## Diet and Nutrition

Alignment's clinicians use health and wellness tools to provide patient education and resources to support the healthy nutrition of our members.

## Stress Management and Mental Health Support

We recognize the impact that mental well-being plays on our physical well-being. As part of our holistic approach, we offer our members access to the mental health support they need through behavioral health services, supplemental benefit design and support programs led by our social work teams.

## Smoking or Alcohol Cessation

Smoking and alcohol consumption are both included as part of our comprehensive assessment to assess a member's motivation and readiness to change. This additional assessment allows the interdisciplinary team to tailor their interventions and education.

## COVID-19 Members Program

Care Anywhere-based care is provided for members suspected to have COVID-19 or tested positive for COVID-19.

# CKD Care Coordination Outcomes

Through this proactive engagement from 2019 – 2021, Alignment **more than doubled** the rate of outpatient dialysis treatment in a planned outpatient clinic setting.

This means we are avoiding unnecessary hospitalizations that are costly, nearly 2.5 times that of an outpatient clinic treatment, and often unexpected by our members.

*According to Alignment Health Plan data*

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# Alignment Products that Address Social Determinants of Health

**Nine million MA beneficiaries have incomes below 200% of the federal poverty line, and 31% of MA members are racially diverse as opposed to just 21% in Medicare FFS.<sup>20</sup>**

**We support our goal to deliver the most significant impact to all members by removing as many barriers as possible for our members to access quality health care.**

Our products and benefits are designed to ensure we have a well-suited and appropriate product for every member. This allows Alignment to provide the best care and experience for each member’s specific needs at a lower cost.

## 24/7 Concierge Service

Health care is 24/7, so it is essential that we offer service all day, every day, to ensure our members have access to care and their benefits at all times. This service level benefit goes above and beyond what Medicare requires and is offered to all members at no extra cost.

With concierge service, all members can be connected to a doctor anytime, get their health care or benefits questions answered, and so much more. In 2021 we supported nearly 20,000 concierge calls and member portal messages, providing accessibility and peace of mind.

Our member portal allows members to message our concierge team anytime from anywhere. It offers access to plan documents, such as an explanation of benefits, ID cards and other self-help tools.

Beyond inbound support, our team proactively reaches out to members via telephone whom we believe could benefit from our support and engagement.



“JUST CHECKING IN” CALLS with members were completed to proactively assist with benefits and access to care

## Of Alignment's members in 2021:

**34%** have a low-income subsidy (LIS) from the government

**86%** were in plans with \$0 premiums<sup>21</sup>

**52%** of prescriptions were free with a \$0 copay

**88%** of prescriptions were \$10 or less

<sup>20</sup>. <https://www.ahip.org/resources/medicare-advantage-overcoming-barriers-to-good-health>

<sup>21</sup>. Inclusive of plans with Part D premium at or under LIPSA (Low-Income Subsidy Premium Amount) where LIS-eligible members have a subsidy for their Part D premium



## ACCESS On-Demand Concierge Black Card (Black Card)

Every member receives a Black Card. It provides supplemental access to over-the-counter (OTC) products and grocery allowances. These types of product benefits support all members' holistic health and well-being. By design, it addresses SDoH factors and, in particular, serves our lower-income members.

OTC programs are a supplemental benefit that make it easier for members to rely on OTC medicines or treatments before turning to more costly options, up to and including emergency room visits. Benefits vary by plan and often include a monthly allowance to purchase eligible items such as oral care, skin care, first aid and medical supplies, vitamins and dietary supplements and diabetes care. Some programs give members access to these products through direct online and catalog orders, while others allow them to use pre-loaded debit cards at local pharmacies. The OTC offering is free and included with the member's plan.

According to a study by FirstLine Benefits, on average, MA members who use OTC benefits saw reductions in hospital admissions, ER visits and hospital readmissions within 30 days.<sup>22</sup>

22. <https://firstlinebenefits.com/impact-of-otc-programs/>

**100%**

of members had access to ACCESS On-Demand Concierge Black Card

**53%**

of members qualified for the grocery benefit

### Top Grocery Items:

- Canned Tuna
- Oil
- Milk

### Top OTC Items:

- Acetaminophen
- Pain Patches
- Topical Gel

### Top Wellness Items:

- Hygiene wipes
- Cotton Swabs
- Shampoo

**100%**

of members had access to vision services

**100%**

of members had access to preventive hearing services

**98%**

of members had access to preventive dental services

**2,700+**

Gym locations available for members

**52%**

of members registered with the virtual exercise program used it weekly in 2021

## Vision, Dental and Hearing Coverage

As a MA plan, we provide medical coverage beyond what Original Medicare provides, including vision, dental and hearing. These benefits are core to our product offerings and ensure members have access to items critical to their overall wellness. No matter their income, they will have access to comprehensive coverage.

## Exercise Offerings

Alignment offers access to physical activity opportunities as a supplemental benefit via gym locations and virtual offerings. We offer a wide range of customizable and virtual fitness programs wherever members are. The virtual workout options available during the pandemic while gyms were closed allowed our members to stay active at home.

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## Transportation

We provide resources to ensure all our members are free from physical burdens to meet their health needs. By offering transportation to and from medical appointments, we can make sure members get the care they need, free from any transportation issues.

**With an average of 8,000 rides per month, our transportation program, which includes wheelchair assistance, reduced physical barriers facing our members to improve their health.**

The transportation benefit differentiates Alignment and reduces further health complications that often result from missed appointments and late arrivals.

## Companion Care

Research from the National Institute on Aging shows that social isolation and loneliness are linked to higher risks for heart disease, cognitive decline and other chronic illnesses.

We offer Grandkids On-Demand for qualifying members. This program provides assistance around the home, technology support and general companionship to reduce senior loneliness and social isolation.<sup>23</sup>

## Community Engagement

We also offer a community engagement program through a neighborhood-based health organization that provides fun and educational in-person and virtual programs for members with similar interests and life experiences. Member groups include:

- Walking groups
- Grief support
- Self-care - Screenings and health awareness
- Alzheimer's and Brain Health, Arthritis Exercise, Heart Health and Healthy Recipes groups

23. <https://www.nia.nih.gov/news/social-isolation-loneliness-older-people-pose-health-risks>



*I lead a 10-minute class each Friday about self-care in older adults, Alzheimer prevention, and self-esteem. Having this space means the world for me. I often say, 'me regresaste el alma al cuerpo,' which means you returned my soul to my body [in Spanish].*



**Leopoldo**

*Alignment Health Plan Member and community ambassador with a PhD who also studied gerontology*



*I was concerned about memory loss. After learning about the early signs and symptoms of dementia and Alzheimer's in my group, I've made an appointment for a cognitive assessment with my PCP. I would have never taken this step without having the support of this community.*



**Jules M.**

*Alignment Health Plan Member*

## Culturally and Linguistically Appropriate Service

Alignment has demonstrated its commitment to creating plans that serve a diverse audience of members across ethnicities, economic statuses and geographies. Recognizing that health care requires conversations and a personal touch to be effective, we are addressing both language and cultural barriers affecting our members by tailoring product offerings to meet their needs.

Harmony is a health maintenance organization (HMO) plan designed for members of Asian heritage and offered in select communities. In 2021, the plan gave members access to benefits including:

- \$0 premium
- \$0 PCP copay
- 24/7 concierge, telehealth services and member materials in Chinese and Vietnamese
- Traditional Eastern medicine disciplines, such as acupuncture and chiropractic services, at no additional cost and without any authorization or referral

We also prepared for the January 2022 launch of the ONE, or el ÚNICO in Spanish, a \$0 premium HMO plan that started serving the unique needs of the growing Hispanic American community. The plan features:

- \$0 PCP copay
- A monthly OTC and grocery allowance
- Spanish-speaking provider network
- Spanish-speaking service agents and in-language member materials

**14%**  
of members  
identified as  
Hispanic

**12%**  
of members  
identified as  
Asian

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# In 2021

**2.5**

Average number of chronic conditions per member

**42%**

C-SNP members enrolled in case management

**79.9%**

C-SNP members completed a health risk assessment – this is part of our Star measurement

**29%**

Members are Medicare and Medicaid enrollees

**34%**

Members part of Medicare’s Low-Income Subsidy (LIS) program

**30%**

D-SNP members enrolled in case management

**78.57%**

D-SNP members completed a health risk assessment – this is part of our Star measurement

## Special Needs Plans

Medicare Advantage special needs plans offer unique coverage for members with unique needs. Alignment offers chronic condition special needs plans (C-SNPs) and dual-eligible special needs plans (D-SNPs) to members who meet specific eligibility criteria.

### Chronic Condition Special Needs Plans

C-SNP members have specific severe chronic conditions. Research shows that approximately 66% of Medicare enrollees have multiple chronic conditions requiring coordination of care among primary providers, medical and mental health specialists, inpatient and outpatient facilities and extensive ancillary services related to diagnostic testing and therapeutic management.<sup>24</sup>

C-SNPs also provide a higher level of care management of member conditions, including a dedicated care team who checks in on them regularly, making sure that they understand and are taking their medication, that they have transportation to doctor visits or that there’s healthy food available in their area.

Alignment’s 2021 C-SNPs offered \$0 monthly premium, \$0 primary care doctor and specialist visits, \$0 vision and hearing exam visits, \$0 personal emergency response system and a monthly OTC allowance.

### Dual-Eligible Products and Benefits

Individuals who are dually eligible for and enrolled in both Medicare and Medicaid typically have lower-incomes, and our D-SNPs are designed to meet the unique needs of that population. Our dual-eligible members often have plans that include a \$0 monthly premium, \$0 vision and hearing exam visits, a \$0 personal emergency response system and a monthly OTC credit.

We apply thoughtful consideration of a member’s income and government-provided subsidies to ensure that their socioeconomic status does not prevent them from accessing high-quality health care.

Combined with our overall care model, we can achieve better health care outcomes for these underserved populations.

## Alignment Health Plan Star Ratings

Every year, Medicare evaluates plans based on a 5-Star Quality Rating System.



Overall Star rating for the last 5 years



Star HEDIS measure rating for SNP Care for Older Adults – Medication Review since 2018<sup>25</sup>



Star HEDIS measure rating for SNP Care for Older Adults – Pain Assessment since 2018<sup>25</sup>



Star rating for C-SNP member health risk assessment completion since 2018<sup>25</sup>



Star rating for D-SNP member health risk assessment completion since 2018<sup>25</sup>

24. <https://www.commonwealthfund.org/publications/issue-briefs/2021/mar/managing-medicare-beneficiaries-chronic-conditions-covid#:~:text=Chronic%20conditions%20are%20common%20among,two%20or%20more%20chronic%20conditions>

25. 2021 Star rating will be available in October 2022

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# Oversight, Quality and Satisfaction

We believe a robust oversight program is vital to ensure we deliver our promise to members. We also continuously look for opportunities to implement new action plans, services and programs to improve member satisfaction.

## Oversight Structure

Alignment’s Quality Management (QM) program is designed to promote high-quality care and service excellence. Our QM department coordinates and facilitates ongoing monitoring and improvement. The program helps review and evaluate current practices and implement quality improvement initiatives.

Alignment’s Quality Improvement Committee (QIC) is a cross-functional team facilitated by the QM department and includes a minimum of three physicians.

The QIC provides oversight of the QM program as it reviews, approves and makes recommendations on at least an annual basis. In addition, the QIC ensures that the implementation of the QM program is responsive to and supports improving health outcomes, improving member satisfaction and ensuring that the collection, analysis and reporting of quality data complies with regulatory mandates and accreditation standards.

**Alignment Health Plan’s Board is the principal governing body responsible for establishing, maintaining and supporting the health plan’s quality management program as it reviews, approves and makes recommendations to the QIC at least quarterly.**



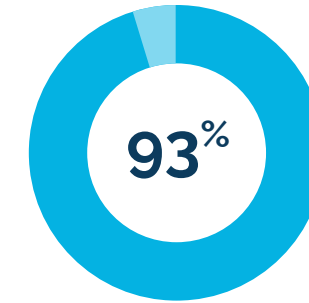


## Member Feedback and Satisfaction

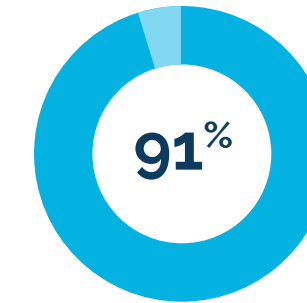
We take great care to ensure our members are satisfied and that our virtuous-cycle care model continues to expand their long-term health outcomes.

We maintain our Member and Provider Satisfaction Policy, which aims to evaluate the effectiveness of our programs and services. We collaborate with network practitioners to identify opportunities to improve care and assess members' experiences with services and clinical programs.

We also seek our members' direct feedback and opinions regarding their experience with Alignment, so all members feel heard. We do this by utilizing a Customer Satisfaction (CSAT) survey at the end of any call activity to or from Member Services. The Member Services team reviews a dashboard of this CSAT feedback daily and uses results to shape our training and performance feedback for our service representatives.



93% OVERALL SATISFACTION WITH THE CARE MANAGEMENT PROGRAM



91% WOULD RECOMMEND THE ALIGNMENT CARE MANAGEMENT PROGRAM TO A FRIEND OR RELATIVE

In addition, we obtain direct feedback from SNP members who participate in a clinical program through a Care Management Satisfaction Survey. This survey is distributed once per year to identify opportunities to improve satisfaction.

In those instances where the member or provider survey identifies areas of concern, a quality improvement process will be initiated by the QIC.



## Third-Party NPS Measurement

Our net promoter score (NPS) shows Alignment's member satisfaction.

NPS surveys are considered the gold standard for assessing consumer satisfaction across industries and companies. Our NPS surveys are conducted three times per year via email and telephone by a third-party research company. Our consistently strong performance is unique in an industry that historically has not been known for high levels of consumer satisfaction.

## Member satisfaction

60+

Overall NPS since 2019

75+

Care Anywhere NPS since 2019

85%

of 2021 respondents said they would recommend Care Anywhere to a friend

“

*I have been with Alignment for two years, and I wish I would have been with you for 20 years. Your representative has been very helpful. She called me today, too, just to ask me if I need anything. I have never encountered this in all the years that I have lived over here. It has been about 45 years since I came from England, and I am from Syria... Oh, and regarding my wife I referred her to Alignment, and we are both so happy. I got my wife to enroll. In general, you are all wonderful... I have never seen such a service and kindness.*

”

**Ninos M.**  
Alignment Health Plan Member

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# Serving the Public Interest

Alignment is part of a highly regulated industry with oversight from state and federal regulators, including CMS, the Office of Inspector General and the Office for Civil Rights, and state departments of insurance and Medicaid divisions.

## CMS Star Ratings

As an MA plan, each of our plans is approved by CMS and reviewed using the CMS 5-Star Quality Rating System.<sup>26</sup>

CMS uses this system to measure the experiences Medicare beneficiaries have with their health plan and health care system on a scale of 1 to 5 stars, with 5 being the highest. Star ratings are based on more than 40 quality measures that objectively evaluate health plan quality.

The health plan's Star rating directly impacts quality bonus payments, which are used to improve benefits and services for members.

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## Alignment Star Ratings



Overall Star rating for the last 5 years



Star rating on all medication adherence measures (diabetes, hypertension and cholesterol) in 2018-2020<sup>27</sup>



Star rating on the CAHPS measure "Rating of Health Plan" in 2018-2020<sup>27</sup>



Star rating for HEDIS measures in 2018-2020 across 10 key metrics<sup>27</sup>



### HEDIS Performance

Of those eligible for the following in 2019 and 2020 (2021 rates will be made available October 2022):

- **Diabetes Care – Eye Exam, Kidney Disease Monitoring and Blood Sugar Controlled:**
  - › 99% participated in kidney disease monitoring
  - › 96% had their blood sugar in control
  - › 83% completed an eye exam
- **Care for Older Adults – Medication Review, Functional Status Assessment and Pain Assessment:**
  - › 98% participated in a functional status assessment
  - › 98% participated in a pain assessment
  - › 98% participated in a medication review



### Pharmacy Performance

Of those eligible for the following in 2019 and 2020 (2021 rates will be made available October 2022):

- **Medication Adherence:**
  - › 90% of members with hypertension adhered to their medication
  - › 90% of members with diabetes adhered to their medication
  - › 89% of members with high cholesterol adhered to their medication

<sup>26</sup> <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/FSQRS>  
<sup>27</sup> 2021 Star rating results will be available in October 2022



# Serving our Physician Partners

Strong relationships with physicians are crucial to our success and drive positive member outcomes. Our partnerships with physicians utilize aligned incentives focusing on quality care delivery.

## Improving care with Care Anywhere

Our Care Anywhere-employed clinical teams provide extra care in the home or virtually to the most vulnerable members in addition to the care provided by PCPs. This support gives time back to the PCP to provide more care to more members. We do all of this free of charge for Alignment members and free of charge to the provider.

We give health care professionals more time to try preventive actions with:

**5,000+**

*AVA clinical alerts to better monitor and track our members' health care utilization and changes in health status, enabling us to identify potential challenges earlier*

## Improving care with AVA

Alignment provides physicians with the real-time, actionable data and insights they need via AVA to help them make effective clinical decisions and achieve greater practice efficiency.

AVA is designed to help streamline workflows for both providers and front-office staff to empower them to focus on what matters most: members' care.

The following technologies are available at the fingertips of providers to help improve the quality of care delivered and reduce the total cost:

- **Patient Priority Application:** Provider groups and their partners receive an all-in-one quality care management and risk adjustment solution. Physicians have prioritized and up-to-date patient lists with open clinical, quality and Hierarchical Condition Category gaps, enabling proactive member outreach and scheduling. The application also streamlines medical chart submissions, allowing accurate and timely gap closures.
- **Patient 360 Application:** This application provides on-demand access to comprehensive patient information and the list of AI-based actions needed to be assessed during patient visits. This means physicians can spend less time capturing the patient's health history, make more informed decisions, and have more time to focus on improving patient outcomes.
- **Jump Start Assessment Application:** This is a point-of-care tool for annual wellness visits to capture comprehensive member-reported data and create various risk assessment scores that feed personalized care plans and effectively close gaps in care.

- **Provider Insights:** We offer a variety of self-service performance dashboards for physicians, provider groups and our executives to provide actionable insights on key areas including:
  - › Membership and growth
  - › Utilization management
  - › Disease management
  - › Quality
  - › Risk adjustment
  - › Data quality
- **Provider Relations:** Our Provider Relations team is focused on providing training, engagement, issue resolution and resources to support the provider and simplify their day-to-day interactions with Alignment. Alignment's provider portal empowers providers with capabilities such as real-time eligibility checks, claim status, and referrals and authorization management.

“

*I have been experimenting with electronic AVA Patient 360 submission for the past few weeks. To date, I have completed over 100 submissions online. I find it to be efficient, time-saving, and cost-saving. PDF electronic submission allows me to eliminate a significant amount of manpower and supplies dedicated for processing hard copies.*

”

**Dr. Alex T., PCP**

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# Serving our Employees

Our innovation-led, serving heart culture permeates our human capital (HC) management philosophy, which focuses on enabling business objectives by attracting, engaging, developing and retaining a high-performing, diverse workforce.

## Governance and HC Oversight

Alignment’s HC team is led by our Chief People Officer, who oversees the entire human capital function, including talent acquisition, employee relations, total rewards, organizational development and effectiveness.

The Chief People Officer reports directly to the CEO and regularly provides management reports to the Board and its Compensation and Compliance Committees. Our HC team partners with the Board and its committees, which provide input on important decisions related to human capital, such as corporate culture, human capital compliance and risk mitigation, talent acquisition, organizational development, compensation and total rewards.

*We serve members who represent different cultures, ethnicities, genders and backgrounds, and we believe our members are best supported when the employees in our organization reflect the communities we serve.*

**Leading with a serving heart:** We have created a leadership development program to train our leaders on how to lead with a serving heart at every level of the organization.

**Attracting talent:** As our company is focused on growth and scalability, we strive to attract world-class talent with whom our mission-based culture of innovation strongly resonates.

**Performance-based rewards:** We align our rewards to high performance and continuously assess and enhance the various mechanisms in place to support organizational success.

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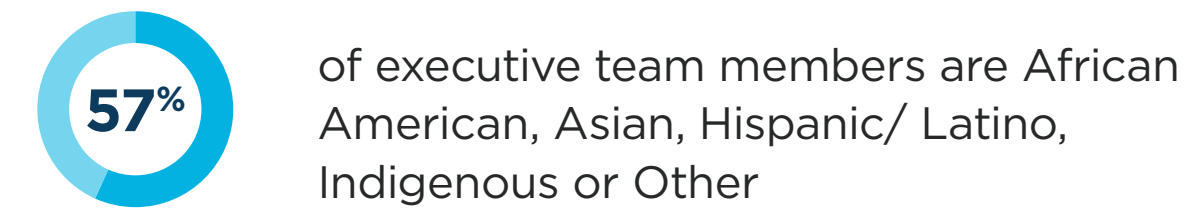
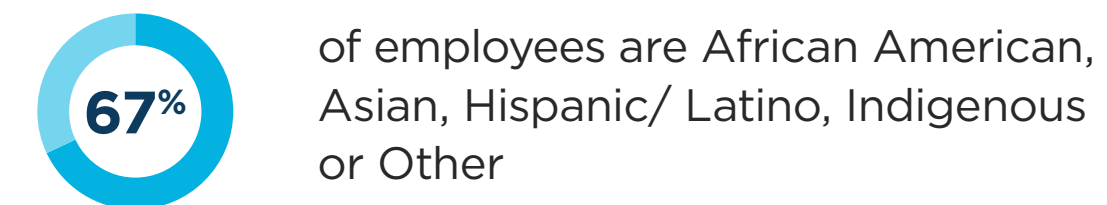
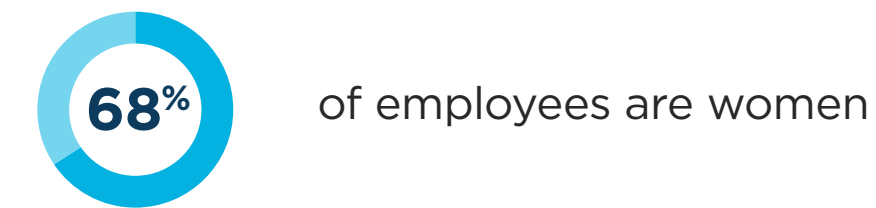
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## Alignment's Employees

As of January 1, 2022







In 2021, Dawn Maroney, markets president and CEO of Alignment Health Plan (CA), was recognized with the **Orange County Business Journal's 27th Annual Women in Business Award**. Maroney was honored as one of six exceptional businesswomen in Orange County, California, for her positive impact on her organization, profession and the Orange County community.

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### Diversity, Equity and Inclusion

We recognize the importance of DEI as we scale and build our high-performing team.

Alignment goes to great lengths to hire top-quality talent, encourage diversity in the workplace and create a thoughtful and nurturing work environment. We utilize various technology and social resources to drive these initiatives forward.

We strive for equal employment opportunities and to eliminate discrimination in the workplace, with a particular focus on military veterans, individuals with disabilities, women and minorities.

We monitor the effectiveness of recruitment and talent management strategies and produce an annual report to reflect updates on our hiring and advancement opportunities.

Our talent acquisition team takes diversity seriously. We partner with an external hiring board to focus our recruitment initiatives. We are working with several universities within the Los Angeles area to provide a pipeline of potential candidates. Additionally, we work with local workforce organizations to engage with veterans and individuals with disabilities to find employment opportunities within Alignment.

To ensure competitive pay, we have engaged outside consultants to build a compensation structure, considering industry benchmarking data and principles for equal pay in parallel with internal equity studies.

Within our Cornerstone OnDemand training courses, we have made available a series of training sessions focused on reducing barriers to DEI. Topics include, but are not limited to, the following:

- Creating a Working Environment Based on Respect
- Cultural Awareness in the Workplace
- Equality and Diversity
- Diversity Made Simple for Managers/Employees
- Respect Gender and Sexual Differences, and Assert Yourself



## Talent Management and Training

The continued success of our company depends, in part, on our ability to attract, develop and retain the best talent as we grow and scale.

Our talent management strategies ensure we establish and develop a pipeline of outstanding leaders and employees. We have created unique training and development programs to promote ongoing learning and skills enhancement across the company.

Alignment provides technical skills, knowledge-based and personal development training through our Cornerstone OnDemand platform. Employees can access these resources on-demand 24/7. We continue to expand and develop Cornerstone OnDemand programs to meet the growing demands of our workforce.

To preserve technical capabilities as we grow and scale, we began developing Alignment University, a formalized approach to educating our employees on the organization's core technical competencies and value drivers. In 2021, the learning objectives were coordinated and developed in partnership with our markets and clinical leadership teams.

In addition, we provide leadership coaching and team development programs, which support individual leaders and their teams in their professional and personal development.



## Serving Leader Program

We offer training and leadership development opportunities for directors and above through our Serving Leader program. The program focuses on embedding the serving leader principles into our employee-centric talent management practices to strengthen the Alignment culture further.

### Training Metrics for Alignment's Clinical Organization

**90 days**

Average training time per employee

**\$7,800**

Average amount invested into training per employee

**~100 hours**

Total training hours completed per employee

**~5,000 hours**

Total training completed for all employees

**>42%**

*of our leaders (managers and above) have completed the Serving Leader program with the goal of 100% in the future*



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## Employee Engagement and Recognition

### **Letting our employees know that their feedback is heard enables us to build an environment where they feel most productive, fulfilled and valued.**

Alignment's employee engagement program focuses on preserving the cultural elements that support high employee engagement and motivation.

Since 2019, we have been using reputable external partners to design and implement annual employee engagement surveys, as well as pulse surveys during the height of COVID-19 to understand our organizational strengths and areas of improvement.

The topics covered in these surveys include working environment, leadership, innovation, teamwork and ownership, enablement, service and quality focus, feedback and recognition, learning and development, communication, diversity and work-life balance.

The overall results of the surveys are shared with the executive team, and the HC management team and business leaders develop action plans to address the topics that need greater attention. We celebrate and continue to focus on the areas where we do well. We then review the benchmarks the following year to see how we have improved and to identify gaps and other areas that may require additional support.

We also make sure we engage with our employees across the organization throughout the year. We hold all-employee town hall meetings that provide an opportunity for our employees across the organization to hear about our strategic goals, updates and progress and ask questions.

Founder and CEO John Kao started holding regular virtual CEO Connection meetings in 2021 with smaller groups of leaders where they can ask questions on any topic and provide feedback. Feedback from these sessions has been positive, and these sessions will continue in 2022.

We have created our You're a Star program to recognize Alignment associates who provide exceptional customer service and care. While each of our employees plays an important role, those who show compassion in exceptionally helping our members throughout their health care journey will receive a reward from management to encourage their continued work ethic and commitment.

We also have continued to allow for a hybrid/remote workforce policy for many of our employees as we acknowledge the importance of striving to be a flexible employer of choice.



# 89%

Of respondents indicated they are engaged based on 2021 employee pulse surveys since beginning of the pandemic

### **Favorability Scores by Topic Surveyed**

- 93% Role clarity and productivity
- 92% Team cohesiveness
- 82% Performance feedback
- 91% Communication
- 89% Information sharing
- 85% Enablement

## Honoring A Life in Service

Another way we engaged with our employees to continue to recognize exceptional customer service is through our Dr. Karina Moldavski Award.

Through this award, Alignment recognized those dedicated to providing high quality, compassionate services to our members, fellow team members and community, enabling us to deliver on our promise to put seniors first.

Karina's interest in health care came from a devotion in improving both the patient experience and the health care industry. One of the first employees to join Alignment Healthcare in 2014, she worked in clinical operations and utilization management before serving as vice president of delegation oversight. Making tremendous contributions to Alignment's mission, Karina served as an advocate for our members, transforming lives through her service and compassion. Tragically, Karina lost her battle with cancer in January of 2020, leaving behind her mother, husband and adopted dog. Candid and outspoken on her challenges, Karina fought valiantly until the end.

To honor her memory and her everlasting impact on our organization and its members, Alignment awarded the Dr. Karina Moldavski Hero Award to employees in 2021 who made significant contributions to our members, fellow team members or community and exemplify her courage and determination in the workplace.

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# Serving our Communities

We invest in the communities we serve by supporting local initiatives and employing community residents. We also have several Alignment Healthcare Centers that provide local community support.



**5,000+**

COVID-19 VACCINES provided out of our care centers in California and North Carolina

**19,600+**

MEALS DISTRIBUTED to members in need, including those delivered for the crisis meals program



*The way Alignment Health Plan held Town Hall Meetings in regard to the COVID response really was beneficial. As I listened in, I was able to take away from it that Alignment worked diligently to help members and provide as much information as possible. It helped me react to the virus in a calming way.*



**Roberta O.**  
Alignment Health Plan Member

## COVID-19 relief efforts

Above and beyond full compliance with measures from CMS, Alignment launched two programs to address critical medical and social challenges that Americans are facing:

- AVA personalized COVID-19 risk assessment tool, which provided personalized results through 2021
- Crisis meal delivery program, providing two weeks of meals to members who cannot otherwise access food

Alignment’s crisis meals program, which started in 2020, leveraged a trained corps of more than 50 volunteers – including Alignment employees, network providers and broker partners – to deliver a two-week supply of prepared meals to Alignment members who qualify, including those who live alone, live below the poverty line or do not have other means of accessing food.

In Fall 2021, our service teams helped and encouraged members to get vaccinated and boosted by scheduling hundreds of COVID-19 appointments through a special call to inquire about member vaccination status.

We have also hosted regular member virtual town halls to answer member questions about COVID-19 and provide resources around key issues such as exercise and loneliness.

## Health education

Alignment Health Plan and the American Diabetes Association® (ADA) joined forces in 2021 for a year-long partnership to educate the Alignment community about diabetes management and empower members and providers with diabetes resources. The partnership featured three virtual “Ask the Experts” Q&A sessions with the ADA to support the nearly 14.3 million seniors in the United States that suffer from diabetes.

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# Serving the Environment

The environment plays a critical role in the health of every community, and we are committed to making a positive impact.

## Our serving the environment pillar focuses on:

Sustainable operations and doing our part in the transition to a low-carbon economy through sustainable operations, including:

- Expanding telehealth offerings
- Avoiding unnecessary hospitalizations
- Understanding our footprint from facilities and data centers and determining how to mitigate that impact



# Sustainable Operations



While we continue to innovate and provide programs and services for our members that expand their access to quality care, we recognize the health impacts of our services and our environmental footprint.

We believe businesses have an opportunity and obligation to protect the environment and build sustainable models for future generations. We will continue to build on our commitment to serving the environment, and you will hear more updates in future reports.

## Shift toward virtual care and telehealth

We have adapted to a new shift in the modality of care, increasing the safety and convenience for our members and reducing the environmental footprint associated with clinical visits.

Our VCC is designed to provide members with access to a clinician 24/7 via telehealth. All members with medical concerns or questions can call the VCC and speak with a provider over the phone or via video at any time. By expanding access to a virtual care delivery model, we have been able to avoid carbon emissions incurred through in-person visits by our members traveling to their medical appointments and by our clinical teams or health care providers traveling to meet members in their homes.

We have seen a significant increase in the use of our VCC, particularly during the COVID-19 pandemic.

It is estimated that:

**5,000**

Metric tons of carbon dioxide (CO<sub>2</sub>) emissions are avoided for every

**1 million**

Virtual visits<sup>28</sup>

In 2021

**100,600+**

Alignment member telehealth visits

This translates to an estimated:

**500**

metric tons of CO<sub>2</sub> emissions avoided

or

**1.2 million**

Miles driven by an average gasoline-powered passenger vehicle<sup>29</sup>

28. <https://www.teladochealth.com/resources/report/csr-report/>

29. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

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In 2021, compared to 2019 Medicare FFS benchmarks, Alignment had:

**38%**

Reduction in member hospital admissions

**52%**

Reduction in emergency room admissions per thousand members

**26%**

Reduction in 30-day member readmission rates

With reduced hospital admissions and readmissions, we are making a measurable impact on CO<sub>2</sub> emissions.

**250-275**

Estimated metric tons of CO<sub>2</sub> is generated per hospital bed per year<sup>30</sup>

### Preventing unnecessary and avoidable hospitalizations

Since day one, Alignment has been focused on preventing unnecessary and avoidable hospitalizations and other costly, distressing events.

We measure progress based on inpatient, emergency room, and skilled nursing facility admissions per thousand. We also measure member readmission rates.

We understand the health care industry's impact on the global climate footprint. It represents 4.4% of global net emissions, with 17% of the sector's worldwide footprint coming from health care facilities and health care-owned vehicles.<sup>31</sup>

In 2021, we continued to improve the prevention of unnecessary and avoidable hospitalizations. In 2022, we will work to understand better how we can continue to make an impact on our carbon footprint through these efforts.

### Facilities

***Our business model is not dependent on brick-and-mortar locations. We partner closely with existing physicians in each market, supporting them to be even more effective in delivering high-quality care while improving outcomes within existing footprints.***

We have implemented initiatives across our physical offices and care centers to reduce our operational footprint and continuously assess areas of opportunity. Most of our spaces are leased, including our headquarters in Orange, California. Our headquarters space, the largest of our facilities, is LEED Gold Certified and Energy Star Certified.

We have also focused on incorporating greater recycling capabilities. These include the utilization of recycled printer toners, waste facilities and resources and environmentally conscious breakroom supplies.

### Data Centers

ESG considerations have proven to be particularly vital regarding data centers. These facilities account for an estimated 1% of worldwide electricity use,<sup>32</sup> so the impact on global energy demand is significant.

Throughout 2021, we have continued to transition our data management out of our data centers and into the cloud managed by Microsoft Azure Cloud Services. Among multiple efficiencies and business continuity reasons for the transition, we consciously realize the additional and indirect impact we are making in reducing our footprint by eliminating our physical data centers.

### Establishing an Electronic-Waste (E-Waste) Program

We hired an information technology (IT) asset manager in 2021 to manage the deployment and disposal of e-waste, like company computers and cell phones. We partner with e-Steward certified recyclers to dispose of e-waste. E-Steward certification provides the following benefits:

- IT assets are disposed of ethically under an e-Steward certified recycler
- Prevents the illegal exportation of hazardous waste to developing nations
- Forbids practices of using sweatshops, child and prison labor to recycle/dispose of e-waste

30. <https://www.gehccommandcenter.com/videos/sustainability-week-usa-2021?hsLang=en>

31. <https://noharm-global.org/documents/health-care-climate-footprint-report>

32. <https://www.science.org/doi/10.1126/science.aba3758#:~:text=In%202018%2C%20we%20estimated%20that,over%20the%20same%20time%20period.>

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# Serving Responsibly

Our commitment to do well by doing good is a testament to the way we serve our members, delivering better care at lower costs, securing stakeholders' sensitive and personal information, improving health outcomes and bridging health equity gaps to drive toward better access for all.



### Our serving responsibly pillar focuses on:

- Conducting business ethically, honestly and in compliance with applicable laws and regulations
- Working to create a top-down view and management of the most significant risks to achieve Alignment's strategic objectives, including identifying and managing ESG risks
- Upholding our responsibility to safeguard our stakeholders' sensitive personal and health information and protecting our business against cyber threats
- Committing to management and Board-level oversight of ESG matters

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# Managing Risk Through Integrity, Ethics and Compliance

In every decision, we strive to do the right thing, which requires us to follow all rules, laws and regulations, and to always act with the utmost integrity.

As a company operating in a heavily regulated environment, our teams must work alongside members, regulators, physicians, care professionals and other participants to deliver quality health care that promotes the well-being of our members and treat everyone with dignity and respect. We build trust and confidence among our stakeholders through our commitment to and implementation of robust policies, programs and procedures.

## An Integrated Approach

A culture of compliance and risk management is embodied across our organization. Our executive leadership team and Board set the tone at the top and understand deeply the value and importance of doing the right thing. In addition, our compliance, legal and risk management teams work in tandem to ensure our practices meet our regulatory requirements and are comprehensive in scope to manage and mitigate our risks.

Our ethics and compliance program has been designed in accordance with the guidelines provided by the Department of Health and Human Services and CMS. As required by CMS, each of the compliance plans for our contracts are reviewed and approved by CMS. The seven principles of Alignment’s compliance program include:

- Written conduct standards, policies and procedures
- Effective oversight through a compliance officer, compliance committee and executive ownership
- Screenings and evaluations of employees, physicians, vendors and governing body
- Effective communication, education and training
- Publications and consistent enforcement of disciplinary standards
- Effective systems for routine monitoring and identification of compliance risks
- Processes and systems for the prompt response, including investigation, correction and prevention



Alignment’s compliance program is led by our chief compliance officer (CCO), who has the primary responsibility of evaluating, planning and implementing our program through the management of the Compliance and Regulatory Affairs Department. This includes the organization and oversight of Alignment’s Operational Compliance Committee, which advises on the monitoring, compliance and ethics of our regulatory programs, in addition to our Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Committee, which, in collaboration with the security and legal teams, reviews our privacy incident policies, procedures and practices.

Regular communication among our teams, executive leadership and external organizations is critical to the success of our program. Our CCO reports to our CEO and our Board on a routine basis to educate and inform them of Alignment’s operational and compliance activities. In addition, we frequently communicate with regulatory bodies and oversight boards that govern our business.

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## A Focus on Transparency and Awareness

We value transparency and continuously evaluate our performance through metrics and surveys to gain insights into the effectiveness of our program. In this vein, we always strive to be organizationally audit-ready. Our compliance team ensures our requirements and goals are met by conducting annual risk assessments, developing mitigation plans, performing routine monitoring and preparing and submitting audits according to CMS deadlines, requirements and technical specifications. We also conduct longitudinal studies followed by inter-departmental root cause analysis to enhance our practices further.

The actions of those who work at Alignment and those with whom we work are integral to our culture of compliance. Just as we strive to be compliant as an organization, we expect everyone to abide by all applicable state, federal and local laws and to comply with our policies and procedures. We have interwoven this commitment into our fabric through our Code of Conduct (Code).<sup>33</sup>

Our Code sets out the standards of ethical behavior and serves as the foundation of our compliance program. The Code applies to all our officers, directors, employees, contractors, clinicians, vendors, health care professionals, and others who serve on our behalf. The Code was developed in conjunction with our legal and compliance teams and addresses topics such as fraud, waste and abuse (FWA), HIPAA and Health Information Technology for Economic and Clinical Health (HITECH) Act compliance, the accuracy and handling of medical records, patient care and sexual harassment. By understanding and following our Code, each individual is helping to safeguard Alignment's integrity and compliance culture.

We reinforce the elements of our Code through our training programs. All our employees must complete annual ethics and compliance training, role-specific training, as needed, and sign-off on our Code. These programs are managed by our CCO, administered through our learning management system and cover subjects such as FWA, HIPAA, Medicare Part D and general compliance.

## 100% of employees completed general compliance training and fraud, waste and abuse training in 2021.

This past year we made a concerted effort to enhance particular security training related to HIPAA privacy by releasing new training programs for our employees. As we continue to grow, we will leverage new operational efficiencies, such as compliance automation to enhance and evolve our ethics and compliance programs.

Alignment maintains internal policies that provide more specific direction beyond the core elements of the Code. The list of ethics policies and related documents include:

- Conflicts of Interest and Gift Guidelines
- Disclosure Controls and Procedures Policy
- Foreign Corrupt Practices Act and Anti-Corruption Policy
- Insider Trading Policy
- Privacy and Data Protection Policies
- Procedures for Investigating Employee Complaints
- Regulation Fair Disclosure / External Communications Policy
- Related Person Transactions Policy

## Enterprise Risk Management

Alignment began discussing its enterprise risk management program in 2021 and is in the process of formalizing this program in 2022, including ESG.

Our CCO leads our Enterprise Risk Management Steering Committee. Its purpose is to develop a view of the most significant risks to achieving Alignment's most important objectives.

The enterprise risk management process will be an important and effective strategic tool for our management and Board to gain a more holistic understanding of potential cross-functional risks, which may then be managed collectively and transparently. Insights about risks emerging from the process will provide important input to Alignment's strategic plan.

## Whistleblower Protection

As a company guided by the highest standards of integrity, we are building strong, lasting relationships with our members, business partners and providers by earning their trust, providing outstanding service and keeping our promises. This requires each of us to be vigilant in our activities and to report instances of any potential misconduct.

We maintain a whistleblower policy as required under federal and state laws. We encourage employees to raise compliance and ethics concerns. We offer several channels for employees and third parties to report compliance and ethics concerns or incidents, including the option to share with their supervisor or via the toll-free ethics and compliance hotline at 1-844-297-5948 or the internet at [www.alignmenthealth.ethicspoint.com](http://www.alignmenthealth.ethicspoint.com), available the 24/7.

Suspected misconduct related to the company's accounting practices or financial reporting activities can be reported to the financial governance hotline at 1-877-785-5375 or via the internet at [www.whistleblowerservices.com/ALHC](http://www.whistleblowerservices.com/ALHC), available 24/7.

We train all employees annually to remind them regarding how they may report possible ethics or compliance issues and their affirmative responsibility to report any issues. Each report is thoroughly reviewed and investigated to determine the appropriate course of action to address the issues.

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<sup>33</sup> <https://ir.alignmenthealthcare.com/governance/governance-overview>



# Data Security and Privacy

As a company that leverages data, technology and analytics to transform health care, we invest in long-term solutions to address current and foreseeable cybersecurity risks and threats while enabling technological development that enhances the member experience.

## Cybersecurity Program

Our cybersecurity program is overseen by our chief information security officer. The program is frequently reviewed by regulators, as well as by external auditors and internal compliance controls and procedures.

Alignment is committed to constantly evaluating and improving our security and privacy posture. In 2021, we received the externally validated HITRUST certification, the gold-standard compliance framework in the health care industry, and we have maintained strict protections and security measures since.

**Our policies have resulted in zero security incident-related disruptions or downtime to our business continuity or customers during 2021.**

Our risk and control framework aligns with the National Institute of Standards and Technology (NIST) and the Center for Internet Security (CIS) frameworks. Our framework is further managed by our Information Security Risk Committee, which discusses and makes decisions about overall risks and risk mitigation strategies.

## Safely Handling Personal Information

Alignment receives personal information from or about our health plan members, customers, employees or other persons as part of our day-to-day business activities. The data is hosted, stored and processed primarily in Microsoft Azure Cloud Services.

For benefit administration and health plan operations, we distribute the data to our downstream partners engaged in providing medical care. Per contractual and clinical/care requirements, data sharing with these entities is handled via secure file transfers, application programming interfaces (APIs), secure (encrypted) email and AVA applications. Our privacy policies and practices can be found in our Privacy Policy and Terms of Use.<sup>34</sup>

We take compliance with HIPAA seriously. It applies to all information technology resources owned or operated by or on behalf of Alignment. All personnel must comply with HIPAA and related policies. Demonstrated competence in the requirements of this policy is an important part of all Alignment employees' responsibility. Officers, agents, employees, business associates, contractors, affected vendors, temporary workers and volunteers must read, understand and comply with our policy in full and at all times. Related and specific policies and procedures are published on the Alignment employee intranet.

**Alignment does not share, sell or rent data to third parties.**

Our proprietary data platform, AVA, is a core component of our information systems. AVA incorporates high-security controls around member data, including regular vulnerability testing, adhering to application development security best practices and implementing fine-grained access controls, ensuring only authorized individuals can access protected health information (PHI). Protecting our members' private and sensitive health care data aligns with our core values.

***The execution of Alignment's information security and privacy strategy is critical to our continued success. We invest in long-term solutions to address current and foreseeable cybersecurity risks and threats, while also enabling technological development that enhances the member experience.***

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<sup>34</sup>. <https://www.alignmenthealthcare.com/Privacy>



As a mission-driven, purpose-built technology company, we recognize the importance of operating our business in a socially responsible and sustainable manner that considers all stakeholders in our decision-making processes and oversight mechanisms.



### Security Operations and Incident Response Team

To successfully operate and monitor our technical security readiness, we maintain a Security Operations and Incident Response team to detect and respond to cybersecurity threats. Our multi-layered security is bolstered by technologies and includes annual employee and vendor training, encryption, data loss protection and vulnerability scanning, among other controls.

Employee training is conducted annually based on need, departments and roles. We provide our employees and contractors with training on properly handling and maintaining the security and privacy of our critical information assets and systems. Our training program is conducted via a combination of computer-based training, automated phishing campaigns, email notices and required reading and acknowledgement of acceptable use practices and policies.

We take business continuity planning seriously as it could have significant and sensitive impacts on the delivery of health care and the well-being of our members.

**Through simulations, auditing and testing, and business impact analyses, we develop processes to ensure the greatest preparation and mitigation measures.**

Should a disruption occur, a ranking system is deployed to identify the severity of the situation and is then responded to with the appropriate team and escalation response mechanisms. Once resolved, we conduct a root cause analysis to dissect the event to reduce future risk.

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# Practicing Good Corporate Governance

We expect our leaders to set the example and be role models. They should help create a culture that promotes strong ethical and compliant behavior while being equipped to make sound business decisions. We never want to sacrifice our integrity or compassion to serve others to pursue business aims.

The Nominating, Corporate Governance and Compliance Committee reviews corporate governance practices at least annually and recommends modifications to the board for approval to strengthen our governance. Additional information on our corporate governance policies and board committees is available in our proxy statement<sup>35</sup> and on our investor relations website.<sup>36</sup>

## Leading with a Serving Heart

The commitment to lead with a serving heart extends across our entire executive leadership team and organization. Each of our executives contributes to our mission of transforming health care delivery to seniors through technology. They are experts in areas such as compliance, health care, finance, technology and business development. Through their management, we have created robust departmental and cross-departmental systems to effectively monitor, manage and achieve our strategic goals, while staying true to our mission.

35. <https://ir.alignmenthealthcare.com/financial-filings/sec-filings>  
 36. <https://ir.alignmenthealthcare.com/governance/governance-overview>

## Board of Director Oversight

Our Board serves an integral role in our commitment to strong corporate governance. It oversees and provides mentorship to our management in open and transparent engagements. They offer advice and guidance concerning our enterprise risks and opportunities. They also serve as fiduciaries of our stockholders and stewards for all stakeholders.

To fulfill these responsibilities, the Board meets at least quarterly and holds separate sessions for each of its committees. The Board is currently served by three standing committees with the following core oversight responsibilities:

- **Audit Committee:** The completeness and accuracy of Alignment’s financial reporting and the adequacy of its internal financial and operating controls
- **Compensation Committee:** The review and determination of executive, management and employee compensation
- **Nominating, Corporate Governance and Compliance Committee (NCGCC):** The identification and selection of directors and review of corporate governance practices and health care compliance activities

## ESG Governance

As part of our Board’s responsibilities, we have formally assigned the NCGCC to oversee our ESG strategies, practices and reporting.



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## Board Composition

Our Board comprises industry-leading experts committed to Alignment’s mission and strategic objectives. Among them, they have held leadership positions in the MA sector, served as executives of public companies, brought new products to market and demonstrated financial expertise.

When selecting our directors, the Board and the NCGCC identify candidates who represent a diverse group of experiences, skills and qualities. The Board brings deep health care expertise and diverse career paths across multiple sectors, including clinical, for-profit and non-profit experience. They also seek out individuals with a high degree of care for integrity, ethical standards and risk oversight.

## Alignment Board Member Base

As of Jan. 1, 2022:

**18%**

of our Board members are African American, Asian, Hispanic/Latino, Indigenous or Other

**36%**

of our Board members are women

**10 out of 11**

of our Directors are independent

	Jody Bilney	Thomas (TJ) Carella	David Hodgson	Yon Yoon Jordan	John Kao	Joseph Konowiecki	Jacqueline Kosecoff	Jeffrey Margolis	Margaret McCarthy	Mark McClellan	Robert Vorhoff
Executive Leadership	+			+	+	+	+	+	+		
Audit Committee Experience			+	+			+	+	+	+	
Compensation Committee Experience		+		+		+	+	+	+	+	+
Nominating/Governance Experience	+	+	+	+		+	+	+	+	+	+
Healthcare Industry	+	+	+	+	+	+	+	+	+	+	+
Legal/Securities Regulatory Compliance						+					
Accounting/Finance Expert				+				+			
Technology/Business Processes								+	+		
Direct Consumer Markets	+				+	+	+	+			
Social Media/Marketing	+					+	+	+			
Diversity	+			+	+		+		+		
Clinical Practice								+		+	
Regulatory/Public Policy Experience						+				+	
Capital Markets		+	+	+	+	+		+			+

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# Moving Forward with ESG

We deeply care about our members and changing the landscape of health care. From this report, we hope the takeaway is the significantly positive impact we are making on all of our key stakeholders and how our business was built to support our ESG approach through Serving People, Serving the Environment and Serving Responsibly.

**This inaugural report is just the beginning of our ESG journey. It sets our baseline metrics as we build our ESG targets and strategy on our path to improve health care one person at a time.**





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# Sustainable Accounting Standards Board (SASB) Standards Alignment for Managed Care

Topic	Accounting Metric	Alignment Response
Customer Privacy and Technology Standards	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	Refer to pages 40-41: Data Security and Privacy
	(1) Number of data breaches, (2) percentage involving (a) PII only and (b) PHI, (3) number of customers affected in each category, (a) PII only and (b) PHI	Zero security incident-related disruptions or downtime to our business continuity or to our customers during 2021
	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	\$0
Access to Coverage	Medical loss ratio (MLR)	2021 Medical Benefits Ratio (MBR) based on adjusted gross profit was 87.6%. We calculate our MBR by dividing total medical expenses excluding depreciation and equity-based compensation by total revenues in a given period
	Total amount of rebates accrued and paid due to non-compliance with the Patient Protection and Affordable Care Act for MLR	\$0
	Percentage of proposed rate increases receiving "not unreasonable" designation from Health and Human Services (HHS) review or state review	Not applicable to Medicare health plans
Plan Performance	Average Medicare Advantage plan rating for each of the following plan types: (1) HMO, (2) local preferred provider organization (PPO), (3) regional PPO, (4) PFFS, and (5) SNP	Approximately 100% of Alignment Health Plan members have been in a 4-Star or better contract for the last 5 years. This excludes plans that are too new to be measured
	Enrollee retention rate by plan type, including: (1) HMO, (2) local PPO, (3) regional PPO, (4) private fee-for-service (PFFS), and (5) SNP	Based on latest 2020 CMS data, we had 37.5% better voluntary disenrollment than the national average

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# Sustainable Accounting Standards Board (SASB) Standards Alignment for Managed Care (cont.)

Topic	Accounting Metric	Alignment Response
	Percentage of enrollees in wellness programs by type: (1) diet and nutrition, (2) exercise, (3) stress management, (4) mental health, (5) smoking or alcohol cessation or (6) other	Refer to pages 17-23. At Alignment, we recognize the impact that mental well-being plays on physical well-being. As part of our holistic approach, we ensure our members have access to the wellness support they need.
Improved Outcomes	(1) Total coverage for preventive health services with no cost-sharing for the enrollees, (2) total coverage for preventive health services requiring cost-sharing by the enrollee, (3) percentage of enrollees receiving Initial Preventive Physical Examinations (IPEE) or Annual Wellness Visits (AWV)	(1) 86% with zero premiums <sup>37</sup> (2) All Alignment plans have \$0 copays for preventive services (3) 88% of high-risk members enrolled in clinical programs completed a comprehensive annual exam
	Number of customers receiving care from Accountable Care Organizations (ACO) or enrolled in Patient-Centered Medical Home programs	Separate from Alignment’s Medicare Advantage plan business, we served roughly 5,400 ACO beneficiaries in 2021 as part of the Global and Professional Direct Contracting Entity innovation model
Climate Change Impacts on Human Health	Discussion of the strategy to address the effects of climate change on business operations and how specific risks presented by changes in the geographic incidence, morbidity, and mortality of illnesses and diseases are incorporated into risk models	Refer to pages 35-36: Sustainable Operations

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37. Inclusive of plans with Part D premium at or under LIPSA (Low-Income Subsidy Premium Amount) where LIS-eligible members have a subsidy for their Part D premium



# Contributions to the United Nations Sustainable Development Goals (UN SDGs)

Topic	Accounting Metric	Alignment Response
	<p>Delivering responsible products and services and managing quality care</p>	<ul style="list-style-type: none"> <li>• Promoting universal health coverage for members and driving positive health outcomes</li> <li>• Providing a low-cost, preventive and full-coverage care model of MA through holistic services that meet members' needs</li> <li>• Reinvesting in additional health care services, products and benefits as well as training and hiring new health care professionals, with a particular focus on underserved communities</li> <li>• Utilizing AVA, our proprietary technology, including an AI model, for real-time, multi-discipline management (e.g., preventive care, coordinated approach between PCP, care specialist) to spot medical needs and services based on data and trends (e.g., COVID-19, obesity, diabetes)</li> <li>• Partnering with health care physicians and provider organizations to raise awareness and increase access to health care options for members</li> </ul>
	<p>Empowering women and protecting human rights</p>	<ul style="list-style-type: none"> <li>• Promoting gender parity and equal pay</li> <li>• Elevating women throughout the pipeline of our organization from general employment opportunities to leadership roles</li> <li>• Achieving the Board's female representation recommendation of the 30% Club, a global initiative to raise executive- and board-level gender diversity</li> <li>• Incorporating SDoH to support health services within our AVA platform to provide female members the best care</li> </ul>
	<p>Investing in our communities</p>	<ul style="list-style-type: none"> <li>• Reducing SDoH barriers across health care access and services</li> <li>• Promoting and improving greater equity in society for members</li> <li>• Advancing our DEI initiatives</li> <li>• Eliminating bias within the delivery of health care through our AVA platform</li> <li>• Helping to address future Medicare funding and solvency challenges by delivering high quality at a lower cost today, all for the benefit of future generations</li> </ul>

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