



**CalViva Health  
Finance  
Committee Meeting Minutes**

February 20, 2020

**Meeting Location**

CalViva Health  
7625 N. Palm Ave., #109  
Fresno, CA 93711

Finance Committee Members in Attendance		CalViva Health Staff in Attendance	
✓	Daniel Maychen, Chair	✓	Cheryl Hurley, Office Manager
✓	Gregory Hund, CEO	✓	Jiaqi Liu, Sr. Accountant
✓	Paulo Soares		
✓	Joe Neves		
✓	Harold Nikoghosian		
	David Rogers		
✓	John Frye		
		✓	Present
		*	Arrived late
		•	Teleconference

AGENDA ITEM / PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
#1 Call to Order D. Maychen, Chair	The meeting was called to order at 11:30 am, a quorum was present.	
#2 Finance Committee Minutes dated October 17, 2019 Attachment 2.A Action D. Maychen, Chair	The minutes from the October 17, 2019 Finance meeting were approved as read.	Motion: <i>Minutes were approved</i> <i>6-0-0-1</i> <i>(Frye / Soares)</i>
#3 Financial Statements as of December 31, 2019	Total current assets were approximately \$249.5M; total current liabilities were approximately \$184.4M. Current ratio is 1.35. TNE as of December 31, 2019 was	Motion: <i>Approve Financials as of December 31, 2019</i> <i>6-0-0-1</i>

<p>Action D. Maychen, Chair</p>	<p>approximately \$75.6M, which is approximately 581% above the minimum DMHC required TNE amount.</p> <p>Premium capitation income actual recorded for first six months of FY 2020 was approximately \$516.5M which is approximately \$49M less than budgeted amounts, primarily due to MCO taxes. MCO taxes are still in the renewal process with CMS. With the MCO tax adjusted out of the budgeted amount, actual revenues are ahead of what was budgeted by approximately \$13.9M, primarily due to rates being higher than estimated. Capitation medical costs are over budget by \$13M for the same reason. Furthermore, on 9/30/19, DHCS sent an MCO tax renewal to CMS and on 1/30/2020, CMS responded with a denial of the MCO tax renewal request, specifically stating that it appeared as if the MCO tax renewal had a hold harmless provision, citing the MCO tax renewal was applying the taxes to Medicaid plans and not to non-Medicaid plans. DHCS has made revisions applying the taxes to non-Medicaid plans and sent the revised MCO tax renewal to DHCS on 2/10/2020. DHCS believes they have appropriately addressed concerns by CMS and are relatively confident it will be approved; outcome is pending. Total net income for the first six months of the fiscal year is approximately \$5.3M which is approximately \$1.6M more than budgeted.</p>	<p>(Nikoghosian / Neves)</p>
<p>4 Fiscal Year 2021 – Review and Discuss Budget Action D. Maychen, Chair</p>	<p>D.Maychen discussed the FY 2021 budget timeline. A formalized budget is planned for presentation at the March 2020 meeting with intent to accept and adopt. Any changes as a result of the March 2020 meeting will carry on to an April 2020 meeting, if necessary. The formal budget will be presented at the May 2020 Commission meeting.</p>	<p>Motion: <i>Approve Budget Assumptions</i> 6 – 0 – 0 – 1  (Frye / Soares)</p>

	<p>During the meeting, D. Maychen discussed the basic assumptions being used to create the FY 2021 budget. Enrollment projected to be relatively consistent with current membership. Rates are projected to increase due to various factors, including but not limited to additional Prop 56 programs such as trauma and developmental screening, and long-term care along with major organ transplants moving into Medi-Cal managed care effective 1/1/2021, net of pharmacy carve out effective 1/1/2021.</p> <p>Knox Keene licensing fee, marketing expense, consulting expense, and community support grants expected to increase in comparison to FY 2020. The MCO tax renewal is still pending CMS approval; DHCS is relatively confident that the MCO tax renewal addresses CMS' concerns regarding a hold harmless provision. As such, MCO tax will be included in the FY 2021 budget.</p>	
<p>#5 Announcements</p>	<p>D. Maychen reported information on the Voluntary Rate Range program previously IGT to the Finance Committee. This program resulted in increased funds to the Plan for FY 2020. More information will be provided in the coming months.</p> <p>D. Maychen provided an update on MFAR. In November 2019, CMS issued a proposed Medicaid Fiscal Accountability Rule to strengthen the fiscal integrity of the Medicaid program. They are specifically looking at Medicaid financing arrangements and proposing to make changes without clear guidance in relation to proposed changes. Several Plans, DHCS, and trade associations representing Plans have stated this is in violation of the federal Administrative Procedure Act. The Proposed Rule would add an "undue burden" test to Provider Tax arrangements such as the Managed Care</p>	

	<p>Organization (“MCO”) Tax, without providing clear guidance as to what criteria would be used to determine what would be deemed an “undue burden.” The Proposed Rule would reduce or limit the Prop 56 payments and any supplemental payments. Supplemental payments would be limited to 50% of base pay of Provider. DHCS has said this would be administratively burdensome and agrees that there needs to be more transparency and oversight; however, they would like at minimum, three full years to implement any requested changes from the effective date. They would like the ceiling of supplemental payments to be comparative to commercial payers. It would limit Intergovernmental Transfers (“IGTs”) to local taxes, noting that local taxes are not clearly defined in the Proposed Rule. In summary, billions of Medicaid federal dollars would be at stake. Overall, comment letters have requested that the Proposed Rule be rescinded or revised substantially to better fulfill its stated purpose. CMS is currently in the process of receiving comment letters; final decision is pending.</p>	
#6 Adjourn	Meeting was adjourned at 12:06 pm	

Submitted by: Cheryl Hurley  
 Cheryl Hurley, Clerk to the Commission

Dated: March 19, 2020

Approved by Committee: Daniel Maychen  
 Daniel Maychen, Committee Chairperson

Dated: 3/19/2020