



**CalViva Health  
Finance  
Committee Meeting Minutes**

March 19, 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 11:32 am. A quorum was present via conference call in lieu of gathering in public per executive order signed by the Governor of California on Monday, 3/16/2020, allowing Public Health Plans subject to the Brown Act to hold public meetings via teleconferencing due to COVID-19. A quorum remains a requirement to take actions, but can be achieved with any combination of Commissioners' physical attendance at the public location or by teleconferencing.	A roll call was taken.

<p>#2 Finance Committee Minutes dated February 20, 2020 Attachment 2.A Action D. Maychen, Chair</p>	<p>The minutes from the February 20, 2020 Finance meeting were approved as read.</p>	<p>Motion: <i>Minutes were approved</i> 4 – 0 – 0 – 3 (Neves / Frye)  A roll call was taken.</p>
<p>#3 Financial Statements as of January 31, 2020  Action D. Maychen, Chair</p>	<p>Total current assets were approximately \$324.5M; total current liabilities were approximately \$258.7M. Current ratio is 1.25. TNE as of January 31, 2020 was approximately \$76.3M, which is approximately 644% above the minimum DMHC required TNE amount.</p> <p>Premium capitation income actual recorded for first seven months of FY 2020 was approximately \$602.7M which is approximately \$57M less than budgeted amounts, primarily due to MCO taxes. MCO taxes are still in the renewal process with CMS. If approved, will go retroactive to 7/1/2019. With the MCO tax adjusted out of the budgeted amount, actual revenues are ahead of what was budgeted by approximately \$16.4M, primarily due to rates being higher than estimated. Capitation medical costs are over budget for the same reason. Administrative services agreement fees expense is less than budgeted by \$274K primarily due to actual enrollment being less than projected. License expense is higher than budgeted due to estimates being less than actual. Marketing is ahead of budget by \$51K due to a timing difference, will be under budget by end of fiscal year 2020. Total net income for the first seven months of the fiscal year is approximately \$6M which is approximately \$1.7M more than budgeted.</p>	<p>Motion: <i>Approve Financials as of January 31, 2020</i> 4 – 0 – 0 – 3  (Frye / Neves)  A roll call was taken.</p>
<p>4 Fiscal Year 2021 – Proposed Budget Action</p>	<p>The Budget Timetable for FY 2021 was presented at the previous Finance Committee meeting held on February 20, 2020.</p>	<p>Motion: <i>Approval of FY 2021 Proposed Budget to forward to Commission for Approval</i> 4 – 0 – 0 – 3</p>

<p>D. Maychen, Chair</p>	<p>Medical revenue is projected to be \$1.19B which is approximately \$56.1M more than budgeted in FY 2020 primarily due to the proposed MCO taxes for FY 2021 increasing by \$23M. In addition, rates are increasing due to various new programs initiated by DHCS including new Prop 56 Supplemental Payment Programs. Rates are also increasing due to Long Term Care and major organ transplants moving into Medi-Cal Managed Care effective 1/1/2021. The overall revenue increase is also net of the pharmacy carve-out from Medi-Cal Managed Care to fee-for-service effective 1/1/2021. Overall, Medi-Cal revenue will increase by \$56.1M in comparison to the FY 2020 budgeted amount. Correspondingly, medical cost expense is increasing due to the increase in rates. Administrative Services Fee is projected to decrease by approximately \$1.1M as enrollment is projected to decrease in comparison to FY 2020. Consulting expense is projected to increase by approximately \$295K due to the proposed requirement of NCQA accreditation by 2025 from DHCS. Community Support is projected to increase by approximately \$2.45M; this includes the existing \$1.2M physician recruitment grants already in place to recruit PCPs and Specialists, and the addition of the HEDIS® physician incentive program by providing up to \$1.2M to top HEDIS® scores from PCPs and FQHCs that meet specific HEDIS® measures and giving them supplemental payment for meeting benchmarks. Insurance expense is decreasing by approximately \$32K due to consolidation of the Employment Practices policy with Directors and Officers policy. License expense is projected to increase by approximately \$161K due to DMHC's projected increase in their assessment fee. Marketing expense is projected to increase by approximately \$500K</p>	<p>(Neves / Frye)</p> <p>A roll call was taken.</p>
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	<p>due to additional marketing activities. MCO taxes are projected to increase by \$23.8M due to the new proposal by DHCS, which is still pending CMS' approval. Other income is projected to decrease by approximately \$180K due to vacant office space in building. Capital expenditure was added as a new line item for potential new tenant requesting tenant improvements.</p> <p>For FY 2021 projected net income is \$5.8M which is approximately \$1.7M less than budgeted for FY 2020 primarily due to additional community support grants, additional marketing expense, net the effect of an increase in rates, and declining enrollment.</p> <p>All other items are materially in line with prior year budget.</p>	
#5 Announcements	<p>In light of COVID-19, CalViva Health will stay open for member access until further notice. Employees that need to work from home will be accommodated by approval from CEO.</p>	
#6 Adjourn	<p>Meeting was adjourned at 11:53 am</p>	

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

Dated: May 21, 2020

Approved by Committee: Daniel Maychen  
Daniel Maychen, Committee Chairperson

Dated: 5/21/2020