



**CalViva Health
Finance
Committee Meeting Minutes**

March 17, 2022

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
✓	Jeff Nkansah, CEO	✓	Jiaqi Liu, Accounting Manager
	Paulo Soares		
✓*	Joe Neves		
✓	Harold Nikoghosian		
✓	David Rogers		
✓	John Frye		
		✓	Present
		*	Arrived late/Left Early
		•	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.	
#2 Finance Committee Minutes dated February 17, 2022 Attachment 2.A Action D. Maychen, Chair	The minutes from the February 17, 2022 Finance meeting were approved as read.	Motion: <i>Minutes were approved 5 – 0 – 0 – 2 (Nikoghosian / Nkansah)</i>
#3 Financial Statements as of	Total current assets recorded were approximately \$318.7M; total	Motion: <i>Financials as of January</i>

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<p>January 31, 2022</p> <p>Action</p> <p>D. Maychen, Chair</p>	<p>current liabilities were approximately \$204.1M. Current ratio is approximately 1.56. Total net equity as of the end of January 2022 was approximately \$124.3M which is approximately 737% above the minimum DMHC required TNE amount.</p> <p>Interest income actual recorded was approximately \$160K which is approximately \$104K more than budgeted due to a new accounting standard called GASB 87 as it relates to leases. Premium capitation income actual recorded was approximately \$802.3M which is approximately \$24.2M more than budgeted primarily due to enrollment being higher than projected and for FY 2022 a projected \$2.2M MCO tax loss that did not occur as enrollment was higher than projected. In January 2022, DHCS updated the Plan’s MCO tax revenue rate which increased the Plan’s MCO tax revenue rate which led to approximately a \$1.3M MCO tax gain. The Plan expects to recognize the \$1.3M MCO tax gain from January through June 2022.</p> <p>Total cost of medical care expense actual recorded is approximately \$663.5M which is approximately \$20M more than budgeted due to the same reason as stated above referencing revenue. Admin service agreement fees expense actual recorded was approximately \$30.1M, which is approximately \$757k more than projected due to higher-than-expected enrollment.</p> <p>Net income actual recorded was approximately \$5.2M which is approximately \$4.1M more than budgeted primarily due to higher enrollment and the MCO tax loss the Plan projected for FY 2022 that did not occur due to higher enrollment, and the updated MCO tax revenue rate beginning January 2022. The Plan anticipates recognizing approximately a \$1.3M MCO tax gain each month through June 2022 which equates to approximately \$7.5M MCO tax gain alone. The Plan does caution that DHCS recently communicated that the MCO tax gain</p>	<p><i>31, 2022 were approved</i></p> <p><i>5 – 0 – 0 – 2</i></p> <p><i>(Rogers / Frye)</i></p>

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	<p>may be recouped due to higher MCO tax revenue rates as a result of lower enrollment projections, noting that DHCS assumed in their rate development that the Public Health Emergency (“PHE”) would end around December 2021. Furthermore, lower enrollment projection correlates to a higher MCO tax revenue rate.</p>	
<p>#4 Fiscal Year 2023 – Proposed Budget</p> <p>Action D. Maychen, Chair</p>	<p>There were no changes to the FY 2023 basic budget assumptions from what was presented in the February 2022 Finance Committee meeting.</p> <p>Medical revenue is projected to be approximately \$1.15B which is approximately a \$95.4M decrease primarily due to the MCO tax revenues projected to expire 12/31/2022 as opposed to being effective the full fiscal year. In addition, rates are projected to decrease due to the pharmacy carve-out being effective the full year of FY 2023. The overall decrease in rates takes into account some increases in the rates as a result of new programs moving into Medi-Cal Managed Care.</p> <p>Interest income is projected to be approximately \$340K which is approximately a \$244K increase due to the new GASB 87 accounting standard which requires the plan to book a portion of the lease revenue to interest income. This was not accounted for in the FY 2022 budget due to timing of implementation.</p> <p>Medical Cost expense is projected to be approximately \$995.8M which is approximately a \$23.5M decrease primarily due to a decrease in rates.</p> <p>Admin Service Agreement Fees expense is projected to be approximately \$51.2M which is approximately a \$1.2M increase primarily due to an increase in enrollment in comparison to FY 2022 budgeted amounts.</p>	<p>Motion: <i>Minutes were approved 6 – 0 – 0 – 1 (Frye / Neves)</i></p>

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	<p>Salary, Wages, and Benefits expense is projected to be approximately \$3.6M which is approximately a \$350K decrease primarily due to previous employment arrangements no longer being applicable in FY 2023.</p> <p>Computer and IT expenses are projected to be approximately \$233K which is approximately a \$43K increase due to updating outdated hardware and software.</p> <p>Dues and Subscription expense is projected to be approximately \$205K which is approximately a \$25K increase due to trade associations hiring additional staff to increase their level of support to health plans and continue to advocate on the Plan’s behalf.</p> <p>Grants expense is projected to be approximately \$4.6M which is approximately a \$940K increase. The Plan will continue to support physician recruitment grants, provide grants to food banks, and adding additional items such as provider infrastructure support programs, youth recreation grants, green space grants, and grants to community-based organizations.</p> <p>Travel expense is projected to be approximately \$24K which is approximately \$4K increase which is taking into account the presumption that onsite meetings, training, and audits will resume.</p> <p>MCO taxes is projected to be approximately \$91.4M which is approximately \$74.8M decrease primarily due to the MCO tax expiring 12/31/2022.</p> <p>Net Income is projected to be approximately \$4.9M which is approximately \$1.3M increase in comparison to FY 2022 primarily due to the Plan no longer projecting the MCO tax loss net of a decrease in</p>	

Finance Committee

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	rates and net of an increase in enrollment and admin expenses.	
#5 Announcements	<p>The Plan is currently being audited by DMHC. DMHC is performing a routine financial examination which is conducted every three years. The Plan will report back to the Finance Committee the results of the audit.</p> <p>Linnea Koopman, CEO of LHPC, is currently onsite visiting and participating in the QIUM and Commission meetings, as well as outside engagements involving the Plans and local CBO's.</p>	
#6 Adjourn	Meeting was adjourned at 11:56 am	

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

Dated: *May 19, 2022*

Approved by Committee: *Daniel Maychen*
 Daniel Maychen, Committee Chairperson

Dated: *5/19/22*