



**CalViva Health  
Finance  
Committee Meeting Minutes**

March 16, 2023

**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		
✓	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 16, 2023 Attachment 2.A Action, D. Maychen, Chair	The minutes from the February 16, 2023 Finance meeting were approved as read.	Motion: <i>Minutes were approved</i> 4-0-0-2 (Frye / Rogers)
#3 Financials as of January 31, 2023 Action	Total current assets recorded were approximately \$241.9M; total current liabilities were approximately \$118.8M. Current ratio is approximately 2.04.	Motion: <i>Financials as of January 31, 2023 were approved</i> 4-0-0-2

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<p>D. Maychen, Chair</p>	<p>Total equity as of January 31, 2023 was approximately \$133.1M which is approximately 816% above the minimum DMHC required TNE amount.</p> <p>Interest income actual recorded was approximately \$2.4M which is approximately \$2.2M more than budgeted primarily due to rates on the Plan’s money market funds being higher than projected. Premium capitation income actual recorded was approximately \$755.5M which is approximately \$48.2M more than budgeted primarily due to rates and enrollment being higher than projected.</p> <p>Total cost of medical care expense actual recorded is approximately \$622.3M which is approximately \$46.2M more than budgeted due to rates and enrollment being higher than projected. Admin service agreement fees expense actual recorded was approximately \$32M, which is approximately \$1.6M more than budgeted due to higher than budgeted enrollment. All other expense line items are below or close to what was budgeted.</p> <p>Net income recorded for the first seven months of FY 2023 was approximately \$5.2M which is approximately \$3.2M more than budgeted due to rates and enrollment being higher than budgeted, in addition interest income being approximately \$2.2M higher than originally projected. The \$3.2M MCO tax gain communicated during the February 2023 Finance meeting was to be recouped by DHCS in calendar year Q1 2023; however, per DHCS, the date of the MCO tax gain recoupment has now been revised to calendar year Q3 2023 (i.e., next fiscal year). As a result, to capture the MCO tax recoupment in the current fiscal year, the Plan booked an accrual for the MCO tax gain recoupment in the January 2023 financials, which is why net income has declined in comparison to previous financials presented.</p>	<p>(Frye / Rogers)</p>
<p>#4 Fiscal Year 2024 – Proposed</p>	<p>There was a minor revision to Enrollment for the FY 2024 basic budget</p>	<p>Motion: <i>Approve Budget</i></p>

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<p>Budget</p> <ul style="list-style-type: none"> <li>• Budget Assumptions</li> <li>• Proposed Budget</li> </ul>	<p>assumptions. This was due to using the most recent enrollment numbers from February 2023 to use as a benchmark to project out the enrollment for FY 2024. In addition, a revision to enrollment was made to increase the projected disenrollment numbers to be more conservative. As a recap, for projected enrollment for FY 2024 is anticipated to gradually decline due to the disenrollment process beginning April 2023. Enrollment is expected to drop off beginning July 2023 due to the time it takes the Counties and State to work through the disenrollment process. The gradual decline in enrollment accounts for any new member the Plan will acquire related to the undocumented immigrants ages 26-49 which is projected to be effective 2024. Any additional members the Plan receives as a part of the D-SNP program going live 2024. Also taking into account any members lost to Kaiser when they become effective 2024 based on their contract with DHCS.</p> <p>Medical revenue is projected to be approximately \$1.3B which is approximately a \$110.8M more than budgeted primarily due to an increase in rates and a slight increase in enrollment in comparison to FY 2023's budget.</p> <p>Interest income is projected to be approximately \$3.6M which is approximately a \$3.3M more than budgeted in FY 2023 due to the increase in rates on the money market funds.</p> <p>Medical Cost expense is projected to be approximately \$1.13B which is approximately \$133.5M more than budgeted in FY 2023 due to rates being higher and a slight increase in enrollment.</p> <p>Salary and wage expense is projected to be approximately \$4.5M which is approximately a \$955K increase primarily due to hiring additional staff such as the Health Equity Officer, required per DHCS 2024 contract. Furthermore, projecting to hire additional staff to account for new</p>	<p><i>Assumptions and Proposed Budget to move to Commission for final approval</i></p> <p><i>4 – 0 – 0 – 2</i></p> <p><i>(Frye / Rogers)</i></p>

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	<p>programs moving in to Medi-Cal management care such as D-SNP, NCQA accreditation, and long-term care to name a few.</p> <p>Consulting expense is projected to be approximately \$400K which is \$100K more than budgeted in FY 2023 due to ramping up efforts to being NCQA accredited.</p> <p>Grants expense is projected to be approximately \$3.9M which is \$640K less than budgeted in FY 2023 due to certain short-term or start-up funding requested by community based organizations which have been fully funded.</p> <p>Insurance expense is projected to be approximately \$404K which is approximately \$207K more than budgeted in FY 2023 due to adding a cyber insurance policy in additional to increasing insurance premiums.</p> <p>License expense is projected to be approximately \$1.4M which is about \$224K more than budgeted in comparison to FY 2023 due to the license fee being based off enrollment as of March each year. The Plan's enrollment as of March 2023 is higher than March 2022.</p> <p>Recruitment expense is projected to be approximately \$112K which is approximately \$76K more than budgeted in FY 2023 due to the use of recruiting agencies to identify qualified candidates for the positions mentioned in the Salary &amp; Wage category.</p> <p>MCO taxes projected to be \$66.5M which is approximately \$25M less than budgeted in FY 2023 primarily due to the California state budget for 2024, noting that they are projecting to renew the MCO tax beginning January 2024; the previous MCO tax expired in December 2022. The reason for the decline is due to the State indicating they are looking to keep same MCO tax structure that was previously in place. In</p>	

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	<p>that MCO tax structure, in the initial years, it had a lower tax rate, causing the decline in MCO taxes in FY 2024 vs FY 2023.</p> <p>Capital Expenditure budget is \$400K which is \$150K more than budgeted for FY 2023 primarily due to a vacancy in the building and budgeting for any improvements requested by new tenant(s).</p> <p>Net Income is projected to be approximately \$8.8M which is approximately a \$4.2M increase in comparison to FY 2023 primarily due to interest income increasing by approximately \$3.3M, and rates increasing.</p>	
#5 Announcements	Harold Nikoghosian has resigned from the Commission and Finance Committee. The Plan is actively recruiting for his replacement.	
#6 Adjourn	Meeting was adjourned at 11:45 am	

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

Dated: May 18, 2023

Approved by Committee: Daniel Maychen  
 Daniel Maychen, Committee Chairperson

Dated: 5/18/23