



**CalViva Health  
Finance  
Committee Meeting Minutes**

October 20, 2016

**Meeting Location**

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


Finance Committee Members in Attendance		CalViva Health Staff in Attendance	
✓	William Gregor, Chair	✓	Daniel Maychen, Director of Finance
✓	Gregory Hund, CEO	✓	Cheryl Hurley, Office Manager
	Paulo Soares		
✓	Joe Neves		
✓	Harold Nikoghosian		
✓	David Rogers		
✓	David Singh		
		✓	Present
		*	Arrived late
		•	Teleconference

AGENDA ITEM / PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
#1 Call to Order	The meeting was called to order at 11:00 am a quorum was present.	
#2 Finance Committee Minutes dated September 15, 2016 Attachment 2.A Action W Gregor, Chair	The minutes from September 15, 2016 Finance meeting were approved as read.	Motion: <i>Minutes were approved 6 – 0 – 0 – 1 (Neves / Hund)</i>
#3 Presentation of FY2016 Audit Results – Moss Adams	Chris Pritchard and Ryan Suico from Moss Adams presented the audit results.	Motion: <i>Accepted; moved to Commission for Approval</i>

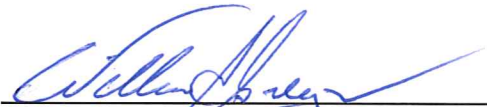
<p>Attachment 3.A</p> <p>Action</p> <p>W Gregor, Chair</p>	<p>Moss Adams issued an unmodified audit opinion.</p> <p>R. Suico stated the cash and cash equivalent balances were reconciled on a timely basis and as of year-end they were properly supported with documentation and cash is reasonably stated. The capitation receivables increase was due to the increase in membership and rates, in addition to the timing of when payments are received from the State. Payments received in the months of July and August, were reviewed and year end balances were found to be substantially collected after year end. Other receivables, prepaid expenses and other assets have remained consistent with the prior year. There was a large increase in capital assets from the prior year, which is due to the purchase of the building. The purchase documents were reviewed and found to be properly approved. The furniture and equipment purchased during the year were recorded in accordance with the Plan’s capitalization policy and in accordance with GAAP. No issues were found in terms of capital assets. Restricted cash, Knox Keene license requirement has remained the same as prior year.</p> <p>In reference to liabilities, payments made subsequent to yearend and liabilities have been paid out. Incurred but not reported medical claims payable had a fairly insignificant balance.</p> <p>The net position, with increase from prior year, showed positive operating results for FY 2016.</p> <p>Operating expenses, as presented in financial statements, shows the largest group of expenses being capitation to Health Net, followed by General and Administrative</p>	<p>6-0-0-1</p> <p>(Nikoghosian / Rogers)</p>
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	<p>expenses which has remained consistent with prior year, and premium tax with is approximately 4% of total operating expenses.</p> <p>Operating revenues have increased approximately 8% from prior year due to the increase in members and increase in rates. The composition of expenses has been consistent with 2015. It was found that management has recorded these expenses consistently from year to year, which shows there is consistent application of accounting principles, and also in accordance with GAAP.</p> <p>No adjustments were proposed by Moss Adams after completion of the audit. The financial statements as presented were fairly stated.</p>	
<p>#4 Financial Statements as of August 31, 2016</p> <p>Attachment 4.A</p> <p>Action Daniel Maychen, Director of Finance &amp; MIS</p>	<p>Current assets are \$130M and current liabilities are \$100.8M, with a current ratio of 1.29. TNE at the end of August was \$40.5M</p> <p>Total gross income is \$185.8M, which is above budgeted amount due to increase in enrollment. Total cost of medical care expense and administrative service agreement fees expense are also higher due to increase in enrollment. Expense line items are in line with budget. Unknown for FY2017 financials are premium taxes as DHCS is in process of finalizing tax amounts; however, it is expected that the impact will be relatively minimal. Other income was \$96.5K, related to income generated from building tenants. Net income was \$2.1M for FY to date.</p> <p>W. Gregor added in relation to financials, correspondence was received from DHCS and the premium tax will be approximately \$112M for the year. The premium tax is</p>	<p>Motion: <i>Approve Financial Statements</i></p> <p><i>6 – 0 – 0 – 1</i> <i>(Rogers / Neves)</i></p>

	<p>based on 360K members per month. If the average drops below 360K, net income will be negatively impacted, and in correlation to this if the average is above 360K per month, there will be an additional net income pick up. Either way, this should not have a material impact to the financials.</p>	
<p>#5 Announcements</p>	<p>W. Gregor announced the routine DMHC financial audit which concluded week ending 10/14/16. During the exit conference, there were no material findings. Basic findings revolved around claims payment, which is a function of Health Net. Over payments and underpayments were found; however, nothing significant. Any financial impact will fall on Health Net's risk, as per the structure of the agreement between CVH and Health Net. A preliminary report is expected in approximately 2 – 4 weeks from DMHC at which time CVH will have the opportunity to respond to the report. The report will then become public on the DMHC website approximately 30 days following. Audits are conducted approximately every three years.</p>	
<p>#6 Adjourn</p>	<p>Meeting was adjourned at 11:23 am</p>	

Submitted by:   
 Cheryl Hurley, Clerk to the Commission

Dated: Nov. 17, 2016

Approved by Committee:   
 William Gregor, Committee Chairperson

Dated: Nov. 17, 2016