



**CalViva Health
Finance
Committee Meeting Minutes**

March 21, 2019

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 February 21, 2019 Attachment 2.A Action D. Maychen, Chair	The minutes from the February 21, 2019 Finance meeting were approved as read.	Motion: <i>Minutes were approved</i> 7-0-0-0 (Hund / Neves)
#3 Financial Statements as of January 31, 2019 Attachment 3.A	Total current assets were approximately \$165.8M; total current liabilities were approximately \$111.4M. Current ratio is 1.49. TNE as of January 31, 2019 was approximately	Motion: <i>Approve Financial Statements as of January 31, 2019</i> 7-0-0-0

<p>Action D. Maychen, Chair</p>	<p>\$65.1M, which is approximately 490% above the minimum DMHC required TNE amount.</p> <p>Total revenue for first seven months of current fiscal year is approximately \$687.3M which is \$21.3M above budgeted amounts primarily due to rates being higher than projected and enrollment being higher than projected. For those same reasons, capitation medical costs and admin service fees expense are higher than budgeted.</p> <p>All other expense line items are either below or consistent with budget, with the exception of marketing and license expense. Marketing expense was ramped up during the months of October 2018 through December 2018 with anticipation of open enrollment. In addition, license expense was higher than budgeted due to actual DMHC licensing fee being higher than initially projected. Total net income for the first seven months of the fiscal year is approximately \$5.3M which is approximately \$1.3M more than budgeted.</p>	<p><i>(Nikoghosian / Soares)</i></p>
<p>#4 Fiscal Year 2020 – Proposed Budget Attachment 4.A</p> <p>Action D. Maychen, Chair</p>	<p>The Budget Timetable for FY 2020 was presented at the previous Finance Committee meeting held on February 21, 2019 and has since been updated with recommendations as a result of the February meeting to include a budget with MCO Tax, and a budget without MCO Tax. All other information with regards to the budget was not changed.</p> <p>The net income on the budget including MCO tax is projected at \$7.5M. The net income on the budget without including MCO tax, is projected at \$8.3M. The difference is due to the tax loss that would be incurred as a result of the MCO tax, if extended as expected.</p>	<p><i>Motion: Approve Proposed Budget 7 – 0 – 0 – 0 (Frye / Soares)</i></p>

	<p>It is more likely than not that the MCO tax will be extended and it was recommended that the budget including the MCO tax be carried on to the Commission for approval. The proposed budget for FY 2020 with MCO tax projects revenues to be approximately \$1.1B, which is approximately \$10.7M less than FY 2019 budget primarily due to FY 2020 rates decreasing on an aggregate and average basis. Correspondingly, medical cost expense will decrease by a similar amount. Interest income is increasing due to CalViva moving excess cash to short term investment accounts and implementing a daily cash sweep investment account. Administrative Services Fee is increasing due to a slight increase in enrollment in comparison to FY 2019 budgeted membership. Salary and wages will increase due to a projected merit increase of up to 5% and one additional FTE compared to FY 2019. Health insurance premiums will also increase. Bank charges will decrease due to CalViva negotiating an increase to -earnings credit rate -which offsets a large portion of bank charges. The Valley Health Team residency grant is ending June 30, 2019; however, physician recruitment and residency grants will continue. License and marketing fees will also increase for FY 2020. All other items are materially in line with prior year budget.</p>	
#5 Announcements	<p>The tentative meeting scheduled for April was cancelled as there were no budget revisions needed.</p>	
#6 Adjourn	<p>Meeting was adjourned at 11:52 am</p>	

Submitted by: 
 Cheryl Hurley, Clerk to the Commission
 Dated: May 16, 2019

Approved by Committee: 
 Daniel Maychen, Committee Chairperson
 Dated: May 18, 2019