



**CalViva Health  
Finance  
Committee Meeting Minutes**

April 16, 2020

**Meeting Location**

Teleconference; and  
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, Accounting Manager
✓●	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 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 Fiscal Year 2021 – Revised Proposed Budget Action D. Maychen, Chair</p>	<p>Due to the COVID-19 pandemic, the initial proposed budget for FY 2021 is being revised to reflect adjustments to FY 2021 budget due to economic impact on certain budgetary line items</p> <p>For the revised FY 2021 budget, two scenarios were presented to the Committee.</p> <p>The first budget presented includes CalAIM and Pharmacy carveout. This is similar to the original FY 2021 proposed budget; however, with COVID-19 related adjustments. Enrollment has been adjusted and will affect multiple line items within the budget. These items include medical revenue, medical costs, admin services agreement fee expense, and ultimately the bottom line. Overall, there will be an increase in Medicaid enrollment due to unemployment and people losing employer sponsored healthcare coverage. In relation to projecting enrollment for FY 2021, the Health Management Associates (“HMA”) analysis of published projected unemployment and Medicaid enrollment impact was used in determining the projected enrollment numbers for CalViva Health. The lower federal unemployment rate scenario of 10% was used in the revised budget enrollment calculation to be more conservative. Based on HMA’s analysis, California was projected to see an increase of approximately 1.4M Medicaid beneficiaries. When extrapolated down, CalViva Health would gain approximately 15K new members for FY 2021. This enrollment projection was kept consistent throughout the fiscal year. As a result of the enrollment increase, revenue is projected to see an increase from \$1.187B to approximately \$1.225B, which is an increase of approximately \$38M. Correspondingly, it is projected</p>	<p>Motion: <i>Approval of FY 2021 Revised Proposed Budget without CalAim to forward to Commission for Approval</i> 7 – 0 – 0 – 0</p> <p><i>(Nikoghosian / Frye)</i></p> <p>A roll call was taken.</p>
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medical costs will increase from \$975B to approximately \$1B, which is approximately a \$35.7M increase. Admin service agreement fees expense is projected to increase from \$46.2M to approximately \$48M, which is approximately \$1.8M increase. Investment income was originally projected to be approximately \$984K and has since been adjusted down to approximately \$396K as a result of declining yields from investments. Bank charges have been increased from \$3,600 to approximately \$6,600 to account for declining earnings credit rate which is closely tied to federal funds and T-bill rate, which have declined due to COVID-19 economic impact. Overall, for the first option (revised budget with CalAIM and Pharmacy carveout), projected net income is approximately \$5.85M, which is approximately \$84K more than previously budgeted due to offsetting movement of revenue increases due to enrollment increase and a decrease in net income due to investment income declining.

The second option for revised FY 2021 budget includes Pharmacy carveout and excludes CalAIM. This removes long-term care and major organ transplants moving into Medi-Cal managed care during FY 2021. With this scenario, revenue is projected to see a decrease from initially proposed \$1.187B to approximately \$1.186B, which is a decrease of approximately \$1M. This is due to revenue increasing because of the enrollment increase, offset by revenue decrease due to long-term care and major organ transplant related rates being removed as part of assumed delay of CalAIM initiative. Medical costs are projected to be approximately \$972.5M which is a decrease from initially proposed budget by approximately \$2.8M. Investment income to decrease by approximately \$400K due to

	<p>declining yields. Admin service agreement fees expense projected to increase due to increased enrollment. Bank charges projected to increase due to earnings credit rate decreasing. Consulting expense is decreased by \$295K due to CalAIM delay which also delays NCQA accreditation. Projection for this budget option reflects net income to be approximately \$5.3M which is approximately \$452K less than initial proposed budget due to delay of CalAIM and associated rate increases being removed.</p> <p>The Finance Committee recommends moving forward with the revised proposed budget with Pharmacy Carveout, <u>without CalAIM.</u></p>	
#3 Announcements		
#4 Adjourn	Meeting was adjourned at 12:00 pm am	

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*