CalViva Health
Finance
Committee Meeting Minutes

February 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 11:30 am, a quorum was present.	A roll call was taken.
#2 Finance Committee Minutes dated October 21, 2021 Attachment 2.A Action D. Maychen, Chair	The minutes from the October 21, 2022 Finance meeting were approved as read.	Motion: *Minutes were approved* *5 – 0 – 0 – 2* *(Soares / Neves)* A roll call was taken.
#3 Financial Statements as of December 31, 2021	Total current assets recorded were approximately $372.3M; total current liabilities were approximately $259.8M. Current ratio is	Motion: *Financials as of December 31, 2021 were approved*

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Action D. Maychen, Chair	approximately 1.43. Total net equity as of the end of December 2021 was approximately $122.3M which is approximately 724% above the minimum DMHC required TNE amount. Interest Income actual recorded was approximately $133K which is approximately $85K more than budgeted due to a new accounting standard called GASB 87 which relates to leases. From a lessor perspective, GASB 87 requires a portion of rental payments to be booked to Interest Income which is due to the foundational principal of GASB 87 which views leases as essentially financing arrangements which allow for the use of another entities' assets. The increase in Interest Income as a result of GASB 87 was not accounted for in the FY 2022 budget due to a timing difference, noting that when the FY 2022 budget was finalized, CalViva was still in the process of working through the GASB 87 implementation with Moss Adams. The increase in Interest Income will be accounted for in the FY 2023 budget. Premium capitation income actual recorded was approximately $694.6M which is approximately $11.9M more than budgeted primarily due to enrollment and rates being higher than projected. In addition, in the FY 2022 budget, the Plan projected an MCO tax loss of approximately $2.2M; however, due to higher-than-expected enrollment the MCO tax loss only amounted to approximately $384K. Total Cost of Medical Care Expense actual recorded is approximately $577M which is approximately $9.6M more than budgeted due to the same reasons as stated above. Admin Service Agreement Fees Expense actual recorded was approximately $25.7M, which is approximately $565k more than projected due to higher-than-expected enrollment. Other Income actual recorded was approximately $163K which is approximately $96.6K less than budgeted due to the GASB 87 implementation.	*5 – 0 – 0 – 2* *(Nikoghosian / Neves)* A roll call was taken.

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	Net income for the first six (6) months of FY 2022 recorded was approximately $3.2M which is approximately $2.3M more than budgeted primarily due to the MCO tax loss the Plan projected for FY 2022 being less than projected; and higher enrollment and rates than projected.	
#4 Fiscal Year 2023 – Review and Discuss Budget Action D. Maychen, Chair	D. Maychen discussed the FY 2023 budget timeline. An official proposed FY 2023 budget is planned for presentation at the March 2022 meeting with intent to accept and adopt. Any changes as a result of the March 2022 meeting will carry on to an April 2022 meeting, if necessary. The reviewed and approved budget will then be presented at the May 2022 Commission meeting. The basic assumptions being used to create the FY 2023 budget was presented to the Committee. Enrollment is projected to peak approximately July 2022 due to the assumption the public health emergency (PHE) would end approximately mid-2022. That assumption is consistent with the California State Budget projections for State FY 2022-2023. During the PHE, Medi-Cal disenrollment has been on a freeze. Once the PHE ends, disenrollments will resume; therefore, the Plan is projecting a steady decline in enrollment throughout FY 2023. The decline in enrollment includes the impact of new members moving into mandatory managed care beginning January 1, 2023. Administrative Services Fees Expense is projected to increase due to increase in enrollment.	

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	Overall, revenues are projected to decrease in comparison to FY 2022 due to the current MCO tax expiring 12/31/2022; an overall decrease in rates due to a full year of pharmacy carve out of rates in FY 2023; and net of increase in enrollment in FY 2023 in comparison to FY 2022. Interest income is projected to increase due to GASB 87 which requires recording a portion of lease payments to Interest Income. Staffing is projected to be at 17 full-time employees. Salaries and Wages Expense is projected to decrease due to consulting/employment arrangements no longer being applicable during FY 2023. Computer and IT Expense is projected to increase due to various issues including upgrading servers, enhancing firewall protection, new pc's, updated email spam filters, and an overall increase in IT support costs. Projected increase in Dues & Subscriptions Expense as a result of increase in dues from trade organizations who have added additional staff to better represent health plans in relation to numerous changes affecting Medi-Cal managed care such as CalAIM. Community Support/Grants Expense is projected to continue in order to provide grants to community-based organizations, scholarships to local colleges, and physician recruitment grants. The Plan is increasing the Grants Expense in order to provide provider infrastructure support, additional quality score incentive grants to providers, and community infrastructure support grants. No MCO tax loss is projected for FY 2023. Increase in Other Income is projected to increase due to full occupancy of the building owned by the Plan.	

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	For the preliminary FY 2023 budget, key items include Medical Revenue projected at $1.17B which is approximately $80.3M less than budgeted primarily due to the MCO tax expiring midway through the year in comparison to FY 2022 and declining rates. Interest Income is projected to increase due to the effect of GASB 87. Medical Cost Expense is projected to decrease due to declining rates. Admin Service Fees Expense is projected to increase approximately $2M due to higher enrollment. Salary, Wages and Benefits Expense is projected to decrease by approximately $350K due to employment arrangements no longer being applicable during FY 2023 in comparison to FY 2022. Grants Expense is projected to increase approximately $940K. Overall, Net Income is projected to be approximately $5.2M which is an increase of approximately $1.6M primarily due to no longer projecting an MCO tax loss as enrollment is expected to be sufficient to cover MCO Tax Expense during FY 2023.	
#5 Announcements	The building owned by the Plan is now at full occupancy. Employers Outsourcing has signed a lease to occupy the space and will operate a credit union and an employee labor union.	
#6 Adjourn	Meeting was adjourned at 11:45 am	

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

Dated: March 17, 2022

Approved by Committee: Daniel Maychen
Daniel Maychen, Committee Chairperson

Dated: 3/17/22