CalViva Health
Finance
Committee Meeting Minutes

July 21, 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.	
#2 Finance Committee Minutes dated May 19, 2022 Attachment 2.A Action D. Maychen, Chair	The minutes from the May 19, 2022 Finance meeting were approved as read.	Motion: *Minutes were approved* *5 – 0 – 0 – 2* *(Neves / Rogers)*
#3 Financial Statements as of	Total current assets recorded were approximately $259.2M; total	Motion: *Financials as of March 31,*

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May 31, 2022 Action D. Maychen, Chair	current liabilities were approximately $142.8M. Current ratio is approximately 1.82. In relation to the liability account, amount due to DHCS, CalViva has been recording approximately $1.4M per month MCO Tax gain beginning January 2022, primarily due to when DHCS created the MCO tax revenue rate for 2022, they utilized a lower enrollment projection as they assumed the PHE would end December 2021. When utilizing a lower enrollment projection, it results in a higher MCO tax revenue rate, which is why the Plan has been recognizing the MCO tax gain since January 2022; however, based off of a recent DHCS CFO meeting, DHCS indicated they are looking to revise the enrollment projections to bring them up and by doing so, that would bring down the Plan's MCO tax revenue rate. DHCS will be essentially recouping the MCO tax gain. As a result, the Plan booked a reduction in revenues in May 2022 and a corresponding liability due to DHCS (i.e., Amount due to DHCS) that amounted to approximately $6.8M through May 2022 and it will be a little over $8M by the end of June 30, 2022 when booked for June 2022. Moss Adams was in agreement with how the Plan accounted for MCO Tax recoupment. DHCS is looking to recoup the MCO tax gain by Q1 2023. Total net equity as of the end of May 2022 was approximately $126.2M which is approximately 748% above the minimum DMHC required TNE amount. From July 2021 through May 2022, interest income actual recorded was approximately $388K which is approximately $300K more than budgeted due to a new accounting standard called GASB 87 which requires a portion of lease revenue to be recorded as interest income. Premium capitation income actual recorded was approximately $1.2B which is approximately $76M more than budgeted primarily due to rates and enrollment being higher than projected.	*2022 were approved* *5 – 0 – 0 – 2* *(Nikoghosian / Neves)*

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	Total cost of medical care expense actual recorded is approximately $1B which is approximately $71.3M more than budgeted due to the same reasons as stated above referencing premium capitation income difference. Admin service agreement fees expense actual recorded was approximately $47.8M, which is approximately $1.9M more than projected due to higher-than-budgeted enrollment. All other expense line items are in line or below what was budgeted. Total net income through 11 months of FY 2022 actual recorded was approximately $7.1M which is approximately $4M more than budgeted primarily due to rates and enrollment being higher than projected; and also, in the FY 2022 budget, the Plan projected a $2.2 MCO tax loss. However, because the Plan's actual enrollment was higher than budgeted, the budgeted MCO tax loss did not materialize, noting that the MCO tax revenue is directly correlated to the Plan's actual membership amount.	
#4 Revied FY 2023 Budget Action D. Maychen, Chair	When the FY 2023 budget was created, it was estimated that the License Expense would increase approximately 10% from the FY 2022 amount which is on the higher end of historical rate increases by DMHC. The Plan understood there would be an increase to the DMHC license amount as we had higher enrollment and there was a general increase in operating costs; however, when the invoice from DMHC was received, it was approximately 44% higher from the prior year amount. The Plan contacted DMHC in reference to the higher DMHC license fee amount and they indicated that they have increasing compensation costs in addition to increase in DMHC staffing. DMHC uses the license fee amounts to fund their oversight over Health Plans. In addition, DMHC released an All-Plan Letter ("APL") that explained why there was a significantly large increase. Because of this large increase, this warranted a revised FY 2023 Budget to account for the increase of License Expense by approximately $298K. This is the only change made	Motion: *Approve Revised FY 23 Budget to move to Commission for final approval* *5 – 0 – 0 – 2* *(Rogers / Neves)*

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	to the FY 2023 budget that was approved by the Commission in May 2022. The net income impact is the same at $298K. Instead of the initial FY 2023 projected net income of $4.9M, the revised FY 2023 projected net income is approximately $4.6M. If approved by the Finance Committee, the revised FY 2023 will go to the Commission for full review and adoption at today's Commission meeting.	
#5 Investment Policy	The annual review of the Investment Policy was presented to the Finance Committee for recommended changes and/or revisions. No recommended changes or revisions.	Motion: Approve Investment Policy *5 – 0 – 0 – 2* *(Rogers / Neves)*
#6 Announcements	The DMHC issued a final report on July 13, 2022 in reference to the DMHC Routine Financial Examination Audit. Initially there were two findings; one related to inaccurate claims payments and the second, untimely provider dispute resolution acknowledgement. The Plan submitted responses; DMHC assessed the responses and accepted the response for the PDR acknowledgement. However, for the inaccurate claims payment finding, DMHC wanted the Plan to go back to 2019 and reprocess those inaccurate claims. The Plan was not able to complete the reprocessing of claims to DMHC by the preliminary report response due date but did however, propose to send a final claims settlement remediation report to DMHC by August 5, 2022. In the final report received from DMHC, DMHC accepted the Plan's proposed date to send a claims settlement remediation report by August 5, 2022. The Plan does not see any issue with meeting that deadline and it is the Plan's expectation that once that is sent to DMHC, the CAP will be resolved. Jiaqi Liu was re-welcomed to CalViva and the Finance Committee on her returned employment with CalViva Health.	
#7 Adjourn	Meeting was adjourned at 11:47 am	

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

Dated: 9-15-22

Approved by Committee: Daniel Maychen
Daniel Maychen, Committee Chairperson

Dated: 9/15/22