CalViva Health
Finance
Committee Meeting Minutes

February 20, 2025

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, Director, HR/Office
✓	Jeff Nkansah, CEO	✓	Jiaqi Liu, Director of Finance
	Paulo Soares		Hector Torres, Sr. Accountant & MIS Analyst
✓	Joe Neves		
✓	Supervisor Rogers		
	John Frye		
✓	Rose Mary Rahn		
		✓	Present
		*	Arrived late/Left Early
		●	Teleconference

AGENDA ITEM / PRESENTER	MOTIONS / MAJOR DISCUSSIONS	Comments	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 November 21, 2024 Attachment 2.A Action, D. Maychen, Chair	The minutes from November 21, 2024, Finance meeting were approved as read.		Motion: *Minutes were approved* *5 – 0 – 0 – 2* *(Neves / Rahn)*
#3 Financials – as of December 31, 2024 Action D. Maychen, Chair	As of December 2024, total current assets recorded were approximately \$580.8M; total current liabilities were approximately \$418.9M. Current ratio is approximately 1.39. Total net equity as of the end of December 2024 was approximately \$171.7M, which is approximately 614% above the minimum DMHC required TNE amount.		Motion: *Financials as December 31, 2024, were approved* *5 – 0 – 0 – 2* *(Rogers / Neves)*

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	For the first six months of FY 2025, interest income actual recorded was approximately $5.8M, which is approximately $3.6M more than budgeted due to interest rates being higher than projected. Premium capitation income actual recorded was approximately $996.4M which is approximately $77.6M more than budgeted due to enrollment and rates being higher than projected. Total Cost of Medical Care expense actual recorded was approximately $674.7M which is approximately $74.8M more than budgeted due to enrollment and rates being higher than projected. License expense actual recorded was approximately $744K, which is approximately $31K more than budgeted due to the actual fee being higher than projected as DMHC has indicated higher labor costs as a reason for higher DMHC license fees. Telephone expense actual recorded was approximately $28K, which is approximately $6.6K more than budgeted due to the Plan's previous phone service provider increasing the rates stating the Plan was on a legacy platform. In response to that increase, the Plan obtained bids from other phone service providers and has now transitioned to a different phone service provider at a much lower cost. By the end of the year, the Plan should be close to budgeted amounts. Total net income for the first six months of FY 2025 actual recorded was approximately $10.1M, which is approximately $6M more than budgeted primarily due to interest income being approximately $3.6M higher than projected, and rates and enrollment being higher than projected.		
#4 Fiscal Year 2026 – • Budget Timetable • Budget Assumptions • Preliminary Draft of FY 2026 Budget Action D. Maychen, Chair	The basic assumptions being used to create the FY 2026 budget was presented to the Committee. An official proposed FY 2026 budget is planned for presentation at the March 2025 Finance meeting with intent to accept and forward to the Commission. Any changes requested as a result of the March 2025 meeting will carry on to an April 2025 meeting, if necessary. The Finance Committee reviewed and approved budget will then be presented at the May 2025 Commission meeting. FY 2026 enrollment projected to gradually decline throughout the fiscal year as the continuation of eligibility redetermination flexibilities will end June 30, 2025. As the Medi-Cal disenrollment process began 7/1/23, the State of California applied for federal waivers and flexibilities for continuous Medi-Cal coverage for		

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	beneficiaries such as ex-parte renewals for households whose attestation of zero-dollar income was verified within the last 12 months, ex-parte renewals for Medi-Cal beneficiaries whose attestation of income was at or below 100% federal poverty limit. The expectation of the decline in enrollment is consistent with the State FY 2026 assumptions. Overall, revenues are projected to increase in comparison to prior year budget primarily due to an increase in MCO taxes which was approved by the Centers for Medicare and Medicaid Services (CMS) noting a substantial increase in the MCO tax amount from the previous MCO tax structure. The MCO tax revenue/expense is calculated per the new revised MCO tax structure. This new MCO tax is retroactive to January 2024 – December 2026. It increases our MCO taxes to approx. $753.5M per year. In addition, revenues are projected to increase due to an increase in capitation rates paid by DHCS to CalViva as a result of the additional funds generated by the new MCO tax which will be used to fund additional increases to Medi-Cal rates, in addition to increasing primary care rates to at least 87.5% of Medicare, such as but not limited to increase in rates for emergency department physician evaluation and management codes to at least 90% of Medicare, increase primary care and specialty care rates to at least 95% of Medicare, and increase in rates for maternal care services to at least 95% of Medicare. The increase in revenue is net of a decrease in membership from prior year as eligibility redetermination flexibilities will end 6/30/25. Administrative Services Fee expense projected at $11 pmpm based on enrollment. Overall, Administrative Services Fee expense projected to slightly decrease due to lower projected enrollment in FY 2026 vs budgeted FY 2025 enrollment. Interest income is projected to increase due to additional funds being allocated to the money market fund in addition to higher interest rates than previously projected in FY 2025 budget as the Federal Reserve has been slower than initially projected in cutting rates. The Plan is projecting FY 2026 staffing at 21 full-time employees. Salary, Wages, and Benefits based on current staffing and rates. Projected wage increases of up to 5% based on employee performance at anniversary date, 8% increase in health insurance premiums based on January renewal. The increase is primarily due to potential succession planning efforts for key management positions near retirement age.		

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	Projected increase in Consulting/Accreditation expense due to CalViva looking to add a retention consultant to investigate member retention and member satisfaction/dissatisfaction. Community Support and Grants expense based on the continuation of the existing Community Support Program and funding categories such as supporting local community-based organizations, and scholarship funding to various local colleges. Also taking into consideration the new DHCS contractual requirement which requires Plans to initiate Community Reinvestment activities. Plans must contribute at least 5% of annual net income to community reinvestment initiatives. In addition, if Plans do not meet quality metrics, Plans must contribute an additional 7.5% of net income to community reinvestment initiatives. Knox-Keene DMHC License expense fee is projecting an increase due to increase in DMHC per member fee as they have communicated higher operating costs. MCO tax expense is increasing substantially with the revision to the MCO tax structure for FY 2026. The MCO tax is projected to be budget neutral with no gain or loss. The Plan is projecting an increase to Capital Expenditures to account for potential tenant improvements to vacant office space in the building which we own and are currently marketing to potential tenants. Per preliminary FY 2026 budget, medical revenue is projected to be $2.1B, which is $268.4M more than budgeted in FY 2025 primarily due to the increase in MCO taxes by approximately $189M and also an increase in rates, net of a decrease in enrollment. Admin Service Agreement Fee expense is projected to be approximately $52.8M which is approximately $831K decrease due to projected decrease in membership. License expense is projected to be $1.8M which is approximately $356K more than projected due to the Plan projecting an increase to the DMHC license fee. MCO taxes projected to be approximately $753.5M which is approximately $189.7M more than approved for FY 2025 due to an MCO tax revision. Net income is projected to be approximately $10.1M, which is approximately $1.4M more than projected for FY 2025 primarily due to an increase in interest income and an increase in rates paid by DHCS net of a decrease in membership.		

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#5 Announcements	The Plan is currently being audited by DMHC for financials as of 9/30/2024.		
#6 Adjourn	Meeting was adjourned at 11:47 am		

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

Dated: March 20, 2025

Approved by Committee: Daniel Maychen
Daniel Maychen, Committee Chairperson

Dated: 3/20/25