CalViva Health
Finance
Committee Meeting Minutes

Meeting Location
CalViva Health
7625 N. Palm Ave., #109
Fresno, CA 93711

February 19, 2026

	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 October 16, 2025 Attachment 2.A Action, D. Maychen, Chair	The minutes from October 16, 2025, Finance meeting were approved as read.		Motion: *Minutes were approved* *6 – 0 – 0 – 1* *(Frye / Rahn)*
#3 Financials – as of December 31, 2025 Action D. Maychen, Chair	As of December 2025, total current assets were approximately $622.6M; total current liabilities were approximately $437.1M. Current ratio is approximately 1.42. TNE as of the end of December 2025 was approximately $195.2M which is approximately 655% above the minimum DMHC required TNE amount. For the DHCS standard, the minimum required TNE is approximately $194.2M, which the		Motion: *Financials as December 31, 2025, were approved* *6 – 0 – 0 – 1* *(Soares / Rahn)*

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	Plan is approximately $1M above the DHCS standard. Interest income actual recorded was approximately $4.5M which is approximately $1.6M more than budgeted due to rates being higher than projected. Premium capitation income actual recorded was approximately $1.16B which is approximately $138.4M more than budgeted primarily due to rates and enrollment being higher than projected. In terms of enrollment, the Plan projected it to decline but enrollment has been relatively steady; however, enrollment has started to decrease beginning January 2026 which could be due to the reinstatement of the Medi-Cal asset limit test effective 1/1/26, and also due to the freeze of Medi-Cal enrollment on the undocumented individuals aged 19 and older effective 1/1/26. Total Cost of Medical Care expense actual recorded was approximately $746.1M which is approximately $133.5M more than budgeted due to enrollment and rates being higher than projected. Admin Service Agreement fees expense actual recorded was approximately $28.4M which is approximately $1.5M more than budgeted due to enrollment being higher than projected. Consulting and Accreditation fees recorded was approximately $39K, which is approximately $234K less than projected due to the Plan's retention consultant fees being lower than projected. Labor expense actual recorded was approximately $2.3M which is approximately $413K less than projected mainly due to an open position related to succession planning for a key management position. License expense actual recorded was approximately $644K, which is approximately $247K less than projected due to the DMHC license fee being less than projected, noting that their fee increases were less than their prior year increases. With regard to taxes, in past meetings, we communicated that as part of the One Big Beautiful Bill Act of 2025, the MCO taxes in California were non-compliant with the new rule changes because the One Big Beautiful Bill added stricter requirements in relation to MCO taxes, specifically regarding the taxes being required to be broad-based and uniform; the One Big Beautiful Bill Act of 2025 also removed a loophole in relation to the broad-based and uniformity requirements. It did offer a transition period subject to CMS approval. Initially the State received a transition period through the end of June 30, 2026; as of earlier this month, CMS allowed the State of California a transition period through the end of the 2026 calendar year, which coincides with the end of the current California MCO tax term.		

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	Total net income through the first six months of FY 2026 was approximately $11M, which is approximately $6.4M more than budgeted primarily due to interest income being approximately $1.6M more than projected and enrollment and rates being higher than projected.		
#4 Fiscal Year 2027 Proposed Budget Action D. Maychen, Chair	The basic assumptions being used to create the FY 2027 budget was presented to the Committee. An official proposed FY 2027 budget is planned for presentation at the March 2026 Finance meeting with intent to accept and forward to the Commission. If, for whatever reason, the UIS membership actually stays in Medi-Cal managed care or if the State is able to stand up the prepaid health plan and is still contracting with CalViva Health as the prepaid health plan and the State and CalViva can stand up a prepaid heath plan in 6.5 months, a revised budget may be needed to be presented to the Finance committee in May 2026 to be reviewed and approved; if approved the revised budget would then be presented to the Commission in July. Enrollment is projected to decline in FY 2027 primarily due to the freeze on undocumented individuals aged 19 and over, effective January 1, 2026, and anticipated federal compliance changes. On September 30, 2025, Centers for Medicare & Medicaid Services (CMS) issued guidance to State Medicaid Directors revising its interpretation of Section 1903(v) of the Social Security Act, clarifying that federal financial participation for undocumented members is limited to emergency services actually rendered. CMS indicated that capitated managed care arrangements, such as California's Medi-Cal managed care model, are not compliant as payment is not directly tied to services rendered noting that capitated, at-risk payments are paid to Plans on a prospective basis vs actual services rendered basis. CMS outlined two options: transition undocumented members to a fee-for-service (FFS) delivery system or establish a separate, non-risk prepaid limited service plan for emergency services only. CMS strongly encouraged the FFS model as they stated this was the simplest and clearest compliance pathway. Given the State's projected budget deficits—approximately $2.9 billion in FY 2027 and $22–$30 billion over the following three fiscal years as outlined in Governor Gavin Newsom's January budget release—and the operational complexity of implementing a prepaid health plan within 6.5		Motion: *Approve Budget Timetable and Budget Assumptions* *6 – 0 – 0 – 1* *(Frye / Rahn)*

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	months, the Plan conservatively assumed a transition of approximately 57,000 CVH members from Medi-Cal managed care to FFS effective January 1, 2027, the federal compliance deadline. This represents the most significant driver of enrollment decline. The Plan also evaluated the impact of new Medicaid work requirements under the "One Big Beautiful Bill" Act, which condition eligibility on at least 80 hours per month of work or qualifying activities beginning in 2027. State projections estimate approximately 233,000 Medi-Cal members statewide could lose coverage by June 20, 2027, including an estimated 7,000 CalViva members. However, the statute includes exemptions, including a hardship exemption for counties with unemployment rates exceeding the lesser of 8 percent or 150 percent of the national unemployment rate. Based on a December 2025 national unemployment rate of approximately 4.4 percent, the applicable threshold is 6.6 percent; all three counties within the CVH service area currently exceed this level. While CalViva members would likely qualify for exemption, the Plan conservatively budgeted for potential disenrollment in FY 2027. Additionally, the legislation increases redetermination frequency for the adult expansion population from annually to semiannually. State projections estimate 289,000 Medi-Cal members may lose coverage by June 30, 2027, equating to approximately 8,500 CalViva members. Revenue is projected to decline primarily due to anticipated changes to the Managed Care Organization (MCO) tax structure and enrollment reductions, partially offset by higher capitation rates driven by higher utilization and member acuity. New federal requirements mandate that future MCO taxes be broad-based and uniform, prohibiting disproportionate taxation of Medicaid lives relative to commercial lives. Currently, Medicaid members are taxed at approximately $274 per member month compared to $2.25 for commercial members. Recent voter approval of California Proposition 35 (2024) further limits commercial plan taxation to $36 million and directs most MCO tax revenues to Medi-Cal rather than the General Fund. The statewide tax benefit is approximately $7.5 billion, with CalViva's portion totaling roughly $753 million. The Plan's FY 2027 budget assumes the current MCO tax will sunset on 12/31/2026; any future compliant structure is projected to be financially immaterial at this time due to uncertainty regarding its design. Regarding Community Supports and Grants, the Plan will continue funding		

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	community-based organizations, food banks, and scholarships, while increasing allocations to comply with Department of Health Care Services (DHCS) community reinvestment requirements. These require reinvestment of approximately 5 percent of net income annually—and 7.5 percent if certain quality metrics are not met. Based on DHCS policy guidance, Phase I reinvestment (related to CY 2024 net income) must begin by the end of calendar year 2026, with Phase II (related to CY 2025 net income) expected to be received by the Plan following DHCS reconciliation/calculation by Q2 2027. The FY 2027 budget reflects increased funding in anticipation of both phases potentially occurring within the next fiscal year. Per preliminary FY 2027 budget, medical revenue is projected to be $1.73B, which is $286M less than projected primarily due to the decrease in MCO taxes by approximately $376.7M, net of an increase in rates. Interest income projected to be approximately $6.9M which is an increase of approximately $1.9M primarily due to in the FY 2026 budget, the Plan projected more rate cuts than what actually occurred. Medical cost expense is projected to be approximately $1.28B, which is $92.5M more than projected due to an increase in capitation rates. Admin Service Agreement Fee expense is projected to be approximately $48.4M which is approximately $3.6M less than projected due to a projected decline in enrollment. Grants (Community Reinvestment) expense is projected to be $6M which is approximately $1.6M more than FY 2026 due to the Plan accounting for making investments in phase one and phase two during FY 2027 as required by DHCS Community Reinvestment APL. All other expense line items are relatively consistent with budgeted amounts for FY 2026. MCO taxes projected to be approximately $376.7M which is approximately $376.7M less due to MCO taxes projected to end midway through FY 2027. Net income is projected to be approximately $10.9M, which is approximately $1.9M more than budgeted for FY 2026 primarily due to an increase in interest income and an increase in capitation rates net of a decrease in enrollment.		
#5 Announcements/Comments	Daniel Maychen recommends changing the budget timetable to present key budget assumptions to the Finance Committee in March so that the proposed budget can be presented to the Finance Committee in May. Since COVID, the California State May revised budget has been dramatically different from their January release and pushing this out gives the Plan a better picture of what the actual budget will look like.		

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	Due to the Secure 2.0 Act, which passed December 2022, it required the Plan's retirement plan to implement Roth contributions for the 457b retirement plan. Any catch up contributions have to be made on a Roth basis beginning 2026. To be compliant, the Plan changed the plan documents to reference this change. The option has been made available to all staff, not just those 50+.		
#6 Adjourn	Meeting was adjourned at 11:56 am		

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

Dated: 3.19.26

Approved by Committee: Daniel Maychen
Daniel Maychen, Committee Chairperson

Dated: 3/19/26