



AGENDA

Finance Committee

January 8, 2025

11:00 AM

512 W. Aten Rd., Imperial, CA 92251

All supporting documentation is available for public review at <https://chpiv.org>

Committee Members	Representing	Present
Lee Hindman	LHA Chair-Joint Chamber of Commerce representing the public	
Mayra Widmann	Deputy CEO-Budget Fiscal	
Yvonne Bell	LHA Vice-Chair & Finance Committee Vice-Chair-CEO, Innercare	
Dr. Carlos Ramirez	Finance Committee Chair-CEO/Senior Consultant DCRC	

1. CALL TO ORDER

Dr. Carlos Ramirez, Chair

A. Roll Call

Donna Ponce, Commission Clerk

B. Approval of Agenda

1. Items to be pulled or added from the Information/Action/Closed Session Calendar
2. Approval of the order of the agenda

2. PUBLIC COMMENT

Dr. Carlos Ramirez, Chair

Public Comment is limited to items NOT listed on the agenda. This is an opportunity for members of the public to address the Commission on any matter within the Commission’s jurisdiction. Any action taken as a result of public comment shall be limited to the direction of staff. When addressing the Commission, state your name for the record prior to providing your comments. Please address the Commission as a whole, through the Chairperson. Individuals will be given three (3) minutes to address the board.

3. CONSENT CALENDAR

All items appearing on the consent calendar are recommended for approval and will be acted upon by one motion, without discussion. Should any Commissioner or other person express their preference to consider an item separately, that item will be addressed at a time as determined by the Chair.

A. Approval of Minutes from 12/4/2024



4. ACTION

A. Motion to recommend to the full commission the acceptance of monthly financial reports as presented. *David Wilson, CFO*

1. Enrollment Report
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Net Position (Assets)
4. Statement of Net Position (Liabilities & Net Position)
5. Summarized TNE Calculation
6. Cash Transaction Report

5. Motion to recommend to the full commission the acceptance of the 2025 Budget *David Wilson, CFO*

6. CLOSED SESSION

Pursuant to Welfare and Institutions Code § 14087.38 (n) Report Involving Trade Secret new product discussion (estimated date of disclosure, 10/2025)

7. RECONVENE OPEN SESSION

A. Report on actions taken in closed session.

8. INFORMATION

A. Other new or old business *Dr. Carlos Ramirez, Chair*

9. COMMISSIONER REMARKS

Dr. Carlos Ramirez, Chair

10. ADJOURNMENT



MINUTES

Finance Committee

December 4, 2024

11:00 AM

512 W. Aten Rd., Imperial, CA 92251

All supporting documentation is available for public review at <https://chpiv.org>

Committee Members	Representing	Present
Lee Hindman	LHA Chair-Joint Chamber of Commerce representing the public	✓
Mayra Widmann	Deputy CEO-Budget Fiscal	✓
Yvonne Bell	LHA Vice-Chair & Finance Committee Vice-Chair-CEO, Innercare	A
Dr. Carlos Ramirez	LHA Commissioner-CEO/Senior Consultant DCRC	✓

1. CALL TO ORDER

Dr. Carlos Ramirez, Chair

Meeting called to order at 11:04 a.m.

A. Roll Call

Donna Ponce, Commission Clerk

Roll call taken and quorum confirmed. Attendance is as shown.

B. Approval of Agenda

1. Items to be pulled or added from the Information/Action/Closed Session Calendar
2. Approval of the order of the agenda

(Hindman/Widmann) To approve the order of the agenda. Motion carried.

2. PUBLIC COMMENT

Dr. Carlos Ramirez, Chair

Public Comment is limited to items NOT listed on the agenda. This is an opportunity for members of the public to address the Commission on any matter within the Commission’s jurisdiction. Any action taken as a result of public comment shall be limited to the direction of staff. When addressing the Commission, state your name for the record prior to providing your comments. Please address the Commission as a whole, through the Chairperson. Individuals will be given three (3) minutes to address the board.

None.

3. CONSENT CALENDAR

All items appearing on the consent calendar are recommended for approval and will be acted upon by one motion, without discussion. Should any Commissioner or other person express their preference to consider an item separately, that item will be addressed at a time as determined by the Chair.



- A. Approval of Minutes from 11/6/2024
(Hindman/Widmann) To approve the consent calendar. Motion carried.

4. ACTION

- A. Motion to recommend to the full commission approval of the financial reports as presented.
David Wilson, CFO
(Hindman/Widmann) To recommend to the full commission acceptance of the financial reports as presented. Motion carried.

1. Enrollment Report
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Net Position (Assets)
4. Statement of Net Position (Liabilities & Net Position)
5. Summarized TNE Calculation
6. Cash Transaction Report

- B. Motion to recommend to the full commission approval of the Moss Adams Audit Engagement for 2024
David Wilson, CFO
(Widmann/Hindman) To recommend to the full commission approval of the Moss Adams Audit Engagement for 2024. Motion carried.

5. CLOSED SESSION

Pursuant to Welfare and Institutions Code § 14087.38 (n) Report Involving Trade Secret new product discussion (estimated date of disclosure, 01/2025)
Chair Ramirez announced the committee will enter closed session.

6. RECONVENE OPEN SESSION

Chair Ramirez announced the committee has reconvened into open session and reports no actions have been taken.

7. INFORMATION

- A. Other new or old business
None.

Dr. Carlos Ramirez, Chair

8. COMMISSIONER REMARKS

None.

Dr. Carlos Ramirez, Chair

9. ADJOURNMENT

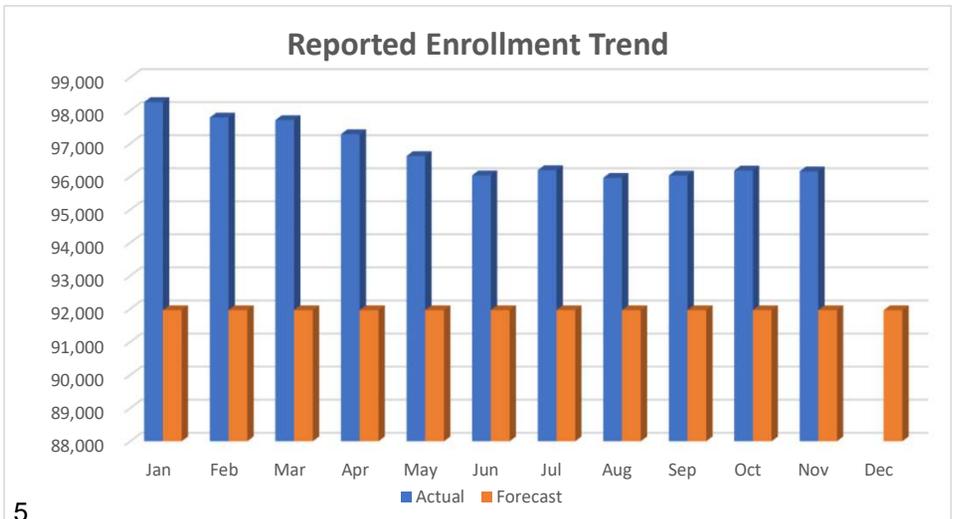
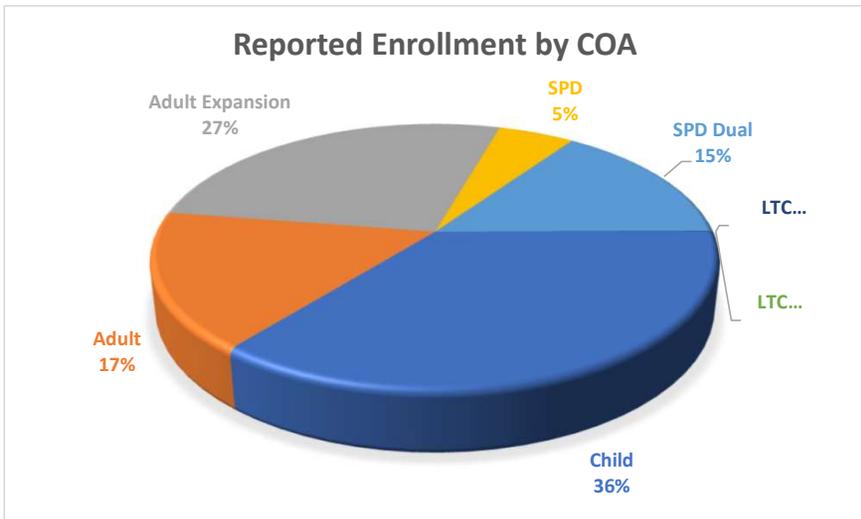
The meeting was adjourned at 11:52 a.m.
Next meeting: January 8, 2025

**Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Enrollment Report
For November 2024**

Category of Aid (COA)*	2024 (Reported)												YTD Months	YTD Δ
	January	February	March	April	May	June	July	August	September	October	November	December		
Child	34,676	34,549	34,607	35,210	34,897	34,589	34,598	34,421	34,424	34,437	34,423		380,831	-0.7%
Adult	17,225	17,130	16,997	16,065	15,906	15,767	15,725	15,675	15,675	15,690	15,664		177,519	-9.0%
Adult Expansion	27,003	26,696	26,579	26,347	26,042	25,784	25,857	25,795	25,733	25,780	25,733		287,349	-4.7%
SPD	5,005	4,982	5,007	5,010	5,025	5,041	5,061	5,057	5,085	5,090	5,096		55,459	1.6%
SPD Dual	14,258	14,342	14,433	14,555	14,652	14,760	14,851	14,910	15,007	15,068	15,122		161,958	5.3%
LTC	11	11	12	17	17	15	17	18	19	19	19		175	72.7%
LTC Dual	81	80	79	83	86	87	88	92	92	105	105		978	13.6%
Total Medicaid	98,259	97,790	97,714	97,287	96,625	96,043	96,197	95,968	96,035	96,189	96,162		1,064,269	-2.3%
<i>Monthly Change</i>		<i>-0.5%</i>	<i>-0.1%</i>	<i>-0.4%</i>	<i>-0.7%</i>	<i>-0.6%</i>	<i>0.2%</i>	<i>-0.2%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.0%</i>		<i>-0.2%</i>	

Category of Aid (COA)*	2024 (Restated)												YTD Months	YTD Δ
	January	February	March	April	May	June	July	August	September	October	November	December		
Child	35,296	35,591	35,539	35,338	35,097	34,800	34,736	34,565	34,580	34,512	34,423		384,477	-2.0%
Adult	16,468	16,578	16,496	16,188	16,059	15,924	15,840	15,823	15,783	15,720	15,664		176,543	-4.2%
Adult Expansion	26,823	26,742	26,667	26,376	26,046	25,788	25,781	25,682	25,656	25,694	25,733		286,988	-4.4%
SPD	5,055	5,120	5,114	5,104	5,110	5,113	5,099	5,102	5,098	5,087	5,096		56,098	0.9%
SPD Dual	14,399	14,530	14,632	14,714	14,792	14,881	14,920	14,992	15,059	15,088	15,122		163,129	4.6%
LTC	10	10	13	16	16	15	19	18	19	19	19		174	90.0%
LTC Dual	79	80	79	85	84	86	85	89	93	104	105		969	17.7%
Total Medicaid	98,130	98,651	98,540	97,821	97,204	96,607	96,480	96,271	96,288	96,224	96,162		1,068,378	-1.9%
<i>Monthly Change</i>		<i>0.5%</i>	<i>-0.1%</i>	<i>-0.7%</i>	<i>-0.6%</i>	<i>-0.6%</i>	<i>-0.1%</i>	<i>-0.2%</i>	<i>0.0%</i>	<i>-0.1%</i>	<i>-0.1%</i>		<i>-0.2%</i>	

* Source: DHCS 820 Remittance summary; includes retroactivity



**Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Statement of Revenues, Expenses, and Changes in Net Position
For November 2024**

	October		November			November (YTD)			Current Month Explanations
	Actual	Actual	Forecast	Variance - B/(W)		Actual	Budget	Variance - B/(W)	
				vs. Forecast	vs. Prior Month				
REVENUE									
Premium	\$ 23,049,788	\$ 22,580,622	\$ 22,249,362	\$ 331,260	\$ (469,166)	\$ 250,877,363	\$ 244,742,979	\$ 6,134,385	Maternity down in November, offset by Medical cost Timing of settlements booked in 2023
Pass-Through	657,816	321,811	883,592	(561,781)	(336,005)	6,366,412	9,719,508	(3,353,096)	
HN Settlements	-	-	-	-	-	602,764	1,135,000	(532,236)	
Government Grants	-	-	-	-	-	134,859	-	134,859	
TOTAL REVENUE	23,707,604	22,902,433	23,132,953	(230,521)	(805,171)	257,981,398	255,597,487	2,383,912	Favorable due to member volume (+\$1.1M), offset by rate/mix (-\$1.3M)
HEALTH CARE COSTS	\$ 23,016,110	\$ 22,225,014	\$ 22,465,472	\$ 240,458	\$ 791,096	\$ 249,620,881	\$ 247,120,197	\$ (2,500,683)	
Gross Margin	691,494	677,419	667,481	9,938	(14,075)	8,360,517	8,477,289	(116,772)	
ADMINISTRATIVE EXPENSE									
Salaries & Wages	\$ 269,510	\$ 271,243	\$ 241,139	\$ (30,103)	\$ (1,733)	\$ 2,821,322	\$ 2,564,199	\$ (257,123)	Total labor in line with forecast
Benefits and Bonus	29,518	30,490	78,663	48,173	(973)	386,211	837,297	451,087	
Total Labor Costs	299,028	301,733	319,803	18,070	(2,705)	3,207,532	3,401,496	193,963	
Consulting, Legal, & Other Professional	\$ 173,592	\$ 113,942	\$ 15,508	\$ (98,434)	\$ 59,649	\$ 825,015	\$ 130,592	\$ (694,423)	HMA, Moss Adams, Manifest MedEx, and Legal
Insurance and Banking	4,492	4,492	6,380	1,888	-	41,505	70,182	28,676	
IT Hardware/Software	2,994	3,162	9,820	6,657	(168)	43,992	188,017	144,024	
Office Expense	5,779	3,182	14,606	11,424	2,597	157,488	160,666	3,178	Regulatory fees of \$53K paid to DHCS
Other Admin	49,757	65,827	12,443	(53,383)	(16,070)	517,512	106,542	(410,971)	
Total Administrative Expense	535,642	492,338	378,560	(113,778)	43,304	4,793,046	4,057,494	(735,552)	
Non-Operating Income									
Dividend, Interest & Investment Income	\$ 94,351	\$ 103,403	\$ 100,347	\$ 3,056	\$ 9,052	\$ 924,113	\$ 990,319	\$ (66,206)	
Rental Income	1,450	1,450	-	1,450	-	15,950	-	15,950	
Total Non-Operating Income	95,801	104,853	100,347	4,506	9,052	940,063	990,319	(50,256)	
Depreciation & Amortization	\$ 10,656	\$ 10,228	\$ -	(10,228)	\$ (428)	\$ 106,703	\$ -	(106,703)	
Change in Net Position	\$ 240,997	\$ 279,705	\$ 389,267	\$ (109,562)	\$ 38,708	\$ 4,400,832	\$ 5,410,114	\$ (1,009,283)	
Key Metrics									
Enrollment	96,189	96,162	91,964	4,199	(27)	1,064,269	1,011,599	52,671	
Revenue PMPM	\$246.47	\$238.17	\$251.54	(\$13.38)	(\$8.30)	\$242.40	\$252.67	(\$10.26)	
MLR	97.08%	97.04%	97.1%	7 bps	4 bps	96.8%	96.7%	(13) bps	
Admin Ratio	2.3%	2.1%	1.6%	(51) bps	11 bps	1.9%	1.6%	(27) bps	
Net Income PMPM	\$2.51	\$2.91	\$4.23	(\$1.32)	\$0.40	\$4.14	\$5.35	(\$1.21)	
Net Income %	1.0%	1.2%	1.7%	(46) bps	20 bps	1.7%	2.1%	(41) bps	

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of November 30, 2024**

ASSETS

Current Assets	<u>Oct 2024</u>	<u>Nov 2024</u>	<u>Change</u>
Cash and Investments			
Chase - Checking	\$ 199,830	\$ 199,830	\$ -
Chase - Money Market	3,370,693	25,799,897	22,429,204
JPMorgan Securities	12,304,439	13,039,168	734,729
First Foundation Bank	152,098	40,960	(111,138)
Receivables			
Accounts Receivable	4,223	2,773	(1,450)
Dividend Receivable	10,460	15,153	4,693
Premium Receivable	23,049,788	22,580,622	(469,166)
Pass-Through Receivable	359,633	321,811	(37,822)
Other Current Assets			
Prepaid Expenses	150,067	246,749	96,682
Total Current Assets	39,601,231	62,246,963	22,645,732
Noncurrent Assets			
Restricted Deposit			
First Foundation Bank - Restricted	300,000	300,000	-
Capital Assets			
Buildings - Net	2,974,601	2,966,053	(8,548)
Computers & Office Equipment - Net	8,068	7,900	(168)
Improvements - Net	46,809	46,401	(408)
Intangible Assets - Net	44,957	44,134	(823)
Operating ROU Asset (Copier) - Net	7,037	6,756	(281)
Total Noncurrent Assets	3,381,472	3,371,244	(10,227)
Total Assets	\$ 42,982,703	\$ 65,618,207	\$ 22,635,505

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of November 30, 2024**

LIABILITIES

CURRENT LIABILITIES	<u>Oct 2024</u>	<u>Nov 2024</u>	<u>Change</u>
Payables			
Accounts Payable	\$ 183,605	\$ 273,895	\$ 90,290
Capitation Payable	22,358,294	44,261,497	21,903,203
Pass-Through Payable	657,816	979,627	321,811
Credit Card Payable	9,294	13,395	4,101
Other Current Liabilities			
Short Term Lease Liability - Copier	3,359	3,375	15
Bonus Accrual	119,194	131,114	11,919
Salaries Accrual	46,190	56,664	10,474
Vacation Accrual	105,152	119,425	14,273
Total Current Liabilities	23,482,905	45,838,992	22,356,087
NON-CURRENT LIABILITIES			
Long Term Lease Liability - Copier	3,853	3,565	(288)
Total Noncurrent Liabilities	3,853	3,565	(288)
Total Liabilities	23,486,758	45,842,557	22,355,799

NET POSITION

Net investment in Capital Assets	3,381,472	3,371,244	(10,228)
Restricted by Legislative Authority	300,000	300,000	-
Unrestricted	11,693,346	11,703,574	10,228
Net Revenue	4,121,127	4,400,832	279,705
Total Net Position	19,495,945	19,775,650	279,705
Total Liabilities and Net Position	\$ 42,982,703	\$ 65,618,207	\$ 22,635,505

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Summarized Tangible Net Equity Calculation
As of November 30, 2024**

Net Equity	\$	19,775,650
Add: Subordinated Debt and Accrued Subordinated Interest	\$	0
Less: Report 1, Column B, Line 27 including: Unsecured Receivables from officers, directors, and affiliates; Intangibles	\$	0
Tangible Net Equity (TNE)	\$	19,775,650
Required Tangible Net Equity *	\$	4,248,292
TNE Excess (Deficiency)	\$	15,527,358

Full Service Plan		
A.	Minimum TNE Requirement	\$ 1 1,000,000
B.	REVENUES:	
	2% of the first \$150 million of annualized premium revenues (lines 1, 2, 4, 5, 7, 9 from Income Statement)	\$ 3,000,000
	Plus	
	1% of annualized premium revenues in excess of \$150 million	\$ 1,248,292
	Total	\$ 4,248,292

* Calculated Required Tangible Net Equity	
\$	22,902,432 - Current Month Premium
	x 12
\$	274,829,184 - Annualized
	150,000,000 ←
	x 2%
\$	3,000,000
	124,829,184 ←
	x 1%
\$	1,248,292
\$	4,248,292 - Required TNE

Community Health Plan of Imperial Valley
November 2024 Cash Transactions

Date	Account	Vendor	Memo/Description	Amount
Chase Checking				
11/15/2024	Chase Checking	J.P. Morgan Chase	Dividend Income - Oct 2024	\$ 10,459.91
11/15/2024	Chase Checking	Health Net	Rental Income - Oct 2024	1,450.00
11/15/2024	Chase Checking	Imperial Irrigation District	IID Energy Efficiency Savings Rebate / State Compensation Refund	3,302.40
11/15/2024	Chase Checking	Department of Health Care Services	11/15/24 Receipt - DHCS (Oct 2024 Revenue)	22,911,510.19
11/15/2024	Chase Checking	Department of Health Care Services	11/15/24 Receipt - DHCS (Oct 2024 Revenue)	429,749.97
11/15/2024	Chase Checking	Department of Health Care Services	11/15/24 Receipt - DHCS (Oct 2024 Revenue)	59,278.91
11/15/2024	Chase Checking	Department of Health Care Services	11/15/24 Receipt - DHCS (Oct 2024 Revenue)	7,689.85
11/15/2024	Chase Checking	Department of Health Care Services	11/15/24 Receipt - DHCS (Oct 2024 Revenue)	1,191.58
11/15/2024	Chase Checking	Mid Atlantic Trust Company	Payroll Date: 11/01/24 - Retirement Contributions	-5,976.98
11/15/2024	Chase Checking	JPMorgan Chase	Service Charges - Oct 2024	-698.42
11/15/2024	Chase Checking	AM Copiers Inc.	Chase Bill Pay - Invoice: IN6141	-356.15
11/15/2024	Chase Checking	American Trust Retirement Services	Chase Bill Pay - Invoice: 466513	-1,494.87
11/15/2024	Chase Checking	Brawley Rotary Club	Chase Bill Pay - October Statement	-155.00
11/15/2024	Chase Checking	City of Imperial	Chase Bill Pay - Service Period: 09/23/24 - 10/23/24	-164.47
11/15/2024	Chase Checking	Conveyor Group	Chase Bill Pay - Invoices: 11291 / 11338	-7,100.93
11/15/2024	Chase Checking	Epstein Becker & Green, P.C.	Chase Bill Pay - Invoices: 1177118 / 1177119	-17,956.00
11/15/2024	Chase Checking	Health Management Associates, Inc.	Chase Bill Pay - Invoice: 210806-0000003	-25,066.25
11/15/2024	Chase Checking	i.Access, Inc.	Chase Bill Pay - Invoice: WA2782410	-45.00
11/15/2024	Chase Checking	I.V. Termite & Pest Control	Chase Bill Pay - Invoice: 0341988	-120.00
11/15/2024	Chase Checking	I.V. Termite & Pest Control	Chase Bill Pay - Invoice: 0343165	-120.00
11/15/2024	Chase Checking	Imperial County Treasurer-Tax Collector	Chase Bill Pay - ASMT Number: 990-134-189-000 2nd Installment	-1,016.00
11/15/2024	Chase Checking	Imperial County Treasurer-Tax Collector	Chase Bill Pay - ASMT Number: 990-134-189-000 2nd Installment	-12,601.02
11/15/2024	Chase Checking	Imperial Desert Landscape	Chase Bill Pay - Invoice: 24-273	-250.00
11/15/2024	Chase Checking	Imperial Irrigation District	Chase Bill Pay - Service Period: 09/24/24 - 10/20/24	-1,310.08
11/15/2024	Chase Checking	Junior's Cafe	Chase Bill Pay - Invoice: 13-17267	-502.58
11/15/2024	Chase Checking	Law Office of William S. Smerdon	Chase Bill Pay - Invoice: 2805	-2,805.00
11/15/2024	Chase Checking	Liebert Cassidy Whitmore	Chase Bill Pay - Invoice: 277834	-544.00
11/15/2024	Chase Checking	Milliman, Inc.	Chase Bill Pay - Invoices: 1529840 / 1532945 / 1541428 / 1546909	-68,134.75
11/15/2024	Chase Checking	Oracle America, Inc.	Chase Bill Pay - Invoice: 2006541	-33,024.99
11/15/2024	Chase Checking	Quench USA	Invoice: INV080903339	-129.30
11/15/2024	Chase Checking	Republic Services	Chase Bill Pay - Invoice: 0467-001727372	-141.17
11/15/2024	Chase Checking	Salary.com	Chase Bill Pay - Invoice: INV67407	-6,400.00
11/15/2024	Chase Checking	Shannon Long	Chase Bill Pay - Invoice: 1 / Invoice: 2	-9,139.23
11/15/2024	Chase Checking	State Compensation Insurance Fund	Chase Bill Pay - Invoice: 1002048097	-815.08
11/15/2024	Chase Checking	Stericycle, Inc.	Invoice: 8008714813	-110.84
11/30/2024	Chase Checking	Health Net	Rental Income - Nov 2024	1,450.00
11/30/2024	Chase Checking	Mid Atlantic Trust Company	Payroll Date: 11/15/24 - Retirement Contributions	-6,122.28
First Foundation Bank				
11/30/2024	FFB Payroll	Rippling	Module - Time & Attendance	-230.40
11/30/2024	FFB Payroll	First Foundation Bank	CC Payment 11/07/24	-5,801.70
11/30/2024	FFB Payroll	Amazon	Office Desk	-119.06
11/30/2024	FFB Payroll	Rippling	Payroll Date 11/15/24 - Employee / Employer Taxes	-41,128.76
11/30/2024	FFB Payroll	Rippling	Payroll Date 11/15/24 - Net Salaries / Wages	-73,345.35
11/30/2024	FFB Payroll	Paychex of New York LLC	Service Fee - OAB Invoice (11/20/24)	-49.50
11/30/2024	FFB Payroll	Employee - D. Wilson	Employee Reimbursement - D.Wilson	-620.70
11/30/2024	FFB Payroll	Blue Shield of California	Insurance Benefits - Dec 2024	-16,067.31
11/30/2024	FFB Payroll	Rippling	Payroll Date 11/29/24 - Employee / Employer Taxes	-40,774.74
11/30/2024	FFB Payroll	Rippling	Payroll Date 11/29/24 - Net Salaries / Wages	-74,606.78
11/30/2024	FFB Payroll	Rippling	J. Alcaraz Final Paycheck - Employee / Employer Taxes	-992.68
11/30/2024	FFB Payroll	Rippling	J. Alcaraz Final Paycheck - Net Salaries / Wages	-5,523.24
11/30/2024	FFB Payroll	First Foundation Bank	11/07/24 - Wire Fee	-10.00
J.P. Morgan Securities				
11/30/2024	J.P. Morgan Securities	J.P. Morgan Securities	Investment Income - Nov 2024	\$ 88,283.32



**Community
Health Plan**
OF IMPERIAL VALLEY

2025 Budget Review

1/8/2025

Key Assumptions

Membership & Gross Margin

- Membership was forecasted with a -3.1% erosion in overall member months, consistent with DMHC projections for the county; net gross margin impact: (\$311K)
 - December 2025 ending membership: 92,520 (November 2024: 96,162)
 - No DSNP membership forecasted in 2025
- Revenue was down (\$4.5M), or -1.6%, from \$282.4M to \$277.9M, driven largely by Pass-Through revenue
 - Premium capitation improved from \$214 PMPM to \$233 PMPM (9% mix-adjusted increase) based on 2025 Preliminary rate guidance from DMHC
 - Pass-through revenue was down (\$2.6M), all of which is offset in medical costs
 - Profit Share revenue down by (\$0.6M) due to higher medical costs anticipated with Health Net

Key Assumptions (Continued)

Administrative Costs

- Overall, Administrative costs are forecasted to increase in 2025 by \$2.1M, driven by DSNP investment of \$2.6M
- FTE's increase from 18 to 46, all of which are related to the DSNP launch in 2026 and are back-loaded in second half of year; Sales, Case Management and Health Services make up the majority of the increase

Administrative Cost Bridge

2024 Administrative Costs	\$ 5,329,071
<u>Legacy Administrative Changes - B/(W)</u>	
Cost of Living Increase on Legacy Salaries	\$ (140,386)
FTE Efficiencies	\$ (11,521)
Consulting/Start-up	\$ 262,318
All Other (Annualization of Outside Services, FTEs, Other)	\$ (171,602)
Total Legacy Cost Changes	\$ (61,192)
DSNP Changes - B/(W)	\$ (2,070,095)
Total Administrative Cost Change	\$ (2,131,287)
2025 Administrative Costs	\$ 7,460,357

FTE Bridge

December 2024 FTEs	18
<u>Change in FTEs</u>	
Healthcare Services	4
Case Management	9
Compliance	2
Operations	-
Member & Provider Services	2
Sales & Marketing	6
Corporate (Executive, IT, Finance, HR)	5
Total Change in FTEs	28
December 2025 FTEs	46

DSNP Assumptions

DSNP Administrative Cost Projection

- DSNP costs, both start-up and ongoing, were forecasted at \$2.6M, a \$2.1M increase over 2024

DSNP Cost Summary	2025	% of Total
Salary	\$ 1,641,759	64.0%
Benefits	\$ 134,886	5.3%
Bid Development (Milliman)	\$ 260,000	10.1%
Legal & Consulting	\$ 399,000	15.6%
Other Outside Services	\$ 40,000	1.6%
Marketing & Advertising	\$ 40,985	1.6%
Other	\$ 49,085	1.9%
Total DSNP Estimate:	\$ 2,565,715	100%

- The DSNP Feasibility study projected 2025 DSNP incremental cost to be \$2.7M; key changes included a reduction to IT start-up costs (\$500K) offset by increases in consulting
- Total 2026 CHPIV administrative costs in the Feasibility Study were forecasted at \$11M, inclusive of MSO fees, and fully loaded (annualized) Salaries & Wages

CHPIV 2025 P&L



(\$, 000)	2024					2025					vs. 2024			Feasibility Study (2025)		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	B/(W)	% Δ	\$	B/(W)	% Δ	
REVENUE																
Premium Capitation	\$66,748	\$68,897	\$69,602	\$68,640	\$ 273,887	\$68,773	\$68,376	\$67,980	\$67,583	\$ 272,713	\$ (1,175)	-0.4%	\$ 269,345	\$ 3,367	1.3%	
Pass Through	\$ 2,651	\$ 1,665	\$ 1,071	\$ 1,324	\$ 6,711	\$ 1,039	\$ 1,033	\$ 1,027	\$ 1,021	\$ 4,120	\$ (2,591)	-38.6%	\$ 8,570	\$ (4,450)	-51.9%	
Quality/Profit Sharing	\$ -	\$ 603	\$ -	\$ -	\$ 603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (603)	-100%	\$ 1,000	\$ (1,000)	-100%	
Other Revenue																
Investment & Other Income	\$ 269	\$ 287	\$ 319	\$ 306	\$ 1,180	\$ 267	\$ 267	\$ 267	\$ 267	\$ 1,066	\$ (114)	-9.7%	\$ 1,287	\$ (221)	-17.2%	
TOTAL REVENUES	\$69,668	\$71,452	\$70,992	\$70,270	\$ 282,381	\$70,079	\$69,676	\$69,273	\$68,870	\$ 277,898	\$ (4,483)	-1.6%	\$ 280,202	\$ (2,304)	-0.8%	
HEALTHCARE COST																
Medical Capitation	\$64,746	\$66,734	\$67,514	\$66,581	\$ 265,574	\$66,710	\$66,325	\$65,940	\$65,556	\$ 264,531	\$ 1,043	0.4%	\$ 261,265	\$ (3,266)	-1.3%	
Pass Through	\$ 2,651	\$ 1,665	\$ 1,071	\$ 1,324	\$ 6,711	\$ 1,039	\$ 1,033	\$ 1,027	\$ 1,021	\$ 4,120	\$ 2,591	38.6%	\$ 8,570	\$ 4,450	51.9%	
TOTAL HEALTH CARE COST	\$67,396	\$68,399	\$68,585	\$67,905	\$ 272,285	\$67,749	\$67,358	\$66,967	\$66,576	\$ 268,651	\$ 3,634	1.3%	\$ 269,835	\$ 1,184	0.4%	
Gross Margin	\$ 2,272	\$ 3,053	\$ 2,407	\$ 2,365	\$ 10,096	\$ 2,330	\$ 2,318	\$ 2,306	\$ 2,294	\$ 9,247	\$ (849)	-8.4%	\$ 10,367	\$ (1,120)	-10.8%	
ADMINISTRATIVE COSTS																
Labor Costs																
Salaries & Wages	\$ 623	\$ 874	\$ 891	\$ 845	\$ 3,232	\$ 946	\$ 1,162	\$ 1,207	\$ 1,586	\$ 4,901	\$ (1,668)	-51.6%				
Benefits Expense	\$ 66	\$ 73	\$ 80	\$ 58	\$ 277	\$ 74	\$ 89	\$ 106	\$ 135	\$ 403	\$ (125)	-45.2%				
Total Labor Costs	\$ 688	\$ 948	\$ 971	\$ 903	\$ 3,510	\$ 1,020	\$ 1,250	\$ 1,313	\$ 1,720	\$ 5,303	\$ (1,794)	-51.1%				
Contract & Professional Fees	\$ 96	\$ 149	\$ 264	\$ 326	\$ 835	\$ 302	\$ 277	\$ 104	\$ 89	\$ 772	\$ 63	7.6%				
Outside Services	\$ -	\$ -	\$ 28	\$ 117	\$ 145	\$ 94	\$ 155	\$ 88	\$ 91	\$ 429	\$ (284)	-195%				
Advertising & Marketing	\$ 16	\$ 8	\$ 14	\$ 16	\$ 54	\$ 7	\$ 22	\$ 13	\$ 10	\$ 53	\$ 1	2.6%				
Regulatory Fees	\$ (0)	\$ 0	\$ 175	\$ 81	\$ 256	\$ 85	\$ 83	\$ 83	\$ 83	\$ 334	\$ (78)	-30.4%				
Information Technology	\$ 13	\$ 10	\$ 14	\$ 10	\$ 47	\$ 15	\$ 12	\$ 23	\$ 18	\$ 69	\$ (21)	-45.0%				
Travel	\$ 4	\$ 32	\$ 18	\$ 23	\$ 76	\$ 32	\$ 26	\$ 25	\$ 27	\$ 110	\$ (33)	-43.8%				
Office & Occupancy Expense	\$ 44	\$ 72	\$ 33	\$ 17	\$ 165	\$ 35	\$ 32	\$ 34	\$ 34	\$ 135	\$ 31	18.6%				
Memberships & Subscriptions	\$ 1	\$ 56	\$ 29	\$ 31	\$ 117	\$ 28	\$ 28	\$ 29	\$ 31	\$ 116	\$ 1	0.5%				
Taxes, Licenses & Other Financial	\$ 23	\$ 30	\$ 22	\$ 33	\$ 107	\$ 28	\$ 35	\$ 23	\$ 36	\$ 123	\$ (15)	-14.3%				
Other	\$ -	\$ 5	\$ 3	\$ 8	\$ 16	\$ 2	\$ 6	\$ 7	\$ 3	\$ 18	\$ (2)	-14.8%				
TOTAL ADMINISTRATIVE COSTS	\$ 885	\$ 1,311	\$ 1,570	\$ 1,563	\$ 5,329	\$ 1,647	\$ 1,927	\$ 1,743	\$ 2,144	\$ 7,460	\$ (2,131)	-40.0%	\$ 8,418	\$ 957	11.4%	
Operating Income	\$ 1,386	\$ 1,743	\$ 837	\$ 801	\$ 4,767	\$ 683	\$ 391	\$ 563	\$ 150	\$ 1,787	\$ (2,980)	-62.5%	\$ 1,950	\$ (162)	-8.3%	
Depreciation/Amortization	\$ 28	\$ 29	\$ 29	\$ 31	\$ 117	\$ 33	\$ 33	\$ 33	\$ 33	\$ 132	\$ (15)	-12.9%	\$ 118	\$ (14)	-12.2%	
Change in Net Position	\$ 1,359	\$ 1,714	\$ 808	\$ 770	\$ 4,650	\$ 650	\$ 358	\$ 530	\$ 117	\$ 1,655	\$ (2,995)	-64.4%	\$ 1,832	\$ (177)	-9.7%	
Period Ending Membership	98,539	96,580	96,035	95,490		94,748	94,005	93,263	92,520		(2,970)	-3.1%	96,777	(4,257)	-4.4%	
Ratios																
Revenue PMPM	\$235.91	\$245.03	\$246.05	\$244.83	\$ 242.91	\$245.90	\$246.42	\$246.94	\$247.47	\$ 246.68	\$ 3.76	1.5%	\$ 242.61	\$ 4.06	1.7%	
Medical Cost PMPM	\$228.21	\$234.56	\$237.70	\$236.59	\$ 234.23	\$237.73	\$238.22	\$238.72	\$239.22	\$ 238.47	\$ (4.24)	-1.8%	\$ 233.64	\$ (4.83)	-2.1%	
MLR	96.7%	95.7%	96.6%	96.6%	96.4%	96.7%	96.7%	96.7%	96.7%	96.7%	25 bps		96.3%	-37 bps		
Admin PMPM	\$ 3.00	\$ 4.49	\$ 5.44	\$ 5.45	\$ 4.58	\$ 5.78	\$ 6.81	\$ 6.21	\$ 7.70	\$ 6.62	\$ (2.04)	-44.5%	\$ 7.29	\$ 0.67	9.1%	
Admin Ratio	1.3%	1.8%	2.2%	2.2%	1.9%	2.4%	2.8%	2.5%	3.1%	2.7%	-80 bps		3.0%	32 bps		
Net Position Ratio	2.0%	2.4%	1.1%	1.1%	1.6%	0.9%	0.5%	0.8%	0.2%	0.6%	-105 bps		0.7%	-6 bps		

CHPIV 2025 P&L (by Department)



(\$, 000)	FY 2024	Healthcare Services	Case Mgmt.	Compliance	Operations	Member & Provider	Sales & Marketing	Corporate*	FY 2025	vs. 2024 B/(W)	% Δ
ADMINISTRATIVE COSTS											
Labor Costs											
Salaries & Wages	\$ 3,232	1,097	380	929	430	244	268	1,554	\$ 4,901	\$ (1,668)	-51.6%
Benefits Expense	\$ 277	75	34	71	27	33	29	134	\$ 403	\$ (125)	-45.2%
Total Labor Costs	\$ 3,510	1,172	413	1,000	456	277	298	1,688	\$ 5,303	\$ (1,794)	-51.1%
Contract & Professional Fees	\$ 835	60	-	48	95	-	-	569	\$ 772	\$ 63	7.6%
Outside Services	\$ 145	179	-	13	-	-	72	164	\$ 429	\$ (284)	-195%
Advertising & Marketing	\$ 54	-	-	-	-	12	41	-	\$ 53	\$ 1	2.6%
Regulatory Fees	\$ 256	-	-	-	-	-	-	334	\$ 334	\$ (78)	-30.4%
Information Technology	\$ 47	5	11	2	-	2	12	36	\$ 69	\$ (21)	-45.0%
Travel	\$ 76	10	3	31	28	9	4	25	\$ 110	\$ (33)	-43.8%
Office & Occupancy Expense	\$ 165	5	9	3	-	3	5	109	\$ 135	\$ 31	18.6%
Memberships & Subscriptions	\$ 117	-	-	-	-	-	-	116	\$ 116	\$ 1	0.5%
Taxes, Licenses & Other Financial	\$ 107	-	-	-	-	-	-	123	\$ 123	\$ (15)	-14.3%
Other	\$ 16	-	-	6	-	-	2	10	\$ 18	\$ (2)	
TOTAL ADMINISTRATIVE COSTS	\$ 5,329	\$ 1,431	\$ 435	\$ 1,104	\$ 579	\$ 303	\$ 434	\$ 3,174	\$ 7,460	\$ (2,131)	-40.0%
<i>% of Total</i>		19.2%	5.8%	14.8%	7.8%	4.1%	5.8%	42.5%	100%		
Ratios											
Admin PMPM	\$ 4.58								\$ 6.62	\$ (2.04)	-44.5%
December 2024 FTE	18	4	-	4	2	2	-	6			
December 2025 FTE		8	9	6	2	4	6	11	46		
Change in FTE		4	9	2	-	2	6	5	28		156%

* Includes Executive, Finance, IT, and HR

CHPIV 2024 & 2025 Balance Sheet



(\$,000)	Forecast	
	Dec 2024	Dec 2025
Balance Sheet		
Premiums Receivables (Medicaid)	\$ 23,354	\$ 22,823
Cash from Operations and Investing	\$ 16,604	\$ 18,391
Restricted	\$ 300	\$ 300
Net Property & Equip/Other	\$ 3,061	\$ 2,929
TOTAL ASSETS	\$ 43,319	\$ 44,443
Claims Liability (Medicaid)	\$ 22,664	\$ 22,149
Other Liabilities	\$ 397	\$ 407
TOTAL LIABILITIES	\$ 23,061	\$ 22,556
Restricted Deposits	\$ 300	\$ 300
Unrestricted Funds	\$ 16,648	\$ 18,577
Capital Assets	\$ 3,061	\$ 2,929
Net Income	\$ 250	\$ 82
TOTAL NET POSITION	\$ 20,258	\$ 21,887
TOTAL LIABILITIES & NET POSITION	\$ 43,319	\$ 44,443

Tangible Net Equity Analysis	Dec 2024	Dec 2025
Required TNE	\$ 4,302	\$ 4,239
TNE - Minimum	\$ 1,000	\$ 1,000
TNE - 2 % of Premium (1% > 150M)	\$ 4,302	\$ 4,239
TNE - 8 % Health Care (4% Mgd Inp)		
TANGIBLE NET EQUITY	\$ 20,258	\$ 21,887
EXCESS TANGIBLE NET EQUITY	\$ 15,956	\$ 17,648
PERCENT OF TNE FULFILLED	471%	516%

Risks & Opportunities (Not included in Plan)



Amount	Risk Level	Description
Risks		
-\$150,000	High	Consulting budgets and other outside vendors will continue to be tightly managed; however, unknown factors surrounding DSNP implementation could create pressure to engage outside support
-\$50,000	Med/Low	Community Investment requirements will likely be satisfied by Health Net; the quantified risk reflects maximum exposure
-\$10,000	Low	Administrative challenges in hiring patterns for internal DSNP support based on anticipated 2026 growth

- \$210,000 Total Risk

Opportunities		
\$500,000	Med	Preliminary 2025 Medi-Cal rates suggest a 7% increase over previously published rates; opportunity is not fully quantified, but will be finalized in Q2 forecast
\$300,000	Med	Health Net profit share has been removed based on preliminary rates and emerging medical cost trends; new rates could impact profit share opportunity
\$26,000	High	CHPIV qualifies for exemption of property taxes; applications have been submitted to county but are still pending

\$826,000 Total Opportunity