



AGENDA

Finance Committee

May 7, 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 4/9/2025 pg. 3-4



4. ACTION

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

- 1. Executive Summary.....pg. 5-6
- 2. Enrollment Report pg. 7
- 3. Statement of Revenues, Expenses, and Changes in Net Position..... pg. 8
- 4. Statement of Net Position (Assets) pg. 9
- 5. Statement of Net Position (Liabilities & Net Position) pg. 10
- 6. Summarized TNE Calculation pg. 11
- 7. Cash Transaction Report pg. 12

B. Motion to recommend to the full commission the At-Risk Compensation Payout for 2024 pg. 13

C. Motion to recommend to the full commission the 2024 Annual Audit by Moss Adams pg. 14-35

5. CLOSED SESSION

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

6. RECONVENE OPEN SESSION

A. Report on actions taken in closed session.

7. INFORMATION

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

8. COMMISSIONER REMARKS

Dr. Carlos Ramirez, Chair

9. ADJOURNMENT

Next meeting: June 4, 2025



MINUTES

Finance Committee

April 9, 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

Meeting called to order at 11:01 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 3/5/2025 pg. 3-4
(Hindman/Bell) To approve the consent calendar. Motion carried.

4. ACTION

- A. Motion to recommend to the full commission the acceptance of monthly financial reports as presented. *Tony Godinez, Senior Manager of Accounting (Bell/Hindman) To recommend to the full commission acceptance of the financial reports as presented. Motion carried.*

- 1. Executive Summary.....pg. 5
- 2. Enrollment Report pg. 6
- 3. Statement of Revenues, Expenses, and Changes in Net Position..... pg. 7
- 4. Statement of Net Position (Assets) pg. 8
- 5. Statement of Net Position (Liabilities & Net Position) pg. 9
- 6. Summarized TNE Calculation pg. 10
- 7. Cash Transaction Report pg. 11

5. CLOSED SESSION

Pursuant to Welfare and Institutions Code § 14087.38 (n) Report Involving Trade Secret new product discussion (estimated date of disclosure, 10/2025)
No closed session.

6. RECONVENE OPEN SESSION

- A. Report on actions taken in closed session.

7. INFORMATION

- A. Other new or old business *Dr. Carlos Ramirez, Chair Commissioner Hindman noted the need for alternates for two committees. In response, Chair Ramirez volunteered to serve as an alternate for both the Regulatory Compliance Oversight Committee and Quality Improvement Health and Equity Committee.*

8. COMMISSIONER REMARKS

None.

Dr. Carlos Ramirez, Chair

9. ADJOURNMENT

Next meeting: May 7, 2025
The meeting was adjourned at 11:40 a.m.
Next meeting: May 7, 2025



Financial Result
March 2025

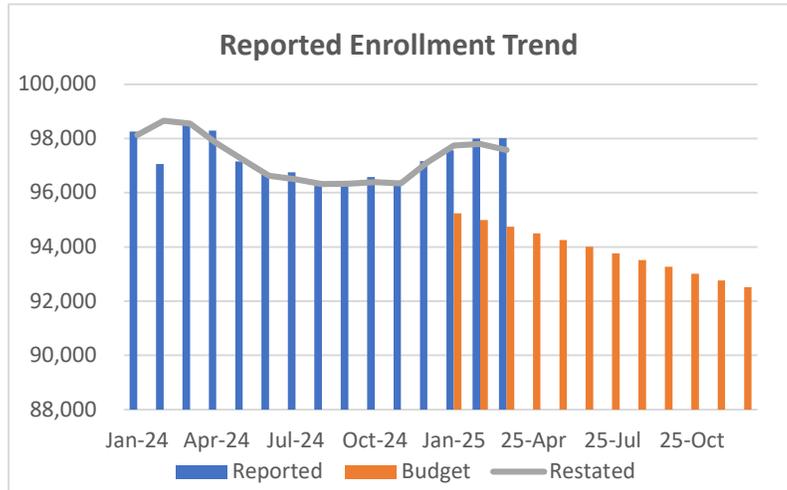
Executive Summary

Membership

The reported Medi-Cal Membership remained stable at 98,009, exceeding the forecast by over 3.2K. Notably, restated membership saw its first decline since November 2024.

Year-to-date, CHPIV has outperformed the Plan by 8.6K member months.

The "Child" Category of Aid (COA) remains the primary contributor to the favorable variance in member months, while SPD Duals significantly drive the favorable financial impact due to their higher premium PMPM.



Gross Margin

Revenue surpassed forecasts by \$11.6M for the month, mainly due to retroactive rate adjustments (\$8.5M), \$1.8M in risk revenue (97% sharing), and \$6.7M in pass-throughs. Payments related to 2024 eligibility months were based on the updated rate structure provided by DHCS, while 2025 payments are consistent with preliminary rates published by DHCS. Notably, CHPIV received \$6.5M in Hospital Quality Assurance Fee (HQAF) directed payments (100% pass-through). For reference, the HQAF program provides funding for children’s health care coverage and pays direct grants to public hospitals. CHPIV (Health Net) has or will distribute all funds to providers in April and May.

For the current month (March only), volume contributed an additional \$0.8M in favorable revenue variance, while mix/rate drove \$2.3M in incremental revenue.

Gross margin was favorable by \$150K for the month of March, and \$0.5M QTD

Administrative Expenses

Administrative expenses were favorable by \$33K, including Depreciation/Amortization. The main drivers were labor costs (+\$23K) and consulting (+\$6K). Consulting variances are primarily due to timing and will be offset in April, while labor costs are attributed to delayed hiring in Compliance, resulting in a full-year pick-up.

Other

Investment income remains favorable due to both rates and the total invested dollars. Investment income was favorable by \$29K in March and \$46K QTD.



Tangible Net Equity (TNE)

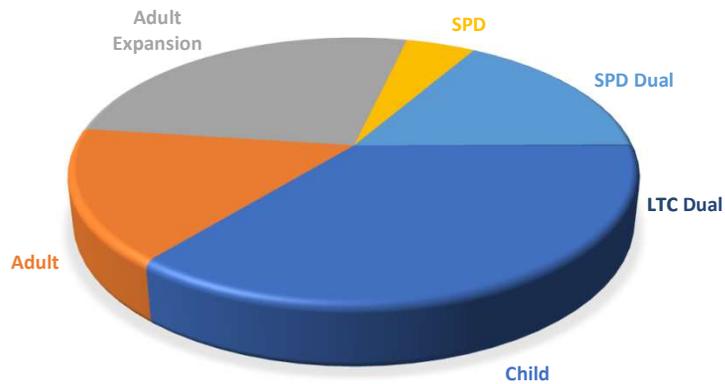
For the month of March, TNE was \$21.3M, which is 411% of the required \$5.2M. TNE calculations on a reported basis have been trending downward over the last two months due to larger retroactive revenue adjustments. On a restated basis, TNE stands at 456% of the required levels

**Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Reported Enrollment
For March 2025**

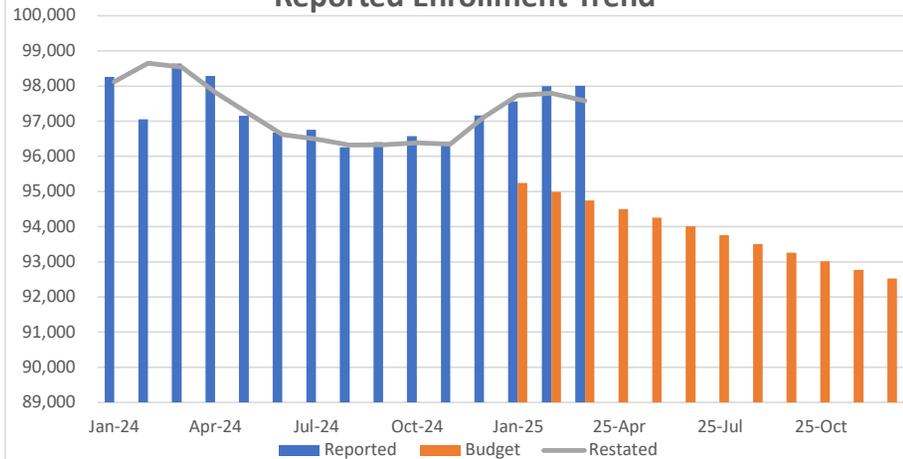
Category of Aid (COA)*	2024				2025							
	Q1-24	Q2-24	Q3-24	Q4-24	March				March (YTD)			
					Actual	Budget	B/(W)		Actual	Budget	B/(W)	
							#	%			#	%
Child	34,607	34,589	34,424	34,551	35,139	33,615	1,524	5%	105,492	101,289	4,203	4%
Adult	16,997	15,767	15,675	15,768	15,801	15,178	624	4%	47,420	45,768	1,652	4%
Adult Expansion	26,579	25,784	25,733	26,019	25,995	25,367	629	2%	77,918	76,278	1,640	2%
SPD	5,007	5,041	5,085	5,139	4,671	5,066	(395)	-8%	13,952	15,225	(1,273)	-8%
SPD Dual	14,433	14,760	15,007	15,288	16,283	15,393	890	6%	48,413	46,044	2,369	5%
LTC	12	15	19	22	22	28	(6)	-20%	65	78	(13)	-17%
LTC Dual	79	87	92	104	98	103	(5)	-4%	300	303	(3)	-1%
Total Medicaid	97,714	96,043	96,035	96,891	98,009	94,748	3,261	3%	293,560	284,985	8,575	3%
<i>Monthly/Quarterly Change</i>		<i>-1.7%</i>	<i>0.0%</i>	<i>0.9%</i>	<i>1.2%</i>	<i>-2.2%</i>						

* Source: DHCS 820 Remittance summary; includes retroactivity

Reported Enrollment by COA



Reported Enrollment Trend



**Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Statement of Revenues, Expenses, and Changes in Net Position
For March 2025**

	March			March (YTD)			Current Month Explanations
	Actual	Budget	Variance - B/(W)	Actual	Budget	Variance - B/(W)	
REVENUE							
Premium	\$ 27,875,775	\$ 22,880,270	\$ 4,995,505	\$ 84,024,320	\$ 68,773,004	\$ 15,251,315	Revenue was favorable by \$11.6M, largely due to prior period activity (+\$8.5M--\$7.9M in '24 and \$0.6M in current year). Rate/Mix was favorable by \$2.3M; volume favorable by \$0.8M.
Pass-Through	\$ 6,935,764	\$ 345,715	\$ 6,590,049	\$ 8,231,751	\$ 1,039,211	\$ 7,192,540	
HN Settlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL REVENUE	\$ 34,811,538	\$ 23,225,985	\$ 11,585,553	\$ 92,256,070	\$ 69,812,215	\$ 22,443,855	
HEALTH CARE COSTS	\$ 33,975,265	\$ 22,539,577	\$ (11,435,688)	\$ 89,735,341	\$ 67,749,025	\$ (21,986,315)	Prior period activity was driven by payments related to the HQAF program.
Gross Margin	\$ 836,273	\$ 686,408	\$ 149,865	\$ 2,520,730	\$ 2,063,190	\$ 457,539	
ADMINISTRATIVE EXPENSE							
Salaries & Wages	\$ 298,779	\$ 321,160	\$ 22,381	\$ 973,679	\$ 951,978	\$ (21,701)	Salaries were favorable due to hiring delays in Compliance
Benefits Expense	\$ 24,417	\$ 25,147	\$ 730	\$ 79,695	\$ 73,838	\$ (5,857)	
Total Labor Costs	\$ 323,196	\$ 346,307	\$ 23,111	\$ 1,053,374	\$ 1,025,816	\$ (27,558)	
Consulting, Legal, & Other Professional	\$ 149,275	\$ 155,282	\$ 6,008	\$ 326,692	\$ 410,444	\$ 83,752	YTD variance due to timing, largely in Finance (Bid)
Advertising & Marketing	\$ -	\$ 4,200	\$ 4,200	\$ 1,769	\$ 6,663	\$ 4,893	
Information Technology	\$ 3,203	\$ 2,521	\$ (681)	\$ 20,254	\$ 14,764	\$ (5,490)	
Membership and Subscriptions	\$ 9,276	\$ 9,180	\$ (96)	\$ 28,439	\$ 27,540	\$ (899)	
Regulatory Fees	\$ 28,418	\$ 28,418	\$ 0	\$ 85,301	\$ 85,254	\$ (47)	
Travel	\$ 4,875	\$ 7,233	\$ 2,358	\$ 13,037	\$ 30,600	\$ 17,563	Delayed travel from Compliance
Meals & Entertainment	\$ 1,114	\$ 800	\$ (314)	\$ 3,212	\$ 1,800	\$ (1,412)	
Insurance and Banking	\$ 5,119	\$ 7,509	\$ 2,390	\$ 14,831	\$ 22,526	\$ 7,695	
Occupancy & Facility	\$ 4,650	\$ 4,717	\$ 67	\$ 12,455	\$ 14,151	\$ 1,697	
Office Expense	\$ 8,224	\$ 3,660	\$ (4,564)	\$ 12,252	\$ 21,180	\$ 8,927	
Other Admin	\$ 1,679	\$ 1,750	\$ 71	\$ 4,322	\$ 6,556	\$ 2,234	
Total Administrative Expense	\$ 539,029	\$ 571,578	\$ 32,549	\$ 1,575,938	\$ 1,667,293	\$ 91,356	
Non-Operating Income							
Dividend, Interest & Investment Income	\$ 115,903	\$ 87,391	\$ 28,512	\$ 308,383	\$ 262,174	\$ 46,209	Favorable investment income due a combination of higher portfolio balance and rate of return on investments.
Rental Income	\$ 1,494	\$ 1,450	\$ 44	\$ 4,481	\$ 4,350	\$ 131	
Total Non-Operating Income	\$ 117,396	\$ 88,841	\$ 28,555	\$ 312,863	\$ 266,524	\$ 46,340	
Depreciation & Amortization	\$ 10,656	\$ 11,000	\$ 344	\$ 31,967	\$ 33,000	\$ 1,033	
Change in Net Position	\$ 403,986	\$ 192,672	\$ 211,314	\$ 1,225,689	\$ 629,420	\$ 596,268	
Key Metrics							
Enrollment	98,009	94,748	3,262	293,560	284,985	8,575	
Revenue PMPM	\$355.19	\$245.14	\$110.05	\$314.27	\$244.97	\$69.30	
MLR	97.60%	97.0%	(55) bps	97.3%	97.0%	(22) bps	
Admin Ratio	1.5%	2.5%	91 bps	1.7%	2.4%	68 bps	
Net Income PMPM	\$4.12	\$2.03	\$2.09	\$4.18	\$2.21	\$1.97	
Net Income %	1.2%	0.8%	33 bps	1.3%	0.9%	43 bps	

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of March 31, 2025**

ASSETS

Current Assets	<u>Feb 2025</u>	<u>Mar 2025</u>	<u>Change</u>
Cash and Investments			
Chase - Checking	\$ 200,000	\$ 200,159	\$ 159
Chase - Money Market	2,523,866	2,217,675	(306,191)
JPMorgan Securities	14,052,869	14,815,977	763,108
First Foundation Bank	177,057	288,046	110,989
Receivables			
Accounts Receivable	-	160	160
Dividend Receivable	7,992	11,564	3,572
Interest Receivable	85,847	104,339	18,492
Premium Receivable	32,344,622	27,875,775	(4,468,847)
Pass-Through Receivable	948,435	6,935,764	5,987,329
Other Current Assets			
Prepaid Expenses	120,681	63,404	(57,277)
Total Current Assets	50,461,369	52,512,862	2,051,493
Noncurrent Assets			
Restricted Deposit			
First Foundation Bank - Restricted	300,000	300,000	-
Capital Assets			
Buildings - Net	2,940,410	2,931,862	(8,548)
Computer Equipment / Software - Net	73,856	72,438	(1,418)
Improvements - Net	45,178	44,770	(408)
Operating ROU Asset (Copier) - Net	5,912	5,630	(282)
Total Noncurrent Assets	3,365,356	3,354,699	(10,657)
Total Assets	<u>\$ 53,826,725</u>	<u>\$ 55,867,562</u>	<u>\$ 2,040,837</u>

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of March 31, 2025**

LIABILITIES

CURRENT LIABILITIES	<u>Jan 2025</u>	<u>Feb 2025</u>	<u>Change</u>
Payables			
Accounts Payable	\$ 99,657	\$ 32,098	\$ (67,559)
Capitation Payable	31,374,284	27,039,501	(4,334,783)
Pass-Through Payable	948,435	6,935,764	5,987,329
Credit Card Payable	14,739	5,922	(8,817)
Other Current Liabilities			
Short Term Lease Liability - Copier	3,421	3,437	16
Bonus Accrual	185,053	203,269	18,216
Salaries Accrual	149,427	156,376	6,949
Vacation Accrual	154,012	156,766	2,754
Total Current Liabilities	32,929,028	34,533,132	1,604,104
NON-CURRENT LIABILITIES			
Long Term Lease Liability - Copier	2,692	2,398	(294)
Total Noncurrent Liabilities	2,692	2,398	(294)
Total Liabilities	32,931,720	34,535,531	1,603,811

NET POSITION

Net investment in Capital Assets	3,365,356	3,354,699	(10,657)
Restricted by Legislative Authority	300,000	300,000	-
Unrestricted	16,440,987	16,888,669	447,682
Net Revenue	788,662	788,662	0
Total Net Position	20,895,005	21,332,031	437,026
Total Liabilities and Net Position	\$ 53,826,725	\$ 55,867,562	\$ 2,040,837

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Summarized Tangible Net Equity Calculation
As of March 31, 2025**

Net Equity	\$	21,332,031
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)	\$	21,332,031
Required Tangible Net Equity *	\$	5,190,243
TNE Excess (Deficiency)	\$	16,141,788

Full Service Plan		
		1
A. Minimum TNE Requirement	\$	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	\$	2,190,243
Total	\$	5,190,243

* Calculated Required Tangible Net Equity		
	\$	369,024,280 - Q1
	\$	369,024,280 - Annualized
	\$	150,000,000
		x 2%
	\$	3,000,000
	\$	219,024,280
		x 1%
	\$	2,190,243
	\$	5,190,243 - Required TNE

Community Health Plan of Imperial Valley
March 2025 Cash Transactions

Date	Account	Vendor	Memo/Description	Amount
Chase Checking				
03/06/2025	Chase Checking	360 Business Products	Chase Bill Pay - Invoice #OE-QT-33839	\$ -4,882.35
03/06/2025	Chase Checking	Brawley Rotary Club	Chase Bill Pay - February 2025	-105.00
03/06/2025	Chase Checking	City of Imperial	Chase Bill Pay - Invoice #1414571	-138.96
03/06/2025	Chase Checking	Department of Managed Health Care	Chase Bill Pay - Invoice #24-10365	-46.86
03/06/2025	Chase Checking	First Unum Life Insurance Company	Chase Bill Pay - Service Period: 03/01 -03/31	-576.20
03/06/2025	Chase Checking	Great America Financial Services	Chase Bill Pay - Invoice: #38355915 & #8577196	-642.62
03/06/2025	Chase Checking	Wakely Consulting Group	Chase Bill Pay - Invoice: #211734-0000001 & #211734-0000002	-22,473.75
03/06/2025	Chase Checking	i.Access, Inc.	Chase Bill Pay - Invoice: #WA2782501 & #WA2782502	-90.00
03/06/2025	Chase Checking	I.V. Termite & Pest Control	Chase Bill Pay - Invoice: #347659	-120.00
03/06/2025	Chase Checking	Imperial Desert Landscape	Chase Bill Pay - Invoice: #25-070	-250.00
03/06/2025	Chase Checking	Imperial Irrigation District	Chase Bill Pay - Invoice: Service Period: 1/25/25 - 2/25/2025	-1,056.62
03/06/2025	Chase Checking	KY Cakes	Chase Bill Pay - Invoice: #9 & #10	-90.00
03/06/2025	Chase Checking	Law Office of William S. Smerdon	Chase Bill Pay - Invoice: #2717	-1,402.50
03/06/2025	Chase Checking	Quench USA	Chase Bill Pay - Invoice: #INV08593541	-129.30
03/06/2025	Chase Checking	Shannon Long	Chase Bill Pay - Invoice: #9	-6,000.00
03/06/2025	Chase Checking	Sparkling Clean	Chase Bill Pay - Invoice: FEB2025	-900.00
03/06/2025	Chase Checking	Brawley Chamber of Commerce	Chase Bill Pay - Invoice: #24028	-500.00
03/06/2025	Chase Checking	Vic's Air Conditioning & Electrical	Chase Bill Pay - Invoice: #100746	-950.00
03/06/2025	Chase Checking	Zamosky Communication	Chase Bill Pay - Invoice: #0000028	-8,000.00
03/07/2025	Chase Checking	JPMorgan Chase	Dividend Income - Feb 2025	7,992.80
03/07/2025	Chase Checking	JPMorgan Chase	Service Charges Investment Sweep - March 2025	-518.18
03/07/2025	Chase Checking	JPMorgan Chase	Credit Card Payment	-14,811.64
03/14/2025	Chase Checking	Department of Health Care Services	Receipt - DHCS (Feb 2025 Revenue)	32,439,473.97
03/14/2025	Chase Checking	Department of Health Care Services	Receipt - DHCS (Feb 2025 Revenue)	767,934.89
03/14/2025	Chase Checking	Department of Health Care Services	Receipt - DHCS (Feb 2025 Revenue)	58,591.93
03/14/2025	Chase Checking	Department of Health Care Services	Receipt - DHCS (Feb 2025 Revenue)	25,326.35
03/14/2025	Chase Checking	Department of Health Care Services	Receipt - DHCS (Feb 2025 Revenue)	1,730.73
03/21/2025	Chase Checking	Mid Atlantic Trust Company	Payroll Date: 03/07/25 Retirement Contribution:	-6,857.63
03/21/2025	Chase Checking	State Compensation Insurance Fund	State Compensation Insurance Payment	-1,424.41
03/24/2025	Chase Checking	AM Copiers Inc.	Chase Bill Pay - Invoice #IN6942	-138.98
03/24/2025	Chase Checking	Great America Financial Services	Chase Bill Pay - Invoice #38798124	-306.01
03/24/2025	Chase Checking	Health Management Associates, Inc.	Chase Bill Pay - Invoice #212606-0000002	-4,952.50
03/24/2025	Chase Checking	Wakely Consulting Group	Chase Bill Pay - Invoice #211734-0000003	-23,955.00
03/24/2025	Chase Checking	Jeffrey Scott Agency	Chase Bill Pay - Project 2200	-195.00
03/24/2025	Chase Checking	Moss Adams	Chase Bill Pay - Invoice #10271256	-21,000.00
03/24/2025	Chase Checking	NCQA	Chase Bill Pay - SF123369	-6,338.00
03/24/2025	Chase Checking	Shalom Events Professionals	Chase Bill Pay - Invoice #INV 03-18-25 & INV 03-27-25	-206.00
03/24/2025	Chase Checking	Stericycle, Inc.	Chase Bill Pay - Invoice #8009920055	-111.78
03/31/2025	Chase Checking	Health Net	Rental Income - March 2025	1,493.50
03/31/2025	Chase Checking	Imperial Irrigation District	Chase Bill Pay - Service Period: 2/26/25 - 3/25/2025	-946.71
03/31/2025	Chase Checking	Zamosky Communication	Chase Bill Pay - Invoice #0000030	-8,000.00
03/31/2025	Chase Checking	Sparkling Clean	Chase Bill Pay - Invoice MARCH2025	-900.00
03/31/2025	Chase Checking	Imperial Desert Landscape	Chase Bill Pay - Invoice #25-096	-250.00
03/31/2025	Chase Checking	NCQA	Chase Bill Pay - Invoice #SF123445	-53,144.00
03/31/2025	Chase Checking	Epstein Becker & Green, P.C.	Chase Bill Pay - Invoice #1192910, 1192911, 1189140 & 1189141	-9,671.00
03/31/2025	Chase Checking	Mid Atlantic Trust Company	Payroll Date: 03/21/25 Retirement Contribution:	-6,653.84
03/31/2025	Chase Checking	Wal-Mart	Return Check for CC Transaction - Wal-Mart	158.92
First Foundation Bank				
03/15/2025	FFB Payroll	Rippling	Payroll Date: 03/07/25 Accrued Wages	-78,442.70
03/15/2025	FFB Payroll	Rippling	Payroll Date: 03/07/25 Accrued Taxes	-50,745.13
03/15/2025	FFB Payroll	Blue Sheild Insurance	Blue Shield Insurance	-14,916.21
03/15/2025	FFB Payroll	Rippling	Payroll Date: 03/07/25 Accrued Wages -R. Sanchez	-6,870.55
03/15/2025	FFB Payroll	Rippling	Payroll Date: 03/07/25 Accrued Taxes -R. Sanchez	-2,759.16
03/15/2025	FFB Payroll	Rippling	People Center Bill	-2,472.00
03/15/2025	FFB Payroll	Rippling	Employee Reimbursement - M. Ortiz-Trujillo, G. Arakawa & J. Hutchins	-1,979.37
03/15/2025	FFB Payroll	Rippling	Employee Reimbursement - D. Wilson	-1,742.34
03/15/2025	FFB Payroll	Rippling	Employee Reimbursement - D. Wilson	-342.82
03/15/2025	FFB Payroll	First Foundation Bank	FFB Credit Card Payment	-241.51
03/15/2025	FFB Payroll	First Foundation Bank	Wire Fee	-10.00
03/15/2025	FFB Payroll	First Foundation Bank	Wire Fee	-10.00
03/31/2025	FFB Payroll	Rippling	Payroll Date: 03/21/25 Accrued Wages	-77,704.14
03/31/2025	FFB Payroll	Rippling	Payroll Date: 03/21/25 Accrued Taxes	-49,426.89
03/31/2025	FFB Payroll	Rippling	Employee Reimbursement - M. Ortiz-Trujillo	-502.95
03/31/2025	FFB Payroll	Rippling	Employee Reimbursement - R. Sanchez	-353.30
03/31/2025	FFB Payroll	Rippling	Employee Reimbursement - M. Ortiz-Trujillo	-161.70
03/31/2025	FFB Payroll	First Foundation Bank	FFB Credit Card Payment	-159.90
03/31/2025	FFB Payroll	First Foundation Bank	FFB Credit Card Payment Over Payment	-159.90
03/31/2025	FFB Payroll	First Foundation Bank	Wire Fee	-10.00
J.P. Morgan Securities				
03/31/2025	Chase Bond Portfolio	JPMorgan Chase	Accrued Investment Income - Feb 2025	85,847.52
03/31/2025	Chase Bond Portfolio	Health Net	March Health Net Payment	(32,322,719.19)
03/31/2025	Chase Bond Portfolio	JPMorgan Chase	Bank Fee - February 2025 (Portfolio)	\$ (20.00)

Fact Sheet

Execution of 2024 At-Risk Compensation Program

May 7, 2025

Recommendations

Motion to approve the payout of the At-Risk Compensation Program.

Background

This document outlines the execution and financial impact of the CHPIV 2024 At-Risk Compensation Program. The CHPIV At-Risk Compensation Program aims to provide additional annual compensation for leaders who achieve their goals. This program is crucial for retaining and recruiting top talent by offering competitive compensation. It targets Senior Directors and above.

Scope

In accordance with CHPIV Policy, the following actions have been completed:

- 1) The CFO has reviewed and accepted the overall achievement of the corporate financial target as set by the Commission against the audited financial statements.
- 2) The CFO has audited for correctness and completeness the accuracy of all ending salaries for each individual eligible for At-Risk Compensation to appropriately calculate the 2024 bonus amount.
- 3) The CEO has reviewed and confirmed the satisfactory completion of everyone's departmental and individual goals.
- 4) The CEO and the Commission Chair have reviewed the detailed calculations for each employee eligible.
- 5) The CFO has reviewed and confirms the accuracy of the calculation of each target payout in concert with the achievement of individual goals.
- 6) The Sr. Director of HR has reviewed the personnel files to ensure no individual is engaged in a corrective action plan.

Financial Impact

The total annual payout for the 2024 At-Risk Compensation Program is \$191,050. This amount has been fully accrued to the balance sheet as of December 31, 2024, ensuring no financial impact on the 2025 profit and loss statement.

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Report of Independent Auditors and
Financial Statements

**Imperial County Local Health Authority dba Community
Health Plan of Imperial Valley**

December 31, 2024 and 2023

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Management's Discussion and Analysis

Community Health Plan of Imperial Valley Management's Discussion and Analysis As of and for the Year Ended December 31, 2024 and 2023

The management's discussion and analysis of Community Health Plan of Imperial Valley ("CHPIV" or the "Plan") is intended to provide readers and interested parties with an overview of the Plan's financial activities for the years ended December 31, 2024 and December 31, 2023. It should be reviewed in conjunction with the Plan's financial statements and accompanying notes to enhance the reader's understanding of the Plan's financial performance.

Overview of CHPIV's financial statements – Community Health Plan of Imperial Valley ("CHPIV" or the "Plan") is a local governmental health insuring organization that operates in the Imperial County. The Boards of Supervisors for the County of Imperial established the Imperial County Local Health Authority (the "Authority") in June 3, 2014 in accordance with the State of California Welfare and Institutions Code (the "Code") Section 14087.38. Through the provisions of the "Joint Exercise of Powers Agreement Between the County of Imperial for the Joint Provisions of Medi-Cal Managed Care and Other Health Services Programs" novation, dated in July 28, 2023, and pursuant to the Code, CHPIV became financially independent of the County of Imperial. In addition, the Code provides that CHPIV is a public entity, separate and apart from the Imperial County. CHPIV received its Knox-Keene license from the Department of Managed Health Care (DMHC) on December 15, 2023 and commenced providing health care services to members on January 1, 2024.

The mission and purpose of CHPIV is to improve access to care and provide quality health care to families in the Imperial County area at the right place and the right time.

CHPIV has contracted with the California Department of Health Care Services ("DHCS") to receive funding to provide health care services to the Medi-Cal eligible County of Imperial area residents who are enrolled as members of CHPIV under the single-plan model. The DHCS contract is effective January 1, 2024, through December 31, 2026. The DHCS contract specifies capitation rates based on a per-member, per-month basis, which may be adjusted annually. DHCS revenue is paid monthly and is based upon the contracted capitation rates and actual Medi-Cal enrollment. CHPIV, in turn, provides services to Medi-Cal beneficiaries through contracts with its Plan Partners. Further, CHPIV has an administrative service agreement with Health Net Community Solutions, Inc. ("Health Net") in which Health Net performs specific administrative functions for CHPIV.

In 2009, Assembly Bill ("AB") 1422 was passed by the legislature which assesses a gross premium tax of 2.5% on CHPIV's annual gross revenues. The bill provides the State of California with an additional funding source to procure federal-matching funds to support the Healthy Families program. No premium taxes were due for the year-ended December 31, 2024 and December 31, 2023.

Using this annual report – CHPIV's financial statements consist of three statements: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The following is an overview of the Financial Statements and Financial Analysis:

CHPIV had assets of \$45,971,026 and \$15,867,560 as of December 31, 2024 and December 31, 2023, respectively. Liabilities of \$25,864,684 and \$492,742 as of December 31, 2024 and December 31, 2023, respectively. The resulting net assets, which represents CHPIV's assets after the liabilities are deducted, totaled \$20,106,342 and \$15,374,818 as of December 31, 2024 and December 31, 2023, respectively.

Community Health Plan of Imperial Valley
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2024 and 2023

ASSETS

Cash and cash equivalents – The cash and cash equivalents balance were \$4,684,833 and \$10,986,002 as of December 31, 2024 and December 31, 2023, respectively. The cash and cash equivalents primarily consist of the money market fund totaling \$4,364,886 and \$10,729,947 for as of December 31, 2024 and December 31, 2023, respectively.

Investments – The investments balance was \$13,261,966 and \$0 as of December 31, 2024 and December 31, 2023, respectively. The investment portfolio consists of funds in fixed income securities.

Capitation receivable – The capitation receivable consists of amounts owed to CHPIV from DHCS under the Medi-Cal program which totaled \$24,364,951 and \$0 as of December 31, 2024 and December 31, 2023, respectively. The capitation receivable balance at December 31, 2024 is attributable to the timing of receipts of certain premium revenue due from the State of California.

Other receivables – The other receivables balance was \$100,871 and \$43,695 as of December 31, 2024 and December 31, 2023, respectively. Other receivables consists of investment receivables from short-term cash investments in JP Morgan Chase Bank money market sweeps and U.S. fixed income securities with varying interest rates due monthly or at maturity.

Prepaid expenses – The prepaid expenses balance was \$197,390 and \$32,504 as of December 31, 2024 and December 31, 2023, respectively. Prepaid expenses consists of payments made in the current period for goods/services to be received in one or more future periods. The prepaid expenses balance is attributable to the timing of payments for insurance, fees, dues, and outside services that are to be charged to expense after December 31, 2024.

Capital assets, net of accumulated depreciation and amortization – The capital assets, net of accumulated depreciation and amortization balance was \$3,054,541 and \$3,072,806 as of December 31, 2024 and December 31, 2023, respectively. Capital assets consists of building improvements and computer equipment & software less accumulated depreciation of \$86,627 and \$2,967,914 as of December 31, 2024 and December 31, 2023, respectively. Capital assets useful lives range from 5-30 years.

Restricted assets – The restricted assets balance was \$300,000 as of December 31, 2024 and December 31, 2023. Restricted assets consists of a deposit required by DMHC to pay for member claims in the event of insolvency and is held in a checking account at December 31, 2024 and December 31, 2023.

LIABILITIES

Capitation payable – The capitation payable balance was \$25,342,087 and \$0 as of December 31, 2024 and December 31, 2023, respectively. The capitation payable consists of the amount due to Health Net for the payment of medical services provided to CHPIV members.

Accounts payable and accrued expenses – Accounts payable and accrued expenses consist of the cost of services received in the current period for which payment has yet to be made. The accounts payable and accrued expenses balance was \$149,539 and \$351,167 as of December 31, 2024 and December 31, 2023, respectively.

Community Health Plan of Imperial Valley
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2024 and 2023

Accrued salaries and benefits – The accrued salaries and benefits balance of \$366,393 and \$94,213 as of December 31, 2024 and December 31, 2023, respectively. Accrued salaries consists of accrued payroll and accrued paid-time-off (PTO). The balance is primarily attributable to the timing of the pay period end date in relation to the Plan's fiscal year end date of December 31, 2024 and December 31, 2023.

Statement of revenues, expenses, and changes in net assets – The Statement of Revenues, Expenses, and Changes in Net Assets is a presentation of the Plan's operating results for the fiscal year. In accordance with GASB requirements, certain significant revenues are mandated to be recorded as non-operating revenues, including investment income. The following is a summary of the operating results for the fiscal year ended December 31, 2024 and December 31, 2023.

Capitation revenue – The capitation revenue balance was \$283,357,183 and \$0 as of December 31, 2024 and December 31, 2023, respectively. Capitation revenue is comprised of the capitation payments received or to be received from DHCS on a per-member, per-month basis for each eligible member enrolled in the Plan's managed care Medi-Cal program. Capitation revenue is recognized as revenue in the month the beneficiary is eligible for Medi-Cal services. Further, the current year capitation revenue balance was determined by factors such as the number of members enrolled in the Plan and the capitation rates as specified by DHCS.

Health care expenses – Overall health care expenses was \$274,962,968 and \$0 as of December 31, 2024 and December 31, 2023, respectively. Health care expenses consists of the capitation payments that the Plan pays Health Net for health care services provided to CHPIV members.

General and administrative expenses – Overall general and administrative expenses was \$5,445,340 and \$3,638,881 as of December 31, 2024 and December 31, 2023, respectively. General and administrative expenses for 2024 primarily consists of various items including salaries and benefits totaling \$3,514,081 and legal and professional fees totaling \$1,230,350.

Report of Independent Auditors

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Financial Statements

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statements of Net Position
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,684,833	\$ 10,986,002
Investments	13,261,966	-
Capitation receivables from the State of California	24,364,951	-
Receivable from Health Net	-	1,422,701
Other receivables	100,871	43,695
Prepaid expenses	197,390	32,504
Lease assets, net of accumulated amortization	6,474	9,852
Total current assets	42,616,485	12,494,754
CAPITAL ASSETS		
Depreciable, net of accumulated depreciation and amortization	3,054,541	3,072,806
Total capital assets	3,054,541	3,072,806
ASSETS RESTRICTED AS TO USE		
	300,000	300,000
Total assets	<u>\$ 45,971,026</u>	<u>\$ 15,867,560</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Capitation payable	\$ 25,342,087	\$ -
Accounts payable and accrued expenses	149,539	351,167
Accrued salaries and benefits	366,393	94,213
Due to Imperial County	-	37,488
Operating lease liabilities - current portion	3,390	3,209
Total current liabilities	25,861,409	486,077
OPERATING LEASE LIABILITIES, net of current portion		
	3,275	6,665
Total liabilities	25,864,684	492,742
NET POSITION		
Invested in capital assets	3,054,541	3,072,806
Restricted by legislative authority	300,000	300,000
Unrestricted	16,751,801	12,002,012
Total net position	20,106,342	15,374,818
Total liabilities and net position	<u>\$ 45,971,026</u>	<u>\$ 15,867,560</u>

See accompanying notes.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023**

	2024	2023
OPERATING REVENUES		
Capitation revenue	\$ 283,357,183	\$ -
Managed care fees	737,623	3,018,402
	284,094,806	3,018,402
OPERATING EXPENSES		
Health care expenses		
Capitation expense	274,962,968	-
	274,962,968	-
Total health care expenses		
	5,445,340	3,638,881
General and administrative expenses		
Salaries and benefits	3,514,081	1,886,725
Legal and professional	1,230,350	1,461,699
Other expense	583,978	272,693
Depreciation and amortization	116,931	17,764
	5,445,340	3,638,881
Total general and administrative expenses		
	280,408,308	3,638,881
Total operating expenses		
	3,686,498	(620,479)
INCOME (LOSS) FROM OPERATIONS		
NONOPERATING REVENUE		
Investment income	942,154	191,159
Interest income	85,472	233,915
Other income	17,400	-
	1,045,026	425,074
Total nonoperating revenue		
	4,731,524	(195,405)
CHANGE IN NET POSITION		
NET POSITION , beginning of year	15,374,818	15,570,223
NET POSITION , end of year	\$ 20,106,342	\$ 15,374,818

See accompanying notes.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statements of Cash Flows
Years Ended December 31, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Capitation revenue	\$ 261,152,556	\$ 3,543,137
Health care expenses paid	(249,620,881)	-
Administrative expenses paid	(5,479,750)	(3,251,936)
	6,051,925	291,201
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED ACTIVITIES		
Due to Imperial County	(37,488)	13,321,742
Rental income	-	-
	(37,488)	13,321,742
CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES		
Payments for purchase of capital assets	(98,666)	(3,090,570)
	(98,666)	(3,090,570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,261,966)	-
Investment income	942,154	191,159
Interest collection on investments	85,472	231,039
	(12,234,340)	422,198
Net (decrease) increase in cash and cash equivalents	(6,318,569)	10,944,571
CASH AND CASH EQUIVALENTS, beginning of year	10,986,002	41,431
CASH AND CASH EQUIVALENTS, end of year	\$ 4,667,433	\$ 10,986,002
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (Loss) from operations	\$ 3,686,498	\$ (620,479)
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation and amortization	116,931	17,764
Changes in assets and liabilities		
Capitation receivables from the State of California	(24,364,951)	-
Receivable from Health Net	1,422,701	524,713
Other receivables	(57,176)	(43,695)
Prepaid expenses	(164,886)	(32,504)
Capitation payable	25,342,087	-
Accounts payable and accrued expenses	(201,628)	351,167
Accrued salaries and benefits	272,180	94,213
Leases	169	22
	169	22
Net cash provided by operating activities	\$ 6,051,925	\$ 291,201

See accompanying notes.

Imperial County Local Health Authority dba Community Health Plan of Imperial Valley Notes to Financial Statements

Note 1 – Organization

Imperial County Local Health Authority dba Community Health Plan of Imperial Valley (CHPIV or the Plan) is a local governmental health insuring organization that operates in Imperial County (the County). The Imperial County Board of Supervisors established the Imperial County Local Health Authority (the Authority) through the 2015 Ordinance No. 1513, in accordance with the State of California Welfare and Institutions Code (the Code) Section 14087.38, CHPIV became financially independent of the County. In addition, the Code provides that CHPIV is a public entity, separate and apart from the County. CHPIV received its Knox-Keene license from the California Department of Managed Health Care (DMHC) on December 15, 2023, and commenced operations on January 1, 2024.

During the years ended December 31, 2024 and 2023, revenue was comprised of capitation revenues of \$283,357,183 and \$0, respectively, disbursed by the California Department of Healthcare Services to the Plan. The Plan incurred start-up operating expenses during the year ended December 31, 2023.

The mission and purpose of CHPIV is to 1) Improve access to primary care and related specialty and ancillary services for enrolled Medi-Cal recipients; 2) Promote the long-term viability of “safety net” providers; and 3) Increase prevention, education, and early intervention services for enrolled recipients.

CHPIV has contracted with the California Department of Health Care Services (DHCS) to receive funding to provide health care services to the Medi-Cal eligible Imperial County residents who are enrolled as members of CHPIV under the Single-Plan model. The DHCS contract is effective January 1, 2024 through December 31, 2026. The DHCS contract specifies capitation rates based on a per-member, per-month basis, which may be adjusted annually. DHCS revenue is paid monthly and is based upon the contracted capitation rates and actual Medi-Cal enrollment. In addition, DHCS pays CHPIV supplemental capitation rates such as a fixed maternity case rate for each eligible birth incurred by a CHPIV Medi-Cal member. CHPIV, in turn, provides services to Medi-Cal beneficiaries through a contract with Health Net Community Solutions, Inc. (Health Net), a wholly owned subsidiary of Centene Corporation. Further, CHPIV has an administrative service agreement with Health Net in which Health Net performs specific administrative functions for CHPIV.

CalAIM implementation – Beginning January 1, 2022, DHCS implemented California Advancing and Innovating Medi-Cal (CalAIM) to modernize the State of California’s Medi-Cal Program. This requires managed care plans to implement a whole-system, person-centered strategy that focuses on wellness and prevention, including assessments of each enrollee’s health risks and health-related social needs, and provide care management and care transitions across delivery systems and settings. Components that began on January 1, 2022, include Enhanced Care Management (ECM), Community Supports (CS), and the Major Organ Transplant (MOT) benefit. In addition, institutional Long-Term Care (LTC) benefit including skilled nursing facilities transitioned to Medi-Cal managed care plans effective January 1, 2023. Effective January 1, 2024, all Medi-Cal managed care plans became responsible for the full LTC benefit at facility types such as Intermediate Care Facility for Developmentally Disabled (ICF/DD) Home, Pediatric Subacute Care Facility and Subacute Care Facility.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Notes to Financial Statements**

Note 2 – Summary of Significant Accounting Policies

Accounting standards – Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, the Plan's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements.

Proprietary fund accounting – The Plan utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and financial statements are prepared using the economic resources measurement focus.

Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing the financial statements include capitation receivables from the State of California, receivables from Health Net and useful lives of capital assets.

Risks and uncertainties – The Plan's business could be impacted by external rate pressure on new and renewal business; federal and state legislation; and governmental licensing regulations of Health Maintenance Organizations (HMOs) and insurance companies. External influences in these areas could have the potential to adversely impact the Plan's operations in the future.

Income taxes – The Plan operates under the purview of the Internal Revenue Code (IRC) Section 501(a), and corresponding California Revenue and Taxation Code provisions. As such, the Plan is not subject to federal or state income taxes.

Investment policy – All short-term investments consist of U.S. treasury bonds and U.S. fixed income securities. Investments are stated at fair market value as determined by quoted market prices, with any changes in fair value reported on the Statements of Revenues, Expenses, and Changes in Net Position.

Cash and cash equivalents – Cash and cash equivalents consist of demand deposits and other short-term highly liquid securities with original maturities of three months or less.

Concentration of risk – Financial instruments potentially subjecting the Plan to concentrations of risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance thresholds. If any of the financial institutions with whom the Plan does business were placed into receivership, the Plan may be unable to access the cash on deposit with such institutions in order to operate its business without adverse effect. As of December 31, 2024 and 2023, the Plan's uninsured cash and cash equivalent balance totaled \$4,414,886 and \$10,779,947, respectively. To date, the Plan has not experienced any losses on these accounts.

The Plan is highly dependent upon the state of California for its revenues. All capitation receivable and capitation revenues are from the state of California. Loss of the contracts with the state of California due to nonrenewal or legislative decisions that impact program funding or result in discontinuation could materially affect the financial position of the Plan.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Notes to Financial Statements**

The Plan has a contract with Health Net whereby Health Net provides virtually all administrative services vital to the Plan's successful daily operation. In addition, the Plan has a capitation agreement with Health Net whereby the Plan utilizes Health Net's network of contracted providers to furnish care for most of the Plan's members. The inability of Health Net to meet its obligations under these contracts could significantly impact the Plan's ability to operate in the short-term until alternative arrangements could be made.

Capital assets – Capital assets are recorded at cost. The capitalization threshold of such assets is \$2,500. Depreciation of capital assets is based on the straight-line method over the estimated useful lives of the assets, estimated to be five to 30 years. Expenditures for maintenance and repairs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized.

Depreciation of capital assets are provided primarily over the following estimated useful lives and methods:

Building	30 years - straight-line
Building improvements	10 years - straight-line
Computer equipment and software	5 years - straight-line

The Plan evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Assets restricted as to use – The Plan is required by the DMHC to restrict cash having a fair value of at least \$300,000 for the payment of member claims in the event of its insolvency. The amount recorded was \$300,000 and \$300,000 at December 31, 2024 and 2023, respectively. Restricted cash is comprised of certificates of deposit and is stated at fair value.

Net position – Net position is classified as invested in capital assets and restricted or unrestricted net position. Invested in capital assets represents investments in building, furniture and fixtures, and computer equipment and software, net of depreciation and amortization. Restricted net position is noncapital assets that must be used for a particular purpose, as specified by state regulatory agency, grantors, or contributors external to the Plan. Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted net position.

Operating revenues and expenses – The Plan's statement of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. The primary operating revenue is derived from capitation in support of providing health care services to its members. Operating expenses are all expenses incurred to provide such health care services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to investing and financing activities.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Notes to Financial Statements**

Managed care fees revenue – Managed care fees revenue is recognized as revenue in the month the beneficiary is eligible for Medi-Cal services. Health Net receives Plan capitation revenue from the state of California monthly based on initial membership, which is adjusted monthly for retroactivity. The Plan receives two revenue streams based on Health Net Medi-Cal enrollment. 1) Per-Member-Per-Month (PMPM) fee is paid by Health Net to the Plan based on the count of enrollees in a service month. 2) Health Net pays a profit share amount to the Plan based on the overall profitability of Health Net Medi-Cal in Imperial County. The amount receivable from Health Net under those arrangements at December 31, 2024 and 2023, was \$134,859 and \$1,422,701, respectively.

Capitation revenue – Capitation revenue is recognized as revenue in the month the beneficiary is eligible for Medi-Cal services. The State of California pays the Plan capitation revenue on a monthly basis based on initial membership, which is adjusted monthly for retroactivity. These estimates are continually reviewed, and adjustments to the estimates are reflected currently in the statements of revenues, expenses, and changes in net position. Eligibility of beneficiaries is determined by the Imperial County Department of Social Services and validated by the State of California. The State of California provides the Plan the validated monthly eligibility file of program beneficiaries who are continuing, newly added, or terminated from the program in support of capitation revenue for the respective month.

Capitation expense and medical expenses – Community Health Plan of Imperial Valley contracts with Health Net on a fixed percentage basis to provide all health care services to enrolled members. Health Net is at full risk for the provision of such services. Health net provides services to all enrolled members through a proprietary network. The expenses related to these provisions for covered services to enrolled Community Health Plan of Imperial Valley members are recognized on an accrual basis.

Insurance coverage – The Plan maintains its general liability insurance coverage through outside insurers in the form of “claims-made” policies. Should the “claims-made” policies not be renewed or replaced with equivalent insurance, claims related to the occurrences during the term of the “claims-made” policies but reported subsequent to the termination of the insurance contract may be uninsured.

New accounting pronouncements – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The statement is effective for fiscal years beginning after June 15, 2023. The Plan adopted the standard effective January 1, 2024, and the adoption had no material impact on the financial statements.

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Notes to Financial Statements**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. The statement amends the existing requirements to disclose only the net change in the liability instead of the gross additions and deductions to the liability. This statement is effective for fiscal years beginning after December 15, 2023. The Plan adopted the standard effective January 1, 2024, and the adoption had no material impact on the financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for the Plan for the year ended December 31, 2026. The Plan is currently evaluating the impact of the adoption of this standard on its financial statements.

In September 2024, the GASB issued statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of the financial statements with essential information about certain type of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangibles assets other than those three types to be disclosed separately by major class and additional disclosures for capital assets held for sale. This Statement is effective for the Plan for the year ended December 31, 2026. The Plan is currently evaluating the impact of the adoption of this standard on its financial statements.

Subsequent events – The Plan has evaluated subsequent events through [Date], the date on which the financial statements were available to be issued. There were no subsequent events identified by management that would require disclosure in the financial statements.

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Note 3 – Investments

The Plan held investments as of December 31, 2024 and 2023, as follows:

	2024	2023
Short-term investments	\$ 13,261,966	\$ -
Assets restricted as to use	300,000	300,000
	\$ 13,561,966	\$ 300,000

Investments authorized by the Plan’s investment policy – Investments may only be made as authorized by the Plan’s investment policy. The objective of the policy is to ensure the Plan’s funds are prudently invested to preserve capital and provide necessary liquidity.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

As of December 31, 2024 and 2023, none of the Plan’s deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts and none of the Plan’s investments were subject to custodial credit risk.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan did not have any investments that were considered highly sensitive to changes in interest rates as of December 31, 2024 and 2023.

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Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity:

Type	2024 Totals	Remaining Maturity	
		12 Months or Less	13 Months or More
Cash and Cash Equivalents	\$ 4,684,833	\$ 4,684,833	\$ -
Short-term Investments	13,261,966	13,261,966	-
Assets restricted as to use	300,000	-	300,000
Total Cash and Investments	\$ 18,246,799	\$ 17,946,799	\$ 300,000

Type	2023 Totals	Remaining Maturity	
		12 Months or Less	13 Months or More
Cash and Cash Equivalents	\$ 10,986,002	\$ 10,986,002	\$ -
Assets restricted as to use	300,000	-	300,000
Total Cash and Investments	\$ 11,286,002	\$ 10,986,002	\$ 300,000

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments made by the Plan are not rated by Standard & Poor's but are fully FDIC insured.

Concentration of credit risk – The investment policy of the Plan contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. All the Plan's investments are in a U.S. government money market fund and bond portfolio issued by J.P. Morgan Chase as of December 31, 2024 and 2023.

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Note 4 – Capital Assets

A summary of changes in capital assets for the years ended December 31, 2024 and 2023, is as follows:

	<u>Balance at January 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2024</u>
Building	\$ 3,077,173	\$ -	\$ -	\$ 3,077,173
Building improvements	3,031	45,918	-	48,949
Computer equipment and software	10,084	49,370	-	59,454
Total assets	3,090,288	95,288	-	3,185,576
Less depreciation and amortization expense and accumulated depreciation and amortization related to retirements	(17,482)	(116,649)	-	(131,035)
Net capital assets	\$ 3,072,806	\$ (21,361)	\$ -	\$ 3,054,541
	<u>Balance at January 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2023</u>
Building	\$ -	\$ 3,077,173	\$ -	\$ 3,077,173
Building improvements	-	3,031	-	3,031
Computer equipment and software	-	10,084	-	10,084
Total assets	-	3,090,288	-	3,090,288
Less depreciation and amortization expense and accumulated depreciation and amortization related to retirements	-	(17,482)	-	(17,482)
Net capital assets	\$ -	\$ 3,072,806	\$ -	\$ 3,072,806

Note 5 – Capitation Receivables from the State of California

Community Health Plan of Imperial Valley received capitation from the State of California based upon the monthly capitation rate of each aid code (Medi-Cal category of eligibility). The State of California makes monthly payments based on actual members for the current month and retroactive adjustments related to prior months. The capitation receivable represents amounts due from the State of California under the Medi-Cal program. Community Health Plan of Imperial Valley had capitation receivable of \$24,364,951 and \$0 due from the State of California as of December 31, 2024 and 2023, respectively.

Note 6 – Capitation Payable

Community Health Plan of Imperial Valley contracts with Health Net to furnish certain health care services to enrolled members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to an enrolled member. The Plan recorded capitation payable of \$25,342,087 and \$0 as of December 31, 2024 and 2023, respectively.

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Note 7 – Tangible Net Equity

In December 2023, the Plan received a full-service health plan license under the Knox-Keene Health Care Services Plan Act of 1975. The required tangible net equity was \$4,389,740 at December 31, 2024. The Plan's tangible net equity was \$20,106,342 at December 31, 2024. As of December 31, 2024, the Plan was in compliance with the tangible net equity requirements. As of December 31, 2023, the Plan did not have TNE requirements to comply with.

Note 8 – Risk Management

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; and employee health, dental, and accident benefits. The Plan carries commercial insurance for claims arising from such matters, and no settled claims have ever exceeded the Plan's commercial coverage.

Note 9 – Commitments and Contingencies

Litigation – In the ordinary course of business, the Plan is a party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, the Plan's management is of the opinion that any liability which may be incurred as a result of claims or legal actions will not have a material effect on the financial position or results of operations of the Plan.

Note 10 – Health Care Reform

There are various proposals at the federal and state levels that could, among other things, significantly change member eligibility, payment rates, or benefits. The outcome of these proposals, including the potential effects of or changes to health care reform that will be enacted, cannot presently be determined.

Note 11 – Retirement Plan and Deferred Compensation Plan

Retirement plan – Effective [Date], the Plan established a defined contribution plan, 403(b), for its employees. The contribution requirement is established by the Plan. Employees make contributions to the Plan. Furthermore, employer contributions are immediately vested. The availability of the amounts are subject to the conditions of the plan documents. The Plan's contributions to the retirement plan totaled \$128,860 and \$16,736 for the years ended December 31, 2024 and 2023, respectively.