



Finance Committee Meeting – Meeting Minutes

Tuesday, October 3, 2017

Teleconference

In Attendance: *(checkmarks indicate presence)*

✓ Mike Hickman, Chair	Laurie Tebo	Danette York
✓ Randy Barker	Steve Clark	

Guests, Staff & Consultants In Attendance:

✓ Cat Latet, CHPW	✓ Winfried Danke	✓ Cathy Homkey
✓ Kayla Down, Coordinated Care	✓ Samantha Tatum	✓ Jeff Uyyek

Meeting called to order by Mike Hickman, Treasurer, at 7:00 a.m.

Facilitation: Winfried Danke, CEO

Topics of Discussion:

1. DSRIP Project Incentive Funds Flow by Use Category

Winfried reviewed the Project Plan supplemental workbook pages pertaining to Funds Flow projections by Use Category and by Organization Type that need to be completed by mid-November as part of the CPAA Project Plan submission to Health Care Authority (HCA). He then updated the committee on the HCA announcement of a reduction in project funding of up to 36% in DY1 due to insufficient state matching funds for the federal share of Demonstration funding. It is unclear what funding reduction may occur in DY2-5; however, a funding cut in outlying years is likely. Winfried suggested that CPAA adopt a conservative budgeting approach and assume a 36% budget cut in each of the five demonstration years.

Committee Discussion: The committee considered the implications of the financial news on the CPAA project portfolio. Questions raised included:

- Is there sufficient funding available to pursue eight project areas? Are we spreading ourselves too thin to achieve transformational impact and meet performance metrics?
- Should CPAA reduce the number of optional projects chosen?
- How will a funding cut of this magnitude impact the participation of partnering providers?
- Does the funding reduction necessitate the establishment of a large reserve? If so, should this reserve be separate and distinct from a customary reserve (contingency fund) covering unanticipated event?

The committee also discussed establishing a regional wellness/innovation fund:

- Should the funding for the wellness/innovation fund come out of the *project management*

and administration use category or be added as a separate budget item in order not to overstate the *project management and administration* line item?

The committee discussed a proposed fund allocation for all use categories provided by HCA in the funds flow template, developing corresponding use category specific allocation methodologies over the five-year Demonstration period.

Decisions: The committee came to the following agreements:

- CPAA will adopt a conservative budgeting approach and assume a 36% reduction in funding for all five years, not just DY1.
- CPAA will establish a reserve for unforeseen events (not to exceed \$5M); if not expended by the end of DY5, remaining reserve funds will be distributed to partnering providers and the regional wellness/innovation fund. CPAA needs to establish a more detailed reserve use and distribution policy.
- In addition, CPAA will budget a portion of the funding reduction as a potential adjustment to maximum revenue, in case HCA is able to secure more matching dollars and the funding reduction is not as severe as anticipated. Given the highly uncertain nature of this revenue, the potential revenue will not be included in the funds flow projection directly, but rather be referenced below the spreadsheet as potential additional revenue.
- CPAA will retain all use categories provided by HCA, but add two new categories: *Reserve and Innovation Fund*.

2. DSRIP Project Incentive Funds Flow by Organization Type

Due to time constraints, it was agreed that staff and HMA consultants will develop a proposed funds flow distribution by Organization Type for the committee's consideration.

3. Next Steps

The group agreed on the following next steps:

Action	Deadline	Responsible Party/Lead
Send to staff updated Funds Flow by Use Category per today's committee discussion	10/3//17	HMA/Jeff
Develop proposed Funds Flow by Organization Type	10/6/17	Staff/Winfried/HMA
Email to Finance Committee proposed funds flow by organization type	10/7/17	Staff/Winfried

Mike Hickman adjourned the meeting at 8:00 a.m.