



## Vaya Health

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T. Clark Phillip, CPA, CGMA  
Chief Financial Officer

July 31, 2018

Dear County Representatives:

Enclosed you will find the financial information for Vaya Health as of June 30, 2018. Please be advised that this information is preliminary as the books will stay open until the completion of the year-end independent audit.

The format for the form that we have used to provide fiscal information to counties on a quarterly basis, the Fiscal Monitoring Report has been unchanged for several years. Given the degree of change in our systems however, we believe the format can be improved upon to provide more meaningful, relevant and clear information for counties. The version of that report which is attached contains minor improvements, but we are looking forward to working directly with you to design a format which is even more clear and user friendly.

We have also added a companion report (attached) that explains in greater detail the amount of cash that is available for operations. As you may be aware, there has been a significant amount of discussion on LME MCO fund balances, often reflecting either incomplete or inaccurate information. In an effort to provide understandable, accurate, and fully complete documentation on our cash position, we have created and attached a summary report. To help with understanding that report we are also including an attachment with explanations of the categories used to create the report. We hope you find that helpful and will be looking forward to discussing any questions you may have on that as well.

As noted above, I will be contacting you directly in the future to discuss the reports and to solicit any suggestions you have for improvement. If you have any immediate questions or comments please don't hesitate to contact me.

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Very truly yours,

T. Clark Phillip  
Chief Financial Officer

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## COMMENTS AND EXPLANATIONS

### FISCAL MONITORING REPORT

The report is divided into four sections:

- Section 1 contains budget versus actual information for the prior year and current year.
  - Revenue
    - Total Local Funds
    - Total County Funds
    - Total State, Federal, and Medicaid Funds
    - Total Revenue
  - Expenditures
  - Net Income or (loss) from operations
    - Net Income or (Loss) (from Operations and Risk Revenue) includes the Medicaid Risk Revenue that by statute the state will not allow LME MCOs to access.
    - Less Risk Reserve Revenue is the amount of Medicaid Risk Reserve Revenue included in the Net Income or (Loss) (from Operations and Risk Revenue) even though the LME/MCO does not have access to those funds.
    - Net Income or (Loss) from Operations is the true operating income or (loss) not counting the Medicaid Risk Revenue that is restricted by state statute and not accessible to the LME/MCO.
- Section 2 Fund Balance contains information on the restricted and unrestricted components that comprise the Fund Balance.
  - Restricted Fund Balance for Risk Reserve contains the amount of Medicaid Risk Reserve that is restricted by statute and not accessible to the LME/MCO.
  - Restricted Fund Balance – State Statute, Prepaids & Investments in Fixed Assets represents amounts of funds already expended but not yet expensed or fully depreciated that are not readily available for use by the LME/MCO.
  - Unrestricted Fund Balance (Including Board Commitments) are funds available for use.
  - Total Fund Balance represents the sum of the restricted and unrestricted fund balances.
- Section 3 Current Cash Position contains information on cash that is available for use and cash that is restricted by state statute and is not available for use.
  - Current Cash in Bank (Including Risk Reserve) represents Vaya's total cash and investments including the Medicaid Risk Reserve, that is restricted by state statute and unavailable for use by the LME/MCO.
  - Less Risk Reserve Cash – Set Aside is the amount of Medicaid Risk Reserve that is restricted by state statute and unavailable for use by the LME/MCO.
  - Total Operating Cash is the amount of cash and investments that are available for the LME/MCO to use. It does not include funds that are unavailable to the LME/MCO such as the Medicaid Risk Reserve.
- Section 4 Estimated Services Incurred But Not Yet Reported (IBNR) represents an estimate based on historical claims patterns for services that have been received by recipients, but have not yet been billed by providers or, received and paid by the LME/MCO.

## VAYA HEALTH TOTAL SPENDABLE CASH

This report starts with the Total Operating Cash contained in Section 3 of the Fiscal Monitoring Report and adds or subtracts items that will be paid or received in the future. It also subtracts an amount equal to 30 days operating cash (approximately \$1.1 million per calendar day) to show the amount of unrestricted cash that is prudently available for use should there be unforeseen interruptions in revenue.

Total Cash (Excluding Risk Reserve) ties to Total Operating Cash in Section 3 of the Fiscal Monitoring Report.

Less Accounts Payable represents the total amount of the items to be paid for both services (claims incurred but not reported or paid) and items to be paid for non-service items.

Plus Accounts Receivable represents the total amount of funds to be collected in the future.

Less Annual Leave Payout represents the liability for unused annual leave to be taken or paid out if the employee leaves the company.

Less Post Employment Benefits represents the liability for vested retirement benefits.

Less 30 Days Cash represents a minimal period of time to keep a cushion of cash to continue operations should there be unforeseen interruptions in revenue. The current level of cash used for operations (including services and administration) is approximately \$1.1 million per calendar day.

# Fiscal Monitoring Report

LME / MCO NAME: VAYA HEALTH FOR THE PERIOD ENDING: 6/30/2018 - Unaudited - Not Final  
 # of month in the fiscal year (July = 1, August = 2, . . . , June = 12) =====> 12

	(1)	(2)	(3)	(4)	(5)	(6)
	PRIOR YEAR		CURRENT YEAR 2017-2018			
	2016-2017					
	BUDGET	ACTUAL	BUDGET	ACTUAL	BALANCE	ANNUALIZED
				YR-TO-DATE	(Col. 3-4)	PERCENTAGE
<b>1. REPORT OF BUDGET VS. ACTUAL</b>						
<b>REVENUE</b>						
Medicaid Pass Through Funds	80,000	42,164	-	-	-	-
Interest Earned	221,000	254,285	303,558	354,602	(51,044)	116.82%
Rental Income	53,772	53,772	53,772	53,772	-	100.00%
Appropriation of Fund Balance	35,333,836	-	19,622,829	-	19,622,829	0.00%
Other Local	2,724,501	2,617,418	1,349,839	1,396,180	(46,341)	103.43%
<b>Total Local Funds</b>	<b>38,413,109</b>	<b>2,967,639</b>	<b>21,329,998</b>	<b>1,804,554</b>	<b>19,525,444</b>	<b>8.46%</b>
County Appropriations (by County, includes ABC Funds):						
Alexander County	50,000	50,000	50,000	50,000	-	100.00%
Alleghany County	115,483	115,483	115,483	115,483	-	100.00%
Ashe County	189,566	189,566	189,566	189,566	-	100.00%
Avery County	89,600	89,600	89,600	89,600	-	100.00%
Buncombe County	600,000	600,000	600,000	600,000	-	100.00%
Caldwell County	119,628	119,638	119,628	120,353	(725)	100.61%
Cherokee County	75,000	75,000	75,000	75,000	-	100.00%
Clay County	15,000	15,000	15,000	15,000	-	100.00%
Graham County	6,000	6,000	6,000	6,000	-	100.00%
Haywood County	101,900	100,387	101,900	99,122	2,778	97.27%
Henderson County	528,612	528,612	528,612	528,612	-	100.00%
Jackson County	123,081	123,081	123,081	123,081	-	100.00%
Macon County	106,623	106,623	106,623	106,623	-	100.00%
Madison County	30,000	30,000	30,000	30,000	-	100.00%
McDowell County	67,856	67,856	67,856	67,856	-	100.00%
Mitchell County	18,000	18,000	18,000	18,000	-	100.00%
Polk County	77,991	78,510	78,491	78,310	181	99.77%
Rutherford County	102,168	102,168	102,168	102,168	-	100.00%
Swain County	32,260	26,025	24,091	26,370	(2,279)	109.46%
Transylvania County	99,261	99,261	99,261	99,261	-	100.00%
Watauga County	171,194	171,194	171,194	171,194	-	100.00%
Wilkes County	266,810	266,327	267,354	268,047	(693)	100.26%
Yancey County	26,000	26,000	26,000	26,000	-	100.00%
<b>Total County Funds</b>	<b>3,012,033</b>	<b>3,004,331</b>	<b>3,004,908</b>	<b>3,005,647</b>	<b>(739)</b>	<b>100.02%</b>
DMH/DD/SAS State and Federal Funding	62,285,369	60,039,487	79,480,519	76,041,251	3,439,268	95.67%
DMA Capitation Funding (Medicaid)	317,256,174	320,350,760	329,980,398	322,970,297	7,010,101	97.88%
DMA Risk Reserve Funding (Medicaid)	6,474,616	6,467,872	6,734,294	6,617,747	116,547	98.27%
All Other State/Federal Funds	17,000	19,960	255,900	283,800	(27,900)	110.90%
<b>Total State, Federal and Medicaid Funds</b>	<b>386,033,159</b>	<b>386,878,079</b>	<b>416,451,111</b>	<b>405,913,095</b>	<b>10,538,016</b>	<b>102.66%</b>
<b>TOTAL REVENUE</b>	<b>427,458,301</b>	<b>392,850,049</b>	<b>440,786,018</b>	<b>410,723,296</b>	<b>30,062,721</b>	<b>93.18%</b>
<b>EXPENDITURES:</b>						
Administration	61,766,160	49,073,166	60,972,481	45,146,945	15,825,536	74.04%
LME Provided Services (Service Support)	2,859,229	3,275,392	1,653,575	1,441,281	212,294	87.16%
Provider Payments (State Funds)	67,413,296	65,096,497	68,436,869	66,689,215	1,747,654	97.45%
Provider Payments (Federal Funds)	9,982,671	8,858,430	13,412,541	12,498,805	913,736	93.19%
Provider Payments (County Funds)	3,284,486	3,204,924	3,029,656	2,904,996	124,660	95.89%
Provider Payments (Medicaid)	280,442,809	275,004,828	292,504,052	286,112,524	6,391,528	97.81%
Shelter Plus Care Grant Expenditures	1,709,650	1,526,012	776,844	765,414	11,430	98.53%
<b>TOTAL EXPENDITURES</b>	<b>427,458,301</b>	<b>406,039,249</b>	<b>440,786,018</b>	<b>415,559,181</b>	<b>25,226,838</b>	<b>94.28%</b>
Net Income or (Loss) (from Operations and Risk Reserve)		(13,189,198)		(4,835,885)		
Less Risk Reserve Revenue		(6,467,872)		(6,617,747)		
<b>NET INCOME OR (LOSS) FROM OPERATIONS</b>		<b>(19,657,070)</b>		<b>(11,453,632)</b>		
<b>2. FUND BALANCE</b>						
Restricted Fund Balance for Risk Reserve		31,345,510		37,963,258		
Restricted Fund Balance - State Statute, Prepaids & Investment in Fixed Assets		20,627,834		21,818,823		
Unrestricted Fund Balance (including Board Commitments)		38,547,280		24,074,407		
<b>TOTAL FUND BALANCE</b>		<b>90,520,624</b>		<b>83,856,487</b>		
<b>3. CURRENT CASH POSITION</b>						
Current Cash in Bank (Including Risk Reserve)				97,800,645		
Less Risk Reserve Cash				(37,963,258)		
<b>TOTAL OPERATING CASH</b>				<b>59,837,388</b>		*See additional Document
<b>4. ESTIMATED SERVICES INCURRED BUT NOT REPORTED/PAID (IBNR)</b>						
				14,296,979		

**Vaya Health Total Spendable Cash**  
**As of June 30, 2018**  
**(Unaudited - Not Final)**

Total Operating Cash (Excluding Risk Reserve)	59,837,388
Less Accounts Payable	(26,386,285)
Plus Accounts Receivable	7,709,165
Less Annual Leave Payout	(1,624,274)
Less Post Employment Benefits	(994,739)
Less 30 Days Cash	(34,629,932)
Spendable Cash	3,911,323