Vaya Health
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Asheville, NC 28806
Business Calls: 1-800-893-6246
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May 28, 2025

RE: Vaya Health Quarterly Report to the Counties for Period Ending March 31, 2025

Dear County Representatives:

Enclosed you will find the financial update for Vaya Health for the most recent quarter ending March 31, 2025. Included in this email are the following documents:

- Fiscal Monitoring Report; and
- Total Spendable Cash Report, which provides greater clarity of cash availability after meeting accounts payable and IBNR obligations.

Please note that the prior year figures being reported for June 30, 2024, reflect final audited figures. With the inclusion of the new BH I/DD Tailored Plan contract, Vaya's annual SFY24-25 operating budget has now reached a revised amount of $1.6 billion. This increase over the original budget has been largely attributed to growth in overall membership due to Medicaid expansion, growth in the Tailored Care Management program, and various additional allocations, including those to support relief from Hurricane Helene.

While these first three quarters of SFY24-25 marked the successful launch of the new Tailored Plan on July 1, 2024, it has also required a concerted response to the recent Hurricane Helene disaster, which greatly impacted Vaya's service area. Vaya has been directly supporting members, providers, and staff through the disaster with donations, flexibility, and stabilization efforts. Note, Vaya distributed $6.9m in provider grants to support financial stabilization throughout the recovery period. Additionally, Vaya will be supporting other initiatives to strategically expand services and provide ongoing support through the remainder of this fiscal year and into SFY26.

With the onset of the Tailored Plan, a new set of solvency standards is also in effect, and Vaya is compliant with each of those metrics per the latest NCDHHS report, which can be found here:

https://medicaid.ncdhhs.gov/lme-mco-solvency-dashboard-04092025/download?attachment

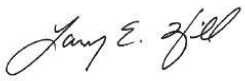
Of particular note is the new requirement to maintain "capital reserves," which is an amount of unobligated fund balance as a percentage of annual Medicaid capitation. For Vaya, this requirement means that we are required to have 12.5%, or $165 million in unobligated fund balance to meet this requirement. As of this latest report published in April 2025, Vaya is shown to meet this requirement at 12.8%.

Budget planning for SFY25-26 has been ongoing for the past several weeks, and our new budget was presented at the Board of Directors meeting on May 22, 2025, and will also be reviewed with each Regional Board May 28-29, 2025. The estimates recently provided to us from NCDHHS's actuary show an

expected continued growth in Medicaid expansion enrollment into the upcoming year. This, along with certain service expansions, will result in a higher budget for the next fiscal year, and will also result in a higher amount of capital reserves that Vaya must maintain to meet the 12.5% requirement.

Should you have any additional questions or comments, please do not hesitate to contact me via email (larry.hill@vayahealth.com) or phone (828-225-2785, Ext. 4743).

Sincerely,



Larry E. Hill
Executive VP and CFO, Vaya Health