



**NOTICE OF A
SPECIAL MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
FINANCE AND AUDIT COMMITTEE**

**WEDNESDAY, MAY 22, 2019
2:00 P.M.**

**505 CITY PARKWAY WEST, SUITE, 108-N
ORANGE, CALIFORNIA 92868**

BOARD OF DIRECTORS' FINANCE AND AUDIT COMMITTEE

Lee Penrose, Chair
Ria Berger
Scott Schoeffel

CHIEF EXECUTIVE OFFICER
Michael Schrader

CHIEF COUNSEL
Gary Crockett

INTERIM CLERK OF THE BOARD
Sharon Dwiers

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form(s) identifying the item(s) and submit to the Clerk of the Board. To speak on a matter not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors' Finance and Audit Committee, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar, the reading of the individual agenda items, and/or the beginning of Public Comments. When addressing the Committee, it is requested that you state your name for the record. Address the Committee as a whole through the Chair. Comments to individual Committee Members or staff are not permitted. Speakers are limited to three (3) minutes per item.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the Clerk of the Board's Office at (714) 246-8806, at least 72 hours prior to the meeting.

The Board of Directors' Finance and Audit Committee Meeting Agenda and supporting documentation is available for review at CalOptima, 505 City Parkway West, Orange, CA 92868, 8:00 a.m. – 5:00 p.m., Monday-Friday, and online at www.caloptima.org.

CALL TO ORDER

Pledge of Allegiance
Establish Quorum

PUBLIC COMMENTS

At this time, members of the public may address the Committee on matters not appearing on the agenda, but under the jurisdiction of the Board of Directors' Finance and Audit Committee. Speakers will be limited to three (3) minutes.

REPORTS

1. [Consider Recommending Board of Directors' Approval of the CalOptima Fiscal Year 2019-20 Operating Budget](#)

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 22, 2019 **Special Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

1. Consider Recommending Board of Directors' Approval of the CalOptima Fiscal Year 2019-20 Operating Budget

Contact

Nancy Huang, Interim Chief Financial Officer, (714) 246-8400

Recommended Actions

Recommend that the Board of Directors:

1. Approve the CalOptima Fiscal Year (FY) 2019-20 Operating Budget; and
2. Authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details, which shall be procured in accordance with CalOptima Policy GA.5002: Purchasing Policy

Background

The CalOptima FY 2019-20 Operating Budget provides revenues and appropriations for the period of July 1, 2019, through June 30, 2020, and includes the following budget categories:

- Medi-Cal;
- OneCare Connect;
- OneCare;
- Program for All-Inclusive Care for the Elderly (PACE);
- Facilities; and
- Investment income.

Staff is submitting the complete budget for all lines of business for approval with assumptions based on available information to date. Pursuant to CalOptima Policies GA.3202: CalOptima Signature Authority, GA.5002: Purchasing Policy, and GA.5003: Budget and Operations Forecasting, the Board's approval of the budget authorizes the expenditure and appropriates the funds requested for the item without further Board action to the extent the Board has or is, as indicated in the budget attachments, delegating authority to Management.

The primary revenue source is the State of California. As of this writing, the Legislature continues to meet in hearings to discuss the Governor's budget proposals. The January Budget included a proposal to transition all pharmacy services for Medi-Cal managed care to a fee-for-service (FFS) benefit in order to increase drug savings and secure better pricing, expansion of full-scope Medi-Cal to young adults ages 19-25 regardless of immigration status, funding for Whole Person Care pilot programs, and continued implementation of the Proposition 56 supplemental payments to Medi-Cal providers.

On May 9, 2019, the Governor released the revised state budget (May Revise). The May Revise updated short term revenues \$3.2 billion above the January Budget. It clarified that the transition of pharmacy services from Medi-Cal managed care to a FFS benefit is scheduled for January 1, 2021, and the effective date for the expansion of full-scope Medi-Cal to young adults 19-25 regardless of

immigration status is no sooner than July 1, 2020. In addition, the May Revise proposed to restore optician and optical lab services for Medi-Cal adult beneficiaries effective no sooner than January 1, 2020. This Medi-Cal optional benefit was eliminated through actions under the FY 2009-2010 state budget.

The Legislature will take final actions and pass the budget by June 15, 2019. Until the final budget is enacted, CalOptima's budget will have a level of uncertainty.

- FY 2019-20 rates for Medi-Cal, including rates for both the Classic and Expansion populations, were received in draft form on May 16, 2019. However, draft rates are subject to change, and are not finalized until the California Department of Health Care Services (DHCS) receives federal approval and CalOptima executes a signed contract amendment with DHCS; and
- FY 2019-20 rates for Medi-Cal supplemental benefits, such as Managed Long Term Services and Supports (MLTSS) have not yet been released.

CalOptima Budget Overview

I. Consolidated Operating Budget

The FY 2019-20 Consolidated Operating Budget is a combined income and spending plan for all CalOptima programs and activities.

Table 1: FY 2019-20 Consolidated Operating Budget

	FY 2019-20 Budget
Average Monthly Enrollment	743,485
Revenue	\$3,565,765,952
Medical Costs	\$3,399,306,169
Administrative Expenses	\$155,113,241
Operating Income/Loss	\$11,346,542
Investments, Net	\$15,000,000
Change in Net Assets	\$26,346,542
Medical Loss Ratio (MLR)	95.3%
Administrative Loss Ratio (ALR)	4.4%

Budget Assumptions

Medical Cost: Several methods were utilized to develop the medical cost forecasts. Predominantly, projections were based on trends calculated from historical experience. In addition, adjustments were applied to account for any known changes to operations, program structure, benefits, and regulatory policies. For new programs, staff used historical data, proxy data and industry benchmarks, and checked results for reasonability.

Administrative Expenses: To take into consideration seasonal and cyclical spending patterns, FY 2019-20 was forecasted on a 12-month rolling actual. To ensure inclusion in the budget, Staff reviewed all contract encumbrances. Lastly, internal departments identified resource requirements based on changes to enrollment, regulatory and organizational needs. Staff considered:

- Salaries, Wages & Benefits for current staff, unfilled budgeted positions and new budgeted positions;
- Professional Fees, Purchased Services, Printing & Postage and Other Operating Costs based on the needs and priorities of providing care to members;
- Depreciation & Amortization on current assets and projected assets according to Generally Accepted Accounting Principles (GAAP); and
- Indirect Cost Allocation primarily based on revenue and adjusted where necessary.

Of note, CalOptima has several contracts for claims administration, credit balance recovery, and Social Security Income conversion that are paid on a contingency basis. The following table provides a comparison of consolidated general and administrative expenses from the budgeted and previous fiscal years.

Table 2: Comparison of Consolidated General and Administrative Expenses

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget	FY 2019-20 Budget vs. FY 2018-19 Forecast
Revenues	\$3,445,300,918	\$3,408,510,782	\$3,565,765,952	\$157,255,170
Salaries, Wages & Benefits	\$87,449,503	\$84,252,311	\$98,021,637	\$13,769,326
Non-Salaries & Wages	\$44,289,544	\$42,867,658	\$57,091,605	\$14,223,947
Professional Fees	\$2,430,496	\$2,532,114	\$5,417,716	\$2,885,602
Purchased services	\$12,174,500	\$11,758,107	\$14,479,507	\$2,721,400
Printing & Postage	\$4,772,247	\$4,789,281	\$6,796,937	\$2,007,656
Depreciation & Amortization	\$6,887,813	\$7,226,123	\$7,591,092	\$364,969
Other Operating Exp/Indirect Cost Allocation, Occupancy	\$18,024,489	\$16,562,033	\$22,806,353	\$6,244,320
Total G&A	\$131,739,047	\$127,119,968	\$155,113,241	\$27,993,273
ALR	3.8%	3.7%	4.4%	0.7%
ALR Breakdown:				
Salaries, Wages & Benefits	2.5%	2.5%	2.8%	0.3%
Non-Salaries & Wages	1.3%	1.2%	1.6%	0.4%

* Forecasted as of March 2019

Note: FY 2018-19 forecasted figures do not include unfilled open positions

Attachment B: Administrative Budget Details provides additional information regarding all general and administrative expenses included in the FY 2019-20 Operating Budget.

II. Enrollment by Line of Business

The following table provides a comparison of total average enrollment for the past two (2) fiscal years with the projected enrollment for FY 2019-20.

Table 3: Total Enrollment by Program

Program	FY 2017-18 Actual*	FY 2018-19 Forecast*	FY 2019-20 Budget*	% Change 19 v. 20
Medi-Cal	764,718	738,480	718,592	-2.7%
OneCare Connect	14,950	14,257	13,780	-3.4%
OneCare	1,416	1,491	1,520	2.0%
PACE	267	334	430	28.7%
Total	781,351	754,462	734,322	-2.7%

* Enrollment as of June of every fiscal year when available

III. Operating Budget by Line of Business

A. Medi-Cal Program

Through a contract with DHCS, CalOptima has administered the Medi-Cal program for Orange County since October 1995. CalOptima's current contract expires on December 31, 2020. The table below illustrates the Consolidated Medi-Cal Operating Budget.

Table 4: FY 2019-20 Medi-Cal Consolidated Operating Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	772,511	751,288	727,599
Revenue	\$3,093,179,525	\$3,063,467,815	\$3,223,902,036
Medical Costs	\$2,955,278,790	\$2,860,408,128	\$3,069,035,404
Administrative Expenses	\$108,695,305	\$104,263,098	\$129,665,524
Operating Income/Loss	\$29,205,430	\$98,805,588	\$25,201,107
MLR	95.5%	93.4%	95.2%
ALR	3.5%	3.4%	4.0%

* Forecasted as of March 2019

Change in net assets excludes net other income and grant income

Includes Multipurpose Senior Services Program (MSSP)

For FY 2019-20, Medi-Cal membership is defined into three (3) main categories: Classic, Expansion, and Whole Child Model (WCM). The following table illustrates the Medi-Cal Operating Budget by each of these categories.

Table 5: FY 2019-20 Medi-Cal Operating Budget by Group

	Medi-Cal Classic	Medi-Cal Expansion	Medi-Cal WCM	Total
Average Monthly Enrollment	479,133	235,525	12,940	727,599
Revenue	\$1,644,778,160	\$1,272,842,281	\$306,281,595	\$3,223,902,036
Medical Costs	\$1,555,991,173	\$1,221,940,390	\$291,103,841	\$3,069,035,404
Administrative Expenses				\$129,665,524
Operating Income/Loss				\$25,201,107
MLR	94.6%	96.0%	95.0%	95.2%
ALR				4.0%

DHCS uses Category of Aid (COA) to classify Medi-Cal enrollment into cohorts of similar acuity. DHCS develops CalOptima's capitation rates based on these cohorts. The following table shows the projected enrollment distribution by COA.

Table 6: FY 2019-20 Medi-Cal Enrollment Projection

	FY 2018-19 Forecast*	FY 2019-20 Budget*	Variance	
			Diff	%
BCCTP	615	615	-	0.0%
Disabled	46,613	43,483	(3,130)	-6.7%
Long Term Care	3,407	3,404	(3)	-0.1%
Aged	65,057	66,635	1,578	2.4%
TANF ≤ 18 (Child)	298,130	272,626	(25,504)	-8.6%
TANF > 18 (Adult)	89,021	82,881	(6,140)	-6.9%
Medi-Cal Classic Subtotal	502,843	469,644	(33,199)	-6.6%
Medi-Cal Expansion	235,637	236,008	371	0.2%
WCM	0	12,940	12,940	N/A
Total	738,480	718,592	(19,888)	-2.7%

* Enrollment as of June of every fiscal year

General Budget Assumptions – Medi-Cal

Consolidated Enrollment: Enrollment projections are based on actual data through March 2019 and trended through June 2020. The budget assumes continued decreases in Disabled and TANF categories of aid and flat enrollment in Medi-Cal Expansion and Long Term Care. Beginning July 2019, an estimated 12,940 members currently in the Child TANF and Disabled populations will migrate to the WCM population.

Medi-Cal Classic

Classic Revenue: On May 16, 2019, CalOptima received draft capitation rates from DHCS for FY 2019-20. Rates include an increase of 5.0% for Classic. Staff has applied these draft rates to the FY 2019-20 Operating Budget. In addition, the following has been incorporated into the revenue assumptions:

- WCM implementation begins July 1, 2019;
- Continuation of Non-Medical Transportation (NMT) benefit;
- Coordinated Care Initiative rates are based on Calendar Year (CY) 2018 draft rates for the dual eligible population;
- Capitation rates for Behavioral Health Treatment for autism services are based on FY 2018-19 rates; and
- Continuation of Proposition 56 physician services supplemental payments.

Classic Medical Cost: Provider capitation payments were based on capitation rates and enrollment distribution as of February 2019. FFS costs were based on historical claims trended to June 2020, and were developed by network type, COA, and category of service. The budget incorporates projections

for the WCM program and NMT benefit, and Proposition 56 physician services supplemental payments. It also includes projected expenses for homeless health initiatives.

Table 7: Updates to Provider Reimbursement Rates for Classic Members

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Increase	<ul style="list-style-type: none"> Professional: 4% for Adult TANF and seniors and persons with disabilities (SPD) categories of aid Hospital: 6% for Adult TANF and SPD categories of aid
Hospital Inpatient Fee Schedule	+4%	<ul style="list-style-type: none"> 2% to support homeless health initiatives 2% trend increase
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase Emergency Room (ER) physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule is ~8% increase Nonemergency medical transportation (NEMT): 10% increase
Homeless Health Initiatives	Increase	<ul style="list-style-type: none"> \$20 million to support new homeless health initiatives per board direction

Medi-Cal Expansion

Expansion Revenue: On May 16, 2019, CalOptima received draft capitation rates from DHCS for FY 2019-20. Rates include a decrease of 6.7% for Expansion. Staff has applied these draft rates to the FY 2019-20 Operating Budget. In recent discussions, DHCS indicated that it intends to make material adjustments to CalOptima's Medi-Cal Expansion capitation rate. The reduction received is consistent with the reductions DHCS has communicated.

Expansion Medical Cost: Provider capitation payments were reduced eight percent (8%) for Professional services and twenty one percent (21%) for Hospital services. Analysis continues to show that the current capitation reimbursement levels paid by CalOptima to providers for this population is higher than levels that are supported by cost and utilization data. FFS cost trends were developed by network type, COA, and category of service. Staff maintained current FFS reimbursement levels for

inpatient hospital, clinic, primary care and specialist contract rates. The budget includes projected expenses for quality improvement programs.

Table 8: Updates to Provider Reimbursement Rates for Expansion Members

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Decrease	<ul style="list-style-type: none"> Professional: -8% Hospital: -21%
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase ER physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule: ~8% increase NEMT: 10% increase

Medi-Cal Whole Child Model

WCM Revenue: On May 16, 2019, CalOptima received draft capitation rates from DHCS for FY 2019-20. Rates include an increase of 2.0% for WCM. Staff has applied these draft rates to the FY 2019-20 Operating Budget. Draft rates reflect reimbursement for both California Children's Services (CCS) and non-CCS services. The budget assumes that the WCM program will begin effective July 2019.

WCM Medical Cost: Costs are based on the program assumptions developed by DHCS, as there was limited experience data available to forecast medical costs. Staff utilized draft rates as a proxy for actual experience. 92.2% of revenue is expected to go towards medical claims costs, and 2.8% for medical management and other medical expenses. The budget also assumes that the existing medical care delivery arrangements will continue, and that aggregate costs will be equivalent to revenue.

B. OneCare Connect

Through a three-way contract with the Center for Medicare & Medicaid Services (CMS), DHCS, and CalOptima, CalOptima began the OneCare Connect Program in July 2015. The Cal MediConnect program is a three-year Medicare and Medicaid demonstration program that promotes coordinated health care delivery to SPDs who are dually eligible for Medicare and Medi-Cal services. The initial demonstration period was October 1, 2013, through December 31, 2019. On April 24, 2019, CMS approved a three (3) year extension of the program through December 31, 2022. The table below illustrates the OneCare Connect Operating Budget.

Table 9: FY 2019-20 OneCare Connect Operating Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	15,079	14,457	13,996
Revenue	\$315,219,443	\$297,728,907	\$286,554,214
Medical Costs	\$302,790,555	\$289,978,486	\$280,093,118
Administrative Expenses	\$20,250,797	\$20,022,087	\$21,479,928
Operating Income/Loss	(\$7,821,909)	(\$12,271,666)	(\$15,018,832)
MLR	96.1%	97.4%	97.7%
ALR	6.4%	6.7%	7.5%

* Forecasted as of March 2019

General Budget Assumptions – OneCare Connect

Enrollment: Average OneCare Connect membership is projected to decline by approximately 3.7% from FY 2018-19 through FY 2019-20.

Revenue: The FY 2019-20 Operating Budget applies actual rates from CY 2019 for Medicare Parts C and D. Part C base rates were trended forward by 2% effective January 2020. Staff applied a projected Risk Adjustment Factor (RAF) score of 1.27 to Part C revenue. Part D base rates were trended forward by 2% effective January 2020. Staff applied a projected RAF score of 1.11 to Part D revenue. In addition, the budget assumes a Year 3 savings target of 5.5%, a quality withhold of 4%, and sequestration of 2%.

Staff applied Medi-Cal CY 2018 draft rates from DHCS and adjusted forecasted enrollment in the specified population cohorts. The final Medi-Cal revenue will be adjusted to reflect the actual population mix.

Medical Cost: Provider capitation payments were based on Percent of Premium (POP) rates for the Medicare component and fixed per member per month (PMPM) rates for the Medi-Cal component. FFS expenses were projected based on actual OneCare Connect experience, trended through June 2020. Staff applied the projected enrollment mix for Physician Hospital Consortia (PHC), Shared Risk Groups (SRG), Health Maintenance Organizations (HMO), and the CalOptima Community Network (CCN). The budget includes projected expenses for MLTSS services, quality improvement programs, and the expected conversion of mental health services from a delegated arrangement to internal administration. The budget also includes expenses for approved existing and new supplemental benefits effective January 2020, such as an increase to the Part D member cost sharing amounts, increased coverage for ER services worldwide, and an allowance for over-the-counter drugs.

C. OneCare

Through a contract with the CMS, CalOptima has administered a Medicare Advantage Dual Eligible Special Needs Plan since October 2005. OneCare will continue to provide services for beneficiaries

not eligible for the OneCare Connect program. The table below illustrates the OneCare Operating Budget.

Table 10: FY 2019-20 OneCare Operating Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	1,372	1,441	1,507
Revenue	\$15,943,378	\$19,977,948	\$19,619,684
Medical Costs	\$14,440,247	\$18,465,147	\$19,184,286
Administrative Expenses	\$1,123,426	\$1,317,059	\$1,767,797
Operating Income/Loss	\$379,705	\$195,742	(\$1,332,399)
MLR	90.6%	92.4%	97.8%
ALR	7.0%	6.6%	9.0%

* Forecasted as of March 2019

General Budget Assumptions – OneCare

Enrollment: Average OneCare membership is projected to increase approximately 4.7% from FY 2018-19 through FY 2019-20.

Revenue: Staff based Medicare Parts C and D rates on CY 2019 Monthly Membership Report (MMR) actuals and included a 9.1% decrease to Part C base rates and a 2.6% increase to Part D base rates effective January 2019. The budget also projected a 0.0% increase to Part C and Part D base rates effective January 2020. Staff applied a projected final RAF score of 1.04 to Part C revenue and a RAF score of 1.09 to Part D revenue.

Medical Cost: Professional provider capitation payments were based on a 38.6% POP (inclusive of quality incentive payments). FFS medical costs were based on historical claims incurred through February 2019. In addition, the budget includes expenses for approved existing and new supplemental benefits effective January 2020, such as an increase to the Part D member cost sharing amounts, increased coverage for ER services worldwide, and an allowance for over-the-counter drugs.

D. PACE

Through a contract with CMS, CalOptima began Orange County's first PACE program on October 1, 2013. The PACE contract is renewed through one-year extensions. CalOptima's current contract expires on December 31, 2019. The PACE program provides coordinated care for persons age 55 and older who need a higher level of care to remain in their homes. The table below illustrates the PACE Operating Budget.

Table 11: FY 2019-20 PACE Operating Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	239	302	383
Revenue	\$20,803,146	\$27,327,112	\$35,690,018
Medical Costs	\$18,344,271	\$22,864,178	\$30,993,360
Administrative Expenses	\$1,568,196	\$1,517,725	\$2,199,992
Operating Income/Loss	\$890,679	\$2,945,209	\$2,496,665
MLR	88.2%	83.7%	86.8%
ALR	7.5%	5.6%	6.2%

* Forecasted as of March 2019

Although PACE has reached an operational surplus during FY 2018-19, Management will continue to focus on several areas of opportunities to improve the PACE program, including:

- Continue implementation of service area expansion through Alternative Care Settings (ACS) for improved member access;
- Ensure accurate reporting of experience and cost data through the Rate Development Template (RDT) filing;
- Improve medical cost containment efforts;
- Implement initiatives to gain greater administrative efficiencies and operational economies of scale; and
- Improve coding and submission of diagnostic data.

General Budget Assumptions – PACE

Enrollment: The FY 2019-20 Operating Budget assumes PACE enrollment is projected to increase on average of 8 members per month (ending at 430 members by June 2020). This is higher than the prior year's due to continued ACS expansion. The member population is projected to consist of 53% dual eligible members and 47% Medi-Cal only members.

Revenue: The FY 2019-20 Operating Budget applies rates from CY 2019 actuals for Medicare Parts C and D, and projects a 0.0% increase to Part C base rates effective January 2020. Medicare Part D rates and subsidies were based on CY 2019 payments. Staff applied a projected RAF score of 2.08 to Part C revenue. No additional trend assumptions were applied. Medi-Cal PMPM rates are based on CY 2019 RDT rates provided by DHCS on December 26, 2018.

Medical Cost: Medical costs were projected using a combination of actual experience and industry benchmarks. The budget includes material depreciation costs associated with start-up capital expenses. Staff reclassified 96% of some administrative expenses as medical costs to better reflect the actual costs of delivering medical care.

E. Investment Income

The table below illustrates projected net investment income.

Table 12: Investment Income

	FY 2017-18 Actual	FY 2018-19 YTD Forecast*	FY 2019-20 Budget
Investment Income	\$21,660,838	\$38,385,016	\$15,000,000

* Forecasted as of March 2018

Budget Assumptions – Investment Income

The FY 2019-20 Operating Budget projects \$15,000,000 in net investment income. The budget is lower than FY 2018-19 Forecast due to projected reduction in CalOptima's portfolio balance in FY 2019-20. This includes FY 2019-20 operating deficits and a contingency payable to DHCS due to additional MLR audits.

Fiscal Impact

As outlined above and more detailed information contained in Attachment A: FY 2019-20 Budget for all Lines of Business, the FY 2019-20 Operating Income reflects a projected income of \$11.3 million. In addition, the budget includes projected investment income of \$15 million, resulting in a projected total increase of \$26.3 million in changes to net assets.

Rationale for Recommendation

Management submits the FY 2019-20 Operating Budget for all program areas using the best available assumptions to provide health care services to CalOptima's forecasted enrollment.

Concurrence

Gary Crockett, Chief Counsel

Attachments

Attachment A: FY 2019-20 Budget for all Lines of Business

Attachment B: Administrative Budget Details

/s/ Michael Schrader
Authorized Signature

5/20/2019
Date



CalOptima

Better. Together.

Highlights of Revised Fiscal Year 2019-20 Operating Budget

**Special Finance and Audit Committee Meeting
May 22, 2019**

Nancy Huang, Interim Chief Financial Officer

FY 2019-20 Operating Budget Revisions

- Medi-Cal
 - Revenue
 - Provider Capitation Expenses
 - Provider Rate Updates
 - Classic
 - Expansion
- Revised General Administrative Expenses
 - Bridge for FY 18-19 Forecast vs. FY 19-20 Budget
- Consolidated Budget Summary – Revised
- Follow-up Items from 5/16/19 FAC Meeting
- Recommended Actions

Medi-Cal: Revenue

- 5/16/19 FAC meeting: Staff presented the proposed FY 2019-20 Budget
- On the same day, CalOptima received FY 2019-20 draft Medi-Cal rates from DHCS
- Staff prepared a revised FY 2019-20 Budget to reflect the updated Medi-Cal revenue budget assumptions

	5/16/19 Budget (FY 19-20)	5/16/19 Budget Revenue Impact	Revised Budget (FY 19-20)	Revised Budget Revenue Impact
Medi-Cal Classic	0.0%	\$0M	+5.0%	+\$55M
Medi-Cal Expansion	-10.0%	-\$130M	-6.7%	-\$87M
Medi-Cal WCM	0.0%	\$0M	+2.0%	+\$6M

Medi-Cal: Provider Capitation Expenses

- Revised Expansion rate change

Service Type	July 2017 – Current	5/16/19 Budget (FY 19-20)	% Change	Revised Budget (FY 19-20)	% Change
Professional Capitation	\$144.64	\$130.18	-10.0%	\$133.07	-8.0%
Hospital Capitation	\$185.76	\$130.03	-30.0%	\$146.75	-21.0%
Total Capitation	\$330.41	\$260.21	-21.2%	\$279.82	-15.3%

- Revised Classic rate change

Service Type	5/16/19 Budget (FY 19-20)	Revised Budget (FY 19-20)
Professional Capitation	2%	4%
Hospital Capitation	4%	6%

Medi-Cal: Provider Capitation Expenses (cont.)

- Fiscal impact of rate reduction

Cost Type	% Change 5/16/19 Budget (FY 19-20)	\$ Change	% Change Revised Budget (FY 19-20)	\$ Change	Impacted Entities
Professional Capitation	-10%	-\$31M	-8%	-\$25M	Health Networks
Hospital Capitation	-30%	-\$63M	-21%	-\$44M	Capitated Hospitals/ HMO Networks
Shared Risk Pool	Results from decrease to Hospital Capitation	-\$36M	NA	-\$26M	SRG Health Networks
Total	-21.2%	-\$130M	-15.3%	-\$95M	

Medi-Cal Classic: Provider Rate Updates

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Increase	<ul style="list-style-type: none"> Professional: 2% 4% for Adult TANF and SPD categories Hospital: 4% 6% for Adult TANF and SPD categories
Hospital Inpatient Fee Schedule	+4%	<ul style="list-style-type: none"> 2% to support homeless health initiatives 2% trend increase
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase ER physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule is ~8% increase NEMT: 10% increase
Homeless Health Initiatives	Increase	<ul style="list-style-type: none"> \$20 million to support new homeless health initiatives per board direction

Medi-Cal Expansion: Provider Rate Updates

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Decrease	<ul style="list-style-type: none"> Professional: -10% -8% Hospital: -30% -21%
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase ER physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule: ~8% increase NEMT: 10% increase

Revised General and Administrative Expenses

- Salaries, Wages & Benefits decreased by \$1.3 million
 - Adjusted vacancy factor from 3% to 5% based on current trend
- Professional Fees* increased by \$238,000
 - Adjusted based on new information
 - Addition of \$200,000 for Provider Network Delivery System consulting services
 - Addition of \$48,000 for CMS Part C & D Data Validation Audit
 - Additional \$90,000 for Risk Adjustment Processing System (RAPS) score audit
 - Decrease in other general professional fees by \$100,000
- Indirect Cost Allocation decreased by \$145,318
 - Recalculated due to Medi-Cal revenue change

* Adjustments are reflected in Attachment B

General and Administrative Expenses

Bridge for FY 18-19 Forecast vs FY 19-20 Budget

G&A Expense	Bridge	Description
Salaries, Wages & Employee Benefits	\$13.8M	Open position (64 FTEs), new positions (14 FTEs) requested for maintenance of business and behavioral health transition, merit increase (3%), compensation study
Professional Fees	\$2.9M	Internal audit, legal fees, consulting for new programs and software applications, financial and other required audits
Purchased Services	\$2.7M	Claims recovery and edit review services, increase in member interpretation and translation for behavioral health transition, increased support for marketing and outreach activities
Printing & Postage	\$2.0M	Member materials/notification and redesign materials for new programs and behavioral health transition, increase in postage cost, increased support in marketing and outreach materials for members and providers
Other Operating Expenses	\$6.3M	Computer equipment replacement, software licenses and maintenance agreements, insurance policy increase, increase in planned outreach activities for members, providers and community events, building maintenance, supplies
Depreciation & Amortization	\$0.4M	FY 2018-19 and FY 2019-20 capital items placed in service
Occupancy/Indirect Cost Allocation	-\$0.1M	Lease agreement
Total:	\$28.0M	

FY 2019-20 Operating Budget

Consolidated Budget Summary (Revised)

Comparative Budget - Consolidated

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 5/16/19 Budget	FY 2019-20 Revised Budget
Average Monthly Enrollment	795,318	789,202	767,487	743,485	743,485
Revenue	\$3,549,751,437	\$3,445,300,918	\$3,408,510,782	\$3,461,847,649	\$3,565,765,952
Medical Costs	\$3,400,677,061	\$3,290,853,863	\$3,191,715,939	\$3,350,251,485	\$3,399,306,169
Administrative Expenses	\$112,079,601	\$131,739,047	\$127,119,968	\$156,363,705	\$155,113,241
Operating Income/Loss	\$36,994,775	\$22,708,008	\$89,674,874	\$(44,767,541)	\$11,346,542
Investments, Net	\$15,064,815	\$21,660,838	\$38,385,016	\$15,000,000	\$15,000,000
Change in Net Assets**	\$52,059,590	\$44,368,846	\$128,059,890	\$(29,767,541)	\$26,346,542
Medical Loss Ratio	95.8%	95.5%	93.6%	96.8%	95.3%
Administrative Loss Ratio	3.2%	3.8%	3.7%	4.5%	4.4%

* Forecasted based on March 2019 financials; includes IGT 8 revenue of \$43 million and prior year adjustments

** Change in net assets excludes net other income and grant income

Consolidated General and Administrative Expenses

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 5/16/19 Budget	FY 2019-20 Revised Budget
Revenues	\$3,445,300,918	\$3,408,510,782	\$3,461,847,649	\$3,565,765,952
Salaries, Wages & Benefits	\$87,449,503	\$84,252,311	\$99,364,782	\$98,021,637
Non-Salaries & Wages	\$44,289,544	\$42,867,658	\$56,998,923	\$57,091,605
Professional Fees	2,430,496	\$2,532,114	\$5,179,716	\$5,417,716
Purchased Services	\$12,174,500	\$11,758,107	\$14,479,507	\$14,479,507
Printing & Postage	\$4,772,247	\$4,789,281	\$6,796,937	\$6,796,937
Depreciation & Amortization	\$6,887,813	\$7,226,123	\$7,591,092	\$7,591,092
Other Operating Exp/Indirect Cost Allocation, Occupancy	\$18,024,489	\$16,562,033	\$22,951,671	\$22,806,353
Total G&A	\$131,739,047	\$127,119,968	\$156,363,705	\$155,113,241
ALR	3.8%	3.7%	4.5%	4.4%

* Forecasted as of March 2019

FY 2018-19 forecasted figures do not include unfilled open positions

CalOptima Consolidated Income Statement: Attachment A

Attachment A

CalOptima Fiscal Year 2019-20 Budget

By Line of Business

	Medi-Cal (Classic)	Medi-Cal (Expansion)	Medi-Cal (WCM)	Total	OCC	OneCare	PACE	Facilities	Other	Consolidated
Member Months	5,749,601	2,826,301	155,280	8,731,182	167,957	18,081	4,600	-		8,921,820
Avg Members	479,133	235,525	12,940	727,599	13,996	1,507	383	-		743,485
Revenues										
Capitation revenue	\$ 1,644,778,160	\$ 1,272,842,281	\$ 306,281,595	\$ 3,223,902,036	\$ 286,554,214	\$ 19,619,684	\$ 35,690,018	\$ -		\$ 3,565,765,952
Total	\$ 1,644,778,160	\$ 1,272,842,281	\$ 306,281,595	\$ 3,223,902,036	\$ 286,554,214	\$ 19,619,684	\$ 35,690,018	\$ -		\$ 3,565,765,952
Medical Costs										
Provider capitation	\$ 462,333,750	\$ 560,089,130	\$ 136,084,595	\$ 1,158,507,475	\$ 130,707,492	\$ 5,293,211	\$ -	\$ -		\$ 1,294,508,178
Claims Payments	\$ 456,429,748	\$ 347,921,370	\$ 58,873,454	\$ 863,224,572	\$ 50,344,346	\$ 7,254,750	\$ 14,121,415	\$ -		\$ 934,945,084
LTC/Skilled Nursing Facilities	\$ 400,710,547	\$ 36,624,875	\$ 7,532,352	\$ 444,867,773	\$ 18,355,502	\$ -	\$ 375,861	\$ -		\$ 463,599,136
Prescription Drugs	\$ 197,220,253	\$ 249,664,113	\$ 79,945,599	\$ 526,829,965	\$ 64,498,845	\$ 5,972,830	\$ 2,811,393	\$ -		\$ 600,113,033
Case Mgmt & Oth Medical	\$ 39,296,875	\$ 27,640,903	\$ 8,667,842	\$ 75,605,620	\$ 16,186,932	\$ 663,496	\$ 13,684,691	\$ -		\$ 106,140,739
Total	\$ 1,555,991,173	\$ 1,221,940,390	\$ 291,103,841	\$ 3,069,035,404	\$ 280,093,118	\$ 19,184,286	\$ 30,993,360	\$ -		\$ 3,399,306,169
MLR	94.6%	96.0%	95.0%	95.2%	97.7%	97.8%	86.8%		*	95.3%
Gross Margin	\$ 88,786,987	\$ 50,901,891	\$ 15,177,753	\$ 154,866,631	\$ 6,461,096	\$ 435,398	\$ 4,696,657	\$ -		\$ 166,459,783
Administrative Expenses										
Salaries, Wages, & Employee Benefits				\$ 85,700,709	\$ 9,980,046	\$ 621,380	\$ 1,719,501	\$ -		\$ 98,021,637
Professional Fees				\$ 4,224,576	\$ 933,550	\$ 257,750	\$ 1,840	\$ -		\$ 5,417,716
Purchased services				\$ 11,454,021	\$ 2,315,867	\$ 204,750	\$ 227,648	\$ 277,221		\$ 14,479,507
Printing & Postage				\$ 5,320,217	\$ 1,150,320	\$ 200,000	\$ 126,400	\$ -		\$ 6,796,937
Depreciation & Amortization				\$ 5,469,000	\$ -	\$ -	\$ 25,392	\$ 2,096,700		\$ 7,591,092
Other Operating Expenses				\$ 19,642,076	\$ 862,641	\$ 56,850	\$ 49,649	\$ 2,429,513		\$ 23,040,729
Indirect Cost Allocation, Occupancy Expense				\$ (2,145,075)	\$ 6,237,504	\$ 427,067	\$ 49,562	\$ (4,803,434)		\$ (234,376)
Total				\$ 129,665,524	\$ 21,479,928	\$ 1,767,797	\$ 2,199,992	\$ -		\$ 155,113,241
ALR				4.0%	7.5%	9.0%	6.2%		*	4.4%
Operating Income/(Loss)				\$ 25,201,107	\$ (15,018,832)	\$ (1,332,399)	\$ 2,496,665	\$ -	\$ -	\$ 11,346,542
Investment Income									\$ 15,000,000	\$ 15,000,000
MCO Tax Revenue				\$ 134,629,899						\$ 134,629,899
MCO Tax Expense				\$ (134,629,899)						\$ (134,629,899)
CHANGE IN NET ASSETS				\$ 25,201,107	\$ (15,018,832)	\$ (1,332,399)	\$ 2,496,665	\$ -	\$ 15,000,000	\$ 26,346,542

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Follow-up Items from 5/16/19 FAC Meeting

- Capital Budget
 - Additional information on Main Cooling Tower Replacement
 - Building management representatives in attendance to respond to questions
- Administrative Expenses
 - Vacancy factor review
 - Revised budget reflects increased vacancy factor from 3% to 5%
 - G&A Bridge: Confirm whether there will be expenditure of funds in the budget year
 - Any project >\$250,000 was reviewed with business owners to ensure that implementation will begin during FY 2019-20
- Future Actions
 - Staff will monitor OneCare Connect and Medi-Cal WCM financial performance

Recommended Actions

Recommend to the Board:

1. Approval of the CalOptima FY 2019-20 Operating Budget
2. Authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details
 - Items will be procured in accordance with CalOptima Policy GA.5002: Purchasing Policy



CalOptima

Better. Together.

Fiscal Year 2019-20 Proposed Operating Budget





**Special Finance and Audit Committee Meeting
May 22, 2019**

Nancy Huang, Interim Chief Financial Officer

Overview

- FY 2019-20 Budget Overview
- Consolidated Operating Budget
- Operating Budgets by Line of Business
 - Medi-Cal
 - OneCare Connect
 - OneCare
 - PACE
- Capital Budget

Lines of Business

	Start Date	Program Type	Contractor/ Regulator
 <p>Medi-Cal CalOptima A Public Agency Better. Together.</p>	October 1995	California's Medicaid program	California Department of Health Care Services (DHCS)
 <p>OneCare (HMO SNP) CalOptima A Public Agency Better. Together.</p>	October 2005	Medicare Advantage Special Needs Plan (SNP)	Centers for Medicare & Medicaid Services (CMS)
 <p>PACE CalOptima A Public Agency Better. Together.</p>	October 2013	Medicare and Medicaid Program	Three-way contract: CMS, DHCS and CalOptima
 <p>OneCare Connect CalOptima A Public Agency Better. Together.</p>	July 2015	Medicare and Medicaid Duals Demonstration	Three-way contract: CMS, DHCS and CalOptima

- Medi-Cal program includes: (1) Classic, (2) Expansion (3) Whole Child Model (WCM)

FY 2019-20 Budget Overview

- New Programs

- July 2019: Whole-Child Model (CCS Redesign)
- July 2019: Homeless Health Initiatives
- January 2020: Health Homes Program (HHP)

- Operational Updates

- July 2019: Continuation of supplemental rate changes (Prop 56, Ground Emergency Medical Transportation)
- January 2020: Internal administration of Medicare mental health benefit
- January 2020: External management of Medicare risk adjustment data submission process

FY 2019-20 Budget Overview (cont.)

- Enrollment trends
 - Continuing decreases in Medi-Cal and OneCare Connect
 - Slight increases in OneCare and PACE
- Revenue assumptions (compared to prior year)
 - Medi-Cal Expansion: 6.7% or approximately \$87 million decrease
 - Medi-Cal Classic: 5.0% or approximately \$55 million increase
 - Medi-Cal WCM: 2% or approximately \$6 million increase

FY 2019-20 Budget Overview (cont.)

- Medical Costs

- Hospital and Professional Capitation

- Reduction to Medi-Cal Expansion
 - To align with revenue decrease
 - To right size to levels supported by membership and utilization data
 - Increase to Medi-Cal Classic

- Fee-For-Service Cost and utilization trends

- Unit cost increases for several fee-for-service providers: Skilled Nursing Facilities, CBAS centers, Hospital Outpatient, Mental Health, Obstetrics, ER physicians, Long Term Care
 - Continued utilization increase in non-medical transportation
 - Increasing pharmacy unit cost trends
 - Expenses related to homeless health initiatives

Comparative Budget - Consolidated

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	795,318	789,202	767,487	743,485
Revenue	\$3,549,751,437	\$3,445,300,918	\$3,408,510,782	\$3,565,765,952
Medical Costs	\$3,400,677,061	\$3,290,853,863	\$3,191,715,939	\$3,399,306,169
Administrative Expenses	\$112,079,601	\$131,739,047	\$127,119,968	\$155,113,241
Operating Income/Loss	\$36,994,775	\$22,708,008	\$89,674,874	\$11,346,542
Investments, Net	\$15,064,815	\$21,660,838	\$38,385,016	\$15,000,000
Change in Net Assets**	\$52,059,590	\$44,368,846	\$128,059,890	\$26,346,542
Medical Loss Ratio	95.8%	95.5%	93.6%	95.3%
Administrative Loss Ratio	3.2%	3.8%	3.7%	4.4%

* Forecasted based on March 2019 financials; includes IGT 8 revenue of \$43 million and prior year adjustments

** Change in net assets excludes net other income and grant income

FY 2019-20 Consolidated Enrollment

Program	FY 2016-17 Actual*	FY 2017-18 Actual*	FY 2018-19 Forecast*	FY 2019-20 Budget*	% Change 19 v. 20
Medi-Cal	773,738	764,718	738,480	718,592	-2.7%
OneCare Connect	15,547	14,950	14,257	13,780	-3.4%
OneCare	1,349	1,416	1,491	1,520	2.0%
PACE	210	267	334	430	28.7%
Total	790,844	781,351	754,462	734,322	-2.7%

* Enrollment as of June of every fiscal year when available

Enrollment Assumptions

- Medi-Cal: Continued decline of Adult TANF (-6.9%) and Disabled (-6.6%) enrollment, with a slight increase in the Aged population (2.5%)
- OneCare Connect: Projected to decline. Increased sales efforts, combined with enhanced supplemental benefits projected to lessen declining enrollment trend
- OneCare: Projected to continue steady increase
- PACE: Consists of approximately 53% dual eligibles and 47% Medi-Cal only members; net monthly enrollment projected to increase an average of 8 members

Consolidated Budget Highlights

- Enrollment and Revenue

	Enrollment *	Enrollment %	Revenue	Revenue %
Medi-Cal	727,599	97.9%	\$3.22B	90.4%
OneCare Connect	13,996	1.9%	\$286.6M	8.0%
OneCare	1,507	0.2%	\$19.6M	0.6%
PACE	383	0.1%	\$35.7M	1.0%
Total	743,485	100.0%	\$3.57B	100.0%

- Medical and Administrative Expenses

	FY 2019-20 Budget	MLR/ALR
Medical Costs	\$3.40B	95.3%
Administrative Expenses	\$155.1M	4.4%

* Enrollment is based on annual average

Consolidated Budget Highlights (cont.)

- Medical Costs Breakdown

	FY 2019-20 Budget	% of Total
Provider Capitation	\$1.29B	38.1%
Claims Payments	\$0.93B	27.5%
LTC/ SNF	\$0.46B	13.6%
Prescription Drugs	\$0.60B	17.7%
Other Medical, including Medical Management	\$0.11B	3.1%
Total Medical Costs	\$3.40B	100.0%

Consolidated General and Administrative Expenses

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget	FY 2019-20 Budget vs. FY 2018-19 Forecast
Revenues	\$3,445,300,918	\$3,408,510,782	\$3,565,765,952	\$157,255,170
Salaries, Wages & Benefits	\$87,449,503	\$84,252,311	\$98,021,637	\$13,769,326
Non-Salaries & Wages	\$44,289,544	\$42,867,658	\$57,091,605	\$14,223,947
Professional Fees	2,430,496	\$2,532,114	\$5,417,716	\$2,885,602
Purchased Services	\$12,174,500	\$11,758,107	\$14,479,507	\$2,721,400
Printing & Postage	\$4,772,247	\$4,789,281	\$6,796,937	\$2,007,656
Depreciation & Amortization	\$6,887,813	\$7,226,123	\$7,591,092	\$364,969
Other Operating Exp/Indirect Cost Allocation, Occupancy	\$18,024,489	\$16,562,033	\$22,806,353	\$6,244,320
Total G&A	\$131,739,047	\$127,119,968	\$155,113,241	\$27,993,273
ALR	3.8%	3.7%	4.4%	0.7%

* Forecasted as of March 2019

FY 2018-19 forecasted figures do not include unfilled open positions

General and Administrative Expenses

FY 18-19 Budget vs FY 19-20 Budget

	FY 2018-19 Budget	FY 2019-20 Budget	FY 2019-20 Budget vs. FY 2018-19 Budget
Average Monthly Enrollment	783,865	743,485	(40,380)
Revenue	\$3,460,562,644	\$3,565,765,952	\$105,203,308
Medical Costs	\$3,289,519,514	\$3,399,306,169	\$109,786,655
Administrative Expenses	\$153,036,387	\$155,113,241	\$2,076,854
Operating Income/Loss	\$18,006,743	\$11,346,542	(\$6,660,201)
Investments, Net	\$5,000,000	\$15,000,000	\$10,000,000
Change in Net Assets*	\$23,006,744	\$26,346,542	\$3,339,798
MLR	95.1%	95.3%	0.2%
ALR	4.4%	4.4%	0.0%

* Change in net assets excludes non-operating incomes

General and Administrative Expenses

Bridge for FY 18-19 Forecast vs FY 19-20 Budget

G&A Expense	Bridge	Description
Salaries, Wages & Employee Benefits	\$13.8M	Open position (64 FTEs), new positions (14 FTEs) requested for maintenance of business and behavioral health transition, merit increase (3%), compensation study
Professional Fees	\$2.9M	Internal audit, legal fees, consulting for new programs and software applications, financial and other required audits
Purchased Services	\$2.7M	Claims recovery and edit review services, increase in member interpretation and translation for behavioral health transition, increased support for marketing and outreach activities
Printing & Postage	\$2.0M	Member materials/notification and redesign materials for new programs and behavioral health transition, increase in postage cost, increased support in marketing and outreach materials for members and providers
Other Operating Expenses	\$6.3M	Computer equipment replacement, software licenses and maintenance agreements, insurance policy increase, increase in planned outreach activities for members, providers and community events, building maintenance, supplies
Depreciation & Amortization	\$0.4M	FY 2018-19 and FY 2019-20 capital items placed in service
Occupancy/Indirect Cost Allocation	-\$0.1M	Lease agreement
Total:	\$28.0M	

General and Administrative Expense

Detail on Open Positions

	<u>FTE</u>
Number of open positions as of March 2019	64
<u>Key Open Positions</u>	
Deputy Chief Medical Officer	1
Executive Director Public Affairs	1
Executive Director Operations	1
Medical Director	0.8
Director Regulatory Affairs and Compliance	1
Director Strategic Development	1
Associate Director Customer Service	1
Staff Attorney	2
Manager (Facilities, Grievance & Appeals, and Provider Data Management Services)	3
<u>Supervisor (Customer Service, OneCare Customer Service, and Provider Relations)</u>	<u>3</u>
Total	14.8
FY 2019-20 Budget Fiscal Impact of Key Open Positions on Salaries, Wages and Benefits	\$3.5 M

CalOptima Consolidated Income Statement: Attachment A

Attachment A

CalOptima Fiscal Year 2019-20 Budget By Line of Business

	Medi-Cal (Classic)	Medi-Cal (Expansion)	Medi-Cal (WCM)	Total	OCC	OneCare	PACE	Facilities	Other	Consolidated
Member Months	5,749,601	2,826,301	155,280	8,731,182	167,957	18,081	4,600	-		8,921,820
Avg Members	479,133	235,525	12,940	727,599	13,996	1,507	383	-		743,485
Revenues										
Capitation revenue	\$ 1,644,778,160	\$ 1,272,842,281	\$ 306,281,595	\$ 3,223,902,036	\$ 286,554,214	\$ 19,619,684	\$ 35,690,018	\$ -		\$ 3,565,765,952
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Claims Payments	\$ 456,429,748	\$ 347,921,370	\$ 58,873,454	\$ 863,224,572	\$ 50,344,346	\$ 7,254,750	\$ 14,121,415	\$ -		\$ 934,945,084
LTC/Skilled Nursing Facilities	\$ 400,710,547	\$ 36,624,875	\$ 7,532,352	\$ 444,867,773	\$ 18,355,502	\$ -	\$ 375,861	\$ -		\$ 463,599,136
Prescription Drugs	\$ 197,220,253	\$ 249,664,113	\$ 79,945,599	\$ 526,829,965	\$ 64,498,845	\$ 5,972,830	\$ 2,811,393	\$ -		\$ 600,113,033
Case Mgmt & Oth Medical	\$ 39,296,875	\$ 27,640,903	\$ 8,667,842	\$ 75,605,620	\$ 16,186,932	\$ 663,496	\$ 13,684,691	\$ -		\$ 106,140,739
Total	\$ 1,555,991,173	\$ 1,221,940,390	\$ 291,103,841	\$ 3,069,035,404	\$ 280,093,118	\$ 19,184,286	\$ 30,993,360	\$ -		\$ 3,399,306,169
MLR	94.6%	96.0%	95.0%	95.2%	97.7%	97.8%	86.8%		*	95.3%
Gross Margin	\$ 88,786,987	\$ 50,901,891	\$ 15,177,753	\$ 154,866,631	\$ 6,461,096	\$ 435,398	\$ 4,696,657	\$ -		\$ 166,459,783
Administrative Expenses										
Salaries, Wages, & Employee Benefits				\$ 85,700,709	\$ 9,980,046	\$ 621,380	\$ 1,719,501	\$ -		\$ 98,021,637
Professional Fees				\$ 4,224,576	\$ 933,550	\$ 257,750	\$ 1,840	\$ -		\$ 5,417,716
Purchased services				\$ 11,454,021	\$ 2,315,867	\$ 204,750	\$ 227,648	\$ 277,221		\$ 14,479,507
Printing & Postage				\$ 5,320,217	\$ 1,150,320	\$ 200,000	\$ 126,400	\$ -		\$ 6,796,937
Depreciation & Amortization				\$ 5,469,000	\$ -	\$ -	\$ 25,392	\$ 2,096,700		\$ 7,591,092
Other Operating Expenses				\$ 19,642,076	\$ 862,641	\$ 56,850	\$ 49,649	\$ 2,429,513		\$ 23,040,729
Indirect Cost Allocation, Occupancy Expense				\$ (2,145,075)	\$ 6,237,504	\$ 427,067	\$ 49,562	\$ (4,803,434)		\$ (234,376)
Total				\$ 129,665,524	\$ 21,479,928	\$ 1,767,797	\$ 2,199,992	\$ -		\$ 155,113,241
ALR				4.0%	7.5%	9.0%	6.2%		*	4.4%
Operating Income/(Loss)				\$ 25,201,107	\$ (15,018,832)	\$ (1,332,399)	\$ 2,496,665	\$ -	\$ -	\$ 11,346,542
Investment Income									\$ 15,000,000	\$ 15,000,000
MCO Tax Revenue				\$ 134,629,899						\$ 134,629,899
MCO Tax Expense				\$ (134,629,899)						\$ (134,629,899)
CHANGE IN NET ASSETS				\$ 25,201,107	\$ (15,018,832)	\$ (1,332,399)	\$ 2,496,665	\$ -	\$ 15,000,000	\$ 26,346,542

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FY 2019-20 Operating Budget

Budgets by Line of Business

Medi-Cal Program

Start Date	October 1995
Program Type	California's Medicaid Program
Contractor/ Regulator	California Department of Health Care Services (DHCS)
Eligibility	<ul style="list-style-type: none">• Child and family• Senior• Persons with disabilities• Low-income (includes Medi-Cal Expansion)
Services	<ul style="list-style-type: none">• Comprehensive health• Prescriptions• Vision• Mental Health• MLTSS• (Dental provided by DHCS)

Medi-Cal Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	772,511	751,288	727,599
Revenue	\$3,093,179,525	\$3,063,467,815	\$3,223,902,036
Medical Costs	\$2,955,278,790	\$2,860,408,128	\$3,069,035,404
Administrative Expenses	\$108,695,305	\$104,263,098	\$129,665,524
Operating Income/Loss**	\$29,205,430	\$98,805,588	\$25,201,107
Medical Loss Ratio	95.5%	93.4%	95.2%
Administrative Loss Ratio	3.5%	3.4%	4.0%

* Forecasted as of March 2019

** Change in net assets excludes non-operating incomes

Medi-Cal Revenue

- Medi-Cal Rate Assumptions*

	Medi-Cal Classic	Medi-Cal Expansion	Medi-Cal WCM**
Capitation rates	Draft FY 19-20 rates <ul style="list-style-type: none"> Assumes 5% trend 	Draft FY 19-20 rates <ul style="list-style-type: none"> Assumes -6.7% trend 	Draft FY 19-20 rates <ul style="list-style-type: none"> Assumes 2% trend Includes CCS and non-CCS services
BHT/ Hepatitis C Rates	FY 2018-19 rates		
CCI Rates	Draft Calendar Year (CY) 2018 rates for duals <ul style="list-style-type: none"> Rewighted for projected cohort mix 		NA

*WCM program effective date is 7/1/19

Medical Costs: Provider Rate Updates for Medi-Cal Classic

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Increase	<ul style="list-style-type: none"> Professional: 4% for Adult TANF and SPD categories of aid Hospital: 6% for Adult TANF and SPD categories of aid
Hospital Inpatient Fee Schedule	+4%	<ul style="list-style-type: none"> 2% to support homeless health initiatives 2% trend increase
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase ER physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule is ~8% increase NEMT: 10% increase
Homeless Health Initiatives	Increase	<ul style="list-style-type: none"> \$20 million to support new homeless health initiatives per board direction

Medical Costs: Provider Rate Updates for Medi-Cal Expansion

Medical Cost	Unit Cost Change	Detail
Provider Capitation	Decrease	<ul style="list-style-type: none"> Professional: -8% Hospital: -21%
Hospital Outpatient	+33%	<ul style="list-style-type: none"> Increase from 100% to 133% of the Medi-Cal Fee Schedule
Skilled Nursing Facility	Increase	<ul style="list-style-type: none"> \$2.3 million: Implementation of Infection Protocol (amount listed for both Medi-Cal Classic and Expansion) 20% unit cost trend increase
Ancillary Provider Rate	Increase	<ul style="list-style-type: none"> CBAS: 10% rate increase Mental health (Non-ABA): Conversion to the Medi-Cal Fee Schedule: ~20% increase ER physician: 5% increase Obstetrics: Increase to 133% of the Medi-Cal Fee Schedule: ~8% increase NEMT: 10% increase

Medical Costs: Medi-Cal WCM

- Limited experience data available; used DHCS' program assumptions
- Assumes implementation using existing medical care delivery model
- Assumes aggregate costs will be equivalent to revenue

Category	Amount	% of Revenue
Total Revenue	\$306,281,595	100.0%
Medical Claims Cost	\$282,436,000	92.2%
Medical Management & Other	\$8,667,841	2.8%
Total Medical Costs	\$291,103,841	95.0%

Medi-Cal Revenue Impact

- DHCS sets Medi-Cal Classic and Expansion rates based on CalOptima's RDT data submission
 - FY 2019-20 rates are based on CY 2017 data with program change adjustments and cost trends applied
 - Rates are submitted and certified by CMS
- Expansion rates
 - Cost and utilization similar to Adult TANF population
 - Project reductions to reported risk pool and capitation expenses
- FY 2019-20 Medi-Cal budget assumptions

Revenue Type	% Change vs FY 18-19 Rate	\$ Change vs FY 18-19 Rate
Classic	5.0%	\$55M
Expansion	-6.7%	-\$87M
WCM	2.0%	\$6M
Total	-0.1%	-\$26M

Medi-Cal Expansion: Capitation History

- Expansion health network capitation rates
 - Professional rates originally derived from a 50/50 blend of Disabled and Adult TANF populations
 - Hospital rates based on 100% of the Disabled population
 - Expectation of high risk for Expansion population at program start
 - Incentive to develop sufficient provider networks
- Expansion Capitation Rate History:

Service Type	January 2014	September 2014	September 2015	July 2016	July 2017
Professional Capitation	\$147.97	\$199.91	\$170.17	\$144.64	\$144.64
Hospital Capitation	\$267.66	\$361.61	\$307.81	\$261.64	\$185.76
Total Capitation	\$415.63	\$561.52	\$477.98	\$406.28	\$330.41
% Change	+20%	+35.1%	-15.0%	-15.0%	-18.7%

Medi-Cal Expansion: Proposed Capitation Change

- Proposed Expansion rate change

Service Type	July 2017 – Current	Proposed (FY 19-20)	PMPM Change	% Change
Professional Capitation	\$144.64	\$133.07	-\$11.57	-8.0%
Hospital Capitation	\$185.76	\$146.75	-\$39.01	-21.0%
Total Capitation	\$330.41	\$279.82	-\$50.59	-15.3%

- Proposed Expansion rate comparison to Adult TANF Classic

Service Type	Adult TANF Classic (FY 18-19)	Proposed (FY 19-20)	PMPM Difference	% Over Adult TANF Classic
Professional Capitation	\$86.67	\$133.07	\$46.40	53.5%
Hospital Capitation	\$65.17	\$146.75	\$81.58	125.2%
Total Capitation	\$151.84	\$279.82	\$127.98	84.3%

Medi-Cal Expansion: Proposed Capitation Change (cont.)

- Fiscal impact of rate reduction

Cost Type	% Change	\$ Change	Impacted Entities
Professional Capitation	-8%	-\$25M	Health Networks
Hospital Capitation	-21%	-\$44M	Capitated Hospitals/ HMO Networks
Shared Risk Pool	Results from decrease to Hospital Capitation	-\$26M	SRG Health Networks
Total	-15.3%	-\$95M	

FFS Comparison

- FFS Comparison - % Medi-Cal Equivalent (Current)

Service Type	Classic	Expansion	% Over Classic
Professional PCP	129%	129%	0.0%
Professional Specialist	133%	156%	17.3%
Hospital Inpatient	104%	117.3%	12.8%
Hospital Outpatient	100%	100%	0.0%

- FFS Comparison - % Medi-Cal Equivalent (After Proposed Changes)

Service Type	Classic	Expansion	% Over Classic
Professional PCP	129%	129%	0.0%
Professional Specialist	133%	156%	17.3%
Hospital Inpatient	108%	117.3%	8.6%
Hospital Outpatient	133%	133%	0.0%

OneCare Connect Program

Start Date	July 2015
Program Type	Medicare and Medicaid Duals Demonstration
Contractor/ Regulator	CMS and DHCS
Eligibility	Medi-Cal member who also has Medicare (i.e., dual eligible)
Services	<ul style="list-style-type: none">• Comprehensive health• Prescriptions• Vision• MLTSS• Assessment• Care planning• Care coordination• Supplemental benefits

OneCare Connect Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	15,079	14,457	13,996
Revenue	\$315,219,443	\$297,728,907	\$286,554,214
Medical Costs	\$302,790,555	\$289,978,486	\$280,093,118
Administrative Expenses	\$20,250,797	\$20,022,087	\$21,479,928
Operating Income/Loss	(\$7,821,909)	(\$12,271,666)	(\$15,018,832)
Medical Loss Ratio	96.1%	97.4%	97.7%
Administrative Loss Ratio	6.4%	6.7%	7.5%

* Forecasted as of March 2019

OneCare Connect Revenue

- OneCare Connect rate assumptions
 - Applies Year 3+ savings targets of 5.5%, quality withhold of 4%, and sequestration of 2%

Medicare Part C	Medicare Part D	Medi-Cal**
CMS CY 2019 rate report*	CMS CY 2019 rate report	N/A
Draft CY 2020 rates <ul style="list-style-type: none">• Applies 2.0% increase to base rate effective 1/1/20• Applies Risk Adjustment Factor (RAF) score of 1.27	Draft CY 2020 rates <ul style="list-style-type: none">• Applies 2.0% increase to base rate effective 1/1/20• Applies RAF score of 1.11	Draft CY 2018 rates <ul style="list-style-type: none">• Adjusts for forecasted population mix

* OCC Medicare rates are not developed from a bid process that uses actual plan data; used most current rate available

** DHCS plan rates uses Rate Development Template (RDT) base data that has a two-year lag

OneCare Connect Assumptions

- Enrollment: Applied projected mix for PHC, SRG, HMO, and CCN networks
- Medical Costs
 - Provider Capitation
 - Medicare component: Based on percent of premium rates
 - Medi-Cal component: Based on fixed PMPM rates
 - FFS expenses: Based on actual experience trended through June 2020
 - Includes expenses for Medicare supplemental benefits to align with OneCare supplemental benefits
- Other adjustments
 - Forecasted prescription drug cost trend of 5%
 - Conversion of Mental Health benefit from delegated to internal administration

OCC Current Challenges

- Challenges

- CMS applies revenue reductions, including savings targets, a quality withhold and sequestration
- No formal bid process; rates are set at the county FFS benchmark and do not reflect actual plan costs
- Risk Adjustment Factors reflect difficulties with proper data submission processes
- Increased costs due to additional supplemental benefits
- Disenrollment rate greater than enrollment rate
- CMS will apply a disenrollment penalty as of January 2020

- Action Plan

- Advocate for more appropriate funding with DHCS and CMS
- Re-evaluate capitation rates to networks through rebasing
- Outsource CMS data submissions using an external vendor
- Improve cost containment efforts

OneCare Program

Start Date	October 2005
Program Type	Medicare Advantage Special Needs Plan (SNP)
Contractor/ Regulator	Centers for Medicare & Medicaid Services (CMS)
Eligibility	Medi-Cal member who also has Medicare (i.e., dual eligible)
Services	<ul style="list-style-type: none">• Comprehensive health• Prescriptions• Vision• Mental Health• Supplemental Benefits

OneCare Budget

	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	1,372	1,441	1,507
Revenue	\$15,943,378	\$19,977,948	\$19,619,684
Medical Costs	\$14,440,247	\$18,465,147	\$19,184,286
Administrative Expenses	\$1,123,426	\$1,317,059	\$1,767,797
Operating Income/Loss	\$379,705	\$195,742	(\$1,332,399)
Medical Loss Ratio	90.6%	92.4%	97.8%
Administrative Loss Ratio	7.0%	6.6%	9.0%

* Forecasted as of March 2019

OneCare Assumptions

- OneCare rate assumptions

Medicare Part C	Medicare Part D
<p>CMS CY 2019 Monthly Membership Report actuals</p> <ul style="list-style-type: none">Applies no increase to base rate effective 1/1/20Applies projected RAF score of 1.04Includes 9.1% decrease to the Part C base rates effective 1/1/19	<p>CMS CY 2019 Monthly Membership Report actuals</p> <ul style="list-style-type: none">Applies no increase to base rate effective 1/1/20Applies projected RAF score of 1.09Includes 2.6% increase to the Part D base rate effective 1/1/19

Note: Used most current rate available

- Medical Costs

- Professional provider capitation: Based on 38.6 percent of premium
- FFS expenses: Based on historical claims through February 2019
- Includes expenses for approved supplemental benefits

PACE Program

Start Date	October 2013
Program Type	Medicare and Medicaid Program
Contractor/ Regulator	CMS and DHCS
Eligibility	Member who is: <ul style="list-style-type: none">• ≥ 55;• Meet nursing facility level of care; and• Live in a PACE service area
Services	<ul style="list-style-type: none">• All Medicare and Medicaid services• 16 additional services, such as social services, nursing facility care, personal care, nutritional counseling and recreational therapy

PACE Budget

Program	FY 2017-18 Actual	FY 2018-19 Forecast*	FY 2019-20 Budget
Average Monthly Enrollment	239	302	383
Revenue	\$20,803,146	\$27,327,112	\$35,690,018
Medical Costs	\$18,344,271	\$22,864,178	\$30,993,360
Administrative Expenses	\$1,568,196	\$1,517,725	\$2,199,992
Operating Income/Loss	\$890,679	\$2,945,209	\$2,496,665
Medical Loss Ratio	88.2%	83.7%	86.8%
Administrative Loss Ratio	7.5%	5.6%	6.2%

* Forecasted as of March 2019

PACE Assumptions

- PACE rate assumptions

Medicare Part C	Medicare Part D	Medi-Cal
2019 Actuals <ul style="list-style-type: none">• Applies 0% trend to base rate effective 1/1/20• Applies RAF score of 2.08	2019 Actuals <ul style="list-style-type: none">• Rates and subsidies based on CY 2019 payments	PMPM rates based on CY 2019 RDT rates

Note: Used most current rate available

- Medical costs

- Based on mix of actual experience and industry benchmarks
- Includes material depreciation costs related to start-up capital expenses
- Reclassifies 96% of some administrative expenses as medical costs to better reflect the actual costs of delivering medical care

Recommended Actions

Recommend to the Board:

1. Approval of the CalOptima FY 2019-20 Operating Budget
2. Authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details
 - Items will be procured in accordance with CalOptima Policy GA.5002: Purchasing Policy



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Medi-Cal

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OneCare (HMO SNP)

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OneCare Connect

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PACE

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CalOptima Fiscal Year 2019-20 Budget
By Line of Business

	Medi-Cal (Classic)	Medi-Cal (Expansion)	Medi-Cal (WCM)	Total	OCC	OneCare	PACE	Facilities	Other	Consolidated
Member Months	5,749,601	2,826,301	155,280	8,731,182	167,957	18,081	4,600	-		8,921,820
Avg Members	479,133	235,525	12,940	727,599	13,996	1,507	383	-		743,485
Revenues										
Capitation revenue	\$ 1,644,778,160	\$ 1,272,842,281	\$ 306,281,595	\$ 3,223,902,036	\$ 286,554,214	\$ 19,619,684	\$ 35,690,018	\$ -		\$ 3,565,765,952
Total	<u>\$ 1,644,778,160</u>	<u>\$ 1,272,842,281</u>	<u>\$ 306,281,595</u>	<u>\$ 3,223,902,036</u>	<u>\$ 286,554,214</u>	<u>\$ 19,619,684</u>	<u>\$ 35,690,018</u>	<u>\$ -</u>		<u>\$ 3,565,765,952</u>
Medical Costs										
Provider capitation	\$ 462,333,750	\$ 560,089,130	\$ 136,084,595	\$ 1,158,507,475	\$ 130,707,492	\$ 5,293,211	\$ -	\$ -		\$ 1,294,508,178
Claims Payments	\$ 456,429,748	\$ 347,921,370	\$ 58,873,454	\$ 863,224,572	\$ 50,344,346	\$ 7,254,750	\$ 14,121,415	\$ -		\$ 934,945,084
LTC/Skilled Nursing Facilities	\$ 400,710,547	\$ 36,624,875	\$ 7,532,352	\$ 444,867,773	\$ 18,355,502	\$ -	\$ 375,861	\$ -		\$ 463,599,136
Prescription Drugs	\$ 197,220,253	\$ 249,664,113	\$ 79,945,599	\$ 526,829,965	\$ 64,498,845	\$ 5,972,830	\$ 2,811,393	\$ -		\$ 600,113,033
Case Mgmt & Oth Medical	\$ 39,296,875	\$ 27,640,903	\$ 8,667,842	\$ 75,605,620	\$ 16,186,932	\$ 663,496	\$ 13,684,691	\$ -		\$ 106,140,739
Total	<u>\$ 1,555,991,173</u>	<u>\$ 1,221,940,390</u>	<u>\$ 291,103,841</u>	<u>\$ 3,069,035,404</u>	<u>\$ 280,093,118</u>	<u>\$ 19,184,286</u>	<u>\$ 30,993,360</u>	<u>\$ -</u>		<u>\$ 3,399,306,169</u>
MLR	<u>94.6%</u>	<u>96.0%</u>	<u>95.0%</u>	<u>95.2%</u>	<u>97.7%</u>	<u>97.8%</u>	<u>86.8%</u>		*	<u>95.3%</u>
Gross Margin	\$ 88,786,987	\$ 50,901,891	\$ 15,177,753	\$ 154,866,631	\$ 6,461,096	\$ 435,398	\$ 4,696,657	\$ -		\$ 166,459,783
Administrative Expenses										
Salaries, Wages, & Employee Benefits				\$ 85,700,709	\$ 9,980,046	\$ 621,380	\$ 1,719,501	\$ -		\$ 98,021,637
Professional Fees				\$ 4,224,576	\$ 933,550	\$ 257,750	\$ 1,840	\$ -		\$ 5,417,716
Purchased services				\$ 11,454,021	\$ 2,315,867	\$ 204,750	\$ 227,648	\$ 277,221		\$ 14,479,507
Printing & Postage				\$ 5,320,217	\$ 1,150,320	\$ 200,000	\$ 126,400	\$ -		\$ 6,796,937
Depreciation & Amortization				\$ 5,469,000	\$ -	\$ -	\$ 25,392	\$ 2,096,700		\$ 7,591,092
Other Operating Expenses				\$ 19,642,076	\$ 862,641	\$ 56,850	\$ 49,649	\$ 2,429,513		\$ 23,040,729
Indirect Cost Allocation, Occupancy Expense				\$ (2,145,075)	\$ 6,237,504	\$ 427,067	\$ 49,562	\$ (4,803,434)		\$ (234,376)
Total				<u>\$ 129,665,524</u>	<u>\$ 21,479,928</u>	<u>\$ 1,767,797</u>	<u>\$ 2,199,992</u>	<u>\$ -</u>		<u>\$ 155,113,241</u>
ALR				<u>4.0%</u>	<u>7.5%</u>	<u>9.0%</u>	<u>6.2%</u>		*	<u>4.4%</u>
Operating Income/(Loss)				<u>\$ 25,201,107</u>	<u>\$ (15,018,832)</u>	<u>\$ (1,332,399)</u>	<u>\$ 2,496,665</u>	<u>\$ -</u>	\$ -	<u>\$ 11,346,542</u>
Investment Income									\$ 15,000,000	\$ 15,000,000
MCO Tax Revenue				\$ 134,629,899						\$ 134,629,899
MCO Tax Expense				<u>\$ (134,629,899)</u>						<u>\$ (134,629,899)</u>
CHANGE IN NET ASSETS				<u>\$ 25,201,107</u>	<u>\$ (15,018,832)</u>	<u>\$ (1,332,399)</u>	<u>\$ 2,496,665</u>	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ 26,346,542</u>

Attachment B

Medi-Cal: Professional Fees				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Authorization	Appropriation
Legal	General and Adversarial Legal Fees	1,300,000	X	X
Consulting	Health Insurance Portability and Accountability Act (HIPAA) Security, Implementation for Citrix Production Environment Expansion and Secure Data Sharing, Email Archive Migration Service, and Miscellaneous Consulting/Professional Services	352,000	X	X
Consulting	Internal Audit on Operations	300,000	X	X
Consulting	Rebasing, Network Support and Other Related Actuarial Consulting Services	270,000	X	X
Consulting	Government Affairs Contract and Management of State and Federal Lobbyists	240,000	X	X
Consulting	Consulting Services Related to Information System Training and Implementation	236,250	X	X
Audit Fees	Medical Loss Ratio Audit	220,000	X	X
Consulting	Provider Network Delivery System	200,000	X	X
Audit Fees	Financial Audit Annual Contract	185,000	X	X
Professional Fees	Core System (Facets) Upgrade Consultation and Other Core Application Support	124,116	X	X
Professional Fees	Employee Engagement Survey, Executive Recruiter Expenses and Ad Hoc Consulting	89,000	X	X
Consulting	Investment Advisory Annual Contract	84,700	X	X
Consulting	Consultants to Assist with Homeless, Be Well and Dental Initiatives	75,000	X	X
Professional Fees	Professional Fees for Other Post Employment Benefits (OPEB) and Various Accounting and Related Consulting Services	69,000	X	X
Professional Fees	Professional Services Required for Corporate Applications and Systems	65,000	X	X
Consulting	Semi-Annual Chronic Illness and Disability Payment System (CDPS) Risk Adjustment and Profit and Loss Risk Adjustment	65,000	X	X
Consulting	Consulting Fees To Support Program Outreach and Social Media Efforts, Acquiring Data for Strategic Direction	60,000	X	X
Consulting	Consultant for Medi-Cal Mock Audit and Other Required Audits	60,000	X	X
Professional Fees	Compensation Study	50,000	X	X
Consulting	Strategic Planning Consultants and Speakers	50,000	X	X
Professional Fees	Professional Fees for Budget and Procurement Support	40,000	X	X
Consulting	Space Planning Services	25,000	X	X
Consulting	Committee Meeting Stipends and Member Attendance, Management Update Training, Train the Trainers, External Committee Members Stipend	20,050	X	X
Consulting	Annual IBNR Certification Review	16,000	X	X
Professional Fees	External Medical Reviewer for Behavioral Health	10,000	X	X
Consulting	Required Annual A-133 Audit	9,460	X	X
Professional Fees	Professional Fees for Various Capital Project Training & Consulting Related Expenses	9,000	X	X
Total Professional Fees		4,224,576		

Attachment B

Medi-Cal: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Authorization	Appropriation
Purchased Services	Pharmacy Benefits Management	2,500,000	X	X
Claims Review	Coordination Of Benefits (COB) Project	1,485,000	X	X
Claims Review	Claims Prepayment Editing Services	1,083,000	X	X
Interpretive Services	Language Interpreter Services, Language Translation Services of Written Materials, Video Interpretive Services and Design Software for Regulatory Mandated Annual Member Materials	824,000	X	X
Claims Review	Overpayment Identification Services	812,000	X	X
EDI Claims Clearinghouse	Electronic Data Interchange Institutional Claims	752,000	X	X
Purchased Services	Conversion of Temporary Assistance for Needy Families (TANF) to Supplemental Security Income (SSI)	420,000	X	X
Claims Review	Long-Term Care Rate Adjustments	414,000	X	X
Bank Fees	Business Bank Fees	400,000	X	X
Purchased Services	Third Party Check Printing and Mailing Fees	384,000	X	X
Purchased Services	Off-Site Parking Services	275,000	X	X
Imaging Services	Claims Imaging and Indexing Services	274,000	X	X
Purchased Services	Disaster Recovery Technology Services	230,000	X	X
Advertising	Radio, Television, Print, Outdoor, Digital Advertising and Other Media to Promote and Support Enrollment and Participation	175,000	X	X
Purchased Services	Shuttle Services	130,000	X	X
Advertising	Recruitment Advertisement and Sourcing	125,800	X	X
Purchased Services	Claims Pricing Automation Enhancements	111,084	X	X
Broker Services	Insurance Broker Services	110,000	X	X
Purchased Services	Cloud E-Mail Security and Data Loss Prevention Cloud Service for Office365 Exchange Online	107,000	X	X
Purchased Services	Benefit Broker Services	100,000	X	X
Purchased Services	Electronic Human Resources Files	80,000	X	X
Purchased Services	Service to Provide Security Protocol for Data Migration to Microsoft Cloud	80,000	X	X
Purchased Services	General Services for Customer Services, Provider Data Management Services, Operations Management, Executive Office, Audit & Oversight, Office of Compliance and Other Various Departments	64,360	X	X
Purchased Services	Healthcare Productivity Automation Services	50,000	X	X
Purchased Services	Executive Coaching	50,000	X	X
Purchased Services	Member Experience Survey and Workforce Enhancement	50,000	X	X
Purchased Services	Offsite Backup Tape Storage and Services	49,000	X	X
Purchased Services	Retirement Funds Advisory	46,500	X	X
Employee Benefits	Flexible Spending Accounts (FSA)/ Consolidated Omnibus Budget Reconciliation Act (COBRA)	36,000	X	X
Purchased Services	Regulatory 508 Compliance Remediation Services for PDF Files to Make Them Accessible to People with Disabilities on the Website as Required by the Centers for Medicare & Medicaid Services (CMS), Department of Health Care Services (DHCS) and Section 508 Regulations	33,000	X	X
Purchased Services	OCSA (Orange County Sheriff Department) Armed Security Services for Board and Other Meetings, Restacking Services, Flu Shots and Tuberculosis (TB) Tests	31,192	X	X

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Attachment B

Medi-Cal: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Authorization	Appropriation
Purchased Services	Employee Assistance Program	30,000	X	X
Purchased Services	Background Screening	28,000	X	X
Purchased Services	Tax Form Processing Fees and Other General Purchased Services	22,200	X	X
Purchased Services	Photography Services and Stock Photograph Purchases for Use in Member, Provider, Outreach and Other Community Oriented Materials	17,000	X	X
Purchased Services	Online Phishing Testing Service, Security Newsletter Subscription, Security Awareness Activity and Other Services	16,500	X	X
License fees	Compensation System Subscription Fee	15,000	X	X
Purchased Services	Imaging Services	14,885	X	X
Purchased Services	Employee Wellness and Ad Hoc Programs	10,500	X	X
Purchased Services	Destruction of Electronic Media	10,000	X	X
Purchased Services	Drug Screenings	8,000	X	X
Total Purchased Services		11,454,021		

Attachment B

Medi-Cal: Printing & Postage				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Authorization	Appropriation
Printing	Print, Fulfillment and Postage for Regular Monthly Mailings	2,857,500	X	X
Printing	Print Fulfillment and Postage for New Member/Enrollment Packages. Member Communication Related to Upcoming New Programs	900,000	X	X
Postage	General Postage for Outgoing Mail	675,267	X	X
Printing	Print Fulfillment and Postage for Quarterly Newsletters	600,000	X	X
Printing	Printing of the Annual Report to the Community, Holiday Cards, CalOptima Brochures, Outreach Materials, Ad Hoc Materials, Provider Press Mailings, and Community Events Materials	88,000	X	X
Printing	Programming Changes for New And Existing Member Packets	60,000	X	X
Courier	Mail Services Charges, Courier/Delivery of Print Materials	56,400	X	X
Printing	Printing Services for Facilities Projects and Events, Safety and Security, Other CalOptima Departments' Printing Needs	45,200	X	X
Printing	Miscellaneous Member Materials, Printing Expenses and Supplies For Various Departments	21,850	X	X
Printing	Strategic Plan and Initiatives, Letters to Providers, Privacy/Fraud, Waste, and Abuse Printing and Mailing	16,000	X	X
Total Printing & Postage		5,320,217		

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Medi-Cal: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Maintenance	CalOptima Link Software Licenses, an Online System for Provider Networks to Submit and View Authorizations, Check Claim Status and Remittance Payment Advice, and to Verify Member Eligibility for Point of Service and Care	1,584,000	X	X
Equipment	Replacement Hardware for Operating System Upgrade, Desktop Software Licenses, and Other Minor Computer Equipment, Laptop and Desktop Replacements	1,570,200	X	X
Maintenance	Facets Core System (Enrollment, Claims, Authorizations, and Other Modules) License Renewal and Maintenance	1,510,000	X	X
Equipment	Telecommunications and Network Connectivity Expenses, Business Telephones and Accessories (Desk Phones, Headsets, Tablets and Accessories)	1,426,096	X	X
Maintenance	Network Connectivity Maintenance and Support for CalOptima Sites (Network Monitoring Tools, Web Filters, All Main Distribution Frame and Intermediate Distribution Frame Batteries, Internet Optimizers, Routers, Wireless Application Protocol Devices, Other Tools)	1,332,000	X	X
Maintenance	Operating Systems and Office Software Suite License Costs to Support Entire Organization	1,228,750	X	X
Insurance	Insurance Premiums - Errors and Omissions Professional Liability - General and Property Liabilities - Excess Liabilities - Commercial Auto - Directors and Officers (D&O) - Network/Privacy (Cyber), Crime, Employment Practices Liability (EPL) - Earthquake, Pollution and Umbrella - Wage and Hour Coverage	1,208,270	X	X
Maintenance	Corporate Software Maintenance (Provider Sanctioning and Analytics, Data Warehouse Cleansing, Analytics, Business Application Workflow, Website Content Management, Compliance Applications)	1,113,500	X	X
Maintenance	Server Connectivity Maintenance and Support for Server Equipment (Servers, Storage, Virtual Machine Licenses, Backup Software)	752,800	X	X
Maintenance	Information Security Data Loss Prevention Solution Annual Maintenance	734,900	X	X
Professional Dues	Association Membership Dues (Provide Advocacy, Program Support, Technical Support Regarding State and Federal Regulatory Issues)	635,000	X	X
Subscriptions	Cloud Government/Storage Subscription	500,000	X	X
Maintenance	Additional Software License and Upgrade Costs for Operating Systems and Office Software Suite	500,000	X	X
Training & Seminar	Training & Seminar - Professional Development and Education - System and Software Update Training - Process Improvement Training - Financial and Reporting Software Upgrade and Training - Training Classes for Facility Management, Environmental and Safety Issues - Training Classes for Professional Certifications and Continuing Legal Education	405,323	X	X

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Medi-Cal: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Maintenance	Human Resources Corporate Application Software Maintenance (Training, Recruitment, Performance Evaluation, HR Benefits, Employee Time and Attendance and Payroll)	393,000	X	X
Maintenance	Application Software Maintenance - IT Development Tools (Data Modeling, Architecture, Technical Libraries, Documentation, Technical Frameworks, Electronic Data Interchange, Software Development Testing)	384,850	X	X
Equipment	Purchases and Installation of Office Furniture for Adds, Moves, Furniture, Fixture And Equipment, and Various Other Articles of Minor Equipment	360,000	X	X
Subscriptions	Healthcare Information Research and Analysis and Information Systems Audit and Control Association Subscription Renewal	356,665	X	X
Maintenance	Contract Management System	347,676	X	X
Maintenance	Finance Corporate Applications Software Maintenance (Accounting and Finance, Procurement, Bids, Accounting, Administrative Contract Management, Budget Systems)	299,000	X	X
Maintenance	User Licenses for Claims Medicare Pricing Software	298,944	X	X
Maintenance	Maintenance and Support Annual Renewal for the Telecommunications Network Systems	274,100	X	X
Office Supplies	Office Supplies (Paper, Toner, Batteries, Mouse Pads, Keyboards, Environmental Health And Safety, Disaster Recovery, Other Miscellaneous Items) for Company-Wide Usage	269,600	X	X
Repair & Maintenance	Maintenance for Windows and Carpet Cleaning, Furniture Repair, Doors, Audio Visual Equipment, Plumbing and Other General Maintenance Needs	211,900	X	X
Maintenance	24/7 Support to Assist CalOptima's Operating Systems and Office Software Suite Related Questions and Issues	192,000	X	X
Maintenance	Maintenance and Support for the Production/Development of Citrix Operating System/Software Environments	183,000	X	X
Maintenance	Software to Generate and Interface with Facets Letters	148,680	X	X
Maintenance	Provider and Physician Credentialing System Maintenance and License Renewal	123,334	X	X
Education	Tuition Reimbursement for Staff Development, Organizational Development Programs (CalOptima Special Speakers, Trainers, Computer Classes, Other Training Events)	120,000	X	X
Public Activities*	Sponsorship, Registration Fees and Other Related Costs for New and Anticipated Community Events and Health Fairs	120,000	X	X
Travel	Travel - Conferences/Seminars and Meetings for Managers and Staff - State Meetings Related to Regulatory and Legislative Issues, Strategic Development. Association Meetings - Vendor Site Visits, Field Staff Visits - Mileage and Parking Reimbursement for Community Events and Presentations, Provider Offices, and Member Enrollment	117,120	X	X
Training	Board Member Stipends, Memberships, Conferences, Training and Travel	91,000	X	X
Office Supplies	Office Supplies for Various Departments' Needs for Everyday Operations	86,250	X	X
Maintenance	Database Administrator License Renewals, Maintenance, and Support	74,700	X	X
Maintenance	Information Services Corporate Software Maintenance - Enterprise Help Desk Management Application	66,000	X	X

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Medi-Cal: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Maintenance	Capital Project Related Maintenance	65,083	X	X
Maintenance	Maintenance and Support for Printers	45,000	X	X
Professional Dues	Professional Dues and Member Fees for Various Professional Associations	44,900	X	X
Incentives	Incentive Items for Depression Screening and Follow-Up	40,000	X	X
Maintenance	Annual Maintenance for MSSP Software License	39,800	X	X
Maintenance	Maintenance and Support for Batch Scheduler System	33,362	X	X
Public Activities	Orange County Community Indicators Report, Orange County Strategic Plan on Aging, Strategic Planning Engagement and Rollout	32,500	X	X
Subscriptions	Subscription Fees for Various Licenses, Literature and Organizations	31,540	X	X
Food Services	Employee Appreciation Events	30,000	X	X
Maintenance	Subscription Renewal for Standard Medical Coding Schedules and Multiple User Licenses	27,600	X	X
Maintenance	Maintenance of Computer Software and Hardware	24,094	X	X
Telephone	Field Staff Phone Service and Other Telephone Expenses	22,900	X	X
Food Services	Food Services Allowances as Needed for Sponsoring Member and Provider Meetings, Conferences and Other Events	20,730	X	X
Public Activities	Employee Engagement Events	18,000	X	X
Food Services	Food Services for Provider Advisory Committee, CalOptima Community Network Lunch and Learn Events and CCN Anniversary Event	15,000	X	X
Food Services	Food Services for Community Events and Department Training	15,000	X	X
Food Services	General Supplies for CalOptima Staff	12,900	X	X
Public Activities	Supplies and Costs Associated with Various Outreach, Community Events, Sponsorships and Health Fairs	12,300	X	X
Public Activities	Promotional and Outreach Activities to Help Elevate the CalOptima Brand in the Community to Support Enrollment	12,000	X	X
Maintenance	Accounting Software Annual Maintenance	12,000	X	X
Subscriptions	Subscriptions for Existing Software and Databases	11,849	X	X
Subscriptions	Subscription Fees for Various Professional Organizations, Institutes and Associations	9,700	X	X
Maintenance	Maintenance and Renewal for Procurement Software	8,000	X	X
Food Services	Food Services for CalOptima Informational Series, Legislative Luncheon Events, Member and Provider Meetings/Conferences, Board Meetings and Other Events	7,900	X	X
Subscriptions	Subscription Fees for Both Clinical and Programmatic Support, and Normal Maintenance of Certification Licensure	7,200	X	X
Public Activities	Physician Forums for California Children's Services (CCS) Transition	7,100	X	X
Software	Computer Software for Medical Coding and Design of Print Materials and Other Related Expenses	7,000	X	X
Professional Dues	Medical Licenses and Required Certifications	6,960	X	X
Other Expenses	State Non-Reimbursable Funds for Services and Items for MSSP Clients	3,000	X	X
Total Other Operating Expenses		19,642,076		

* All Community Events and Activities Involving Financial Support from CalOptima of Over \$1,000 Requires Prior Explicit Board Approval

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OneCare Connect: Professional Fees				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Consulting	Risk Adjustment Processing System (RAPS)	396,000	X	X
Consulting	Annual Mock Audit Using Centers for Medicare & Medicaid Services (CMS) Audit Protocols	300,000	X	X
Actuary	Provider Capitation Development, Revenue Capitation Review and Other Related Actuarial Consulting Services	97,500	X	X
Consulting	Annual Compliance Program Effectiveness (CPE) Audit	90,000	X	X
Consulting	Centers for Medicare & Medicaid Services (CMS) Data Validation Audit	48,000	X	X
Stipends	Stipends for External Committee Members	2,050	X	X
Total Professional Fees		933,550		

OneCare Connect: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Purchased Services	Pharmacy Benefits Management	878,000	X	X
Purchased Services	Behavioral Health Contractual Administrative Fees	600,000	X	X
Interpreter Services	Language Interpretation and Translation of Member Materials	232,500	X	X
Advertising	Advertising and Media Buys (Newspapers, Magazines, Radio, Bus Shelter, Other Media)	225,000	X	X
Data Transmission	Claims Processing through Automation Data Flow	211,992	X	X
Data Transmission	Data Submission To and From Centers For Medicare & Medicaid Services (CMS) for Enrollment and Regulatory Reporting and Hierarchical Condition Category (HCC) Scores Analytics	96,000	X	X
Purchased Services	Compliance and Ethics Hotline, Physician and Hospital Charts Audits, and other Purchased Services	72,375	X	X
Total Purchased Services		2,315,867		

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OneCare Connect: Printing & Postage				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Member Communications	Maintenance of Enrolled Members (Printing, Fulfillment, Postage), Member Routine Annual and Quarterly Mailings, Other Related Printing & Postage Expenses	525,000	X	X
Printing & Postage	Marketing Materials Including Sales Brochures, Posters, Handouts and Other Member and Provider Oriented Materials and Postage	500,000	X	X
Printing & Postage	Printing of Enrollment Materials and Other Related Printing Expenses	86,500	X	X
Member Communications	Member and Provider Materials and Other Printing Fees for Various Departments	38,820	X	X
Total Printing & Postage		1,150,320		

OneCare Connect: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Maintenance	User Licenses for Claims Medicare Pricing Automation	480,492	X	X
Public Activities	Marketing and Outreach Activities and Promotional Items for Various Events	190,000	X	X
Public Activities	Fees for Registration, Sponsorships, Promotional Items for Community Events, Resource Fairs, Health Fairs and Other Events; Costs Tied to Supplies to Prepare and Participate	80,400	X	X
Training & Seminars	Training and Seminars for Professional Development and Education	36,300	X	X
Travel	Travel Expenses for Visits to Provider Offices, Presentations, Health Fairs, Community Events, Annual Audits and Conferences	33,300	X	X
Food Services	Food Services Allowances as Needed for Sponsoring Member and Provider Meetings, Conferences, Community Events, and Department Training	23,300	X	X
Office Supplies	Office Supplies Needed for Everyday Department Operations and Software Licenses	10,950	X	X
Subscriptions	Subscriptions and Professional Dues	7,899	X	X
Total Other Operating Expenses		862,641		

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OneCare: Professional Fees				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Consulting	Annual Contract Bid for OneCare	180,000	X	X
Consulting	Risk Adjustment Processing System (RAPS)	44,000	X	X
Consulting	Consulting Services Related to Required Audits	33,750	X	X
Total Professional Fees		257,750		

OneCare: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Interpreter Services	Language Interpretation and Translation of Member Materials	114,750	X	X
Purchased Services	Pharmacy Benefits Management	90,000	X	X
Total Purchased Services		204,750		

OneCare: Printing & Postage				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Member Communications	Maintenance of Enrolled Members (Printing, Fulfillment, Postage)	132,500	X	X
Member Communications	Member Marketing and Outreach Materials	60,000	X	X
Member Communications	Member Enrollment and Other Required Materials	7,500	X	X
Total Printing & Postage		200,000		

OneCare: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Travel	Travel Expenses for Conferences/Seminars and Meetings	22,200	X	X
Public Activities	Marketing and Outreach Activities and Promotional Items for Various Events	16,000	X	X
Food Services	Food Services for Department Training and Other Events	9,100	X	X
Office Supplies	Office Supplies Needed for Daily Operations	5,200	X	X
Professional Dues	Professional Certifications	4,350	X	X
Total Other Operating Expenses		56,850		

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PACE: Professional Fees				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Professional Fees	Part D Actuarial Services and Other Financial Consulting Fees	1,840	X	X
Total Professional Fees		1,840		

PACE: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Purchased Services	Advertising (Radio, Television, Print, Outdoor, Digital and Other Mediums) to Promote and Support Enrollment and Participation	225,000	X	X
Purchased Services	Health Outcomes Survey, Satisfaction Survey, Encounter Data File Formatting, Sterilization of Medical Equipment and Other Related Expenses	2,648	X	X
Total Purchased Services		227,648		

PACE: Printing & Postage				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Printing & Postage	Participant Newsletter, Typesetting for Translated Materials, Printing, Fulfillment and Postage Costs for Direct Mail Campaign, Marketing Materials and Other Printing Expenses	126,400	X	X
Total Printing & Postage		126,400		

PACE: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Repairs & Maintenance	Software License and Support, Repairs and Maintenance of Minor Equipment, Building and Unforeseen Incidentals and Building Security Services	19,126	X	X
Public Activities	Outreach Events and Promotional Marketing Items to Help Elevate PACE Center and Support Program Enrollment and Expansion	15,640	X	X
Food Services	Food Services Allowances, As Needed, for Sponsoring Member and Provider Meetings and Conferences	6,100	X	X
Utilities	Electricity, Gas, Water and Other Related Expenses	3,551	X	X
Insurance	General Liability, Property, Earthquake, and Other Insurance Fees	2,184	X	X
Training	Staff Development Training (Registration Fees, Travel, Accommodations, Incidentals)	1,000	X	X
Minor Equipment & Supplies	Minor Equipment and Supplies (Kitchen, Rehab, Social Day, Staff Break Room, Clinic Small Equipment)	612	X	X
Property Tax	Property Tax Assessment	704	X	X
Subscriptions	Subscriptions, Membership, Registration for Dietetic and Other Discipline Specific Memberships	248	X	X
Supplies	Office Supplies for Staff	244	X	X
Travel	Staff Travel and Mileage For Home Visits, Marketing and Enrollment	240	X	X
Total Other Operating Expenses		49,649		

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Facilities: Purchased Services				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Building Administration	Property Management and Administration Fee	262,263	X	X
Building Administration	Various Administration Expenses (Telephone, Office Supplies, Permits, Licenses, Fees, Furniture, Equipment Lease, Postage, Courier)	14,958	X	X
Total Purchased Services		277,221		

Facilities: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Utilities	Electricity	490,000	X	X
Fire/Life Safety Security	Security Contract	399,294	X	X
Janitorial	Janitorial Night Contract	342,422	X	X
Repairs & Maintenance	Engineering Contract	214,644	X	X
Insurance	Property, Liability, and Earthquake Insurance	190,389	X	X
Janitorial	Janitorial Day Contract	122,834	X	X
Janitorial	Janitorial Supplies	90,000	X	X
Repairs & Maintenance	HVAC Miscellaneous	77,800	X	X
Repairs & Maintenance	Other Repair and Maintenance (Signage, Steam Cleaning, Roof, Locksmith, Pest Control Contract, Other Maintenance)	66,180	X	X
Repairs & Maintenance	Plumbing	39,390	X	X
Fire/Life Safety Security	Other Fire/Life Safety Expenses (Phone, Emergency Generator, Other Expenses)	38,690	X	X
Landscape	Exterior Landscape Contract	37,200	X	X
Repairs & Maintenance	Electrical Repairs and Supplies	33,950	X	X
Repairs & Maintenance	Painting	30,500	X	X
Repairs & Maintenance	Windows	30,124	X	X
Repairs & Maintenance	Elevator Maintenance Contract	27,600	X	X
Fire/Life Safety Security	Security Equipment and Maintenance	26,140	X	X
Repairs & Maintenance	HVAC Maintenance Contract	24,338	X	X
Landscape	Landscape Extras	23,900	X	X
Repairs & Maintenance	Water Treatment	22,212	X	X
Property Tax	Property Tax Assessments	20,453	X	X

Facilities: Other Operating Expenses				
Specific Type	Objective of the Item Proposed	Budget FY 2020 Input	Appropriation	Authorization
Utilities	Water-Building	19,035	X	X
Repairs & Maintenance	Walls/Ceilings/Floors/Sidewalks/Railings	16,900	X	X
Utilities	Gas	15,230	X	X
Building Expenses	Various Building Expenses (Trash, Water For Irrigation, Interior Plants)	13,648	X	X
Parking Lot Maintenance	Parking Lot Maintenance	10,640	X	X
Repairs & Maintenance	Door Maintenance and Repair	6,000	X	X
Total Other Operating Expenses		2,429,513		