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CalOptima Health Expenditure Review Summary

February 9, 2026

Prepared for:

Kennaday Leavitt, on behalf of the
Legal Ad Hoc Subcommittee
CalOptima Health Board of Directors





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I. OVERVIEW

Ankura Consulting Group, LLC (“Ankura” or “we”) was engaged by Kennaday Leavitt on behalf of CalOptima Health (“CalOptima”) to review a sample of expenditures where Former Supervisor and Former Chair of the CalOptima Board of Directors (“BOD”) Andrew Do (“Do”) was involved in the selection and review process or had a known or potential relationship to the individuals or vendors involved. We were also asked to review a sample of grants provided to community-based organizations to determine if CalOptima followed its policies and procedures, including how entities were selected to receive funds and how funding was overseen. The results of the Grants portion of the analysis were separately reported to and addressed by the Grant Ad Hoc Committee of the CalOptima BOD and are not addressed in this report.

II. SCOPE AND METHODOLOGY

It is important to note that there were no specific allegations brought forth for us to investigate. Therefore, our approach began with identifying the set of expenditures that we would review. The time period that we reviewed was January 2011 through December 2024 (“period of interest”), which is inclusive of the time period that Do served as a member and as the Chair of the CalOptima BOD. Do was appointed to the CalOptima BOD by the Orange County Board of Supervisors on or about March 24, 2015. Do was appointed Chair of the CalOptima BOD on or about September 3, 2020, and served as BOD Chair until his resignation on or about February 2, 2023.

We discovered early on that CalOptima lacks a consistent and comprehensive categorization of its expenditures, which would enable us to identify the purpose of each expenditure. Therefore, we approached our review through documentation available from meetings of the CalOptima BOD. BOD materials from August 2016 to December 2024 were publicly available at the time of Ankura’s review. Historical materials from January 2011 through July 2016 were provided to us by CalOptima’s Clerk of the Board. The BOD materials enabled us to identify CalOptima Board Action Agenda Referrals (“COBARs”), which represent various actions brought before the BOD, including expenditures to external entities. Due to purchasing price thresholds established in CalOptima’s policies and procedures, not all purchases require review and approval by the BOD. Purchases falling below the established thresholds would not be visible to Ankura, given the COBAR approach described. Based on the standardized layout of the COBARs, Ankura programmatically extracted COBAR information across the BOD meeting materials for the period of interest. The extracted COBAR data were then reviewed to assess the relevance of various COBAR topics to our scope of review.

Many COBARs did not involve the approval of expenditures and were therefore deemed not relevant to our scope of review. Examples of COBARs that did not involve expenditures included actions related to:



- The composition, operations, and leadership of the CalOptima BOD or other organizational committees;
- Revisions to or adoption of CalOptima policies and procedures;
- Human resources or other employee matters;
- Approval of public declarations (e.g., letters of support); and
- Presentation and adoption of financial statements or strategic plans.

Of the COBARs that involved the approval of expenditures, certain types were not reviewed because they involved the delivery of healthcare services or specific technical services that would require an extensive review by CalOptima staff to determine whether the vendor met certain specifications. These topics included, but were not limited to:

- Matters involving CalOptima's directly contracted providers or its delegated health networks; and
- Contracts with entities for core organizational operations, such as those with:
 - Pharmacy benefit managers;
 - Transportation, vision, dental, or behavioral health delegates;
 - Medical review organizations;
 - Healthcare advisory or real estate consultants;
 - Software or technology vendors; and
 - Outside counsel.

The remaining COBAR topics included approval of funding to community-based organizations and other types of entities, including the types of organizations that Do was known to have had or could potentially have had relationships with. This included the following types of expenditures:

- Funds for federal and state legislative advocacy as well as communications firms;
- Funds for community events and activities; (At the time of our review, Kennaday Leavitt had already conducted a review of certain community events and activities. Such events and activities were excluded from our review.) and
- Funds for grants and other programs or initiatives run by non-profit or community-based organizations. (As previously stated, the results of our analysis of grants and other programs were separately reported to and addressed by the Grant Ad Hoc Committee of the CalOptima BOD.)

Following the identification of these expenditures, Ankura requested documentation for a sample of such expenditures. (See Appendix A: Document Request Lists.)

The information sought varied based on the type of funding but generally included requests for documentation around how the funding opportunity arose, evidence of any competitive bidding processes, contracts and amendments, communications with the entities regarding the use of funds, and invoices or expense reports.



The availability of requested documentation to us varied across the types of expenditures and specific programs, as well as throughout the period of interest. In many instances, requested documentation was not provided to us due, in part, to staff turnover or lack of comprehensive record keeping, particularly for earlier parts of the period of interest. To attempt to fill documentation gaps, we reviewed BOD materials to glean certain information regarding the expenditures from COBARs and corresponding meeting minutes. The scope of our engagement did not include interviews with CalOptima staff, board members, or third parties.

Our analysis included the evaluation of the documentation provided and a determination of whether the documentation complied with CalOptima policies and procedures related to conflicts of interest, vendor contracting, and participation in community events by external entities.

To supplement the COBAR approach described above, we also aggregated information made available to us by Kennaday Leavitt related to Public Records Requests (“PRRs”) received by CalOptima from other parties where the PRRs potentially related to Do. It is important to note that Ankura does not have insight into whether Do indeed had relationships with each of the individuals or entities that were named in the PRRs, nor what the nature of any such relationships was. For these entities, we collected information on any funds expended by CalOptima and reviewed information available from the CalOptima BOD materials related to any such funds to determine if there were any issues with the services provided.

Lastly, Ankura received access to email communications of Do and of select CalOptima employees. We conducted targeted searches of emails to identify those that would provide further insight into Do’s potential relationships and to the expenditures included in our review.

Observations, findings, and recommendations from our review are described in the remainder of this report.

III. OBSERVATIONS AND FINDINGS

Based on the information available to Ankura through the approach described above, Do appears to have participated in certain discussions and votes with the CalOptima BOD related to organizations with which he had or may have potentially had relationships without proper disclosure of his potential conflicts of interest. This includes an entity previously documented in Do’s Stipulation Agreement with the State of California’s Fair Political Practices Commission. It is important to note that, based on information made available to Ankura, CalOptima had a pre-existing relationship with this entity before Do’s tenure on the BOD.



Do also appears to have participated in certain discussions and votes with the CalOptima BOD related to the approval of sponsorship funds for community events and activities for which Do had or may have had relationships with the related organizations or with the events themselves. While, in some instances, BOD materials evidenced that Do recused himself from voting on such events due to potential conflicts of interest, in at least two of the events reviewed, documentation provided to Ankura indicated that the events proposed for CalOptima's sponsorship were co-sponsored or put on in partnership with Former Supervisor Do. BOD materials evidenced that Do participated in the votes awarding sponsorship funds for such events. How the information about Do's involvement in these events was considered or vetted by CalOptima was not apparent based on the information made available to us. However, it is important to note that BOD documentation evidenced the benefits CalOptima received in return for its sponsorships of these events and that such benefits aligned with its policies and procedures. CalOptima's BOD appeared to consistently approve funds for sponsorship of community events and activities when such events met the requirements of its policies and procedures.

Based on the methodology described above and documentation reviewed, Ankura did not identify instances where Do improperly directed CalOptima funds to specific organizations. We also did not identify situations where intended services were not provided or where funds were expended for Do's exclusive benefit.

IV. RECOMMENDATIONS

Ankura recommends the following based on our review.

- Ensure that legal review (e.g., of disclosed conflicts of interest) is conducted, as appropriate, at relevant stages of the expenditure approval process.
- Reinforce and strengthen processes related to conflict-of-interest identification and management for CalOptima BOD members as well as relevant CalOptima staff (including others with decision-making authority or involvement). In addition to mandating disclosure related to individual BOD agenda items, consider requiring proactive disclosure and tracking of potential and known conflicts for members of the BOD conflicts on a recurring basis. Management plans surrounding conflicts of interest must be documented.
- As it relates specifically to community events and activities:
 - Update CalOptima policy and procedure to articulate and ensure consistency in application of key considerations outlined within supporting forms and processes. Specifically:
 - Define what constitutes an "affiliation" between a member of the CalOptima BOD, other committee, or employee and the event, and the steps that must be taken when an event is affiliated with such an individual.
 - Also update corresponding form templates to require documentation of who the affiliated individual is and the nature of their affiliation to the event.



- Ankura notes that CalOptima currently has multiple forms associated with its event sponsorship process. One such form currently collects information regarding individuals or other entities with a “substantial role” in the event, though inconsistencies were observed in the events reviewed where individuals were named to have a substantial role in the event in one form but not identified as affiliated in the other
- Outline when legal review (e.g., conflict analysis) is required for an event, including when a member of the CalOptima BOD, other committee, or employee is affiliated with or has a substantial role in the event and/or when CalOptima is sponsoring an event for an organization that has not previously received such funding.
 - Ensure conflict analyses and plans for management of any conflicts are documented and that such documentation is retained.
- Ensure that information regarding any CalOptima individuals affiliated with an event is presented along with the proposed sponsorship for BOD consideration.
- Require all event sponsorships to be accompanied by a written request from the sponsoring organization. Ensure documentation of what benefits are given for a sponsorship is retained, including clear itemization of customized sponsorships for traceability against actual funding amounts disbursed. Retain documentation of rationale for any increases in funding as compared to amounts originally sought by the organizing entity or as compared to previous years, including additional sponsorship benefits to be received for additional funding amounts.



APPENDIX A: DOCUMENT REQUEST LISTS

The following request list is representative of the information Ankura sought for each of the specified categories. It does not include additional ad hoc or follow-up requests made.

Legislative Advocacy or Communications Firms

1. Documentation of the selection process for the award of funds to each entity, including but not limited to:
 - a. Requests for proposal;
 - b. Copies of proposals or materials provided by bidders or selected firms related to offered services;
 - c. Rubric or scoring criteria for bidders;
 - d. CalOptima individuals involved in selection determination; and
 - e. Documentation of conflict-of-interest review.
2. All executed contracts or agreements, including any change requests, amendments, or extensions.
3. For federal or state legislative advocacy entities, details of the scope of responsibilities related to advocacy.
4. List of CalOptima individuals responsible for directing activities of the entity.
5. Copies of deliverables and status reports.
6. Communications to or from firm or materials related to budgets, funding, and payments.
7. Copies of all disbursement requests and corresponding supporting documentation.
8. Documentation of review, approval, or denial, and completion of disbursements by applicable CalOptima departments (e.g., business owner, finance).
9. Tracking by CalOptima of disbursements against budget.

Community Events or Activities

1. Documentation of how CalOptima became aware of the event or activity, such as copy of request for funding/sponsorship.
2. Documentation of conflict-of-interest review.
3. List of CalOptima individuals (including BOD members or employees) participating in event or activity.
4. Communications with event or activity organizer/sponsor/representative regarding CalOptima's participation and funding.
5. Copies of disbursement requests and corresponding supporting documentation.
6. Documentation of review, approval or denial, and completion of disbursements by applicable CalOptima departments.
7. Any other documentation related to event or activity.