NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS

MARCH 5, 2026
2:00 P.M.

505 CITY PARKWAY WEST, SUITE 108
ORANGE, CALIFORNIA 92868

BOARD OF DIRECTORS

Supervisor Vicente Sarmiento, Chair
Isabel Becerra
Norma García Guillén
Brian Helleland
José Mayorga, M.D.
Maura Byron, Vice Chair
Blair Contratto
Catherine Green, R.N.
Veronica Kelley, DSW, LCSW
Supervisor Janet Nguyen
Supervisor Doug Chaffee, Alternate

CHIEF EXECUTIVE OFFICER	OUTSIDE GENERAL COUNSEL	CLERK OF THE BOARD
Michael Hunn	James Novello Kennaday Leavitt	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 identifying the item 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, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar and/or the beginning of Public Comments. When addressing the Board, it is requested that you state your name for the record. Address the Board as a whole through the Chair. Comments to individual Board 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 Meeting Agenda and supporting materials are available for review at CalOptima Health, 505 City Parkway West, Orange, CA 92868, Monday-Friday, 8:00 a.m. – 5:00 p.m. These materials are also available online at www.caloptima.org. Board meeting audio is streamed live on the CalOptima Health website at www.caloptima.org.

Members of the public may attend the meeting in person. Members of the public also have the option of participating in the meeting via Zoom Webinar (see below).
Participate via Zoom Webinar at
https://us02web.zoom.us/webinar/register/WN_epLPB2DLSzelhnKg2ynY9w
Join the Meeting.
Webinar ID: **824 6009 6035**
Passcode: **251753** -- Webinar instructions are provided below.

CALL TO ORDER
Pledge of Allegiance
Establish Quorum

PRESENTATIONS/INTRODUCTIONS

MANAGEMENT REPORTS
1. CalOptima Health 2025 Accomplishments

2. Chief Executive Officer Report

3. Covered California Program Implementation Status

ADVISORY COMMITTEE UPDATES
4. Member Advisory Committee and Provider Advisory Committee Updates

PUBLIC COMMENTS
At this time, members of the public may address the Board of Directors on matters not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors. Speakers will be limited to three (3) minutes.

CONSENT CALENDAR
5. Minutes
   a. Approve Minutes of the February 5, 2026 Regular Meeting of the CalOptima Health Board of Directors
   b. Receive and File Minutes of the November 20, 2025 Regular Meeting of the CalOptima Health Board of Directors' Finance and Audit Committee

6. Approve Reappointment of Annie Tran to the CalOptima Health Board of Directors' Investment Advisory Committee

7. Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2025

8. Receive and File:
   a. January 2026 Financial Summary
   b. Compliance Report
   c. Government Affairs Reports
   d. CalOptima Health Community Outreach and Program Summary

REPORTS/DISCUSSION ITEMS
9. Approve Actions Related to the Housing and Homelessness Incentive Program

CLOSED SESSION

CS-1. HEALTH PLAN TRADE SECRETS, Pursuant to Government Code section 54956.87, subdivision (b): Program of All-Inclusive Care for the Elderly

CS-2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) and (e)(1): up to 2 potential cases

CS-3. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION, Pursuant to Government Code section 54956.9(d)(1). Name of Case: Prime Healthcare Services-Garden Grove LLC, etc. et al. v. CalOptima, et al. (Orange County Superior Court Case Nos. 30-2019-01103825-CU-BC-CJC, 30-2020-01171074-CU-BC-CJC, 30-2021-01208562-CU-BC-CXC, 30-2023-01315976-CU-BC-CXC, 30-2024-0144733-CU-BC-CXC, and 30-2023-01356790-CU-BC-CXC)

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

ADJOURNMENT

TO REGISTER AND JOIN THE MEETING

Please register for the Regular Meeting of the CalOptima Health Board of Directors on March 5, 2026 at 2:00 p.m. (PST)

To **Register** in advance for this webinar:
https://us02web.zoom.us/webinar/register/WN_epLPB2DLSzelhnKg2ynY9w

To **Join** this webinar:
https://us02web.zoom.us/s/82460096035?pwd=k7uojpB18ax6ullR4vcy7aCNOI3UgN.1

Phone one-tap:
+16699009128,,82460096035#,,,,*251753# US (San Jose)
+16694449171,,82460096035#,,,,*251753# US

Join via audio:
+1 669 900 9128 US (San Jose)
+1 669 444 9171 US
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
+1 719 359 4580 US
+1 253 205 0468 US
+1 309 205 3325 US
+1 312 626 6799 US (Chicago)
+1 360 209 5623 US
+1 386 347 5053 US
+1 507 473 4847 US
+1 564 217 2000 US
+1 646 558 8656 US (New York)
+1 646 931 3860 US
+1 689 278 1000 US
+1 301 715 8592 US (Washington DC)
+1 305 224 1968 US

Webinar ID: 824 6009 6035
Passcode: 251753
International numbers available: **https://us02web.zoom.us/u/kyaWln3gM**

CalOptima Health's 2025 Accomplishments

Board of Directors Meeting
March 5, 2026

Michael Hunn
Chief Executive Officer

Our Mission

To serve member health with excellence and dignity, respecting the value and needs of each person.

Our Vision

Provide all members with access to care and supports to achieve optimal health and well-being through an equitable and high-quality health care system.

CEO Highlights

Michael Hunn
Chief Executive Officer

2025: Focus on Our Members

- CalOptima Health's members-first priority
  - Served more than 877,000 members
- Invested $25.5 million to transform mental health support for Orange County students through the Student Behavioral Health Incentive Program
- Established a specialized transplant program
- Promoted continuity of care through Covered California regulatory journey
- Boosting outreach and partnership in the new Medi-Cal era

CalOptima Health

Operations

Yunkyung Kim
Chief Operating Officer

Operations, Provider Network, Quality

Operations

- 500,000+ calls answered
- 8.2 million claims paid
- 100,000 grievances and appeals resolved

Provider Network

- Added Providence as newest health network
- Transitioned managed services organizations (MSOs) at two health networks
- Built Covered California provider network

Quality

- Increased OneCare quality rating to 3 Stars
- Achieved NCQA Health Equity Accreditation
- Resolved credentialing challenges

CalOptima Health

Lines of Business

Medi-Cal/ CalAIM

- Provided street medicine to 1,000 members
- Launched the transitional rent benefit
- Managed 254 active grants

OneCare

- Increased enrollment by 5%
- Added a flex card benefit
- Added a member support group program

PACE

- Increased enrollment by 7%
- Implemented a new electronic medical record (EMR) system
- Submitted an application to expand

CalOptima Health

Systems and Infrastructure

Information Technology

- Upgraded FACETS
- Introduced Provider Dispute Resolution (PDR) submission via provider portal
- Implemented IT governance and portfolio management

Security

- Experienced ZERO major security breaches
- Reduced critical security vulnerabilities by 90%
- Blocked 6,000+ malicious actors

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IT Governance and Project Management

- Monthly review of the IT Project Portfolio (the list of approved projects) and reconciliation to the IT budget
- Time tracking implemented for IT FTEs and contractors
- Project costs are more accurate
- CalOptima Health is better aligned with Finance standards
- More complete project costs will be available to the Board with the FY'27 budget (software/maintenance, contractors, and FTE labor)
- Capital will be better categorized in FY'27 as more of the IT FTE costs will be capitalized as project work. FTE expenses will correspondingly decrease
- Annual planning of technology investments are more nimble and responsive to technology advancement
- The value delivered will be reported to the Board annually

CalOptima Health

Finance

Nancy Huang
Chief Financial Officer

Back to Agenda

Finance

- Financial System and Operational Excellence
  - Implemented D365 to modernize and streamline financial systems and enhance operations
  - Developed Covered California financial forecast and premium position model
  - Engineered a financial/operational solution for Providence Health Network participation
  - Expanded Key Performance Indicator (KPI) dashboards for EPSDT, SNF and LTC, enrollment trends
  - Developed automated tools to support data-driven decisions

CalOptima Health

Finance (cont.)

- Budget and Risk Management
  - Delivered a balanced annual CalOptima Health budget
  - Completed all required CMS, DHCS and other regulatory audits and submissions
  - Successfully renewed insurance coverage for 19 lines of business with a less than 3% premium increase
- Safety and Accessibility Enhancements
  - Upgraded 505 building lobby doors for ADA compliance and improved security
  - Installed “smart” crosswalk between 500 and 505 buildings
  - Enhanced building security protocols for improved surveillance and signage

Medical Management

Richard Pitts, D.O., Ph.D.
Chief Medical Officer

Clinical Operations

- Case Management
  - Completed more than 19,000 Health Risk Assessments (HRAs) in 2025 to reach 4 Stars for HRA completion
  - Delivered strong care coordination
    - 8,700+ assessments and 2,000+ interdisciplinary care team meetings across programs
  - Completed 24,262 high-volume screenings across OneCare, Medi-Cal and pediatric specialty

CalOptima Health

Clinical Operations (cont.)

- Disease Management
  - 2,170 members supported, 98% satisfaction rate and participation doubled
- Long-Term Services and Supports (LTSS)
  - Multipurpose Senior Services Program at full census
  - Community-Based Adult Services enrollment up 20%+
  - CalAIM housing waitlist cut from 600 to 0
- Training and Education
  - 93 clinical trainings, 5,800+ referrals and 171 classes delivered

CalOptima Health

Clinical Operations (cont.)

- Utilization Management
  - Readmission improvement
    - Medi-Cal: 1.18% → 1.02%; OneCare: 12.1% → 10.26%
- Transitional Care Services
  - +7% engagement in 7-day outreach success, expanded workflows and rising hospital ED support
- Impact stories
  - Hospital transition member regained independence, returned to work, now pursuing GED and BH certification
  - Diabetes member reduced A1C from 11.2% → 5.9% in three months with support from the treating provider and Disease Management team

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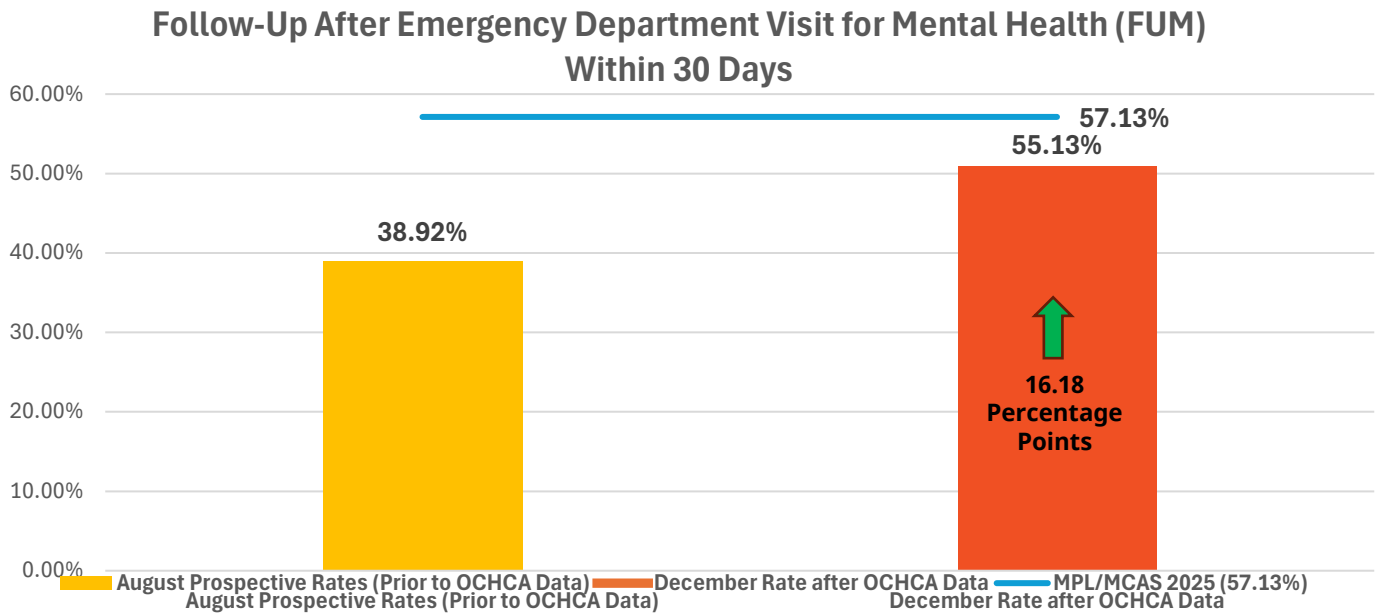
Behavioral Health

- Telemed2U Telehealth Vendor
  - Telemed2U went live in April 2024 offering counseling for ages 13+ and medication management for ages 5+
  - More than 38,000 telehealth visits occurred between January–December 2025
- Children & Youth Behavioral Health Initiative (CYBHI)
  - Selected by DHCS as one of a few plans to implement the CYBHI Mental Health Fee Schedule reimbursement process with Carelon Behavioral Health
  - CalOptima Health has reimbursed Orange County school districts more than $183,000

Behavioral Health (cont.)

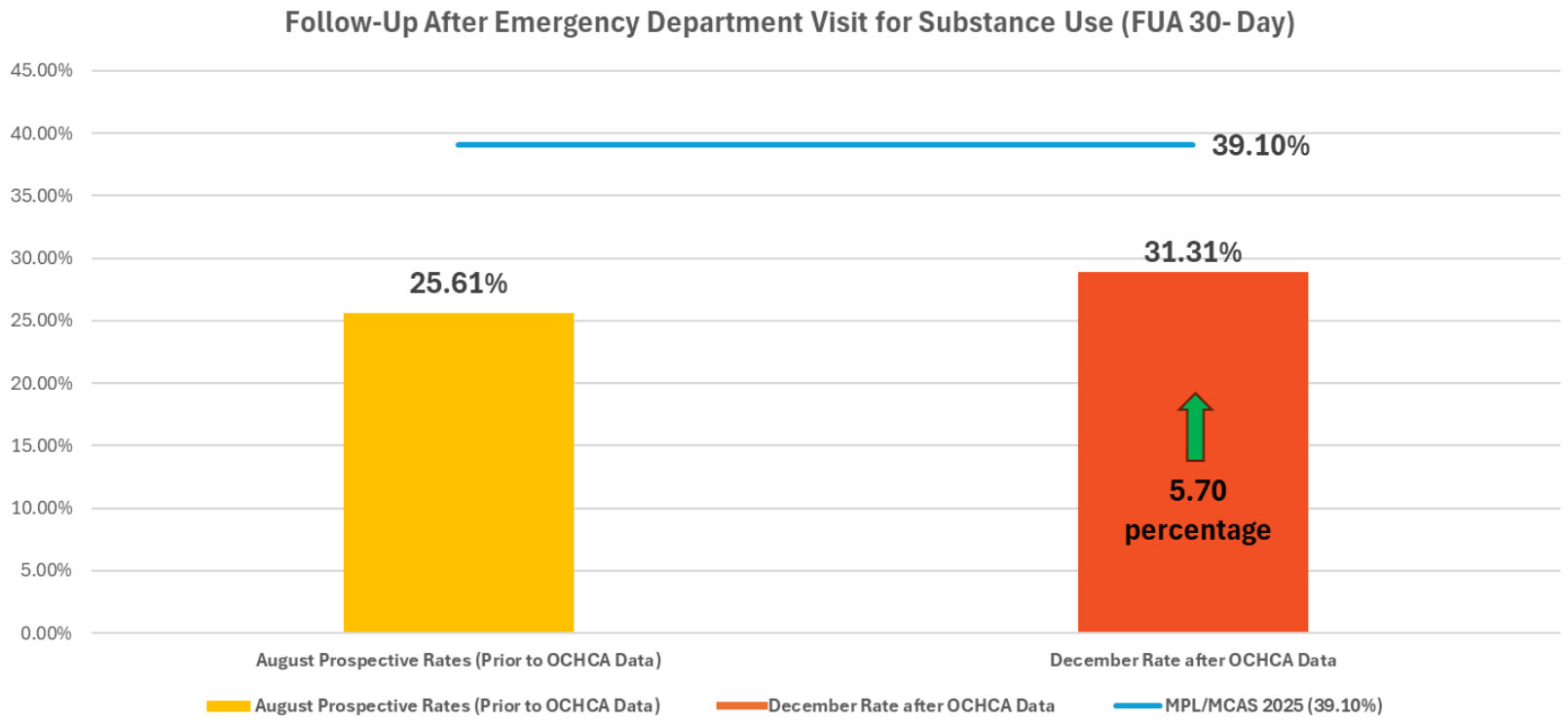
- CalOptima Health now sharing data with Orange County Health Care Agency (OCHCA)
  - 16.18 percentage point increase for Follow-Up After Emergency Department Visit for Mental Health (FUM) Within 30 days



Note: December 2025 Prospective Rates are not Final Rates

Behavioral Health (cont.)

- 5.70 percentage point increase for Follow-Up After Emergency Department Visit for Substance Use (FUA) Within 30 days



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Pharmacy Management

- Star Rating improvement
  - The “Triple-Weight” Win: All three adherence measures (Diabetes, Hypertension and Statins) are projected to meet Significant Improvement thresholds, maximizing OneCare’s Star Rating potential and Quality Bonus Payments
    - Diabetes Adherence: Projected increase to 4 Stars
    - Hypertension Adherence: Projected increase to 3 Stars
  - Sustained Year-over-Year (YoY) improvements across the entire Part D portfolio, reflecting successful clinical oversight and leadership within Pharmacy Management

Human Resources

Steve Eckberg
Chief Human Resources Officer

Human Resources

- Implemented Business Partner Model
  - Established a single point of contact within HR for each Chief-level position
  - Increased staff in Employee Relations for better department support
- Realigned the primary method of employee encounters
  - People Engagement – People to People
  - People Rewards – People to Programs
  - People Experience – People to Technology
- Renegotiated benefits to 90/10 cost share
  - Cost well below the expected budget

CalOptima Health

Human Resources (cont.)

- Developed comprehensive Strategic Plan to support OneCare Star Rating
  - Addressed compensation, career progression, training, talent acquisition and more
- Held inaugural Staff Retreat

CalOptima Health

Office of Compliance

John Tanner
Chief Compliance Officer

Fraud, Waste and Abuse (FWA) Special Investigations Unit (SIU)

- Participated and collaborated in monthly meetings with DHCS Audits and Investigations and quarterly meetings with the California DOJ
- Restructured to improve efficiency and focus
  - Added Senior Manager of Investigations
  - Established separate intake and investigation teams
- Received 400+ case referrals
  - Opened 93 new investigations; closed 75 investigations
  - Identified $3,033,535 in provider overpayments; recovered $297,715 in provider overpayments
- Answered 16 regulatory requests for information
  - DOJ – 7, DHCS – 5, CMS – 3 and FBI – 1

CalOptima Health

Regulatory Affairs and Compliance (RAC) Medi-Cal

- Began implementation of RAC Artificial Intelligence software
  - Will improve efficiency and streamline updates to P&Ps
- Addressed 26 noncompliance issues reported to the department, resulting in 16 CAPs
- Submitted 548 reports to regulators
- Received 527 regulatory guidance notifications
- Completed 10 regulatory audits
  - Closed 14 regulatory audit CAPs
- Approved 100+ member/marketing materials

CalOptima Health

RAC Medicare

- Analyzed and disseminated 353 regulatory guidance notices
- Ensured compliance and regulatory approval of 638 member/marketing materials
- Submitted 198 regulatory reports
- Conducted 14 noncompliance investigations, resulting in 10 CAPs
- Lead organization-wide audit readiness activities, such as the Annual Compliance Program Effectiveness Audit and CMS Program Audit
  - Passed four audits with no findings

HIPAA and Privacy

- Governance, Oversight & Program Management
  - Relaunched a Privacy Patrol Program
    - Monthly, unannounced walkthroughs of operational departments to identify HIPAA risks
  - Conducted a HIPAA assessment of Street Medicine
  - Implemented quarterly privacy incident review meetings
- Incident Management, Investigations & Reporting
  - Investigated and managed 120 privacy incidents while achieving 98% on-time reporting
  - Enhanced investigation workflows
  - Strengthened coordination with Compliance, Legal, IT Security and Operations to ensure consistent incident resolution and corrective action

CalOptima Health

HIPAA and Privacy (cont.)

- Training, Education & Workforce Awareness
  - Revised the HIPAA Privacy retraining curriculum and transitioned delivery to CalOptima Health University, including training accessibility, completion tracking and incident-driven remediation learning
  - Supported two privacy staff members to obtain health care compliance and privacy certifications to strengthen subject-matter expertise
- Audit Readiness, Risk Assessment & Quality Improvement
  - Implemented trend analysis of privacy incidents to refine investigation tools, improve root-cause analysis and guide corrective action planning

Internal Audit

- Completed 13 regulatory compliance annual audits
- Completed three ad hoc program audits/reviews
- Provided oversight/reporting for 17 internal areas
- Managed and closed 46 KPI CAPs
- Strengthened grants management capabilities
  - Managed grant audits
  - Developed Internal Audit Grants Auditing Policy HH.4004
  - Developed Internal Audit Grants Auditing Playbook
  - Reviewed and advised updates for Grants Management's Policy AA.1400
  - Added Sr. Manager II to oversee grants and internal auditing initiatives

CalOptima Health

Policies and Procedures Management

- Provided analysis for compliance with applicable statutory, regulatory and contractual obligations
- Managed policies through a review process that includes leadership, Legal, the Policy Review Committee and Board of Directors
- Coordinated regulatory agency submissions

Annual Policy Review Data	
Calendar Year	**2025**
Completed Annual Review	404
New Policies	13
Review In Progress	15
Retired	3
Needs Review	34
Total Policies	**469**
Total Annual Reviews	**92.70%**

Other CY25 Policy Related Statistics	
CEO Signed Policies *(Representing policies with multiple cycle reviews)*	**540**
Policies Reviewed with Legal	**460**
DHCS and Regulatory Required Submissions	**121**
Policies Reviewed by the Board of Directors	**86**
Annual Office of Compliance Policy Reviews	**41**
DHCS All Plan Letter (APL) Project Coordination & Meetings	**30**
Covered California Policies Under Development	**18**
Topical Policy Research Requests	**11**

CalOptima Health

Equity and Community Health

Michaell Silva Rose, DrPH, LCSW
Chief Health Equity Officer

Equity and Community Health

Initiative	Accomplishment
Updated CalOptima Health Vision	• Vision updated in 2025 to reflect our commitment to health equity and high-quality care
Health Equity Performance Goal	• Advanced health equity across the organization through annual staff performance goals on leading with dignity, respect, and fostering inclusive workspace
Health Equity Community Workgroup	• **Two** sessions with **213** attendees • Addressed state and federal legislation impacting Medi-Cal
Health Equity Guiding Principles	• **18** departmental listening sessions held to achieve organizational Health Equity alignment • Co-creation of Health Equity Principles
Optimal Health Outcomes Training	• **100%** staff completion across cultural competency, Diversity, Equity, Inclusion and Belonging (DEIB), and health equity fundamentals
Provider Trainings (CE)/(CME)	• **23** continuing education trainings with **1,921** attendees ○ **25%** increase in sessions offered from 2024 • **111** health care professionals sponsored by CalOptima Health to complete Maternal Mental Health Training

Culture and Health Conversations	• **Three** sessions with **264** participants
	  ○ Member Population Highlighted: Cambodian, Vietnamese, Latino
	  ○ Post survey Results
	  ▪ 98% improved understanding
	  ▪ 95% better connection strategies

Acronyms: Continuing Medical Education (CME), Continuing Education (CE)

Equity and Community Health (cont.)

Initiative	Accomplishment

Member Material Approvals	• **620** requests for member material review processed
	  ○ **34.2%** increase over 2024
	  ○ **2,460** total pages reviewed (47.6% increase over 2024)
	• Implemented Member Material Approval Process Redesign Workgroup

NCQA Health Outcomes Accreditation (HOA)	• Achieved with a perfect **100%** score
Population Needs Assessment	• Conducted detailed analysis of **882,106 Medi-Cal members**, identifying trends such as the rise in adult/senior membership • Analyzed **29+ HEDIS measures**, identifying those that met Minimum Performance Levels and those requiring targeted quality improvement.
Member Population Health Needs Assessment (MPHNA): Collaboration with Strategic Development and NORC	• Engaged **301 providers** through survey input to identify priority needs • Surveyed **25,000+ members** to capture broad demographic and health insights • Conducted **13 focus groups** with targeted populations • Completed **22 stakeholder interviews** to deepen qualitative understanding
Health Equity Asset Map: *NORC as vendor*	• Designed Health Equity Asset Map (launching 2026) as a strategic complement to the MPHNA, enabling data-driven identification of community assets and resource gaps to inform equitable investment, partnerships, and disparity reduction strategies.

Acronym: Healthcare Effectiveness Data and Information Set (HEDIS)

CalOptima Health

Measurable Outcomes

Program	Accomplishment
Development of the Hypertension Standing Orders Program	• **708** home Blood Pressure monitors issued • **173** staff/providers trained on standing order program
Development of the Blood Lead Screening Toolkit	• Co-designed a blood lead screening improvement toolkit in partnership with Kaiser and Orange County Health Care Agency (OC HCA) • Measurement Year (MY) 2024 demonstrates a strong upward trend with blood lead screening (LCS) rates improving to **70.80%**, up from 63.89% in MY 2023
Community Impact Team (Pilot)	• **25** community events with **6,000** encounters • **65** community-based organizations partners • **1,200** members received community health education • **1,648** members were screened (95 Mammograms, 607 Blood Pressure Checks, 715 Social Needs Screening, 231 Hypertension Screening and Assessments)
Birth Equity	• Postpartum Care rate for Black/African American members improved from 83.33% to **100%** • CalOptima Health has contracted with **19** Doulas; **111** members received doula services
Orange County Health Care Agency-CHA/CHIP collaboration	• Partnered with OC HCA and Kaiser Permanente on countywide CHA/CHIP • Served on the CHIP Steering Committee and six workgroups; Total of **71** meetings
Launched Multi-Modal Flu campaign awareness in collaboration with Quality	• Interactive Voice Response **(3,290 calls)** • Social media (**3,242 followers**) • Radio ads with an estimated reach of **100,000 listeners**

Acronyms: Community Health Assessment (CHA), Community Health Implementation Plan (CHIP)

CalOptima Health

Administration

Veronica Carpenter
Chief Administrative Officer

Community Relations

- Demonstrated commitment to community engagement and member support
  - Participated in 336 community events
    - Sponsored 90 events
    - Awarded $338,460 in sponsorships
    - Engaged 72,595 members
  - Hosted 13 community events to support the needs of 14,346 members and community members
    - Back-to-School Health and Wellness Fair, two holiday events, community diaper distribution, and Senior Summit, among others
  - Worked with 152 community partners

CalOptima Health

Communications

- Website transformation
  - Improved provider search, streamlined member content and expanded accessibility options
- Texting program growth
  - Launched 578 digital campaigns across eight threshold languages, delivering 8.5 million SMS messages to support preventative care, renewals and member education
- Seven major advertising campaigns
  - Placed multilingual campaigns for Brand Awareness, all lines of business, Cancer Screening Awareness and Get Care Now

CalOptima Health

Government Affairs

- Federal Advocacy
  - Led multiple joint letters with HASC, OCMA and other local partners to prevent more devastating Medicaid cuts
- State Advocacy
  - Mobilized a majority of Orange County's state delegation to delay a proposed PACE rate cap
  - Spearheaded a coalition letter with health networks to remove Medical Loss Ratio changes from state budget
- Local Advocacy
  - Secured a unanimous ordinance change by the OC Board of Supervisors to pursue launching a Covered California plan

CalOptima Health

Strategic Development

- Strategic Planning
  - Developed and adopted a new Strategic Plan for FY 2025–2027 with ongoing quarterly reporting to leadership and the Board of Directors
  - Launched organization-wide annual goal setting
- Covered California
  - Conducted implementation efforts toward 2027 launch
  - Made significant progress on licensure and the Qualified Health Plan application
- Enterprise Project Management Office (EPMO)
  - Launched an enterprise-wide Strategic Governance Committee to align new projects and vendor contracts with the Strategic Plan

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MEMORANDUM

DATE:	February 27, 2026
TO:	CalOptima Health Board of Directors
FROM:	Michael Hunn, Chief Executive Officer
SUBJECT:	CEO Report — March 5, 2026, Board of Directors Meeting
COPY:	Sharon Dwiers, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; and Whole-Child Model Family Advisory Committee

A. Covered California Monthly Update

CalOptima Health is continuing to prepare to launch a Covered California plan, effective January 1, 2027. Staff continues to work on the California Department of Managed Health Care (DMHC) filing to expand the scope of CalOptima Health's current Knox-Keene Act license, which is required to offer a commercial insurance product. On February 9, we submitted our third filing and are actively responding to DMHC comments on our provider network filing. Staff also continues to make progress on operational implementation activities, including information technology solutions, and has launched operational working sessions with delegated health networks. In addition, staff recently filed a Letter of Intent to Apply to Covered California and has engaged with Covered California's Plan Management Advisory Group to maintain alignment on CalOptima Health's application. Finally, staff is actively monitoring regulatory and policy impacts on the Marketplace landscape in California due to H.R. 1, the expiration of the enhanced Advance Premium Tax Credits (eAPTCs) and the February release of the proposed 2027 Notice of Benefit and Payment Parameters by the U.S. Centers for Medicare & Medicaid Services (CMS). So far, preliminary results from 2026 open enrollment show a decrease in new enrollments in Orange County, while renewals remain steady. On February 19, CalOptima Health met with Covered California leadership to better understand the impact of policy changes on enrollment and received positive support to continue working toward applying to launch the plan in 2027.

B. DHCS Medical Audit's On-Site Portion Concludes

On February 20, the California Department of Health Care Services (DHCS) concluded the on-site portion of its routine medical audit of CalOptima Health's Medi-Cal program. This year is considered a full-scope audit, and as such, all audit categories are reviewed. CalOptima Health's delegate, Optum, was selected to participate. Integrated with the routine annual audit, DHCS also conducted its annual review of State Supported Services, which are services funded entirely by the state and include family planning services and coverage for Unsatisfactory Immigration Status members. On February 23, during our preliminary audit exit conference, DHCS shared four preliminary findings:

- The first finding pertained to not including the decision maker's name on denial notices sent to providers. This was specific to Optum.

- The second and third findings pertained to CalAIM benefits. The second was related to oversight of Enhanced Care Management (ECM) providers, and the third pertained to ensuring members do not experience undue delays related to authorization of Community Supports. It is important to note that the auditors are still reviewing materials related to these two findings, and they do not represent systemic issues with member access to benefits and services.
- The fourth finding pertained to payment of claims to three providers who were ineligible for Medi-Cal payments at the time the claims were adjudicated. The three providers were all non-contracted, and the total payment to them was just under $15,000. CalOptima Health is in the process of recouping payment. In an almost one-year lookback period, these were the only ineligible providers that were paid.

DHCS is continuing to review materials. As such, these findings could change. However, it is unlikely there will be significant changes. In an audit of this magnitude, four findings are considered a very good outcome.

C. Government Affairs Updates

Fiscal Year 2026 Federal Funding Legislation Signed

On February 3, President Donald Trump signed into law *H.R. 7148: Consolidated Appropriations Act, 2026*, which ended a four-day partial shutdown of the federal government. H.R. 7148 previously passed the U.S. Senate and U.S. House of Representatives after a bipartisan agreement was reached between the White House and Senate Democrats. Specifically, H.R. 7148 included nearly all remaining bipartisan Fiscal Year (FY) 2026 appropriations bills to fund the federal government through September 30, 2026 — including for the U.S. Department of Health and Human Services — alongside a 10-day extension of existing FY 2025 funding for the U.S. Department of Homeland Security (DHS) through February 13, 2026, to provide additional time to negotiate immigration enforcement reforms. Lastly, H.R. 7148 included several pharmacy benefit manager (PBM) reforms and extended numerous federal health care programs and allowances, including but not limited to the following: Community Health Centers through December 31, 2026; Medicaid disproportionate share hospital (DSH) payments through September 30, 2027; Medicare telehealth flexibilities through December 31, 2027; and the hospital-at-home program through September 30, 2030. However, with Congress still unable to agree on bipartisan immigration reforms, DHS non-essential functions have been shut down since February 14. This does not directly impact any federal health care programs.

CMS Final Rule Impacts California's MCO Tax

On February 2, CMS published a final rule that changes federal requirements for health care-related taxes used to finance Medicaid programs, effective April 3, 2026. As expected, the final rule restricts the ongoing use of California's existing Managed Care Organization (MCO) tax. However, the most significant positive takeaway is that California's transition period is December 31, 2026, in alignment with its originally authorized term. After that time, the same tax structure will no longer be federally approvable. Therefore, DHCS will no longer be able to fully implement Proposition 35, which made permanent the existing MCO tax beyond its current term. DHCS will soon work with stakeholders on any potential modifications to the tax and payment methodologies to comply with federal requirements starting in 2027. In the meantime, CalOptima Health's state trade associations are consulting with DHCS to confirm any changes to the current MCO tax spending plan for 2026.

CalOptima Health Governance Legislation Introduced

On February 19, State Assemblymember Avelino Valencia introduced Assembly Bill (AB) 2194, sponsored by the County of Orange, which would implement staggered terms on the CalOptima Health Board of Directors, effective for the new terms expected to begin in August 2028. To accommodate a

transition, the following three Board seats would serve initial two-year terms: (1) current or former hospital administrator, (2) practicing licensed medical provider who is not affiliated with a health network, and (3) accounting or public finance professional or actively licensed attorney. In addition, AB 2194 would require CalOptima Health to provide any authorized representative of the Orange County Board of Supervisors with access to "any books, documents or records that are reasonably necessary to review the conduct of its activities."

DHCS Releases Proposed CalAIM Renewal Application
In February, DHCS released its proposed CalAIM Section 1115 demonstration renewal application, effective for a five-year period from January 1, 2027, through December 31, 2031. The application builds on the success of CalAIM and proposes new initiatives to further improve health outcomes for Medi-Cal members statewide. DHCS also launched a public comment period to solicit feedback through March 12, 2026. As part of the renewal application, DHCS proposes to continue certain core CalAIM programs, such as ECM and Community Supports, through managed care authorities. DHCS also seeks to transition Recuperative Care to In Lieu of Services (ILOS) authority, consistent with other Community Supports, and create a combined model that incorporates the levels of care currently offered under both Recuperative Care and Short-Term Post-Hospitalization Housing (STPHH). As part of this transition, STPHH will be discontinued as a separate Community Support. In addition, the renewal application includes continued authority for other key initiatives, such as Medi-Cal services for justice-involved populations for up to 90 days immediately prior to release. It also introduces new proposals, including BridgeCare Pilots, which offer targeted supports for older adults, and Employment Supports, which help Medi-Cal members overcome barriers to work so they can keep their coverage.

D. CalOptima Health Releases 2026 Report to the Community

CalOptima Health's 2026 Report to the Community has been mailed to 1,200+ community leaders and stakeholders. The 40-page report highlights the impacts and accomplishments of the past year, working with the Board and our partners to achieve results and transform the delivery of care to members. Special sections cover Member Engagement and Support, Community Outreach and Impact, Provider Network and Access, Care Quality and Outcomes, What's Next, and Finances and Leadership. To celebrate our 30th anniversary, we also highlight long-term employees and their dedication to our members and mission. Throughout the report, readers can scan QR codes to watch member videos, read special reports, view televised media coverage and visit the Covered California website. The report is featured on our website here.

E. Three Ad Campaigns Promote CalOptima Health Initiatives

CalOptima Health's Communications team oversees advertising placement throughout Orange County in support of our competitive programs (PACE and OneCare) and strategic initiatives. Communications is currently ramping up three ad campaigns: Cancer Screening Awareness, Get Care Now (both in market now) and Brand Awareness (returning next month). Campaign details are below:

Cancer Screening Awareness
As part of the year-round advertising campaign to boost cancer screening awareness, we recently placed ads in various out-of-home (OOH) locations, including:

- Large-format exterior ads on 35 OCTA buses, plus 200 interior ads
- Transit shelters in 70 locations across Orange County

These ads started in early February and will run through April.

Get Care Now

On March 2, the Get Care Now campaign is expanding to include a large-scale, place-based effort. Place-based advertising is an efficient way to reach target audiences in specific high-traffic locations outside their homes. The campaign will use a mix of placements, including community centers, churches, grocery stores, carnicerias, Walmart stores, restaurants, bakeries/panaderias, convenience stores, Latino businesses, and food trucks. In all, the advertisements will be visible in approximately 200 locations through May 3. In addition, the Get Care Now campaign will be featured on mobile billboards, with customized hyper-local routes to our highest member population cities of Santa Ana, Anaheim, Garden Grove, Orange, Fullerton and Costa Mesa. The routes also include a program to deliver display ads to phones within 100 meters of the billboards.

Brand Awareness

In March, we will be launching a refreshed Brand Awareness campaign. The new ads strengthen and adapt our brand messaging to reinforce CalOptima Health's role as Orange County's health care safety net, especially in response to evolving Medi-Cal policies. They underscore the importance of maintaining/renewing health coverage and leverage our 30-year anniversary as a trust-building moment, highlighting decades of service and the promise to remain a dependable partner through the impending changes. The campaign will be featured across various digital and traditional media.

F. Member HealthHub Is Now Live

On February 24, CalOptima Health debuted a new HealthHub on our website featuring a comprehensive library of trusted health information to help members make informed health choices. Topics include diabetes, heart health, nutrition and much more. HeathHub includes:

- Easy-to-read content and videos on common health topics
- Health and wellness information reviewed by doctors and experts
- Tools to check health risks or make a care plan
- Tips to stay healthy

Over the coming months, we will introduce members to HealthHub through text campaigns, social media and member newsletters.

CalOptima Health

Fast Facts
March 2026

Mission: To serve member health with excellence and dignity, respecting the value and needs of each person.

Membership Data* (as of January 31, 2026)

Total CalOptima Health Membership

857,663

Prior month: 865,746

Program	Members
Medi-Cal	838,509
OneCare (HMO D-SNP)	18,617
Program of All-Inclusive Care for the Elderly (PACE)	537

*Based on unaudited financial report and includes prior period adjustments.

Key Financial Indicators (for the month ended January 31, 2026)

	Dashboard	YTD Actual	Actual vs. Budget ($)	Actual vs. Budget (%)
Operating Income/(Loss)	●	$89.1M	$77.0M	636.0%
Non-Operating Income/(Loss)	●	$64.2M	$6.8M	11.9%
Covered California Start-up Expenses	●	($2.4M)	$3.7M	60.8%
Bottom Line (Change in Net Assets)	●	$150.9M	$87.5M	138.1%
Medical Loss Ratio (MLR) *(Percent of every dollar spent on member care)*	●	91.9%	---	(1.4%)
Administrative Loss Ratio (ALR) *(Percent of every dollar spent on overhead costs)*	●	5.1%	---	1.3%

Notes:

- For additional financial details, refer to the financial packages included in the Board of Directors meeting materials.
- Adjusted MLR (without the estimated provider rate increases funded by reserves) is 87.8%.

Reserve Summary (as of January 31, 2026)

	Amount (in millions)
Board Designated Reserves*	$1,627.7
Statutory Designated Reserves	$136.0
Capital Assets (Net of depreciation)	$111.2
Unspent Balance of Allocated Resources	$343.5
Unspent Balance of Board Approved Provider Rate Increase**	$192.9
Unallocated Resources*	$540.1
Total Net Assets	$2,951.5

* Total of Designated Reserves and Unallocated Resources can support approximately 199 days of CalOptima Health's current operations.

** 5/2/24 meeting: Board of Directors committed $526.2 million for provider rate increases from 7/1/24–12/31/26.

Total Annual Budgeted Revenue **$4.7 Billion**

Note: CalOptima Health receives its funding from state and federal revenues only and does not receive any of its funding from the County of Orange.

CalOptima Health Fast Facts

March 2026

Personnel Summary (as of February 7, 2026, pay period)

	Filled	Open	Vacancy % Administrative	Vacancy % Medical	Vacancy % Combined
Staff	1,361	72.25	59.73%	40.27%	5.04%
Supervisor	82	5	40%	60%	5.75%
Manager	115	10	80%	20%	8%
Director	81	8.50	70.59%	29.41%	9.50%
Executive	21	1	100%	---%	4.55%
Total FTE Count	1,660	96.8	70.06%	29.94%	5.51%

FTE count based on position control reconciliation and includes both medical and administrative positions.

Provider Network Data (as of February 23, 2026)

	Number of Providers
Primary Care Providers	1,307
Specialists	8,145
Pharmacies	493
Acute and Rehab Hospitals	42
Community Health Centers	72
Long-Term Care Facilities	244

Treatment Authorizations (as of December 31, 2025)

	Mandated	Average Time to Decision
Inpatient Concurrent Urgent	72 hours	34.05 hours
Prior Authorization – Urgent	72 hours	3.52 hours
Prior Authorization – Routine	5 days	0.38 days

Average turnaround time for routine and urgent authorization requests for CalOptima Health Community Network.

Member Demographics (as of January 31, 2026)

Member Age

0 to 5	8%
6 to 18	22%
19 to 44	34%
45 to 64	20%
65 +	16%

Language Preference

English	56%
Spanish	29%
Vietnamese	9%
Korean	2%
Other	2%
Farsi	1%
Chinese	<1%
Arabic	<1%
Russian	<1%

Medi-Cal Aid Category

Expansion	37%
Temporary Assistance for Needy Families	36%
Seniors	13%
Optional Targeted Low-Income Children	8%
People With Disabilities	5%
Long-Term Care	<1%
Other	<1%

Covered California Implementation Update

Board of Directors Meeting

March 5, 2026

Donna Laverdiere

Executive Director, Strategic Development

Our Mission

To serve member health with excellence and dignity, respecting the value and needs of each person.

Our Vision

Provide all members with access to care and supports to achieve optimal health and well-being through an equitable and high-quality health care system.

CalOptima Health's Covered CA Guiding Principles

1. Through Covered CA participation, provide continuous, high-quality care to our members across changes in life circumstances
2. Ensure sufficient provider reimbursement in alignment with the current Covered CA market in Orange County
3. Consistently engage external stakeholders on an ongoing basis to inform the design and development and implementation of the program in a transparent way
4. Be strong stewards of public funds by identifying opportunities for efficiency and careful investment in needed capabilities
5. Ensure ongoing reinvestment in the Orange County community as a key tenet of Covered CA participation
6. Start small and target individuals and families churning on and off Medi-Cal coverage
7. Ensure network adequacy to support access and availability to care for our members

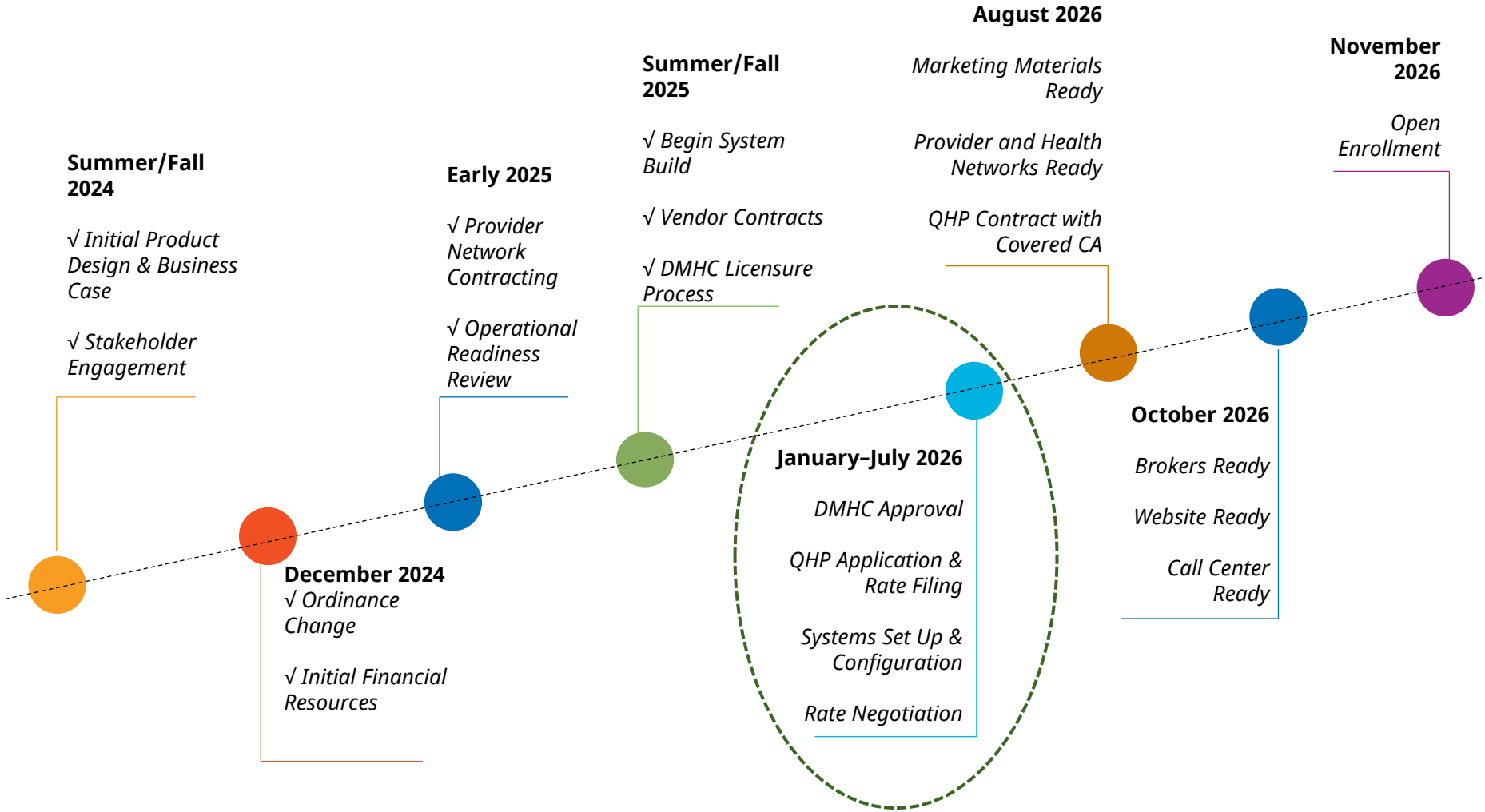
Previous Covered CA Board Approvals

Board Action	Date
Approval to Convene a Stakeholder Steering Committee	August 2024
Approval of Guiding Principles and Request to Amend County Ordinance	October 2024
Approval of Initial Financial Resources — Consulting Support	December 2024
Approval of Covered CA Provider Contract Templates	March 2025
Approval of Health Network Strategy Approval to Amend Select Vendor Contracts — Dental, Vision, Pharmacy, Telehealth	May 2025
Request to Submit Initial Licensure Filing to DMHC — *Critical Decision Point*	June 2025
Approval of FY 2026 Covered CA Budget	June 2025
Approval to Amend Administrative Service Agreements (ASA) to add Covered CA — Translation Services	August 2025
Approval to Amend ASAs to add Covered CA — Nurse Advice Line, Sales/Broker Portal System	September 2025
Approval to Amend ASAs to add Covered CA — Transportation and Encounter Data Management	November 2025
Approval to Submit the Letter of Intent to Apply — *Critical Decision Point*	December 2025
Approval to Amend ASAs to add Covered CA — Field Marketing Organizations	February 2026

CalOptima Health

Back to Agenda

High-Level Implementation Timeline



BOD Review

April 2026	June 2026	Aug 2026
Rate Review (Closed Session)	FY 2027 Budget	Approve Covered CA Contract

Upcoming BOD Checkpoints (subject to change)

CalOptima Health

Back to Agenda

Implementation Updates

- **CA Department of Managed Health Care (DMHC) Licensure Filing**
  - Staff have completed three rounds of submissions and comment periods with DMHC and are nearing the end of the filing process, targeting completion in Q2 of 2026
- **Covered CA Qualified Health Plan (QHP) Application**
  - The QHP Letter of Intent to Apply was submitted and accepted in February
  - Staff is currently developing responses to the QHP Application, which will be submitted to Covered CA by April 30, 2026
- **Provider Network**
  - Initial contracted network was submitted to DMHC in October 2025 and is currently in review; staff will submit a response to DMHC's comment letter on March 11, 2026
  - Currently launching a health network onboarding process
- **Operations**
  - IT system development work is on track, with the first testing date with the state planned for July 2026
  - Implementation of key functions is underway, including premium billing, enrollment reconciliation, and plan benefit configuration

CalOptima Health

Draft Start-up Cost Estimates

FY 2026 and FY 2027 Costs are DRAFT and Subject to Change

Category	Scope	FY 2025	FY 2026	FY 2027	Total
Consulting/ Professional Services	Consultation and support on product design, operational readiness, regulatory filing requirements	$550,000	$2,100,000	$1,200,000	$3,850,000
IT System Implementation	System changes for new product (eligibility and enrollment reconciliation, configuration, interfaces, reporting, premium billing, etc.)		$5,400,000 *CapEx: $3.7m* *OpEx: $1.7m*	$7,700,000 *CapEx: $6.4m* *OpEx: $1.3m*	$13,100,000
Actuarial Support	Rate setting and pricing/general guidance	$350,000	$150,000	$400,000	$900,000
Legal Services	Legal services for the DMHC licensure submissions	$750,000	$400,000	$150,000	$1,300,000
Marketing and Outreach	Initial open enrollment launch		$500,000	$2,000,000	$2,500,000
Staffing	Covered CA product management, core operations, supports	$250,000	$4,200,000	$4,500,000	$8,950,000
	Total	$1,900,000	$12,750,000	$15,950,000	**$30,600,000**

CalOptima Health

Policy Considerations

- Open enrollment has concluded for coverage year 2026
  - While new enrollments decreased by 28%, renewals remained steady, resulting in an overall decrease of only 2% in total enrollment
  - Total 2026 Covered CA enrollment in Orange County is 182,488
  - Many counties in California experienced greater decreases in enrollment than Orange County
- Enhanced Advanced Premium Tax Credits (eAPTCs) expired on December 31, 2025, but the original Advanced Premium Tax Credits (APTCs) created by the Affordable Care Act are still in place
  - Many members losing Medi-Cal due to income changes will still qualify for financial assistance with premium costs through Covered California
- CMS released its proposed annual Marketplace guidance on February 11
  - Covered CA will share more details on the potential impacts in late March/early April
- CalOptima Health is in regular contact with Covered CA and will continue to monitor program impacts of these changes and share more information when it is available

CalOptima Health

Upcoming Board Checkpoints

- **April 2, 2026** — Discussion of Premium Rates (Closed Session)
- **June 4, 2026** — Review of the FY 2027 Budget Request
- **August 6, 2026** — Approval of the QHP Contract with Covered CA

CalOptima Health

Stay Connected With Us

www.caloptima.org

Board of Directors Meeting
March 5, 2026

Regular Joint Meeting of the Member Advisory and Provider Advisory Committees

Report to the Board

The Member Advisory Committee (MAC) and the Provider Advisory Committee (PAC) held a regular joint meeting on February 11, 2026. The MAC welcomed new members Kristen Rogers as an Authorized Family Member Representative, Jila Nikkhah, DDS, as the Dental Provider Representative and Janis Price as the Local Education Agency Representative.

Carmen Katsarov, Executive Director, Behavioral Health, introduced Dawn Smith, LCSW, Assistant Deputy Director, Orange County Health Care Agency Behavioral Health Services, who presented on the Behavioral Health Services Act (BHSA). Ms. Smith reviewed the history of Proposition 1, BHSA goals and priority populations, fiscal restructuring, BHSA funding categories, reporting and planning requirements, and opportunities for community involvement. Mental Health Services Act (MHSA), enacted in 2004 and implemented in 2005, was funded by a 1% tax on individuals earning over $1 million annually. In March 2024, California voters approved Proposition 1, a bond measure aimed at addressing homelessness and modernizing the behavioral health system, marking a significant update to the MHSA after nearly two decades.

The Department of Health Care Services (DHCS) has modernized California's behavioral health system through the BHSA, replacing the MHSA. These reforms aim to improve transparency, integrate services, and expand care. Key changes include restructuring funding categories, adding a housing component, eliminating county-level prevention funding, and broadening eligibility to include substance use disorder services. Oversight of innovation now falls under the Behavioral Health Services Oversight and Accountability Commission. The state also increased its allocation from 5% to 10%, with the additional funds designated for statewide prevention planning and competitive grants. Ms. Smith also noted that a significant shift is found in the new three-year integrated plan, which requires counties to report on all funding sources and programs, enhancing transparency but increasing documentation requirements. The behavioral health continuum now spans early intervention, outpatient and crisis care, inpatient and long-term services, and housing. Health equity is embedded across BHSA goals, with counties addressing six priority areas and selecting one additional focus. Orange County chose to focus on the prevention and treatment of co-occurring physical health conditions.

The BHSA modernizes California's behavioral health system by adding housing, and expanding services to include substance use disorders. It introduced a three-year integrated plan requiring complete reporting on all funding and programs, embeds health equity goals, and prioritizes high-need populations, including homeless individuals, justice-involved youth, and those at risk of

institutionalization. Funding now allocates 30% to housing, 35% to full-service partnerships with mandated evidence-based practices, and 35% to behavioral health supports, including early intervention for youth. The plan increases transparency, accountability, and collaboration with managed care and community stakeholders.

Amanda McConnell, Manager, Behavioral Health, presented on how CalOptima Health provides behavioral health services for members with mild to moderate impairments, while Orange County Behavioral Health handles severe conditions, creating a bifurcated system based on impairment level rather than diagnosis. She noted that coordination between the two entities is strong, supported by shared screening tools, real-time data exchange, and closed-loop referrals, which ensure seamless transitions and help prevent care gaps.

Ms. McConnell noted that CalOptima Health offered psychotherapy, psychiatry, medication management, neuropsychological testing, substance use screening, Applied Behavioral Analysis (ABA) therapy for members under 21, and newer benefits such as Transcranial Magnetic Stimulation (TMS) and dyadic services. For OneCare members, additional services include inpatient care, intensive outpatient programs (IOP), and partial hospitalization programs (PHP). Access is streamlined through a dedicated behavioral health line, online provider search, telehealth options, and member liaison specialists who assist with scheduling and follow-up to ensure linkage to care. Ms. McConnell also noted that the focus remains on accessibility, coordination, and member choice, with multiple pathways for connecting to services and strong collaboration between managed care and county behavioral health systems.

Richard Pitts, D.O., Ph.D, Chief Medical Officer, provided a brief update on the resurgence of measles. He noted that , CalOptima Health's members, currently live in an era of "magic medicine," where advances like antibiotics, immunizations, statins, and now GLP-1 drugs have transformed health outcomes. These innovations have reduced childhood disease outbreaks and improved chronic disease management, but they also create unintended consequences. A significant concern is the increasing number of immunocompromised individuals who are highly susceptible to infections like measles.

Dr. Pitts discussed how measles is highly contagious, with a 90% infection rate upon exposure, and people are infectious before the rash appears. Recent outbreaks in the U.S. are linked to international travel and pockets of low immunization. Cases have surged from 59 in 2023 to nearly 2,800 in 2025, with active outbreaks in states like South Carolina. In California, while 95% of school-age children are immunized, some communities remain under-protected, increasing the risk of spread.

He also noted that healthcare systems face challenges as pediatric bed capacity has declined, and urgent care centers often lack immunization requirements for staff. A significant outbreak could overwhelm resources and endanger vulnerable populations, especially pregnant women, for whom measles can cause severe complications. Dr. Pitts discussed how public health experts are stressing that vaccines are safe and critical and that there is no link to autism. He asked everyone to act as an ambassador for immunization, encourage vaccination and ensure urgent care staff are protected to prevent a potential health crisis.

Veronica Carpenter, Chief Administrative Officer, noted that at the February 10, 2026, Board of Supervisors meeting, Chairman Chaffee confirmed his appointments to the CalOptima Health Board of Directors. Supervisor Sarmiento will continue serving as a regular Board Member and Chair, and Supervisor Janet Nguyen will rejoin the Board as a regular Board Member in March, having previously served nearly a decade ago, and most recently as the Alternate Member on the CalOptima Health Board of Directors. Supervisor Chaffee will now assume the Alternate Member role on the CalOptima Health Board.

Ms. Carpenter also discussed HR 1 and noted that DHCS had released a detailed implementation plan outlining communication strategies and priorities for the coming year. She noted that CalOptima Health's government affairs team had condensed the 58-page document into a two-page summary, which will be shared with committee members. Additionally, DHCS plans to begin sending text messages this month to Medi-Cal members in the modified adjusted gross income group. These messages will introduce upcoming requirements, including work obligations and six-month renewals, and will continue on a semiannual basis to prepare members for changes starting next year. Further legislative updates will be compiled and distributed by Cheryl to ensure all committee members have the latest information.

Michael Hunn, Chief Executive Officer, noted how enrollment has declined significantly, with a loss of about 50,000 members over the past 11 months and 12,000 in the last month alone. Current membership stands at approximately 865,000, down from 877,000. At this pace, CalOptima Health could lose another 100,000 covered lives by the end of the fiscal year. He discussed how a major factor is renewal challenges, particularly among undocumented populations and mixed-status households, where parents may avoid re-enrollment for eligible children due to fear of data sharing. This results in children missing well checks, immunizations, and developmental screenings, creating long-term health risks.

The most pressing concern is the loss of access to medications for chronic conditions such as diabetes, heart disease, liver disease, and Parkinson's. Without coverage, members cannot afford prescriptions, leading to serious health consequences. Urgent care centers and emergency rooms offer limited solutions, as they either charge for prescriptions or dispense only emergency medications. This gap in care could escalate into a public health crisis, especially for vulnerable populations like children and seniors who fall outside Medicare eligibility.

CalOptima Health manages care for about 60% of children in Orange County, including 350,000 members aged 0–21 and 75,000 under age five. Enrollment declines will increase acuity among remaining members and strain emergency services at children's hospitals across the region. To address this, CalOptima Health is working closely with county partners and developing a robust communications toolkit with FAQs, posters, and social media content to help members navigate HR 1 requirements and renewal processes. Community collaboration and proactive outreach will be critical to mitigating these risks.

Mr. Hunn also discussed how the rules and exceptions around behavioral health and related requirements are complex and often confusing. He noted that to address this, CalOptima Health is developing simplified, standardized materials that all its partners can use. These resources will ensure consistent messaging across all access points, whether members contact the county, Social Services Agency, 211, or CalOptima Health. The goal is for everyone to receive the same accurate information.

As these materials are created, Veronica Carpenter, Chief Administrative Officer, will share drafts for review. Feedback is critical for identifying unclear language, missing details, or unnecessary content so we can refine the messaging. These resources will then be distributed to the MAC and PAC for input. He also emphasized the vital role of committee members, noting that they are the eyes and ears in the community, helping ensure clarity and accuracy.

Mr. Hunn also noted that DHCS auditors were on-site for the annual audit and that CalOptima Health is committed to demonstrating accountability and compassion for its members. He noted that collaboration was key and that committee members' questions and insights continue to help CalOptima Health deliver consistent, respectful communication.

Mr. Hunn ended his update by thanking the members for their time and partnership in this effort.

The next MAC/PAC joint meeting is scheduled for April 9, 2026. The members of the MAC and PAC appreciate the opportunity to update the Board on their current activities.

REGULAR MEETING
OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS

February 5, 2026

A Regular Meeting of the CalOptima Health Board of Directors (Board) was held on February 5, 2026, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person and via Zoom webinar, as allowed under the Brown Act as amended by Senate Bill 707 (2025). The meeting recording is available on CalOptima Health's website under View Past Meeting Materials. Chair Vicente Sarmiento called the meeting to order at 2:02 p.m., and Director Isabel Becerra led the Pledge of Allegiance.

ROLL CALL

Members Present: Supervisor Vicente Sarmiento, Chair; Maura Byron, Vice Chair; Isabel Becerra; Supervisor Doug Chaffee; Blair Contratto; Norma García Guillén; Catherine Green, R.N.; Brian Helleland; Veronica Kelley (non-voting); Jose Mayorga, M.D. (left at 5:00 p.m.)

(All Board members participated in person)

Members Absent: None.

Others Present: Michael Hunn, Chief Executive Officer; Yunkyung Kim, Chief Operating Officer; James Novello, Outside General Counsel, Kennaday Leavitt; Nancy Huang, Chief Financial Officer; Richard Pitts, D.O., Ph.D., Chief Medical Officer; John Tanner, Chief Compliance Officer; Sharon Dwiers, Clerk of the Board

The Clerk noted for the record that at the request of the Chair, CalOptima Health is continuing Closed Session CS-3 to the March Board Meeting.

The Clerk noted that staff would like to continue Agenda Item 10 to a future Board meeting. In addition, staff would like to reorder the Open Session agenda to hear Agenda Item 14 immediately following Agenda Item 12. Staff would also like to reorder the Closed Session portion of the agenda to hear Agenda Item CS-2 first, followed by Agenda Item CS-1.

Furthermore, staff noted the following corrections to Agenda Item 15: The last sentence before the Fiscal Impact section on page 1 should read: "Procopio was engaged by CalOptima Health staff due to Kennaday Leavitt being conflicted from participating." Additionally, on page 2, the first sentence under the Rationale for Recommendation section has been deleted. The Clerk noted that these changes were reflected in the revised meeting materials published on the CalOptima Health website on February 2, 2026, prior to 2:00 p.m.

Chair Sarmiento opened his remarks by acknowledging this as his first meeting as Chair of the CalOptima Health Board and requested grace during this transition. He expressed excitement to serve and thanked the Board for its support. He recognized former Chair Isabel Becerra for her leadership and Director Byron for serving as Vice Chair, noting this as a historic first for a member representative in Board leadership. Chair Sarmiento also thanked the Chief Executive Officer (CEO), executive team, and staff for fostering inclusive leadership opportunities.

Back to Agenda

Chair Sarmiento noted that last year was a year of challenges requiring discipline and responsible leadership. He outlined the following priorities moving forward:

- Protecting coverage for members;
- Advancing a whole-person approach to care;
- Strengthening provider partnerships; and
- Ensuring strong and transparent governance.

He emphasized conducting meetings with focus and efficiency while improving public accessibility. Chair Sarmiento requested that staff explore options for easier online participation, including a one-click access feature.

Chair Sarmiento acknowledged CEO Michael Hunn's announced intention to retire by year-end and commended his commitment to serve fully until his last day. To ensure a smooth transition, Chair Sarmiento directed staff to introduce an item for Board consideration to procure a recruitment firm for the CEO search. Chair Sarmiento will convene a CEO Selection Ad Hoc Committee soon and invited interested Board members to express their interest.

In closing, Chair Sarmiento thanked the Board, executive team, physicians, and all CalOptima Health employees for their dedication to delivering quality care. He expressed gratitude for the opportunity to serve as Chair and then turned the meeting over to CEO Michael Hunn for the CEO Report.

PRESENTATIONS/INTRODUCTIONS

None.

MANAGEMENT REPORTS

1. Chief Executive Officer (CEO) Report

Michael Hunn, CEO, presented the CEO Report and started by welcoming everyone, including those individuals listening to the meeting remotely.

Mr. Hunn provided an update on enrollment trends, noting a month-over-month decline from 877,000 to 865,000 members. He stated that projections for enrollment will be incorporated into the upcoming FY 2026-27 budget cycle, which begins July 1. The projections will be coordinated with the Social Services Agency and statewide trends, considering factors such as immigration status and other barriers to re-enrollment. He emphasized the importance of outreach campaigns to encourage members to renew Medi-Cal coverage and maintain consistent communication across all call centers and portals.

Mr. Hunn highlighted upcoming changes to enrollment processes, including a shift to twice-yearly renewals and potential work requirements in 2027-2028. He reiterated CalOptima Health's commitment to promoting preventive care, encouraging members to complete well checks, immunizations, and screenings, and ensuring seniors maintain appointments and prescriptions.

Financially, Mr. Hunn reported that all key indicators remain strong, with the budget steady through February, and noted that the December figures are available for review. Provider network performance and treatment authorization turnaround times are also in compliance. He concluded by noting that Chief Financial Officer (CFO) Nancy Huang would provide the detailed financial update.

Back to Agenda

2. 2025 CalOptima Health Accomplishments

CEO Hunn announced that he and staff are preparing a comprehensive report summarizing key accomplishments and initiatives. This report will be presented at the March Board meeting and will highlight the significant work completed by CalOptima Health during Calendar Year 2025.

3. Chief Financial Officer (CFO) Report

CFO Nancy Huang provided the quarterly financial update for the last quarter of calendar year 2025 as part of the new practice initiated in November. She highlighted three notable December events: receipt of $175.3 million in intergovernmental transfer (IGT) funding for calendar year 2024 services, grant-related activities, and true-up adjustments to community reinvestment obligations.

Ms. Huang reported that CalOptima Health closed December with a net surplus of $8.9 million, including an operating margin of $21.4 million and $13.8 million in net investment income. For the fiscal year-to-date (July–December), the medical loss ratio was 92.5%, close to budget, and the administrative ratio was 5.1%, favorable compared to the 6.4% budget. Enrollment has declined since August 2025, currently at 1.4% below projections, impacting both revenue and medical expenses. Despite this, overall financial performance remains strong.

Administrative expenses were managed favorably, with $128 million recorded versus a $152 million budget, resulting in $24 million in savings. Investment income exceeded expectations by nearly $40 million, contributing to a year-to-date net asset increase of $119 million, which is $62 million above budget.

Ms. Huang noted that CalOptima Health will continue to closely monitor enrollment trends. She provided a summary by aid code categories, with the largest membership segments being adult, family, and children, showing the largest decreases compared to original projections. These declines are primarily due to the Medi-Cal redetermination process and potential federal policy changes. Both December and year-to-date figures indicate significant variances, highlighted in red on the CFO Report.

Ms. Huang reported on the current enrollment trends for the first six months of fiscal year 2026, noting that enrollment is 1.4% below budget. December alone showed a sharper gap of 2.3%, signaling a steeper downward trend than anticipated. She noted that the updated data for January and February reveal continued declines, with January showing a net decrease of approximately 12,000 members (1.4%) and February showing an additional loss of approximately 15,000 members (1.8%). She added that if this trend persists, consolidated enrollment may fall below 800,000 before the fiscal year ends.

Ms. Huang reported further reductions are expected going forward due to upcoming policy impacts, including work requirements, more frequent Medi-Cal eligibility checks, and new premiums for certain members. These factors suggest continued membership declines into the next fiscal year.

Vice Chair Byron asked whether there is a common pattern among the members whose enrollment is declining. Vice Chair Byron also inquired if the affected population shares any identifiable characteristics or if the reductions appear broadly distributed across all member groups.

Ms. Huang explained that some eligibility categories are experiencing greater enrollment declines than others. Long-term care membership has shown a slight increase, while seniors and persons with disabilities members and Whole Child Model members have seen about a 3% decrease, largely driven by member health conditions and Medi-Cal eligibility requirements. She noted that the impacts vary by

population, which is why future budget forecasts and financial projections must be conducted at the individual membership-group level rather than in aggregate.

Mr. Hunn noted that statewide health plans are experiencing similar enrollment declines, and CalOptima Health is comparing trends across comparable categories to inform future projections. He reported that staff are working closely with the Social Services Agency to understand anticipated month-to-month enrollment patterns. However, he emphasized uncertainty about how many individuals may choose not to re-enroll due to immigration-related concerns, including mixed-status households in which parents may avoid re-enrollment even though their children are U.S. citizens.

He stated staff will incorporate these factors into upcoming budget assumptions, including a conservative assessment of potential worst-case enrollment declines. Additional uncertainty remains regarding the implementation of federal H.R. 1 rules in 2027, including new enrollment and work-requirement processes.

Mr. Hunn explained that significant outreach and education will be needed to ensure members understand available exemptions, and this work will be coordinated with navigators, trusted community partners, clinics, community-based organizations, the Social Services Agency, the Orange County Health Care Agency, and CalOptima Health.

He added that as membership declines, revenue and medical loss ratios adjust proportionately, requiring close monitoring of member acuity and risk adjustment factors that determine state payment rates. He concluded by noting that this analysis will be brought to the Finance and Audit Committee (FAC) and subsequently to the full Board, with ongoing updates provided as projections evolve.

Director Mayorga emphasized the importance of understanding how CalOptima Health's enrollment trends compare with those of neighboring and comparable health plans, noting that the Board would benefit from clear, accurate cross-plan comparisons. Director Mayorga also reiterated concerns about the assumption that members who remain enrolled are more medically complex and higher-cost, while those disenrolling tend to require fewer services. He stressed that understanding the cost of care for the remaining, higher-acuity population – compared with the lower-cost members who are leaving – is essential, as this shift will increase overall expenses and place additional strain on provider groups, partner organizations, and hospital systems.

Mr. Hunn responded by confirming that CalOptima Health will receive comparative data from other public health plans through the Local Health Plans of California, where an initial review shows statewide disenrollment trends similar to CalOptima Health's, ranging from approximately 1.8% to 3.5%. He noted that staff will further analyze category-level disenrollment patterns to inform projections.

He explained that individuals with higher medical acuity are more likely to maintain coverage, and CalOptima Health's rate-setting process incorporates a sophisticated risk-adjustment model that accounts for the clinical complexity of remaining members. The State uses this data to determine CalOptima Health's per-member-per-month rates, which then inform payments to medical groups. He also highlighted the Board's ongoing support for rate-enhancement programs, which currently add roughly 8% per claim. As the remaining enhancement funds continue to decline, staff may return to the Board with proposals for future enhanced payment programs to address rising acuity and increased uncompensated care pressures on hospitals.

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Mr. Hunn emphasized the importance of supporting hospitals, community clinics, and trusted community partners in navigating the impacts of member churn. He added that CalOptima Health's strong financial reserves allow continued reinvestment in direct care delivery. He closed by affirming that staff will work closely with the Board Chair to develop options and recommendations as projections and conditions evolve.

Ms. Huang added two points in response to Director Mayorga's questions. She noted that when comparing CalOptima Health's enrollment trends with those of sister plans, it is important to account for differences in each plan's membership mix, particularly in Unsatisfactory Immigration Status and Satisfactory Immigration Status concentration, which may influence overall disenrollment patterns. Staff will therefore conduct comparisons at the membership-category level to ensure more accurate analysis.

She also reported that CalOptima Health is actively working with DHCS and health network partners to assess member acuity as part of the upcoming capitation rate-rebasing process. Updated rate information will be available prior to the budget cycle and will be presented to both the health networks and the Board. Ms. Huang emphasized that this work will help ensure delegated capitation rates remain adequate to support higher-acuity Medi-Cal members, who now make up a larger share of the remaining enrolled population.

Ms. Huang concluded with a brief financial update. As of December 31, 2025, CalOptima Health reported total assets of $4.7 billion, liabilities of $1.8 billion, and a net position of $2.9 billion. The Board-designated reserve stands at $1.6 billion, which is the equivalent to 3.7 months of consolidated revenue and within the Board's policy range of 2.5 to 4 months. An additional $135 million is set aside to meet Department of Managed Health Care (DMHC) tangible net equity compliance requirements, representing approximately 103% of the minimum requirement.

Director Becerra asked whether staff have evaluated the forthcoming provider payments associated with Proposition 35, which Medicaid managed care plans will administer following recent CMS approval. She emphasized the importance of incorporating these anticipated payments into the upcoming budget development process and requested that staff review and factor them into provider payment planning.

Ms. Huang confirmed that staff will incorporate the most current updates from CMS and the State into CalOptima Health's reimbursement planning. She noted that these changes affect both revenue and provider payments and will therefore be factored into the budget. Ms. Huang added that staff will track new information as it becomes available and will report back to the FAC and the full Board with further updates.

ADVISORY COMMITTEE UPDATES

4. Member Advisory Committee (MAC) and Provider Advisory Committee (PAC) Updates

Dr. John Nishimoto, O.D., Chair of the Provider Advisory Committee, provided an update on behalf of the MAC and PAC. He noted that both committees will begin their annual recruitment period this month, continuing through April 15, with nine open seats on the MAC and five on the PAC.

He announced that the next committee meeting will be held on Wednesday, February 11, and highlighted several key agenda items. These included behavioral health updates featuring a presentation on the Behavioral Health Services Act and an educational session from the Orange County Health Care Agency, followed by a CalOptima Health behavioral health update. The meeting will also include a presentation on the health education strategy.

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PUBLIC COMMENTS

- Dr. Mario San Bartlome, Aretel Health: Oral report regarding Agenda Item 12.
- Jewel Loff, Coalition of Orange County Community Health Centers: Oral report regarding Agenda Item 12.
- Mark Lowry, Community Action Partnership OC Food Bank: Oral report regarding Agenda Item 13.
- Claudia Keller, Second Harvest Food Bank: Oral report regarding Agenda Item 13.
- George Searcy, Hope Center: Oral report regarding Agenda Item 16.
- James Doscher: Oral report regarding Agenda Item 12.

CONSENT CALENDAR

5. Minutes
   a. Approve Minutes of the December 4, 2025, Regular Meeting of the CalOptima Health Board of Directors.
   b. Approve Minutes of the December 4, 2025, Special Meeting of the CalOptima Health Board of Directors.

6. Approve Actions Related to Covered California Administrative Services Agreement for Field Marketing Organizations Broker Services

7. Approve a New CalOptima Health Pharmacy Policy in Accordance with the Inflation Reduction Act of 2022, Section 11202 for the Medicare Prescription Payment Plan

8. Approve New Appointments to the CalOptima Health Board of Directors' Member Advisory Committee

9. Receive and File:
   a. November and December 2025 Financial Summaries
   b. Compliance Report
   c. Government Affairs Reports
   d. CalOptima Health Community Outreach and Program Summary
   e. Fiscal Year 2026 Strategic Plan Performance Executive Status Report October - December 2025

Action: ***On motion of Director Green, seconded and carried, the Board of Directors approved the Consent Calendar Agenda Items 5 through 9, as presented. (Motion carried 9-0-0)***

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REPORTS/DISCUSSION ITEMS

10. Approve Allocation of Incentive Payment Program Funds to Support Capital Grants for Affordable and Transitional Housing Development

This item was continued to a future Board meeting.

11. Approve Actions Related to the Medi-Cal Eligibility Outreach Strategy Community Engagement and Enrollers Notice of Funding Opportunity

Director Becerra did not participate in this item due to her role as CEO of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote.

Vice Chair Byron emphasized the importance of publicly affirming the need for strong engagement efforts to ensure members successfully enroll and maintain coverage. She noted that, while the proposed grant is intended to support this work, it is essential that the organization establish clear objectives and measurable performance metrics – not only for this initiative, but for all grants administered by CalOptima Health. Vice Chair Byron stated that the Board's role is not to define capacity-building or strategic planning for partner organizations; therefore, documented metrics and outcomes are necessary to ensure accountability and to demonstrate positive results from the funds invested.

Chair Sarmiento agreed with the Vice Chair's comments and emphasized the importance of closely monitoring the effectiveness of re-enrollment efforts, given the critical need to stabilize enrollment and mitigate further declines. While recognizing the value of supporting partner organizations in this work, the Chair stressed that it is essential for those partners to clearly demonstrate measurable outcomes and performance metrics. He noted that ensuring accountability will help confirm that resources are being used effectively to achieve the intended impact.

Action: ***On motion of Supervisor Chaffee, seconded and carried, the Board of Directors: 1.) Approved CalOptima Health staff's recommendations to administer grant agreements and award payments totaling $3,500,000 to selected grant recipients (listed in Attachment 1) from Round 2 of the Community Engagement and Enrollers Notice of Funding Opportunity; 2.) Appropriated and allocated up to $1.0 million from the Community Reinvestment Program commitment for Round 3 of the Community Engagement and Enrollers Notice of Funding Opportunity; and 3.) Made a finding that such expenditures are for public purposes and in furtherance of CalOptima Health's mission and purpose. (Motion carried 8-0-0; Director Becerra recused)***

Due to technical difficulties, the Board reordered the agenda to hear Agenda Item 14.

14. Approve Actions Related to the ~~Incentive Payment Program for~~ Equity and Practice Transformation Payment Program ~~Practices~~ *Rev. 2/2/26*

Director Becerra did not participate in this item due to her role as CEO of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote.

Action: ***On motion of Director Garcia Guillen, seconded and carried, the Board of Directors: 1.) Authorized CalOptima Health staff to conduct a notice of funding opportunity process related to the Equity and Practice***

Transformation (EPT) Planning Incentive payment program, administer grant agreements, and release award payments to up to fourteen EPT-participating entities in the amount not to exceed $1.275 million in aggregate from the Medi-Cal Managed Care Plan EPT Planning Incentive payment program; 2.) Authorized the following actions to fund the proposed grant agreements totaling $1.275 million: a.) Reallocate $250,000 within the EPT Planning Incentive payment program from the unspent balance of the previously approved funds for a vendor contract for coaching and assistance to participating practice sites; b.) Reallocate $275,000 within the EPT Planning Incentive payment program from the previously approved program support costs; and c.) Allocate $750,000 in unallocated Medi-Cal Managed Care Plan EPT Planning Incentive payment program; and 3.) Made a finding that such expenditures are for a public purpose in furtherance of CalOptima Health's mission and purpose. (Motion carried 8-0-0; Director Becerra recused)

12. Authorize Closing Intergovernmental Transfer-Funded Initiatives

Director Becerra did not participate in this item due to her role as CEO of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote.

The Board heard two public comments on this item as noted above under the Public Comment section. The third public commenter experienced difficulties in joining the meeting virtually, so Chair Sarmiento asked Board members for any comments or questions while the public commenter worked on joining the meeting.

Director Kelley asked whether the IGT contracts under discussion were time-limited, noting that they were older agreements that ended several years ago. Director Kelley inquired if their expiration timelines were the reason a no-cost extension was not being proposed.

Yunkyung Kim, Chief Operating Officer, clarified that the MAT Connect Program funded by CalOptima Health operated from October 2019 through September 2024, and that the action before the Board does not relate to that agreement. Ms. Kim explained that the two projects included in Item 12 have concluded and returned unused funds to CalOptima Health. The request before the Board is to return those funds to their original IGT funding pool for future allocation.

In response to Director Kelley's question, Ms. Kim noted that while IGT funds do not technically expire, the funds in question come from older IGT rounds (IGT 6 and 7). She recommended that, as the Board considers future investment opportunities, these older funding sources should be prioritized when appropriate.

Director Kelley stressed the importance of explicitly identifying medication-assisted treatment (MAT) as a priority, noting that approximately 25,000 Medi-Cal members in Orange County misuse opioids and are at high risk for developing opioid use disorder or overdosing. Director Kelley highlighted the limited availability of MAT in the county, with only ten Orange County Health Care Agency locations offering these services – none south of Mission Viejo – and a recent decline in specialty providers who can deliver MAT.

Director Kelley emphasized the shared responsibility between the Orange County Health Care Agency

and CalOptima Health for improving follow-up after substance use disorder visits, especially for individuals seen in emergency departments for overdoses. To reduce preventable deaths, Director Kelley urged that MAT be explicitly included in program planning, with attention to culturally and linguistically appropriate services, particularly for Latino communities, which experience the second-highest rate of opioid-related deaths.

Vice Chair Byron expressed support for Director Kelley's comments and underscored the importance of MAT as a critical service, noting a particular need for expanded access in South County. Vice Chair Byron acknowledged that the original grant has closed and the funds were returned, but she emphasized that the recommended action would make those funds available for future initiatives. She encouraged reinstating and revisiting this type of program as a future funding opportunity, potentially with expanded scope, given the demonstrated needs within the CalOptima Health membership.

Chair Sarmiento clarified that the Board is discussing two prior IGT initiatives. IGT 6 involved the Homekey Program, where funds ultimately were not utilized because CalAIM dollars addressed the need. IGT 7 supported the MAT Connect program, originally funded at $6 million, with the project successfully meeting its objectives using roughly half of that amount. Approximately $2.5 million remains from IGT 6 and about $3 million from IGT 7.

The Chair agreed with the Vice Chair and Director Kelley that staff should consider bringing this item back for potential future funding opportunities. Given that some of these funds were returned as early as 2024, he suggested that reinstating or repurposing them for similar priority initiatives may be appropriate for Board consideration.

Ms. Kim responded and recommended that the Board approve returning the unused funds from the prior IGT initiatives to their original IGT funding pools so they can be made available for future Board-directed investments. She clarified that the unused Homekey Program funds (approximately $2.5 million) and the remaining MAT Connect dollars have already been received by CalOptima Health and are currently held on the organization's books.

She assured the Board that although the MAT Connect contract ended in 2024, MAT remains a covered benefit for CalOptima Health members, and staff continues working closely with the Orange County Health Care Agency and providers to expand MAT access, provider participation, and education across all lines of business. Ms. Kim stated that staff are willing to return at a future date with a comprehensive assessment of current MAT services, network gaps, and potential recommendations for future investment, should the Board wish to consider this as a priority initiative.

Chair Sarmiento thanked staff for the clarification and highlighted language from the COBAR indicating that the MAT Connect grant-funded project achieved all of its proposed objectives and was completed under budget, with remaining funds returned to CalOptima Health. He noted that this reflects strong performance and effective use of resources, emphasizing that the Board values seeing services delivered successfully and, when possible, delivered cost-efficiently.

Director Mayorga offered a brief comment before moving the item. He noted that recent federal changes have removed the Drug Enforcement Agency restrictions that previously required special approval for prescribing certain medications used to treat opioid use disorder. As a result, more primary care clinicians are now able to provide MAT, though appropriate training and education remain essential. Director Mayorga emphasized that while MAT services are available, expanding clinician readiness and comfort

with prescribing these treatments would further benefit patients across the county. Director Mayorga thanked the public commenters and expressed support for exploring future opportunities to strengthen MAT services.

The Clerk noted that the third public commenter was online and able to make his public comment. The Board heard a total of three public comments as noted under the Public Comments section.

Chair Sarmiento reaffirmed the Board's appreciation for public input and briefly reopened the discussion to allow for any additional comments. He noted that the most recent remarks aligned with the concerns and priorities raised earlier by Director Kelley and the Vice Chair. The Chair stated that the Board looks forward to staff bringing back a future item for consideration based on the issues discussed.

Director Garcia Guillen thanked the speakers and acknowledged Director Kelley's compelling comments, noting their value for those less familiar with the subject matter. Director Garcia Guillen urged staff to return with data and recommendations promptly so the Board can consider expanding and continuing the program, emphasizing that it was successful and merits further support.

Action: ***On motion of Director Mayorga, seconded and carried, the Board of Directors: 1.) Authorized closing Board-approved Intergovernmental Transfer 6 and 7 initiatives, Homekey Program and Increase Access to Medication-Assisted Treatment; and 2.) Designated the remaining balance from those programs of $5,516,709 as available for allocation to deliver enhanced services for Medi-Cal members. (Motion carried 8-0-0; Chair Becerra recused)***

13. Approve Actions Related to Food Support for CalOptima Health Members

The Board heard two public comments on this item as noted under the Public Comments section.

Action: ***On motion of Supervisor Chaffee, seconded and carried, the Board of Directors: 1.) Contingent upon approval of a separate Board action, approve an allocation from Intergovernmental Transfer 1-7 balance in an amount not to exceed $1.2 million to fund grant agreements with two Orange County food bank distribution hubs; 2.) Authorized the Chief Executive Officer or designee to execute and administer grant agreements and release award payments of up to $600,000 each to Second Harvest Food Bank of Orange County and Community Action Partnership Orange County; and 3.) Made a finding that such expenditures are for a public purpose and in furtherance of CalOptima Health's mission and purpose. (Motion carried 9-0-0)***

15. Approve Actions Related to Legal Services

Supervisor Chaffee expressed concern regarding the need for the proposed legal expenditures and questioned why the recommendation originated from the Legal Ad Hoc Committee rather than the full Board. Chaffee emphasized that all Board members should have equal access to the information underlying such decisions. He noted significant differences in hourly rates between the two firms and

questioned the justification for hiring the additional counsel, stating that more detail is needed before the Board can act. Chaffee requested that the item be continued until further information is provided and suggested that the Board first discuss the related legal issues in closed session.

Director Mayorga expressed support for continuing the item, aligning with fellow Board members' requests for additional clarity before the Board acts. Director Mayorga stated that further information would help ensure the Board proceeds appropriately.

Director Contratto echoed Supervisor Chaffee's concerns and requested clarification on how the legal expenditures are being managed. Director Contratto noted uncertainty regarding who has oversight of these contracts and asked that the Board discuss the management and oversight process going forward.

Director Garcia Guillen acknowledged the limited amount of information that can be shared in open session and clarified that recommended actions 1 and 2 were reviewed by the Legal Ad Hoc Committee. Director Garcia Guillen explained that the work began at the Board's direction in September 2024, and the requested contract extensions are intended to allow the committee to conclude that work within the next one to two months while following CalOptima Health's policies and procedures. She added that recommended action 3 is not related to the Legal Ad Hoc Committee.

Chair Sarmiento noted that a motion and second had been made to continue the item and explained the difficulty in deliberating publicly because the matters relate to issues previously discussed in closed session, which cannot be detailed in open session. The Chair expressed concern that if the item does not move forward, the Board may be unable to properly conduct closed-session discussions that require the presence and guidance of outside counsel. He therefore asked the General Counsel to clarify whether the Board could still convene in closed session and address these matters without support from the outside special counsel normally engaged to provide direction.

James Novello, Outside General Counsel, Kennaday Leavitt, clarified that the Board cannot convene in closed session on litigation matters without legal counsel present. He explained that, if the Board delays action on the item, it would be up to the outside counsel to decide whether they are willing to continue providing services without payment until the Board makes a final determination.

Chair Sarmiento acknowledged the motion and second to continue the item but noted the challenges of deliberating in open session because the matters at issue relate to previous closed session discussions that cannot be publicly detailed. The Chair expressed concern that delaying the item could prevent the Board from conducting necessary closed session deliberations, as those discussions require the presence of outside counsel.

Chair Sarmiento emphasized that the concerns raised by Board members are valid and can appropriately be addressed in closed session. He noted that the contracts in question can be terminated at any time if the Board later chooses, and that, based on earlier comments, the work appears to be nearing completion. For that reason, he urged the Board to consider moving the item forward so that the Board can proceed with its closed session responsibilities.

The Chair then sought procedural clarification, stating that if the motion to continue is not successful, he would be prepared to move approval of the staff recommendation and asked for guidance on whether a substitute motion would be appropriate under Robert's Rules of Order.

Mr. Novello stated that the motion, having already been seconded, should be heard. He added that the motion was to continue, after which a substitute motion could be made.

Chair Sarmiento noted that Supervisor Chaffee made a motion to continue this item, which was seconded by Director Mayorga and asked the Clerk to conduct a roll call vote.

Prior to taking the vote, Supervisor Chaffee remarked that the item should not have been brought forward prior to a more detailed review in Closed Session, noting that such discussion would provide a clearer understanding. Supervisor Chaffee also expressed concern that, although Director Garcia indicated the third item was not an ad hoc matter, the staff report characterized it as such, which appeared inconsistent.

Supervisor Chaffee expressed concern that, if the matters involved potential litigation, they should have been addressed in closed session, either at this meeting or at a future one. Supervisor Chaffee stated that there was insufficient information to understand the status of the issue, the additional request for $125,000, or the total amount spent to date, noting reports that expenditures exceeded $1 million. Supervisor Chaffee also questioned the varying hourly rates among the firms and commented on the quality of work reflected in the report. Supervisor Chaffee emphasized not being for or against the item, but he indicated a need for more detailed information before taking action, while acknowledging that the Board could proceed if the majority was satisfied.

After considerable discussion, the Clerk conducted a roll call vote for the motion to continue Agenda Item 15.

Action: ***On motion of Supervisor Chaffee, and seconded, to continue Agenda Item 15. (Motion failed; 3-6-0; Supervisor Chaffee and Directors Contratto and Mayorga voting yes; Directors Becerra, Garcia Guillen, Green, and Helleland voting no, and Vice Chair Byron and Chair Sarmiento voting no)***

Chair Sarmiento noted for the record that the motion to continue failed and made a motion to approve the original recommended action, which was seconded by Director Garcia Guillen. He asked the Clerk to conduct a roll call vote:

Action: ***On motion of Chair Sarmiento, seconded and carried, the Board of Directors: 1.) Ratified an amendment to the contract with Bird Marella Rhow Lincenberg Drooks Nessim, LLP for legal services to extend the contract through June 30, 2026, and authorized unbudgeted operating expenditures and appropriated funds in an amount up to $125,000 from existing reserves; 2.) Ratified an amendment to the contract with Liebert Cassidy Whitmore, PC, for legal services to extend the contract through June 30, 2026, and authorized unbudgeted operating expenditures and appropriated funds in an amount up to $125,000 from existing reserves; and 3.) Authorized unbudgeted operating expenditures and appropriated funds in an amount up to $250,000 from existing reserves to fund legal services through June 30, 2026, to be provided by Procopio, Cory, Hargreaves & Savitch LLP under the existing agreement.***

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(Motion carried: 6-3-0; Directors Becerra, Garcia Guillen, Green, and Helleland voting yes, and Vice Chair Byron and Chair Sarmiento voting yes; Supervisor Chaffee and Directors Contratto and Mayorga voting no)

16. Approve Actions Related to the Street Medicine Program Expansion
The Board heard public comment on this item as noted under the Public Comment section.

Supervisor Chaffee noted that this was a unique collaboration involving 12 cities that have been working together to establish a Street Medicine Program serving the north end of the county. Supervisor Chaffee explained that the participating cities span multiple supervisorial districts and that the Fifth District already operates a Street Medicine Program in Costa Mesa. The goal, Supervisor Chaffee stated, is to expand street medicine countywide.

Supervisor Chaffee added that the model is initially front-funded but becomes self-sustaining once caseloads reach a level eligible for CalAIM reimbursement. The cities involved have already identified approximately 400 individuals experiencing homelessness within the targeted area, allowing the program to launch quickly and reach sustainability sooner. Supervisor Chaffee commended the cities and partners for several years of diligent work that made this collaboration possible and noted that their joint efforts may create additional opportunities for collective funding on future health-related initiatives. Supervisor Chaffee concluded by making a motion to approve the item.

Chair Sarmiento stated that while he was not opposed to the proposal, additional information was needed. Chair Sarmiento noted the success of the CalOptima Health's existing Street Medicine Programs – beginning with Garden Grove and followed by Costa Mesa, Anaheim, and Santa Ana – and emphasized that strong, unanimous support from city partners has been an important factor in those successes. Chair Sarmiento also highlighted that CalAIM funding is scheduled to expire in 2026, which should be considered when evaluating new programs.

Chair Sarmiento observed that the Santa Ana program has not yet launched due to delays in securing necessary vehicles and cautioned that initiating another program while one provider is still behind schedule warrants careful consideration. Chair Sarmiento added that prior programs involved single-city partnerships; whereas, the current proposal entails a regional, multi-city approach with 12 participating jurisdictions, creating a more complex operational and governance structure.

Chair Sarmiento acknowledged the strong collaboration among the cities involved but noted the additional logistical challenges that may arise. Chair Sarmiento concluded by expressing interest in reviewing staff's response to discussions with regional partners and suggested bringing the item back to ensure the process moves as smoothly as prior Street Medicine Program implementations.

Mr. Hunn emphasized that the success of Street Medicine Programs depends on securing full support from key city partners, including city councils, police and fire departments, emergency medical services, city management, housing services, and homelessness teams. He stated that these issues must be addressed up front through a steering committee, a process already used successfully in multiple cities and one that would be replicated for this regional effort.

Mr. Hunn explained that, should the Board express interest, the participating cities would be expected to demonstrate in their applications how they plan to align and how they will ensure continuity of

agreement. He noted that while launching street medicine in a single city is challenging, the proposed regional collaborative would be the first of its kind.

Mr. Hunn added that implementation would be sequenced to ensure the Santa Ana program is fully operational before advancing the regional project, after which, staff would return to the Board for approval and funding. He also referenced the upcoming Care Traffic Control Center opening later in the fall, which will help coordinate all street-level activities.

Mr. Hunn concluded by inviting Executive Director Kelly Bruno-Nelson, DSW, to provide additional comments on the regional model and on what staff would expect cities to demonstrate in their applications.

Dr. Bruno-Nelson stated that she had nothing substantive to add beyond the comments already provided by the CEO, noting that the CEO had clearly articulated the approach, the elements to be reviewed in the application process, and the rationale for pursuing a regional model as the next step for the program.

Chair Sarmiento thanked the Board members for their comments and noted the importance of approaching such matters with care and caution. Chair Sarmiento stated that the response provided was thorough and indicated agreement to proceed.

Supervisor Chaffee noted that the participating cities have a long history of collaboration, including jointly establishing the HOPE Center in Fullerton to serve individuals experiencing homelessness. Supervisor Chaffee stated that while the cities have facilities and vehicles available, they lack sufficient resources to continue their efforts without additional support.

Supervisor Chaffee observed that homelessness is a regional issue, with individuals frequently moving across city boundaries, and therefore, a regional street medicine model may ultimately be more effective than a single-city approach. Supervisor Chaffee added that the cities involved already have significant investment and engagement and expressed confidence that the collaborative model has the potential to become a successful example for future efforts.

Action: ***On motion of Supervisor Chaffee, seconded and carried, the Board of Directors: 1.) Approved a notice of interest opportunity to identify a city collaborative for the expansion of CalOptima Health's Street Medicine Program. (Motion carried; 9-0-0)***

CLOSED SESSION

The Board adjourned to Closed Session at 3:47 p.m. Pursuant to Government Code section 54956.87, subdivision (b) HEALTH PLAN TRADE SECRETS: PACE; Pursuant to Government Code section 54956.9, subdivision (d)(2) and (e)(1) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Significant exposure to litigation.

Chair Sarmiento noted that, as the Clerk reported at the top of the meeting, the Board will hear Closed Session Agenda Items CS-2 first, followed by CS-1, and that CS-3 will be continued to the March Board meeting.

The Board returned to Open Session at 5:37 p.m., and the Clerk re-established a quorum.

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ROLL CALL

Members Present: Vicente Sarmiento, Chair; Maura Byron, Vice Chair; Isabel Becerra; Supervisor Doug Chaffee; Catherine Green, R.N.; Brian Helleland

Members Absent: Blair Contratto; Norma Garcia Guillen; Veronica Kelley (non-voting); Jose Mayorga, M.D. (left at 5:00 p.m..)

CLOSED SESSION

Chair Sarmiento noted that there would be two reports out for the Closed Session Agenda Items and turned the report out for Agenda Item CS-1 over to James Novello, Outside General Counsel, Kennaday Leavitt.

Mr. Novello reported that, for Closed Session Item No. 1, the Board voted to authorize CalOptima Health to submit two non-binding letters of intent for the purchase of real property for a future PACE site. They also voted to authorize the CEO, with the assistance of legal counsel, to enter negotiations and select one real property for a PACE site and recommend a final purchase price and sale agreement for the Board's approval.

Chair Sarmiento then turned the report out over to Scott Tiedemann, Liebert Cassidy Whitmore, for the report out on Agenda Item CS-2.

Scott Tiedemann, Liebert Cassidy Whitmore, reported that the Board met in Closed Session on Agenda Item CS-2, pursuant to Government Code section 54956.9, subsections (d)(2), and (e)(1), the Board voted to: 1.) Direct Ankura Consulting Group to finalize its report titled, "CalOptima Health Expenditure Review Summary"; and 2.) To waive the attorney-client privilege as to that report; and 3.) To authorize its public release. The Board members voted as follows: Chair Sarmiento, yes; Vice Chair Byron, yes; Director Becerra, yes; Director Chaffee, yes; Director Contratto, yes; Director Garcia Guillen, yes; Director Green, yes; and Director Helleland, yes. There were no opposing votes and no abstentions. Lastly, the Board requested Ankura Consulting Special Counsel and staff to endeavor to effect the release in 10 or less working days.

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

Vice Chair Byron thanked CalOptima Health staff for their ongoing work and acknowledged the significant impact of the organization's efforts. Vice Chair Byron noted that as the Board expands programs and initiatives, the workload on staff increases, yet staff consistently rise to the challenge and perform exceptionally well. Vice Chair Byron expressed appreciation for their dedication.

Director Green thanked staff for all of their hard work.

Supervisor Chaffee requested an accounting of the attorney fees, noting that the earlier question on the matter had not been answered.

Director Becerra commended the staff and the Board for their continued efforts to improve healthcare for the communities they serve. Director Becerra expressed appreciation for the collective work being done and noted being glad to be back, stating that, together, the organization can continue to achieve even better results.

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Chair Sarmiento expressed agreement with the previous comments and thanked fellow Board members for their hard work over the past year, adding that he looks forward to continuing their work together in the year ahead.

ADJOURNMENT
Hearing no further business, Chair Sarmiento adjourned the meeting at 5:41 p.m.

/s/ Sharon Dwiers
Sharon Dwiers
Clerk of the Board

Approved: March 5, 2026

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MINUTES

REGULAR MEETING
OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS'
FINANCE AND AUDIT COMMITTEE

CALOPTIMA HEALTH
505 CITY PARKWAY WEST
ORANGE, CALIFORNIA

November 20, 2025

A Regular Meeting of the CalOptima Health Board of Directors' (Board) Finance and Audit Committee (FAC) was held on November 20, 2025, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person and via Zoom webinar as allowed for under Assembly Bill 2449, which took effect after Governor Newsom ended the COVID-19 state of emergency on February 28, 2023. The meeting recording is available on CalOptima Health's website under Past Meeting Materials.

Chair Isabel Becerra called the meeting to order at 3:01 p.m., and Director Brian Helleland led the Pledge of Allegiance.

ROLL CALL

Members Present: Isabel Becerra, Chair; Brian Helleland (all members participated in person)

Members Absent: Blair Contratto

Others Present: Michael Hunn, Chief Executive Officer; Yunkyung Kim, Chief Operating Officer; Nancy Huang, Chief Financial Officer; Troy Szabo, Outside General Counsel, Kennaday Leavitt; Sharon Dwiers, Clerk of the Board

The Clerk noted for the record that Agenda Item 6 contained a typographical error in the company name, which will be corrected in the archived meeting materials.

MANAGEMENT REPORTS

1. Chief Financial Officer (CFO) Report

Nancy Huang, CFO, presented the CFO Report.

Ms. Huang noted that her update is in follow-up to the discussions and requests at the September 18, 2025, FAC meeting. She reported that, as a result of committee members' comments, changes were made to items under the following categories:

Information Items

For the Quarterly Operating and Capital Budget Update, staff updated the report to include descriptions of the reports and the responsible department names. In addition, the reports were streamlined to clarify budget details and approval processes.

The CalAIM Program Summary now includes a program overview of community support services, with descriptions and trend analysis. Staff will present a high-level overview of the CalAIM services and provide status updates on previously approved initiatives at today's meeting.

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For the Board-approved Initiatives Update, staff will provide a status update on key initiatives at today's meeting.

Quality Reports – Key Measures
In response to committee members' comments, staff will include a snapshot of key measures for each quarterly report.

For the Net Asset Analysis, Ms. Huang reported that as of September 30, 2025, CalOptima Health's total net asset balance, including fixed assets, was $2.89 billion. The Board-designated reserve stands at $1.6 billion, equal to approximately 3.71 months of consolidated revenue, which is within the policy range of 2.5 to 4 months. Resources committed by the Board total $653 million, and unallocated resources available for new projects are approximately $390 million. Combined, these reserves provide about 180 days of cash on hand to support current operations.

For the Enrollment Trend Report through November 6, 2025, the consolidated enrollment for all lines of business is 868,451, which is below budget. Medi-Cal enrollment is 849,380, which is below budget. OneCare enrollment is 18,522, and PACE enrollment is 549, both of which are above budget.

Ms. Huang reported on the Shared Risk Pool Performance for the Medi-Cal line of business, including the following health networks: Noble, United Care Medical Group (UCMG), and AltaMed, for the period of July to October 2024. All three health networks are in surplus. For the OneCare line of business, which includes the following health networks: Family Choice, AltaMed, Noble, and UCMG, three are in surplus, and one is in deficit.

For the Health Network Financial Compliance Report, Ms. Huang reported that the report indicates whether CalOptima Health's physician groups, hospitals, and health maintenance organizations passed the financial compliance tests and met financial security reserves and withholding requirements. She reported that all passed.

2. Cybersecurity Update
James Steele, Senior Director, Information Security, presented an update on CalOptima Health's cybersecurity. He reported that CalOptima Health experienced no major cybersecurity incidents since the last meeting. There were also no notable non-reportable incidents. However, the organization received two third-party notifications – one from Episource (a subcontractor) and another from MedImpact (CalOptima Health's pharmacy benefit manager). Neither event impacted CalOptima Health's systems, data, or member services.

Mr. Steele highlighted three relevant cybersecurity news items, which included:

MS-ISAC Loses Federal Funding: The Multi-State Information Sharing & Analysis Center (MS-ISAC) has lost its federal funding, which previously provided no-cost cybersecurity services to roughly 19,000 state, local, tribal, and territorial government entities. Mr. Steele reported that this funding reduction means many services MS-ISAC provides are no longer available. As such, the CalOptima Health Information Security team has identified areas where CalOptima Health used those services and is working to transition to alternative solutions.

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Cybersecurity Worries Have Grown: According to Healthcare IT News, healthcare organizations' concerns about cyber threats were also mixed with complacency, according to a new survey from Travelers. In addition, one analyst said too few providers are taking action to protect themselves and their patients against cyber risk. Mr. Steele reported that CalOptima Health's Board and leadership have been pivotal in fostering a healthy cybersecurity culture and ensuring the right tools and processes are in place to prevent threats. He noted that this does not mean CalOptima Health is impenetrable or impervious to all cyberattacks, as the landscape is continually evolving. He added that CalOptima Health is actively building security hygiene as a fabric throughout the organization and remains diligent about it.

Cybersecurity Should Be Viewed as a Strategic Enabler of the Business: Cybersecurity must shift from being viewed as a cost center driven by compliance to a strategic enabler aligned with business outcomes such as improved patient care, operational resilience, and trust, as reported by the HIPAA Journal. Mr. Steele shared that this is the culture that CalOptima Health has been building. He added that leadership has embraced cybersecurity since he joined the organization three years ago, and there have been many efforts not only to build a defensible position but also to bring the cybersecurity team into most aspects of the operation.

Mr. Steele reviewed the metrics for quarter three of 2025. He confirmed that there were no major cybersecurity incidents during the quarter. However, there was a significant number of third-party incidents, including two notable cases previously discussed. The remaining incidents primarily involved business email compromises at external organizations, often due to a lack of multi-factor authentication or phishing attacks.

Data loss prevention escalations remained consistent with historical trends, typically involving email and search-related issues, which were referred to the Privacy Team for further investigation. Mr. Steele highlighted key operational statistics, noting that 5.5 million emails were received, of which 66% were identified as malicious and blocked before reaching users. In addition, 126 phishing campaigns and over 1,000 malicious downloads were intercepted, many disguised as benefit renewals or holiday promotions. Mr. Steele added that a layered security approach is used to protect against these attacks. He also reported that the number of protected systems continues to grow, reflecting the scope of safeguarding millions of members' protected health information (PHI), which he described as the organization's "crown jewels."

Finally, Mr. Steele addressed the risk register, stating that although specific items cannot be discussed in detail, all open risks are actively tracked through work streams and compensating controls are in place. He also reviewed the 2025 Security Risk Assessments. Specifically, the Maturity Assessment noted that CalOptima Health showed marked improvement in year-over-year maturity. For the Office of Civil Compliance (OCR) Security Risk Assessment, there were 5 areas of improvement that were identified, with the majority of improvement needed in documenting CalOptima Health's current practice.

Chair Becerra inquired about the open items in the Risk Register.

Mr. Steele responded that open risk items originate from internal risk assessments, third-party assessments such as penetration tests, and OCR risk reviews. All identified risks are added to a Risk Register, which is actively tracked in partnership with the Compliance and Security Departments to ensure timely resolution.

Mr. Steele noted that, as reported earlier, CalOptima Health's Maturity Assessment showed marked improvement compared to 2024. The assessment is based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework, which measures the effectiveness and consistency of security controls. The organization is targeting Level 3 maturity, where all controls are repeatable and documented rather than ad hoc. Currently, the organization is rated above 2.5, with all technical controls in place. The remaining work involves ensuring these controls are fully documented in policies and procedures.

Director Helleland asked whether CalOptima Health is targeting 3 and what the maximum is.

Mr. Steele noted that the maximum is 5, which is basically an automated, hands-off system. He said that most organizations do not reach a 5 because of the dollar value associated with that automation.

Mr. Steele then led a cybersecurity education session for the committee, highlighting key industry threats, including the fact that healthcare remains a prime target due to the high value of PHI, which is worth more than credit card data. Ransomware attacks continue to impact hospitals, health plans, and providers. The Federal Bureau of Investigation has warned of social engineering and impersonation scams targeting Medi-Cal members. Third-party vendor risks are increasing, including risks from subcontractors several layers deep. Mr. Steele added that the misconfigurations in cloud and legacy systems are a significant source of exposure, affecting both older and new technologies. He emphasized that CalOptima Health is addressing these risks through a layered security approach aligned with industry-standard frameworks, including NIST, HIPAA, CMS, and OCR requirements. This approach focuses on people, processes, and technology, ensuring comprehensive coverage rather than a simple compliance checklist. The program involves continuous threat analysis and risk management to safeguard member data and organizational systems.

Mr. Steele and Ms. Kim responded to committee members' comments and questions.

INVESTMENT ADVISORY COMMITTEE UPDATE

3. Treasurer's Report

Ms. Huang presented the Treasurer's Report for the period of July 1, 2025, through September 30, 2025. The portfolio totaled approximately $3.6 billion. Of the total portfolio amount of $1.9 billion was in CalOptima Health's operating account, and roughly $1.7 billion was included in CalOptima Health's Board-designated reserves. Additionally, as previously reported, CalOptima Health now has a new reserve account totaling $132 million set aside for tangible net equity requirements. Meketa Investment Group Inc. (Meketa), CalOptima Health's investment advisor, completed an independent review of the monthly investment reports. Meketa reported that all investments were compliant with Government Code section 53600 *et seq*. and with CalOptima Health's Board-approved Annual Investment Policy during that period.

Ms. Huang provided an update on investment performance and policy changes. She reported that Meketa included an executive summary on page 11 of the committee materials detailing customer fund performance. For the quarter, the total fund return net of fees was 1.24%, and the year-to-date return was 4.635%, slightly lower than previously reported due to recent market and interest rate changes. Additional details on historical trends, market forecasts, and fund holdings are included in Meketa's report and investment managers' detailed holdings.

Ms. Huang also informed the committee that at the Investment Advisory Committee meeting in late October, the Annual Investment Policy for calendar year 2026 was reviewed and approved. A notable

change is the addition of financial futures contracts related to U.S. government securities as a permissible investment type starting January 1, 2026. She explained that financial futures contracts are standardized, exchange-traded agreements to buy or sell financial instruments at a predetermined price and date. This investment type is allowed under the California Government Code.

The purpose of adding futures contracts is solely to manage portfolio duration, not to increase returns or take on additional risk. To ensure control, the policy limits futures contracts to U.S. government-related securities, caps their use at 20% of the total portfolio, and restricts duration changes to approximately four months.

Chair Becerra asked for clarification on the maximum terms for the three categories noted in the Annual Investment Policy.

Ms. Huang provided clarification on the Annual Investment Policy maximum terms. She explained that the policy assigns different maximum terms based on three portfolio categories: Operating accounts, Tier 1, and Tier 2. Each category has specific duration limits to manage interest rate risk. For example, short-term portfolio (0–1 year), mid-term portfolio (1–3 years), and long-term portfolio (3–5 years). Ms. Huang added that these limits vary by investment type, such as U.S. Treasuries or asset-backed securities, and are defined within the Annual Investment Policy in alignment with the California Government Code. CalOptima Health further specifies maximum terms for each security type to ensure portfolio duration remains within tolerance levels and to mitigate interest rate risk.

PUBLIC COMMENTS

There were no requests for public comment.

CONSENT CALENDAR

4. Approve the Minutes of the September 18, 2025, Regular Meeting of the CalOptima Health Board of Directors' Finance and Audit Committee and Receive and File Minutes of the July 21, 2025, Regular Meeting of the CalOptima Health Board of Directors' Investment Advisory Committee

Action: ***On motion of Director Helleland, seconded and carried, the committee approved the Consent Calendar as presented. (Motion carried 2-0-0; Director Contratto absent)***

REPORTS/DISCUSSION ITEMS

5. Approve Modifications to Policy GA.3400: Annual Investments

Michael Hunn, Chief Executive Officer, noted that the Investment Advisory Committee meeting is a public meeting and that a detailed recording of the discussion on revisions to this policy is available. He stated that anyone interested can listen to the committee's dialogue, which was an excellent discussion.

Action: ***On motion of Director Helleland, seconded and carried, the committee recommended that the Board of Directors approve modifications to the CalOptima Health Policy GA.3400: Annual Investments. (Motion carried 2-0-0; Director Contratto absent)***

6. Recommend the Board of Directors Approve the New CalOptima Health Policy GA.8064

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Action: ***On motion of Chair Becerra, seconded and carried, the committee recommended that the CalOptima Health Board of Directors approve the new CalOptima Health Policy GA.8064: Deferred Compensation Investments, that will apply to all deferred compensation plans and replace the existing Investment Policy Statement. (Motion carried 2-0-0; Director Contratto absent)***

Chair Becerra asked for an overview of Information Item 9, CalAIM Program Summary and Community Supports: Trends & Analysis, specifically the CalAIM Community Supports: Trends & Analysis.

INFORMATION ITEMS

9. CalAIM Program Summary and Community Supports: Trends & Analysis

Kelly Bruno-Nelson, DSW, Executive Director, Medi-Cal/CalAIM, provided an update on trends and analysis of community supports. She noted that there are 15 community supports but focused on highlighting a few key items.

Dr. Bruno-Nelson discussed the assisted living facility transitions and explained a recent spike in utilization. This increase is due to a policy change by the Department of Health Care Services (DHCS) in July of last year. Previously, health plans were only responsible for care management services to help individuals transition from nursing homes to assisted living facilities. Under the new policy, health plans must now also cover activities of daily living services for members who have secured an assisted living facility bed and are on the waiver program list, until the waiver officially takes effect. This shift in responsibility has resulted in higher reported numbers, as members remain in assisted living beds while awaiting waiver activation.

Director Helleland asked if this translates into higher dollars for CalOptima Health as a health plan.

Dr. Bruno-Nelson responded that it is significantly more costly for CalOptima Health. The good news is that it is not a benefit that CalOptima Health would have to pay for indefinitely. The hope is that, eventually, those individuals will come off the assisted living waiver list, and the waiver would then pay for those services. She noted that this is still a significantly higher cost to CalOptima Health.

Director Helleland asked whether there were any unintended downstream consequences. He added he was trying to put it in perspective.

Mr. Hunn commented that as these services come online, the community supports are already built into CalOptima Health's DHCS payments, rates, and capitation. This will be reflected in CalOptima Health's medical loss ratio (MLR) and the funds we receive from the state. He noted that Ms. Huang and her Finance team have done an excellent job managing CalOptima Health's administrative loss ratio and MLR, so it has sufficient capacity to absorb this within the current capitated budget. The state is reviewing next year's rates, and CalOptima Health expects updates in March. There are ongoing discussions at the state level regarding funding for community supports under CalAIM. Mr. Hunn reported that he attended a meeting in Sacramento on November 17, 2025, and DHCS is considering adjustments in how funds will be allocated in the future.

For now, this change is covered within CalOptima Health's existing rates and budget. Ms. Huang can provide the specific fiscal impact in a future update, but CalOptima Health currently has adequate reimbursement to support this DHCS health benefit change.

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Yunkyung Kim, Chief Operating Officer, noted that one benefit of the state's recent change is that some members who qualify for waiver services have been stuck on a statewide waitlist for years due to limited assisted living beds. Previously, even if a member identified an available bed, they often could not access it because plans like CalOptima Health could not provide the necessary wraparound services.

This change allows CalOptima Health to help members transition into assisted living while they wait to move off the waiver list, rather than remaining in inpatient or higher-level care. Although the numbers are small due to limited bed availability, this adjustment can make a significant difference for those members. Once the member is on the waiver, the waiver covers ongoing costs and enrollment in most of CalOptima Health programs.

Dr. Bruno-Nelson reported next on item four, Personal Care, which is a service similar to In-Home Supportive Services (IHSS). Its primary purpose is to bridge the gap for members who have applied for IHSS but are waiting for approval and, in rare cases, to supplement IHSS when additional support is needed. Dr. Bruno-Nelson reported that utilization numbers increased initially but are now trending down. This decline is due to CalOptima Health's collaboration with the Social Services Agency (SSA), which administers IHSS. While CalOptima Health cannot access state data on IHSS approvals, SSA has provided alternative documentation that helps CalOptima Health identify when members are approved. At that point, CalOptima Health's services end, and IHSS takes over. The goal remains to serve as a temporary bridge, and the recent collaboration has improved efficiency.

Chair Becerra asked what the difference is between an authorized member and the trend on the claim. In addition, she asked whether there was a member who was authorized but not using the services.

Dr. Bruno-Nelson responded that it is possible; however, she said it is more likely attributed to a lag in billing for those services.

Next, Dr. Bruno-Nelson provided additional updates on the following CalAIM community supports:

Home Modifications (Environmentally Accessible Adaptations): Dr. Bruno-Nelson reported that utilization remains low, with a slight upward trend. A key barrier is that most members are renters and require landlord approval for modifications, which limits access. Despite this, some members have successfully used the benefit.

Housing Navigation: Utilization has increased over time, reflecting the growing need in the community. The county's unhoused population rose by 22% between the 2022 and 2024 Point-in-Time Counts, and similar increases are expected in the next count scheduled for January.

Enhanced Care Management (ECM): Dr. Bruno-Nelson reported that enrollment in ECM has shown steady growth since its launch, supported by three ECM academies over the past three years and the addition of 62 ECM providers. DHCS' July audit confirmed that CalOptima Health met utilization and provider thresholds, with at least one provider for every population of focus. The program is progressing toward the state goal of enrolling 1% of membership in ECM.

10. Board Approved Initiatives Update

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Michell Nielsen, Director, Strategic Development, provided an update on two Board-approved strategic initiatives, starting with the Member and Population Health Needs Assessment (MPHNA). Ms. Nielsen acknowledged the collaborative efforts of CalOptima Health, the National Opinion Research Center, and their subcontractors, Capital C and Cal State Fullerton, in advancing this initiative.

Goal: The shared goal is to develop a comprehensive, equity-driven assessment of CalOptima Health members' whole-person health needs in Orange County.

Approach: Provider and member surveys, community focus groups, and key informant interviews.

Ms. Nielsen reported that the Provider Survey, which concluded in August with 301 responses, was significantly higher than the previous assessment. Highlights will be shared at upcoming provider forums; full results will be integrated into the final MPHNA report.

For the Member Survey, Ms. Nielsen reported that it was launched on October 16; outreach included online, mail, in-person engagement, and over 20 community events. Nearly 600 responses received to date; survey closes mid-December.

Ms. Nielsen reported that three focus groups have been completed: English-speaking populations in North and South County and older adults at the CalOptima Health PACE facility. Staff is planning to convene eight additional focus groups to be completed by early December.

Provider Workforce Development Initiative
Ms. Nielsen reported that the Provider Workforce Development Initiative was a $50 million investment over five years to address healthcare workforce shortages in Orange County. There were five components to this initiative, which included the following:

- Educational investments to expand the non-physician health professional pipeline.
- Innovation fund for behavioral health training models.
- Physician-focused programs.
- Allied health initiatives.
- Countywide collaborative (awarded to Orange County Department of Education) to convene educational institutions, providers, and community organizations.

Progress:
Two rounds of grant funding have been launched, and monitoring is in progress with 13 grantees. Ms. Nielsen noted that the projected outcomes by 2029 include an additional 1,000 health professionals (nurses, physician assistants, and allied health professionals) and 800 additional behavioral health professionals. She reported that Chapman University's Physician Assistant Program invited CalOptima Health to its White Coat Ceremony on December 5, where four CalOptima Health scholarship recipients will participate.

Director Helleland asked how CalOptima Health is monitoring whether the grant funding is increasing the number of health care professionals being trained.

Mr. Hunn responded and discussed the tracking and reporting for the Provider Workforce Development Initiative grants. He noted that the universities receiving funds – such as Cal State Fullerton for Social

Work and nursing programs – will report back on the number of students supported, completion rates, and compliance with the requirement to remain in Orange County for up to three years post-graduation. This follow-up is tied to the grant audit process, and institutions have agreed to provide longitudinal data. Mr. Hunn also emphasized the following key points: funds help students remain in programs by addressing financial barriers, reducing dropout rates; stipends cover more than tuition, supporting overall retention; and nursing program participants will be tracked through milestones such as credentialing and white coat ceremonies. He noted that CalOptima Health will request and report these metrics as part of grants management updates. Finally, Mr. Hunn said that broader workforce development efforts aim to increase the number of graduates and retention in Orange County, addressing challenges such as financial pressures and potential barriers to program participation.

Chair Becerra clarified the importance of measuring the actual impact of CalOptima Health's investment in workforce development programs. Specifically, the focus should be on:

- How many additional students enrolled as a direct result of CalOptima Health's funding (beyond those who would have participated without the investment)?
- Tracking retention and placement after graduation, including whether graduates remain in Orange County, work in safety-net programs, serve Medicaid populations, or move into private practice.

Mr. Hunn responded that CalOptima Health will ensure the tracking data is provided as requested.

Ms. Nielsen shared updates from the second round of the Provider Workforce Development Initiative:

Seneca Family of Agencies has placed six interns across Anaheim Hills, Santa Ana, and Lake Forest clinics: four Master of Social Work graduates, one Marriage and Family Therapist graduate, and one Professional Clinical Counselor. These interns are Orange County residents attending Cal State Fullerton, Cal State Long Beach, and Azusa Pacific University. Internships began in September.

Countywide Collaborative contracting is in progress, with implementation targeted before year-end. Initial steps will include identifying key stakeholders and developing a strategic plan to ensure a targeted, outcome-driven approach. Ms. Nielsen emphasized that this initiative is a long-term strategy to build a resilient, community-rooted healthcare workforce in Orange County, focusing on execution, impact measurement, and sustained engagement with partners.

Dr. Bruno-Nelson provided an update on the Street Medicine Support Center at the Hospitality Inn Board initiative. She reported that there has been significant progress on the project and expects to receive plan approvals by mid-next month. The partnership with the City of Garden Grove has been instrumental in allowing simultaneous review of architectural plans and building use approval – an approach that typically occurs sequentially. This concurrent process will save time and keep the project on schedule. Plans are anticipated to be approved by the City of Garden Grove by mid-December, after which a request for proposals will be issued to select a general contractor. The projected opening for the support center is early 2027.

INFORMATION ITEMS

The following items were accepted as presented.

7. September 2025 Financial Summary

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8. Quarterly Operating and Capital Budget Update

Agenda Item 11. Quarterly Reports to the Finance and Audit Committee, 11.a. through 11.d. were discussed during the Chief Financial Officer's Report at the beginning of the meeting.

11. Quarterly Reports to the Finance and Audit Committee

a. Net Asset Analysis
b. Enrollment Trend Report
c. Shared Risk Pool Performance Update
d. Health Network Financial Compliance Review Update

COMMITTEE MEMBER COMMENTS

There were no committee member comments.

ADJOURNMENT

Hearing no further business, Chair Becerra adjourned the meeting at 4:02 p.m.

/s/ Sharon Dwiers
Sharon Dwiers
Clerk of the Board

Approved: February 19, 2026

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CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken March 5, 2026
Meeting of the CalOptima Health Board of Directors

Consent Calendar

6. Approve Reappointment of Annie Tran to the CalOptima Health Board of Directors' Investment Advisory Committee

Contact

Nancy Huang, Chief Financial Officer, (714) 235-6395

Recommended Actions

Approve reappointment of Annie Tran to the Board of Directors' Investment Advisory Committee for a two (2)-year term, beginning March 5, 2026.

Background

At a Special Meeting of the CalOptima Health Board of Directors (Board) held on September 10, 1996, the Board authorized the creation of the CalOptima Health Investment Advisory Committee (IAC), established qualifications for committee members, and directed staff to proceed with the recruitment of the volunteer members of the IAC.

When creating the IAC, the Board specified that the IAC would consist of five (5) members. One (1) member would automatically serve by virtue of his or her position as CalOptima Health's Chief Financial Officer. The remaining four (4) members would be Orange County residents who possess experience in one (1) or more of the following areas: investment banking, investment brokerage and sales, investment management, financial management and planning, commercial banking, or financial accounting.

At the September 5, 2000, meeting, the Board approved expanding the composition of the IAC from five (5) members to seven (7) members to have more diverse opinions and backgrounds to advise CalOptima Health on its investment activities. All IAC members' appointments are usually for a two-year term.

Discussion

The candidate recommended for reappointment, Annie Tran, has consistently provided leadership and expertise in finance and accounting.

Annie Tran is a Chartered Financial Analyst, holds an MBA in finance and a bachelor's degree in economics. Ms. Tran currently works for Charles Fish Investments as a Portfolio Manager. She has over 17 years of experience and previously worked as an Analyst for US Bank and an Investment Analyst intern for the City of Orange.

Annie Tran was first appointed to the IAC on March 4, 2022, and reappointed to the IAC on March 5, 2024. Her current term will end on March 4, 2026.

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Fiscal Impact
There is no fiscal impact. An individual serving on the IAC assists CalOptima Health in suggesting updates to and ensuring compliance with CalOptima Health's Board-approved Annual Investment Policy, and monitors the performance of CalOptima Health's investments, investment advisor, and investment managers.

Rationale for Recommendation
The individual recommended for reappointment to CalOptima Health's IAC has extensive experience that meets or exceeds the specified qualifications for membership on the IAC.

Concurrence
Troy R. Szabo, Outside General Counsel, Kennaday Leavitt
Board of Directors' Investment Advisory Committee
Board of Directors' Finance and Audit Committee

Attachment
None

/s/ Michael Hunn *02/26/2026*
Authorized Signature **Date**

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CalOptima Health Board Action Agenda Referral

Action To Be Taken March 5, 2026
Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

7. Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2025

Contact

Donna Laverdiere, Executive Director, Strategic Development (714)-986-6981

Recommended Actions

1. Authorize the following activities related to the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2025 (IGT 15):
    a. Pursue funding partnerships with eligible participating entities for the upcoming IGT 15 funding cycle;
    b. Submit a proposal to the California Department of Health Care Services to participate in IGT 15; and
    c. The Chief Executive Officer executing agreements with these entities and their designated providers, as necessary, to seek IGT 15 funds.

Background

The Voluntary Rate Range Intergovernmental Transfer Program (VRR IGT) allows the Department of Health Care Services (DHCS) and CalOptima Health to secure additional Medi-Cal dollars for eligible Orange County governmental entities. The governmental entities are public entities that include counties, cities, special purpose districts, state university teaching hospitals, and other political subdivisions of the state. To date, CalOptima Health has participated in fourteen transaction cycles of the VRR IGT.

For each VRR IGT transaction, DHCS identifies the estimated member months for rate categories (*e.g.*, adult, adult optional expansion, child, long term care, seniors and persons with disabilities, and whole child model) and provides the total amount available for Orange County to contribute through funding entities. To receive funds, participating governmental entities transfer payment to DHCS, which is then used to obtain a federal match. DHCS distributes the funds provided by the funding entities and the federal match to the eligible entities through CalOptima Health.

CalOptima Health calculates eligible entities' payment allocation based on the available IGT funding amount, the level of funding each participating entity is able to contribute, each entity's relative uncompensated costs, and the number of funding entities participating in the program. CalOptima Health performs a final calculation upon confirmation of the actual transfer amount to DHCS. CalOptima Health retains a 2% administrative fee of net proceeds to offset expenses for the administration of the VRR IGT program.

There were 11 program participants in the CY 2024 VRR IGT 14 round:

- City of Anaheim Fire Department;
- City of Brea Fire Department;
- City of Fountain Valley Fire Department;

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- City of Fullerton Fire Department;
- City of Huntington Beach Fire Department;
- City of Laguna Beach Fire Department;
- City of Newport Beach Fire Department;
- City of Orange Fire Department;
- First 5 Orange County (formerly known as the Children and Families Commission);
- County of Orange Health Care Agency; and
- University of California, Irvine.

CalOptima Health utilized its standard process to collect submission information from participating funding entities and submitted these materials to DHCS on March 28, 2025.

Discussion

On February 5, 2026, CalOptima Health received notification from DHCS regarding the VRR IGT 15 opportunity with an estimated available funding up to $197.4 million. CalOptima Health's proposal, along with the proposed funding entities' supporting documents, are due to DHCS no later than April 10, 2026.

On February 26, 2026, CalOptima Health hosted an informational webinar and shared information about the VRR IGT program to potentially eligible governmental entities to inform them of the CY 2025 VRR IGT timeline, funding availability, submission process, and eligibility requirements that the entities must meet to be considered for funding through IGT 15.

Eligible governmental entities must meet the following requirements:

- Only governmental entities that incur uncompensated costs for covered Medi-Cal services are eligible for funding;
- Funding entities may not use recycled Medicaid funds or federal funds that are not eligible to fund the state share of the VRR IGT;
- Funding entities must be:
    - Contracted CalOptima Health providers with uncompensated Medi-Cal expenditures or costs that exceed payment from the plan for services rendered to Medi-Cal members.
    - Interested in providing local funds to act as a local VRR IGT match.
- Funding entities must:
    - Certify that the funds provided are eligible for federal matching dollars.
    - Document uncompensated services (costs above reimbursement) provided to CalOptima Health members for dates of service between January 1, 2025, through December 31, 2025.
    - Provide other related documentation required for program participation (*e.g.*, copy of DHCS contract, contribution letter, invoices, compliance attestation) to CalOptima Health.

CalOptima Health staff is seeking Board of Directors' approval to authorize staff to submit the proposal letter to DHCS for participation in IGT 15 and to authorize the Chief Executive Officer to enter into

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agreements with each of the confirmed participating funding entities submitting a letter of interest, or their designated providers, for the purpose of securing available IGT 15 funds. Staff will return to the Board of Directors (Board) with the final list of participating funding partners and allocations for ratification at the May 7, 2026, Board meeting.

Consistent with the most recent IGT 14 transaction, CalOptima Health will retain an administrative fee of 2% of net proceeds, with the remaining net proceeds distributed to the funding entities.

Fiscal Impact

Staff anticipates the recommended actions will be net budget neutral to CalOptima Health. IGT 15 is anticipated to generate approximately $2.2 million for CalOptima Health to offset expenses for the administration of the program.

Rationale for Recommendation

Submission of the proposal and authorization of funding agreements for IGT 15 will allow CalOptima Health's eligible participating providers to secure IGT funds for Calendar Year 2025.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. CY 2025 Department of Health Care Services VRRP Notification
2. CY 2025 Attachment B Form for Governmental Funding Entities
3. Prior Board Action dated April 3, 2025, "Ratify List of Qualifying Funding Entities to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024 (IGT14)"

/s/ Michael Hunn *02/26/2026*
Authorized Signature **Date**

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DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

February 6, 2026

Nancy Huang
CFO
CalOptima
505 City Parkway West
Orange, CA 92868

SUBJECT: Calendar Year 2025 (January 1, 2025 – December 31, 2025) Voluntary Rate Range Program – Request for Medi-Cal Managed Care Plan's (MCP) Proposal

Dear Nancy Huang:

The Calendar Year 2025 Voluntary Rate Range Program, authorized by Welfare and Institutions (W&I) Code sections 14164, 14301.4, and 14301.5, provides a mechanism for funding the non-federal share of the difference between the lower and upper bounds of a MCP's actuarially sound rate range, as determined by the Department of Health Care Services (DHCS). Governmental funding entities eligible to transfer the non-federal share are defined as counties, cities, special purpose districts, state university teaching hospitals, and other political subdivisions of the state, pursuant to W&I Code section 14164(a). These governmental funding entities may voluntarily transfer funds to DHCS via intergovernmental transfer (IGT). These voluntary IGTs, together with the applicable Federal Financial Participation (FFP), will be used to fund payments by DHCS to MCPs as part of the capitation rates paid for the service period of January 1, 2025, through December 31, 2025.

DHCS shall not direct the MCP's expenditure of payments received under the Calendar Year 2025 Voluntary Rate Range Program. These payments are subject to all applicable requirements set forth in MCP's contract with DHCS. These payments must also be tied to covered Medi-Cal services provided on behalf of Medi-Cal beneficiaries enrolled within the MCP's rating region.

The funds transferred by an eligible governmental funding entity must qualify for FFP pursuant to Title 42 Code of Federal Regulations (CFR) Part 433, Subpart B, including the requirements that the funding source(s) shall not be derived: from impermissible sources such as recycled Medicaid payments, Federal money excluded from use as state match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the state as the source of funding.

DHCS shall continue to administer all aspects of the IGT related to the Calendar Year 2025 Voluntary Rate Range Program, including determinations related to fees.

PROCESS FOR CALENDAR YEAR 2025:

MCPs should refer to the estimated Calendar Year 2025 county/region-specific non-federal share required to fund available rate range amounts for the MCP (see Attachment C). As a reminder, participation in the Calendar Year 2025 Voluntary Rate Range Program is voluntary on the part of the transferring entity and the MCP. Note that the estimated Contribution (Non-Federal Share) amounts are based on final prospective capitation rates (as of the date of this letter) and estimated member months, and the actual amounts may change based on amended rates and updated enrollment estimates.

If an MCP elects to participate in the Calendar Year 2025 Voluntary Rate Range Program, the MCP must adhere to the process for participation outlined below:

Soliciting Interest

The MCP shall contact potential governmental funding entities to determine their interest, ability, and desired level of participation in the Calendar Year 2025 Voluntary Rate Range Program. All providers and governmental funding entities who express their interest directly to DHCS will be redirected to the applicable MCP to facilitate negotiations related to participation. If, following the submission of the MCP's proposal, one or more governmental funding entities included in the MCP's proposal are unable or unwilling to participate in the Voluntary Rate Range Program, the MCP shall attempt to find other governmental funding entities able and willing to participate in their place.

The MCP must inform all participating governmental entities that, unless DHCS determines a statutory exemption applies, IGTs submitted in accordance with W&I Code section 14301.4 are subject to an additional 20 percent assessment fee (calculated on the value of their IGT contribution amount) to reimburse DHCS for the administrative costs of operating the Voluntary Rate Range Program and to support the Medi-Cal program. DHCS will determine if a fee waiver is appropriate.

Submission Requirements

Once the MCP has coordinated with the relevant governmental funding entities, the following documents must be submitted to DHCS in accordance with the requirements and procedures set forth below:

- The MCP must submit a **proposal** to DHCS. This proposal must include:

    1. A cover letter signed by the MCP's Chief Executive Officer or Chief Financial Officer on **MCP letterhead**.

2. The MCP's primary contacts information (name, title, e-mail address, mailing address, and phone number).
3. Rating region-specific summaries of the selected governmental funding entities, related providers, and participation levels specified for Calendar Year 2025. The combined amounts or percentages must not exceed 100 percent of the estimated non-federal share of the available rate range amounts provided by DHCS. If the MCP is unable to use the entire available rate range, the MCP must indicate the unfunded amount and percentage.
4. All letters of interest (described below) and supporting documents must be attached to the proposal. If the Calendar Year 2025 Voluntary Rate Range Program Supplemental Attachment described below is not collected by the MCP and attached to the proposal at the time of submission, please indicate if the information will be submitted to DHCS directly by each governmental funding entity.

- The MCP must obtain a **letter of interest** from each governmental funding entity included in the MCP's proposal to DHCS. The highlighted sections in the letter of interest form provided in Attachment A must be filled out completely and printed on **the participating governmental funding entity's letterhead**. A separate letter of interest must be provided for each rating region. An individual who is authorized to sign the certification on behalf of the governmental funding entity must sign a letter of interest.

- The MCP must distribute to governmental funding entities and ensure submission to DHCS, either by the MCP or the governmental funding entity, of the **Calendar Year 2025 Voluntary Rate Range Program Supplemental Attachment** (see Attachment B) by **Friday, April 10, 2026**.

- The proposals and letters of interest are due to DHCS ***by 5pm on* Friday, April *10, 2026***. Please send a PDF copy of the required documents by e-mail to Vivian.Beeck@dhcs.ca.gov, and Scott.Gale@dhcs.ca.gov. ***Failure to submit all required documents by the due date may result in exclusion from the Calendar Year 2025 Voluntary Rate Range Program.***

Each proposal is subject to review and approval by DHCS. The review will include an evaluation of the proposed provider participation levels in comparison to their uncompensated contracted Medi-Cal costs and/or charges unless the applicable rating region is subject to a one-time exemption. DHCS reserves the right to approve, amend, or deny the proposal at its discretion.

Upon DHCS' approval of the governmental funding entities and non-federal share amounts for the Calendar Year 2025 Voluntary Rate Range Program, DHCS will provide the necessary funding agreement templates, forms, and related due dates to the specified governmental funding entities and MCP contacts. The governmental funding entities will be responsible for completing all necessary funding agreement

documents, responding to any inquiries necessary for obtaining approval, and obtaining all required signatures.

If you have any questions regarding this letter, please contact Vivian Beeck by email at Vivian.Beeck@dhcs.ca.gov, or at (916) 345-8271.

Sincerely,

Signed by:
Jesse Hoskins
717757A8908D474...

Jesse Hoskins, Section Chief
Capitated Rates Development Division

Attachments

cc:

Mike Wood
Manager, Regulatory Affairs & Compliance, Medi-Cal
CalOptima
505 City Parkway West
Orange, CA 92868

Vivian Beeck
Staff Services Manager I
Capitated Rates Development Division
Department of Health Care Services
P.O. Box 997413, MS 4413
Sacramento, CA 95899-7413

Scott Gale
Associate Governmental Program Analyst
Capitated Rates Development Division
Department of Health Care Services
P.O. Box 997413, MS 4413
Sacramento, CA 95899-7413

Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2025 (January 1, 2025 through December 31, 2025)

Provider's Legal Name:	
County:	
Health Plan:	

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than April 10, 2026.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from CY 2024 (January 1, 2024 - December 31, 2024).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ -	$ -	$ -	$ -	$ -

* Include payments received and anticipated to be received, for dates of service from January 1, 2024 - December 31, 2024.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from January 1, 2024 - December 31, 2024 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***(Yes / No)***

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds:

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding:

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

(iv) Does the transferring entity have general taxing authority? ***(Yes / No)***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***(Yes / No)***

5. Comments / Notes

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title: _____

Signature & Date: _____

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken April 3, 2025
Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

10. Ratify List of Qualifying Funding Entities to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024 (IGT14)

Contact

Donna Laverdiere, Executive Director, Strategic Development, (714) 986-6981

Recommended Actions

Ratify the following list of qualifying funding entities and allocations for participation in the Calendar Year 2024 Voluntary Rate Range Intergovernmental Transfer Program:

1. City of Brea Fire Department;
2. City of Laguna Beach Fire Department;
3. City of Newport Beach Fire Department;
4. City of Fountain Valley Fire Department;
5. Children & Families Commission of Orange County (First 5 of Orange County);
6. City of Fullerton Fire Department;
7. City of Orange Fire Department;
8. City of Huntington Beach Fire Department;
9. City of Anaheim Fire Department;
10. County of Orange Health Care Agency; and
11. University of California, Irvine.

Background

The Voluntary Rate Range Intergovernmental Transfer (VRR IGT) program allows the Department of Health Care Services (DHCS) and CalOptima Health to secure additional Medi-Cal dollars for eligible Orange County entities. For each IGT transaction, DHCS identifies the estimated member months for rate categories (*e.g.*, adult, adult optional expansion, child, long term care, seniors and persons with disabilities, and whole child model) and provides the total amount available for Orange County to contribute through funding entities. To receive funds, qualifying funding entities must identify their uncompensated costs for serving Medi-Cal members and provide a funding transfer amount to DHCS, which is then used to obtain a federal match. DHCS distributes the funds and the match to the qualifying funding entities through CalOptima Health. To date, CalOptima Health has participated in 13 VRR IGT transactions. CalOptima Health currently retains a 2% administrative fee of net proceeds for administration of the VRR IGT program.

On January 14, 2025, DHCS notified CalOptima Health regarding the Calendar Year (CY) 2024 VRR IGT program opportunity with approximately $60.8 million in contribution and $175.1 million in total funding availability for Orange County. CalOptima Health's submission of the required materials was due to DHCS by March 28, 2025. At the March 6, 2025, Board of Directors meeting, staff received approval to pursue funding partnerships with qualifying funding entities, submit the proposal to DHCS, execute agreements with the funding entities, and bring back the final list of funding entities and allocations at the April 3, 2025, Board of Directors meeting for ratification.

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Discussion

On February 4, 2025, CalOptima Health hosted an informational webinar and shared information about VRR IGT to eligible governmental entities to inform them of the CY 2024 (IGT 14) timeline, funding availability, submission process, and eligibility requirements that must be met to be considered for funding. CalOptima Health contacted the seven CY 2023 program participants and additional potential new qualifying funding entities via email to inform them about the webinar, and eight organizations attended. CalOptima Health received confirmation of participation from eleven entities. Each entity submitted their uncompensated Medi-Cal costs as well as the funding amount they were able to contribute to obtain matching funds. CalOptima Health calculated each participating entity's contribution amount and estimated payment based on the proportion of uncompensated costs compared to the total submitted as well as the amount of funds each entity could provide through the transfer.

CalOptima Health submitted the proposal to DHCS, along with the qualifying funding entities' supporting documents, on the submission deadline of March 28, 2025. The entities and their approximate contribution amounts are listed below.

Funding Entity	Calendar Year 2024 Total Transfer Amount to DHCS	Calendar Year 2024 Total Participation Percentage (%)
City of Brea Fire Department	$17,227	0.03%
City of Laguna Beach Fire Department	$131,610	0.22%
City of Newport Beach Fire Department	$147,823	0.24%
City of Fountain Valley Fire Department	$291,694	0.48%
Children & Families Commission of Orange County (First 5 of Orange County)	$303,251	0.50%
City of Fullerton Fire Department	$455,299	0.75%
City of Orange Fire Department	$506,263	0.83%
City of Huntington Beach Fire Department	$609,014	1.00%
City of Anaheim Fire Department	$1,000,000	1.64%
County of Orange Health Care Agency	$3,565,361	5.86%
University of California, Irvine	$53,813,863	88.45%
Total Funding Entities Participation	**$60,841,404**	**100.00%**
Total Available Non-federal Share IGT	**$60,841,404**	-

Due to the timing of the submission to DHCS, CalOptima Health staff request the Board of Directors ratify the list of qualifying funding entities and the funding allocations above that were submitted for the CY 2024 VRR IGT program to DHCS on March 28, 2025.

Fiscal Impact

The recommended action is net budget neutral. IGT 14 is expected to generate approximately $2.0 million for CalOptima Health to offset expenses for the administration of the VRR IGT program.

Rationale for Recommendation

Submission of the proposal and authorization of funding agreements allows Orange County qualifying funding entities to participate in the CY 2024 VRR IGT program.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Action.
2. Board Action Dated March 6, 2025, Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024.
3. CalOptima Health Calendar Year 2024 Voluntary Rate Range Program Letter of Interest and Proposal to DHCS.

/s/ Michael Hunn *03/27/2025*
Authorized Signature **Date**

Attachment 1

CONTRACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
City of Anaheim	201 S Anaheim Blvd.	Anaheim	CA	92805
City of Brea	1 Civic Center Circle	Brea	CA	92821
City of Fountain Valley Fire Department	10200 Slater Avenue	Fountain Valley	CA	92708
City of Fullerton	312 Commonwealth Avenue	Fullerton	CA	92832
City of Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648
City of Laguna Beach	505 Forest Avenue	Laguna Beach	CA	92651
City of Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660
City of Orange Fire Department	300 E. Chapman Avenue	Orange	CA	92866
County of Orange Health Care Agency	405 W. 5th Street, Suite 756	Santa Ana	CA	92701
First 5 Orange County Children & Families Commission	1505 E. 17th Street, Suite 230	Santa Ana	CA	92705
University of California, Irvine Medical Center	101 City Drive, Bldg 53, Suite 100	Orange	CA	92868

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CalOptima Health Board Action Agenda Referral

Action To Be Taken March 6, 2025
Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

9. Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024

Contact

Donna Laverdiere, Executive Director, Strategic Development, (714)-986-6981

Recommended Actions

Authorize the following activities to secure Medi-Cal funds through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024:

1. Submission of a proposal to the California Department of Health Care Services to participate in the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2024;
2. Pursuit of funding partnerships with eligible participating entities; and
3. The Chief Executive Officer executing agreements with these entities and their designated providers, as necessary, to seek intergovernmental transfer funds.

Background

The Voluntary Rate Range Intergovernmental Transfer Program (VRRP) allows the Department of Health Care Services (DHCS) and CalOptima Health to secure additional Medi-Cal dollars through intergovernmental transfers from eligible Orange County governmental entities. The eligible governmental entities are public entities, including counties, cities, special purpose districts, state university teaching hospitals, and other political subdivisions of the state.

For each Intergovernmental Transfer (IGT) transaction, DHCS identifies the estimated CalOptima member months for rate categories (*e.g.*, adult, adult optional expansion, child, long term care, seniors and persons with disabilities, and whole child model) and provides the total amount available for Orange County to contribute through funding entities. Participating governmental entities transfer public funds to DHCS, which is then used by DHCS to obtain a federal match. DHCS distributes the funds and the match to the eligible entities through CalOptima Health. To date, CalOptima Health has participated in thirteen transaction cycles of the VRRP.

CalOptima Health retains a 2% administrative fee of net proceeds to offset expenses for the administration of the VRRP.

There were seven program participants in the CY 2023 IGT 13 round:

- UCI Health;
- County of Orange;
- City of Orange;
- First 5 Orange County (formerly known as the Children and Families Commission);
- City of Newport Beach;
- City of Huntington Beach; and
- City of Fountain Valley.

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Discussion

On January 14, 2025, CalOptima Health received notification from DHCS regarding the IGT 14 opportunity with up to $175.1 million in total funding availability for Orange County. CalOptima Health's proposal, along with the proposed funding entities' supporting documents, are due to DHCS no later than March 28, 2025.

On February 4, 2025, CalOptima Health hosted an informational webinar and shared information about VRRP to potential participating eligible governmental entities to inform them of the CY 2024 VRRP (IGT 14) timeline, funding availability, submission process, and eligibility requirements that must be met in order to be considered for funding.

Eligible governmental entities must meet the following requirements:

- Only governmental entities that incur uncompensated costs for covered Medi-Cal services may be eligible for funding;
- Funding entities may not use recycled Medicaid funds or federal funds that are not eligible to fund the state share of the IGT;
- Funding entities must be:
    - Contracted CalOptima Health providers with uncompensated Medi-Cal expenditures, or costs which exceed payment from the plan for services rendered to Medi-Cal members.
    - Interested in providing local funds to act as a local IGT match.
- Funding entities must:
    - Certify that the funds provided are eligible for federal matching dollars.
    - Document uncompensated services (costs above reimbursement) provided to CalOptima Health members for dates of service between July 1, 2022, through June 30, 2023.

CalOptima Health staff is seeking Board of Directors' approval to authorize staff to submit the proposal letter to DHCS for participation in IGT 14 and to authorize the Chief Executive Officer to enter into agreements with each of the confirmed participating funding entities submitting a letter of interest, or their designated providers, for the purpose of securing available IGT funds. CalOptima Health staff will review the estimated contribution amounts and uncompensated Medi-Cal expenditures from participating funding entities to determine the IGT 14 allocation. Staff will return to the Board of Directors with the final list of participating funding partners and allocations for ratification at the April 3, 2025, meeting of the Board.

Consistent with the most recent IGT transaction, CalOptima Health will retain an administrative fee of 2% of net proceeds, with the remaining net proceeds distributed to the funding entities in compliance with VRRP requirements.

Fiscal Impact

Staff anticipate the recommended actions to be net budget neutral to CalOptima Health. IGT 14 is expected to generate approximately $2.6 million for CalOptima Health to offset expenses for the administration of the VRRP.

Rationale for Recommendation

Submission of the proposal and authorization of funding agreements will allow CalOptima Health to maximize Orange County's available Medi-Cal funding for Calendar Year 2024. It will also increase dollars to participating entities in Orange County to support Medi-Cal services provided to CalOptima Health members.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. CY 2024 Department of Health Care Services VRRP Notification
2. CY 2024 Attachment B Form for Governmental Funding Entities
3. Previous Board Action dated August 1, 2024, "Ratify List of Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2023 (IGT13)"

/s/ Michael Hunn *02/27/2025*
Authorized Signature **Date**

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DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

January 14, 2025

Nancy Huang
CFO
CalOptima
505 City Parkway West
Orange, CA 92868

SUBJECT: Calendar Year 2024 (January 1, 2024 – December 31, 2024) Voluntary Rate Range Program – Request for Medi-Cal Managed Care Plan's (MCP) Proposal

Dear Nancy Huang:

The Calendar Year 2024 Voluntary Rate Range Program, authorized by Welfare and Institutions (W&I) Code sections 14164, 14301.4, and 14301.5, provides a mechanism for funding the non-federal share of the difference between the lower and upper bounds of a MCP's actuarially sound rate range, as determined by the Department of Health Care Services (DHCS). Governmental funding entities eligible to transfer the non-federal share are defined as counties, cities, special purpose districts, state university teaching hospitals, and other political subdivisions of the state, pursuant to W&I Code section 14164(a). These governmental funding entities may voluntarily transfer funds to DHCS via intergovernmental transfer (IGT). These voluntary IGTs, together with the applicable Federal Financial Participation (FFP), will be used to fund payments by DHCS to MCPs as part of the capitation rates paid for the service period of January 1, 2024, through December 31, 2024.

DHCS shall not direct the MCP's expenditure of payments received under the Calendar Year 2024 Voluntary Rate Range Program. These payments are subject to all applicable requirements set forth in the MCP's contract with DHCS. These payments must also be tied to covered Medi-Cal services provided on behalf of Medi-Cal beneficiaries enrolled within the MCP's rating region.

The funds transferred by an eligible governmental funding entity must qualify for FFP pursuant to Title 42 Code of Federal Regulations (CFR) Part 433, Subpart B, including the requirements that the funding source(s) shall not be derived: from impermissible sources such as recycled Medicaid payments, Federal money excluded from use as state match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the state as the source of funding.

DHCS shall continue to administer all aspects of the IGT related to the Calendar Year 2024 Voluntary Rate Range Program, including determinations related to fees.

PROCESS FOR CALENDAR YEAR 2024:

MCPs should refer to the estimated Calendar Year 2024 county/region-specific non-federal share required to fund available rate range amounts for the MCP (see Attachment C). As a reminder, participation in the Calendar Year 2024 Voluntary Rate Range Program is voluntary on the part of the transferring entity and the MCP. Note that the estimated Contribution (Non-Federal Share) amounts are based on final amended capitation rates (as of January 2025) and estimated member months, and the actual amounts may change based on finalized rates and updated enrollment estimates.

If an MCP elects to participate in the Calendar Year 2024 Voluntary Rate Range Program, the MCP must adhere to the process for participation outlined below:

Soliciting Interest

The MCP shall contact potential governmental funding entities to determine their interest, ability, and desired level of participation in the Calendar Year 2024 Voluntary Rate Range Program. All providers and governmental funding entities who express their interest directly to DHCS will be redirected to the applicable MCP to facilitate negotiations related to participation. If, following the submission of the MCP's proposal, one or more governmental funding entities included in the MCP's proposal are unable or unwilling to participate in the Voluntary Rate Range Program, the MCP shall attempt to find other governmental funding entities able and willing to participate in their place.

The MCP must inform all participating governmental entities that, unless DHCS determines a statutory exemption applies, IGTs submitted in accordance with W&I Code section 14301.4 are subject to an additional 20 percent assessment fee (calculated on the value of their IGT contribution amount) to reimburse DHCS for the administrative costs of operating the Voluntary Rate Range Program and to support the Medi-Cal program. DHCS will determine if a fee waiver is appropriate.

Submission Requirements

Once the MCP has coordinated with the relevant governmental funding entities, the following documents must be submitted to DHCS in accordance with the requirements and procedures set forth below:

- The MCP must submit a **proposal** to DHCS. This proposal must include:

    1. A cover letter signed by the MCP's Chief Executive Officer or Chief Financial Officer on **MCP letterhead**.
    2. The MCP's primary contact information (name, title, e-mail address, mailing address, and phone number).
    3. Rating region-specific summaries of the selected governmental funding entities, related providers, and participation levels specified for Calendar

Year 2024. The combined amounts or percentages must not exceed 100 percent of the estimated non-federal share of the available rate range amounts provided by DHCS. If the MCP is unable to use the entire available rate range, the MCP must indicate the unfunded amount and percentage.

4. All letters of interest (described below) and supporting documents must be attached to the proposal. If the Calendar Year 2024 Voluntary Rate Range Program Supplemental Attachment described below is not collected by the MCP and attached to the proposal at the time of submission, please indicate if the information will be submitted to DHCS directly by each governmental funding entity.

- The MCP must obtain a **letter of interest** from each governmental funding entity included in the MCP's proposal to DHCS. The highlighted sections in the letter of interest form provided in Attachment A must be filled out completely and printed on **the participating governmental funding entity's letterhead**. A separate letter of interest must be provided for each rating region. An individual who is authorized to sign the certification on behalf of the governmental funding entity must sign the letter of interest.

- The MCP must distribute to governmental funding entities and ensure submission to DHCS, either by the MCP or the governmental funding entity, of the **Calendar Year 2024 Voluntary Rate Range Program Supplemental Attachment** (see Attachment B) by **Friday, March 28, 2025**.

    - Please note: For MCPs that entered new rating regions in Calendar Year 2024, DHCS is granting a one-time exemption for Attachment B reporting from governmental funding entities in these rating regions. DHCS has indicated exempt rating regions for each MCP on the Attachment C documents using **purple highlight and a footnote**.

- The proposals and letters of interest are due to DHCS ***by 5pm on* Friday, March *28, 2025***. Please send a PDF copy of the required documents by e-mail to Vivian.Beeck@dhcs.ca.gov, and Scott.Gale@dhcs.ca.gov. ***Failure to submit all required documents by the due date may result in exclusion from the Calendar Year 2024 Voluntary Rate Range Program.***

Each proposal is subject to review and approval by DHCS. The review will include an evaluation of the proposed provider participation levels in comparison to their uncompensated contracted Medi-Cal costs and/or charges unless the applicable rating region is subject to a one-time exemption. DHCS reserves the right to approve, amend, or deny the proposal at its discretion.

Upon DHCS' approval of the governmental funding entities and non-federal share amounts for the Calendar Year 2024 Voluntary Rate Range Program, DHCS will provide the necessary funding agreement templates, forms, and related due dates to the specified governmental funding entities and MCP contacts. The governmental funding entities will be responsible for completing all necessary funding agreement

documents, responding to any inquiries necessary for obtaining approval, and obtaining all required signatures.

If you have any questions regarding this letter, please contact Vivian Beeck at (916) 345-8271 or by email at Vivian.Beeck@dhcs.ca.gov.

Sincerely,

DocuSigned by:
Michael Jordan
641B9785907E40F...

January 14, 2025

Michael Jordan Staff Services Manager II
Capitated Rates Development Division

Attachments

cc: Michael Hunn
CEO
CalOptima
505 City Parkway West
Orange, CA 92868

Vivian Beeck
Staff Services Manager I
Capitated Rates Development Division
Department of Health Care Services
P.O. Box 997413, MS 4413
Sacramento, CA 95899-7413

Scott Gale
Associate Governmental Program Analyst
Capitated Rates Development Division
Department of Health Care Services
P.O. Box 997413, MS 4413
Sacramento, CA 95899-7413

Attachment B

Voluntary Rate Range Program Supplemental Attachment
Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	
County:	
Health Plan:	

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ -	$ -	$ -	$ -	$ -

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***(Yes / No)***

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds:

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding:

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

(iv) Does the transferring entity have general taxing authority? ***(Yes / No)***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***(Yes / No)***

5. Comments / Notes

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CalOptima Health Board Action Agenda Referral

Action To Be Taken August 1, 2024
Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

8. Ratify List of Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2023 (IGT13)

Contact

Donna Laverdiere, Executive Director, Strategic Development, (714) 986-6981

Recommended Actions

Ratify the following list of qualifying funding partners and allocations for participation in the Calendar Year 2023 Voluntary Rate Range Intergovernmental Transfer Program:

1. City of Fountain Valley Fire Department;
2. City of Huntington Beach Fire Department;
3. City of Orange Fire Department;
4. City of Newport Beach Fire Department;
5. Children and Families Commission of Orange County (First 5 of Orange County);
6. County of Orange Health Care Agency; and
7. University of California, Irvine.

Background

The Voluntary Rate Range Intergovernmental Transfer (IGT) program allows the Department of Health Care Services (DHCS) and CalOptima Health to secure additional Medi-Cal dollars for eligible Orange County entities. For each IGT transaction, DHCS identifies the estimated member months for rate categories (*e.g.*, adult, adult optional expansion, child, long term care, seniors and persons with disabilities, and whole child model) and provides the total amount available for Orange County to contribute through funding entities. To receive funds, eligible entities provide a dollar amount to DHCS, which is then used to obtain a federal match. DHCS distributes the funds and the match to the eligible entities through CalOptima Health. To date, CalOptima Health has participated in twelve Voluntary Rate Range IGT transactions. CalOptima Health currently retains a 2% administrative fee of net proceeds for administration of the Voluntary Rate Range IGT program.

On May 29, 2024, DHCS notified CalOptima Health regarding the Calendar Year (CY) 2023 Voluntary Rate Range IGT program opportunity with up to $52.5 million in contribution for Orange County. CalOptima Health's submission of the required materials was due to DHCS by July 10, 2024. At the June 6, 2024, Board of Directors meeting, staff received approval to pursue funding partnerships with eligible entities, submit the proposal to DHCS, execute agreements with the funding entities, and bring back the final list of funding partners and allocation at the August 1, 2024, Board of Directors meeting.

Discussion

CalOptima Health contacted the six CY 2022 Voluntary Rate Range program participants (University of California-Irvine, First 5 Orange County, the County of Orange, the City of Orange, the City of Newport Beach, and the City of Huntington Beach) to inform them of the CY 2023 Voluntary Rate Range IGT

program timeline and funding availability. CalOptima Health also reached out to the City of Fountain Valley as they had recently inquired and expressed interest in participating.

CalOptima Health submitted the proposal to DHCS, along with the proposed funding entities' supporting documents, on July 8, 2024. The entities and their approximate contribution amounts are:

Funding Entity	**Calendar Year 2023 Total Transfer Amount**	**Calendar Year 2023 Total Participation Percentage (%)**
Children & Families Commission of Orange County (First 5 of Orange County)	$804,153	1.53%
City of Fountain Valley Fire Department	$779,540	1.48%
City of Huntington Beach Fire Department	$2,292,744	4.36%
City of Newport Beach Fire Department	$367,822	0.70%
City of Orange Fire Department	$579,294	1.10%
County of Orange Health Care Agency	$3,547,480	6.75%
University of California, Irvine	$44,180,379	84.07%
Total Funding Entities Participation	$52,551,412	100%
Unfunded	$0	0%
Total Available Non-federal Share IGT	$52,551,412	-

Due to the timing of the submission, CalOptima Health staff request the Board of Directors ratify the list of funding partners and the funding allocations above that were submitted for the CY 2023 Voluntary Rate Range IGT to DHCS on July 8, 2024.

Fiscal Impact
The recommended action is net budget neutral and has no additional fiscal impact.

Rationale for Recommendation
Submission of the proposal and authorization of funding agreements allows Orange County eligible funding partners to participate in the CY 2023 Voluntary Rate Range IGT program.

Concurrence
James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Action
2. Board Action Dated June 6, 2024, Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2023.
3. CalOptima Health Calendar Year 2023 Voluntary Rate Range Program Letter of Interest and Proposal to DHCS.
4. CY 2023 DHCS Attachment C CalOptima Health Estimated Funding Allocation.

/s/ Michael Hunn *07/25/2024*
Authorized Signature **Date**

CONTRACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
City of Fountain Valley Fire Department	10200 Slater Avenue	Fountain Valley	CA	92708
City of Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648
City of Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660
City of Orange Fire Department	300 E. Chapman Avenue	Orange	CA	92866
County of Orange Health Care Agency	405 W. 5th Street, Suite 756	Santa Ana	CA	92701
First 5 Orange County Children & Families Commission	1505 E. 17th Street, Suite 230	Santa Ana	CA	92705
University of California, Irvine Medical Center	101 City Drive, Bldg 53, Suite 100	Orange	CA	92868

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CalOptima Health
A Public Agency
505 City Parkway West
Orange, CA 92868
☎ 714-246-8400
TTY: 711
caloptima.org

March 25, 2025

David Bishop
Acting Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter is to confirm CalOptima Health's interest in initiating Voluntary Rate Range (VRR) Intergovernmental Transfer (IGT for Calendar Year 2024 (January 1, 2024 through December 31, 2024) to enhance services for CalOptima Health's Medi-Cal members.

CalOptima Health is applying for the maximum amounts with four new funding entities in addition to the previous participants. For Orange County's proposed VRR IGT transaction for Calendar Year 2024, these funding entities have confirmed their participation as follows:

Funding Entity	Calendar Year 2024 Total Transfer Amount	Calendar Year 2024 Total Participation Percentage (%)
Children & Families Commission of Orange County (First 5 of Orange County)	$303,251.00	0.50%
City of Anaheim Fire Department	$1,000,000.00	1.64%
City of Brea	$17,227.00	0.03%
City of Fullerton	$455,299.00	0.75%
City of Fountain Valley	$291,694.00	0.48%
City of Huntington Beach	$609,014.00	1.00%
City of Laguna Beach	$131,610.00	0.22%
City of Newport Beach Fire Department	$147,823.00	0.24%
City of Orange	$506,263.00	0.83%
County of Orange Health Care Agency (OCHCA)	$3,565,361.00	5.86%
University of California, Irvine (UCI Health)	$53,813,863.00	88.45%
Total Funding Entities Participation	**$60,841,404.00**	**100%**

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The 11 funding entities are able to contribute up to $60,841,404 or 100 percent of the non-federal share IGT amount for Orange County. The unfunded portion is $0, or 0 (zero) percent of the non-federal share IGT amount. CalOptima Health intends to retain 2% of the transaction as an administrative fee.

Enclosed, please find the attachments as requested for each funding entity:

- Voluntary, non-binding letter of interest including:
  - Dollar amount to be contributed as non-federal share IGT
  - Funding entity contact information
  - Funding entity's Federal I.D. number
- Separate attachment for Calendar Year 2024 including the following data from July 1, 2022–June 30, 2023:
  - Inpatient/Outpatient charges, as applicable
  - Inpatient/Outpatient costs, as applicable
  - Payments for Inpatient/Outpatient services, as applicable
  - Unreimbursed costs for Inpatient/Outpatient services, as applicable scope of services

The point of contacts for CalOptima Health are:

Mr. Mike Wood
Manager, Regulatory Affairs & Compliance (Medi-Cal Regulatory Affairs)
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: mwood@caloptima.org
Phone: 714-246-8415

Ms. Annabel Vaughn
Director, Regulatory Affairs & Compliance (Medi-Cal)
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: avaughn@caloptima.org
Phone: 714-246-8676

Mr. John Tanner
Chief Compliance Officer
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: john.tanner@caloptima.org
Phone: 657-235-6997

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Ms. Nancy Huang
Chief Financial Officer
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: nhuang@caloptima.org
Phone: 657-235-6935

Mr. Jason Kaing
Controller
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: jason.kaing@caloptima.org
Phone: 657-900-1373

Ms. Donna Laverdiere
Executive Director, Strategic Development
CalOptima Health
505 City Parkway West
Orange, CA 92868
Email: donna.laverdiere@caloptima.org
Phone: 714-986-6981

Please contact Mr. Mike Wood (primary contact) if you have any questions regarding this submission.

Sincerely,

Signed by:
Michael Hunn
EDDDDCC19C894FB...
Michael Hunn
Chief Executive Officer

Enclosures

cc:
Vivian Beeck, Staff Services Manager, California Department of Health Care Services
Michael Ha, Health Program Specialist, California Department of Health Care Services
Michael Jordan, Staff services Manager II, California Department of Health Care Services
Scott Gale, Associate Governmental Program Analyst, California Department of Health Care Services
Jim Vanderpool, City Manager, City of Anaheim
Jason Killebrew, Assistant City Manager, City of Brea
Kimberly Goll, Executive Director, First 5 Orange County Children & Families Commission
William McQuaid, Fire Chief, City of Fountain Valley
Adam Loeser, Fire Chief, City of Fullerton

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Eric McCoy, Fire Chief, City of Huntington Beach
Niko King, Fire Chief, City of Laguna Beach
Jeff Boyles, Fire Chief, City of Newport Beach
Tom Kisela, City Manager, City of Orange
Jenna Sarin, Director of Public Health and Nursing, Orange County Health Care Agency
Chad Lefteris, FACHE, Chief Executive Officer, UC Irvine Health
Nancy Huang, Chief Financial Officer, CalOptima Health

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FIRST 5 ORANGE COUNTY

1505 E. 17th Street, Suite 230
Santa Ana, CA 92705
714-834-5310 first5oc.org

Commissioners:
Jackie Filbeck, Chair, Soledad Rivera, Vice Chair
Ramin Baschshi, M.D, Veronica Kelley Ph.D., Yvette Lavery
Angie Rowe, Irene Salazar, Vicente Sarmiento, An Tran
CEO/President: Kimberly Goll

ATTACHMENT A – LETTER OF INTEREST

March 19, 2025

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of the Children and Families Commission of Orange County (DBA First 5 Orange County), a governmental entity, federal I.D. Number 95-6000928, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

The Children and Families Commission of Orange County is willing to contribute approximately $303,251.00 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Kimberly Goll, President CEO
Children and Families Commission of Orange County
1505 E. 17th Street, Suite 230
Santa Ana, CA 92705
(714) 920-2598
Kim.Goll@cfcoc.ocgov.com

Michael Garcell, Director of Finance and Administration
Children and Families Commission of Orange County
1505 E. 17th Street, Suite 230
Santa Ana, CA 92705
(714) 567-0160
Michael.Garcell@cfcoc.ocgov.com

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You may also contact our consultant, Gelmy Ruiz, with any questions or concerns regarding our participation in IGTs. Her contact information is (916) 329-8234 or gruiz@healthmanagement.com.

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Kimberly Goll
President/CEO

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Attachment B

Voluntary Rate Range Program Supplemental Attachment
Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	Children and Families Commission of Orange County
County:	Orange
Health Plan:	CalOptima

Instructions
Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$	$
Outpatient (not including pharmacy services billed by a pharmacy on a pharmacy claim)**				$	$
Pharmacy services billed by a pharmacy on a pharmacy claim**				$	$
All Other		$ 856,089.46		$	$ 856,089.46
Total	$	$ 856,089.46	$	$	$ 856,089.46

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? **Yes**

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

The Children and Families Commission of Orange County (First 5 Orange County) health care services are provided to children aged 0-5 and their caregivers and encompass pre and post-natal maternal health screenings; postpartum depression screening and referrals; lactation education and aid; parenting education; case management, care coordination and referrals to home visits to support the at-risk, postpartum population; and the provision of development assessments and screenings to identify children with autism and neurodevelopmental disorders. First 5 Orange County does not have a contract with CalOptima for services.

4. We ask that a duly authorized representative formally attest to the following:

(I) The legal name of the entity transferring funds:	Children and Families Commission of Orange County
(II) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding:	County Commission
(III) The source of the funds: (Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)	Tobacco tax revenue collected by the State and distributed to Counties based on birthrates to develop, adopt, promote, and implement local early children development programs.
(IV) Does the transferring entity have general taxing authority?	**No**
If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control.	**Yes, 80% of revenue collected is distrubuted to counties.**

5. Comments / Notes

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Kimberly Goll, President/CEO

Signature & Date: Kimberly Goll 3/4/2025

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Kimberly Goll	President/CEO	First 5 OC (Children and Families (	1505 E 17th St. suite 230	Santa Ana	CA	92705	kim.goll@cfcoc.ocgov.com	7149202598
Michael Garcell	Director Admin and Finance	First 5 OC (Children and Families (	1505 E 17th St. suite 230	Santa Ana	CA	92705	michael.garcell@cfcoc.ocgov.com	7145670160
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City of Anaheim

www.anaheim.net

March 18, 2025

David Bishop, Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of City of Anaheim, a governmental entity, federal I.D. Number 95-6000666, in working with CalOptima Health (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

City of Anaheim is willing to contribute approximately $1,000,000 for the Calendar Year 2024 (January 1, 2024 - December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Robert Stuart, EMS Manager
200 S. Anaheim Boulevard, Suite 300, Anaheim, CA 92805
rstuart@anaheim.net / (714) 765-4035

Bryan Limon, Management Assistant II
200 S. Anaheim Boulevard, Suite 300, Anaheim, CA 92805
blimon@anaheim.net / (714) 765-4050

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Jim Vanderpool
City Manager

201 S. Anaheim Blvd.
M.S. # 101
Anaheim, CA 92805
TEL: 714.765.4000
FAX: 714.765.4008

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Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Anaheim
County:	Orange
Health Plan:	CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**	$ 9,244,935.45	$ 9,244,935.45	$ 2,541,529.02	$ 6,703,406.43	$ 6,703,406.43
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ 9,244,935.45	$ 9,244,935.45	$ 2,541,529.02	$ 6,703,406.43	$ 6,703,406.43

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***No***

If **No**, please specify the amount of funding available: $1,000,000

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

911 dispatched emergency treatment and ground ambulance transport

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Anaheim

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

City of Anaheim General Fund

(iv) Does the transferring entity have general taxing authority? ***Yes***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***N/A***

5. Comments / Notes

N/A

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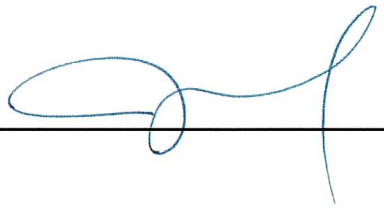
Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Jim Vanderpool, City Manager

Signature & Date: 

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Robert Stuart	EMS Manager	Anaheim Fire & Rescue	200 S. Anaheim Boulevard, Suite 300	Anaheim	CA	92805	rstuart@anaheim.net	(714) 765-4035
Bryan Limon	Management Assistant II	Anaheim Fire & Rescue	200 S. Anaheim Boulevard, Suite 300	Anaheim	CA	92805	blimon@anaheim.net	(714) 765-4050
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CITY of BREA

ATTACHMENT A – LETTER OF INTEREST

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of City of Brea, a governmental entity, federal I.D. Number 95-6000681, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

City of Brea is willing to contribute approximately $17,227.00 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Entity Contact Information for at least two employees:

Kristin Griffith, City Manager, 1 Civic Center Circle, kristing@cityofbrea.gov, 714-990-7710
Mark Terrill, Fire Chief, 1 Civic Center Circle, markt@cityofbrea.gov, 714-990-7646
Justin Zuhlke, EMS Division Chief, 1 Civic Center Circle, justinz@cityofbrea.gov, 714-671-6376

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Jason Killebrew
Assistant City Manager

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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B
Voluntary Rate Range Program Supplemental Attachment
Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Brea
County:	Orange
Health Plan:	CalOptima Health

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other	$ 49,296.28	$ 9,137.20	$ 664.56	$ 48,631.72	$ 8,472.64
Total				$ 48,631.72	$ 8,472.64

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? *(Yes / No)*

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

Brea Fire Paramedics provided ALS level assessments and care. Emergency Ambualnce Services served as a 3rd party contracted BLS Ground Ambualnce transport service. Brea Fire contracted with Emergency Ambulance Services to receive an ALS pass through fee and a supply fee for ALS level transports.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Brea

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

City General Fund

(iv) Does the transferring entity have general taxing authority? *(Yes / No)*

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. *(Yes / No)*

5. Comments / Notes

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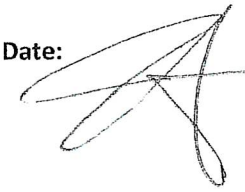
Attestation by duly authorized representative:

Please print the Name (first & last), and Title: JUSTIN ZUHLKE
BATTALION CHIEF

Signature & Date:  3/07/2025

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Kristin Griffith	City Manager	City of Brea	1 Civic Center Circle	Brea	Ca	92821	kristing@cityofbrea.gov	(714) 990-7711
Mark Terrill	Fire Chief	City of Brea	1 Civic Center Circle	Brea	Ca	92821	markt@cityofbrea.gov	(714) 990-7655
Dan Mielke	Deputy Chief	City of Brea	1 Civic Center Circle	Brea	Ca	92821	danielmi@cityofbrea.gov	(714) 671-4463
Justin Zuhlke	EMS Division Chief	City of Brea	1 Civic Center Circle	Brea	Ca	92821	justinz@cityofbrea.gov	(714) 671-6376
Danielle Boal	EMS Manager	City of Brea	1 Civic Center Circle	Brea	Ca	92821	danielleb@cityofbrea.gov	(714) 671-6365
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CITY OF FULLERTON

Fire Department

March 18, 2025

David Bishop, Division Chief
Capitated Rates Development Division
California Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of City of Fullerton, a governmental entity, Federal Tax I.D. Number 95-6000711, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

The City of Fullerton is willing to contribute approximately $455,299 for the Calendar Year 2024 (January 1, 2024 - December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Andrew Yang, Administrative Analyst II
City of Fullerton – Fire Department
312 E Commonwealth Ave
Fullerton, California 92832
andrew.yang@fullertonfire.org
(714) 738-3119

Rhonda Rosati, EMS Manager
City of Fullerton – Fire Department
312 E Commonwealth Ave
Fullerton, California 92832
rhonda.rosati@fullertonfire.org
(714) 738-4113

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Respectfully,

Adam Loeser
Fire Chief
City of Fullerton

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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Fullerton
County:	Orange
Health Plan:	CalOptima Health

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other	$776,751.64	$1,936,182.14	$650,854.57	$ 125,897.07	$ 1,285,327.57
Total	$ 776,751.64	$ 1,936,182.14	$ 650,854.57	$ 125,897.07	$ 1,285,327.57

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***Yes***

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

Emergency prehospital care, including first responder EMS services, provided under a contract arrangement.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Fullerton

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

City of Fullerton General Fund

(iv) Does the transferring entity have general taxing authority? ***Yes***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control.

5. Comments / Notes

The data provided for this submission was sourced from billing reports generated by our EMS billing provider, Wittman Enterprises, LLC. Due to the nature of our billing records, information from multiple reports was compiled and reconciled to ensure a complete and accurate dataset, with all figures reflecting the service period from July 1, 2022 to June 30, 2023. The figures included in this attestation pertain exclusively to care provided to CalOptima patients.

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Adam Loeser
Fire Chief - City of Fullerton

Signature & Date:
Friday, March 21, 2025

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Andrew Yang	Administrative Analyst II	City of Fullerton	312 E Commonwealth Ave	Fullerton	CA	92832	andrew.yang@fullertonfire.org	(714) 738-3119
Rhonda Rosati	EMS Manager	City of Fullerton	312 E Commonwealth Ave	Fullerton	CA	92832	rhonda.rosati@fullertonfire.org	(714) 738-4113
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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

FOUNTAIN VALLEY

10200 Slater Avenue
Fountain Valley, CA 92708
Phone: (714) 593-4412
Fax: 714-593-4494
fountainvalley.gov

ATTACHMENT A – LETTER OF INTEREST

March 17, 2025

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of the City of Fountain Valley, a governmental entity, federal I.D. Number 95-2158356 (NPI: 1528109212), in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

The City of Fountain Valley is willing to contribute approximately $291,694 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Timothy Saiki, Battalion Chief
10200 Slater Avenue
Fountain Valley, CA 92708
Tim.Saiki@fountainvalley.gov
(949) 599-5058

William McQuaid, Fire Chief
10200 Slater Avenue
Fountain Valley, CA 92708
Bill.McQuaid@fountainvalley.gov
(714) 593-4436

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

William McQuaid
Fire Chief

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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B

Voluntary Rate Range Program Supplemental Attachment
Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Fountain Valley
County:	Orange County, CA
Health Plan:	CalOptima Health

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other	$ 1,121,957.75	$ 794,147.28	$ 298,493.28	$ 823,464.47	$ 495,654.00
Total	$ 1,121,957.75	$ 794,147.28	$ 298,493.28	$ 823,464.47	$ 495,654.00

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? *YES*

If No, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

The City of Fountain Valley provides 911-response to medical calls, traffic accidents, and other emergencies requiring emergency medical care. The City's service model includes Advance Life Support (ALS) response daily via 3 fire apparatus (two engines, one ladder truck) with 1 company officer, 1 fire engineer, and 2 firefighter/paramedics each. It also includes two Basic Life Support (BLS) ambulances daily with 2 emergency medical technitions (EMTs) on each ambulance.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Fountain Valley

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.) General Fund

(iv) Does the transferring entity have general taxing authority? *YES*

If No, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control.

5. Comments / Notes

CalOptima charges and payments provided via billing report from our contracted billing provider (Wittman). Costs calcuated using Fiscal Year 22/23 actual budget, CalOptima transport statistics from Wittman, and CAD data (call volume).

Attestation by duly authorized representative:
Please print the Name (first & last), and Title: William McQuaid, Fire chief

Signature & Date: [signature] 4/1/25

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Tim Saiki	Battalion Chief	City of Fountain Valley Fire Department	10200 Slater Avenue	Fountain Valley	CA	92708	tim.saiki@fountainvalley.gov	(949) 599-5059
Bill McQuaid	Fire Chief	City of Fountain Valley Fire Department	10200 Slater Avenue	Fountain Valley	CA	92708	bill.mcquaid@fountainvalley.gov	(714) 593-4436
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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

HUNTINGTON BEACH
FIRE DEPARTMENT

March 18, 2025

ATTACHMENT A – LETTER OF INTEREST

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of the City of Huntington Beach, a governmental entity, federal I.D. Number 95-6000723, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

The City of Huntington Beach is willing to contribute approximately **$609,014** for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Eric McCoy, Fire Chief 2000 Main Street Huntington Beach, CA 92648 (714) 536-5411 emccoy@surfcity-hb.org	**Justin Fleming, Division Chief** 2000 Main Street Huntington Beach, CA 92648 (714) 536-5411 jfleming@surfcity-hb.org

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Eric McCoy

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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Huntington Beach Paramedic Services, NPI 1568467264
County:	Orange County, CA
Health Plan:	Mcal HMO CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (not including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other	$ 2,634,577.65	$ 2,643,916.64	$ 924,646.26	$ 1,709,931.39	$ 1,719,270.38
Total	$ 2,634,577.65	$ 2,643,916.64	$ 924,646.26	$ 1,709,931.39	$ 1,719,270.38

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? *Yes*

If **No**, please specify the amount of funding available:

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

We provide first responder, BLS, and full ALS 911 response and medical transport services to CalOptima patients with no contractual arrangement.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Huntington Beach

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

The City of Huntington Beach general fund revenues.

(iv) Does the transferring entity have general taxing authority? *Yes*

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. *N/A*

5. Comments / Notes

Charges and payment data were provided by Wittman Enterprises. Cost data was taken from a third-party consultant's 2020 fee study report (The Matrix Group) and isolated to CalOptima transports during the given date range using the trip counts from Wittman Enterprises (9.22% or 1,311 out of 14,214 total transports).

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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Eric McCoy, Fire Chief

Signature & Date: 2/25/25

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Eric McCoy	Fire Chief	Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648	emccoy@surfcity-hb.org	(714) 536-5411
David Cain	Interim Chief Financial Officer	City of Huntington Beach	2000 Main Street	Huntington Beach	CA	92648	david.cain@surfcity-hb.org	(714) 536-5630
Serena Bubenheim	Assistant Chief Financial Officer	City of Huntington Beach	2000 Main Street	Huntington Beach	CA	92648	serena.bubenheim@surfcity-hb.org	(714) 374-1567
Justin Fleming	Fire Division Chief	Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648	jfleming@surfcity-hb.org	(714) 536-5564
Mindy James	Senior Management Analyst	Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648	mindy.james@surfcity-hb.org	(714) 536-5408
Fire Department Accounts Payable	Fire Department Accounts Payable	Huntington Beach Fire Department	2000 Main Street	Huntington Beach	CA	92648	fdap@surfcity-hb.org	(714) 536-5411

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

ATTACHMENT A – LETTER OF INTEREST

March 5, 2025

David Bishop, Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of **City of Laguna Beach**, a governmental entity, federal I.D. Number **956000729**, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

City of Laguna Beach is willing to contribute approximately $131,610 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Niko King, Fire Chief
30516 S. Coast Hwy. Laguna Beach, Ca 92651
nking@lagunabeachcity.net
949-497-0381

Erica Castillo, Director of Finance
505 Forest Ave. Laguna Beach, Ca 92651
ecastillo@lagunabeachcity.net
949-497-0307

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Niko King, Fire Chief

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Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Laguna Beach
County:	Orange
Health Plan:	CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient	$ -	$ -	$ -	$ -	$ -
Outpatient (not including pharmacy services billed by a pharmacy on a pharmacy claim)**	$ 475,880.00	$ 489,600.00	$ 118,059.96	$ 357,820.04	$ 371,540.04
Pharmacy services billed by a pharmacy on a pharmacy claim**	$ -	$ -	$ -	$ -	$ -
All Other	$ -			$ -	$ -
Total	$ 475,880.00	$ 489,600.00	$ 118,059.96	$ 357,820.04	$ 371,540.04

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***Yes***

If **No**, please specify the amount of funding available: N/A

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

The Laguna Beach Fire Department is a Public Provider Ground Emergency Medical Transport Agency. We provide ALS/BLS transport services to CalOptima members. All services are outpatient and on a non-contracted basis.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Laguna Beach operating as the Fire Department

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: Local Agency

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

The funds for the IGT program are from local tax revenue collected and estimated to be unrestricted General fund monies.

(iv) Does the transferring entity have general taxing authority? ***Yes***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***N/A***

5. Comments / Notes

Charges/Cost and Payment Data provided by third-party billing company, Wittman Enterprises, LLC.

Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Niko King, Fire Chief

Signature & Date:

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Niko King	Fire Chief	City of Laguna Beach	505 Forest Ave.	Laguna Beach	Ca	92651	nking@lagunabeachcity.net	(949) 497-0381
Erica Castillo	Director of Finance	City of Laguna Beach	505 Forest Ave.	Laguna Beach	Ca	92651	ecastillo@lagunabeachcity.net	(949) 497-0307
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Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

NEWPORT BEACH FIRE DEPARTMENT

100 CIVIC CENTER DRIVE, P.O. BOX 1768, NEWPORT BEACH, CA 92660

PHONE: 949-644-3355 WEB: www.newportbeachca.gov

JEFF BOYLES
Fire Chief

March 21, 2025

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of the City of Newport Beach, a governmental entity, federal I.D. Number 956000751 in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024 through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

The City of Newport Beach is willing to contribute approximately $147,823 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Kristin Thompson, EMS Division Chief: 100 Civic Center Drive, Newport Beach, CA 92660, kthompson@nbfd.net, (949)644-3385.

Raymund Reyes, Administrative Manager: 100 Civic Center Drive, Newport Beach, CA 92660, rreyes@nbfd.net, (949)644-3352.

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Jeff Boyles
Fire Chief

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Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Newport Beach
County:	Orange
Health Plan:	CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**	$ 592,536.62	$ 633,894.00	$ 216,582.73	$ 375,953.89	$ 417,311.27
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ 592,536.62	$ 633,894.00	$ 216,582.73	$ 375,953.89	$ 417,311.27

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***NO***

If **No**, please specify the amount of funding available: $375,954

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

All services provided to CalOptima members are on an oupatient basis and consist of emergency ambulance transportation services. These services are provided to the residents and visitors of Newport Beach on a non-contracted basis.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Newport Beach operating as the Fire Department

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City/Municipal Corporation

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

Source of IGT funding are estimated to be unrestricted General Fund monies from the City of Newport Beach

(iv) Does the transferring entity have general taxing authority? ***YES***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***N/A***

5. Comments / Notes

Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Jeff Boyles, Fire Chief

Signature & Date: 3/21/2025

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Jeff Boyles	Fire Chief	Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660	jboyles@nbfd.net	949-644-3101
Kristin Thompson	EMS Division Chief	Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660	kthompson@nbfd.net	949-644-3385
Raymund Reyes	Administrative Manager	Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660	rreyes@nbfd.net	949-644-3352
Lili Banuelos	Assistant Management Analyst	Newport Beach Fire Department	100 Civic Center Drive	Newport Beach	CA	92660	lbanuelos@nbfd.net	949-644-3360
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City of Orange

300 E. Chapman Ave.
Orange, CA 92866

ATTACHMENT A – LETTER OF INTEREST

David Bishop
Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Bishop:

This letter confirms the interest of City of Orange, a governmental entity, federal I.D. Number 95-6000755, in working with **CalOptima Health** (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024, through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

City of Orange is willing to contribute $506,263 for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individuals from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Bryan Johnson, EMS Manager
1176 E. Chapman Ave. Orange, CA 92866
bjohnson@cityoforange.org (714) 288-2503

Nathalia Flores, Administrative Analyst
1176 E. Chapman Ave. Orange, CA 92866
nflores@cityoforange.org (714) 288-2533

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Tom Kisela
City Manager

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	City of Orange
County:	Orange
Health Plan:	CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (not including pharmacy services billed by a pharmacy on a pharmacy claim)**	$ 2,161,822.46	$ 2,161,822.46	$ 732,621.42	$ 1,429,201.04	$ 1,429,201.04
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ 2,161,822.46	$ 2,161,822.46	$ 732,621.42	$ 1,429,201.04	$ 1,429,201.04

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? *No*

If **No**, please specify the amount of funding available: $800,000

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

911 dispatched emergency treatment and ground ambulance transport

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: City of Orange

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: City

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

City of Orange's unreserved general fund

(iv) Does the transferring entity have general taxing authority? *Yes*

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. *n/a*

5. Comments / Notes

n/a

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Tom Kisela, City Manager

Signature & Date: 3/12/2025

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Bryan Johnson	EMS Manager	City of Orange	1176 E. Chapman Ave	Orange	CA	92866	bjohnson@cityoforange.org	(714) 288-2503
Nathalia Flores	Administrative Analyst	City of Orange	1176 E. Chapman Ave	Orange	CA	92866	nflores@cityoforange.org	(714) 288-2533
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VERONICA KELLEY, DSW, LCSW
AGENCY DIRECTOR

JENNA SARIN, MSN, RN, PHN
DIRECTOR OF PUBLIC HEALTH AND NURSING

405 W. 5th STREET, 7th FLOOR
SANTA ANA, CA 92701
www.ochealthinfo.com

OFFICE OF THE DIRECTOR

February 24, 2025

David Bishop
Acting Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Re: Attachment A-Letter of Interest for Voluntary Rate Range Program IGT 14

Dear Mr. Bishop:

This letter confirms the interest of County of Orange Health Care Agency, a governmental entity, federal I.D. Number 95-6000928, in working with CalOptima (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and for the service period of January 1, 2024 through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

Pending approval by the Orange County Board of Supervisors, the County of Orange Health Care Agency is willing to contribute approximately $3,565,361 for the Calendar Year 2024 (January 1, 2024 - December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individual from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Anza Vang
Assistant Deputy Director, Public Health Services
Orange County Health Care Agency
405 W. 5th Street, 7th Floor, Santa Ana, Ca 92701
(714) 615-6958
avang@ochca.com

Kevin Clark

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Fiscal Manager, Public and Correctional Health Services
Orange County Health Care Agency
405 W. 5th Street, 7th Floor, Santa Ana, Ca 92701
(714) 834-3158
kclark@ochca.com

I certify that I am authorized to sign this certification on behalf of the government entity and that the statements in this letter are true and correct.

Thank you for your consideration,

DocuSigned by:
Jenna Sarin
C68DF55E87AD4B4...

Jenna Sarin
Director of Public Health and Nursing

CC: Anza Vang, Assistant Deputy Director, Public Health Services
Kevin Clark, Fiscal Manager Public and Correctional Health Services
Strategic Development, CalOptima Health

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	Orange County Health Care Agency
County:	Orange
Health Plan:	CalOptima

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient				$ -	$ -
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**				$ -	$ -
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other	$ 18,091,129.78	$ 9,311,828.36	$ 52,292.17	$ 18,038,837.61	$ 9,259,536.19
Total	$ 18,091,129.78	$ 9,311,828.36	$ 52,292.17	$ 18,038,837.61	$ 9,259,536.19

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***No***

If **No**, please specify the amount of funding available: $ 3,565,361.00

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

STD Clinic - Testing for sexually transmitted diseases (STD) including HIV. Treatment for STDs and linkage to care for individuals who test HIV-positive. Counseling and Prevention services for STDs and HIV.
TB Clinic - Diagnosis, treatment and case management for Orange County residents with tuberculosis (TB) disease.
Child Health Clinic - Sick child care, conducts developmental screening, and renders limited follow-up services for conditions found on the physical examination.
Medically High Risk Newborn Nursing Services - Public Health Nurse's (PHN) provide comprehensive case management services to medically fragile newborns and infants. A PHN assists parents/caregivers to help promote optimum growth and development in the infant; care for infants with special needs, and develop supportive family dynamic that promote attachment. Nurses provide continuing growth and developmental assessment, parental education and assistance in accessing necessary health services for high-risk infants.
Nurse Family Partnership (NFP) - NFP is an evidenced-based nurse home visiting program that improves the health, well-being and self-sufficiency of low-income, first-time parents and their children. Nurse case managers improve the following: pregnancy outcomes, child health and development and economic self-sufficiency of the family.
Perinatal Substance Abuse Nursing Services - Public Health Nurses provide case management services for pregnant persons who have a history of substance use disorder, mental health issues, homelessness, and/or have HIV infection. PHN aide clients in gaining access to necessary health services and pediatric care during the client's pregnancy and through the first 6-12 month of the child's life. Services include, case management, education, coordination of care, and referrals to resources so mothers will have a healthy-drug free delivery and positive development environment for the infant.
Adolescent Family Life Program (ALFP) - Offers comprehensive case management services from social workers and licensed clinicians to expectant and parenting teens up to the age of 21 years and their children. Case managers work closely with youth to improve the health and well-being of themselves and their children providing support and linkage to services such as health services, mental health services, developmental, education, child care, transportation, financial aid, legal services, and parenting classes .
Comprehensive Health Assessment Team (CHAT) and SHOPP - Homeless - PHN home visitation program serving residents of Orange County who are experiencing or are at risk for homelessness and have health needs. PHN provide comprehensive case management and care coordination services, health education referrals to resources for basic needs and community support services as well as assistance in applying for Medi-Cal health insurance and access to other Social Services and financial assistance programs.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: County of Orange

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: County

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)
Net County Cost and or Health Realignment

(iv) Does the transferring entity have general taxing authority? ***Yes***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***(Yes / No)***

5. Comments / Notes

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title: Jenna Sarin

Signature & Date: DocuSigned by: Jenna Sarin C68DF55E87AD4B4... 3/3/2025

Docusign Envelope ID: 2E70C0EE-F33F-4308-AA9C-F7F9C700D9C8

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Jenna Sarin	Director of Public Health and Nursing	Orange County Health Care Agency	405 W. 5th Street	Santa Ana	CA	92701	jsarin@ochca.com	(714) 834-4099
Anza Vang	Assistant Deputy Director, Public Health Services	Orange County Health Care Agency	405 W. 5th Street	Santa Ana	CA	92701	avang@ochca.com	(714) 615-6958
Kevin Clark	Fiscal Manager, Public and Correctional Health Services	Orange County Health Care Agency	405 W. 5th Street	Santa Ana	CA	92701	kclark@ochca.com	(714) 834-3158
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UCI Health

March 19, 2025

David Bishop
Acting Division Chief
Capitated Rates Development Division
Department of Health Care Services
1501 Capitol Avenue, MS 4413
P.O. Box 997413
Sacramento, CA 95899-7413

Re: **UCI Health and Cal Optima IGT 2024**

Dear Mr. Bishop:

This letter confirms the interest of Regents of the University of California, Irvine Medical Center, a governmental entity, federal I.D. Number 95-2226406 in working with Cal Optima (hereafter, "the MCP") and the California Department of Health Care Services (DHCS) to participate in the Voluntary Rate Range Program, including providing an Intergovernmental Transfer (IGT) to DHCS to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care capitation rate payments incorporated into the contract between the MCP and DHCS for the service period of January 1, 2024 through December 31, 2024. This is a non-binding letter, stating our interest in helping to finance health improvements for Medi-Cal beneficiaries receiving services in our jurisdiction. The governmental entity's funds are being provided voluntarily, and the State of California is in no way requiring the governmental entity to provide any funding.

Regents of the University of California, Irvine Medical Center is willing to contribute 88.4% of the total available for the Calendar Year 2024 (January 1, 2024 – December 31, 2024) as negotiated with the MCP. We recognize that, unless a waiver is approved by DHCS, there will be an additional 20-percent assessment fee payable to DHCS on the funding amount, for the administrative costs of operating the voluntary rate range program.

The following individual from our organization will serve as the point of communication between our organization, the MCP and DHCS on this issue:

Christopher M. Leo, Director of Government Affairs
UCI Health
101 City Drive, Suite 3100
Orange, CA 92868
cmleo@hs.uci.edu
(714) 456-2967

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Helena Easterday
UCI Health
333 City Blvd West, Suite 550
Orange, CA 92868
heasterd@hs.uci.edu
714.456.8364

I certify that I am authorized to sign this certification on behalf of the governmental entity and that the statements in this letter are true and correct.

Sincerely,

Chad T. Lefteris, FACHE
Chief Executive Officer
UCI Health

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Attachment B

Voluntary Rate Range Program Supplemental Attachment

Calendar Year 2024 (January 1, 2024 through December 31, 2024)

Provider's Legal Name:	University of California, Irvine
County:	Orange
Health Plan:	Kaiser

Instructions

Complete all yellow-highlighted fields. **Submit this completed form via e-mail to Vivian Beeck (Vivian.Beeck@dhcs.ca.gov) at the Department of Health Care Services (DHCS) by no later than March 28, 2025.**

1. In the table below, report charges/costs and payments received or expected to be received from the Health Plan indicated above for Medi-Cal services (Inpatient, Outpatient, and All Other) provided to Medi-Cal beneficiaries enrolled in the Health Plan and residing in the County indicated above, for dates of service from SFY 2022-23 (July 1, 2022 - June 30, 2023).

	Charges	Costs	Payments from Health Plan*	Uncompensated Charges (charges less payments)	Uncompensated Costs (Costs less payments)
Inpatient	$ 91,107,451.89	$ 67,979,799.13	$ 23,127,652.76	$ 67,979,799.13	$ 44,852,146.37
Outpatient (**not** including pharmacy services billed by a pharmacy on a pharmacy claim)**	$ 110,742,240.68	$ 83,938,949.28	$ 26,803,291.40	$ 83,938,949.28	$ 57,135,657.88
Pharmacy services billed by a pharmacy on a pharmacy claim**				$ -	$ -
All Other				$ -	$ -
Total	$ 201,849,692.57	$ 151,918,748.41	$ 49,930,944.16	$ 151,918,748.41	$ 101,987,804.25

* Include payments received and anticipated to be received, for dates of service from July 1, 2022 - June 30, 2023.

** As of January 1, 2021, the following pharmacy benefits when billed by a pharmacy on a pharmacy claim will no longer be managed care covered benefits and will be covered through Medi-Cal Rx instead: Covered Outpatient Drugs, including Physician Administered Drugs; Medical Supplies; and Enteral Nutritional Products. Therefore, any charges, costs, or payments associated with pharmacy services that were billed by a pharmacy on a pharmacy claim for the dates of service from July 1, 2022 - June 30, 2023 must be documented separately on the "Pharmacy services billed by a pharmacy on a pharmacy claim" line above.

2. Are you able to fund 100% of the higher of the uncompensated charges or uncompensated costs (as stated above)? ***Yes***

If **No**, please specify the amount of funding available: N/A

3. Describe the scope of services provided to the specified Health Plan's Medi-Cal members, and if these services were provided under a contract arrangement.

Yes, services are provided under contract arrangement. Inpatient and outpatient (including emergency services) medical services at UC Irvine Health are provided by UPS physicians. Physician medical specialty care includes those services considered tertiary and quaternary. UPS physician services are made available to CalOptima members through provider agreements between UPS and CalOptima.

4. We ask that a duly authorized representative formally attest to the following:

(i) The legal name of the entity transferring funds: UCI University Physicians & Surgeons (UPS)

(ii) The operational nature of the entity (county, city, special purpose district, state university teaching hospitals or other political subdivisions of the state) transferring funding: Governmental Funding Entitiy

(iii) The source of the funds:
(Funds must not be derived from impermissible sources such as recycled Medicaid payments, federal funds excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.)

Patient care revenue

(iv) Does the transferring entity have general taxing authority? ***No***

If **No**, does the transferring entity receive State appropriations (identify level of appropriation)? This may include, but not limited to, annual State appropriations for various programs, or realignment funds to support programs transferred by State Law to local control. ***Yes***

5. Comments / Notes

The Regents of the University of California, a legal entity, makes the IGT contribution on behalf of each Medical Center location and does receive annual appropriations from the State general fund.

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Attestation by duly authorized representative:

Please print the Name (first & last), and Title:

Chad Lefteris, President and Chief Executive Officer

3/13/2025

Signature & Date:

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Name	Title	Organization	Mailing Street Address	City	State	Zip	Email Address	Phone Number
Randolph Siwabessy	CFO and Sr Vice President	UCI Health	1500 S Douglass Rd, Ste 200, Rte 183	Anaheim	CA	95806	rsiwabes@hs.uci.edu	(714) 456-5180
Neil Myers	Controller and Vice President	UCI Health	1500 S Douglass Rd, Ste 200, Rte 183	Anaheim	CA	92806	nmyers@hs.uci.edu	(714) 456-6829
Lynn Cross	Administrative Manager	UCI Health	1500 S Douglass Rd, Ste 200, Rte 183	Anaheim	CA	92806	blcross@hs.uci.edu	(714) 456-6245
Chris Leo	Director of Government Affairs	UCI Health	101 City Drive S, Blgd 54, 3rd Flr, Rm 3110	Orange	CA	92868	cmleo@hs.uci.edu	(714) 456-2967
Gina Churchill	Director of Reimbursement	UCI Health	1500 S Douglass Rd, Ste 200, Rte 183	Anaheim	CA	92806	carrollg@hs.uci.edu	(916) 240-3557

Financial Summary
January 31, 2026

Board of Directors Meeting

March 5, 2026

Nancy Huang, Chief Financial Officer

Our Mission

To serve member health with excellence and dignity, respecting the value and needs of each person.

Our Vision

Provide all members with access to care and supports to achieve optimal health and well-being through an equitable and high-quality health care system.

Financial Highlights Notes: January 2026

- Notable events/items in January 2026
  - $20.3 million in funding was received for Calendar Year (CY) 2025 Skilled Nursing Facility (SNF) Workforce & Quality Incentive Program (WQIP).
    - Both revenue and estimated expenses were recognized in January, resulting in no direct impact on the bottom line.
  - $5.6 million Community Reinvestment obligation accrual
  - $1.0 million Provider Workforce Development grant payment

CalOptima Health

Financial Highlights
January 2026

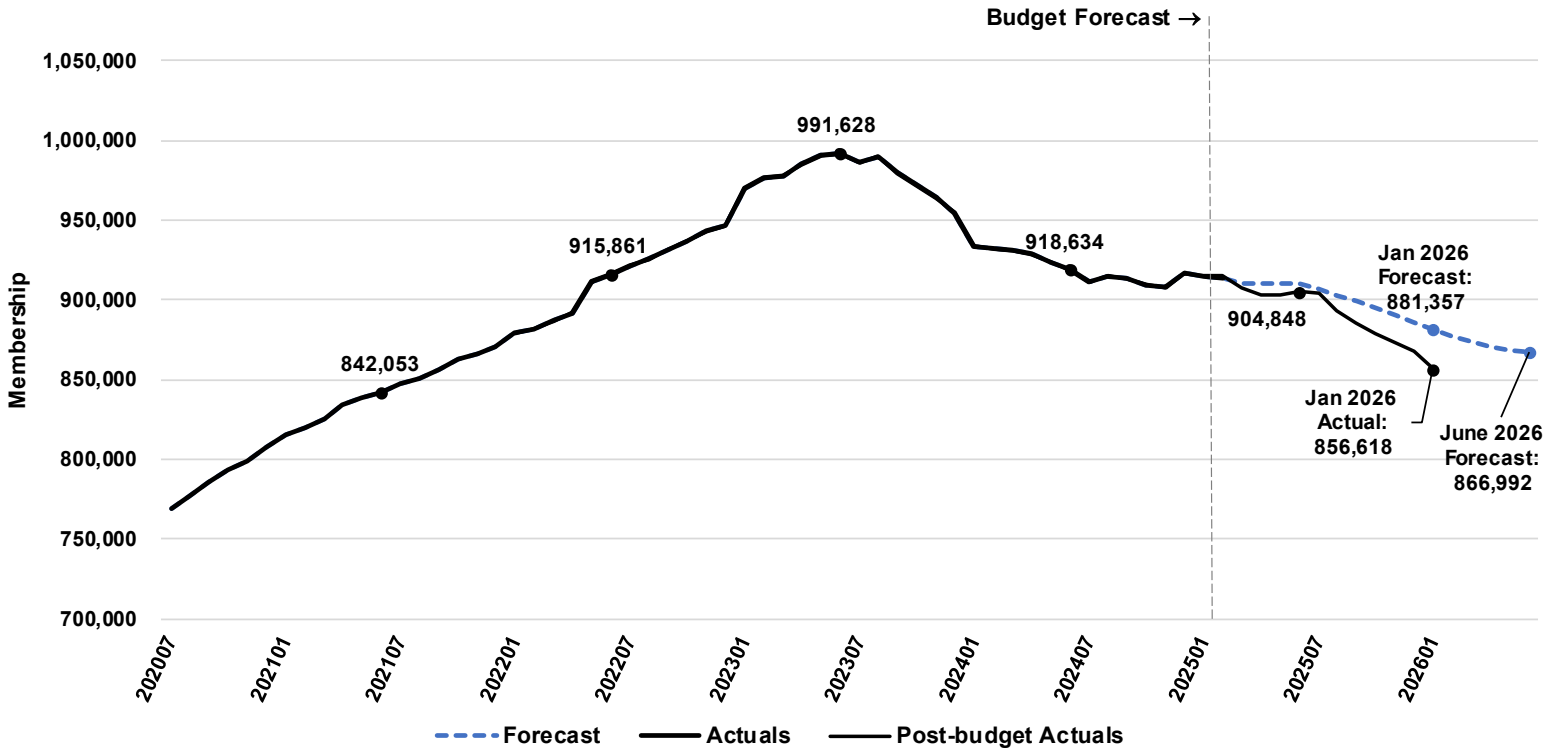
January 2026					July 2025 - January 2026			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
857,663	881,357	(23,694)	(2.7%)	Member Months	6,159,886	6,259,726	(99,840)	(1.6%)
426,943,536	391,792,921	35,150,615	9.0%	Revenues	2,942,902,414	2,757,652,498	185,249,916	6.7%
377,771,989	368,599,043	(9,172,946)	(2.5%)	Medical Expenses	2,705,179,397	2,573,734,679	(131,444,718)	(5.1%)
22,608,356	25,603,272	2,994,916	11.7%	Administrative Expenses	151,014,716	177,925,841	26,911,124	15.1%
26,563,191	(2,409,394)	**28,972,585**	**1,202.5%**	**Operating Margin**	**86,708,301**	**5,991,979**	**80,716,322**	**1,347.1%**
				Non-Operating Income (Loss)				
11,716,939	8,333,341	3,383,597	40.6%	Net Investment Income/Expense	101,043,995	58,333,383	42,710,612	73.2%
(1,011,028)	-	(1,011,028)	(100.0%)	Grant Expense	(21,467,024)	-	(21,467,024)	(100.0%)
(5,623,375)	-	(5,623,375)	(100.0%)	Community Reinvestment	(9,246,243)	-	(9,246,243)	(100.0%)
(94,784)	(138,610)	43,826	31.6%	Other Income/Expense	(6,161,935)	(970,270)	(5,191,665)	(535.1%)
4,987,752	**8,194,731**	(3,206,980)	(39.1%)	**Total Non-Operating Income (Loss)**	**64,168,793**	**57,363,113**	**6,805,680**	**11.9%**
31,550,942	**5,785,337**	**25,765,605**	**445.4%**	**Change in Net Assets**	**150,877,094**	**63,355,091**	**87,522,002**	**138.1%**
88.5%	*94.1%*	(5.6%)		*Medical Loss Ratio*	*91.9%*	*93.3%*	(1.4%)	
5.3%	*6.5%*	*1.2%*		*Administrative Loss Ratio*	*5.1%*	*6.5%*	*1.3%*	
6.2%	(0.6%)	*6.8%*		*Operating Margin Ratio*	*2.9%*	*0.2%*	*2.7%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
83.6%	*89.6%*	(6.0%)		**Adjusted MLR*	*86.7%*	*88.9%*	(2.2%)	
5.6%	*6.5%*	*1.0%*		**Adjusted ALR*	*5.6%*	*6.5%*	*0.9%*	

*Adjusted MLR/ALR excludes estimated Board-approved Provider Rate increases and Directed Payments, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget

Actuals v. Budget – Total Membership

CalOptima Health

Consolidated



Notes:

- Data included in this report are based on member eligibility months rather than booked enrollment (as used in the financials).
- Includes data as of February 9, 2026

CalOptima Health

FY 2025-26: Management Summary

- Change in Net Assets Surplus or (Deficit)
  - Month To Date (MTD) January 2026: $31.6 million, favorable to budget $25.8 million or 445.4% driven by:
    - Favorable CY 2026 capitation rates by the Department of Health Care Services (DHCS) and Net Investment Income
    - Offset by unfavorable Community Reinvestment expense and Grant Expense
- Change in Net Assets Surplus or (Deficit)
  - Year To Date (YTD) July 2025 – January 2026: $150.9 million, favorable to budget $87.5 million or 138.1% driven by Net Investment Income, favorable member mix and capitation rates

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Enrollment
  - MTD: 857,663 members, unfavorable to budget 23,694 or 2.7% due to freeze of enrollment for members 19 years or older with Unsatisfactory Immigration Status (UIS) and asset test reinstatement
  - YTD: 6,159,886 member months, unfavorable to budget 99,840 or 1.6%

FY 2025-26: Management Summary (cont.)

- Revenue
  - MTD: $426.9 million, favorable to budget $35.2 million or 9.0% driven by Medi-Cal (MC) Line of Business (LOB) due primarily to favorable CY 2026 capitation rates
  - YTD: $2,942.9 million, favorable to budget $185.2 million or 6.7% due primarily to:
    - MC LOB due to CY 2023 Hospital Directed Payments (DP), CY 2024 Quality Incentive Program (QIP), CY 2025 WQIP, favorable member mix and capitation rates
    - Offset by OneCare (OC) LOB lower than anticipated Risk Adjustment Factor (RAF)

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - MTD: $377.8 million, unfavorable to budget $9.2 million or 2.5% driven by unfavorable variances in:
    - Other Medical Expenses of $20.9 million due to CY 2025 SNF WQIP accruals
    - Offset by $11.7 million net favorable variances to budget in Provider Capitation expense, Professional Claims, Managed Long-Term Services and Supports (MLTSS) expense, Prescription Drugs expense and Medical Management expense due to lower utilization

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - YTD: $2,705.2 million, unfavorable to budget $131.4 million or 5.1% due to:
    - $244.8 million in Other Medical expenses primarily due to CY 2023 Hospital DP, CY 2024 QIP and CY 2025 SNF WQIP
    - $16.2 million in Facilities Claims
    - Offset by favorable variances to budget:
      - $41.5 million in Incentive Payments primarily due to release of accrual for MC Pay-for-Value (P4V) Incentive Payments
      - $30.3 million in MLTSS expense
      - $29.3 million in Professional Claims expense
      - $28.4 million in all other expense categories

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Administrative Expenses
  - MTD: $22.6 million, favorable to budget $3.0 million or 11.7% due to the timing of administrative expense activities
  - YTD: $151.0 million, favorable to budget $26.9 million or 15.1% due to the timing of administrative expense activities

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - MTD: $5.0 million, unfavorable to budget $3.2 million or 39.1% due to:
    - $5.6 million unfavorable variance in Community Reinvestment
    - $1.0 million unfavorable variance in Grant Expense
    - Offset by favorable variance in Net Investment Income of $3.4 million

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - YTD: $64.2 million, favorable to budget $6.8 million or 11.9% due to:
    - $42.7 million favorable Net Investment Income
    - Offset by:
      - $21.5 million unfavorable variance in Grant Expense
      - $9.2 million unfavorable variance in Community Reinvestment expense
      - $5.7 million unfavorable variance in Other Income/Expense

FY 2025-26: Key Financial Ratios

- Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	88.5%	94.1%	(5.6%)
	Adjusted MLR*	83.6%	89.6%	(6.0%)
YTD	MLR	91.9%	93.3%	(1.4%)
	Adjusted MLR*	86.7%	88.9%	(2.2%)

- Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	5.3%	6.5%	1.2%
	Adjusted ALR*	5.6%	6.5%	1.0%
YTD	ALR	5.1%	6.5%	1.3%
	Adjusted ALR*	5.6%	6.5%	0.9%

* Adjusted MLR/ALR excludes estimated Board-approved Provider Rate Increases and Directed Payments, but includes costs associated with DTS.

CalOptima Health

FY 2025-26: Key Financials Ratios (cont.)

- Balance Sheet Ratios
  - Current ratio*: 1.8
  - Board Designated Reserve level: 3.71
  - Statutory Designated Reserve level: 1.02
  - Net-position: $3.0 billion, including required TNE of $133.3 million

*Current ratio compares current assets to current liabilities. It measures CalOptima Health's ability to pay short-term obligations.

Enrollment Summary: January 2026

January 2026					July 2025 - January 2026			
Actual	Budget	$ Variance	% Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	% Variance
118,620	125,763	(7,143)	(5.7%)	FAM	867,841	897,189	(29,348)	(3.3%)
245,378	256,423	(11,045)	(4.3%)	CHD	1,758,136	1,807,994	(49,858)	(2.8%)
310,542	320,419	(9,877)	(3.1%)	MCE	2,254,629	2,309,476	(54,847)	(2.4%)
3,148	2,510	638	25.4%	LTC	20,944	17,581	3,363	19.1%
152,071	148,641	3,430	2.3%	SPD	1,064,582	1,035,334	29,248	2.8%
8,750	9,056	(306)	(3.4%)	WCM	62,208	63,610	(1,402)	(2.2%)
838,509	**862,812**	(24,303)	(2.8%)	**Medi-Cal Total**	**6,028,340**	**6,131,184**	(102,844)	(1.7%)
18,617	**17,992**	**625**	**3.5%**	**OneCare**	**127,800**	**124,755**	**3,045**	**2.4%**
537	**553**	(16)	(2.9%)	**PACE**	**3,746**	**3,787**	(41)	(1.1%)
573	**558**	**15**	**2.7%**	**MSSP***	**3,968**	**3,906**	**62**	**1.6%**
857,663	**881,357**	(23,694)	(2.7%)	**CalOptima Health Total**	**6,159,886**	**6,259,726**	(99,840)	(1.6%)

*MSSP enrollment is included in Medi-Cal total

Consolidated Revenue & Expenses: January 2026 MTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	838,509	18,617	537	573		857,663
REVENUES						
Capitation Revenue	$ 384,388,035	$ 37,404,901	$ 4,902,771	$ 247,830	$ -	$ 426,943,536
Total Operating Revenue	**384,388,035**	**37,404,901**	**4,902,771**	**247,830**	**-**	**426,943,536**
MEDICAL EXPENSES						
Provider Capitation	110,641,754	15,670,188				126,311,941
Facility and Professional Claims	136,427,815	8,580,591	1,383,225			146,391,631
MLTSS	47,265,105		36,222	22,802		47,324,129
Prescription Drugs		8,772,456	569,205			9,341,661
Case Mgmt & Other Medical	44,783,711	1,771,728	1,623,750	223,437		48,402,627
Total Medical Expenses	**339,118,385**	**34,794,963**	**3,612,403**	**246,239**	**-**	**377,771,989**
Medical Loss Ratio	*88.2%*	*93.0%*	*73.7%*	*99.4%*	*0.0%*	*88.5%*
GROSS MARGIN	**45,269,650**	**2,609,937**	**1,290,369**	**1,591**	**-**	**49,171,547**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	12,578,247	1,151,574	200,265	96,622	105,003	14,131,711
Non-Salary Operating Expenses	2,754,653	650,262	63,516	1,459	38,642	3,508,533
Depreciation & Amortization	902,555		882			903,437
Other Operating Expenses	3,519,985	75,302	17,468	6,718		3,619,474
Indirect Cost Allocation, Occupancy	(654,480)	1,075,275	17,018	7,388		445,202
Total Administrative Expenses	**19,100,961**	**2,952,413**	**299,149**	**112,188**	**143,645**	**22,608,356**
Administrative Loss Ratio	*5.0%*	*7.9%*	*6.1%*	*45.3%*	*0.0%*	*5.3%*
Operating Income/(Loss)	**26,168,689**	(342,476)	**991,219**	(110,596)	(143,645)	**26,563,191**
Investments and Other Non-Operating	(5,649,030)					4,987,752
CHANGE IN NET ASSETS	**$ 20,519,659**	$ (342,476)	**$ 991,219**	$ (110,596)	$ (143,645)	**$ 31,550,942**
BUDGETED CHANGE IN NET ASSETS	(1,585,660)	(157,942)	389,189	(122,505)	(932,476)	5,785,337
Variance to Budget - Fav/(Unfav)	$ 22,105,319	$ (184,534)	$ 602,030	$ 11,909	$ 788,831	$ 25,765,605

CalOptima Health

Consolidated Revenue & Expenses: January 2026 YTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	6,028,340	127,800	3,746	3,968		6,159,886
REVENUES						
Capitation Revenue	$ 2,651,031,305	$ 255,981,179	$ 34,140,273	$ 1,749,658	$ -	$ 2,942,902,414
Total Operating Revenue	**2,651,031,305**	**255,981,179**	**34,140,273**	**1,749,658**	**-**	**2,942,902,414**
MEDICAL EXPENSES						
Provider Capitation	793,806,790	102,890,680				896,697,469
Facility and Professional Claims	977,985,431	51,103,697	14,724,167			1,043,813,295
MLTSS	319,597,001		363,483	242,726		320,203,210
Prescription Drugs		70,551,561	4,077,908			74,629,469
Case Mgmt & Other Medical	344,149,668	13,828,041	10,441,527	1,416,717		369,835,953
Total Medical Expenses	**2,435,538,890**	**238,373,979**	**29,607,085**	**1,659,443**	**-**	**2,705,179,397**
Medical Loss Ratio	*91.9%*	*93.1%*	*86.7%*	*94.8%*	*0.0%*	*91.9%*
GROSS MARGIN	**215,492,414**	**17,607,200**	**4,533,188**	**90,215**	**-**	**237,723,017**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	82,218,741	7,227,431	1,292,335	660,265	505,848	91,904,620
Non-Salary Operating Expenses	21,343,458	3,824,447	595,915	10,230	1,892,842	27,666,892
Depreciation & Amortization	6,287,772		6,195			6,293,967
Other Operating Expenses	21,357,101	804,419	81,545	54,459		22,297,525
Indirect Cost Allocation, Occupancy	(4,846,056)	7,526,924	119,127	51,717		2,851,712
Total Administrative Expenses	**126,361,017**	**19,383,220**	**2,095,117**	**776,671**	**2,398,691**	**151,014,716**
Administrative Loss Ratio	*4.8%*	*7.6%*	*6.1%*	*44.4%*	*0.0%*	*5.1%*
Operating Income/(Loss)	**89,131,398**	(1,776,020)	**2,438,071**	(686,457)	(2,398,691)	**86,708,301**
Investments and Other Non-Operating	(14,900,428)					64,168,793
CHANGE IN NET ASSETS	**$ 74,230,969**	$ (1,776,020)	**$ 2,438,071**	$ (686,457)	$ (2,398,691)	**$ 150,877,094**
BUDGETED CHANGE IN NET ASSETS	23,251,153	(12,339,855)	2,036,598	(840,224)	(6,115,693)	63,355,091
Variance to Budget - Fav/(Unfav)	$ 50,979,817	$ 10,563,835	$ 401,473	$ 153,767	$ 3,717,002	$ 87,522,002

CalOptima Health

Balance Sheet: As of January 2026

ASSETS	
Current Assets	
Operating Cash	$515,869,586
Short-term Investments	1,465,241,311
Capitation Receivable	603,782,117
Receivables - Other	19,960,923
Prepaid Expenses	18,634,583
Total Current Assets	**2,623,488,520**
Capital Assets	
Capital Assets	207,396,434
Less: Accumulated Depreciation	(96,202,710)
Capital Assets, Net of Depreciation	**111,193,724**
Other Assets	
Restricted Deposit & Other	300,000
Board Designated Reserves	1,627,699,797
Statutory Designated Reserves	136,029,813
Total Other Assets	**1,764,029,611**
TOTAL ASSETS	**4,498,711,855**
Deferred Outflows	**28,626,072**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$4,527,337,927**

LIABILITIES & NET POSITION	
Current Liabilities	
Accounts Payable	$109,066,011
Medical Claims Liability	1,118,440,447
Accrued Payroll Liabilities	25,386,026
Deferred Revenue	44,860,413
Other Current Liabilities	
Capitation and Withholds	128,609,736
Total Current Liabilities	**1,426,362,633**
Other Liabilities	
GASB 96 Subscription Liabilities	24,446,899
Community Reinvestment	97,344,354
Capital Lease Payable	217,435
Post-Employment Health Care Plan	17,355,300
Net Pension Liabilities	5,840,992
Total Other Liabilities	**145,204,980**
TOTAL LIABILITIES	**1,571,567,613**
Deferred Inflows	**4,309,519**
Net Position	
Required TNE	133,298,344
Funds in Excess of TNE	2,818,162,451
TOTAL NET POSITION	**2,951,460,795**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$4,527,337,927**

CalOptima Health

Board Designated Reserve and TNE Analysis: As of January 2026

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	813,586,279				
MetLife Tier One	814,113,519				
Board Designated Reserves	1,627,699,797	1,095,821,249	1,753,313,999	531,878,548	(125,614,201)
Current Reserve Level (X months of average monthly revenue) [1]	*3.71*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	68,104,672				
MetLife Tier Two	67,925,141				
Statutory Designated Reserves	136,029,813	133,298,344	146,628,178	2,731,470	(10,598,365)
Current Reserve Level (X min. TNE) [1]	*1.02*	*1.00*	*1.10*		

[1] *See CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds for more information.*

CalOptima Health

Spending Plan: As of January 2026

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 1/31/2026	**$2,951.5**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,627.7**			**55.1%**
Statutory Designated Reserve[1]	**$136.0**			**4.6%**
Capital Assets, net of Depreciation	**$111.2**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.1	$65.8	$48.7	0.6%
Housing and Homelessness Incentive Program[2]	24.7	87.4	62.7	0.8%
Intergovernmental Transfers (IGT)[4]	39.0	52.1	13.1	1.3%
Digital Transformation and Workplace Modernization[3]	21.3	100.0	78.7	0.7%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	10.7	50.0	39.3	0.4%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.3	4.7	4.4	0.0%
Member Health Needs Assessment	0.6	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	111.1	153.5	42.4	3.8%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	1.9	2.0	0.1	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	40.4	50.0	9.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.9	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.6%
Dyadic Services Program Academy	0.2	1.9	1.7	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.0	6.8	5.8	0.0%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	192.9	526.2	333.3	6.5%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.2	0.3	0.1	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Orange County Community Health Assessment and Improvement Plan	1.0	1.0	0.0	0.0%
Subtotal:	**$536.4**	**$1,229.1**	**$692.6**	**18.2%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$540.1**			**18.3%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 199 days of CalOptima Health's current operations.
[2] See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.
[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

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Homeless Health Initiative and Allocated Funds: As of January 2026

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,727,673	15,306,053	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,727,673**	**57,206,053**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)[1]	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,866,921	5,021,993	IGT's
Vaccination Intervention and Member Incentive Strategy[3]	54,649	54,649	-	IGT's
Street Medicine[2]	14,279,077	9,500,245	4,778,832	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[4]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,727,673**	**57,206,053**	
Transfer of funds to HHIP[4]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,727,673**	**17,106,053**	

[1] On February 5, 2026, CalOptima Health's Board of Directors approved the closeout of the Day Habilitation (County for HomeKey) and designated the remaining balance of $2.5 million as available for allocation to deliver enhanced services for Medi-Cal members.

[2] On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[3] On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

[4] On September 1, 2022, CalOptima Health's Board of Directors approved reallocation of $40.1 million from HHI to HHIP.

CalOptima Health

Housing and Homelessness Incentive Program: As of January 2026

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	32,935,654	-
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,711,475	24,673,055	-
Street Medicine Support Center - GGG Building	7,000,000	7,000,000	-	-	-
Total	**160,315,719**	**160,315,719**	**95,707,010**	**64,608,709**	-

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	894,250	505,750	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,765,644	66,670	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,707,010**	**$64,608,709**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,707,010**	**$57,608,709**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive paments

*On October 2, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health

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UNAUDITED FINANCIAL STATEMENTS

January 31, 2026

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CalOptima Health - Consolidated
Financial Highlights
For the Seven Months Ending January 31, 2026

January 2026					July 2025 - January 2026			
Actual	**Budget**	**$ Variance**	**% Variance**		**Actual**	**Budget**	**$ Variance**	**% Variance**
857,663	881,357	(23,694)	(2.7%)	Member Months	6,159,886	6,259,726	(99,840)	(1.6%)
426,943,536	391,792,921	35,150,615	9.0%	Revenues	2,942,902,414	2,757,652,498	185,249,916	6.7%
377,771,989	368,599,043	(9,172,946)	(2.5%)	Medical Expenses	2,705,179,397	2,573,734,679	(131,444,718)	(5.1%)
22,608,356	25,603,272	2,994,916	11.7%	Administrative Expenses	151,014,716	177,925,841	26,911,124	15.1%
26,563,191	(2,409,394)	**28,972,585**	**1,202.5%**	**Operating Margin**	**86,708,301**	**5,991,979**	**80,716,322**	**1,347.1%**
				Non-Operating Income (Loss)				
11,716,939	8,333,341	3,383,597	40.6%	Net Investment Income/Expense	101,043,995	58,333,383	42,710,612	73.2%
(1,011,028)	-	(1,011,028)	(100.0%)	Grant Expense	(21,467,024)	-	(21,467,024)	(100.0%)
(5,623,375)	-	(5,623,375)	(100.0%)	Community Reinvestment	(9,246,243)	-	(9,246,243)	(100.0%)
(94,784)	(138,610)	43,826	31.6%	Other Income/Expense	(6,161,935)	(970,270)	(5,191,665)	(535.1%)
4,987,752	**8,194,731**	(3,206,980)	(39.1%)	**Total Non-Operating Income (Loss)**	**64,168,793**	**57,363,113**	**6,805,680**	**11.9%**
31,550,942	**5,785,337**	**25,765,605**	**445.4%**	**Change in Net Assets**	**150,877,094**	**63,355,091**	**87,522,002**	**138.1%**
88.5%	*94.1%*	(5.6%)		*Medical Loss Ratio*	*91.9%*	*93.3%*	(1.4%)	
5.3%	*6.5%*	*1.2%*		*Administrative Loss Ratio*	*5.1%*	*6.5%*	*1.3%*	
6.2%	(0.6%)	*6.8%*		*Operating Margin Ratio*	*2.9%*	*0.2%*	*2.7%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
83.6%	*89.6%*	(6.0%)		**Adjusted MLR*	*86.7%*	*88.9%*	(2.2%)	
5.6%	*6.5%*	*1.0%*		**Adjusted ALR*	*5.6%*	*6.5%*	*0.9%*	

*Adjusted MLR/ALR excludes estimated Board-approved Provider Rate increases and Directed Payments, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget

CalOptima Health - Consolidated
Full Time Equivalent (FTE) Data
For the Seven Months Ending January 31, 2026

Total FTE's MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	1,326	1,408	82
OneCare	167	182	15
PACE	115	119	4
CCA	4	19	15
MSSP	22	24	2
Total	1,635	1,752	117

Total FTE's YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	9,272	9,847	575
OneCare	1,162	1,272	110
PACE	787	833	46
CCA	21	109	88
MSSP	155	166	11
Total	11,397	12,227	830

MM per FTE MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	632	613	(19)
OneCare	112	99	(13)
PACE	5	5	(0)
CCA	0	0	0
MSSP	0	23	22
Consolidated	525	503	(22)

MM per FTE YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	650	623	(27)
OneCare	110	98	(12)
PACE	5	5	(0)
CCA	0	0	0
MSSP	22	23	1
Consolidated	541	512	(29)

Open FTE			
	Total	Medical	Admin
Medi-Cal	85	33	52
OneCare	15	8	7
PACE	5	5	0
CCA	15	1	14
MSSP	1	0	1
Total	121	47	74

CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses
For the One Month Ending January 31, 2026

MEMBER MONTHS		857,663		881,357		(23,694)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$384,388,035	$458.42	$345,220,148	$400.11	$39,167,887	$58.31
OneCare	37,404,901	2,009.18	41,190,556	2,289.38	(3,785,655)	(280.20)
PACE	4,902,771	9,129.93	5,133,163	9,282.39	(230,392)	(152.46)
MSSP	247,830	432.51	249,054	446.33	(1,224)	(13.82)
Covered CA	-	0.00	-	0.00	-	0.00
Total Operating Revenue	426,943,536	497.80	391,792,921	444.53	35,150,615	53.27
MEDICAL EXPENSES						
Medi-Cal	339,118,385	404.43	325,802,702	377.61	(13,315,683)	(26.82)
OneCare	34,794,963	1,868.99	38,104,832	2,117.88	3,309,869	248.89
PACE	3,612,403	6,727.01	4,419,433	7,991.74	807,030	1,264.73
MSSP	246,239	429.74	227,092	406.97	(19,147)	(22.77)
Covered CA		0.00	44,984	80.62	44,984	80.62
Total Medical Expenses	377,771,989	440.47	368,599,043	418.22	(9,172,946)	(22.25)
GROSS MARGIN	49,171,547	57.33	23,193,878	26.31	25,977,669	31.02
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	14,131,711	16.03	14,490,714	16.44	359,004	0.41
Professional Fees	1,338,046	1.52	1,853,805	2.10	515,760	0.58
Purchased Services	1,865,813	2.12	2,727,373	3.09	861,559	0.97
Printing & Postage	304,674	0.35	631,685	0.72	327,011	0.37
Depreciation & Amortization	903,437	1.03	949,334	1.08	45,897	0.05
Other Expenses	3,619,474	4.11	4,462,593	5.06	843,119	0.95
Indirect Cost Allocation, Occupancy	445,202	0.51	487,768	0.55	42,566	0.04
Total Administrative Expenses	22,608,356	26.36	25,603,272	29.05	2,994,916	2.69
NET INCOME (LOSS) FROM OPERATIONS	26,563,191	30.97	(2,409,394)	(2.73)	28,972,585	33.70
INVESTMENT INCOME						
Interest Income	13,697,519	15.97	8,735,956	9.91	4,961,562	6.06
Realized Gain/(Loss) on Investments	346,962	0.40	-	-	346,962	0.40
Unrealized Gain/(Loss) on Investments	(2,128,651)	(2.48)	-	-	(2,128,651)	(2.48)
Investment Fees	(198,891)	(0.23)	(402,615)	(0.46)	203,724	0.23
					0	-
Total Investment Income	11,716,939	13.66	8,333,341	9.46	3,383,597	4.20
NET RENTAL INCOME/EXPENSE	(69,129)	(0.08)	(138,610)	(0.16)	69,481	0.08
GRANT EXPENSE	(1,011,028)	(1.18)	-	-	(1,011,028)	(1.18)
COMMUNITY REINVESTMENT	(5,623,375)	(6.56)	-	-	(5,623,375)	(6.56)
OTHER INCOME/EXPENSE	(25,655)	(0.03)	-	-	(25,655)	(0.03)
CHANGE IN NET ASSETS	**31,550,942**	**36.79**	**5,785,337**	**6.56**	**25,765,605**	**30.23**
MEDICAL LOSS RATIO	**88.5%**		**94.1%**		(5.6%)	
ADMINISTRATIVE LOSS RATIO	**5.3%**		**6.5%**		**1.2%**	

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CalOptima Health - Consolidated - Year to Date
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

MEMBER MONTHS		6,159,886		6,259,726		(99,840)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$2,651,031,305	$439.76	$2,458,144,027	$400.92	$192,887,278	$38.84
OneCare	255,981,179	2,002.98	263,680,814	2,113.59	(7,699,635)	(110.61)
PACE	34,140,273	9,113.79	34,084,279	9,000.34	55,994	113.45
MSSP	1,749,658	440.94	1,743,378	446.33	6,280	(5.39)
Covered CA	-		-		-	
Total Operating Revenue	2,942,902,414	477.75	2,757,652,498	440.54	185,249,916	37.21
MEDICAL EXPENSES						
Medi-Cal	2,435,538,890	404.01	2,288,479,999	373.25	(147,058,891)	(30.76)
OneCare	238,373,979	1,865.21	253,551,866	2,032.40	15,177,887	167.19
PACE	29,607,085	7,903.65	29,798,282	7,868.57	191,197	(35.08)
MSSP	1,659,443	418.21	1,589,644	406.97	(69,799)	(11.24)
Covered CA			314,888		314,888	0.00
Total Medical Expenses	2,705,179,397	439.16	2,573,734,679	411.16	(131,444,718)	(28.00)
GROSS MARGIN	237,723,017	38.59	183,917,819	29.38	53,805,198	9.21
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	91,904,620	14.68	99,371,843	15.87	7,467,223	1.19
Professional Fees	10,147,321	1.62	13,417,875	2.14	3,270,554	0.52
Purchased Services	14,186,686	2.27	19,321,887	3.09	5,135,202	0.82
Printing & Postage	3,332,886	0.53	4,382,245	0.70	1,049,359	0.17
Depreciation & Amortization	6,293,967	1.01	6,645,338	1.06	351,371	0.05
Other Expenses	22,297,525	3.56	31,407,675	5.02	9,110,151	1.46
Indirect Cost Allocation, Occupancy	2,851,712	0.46	3,378,976	0.54	527,264	0.08
Total Administrative Expenses	151,014,716	24.52	177,925,841	28.42	26,911,124	3.90
NET INCOME (LOSS) FROM OPERATIONS	86,708,301	14.08	5,991,979	0.96	80,716,322	13.12
INVESTMENT INCOME						
Interest Income	96,980,152	15.74	60,259,263	9.63	36,720,889	6.11
Realized Gain/(Loss) on Investments	4,471,447	0.73	-	-	4,471,447	0.73
Unrealized Gain/(Loss) on Investments	925,891	0.15	-	-	925,891	0.15
Investment Fees	(1,333,494)	(0.22)	(1,925,880)	(0.31)	592,386	0.09
					0	-
Total Investment Income	101,043,995	16.40	58,333,383	9.32	42,710,612	7.08
NET RENTAL INCOME/EXPENSE	(507,750)	(0.08)	(970,270)	(0.16)	(285,136)	0.08
GRANT EXPENSE	(21,467,024)	(3.48)	-	-	(21,467,024)	(3.48)
COMMUNITY REINVESTMENT	(9,246,243)	(1.50)	-	-	(9,246,243)	(1.50)
OTHER INCOME/EXPENSE	(5,654,185)	(0.92)	-	-	(5,654,185)	(0.92)
CHANGE IN NET ASSETS	**150,877,094**	**24.49**	**63,355,091**	**10.12**	**87,522,002**	**14.37**
MEDICAL LOSS RATIO	**91.9%**		**93.3%**		(1.4%)	
ADMINISTRATIVE LOSS RATIO	**5.1%**		**6.5%**		**1.3%**	

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CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ending January 31, 2026

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	838,509	18,617	537	573		857,663
REVENUES						
Capitation Revenue	$ 384,388,035	$ 37,404,901	$ 4,902,771	$ 247,830	$ -	$ 426,943,536
Total Operating Revenue	**384,388,035**	**37,404,901**	**4,902,771**	**247,830**	**-**	**426,943,536**
MEDICAL EXPENSES						
Provider Capitation	110,641,754	15,670,188				126,311,941
Facility and Professional Claims	136,427,815	8,580,591	1,383,225			146,391,631
MLTSS	47,265,105		36,222	22,802		47,324,129
Prescription Drugs		8,772,456	569,205			9,341,661
Case Mgmt & Other Medical	44,783,711	1,771,728	1,623,750	223,437		48,402,627
Total Medical Expenses	**339,118,385**	**34,794,963**	**3,612,403**	**246,239**	**-**	**377,771,989**
Medical Loss Ratio	*88.2%*	*93.0%*	*73.7%*	*99.4%*	*0.0%*	*88.5%*
GROSS MARGIN	**45,269,650**	**2,609,937**	**1,290,369**	**1,591**	**-**	**49,171,547**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	12,578,247	1,151,574	200,265	96,622	105,003	14,131,711
Non-Salary Operating Expenses	2,754,653	650,262	63,516	1,459	38,642	3,508,533
Depreciation & Amortization	902,555		882			903,437
Other Operating Expenses	3,519,985	75,302	17,468	6,718		3,619,474
Indirect Cost Allocation, Occupancy	(654,480)	1,075,275	17,018	7,388		445,202
Total Administrative Expenses	**19,100,961**	**2,952,413**	**299,149**	**112,188**	**143,645**	**22,608,356**
Administrative Loss Ratio	*5.0%*	*7.9%*	*6.1%*	*45.3%*	*0.0%*	*5.3%*
Operating Income/(Loss)	**26,168,689**	(342,476)	**991,219**	(110,596)	(143,645)	**26,563,191**
Investments and Other Non-Operating	(5,649,030)					4,987,752
CHANGE IN NET ASSETS	**$ 20,519,659**	$ (342,476)	**$ 991,219**	$ (110,596)	$ (143,645)	**$ 31,550,942**
BUDGETED CHANGE IN NET ASSETS	(1,585,660)	(157,942)	389,189	(122,505)	(932,476)	5,785,337
Variance to Budget - Fav/(Unfav)	$ 22,105,319	$ (184,534)	$ 602,030	$ 11,909	$ 788,831	$ 25,765,605

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CalOptima Health - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Seven Months Ending January 31, 2026

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	6,028,340	127,800	3,746	3,968		6,159,886
REVENUES						
Capitation Revenue	$ 2,651,031,305	$ 255,981,179	$ 34,140,273	$ 1,749,658	$ -	$ 2,942,902,414
Total Operating Revenue	**2,651,031,305**	**255,981,179**	**34,140,273**	**1,749,658**	**-**	**2,942,902,414**
MEDICAL EXPENSES						
Provider Capitation	793,806,790	102,890,680				896,697,469
Facility and Professional Claims	977,985,431	51,103,697	14,724,167			1,043,813,295
MLTSS	319,597,001		363,483	242,726		320,203,210
Prescription Drugs		70,551,561	4,077,908			74,629,469
Case Mgmt & Other Medical	344,149,668	13,828,041	10,441,527	1,416,717		369,835,953
Total Medical Expenses	**2,435,538,890**	**238,373,979**	**29,607,085**	**1,659,443**	**-**	**2,705,179,397**
Medical Loss Ratio	*91.9%*	*93.1%*	*86.7%*	*94.8%*	*0.0%*	*91.9%*
GROSS MARGIN	**215,492,414**	**17,607,200**	**4,533,188**	**90,215**	**-**	**237,723,017**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	82,218,741	7,227,431	1,292,335	660,265	505,848	91,904,620
Non-Salary Operating Expenses	21,343,458	3,824,447	595,915	10,230	1,892,842	27,666,892
Depreciation & Amortization	6,287,772		6,195			6,293,967
Other Operating Expenses	21,357,101	804,419	81,545	54,459		22,297,525
Indirect Cost Allocation, Occupancy	(4,846,056)	7,526,924	119,127	51,717		2,851,712
Total Administrative Expenses	**126,361,017**	**19,383,220**	**2,095,117**	**776,671**	**2,398,691**	**151,014,716**
Administrative Loss Ratio	*4.8%*	*7.6%*	*6.1%*	*44.4%*	*0.0%*	*5.1%*
Operating Income/(Loss)	**89,131,398**	(1,776,020)	**2,438,071**	(686,457)	(2,398,691)	**86,708,301**
Investments and Other Non-Operating	(14,900,428)					64,168,793
CHANGE IN NET ASSETS	**$ 74,230,969**	$ (1,776,020)	**$ 2,438,071**	$ (686,457)	$ (2,398,691)	**$ 150,877,094**
BUDGETED CHANGE IN NET ASSETS	23,251,153	(12,339,855)	2,036,598	(840,224)	(6,115,693)	63,355,091
Variance to Budget - Fav/(Unfav)	$ 50,979,817	$ 10,563,835	$ 401,473	$ 153,767	$ 3,717,002	$ 87,522,002

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CalOptima Health

Highlights – Consolidated, for Seven Months Ending January 31, 2026

MONTH TO DATE RESULTS:

- Change in Net Assets is $31.6 million, favorable to budget $25.8 million
- Operating surplus is $26.6 million, with a surplus in non-operating income of $5.0 million

YEAR TO DATE RESULTS:

- Change in Net Assets is $150.9 million, favorable to budget $87.5 million
- Operating surplus is $86.7 million, with a surplus in non-operating income of $64.2 million

Change in Net Assets by Line of Business (LOB) ($ millions):

January 2026				July 2025 - January 2026		
Actual	Budget	Variance	Operating Income (Loss)	Actual	Budget	Variance
26.2	(1.6)	27.8	Medi-Cal	89.1	23.3	65.9
(0.3)	(0.2)	(0.2)	OneCare	(1.8)	(12.3)	10.6
1.0	0.4	0.6	PACE	2.4	2.0	0.4
(0.1)	(0.1)	0.0	MSSP	(0.7)	(0.8)	0.2
(0.1)	(0.9)	0.8	Covered CA	(2.4)	(6.1)	3.7
26.6	**(2.4)**	**29.0**	**Total Operating Income (Loss)**	**86.7**	**6.0**	**80.7**
			Non-Operating Income (Loss)			
11.7	8.3	3.4	Net Investment Income/Expense	101.0	58.3	42.7
(6.7)	(0.1)	(6.6)	Other Income/Expense	0.0	(36.9)	(1.0)
5.0	**8.2**	**(3.2)**	**Total Non-Operating Income/(Loss)**	**64.2**	**57.4**	**6.8**
31.6	**5.8**	**25.8**	**TOTAL**	**150.9**	**63.4**	**87.5**

CalOptima Health - Consolidated
Enrollment Summary
For the Seven Months Ending January 31, 2026

January 2026					July 2025 - January 2026			
Actual	Budget	$ Variance	%Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	%Variance
118,620	125,763	(7,143)	(5.7%)	Adult	867,841	897,189	(29,348)	(3.3%)
245,378	256,423	(11,045)	(4.3%)	Child	1,758,136	1,807,994	(49,858)	(2.8%)
310,542	320,419	(9,877)	(3.1%)	Expansion	2,254,629	2,309,476	(54,847)	(2.4%)
3,148	2,510	638	25.4%	LTC	20,944	17,581	3,363	19.1%
152,071	148,641	3,430	2.3%	SPD	1,064,582	1,035,334	29,248	2.8%
8,750	9,056	(306)	(3.4%)	Whole Child Model	62,208	63,610	(1,402)	(2.2%)
838,509	**862,812**	(24,303)	(2.8%)	**Medi-Cal Total**	**6,028,340**	**6,131,184**	(102,844)	(1.7%)
18,617	**17,992**	**625**	**3.5%**	**OneCare**	**127,800**	**124,755**	**3,045**	**2.4%**
537	**553**	(16)	(2.9%)	**PACE**	**3,746**	**3,787**	(41)	(1.1%)
573	**558**	**15**	**2.7%**	**MSSP**	**3,968**	**3,906**	**62**	**1.6%**
857,663	**881,357**	(23,694)	(2.7%)	**CalOptima Health Total**	**6,159,886**	**6,259,726**	(99,840)	(1.6%)
				Enrollment (by Network)				
330,761	338,398	(7,637)	(2.3%)	HMO	2,389,648	2,423,601	(33,953)	(1.4%)
157,926	160,210	(2,284)	(1.4%)	PHC	1,132,949	1,142,088	(9,139)	(0.8%)
74,579	78,399	(3,820)	(4.9%)	Shared Risk Group	489,786	481,999	7,787	1.6%
275,243	285,805	(10,562)	(3.7%)	Fee for Service	2,015,957	2,083,496	(67,539)	(3.2%)
838,509	**862,812**	(24,303)	(2.8%)	**Medi-Cal Total**	**6,028,340**	**6,131,184**	(102,844)	(1.7%)
18,617	**17,992**	**625**	**0**	**OneCare**	**127,800**	**124,755**	**3,045**	**0**
537	**553**	(16)	(2.9%)	**PACE**	**3,746**	**3,787**	(41)	(1.1%)
573	**558**	**15**	**2.7%**	**MSSP**	**3,968**	**3,906**	**62**	**1.6%**
857,663	**881,357**	(23,694)	(2.7%)	**CalOptima Health Total**	**6,159,886**	**6,259,726**	(99,840)	(1.6%)

Note:* Total membership does not include MSSP

CalOptima Health
Enrollment Trend by Network
Fiscal Year 2026

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	YTD Actual	YTD Budget	Variance
HMOs															
Adult	67,587	67,579	68,311	68,508	68,160	66,645	65,123						471,913	470,692	1,221
Child	73,203	72,978	72,855	72,899	72,345	70,973	70,328						505,581	536,371	(30,790)
Expansion	182,912	181,318	182,080	181,632	179,847	175,204	173,049						1,256,042	1,266,325	(10,283)
LTC	3	12	(1)			1	1						16	7	9
SPD	20,739	20,738	20,896	20,798	20,700	21,213	20,857						145,941	140,203	5,738
Whole Child Model	1,508	1,526	1,499	1,371	1,449	1,399	1,403						10,155	10,003	152
Total	345,952	344,151	345,640	345,208	342,501	335,435	330,761						2,389,648	2,423,601	(33,953)
PHCs															
Adult	3,936	3,870	3,761	3,668	3,632	3,526	3,423						25,816	26,269	(453)
Child	129,804	128,525	127,408	126,859	126,480	124,703	124,033						887,812	889,868	(2,056)
Expansion	21,807	21,373	20,988	20,479	20,259	20,012	19,772						144,690	151,410	(6,720)
SPD	4,775	4,791	4,754	4,517	4,510	4,699	4,654						32,700	32,233	467
Whole Child Model	6,119	5,909	5,992	5,913	5,972	5,982	6,044						41,931	42,308	(377)
Total	166,441	164,468	162,903	161,436	160,853	158,922	157,926						1,132,949	1,142,088	(9,139)
Shared Risk Groups															
Adult	11,382	11,126	10,872	10,652	13,363	13,277	13,129						83,801	82,232	1,569
Child	18,444	18,179	17,845	17,764	21,036	20,822	20,848						134,938	128,379	6,559
Expansion	34,473	33,658	33,030	32,525	37,053	36,360	36,073						243,172	246,080	(2,908)
LTC		1				1							2	2	0
SPD	3,418	3,327	3,355	3,268	4,042	4,109	4,123						25,642	22,555	3,087
Whole Child Model	226	252	301	265	396	385	406						2,231	2,751	(520)
Total	67,943	66,543	65,403	64,474	75,890	74,954	74,579						489,786	481,999	7,787
Fee for Service (Dual)															
Adult	876	859	867	846	861	758	783						5,850	7,879	(2,029)
Child		1											1		1
Expansion	3,187	3,126	3,065	3,171	3,382	2,453	2,669						21,053	33,670	(12,617)
LTC	2,311	2,446	2,667	2,763	2,833	2,793	2,800						18,613	15,575	3,038
SPD	107,827	107,645	108,097	108,113	108,327	108,940	108,174						757,123	726,710	30,413
Whole Child Model	15	26	15	13	23	11	10						113	99	14
Total	114,216	114,103	114,711	114,906	115,426	114,955	114,436						802,753	783,933	18,820
Fee for Service (Non-Dual - Total)															
Adult	44,785	43,246	41,276	39,488	38,439	37,065	36,162						280,461	310,117	(29,656)
Child	35,975	34,671	34,330	33,798	30,558	30,303	30,169						229,804	253,376	(23,572)
Expansion	93,242	89,170	85,738	83,769	79,512	79,262	78,979						589,672	611,991	(22,319)
LTC	286	305	350	340	359	326	347						2,313	1,997	316
SPD	15,643	15,501	14,961	14,481	13,920	14,407	14,263						103,176	113,633	(10,457)
Whole Child Model	1,296	1,252	1,231	1,155	983	974	887						7,778	8,449	(671)
Total	191,227	184,145	177,886	173,031	163,771	162,337	160,807						1,213,204	1,299,563	(86,359)
Grand Totals															
Total MediCal MM	**885,779**	**873,410**	**866,543**	**859,055**	**858,441**	**846,603**	**838,509**						**6,028,340**	**6,131,184**	(102,844)
OneCare	**17,971**	**17,873**	**18,242**	**18,211**	**18,287**	**18,599**	**18,617**						**127,800**	**124,755**	**3,045**
PACE	**528**	**529**	**529**	**536**	**543**	**544**	**537**						**3,746**	**3,787**	(41)
MSSP	**553**	**551**	**556**	**571**	**582**	**582**	**573**						**3,968**	**3,906**	**62**
Grand Total	**904,278**	**891,812**	**885,314**	**877,802**	**877,271**	**865,746**	**857,663**						**6,159,886**	**6,259,726**	(99,840)

Note:* Total membership does not include MSSP

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ENROLLMENT– JANUARY MONTH:

Overall, January enrollment was 857,663

- Unfavorable to budget 23,694 or 2.7%
- Decreased 8,083 or 0.9% from Prior Month (PM) (December 2025)
- Decreased 57,488 or 6.3% from Prior Year (PY) (January 2025)

Medi-Cal enrollment was 838,509

- Unfavorable to budget 24,303 or 2.8% due to freeze of enrollment for members 19 years or older with Unsatisfactory Immigration Status (UIS) and asset test reinstatement
- Child (CHD) enrollment unfavorable to budget 11,045
- Medi-Cal Expansion (MCE) enrollment unfavorable to budget 9,877
- Adult (FAM) enrollment unfavorable to budget 7,143
- Whole Child Model (WCM) enrollment unfavorable to budget 306
- Seniors and Persons with Disabilities (SPD) enrollment favorable to budget 3,430
- Long-Term Care (LTC) enrollment favorable to budget 638
- Decreased 8,094 or 1.0% from PM

OneCare enrollment was 18,617

- Favorable to budget 625 or 3.5%
- Increased 18 or 0.1% from PM

PACE enrollment was 537

- Unfavorable to budget 16 or 2.9%
- Decreased 7 or 1.3% from PM

MSSP enrollment was 573

- Favorable to budget 15 or 2.7%
- Decreased 9 or 1.5% from PM

CalOptima Health
Medi-Cal
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
838,509	**862,812**	(24,303)	(2.8%)	**Member Months**	**6,028,340**	**6,131,184**	(102,844)	(1.7%)
				Revenues				
384,388,035	345,220,148	39,167,887	11.3%	Capitation Revenue	2,651,031,305	2,458,144,027	192,887,278	7.8%
384,388,035	**345,220,148**	**39,167,887**	**11.3%**	**Total Operating Revenue**	**2,651,031,305**	**2,458,144,027**	**192,887,278**	**7.8%**
				Medical Expenses				
110,641,754	111,474,445	832,691	0.7%	Provider Capitation	793,806,790	788,005,698	(5,801,092)	(0.7%)
68,624,897	66,238,539	(2,386,358)	(3.6%)	Facilities Claims	483,288,566	467,830,870	(15,457,696)	(3.3%)
67,802,917	74,755,777	6,952,860	9.3%	Professional Claims	494,696,865	525,636,774	30,939,909	5.9%
47,265,105	50,764,481	3,499,376	6.9%	MLTSS	319,597,001	350,027,403	30,430,402	8.7%
12,569,471	9,571,785	(2,997,686)	(31.3%)	Incentive Payments	27,520,231	66,629,488	39,109,257	58.7%
10,068,925	11,196,081	1,127,156	10.1%	Medical Management	62,086,151	77,518,323	15,432,172	19.9%
22,145,315	1,801,594	(20,343,721)	(1129.2%)	Other Medical Expenses	254,543,286	12,831,443	(241,711,843)	(1883.7%)
339,118,385	**325,802,702**	(13,315,683)	(4.1%)	**Total Medical Expenses**	**2,435,538,890**	**2,288,479,999**	(147,058,891)	(6.4%)
45,269,650	**19,417,446**	**25,852,204**	**133.1%**	**Gross Margin**	**215,492,414**	**169,664,028**	**45,828,386**	**27.0%**
				Administrative Expenses				
12,578,247	12,566,110	(12,137)	(0.1%)	Salaries, Wages & Employee Benefits	82,218,741	86,537,812	4,319,071	5.0%
1,209,359	1,304,565	95,206	7.3%	Professional Fees	7,530,362	9,564,403	2,034,041	21.3%
1,317,016	2,157,098	840,082	38.9%	Purchased Services	11,329,671	15,340,048	4,010,377	26.1%
228,279	478,060	249,781	52.2%	Printing & Postage	2,483,424	3,360,420	876,996	26.1%
902,555	947,712	45,157	4.8%	Depreciation & Amortization	6,287,772	6,633,984	346,212	5.2%
3,519,985	4,285,037	765,052	17.9%	Other Operating Expenses	21,357,101	30,159,939	8,802,838	29.2%
(654,480)	(735,476)	(80,996)	(11.0%)	Indirect Cost Allocation, Occupancy	(4,846,056)	(5,183,732)	(337,676)	(6.5%)
19,100,961	**21,003,106**	**1,902,145**	**9.1%**	**Total Administrative Expenses**	**126,361,017**	**146,412,876**	**20,051,859**	**13.7%**
26,168,689	(1,585,660)	**27,754,349**	**1750.3%**	**Income (Loss) From Operations**	**89,131,398**	**23,251,153**	**65,880,245**	**283.3%**
				Non-Operating Income (Loss)				
(5,623,375)	-	(5,623,375)	0.0%	Community Reinvestment	(9,246,243)	-	(9,246,243)	(100.0%)
(25,655)	-	(25,655)	0.0%	Other Income /Expense	(5,654,185)	-	(5,654,185)	(100.0%)
(5,649,030)	-	(5,649,030)	(100.0%)	**Total Non-Operating Income/(Loss)**	(14,900,428)	-	(14,900,428)	(100.0%)
20,519,659	(1,585,660)	**22,105,319**	**1394.1%**	**Change in Net Assets**	**74,230,969**	**23,251,153**	**50,979,817**	**219.3%**
88.2%	***94.4%***	(6.2%)		***Medical Loss Ratio***	***91.9%***	***93.1%***	(1.2%)	
5.0%	***6.1%***	***1.1%***		***Admin Loss Ratio***	***4.8%***	***6.0%***	***1.2%***	

MEDI-CAL INCOME STATEMENT– JANUARY MONTH:

REVENUES are $384.4 million, favorable to budget $39.2 million:

- Unfavorable volume variance of $9.7 million
- Favorable price related variance of $48.9 million
  - $20.3 million of revenue received for Calendar Year (CY) 2025 Skilled Nursing Facility (SNF) Workforce & Quality Incentive Program (WQIP)
  - $23.3 million due to favorable CY 2026 capitation rates and member mix by the Department of Health Care Services (DHCS)

MEDICAL EXPENSES are $339.1 million, unfavorable to budget $13.3 million:

- Favorable volume variance of $9.2 million
- Unfavorable price related variance of $22.5 million:
  - Other Medical Expenses unfavorable variance of $20.4 million due to WQIP
  - Facilities Claims expense unfavorable variance of $4.3 million
  - Incentive Payments expense unfavorable variance of $3.3 million
  - Provider Capitation expense unfavorable variance of $2.3 million
  - Offset by:
    - Professional Claims expense favorable variance of $4.8 million due to lower utilization
    - Managed Long-Term Services and Supports (MLTSS) expense favorable variance of $2.1 million
    - Medical Management expense favorable variance of $0.8 million

ADMINISTRATIVE EXPENSES are $19.1 million, favorable to budget $1.9 million:

- Non-Salary expense favorable to budget $1.9 million

CHANGE IN NET ASSETS is $20.5 million, favorable to budget $22.1 million

CalOptima Health
OneCare
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
18,617	**17,992**	**625**	**3.5%**	**Member Months**	**127,800**	**124,755**	**3,045**	**2.4%**
				Revenues				
27,886,476	29,802,274	(1,915,798)	(6.4%)	Medicare Part C	183,320,463	194,935,920	(11,615,457)	(6.0%)
9,518,425	11,388,282	(1,869,857)	(16.4%)	Medicare Part D	72,660,716	68,744,894	3,915,822	5.7%
37,404,901	**41,190,556**	(3,785,655)	(9.2%)	**Total Operating Revenue**	**255,981,179**	**263,680,814**	(7,699,635)	(2.9%)
				Medical Expenses				
15,670,188	17,387,149	1,716,962	9.9%	Provider Capitation	102,890,680	113,599,913	10,709,233	9.4%
6,066,780	5,329,959	(736,821)	(13.8%)	Facilities Claims	35,521,715	36,035,686	513,971	1.4%
2,513,811	2,061,428	(452,383)	(21.9%)	Professional Claims	15,581,982	14,071,553	(1,510,429)	(10.7%)
8,772,456	11,029,881	2,257,425	20.5%	Prescription Drugs	70,551,561	74,198,868	3,647,307	4.9%
303,290	653,609	350,319	53.6%	Incentive Payments	1,926,991	4,297,203	2,370,212	55.2%
784,284	1,529,136	744,852	48.7%	Medical Management	8,056,328	10,560,484	2,504,156	23.7%
684,154	113,670	(570,484)	(501.9%)	Other Medical Expenses	3,844,722	788,159	(3,056,563)	(387.8%)
34,794,963	**38,104,832**	**3,309,869**	**8.7%**	**Total Medical Expenses**	**238,373,979**	**253,551,866**	**15,177,887**	**6.0%**
2,609,937	**3,085,724**	(475,787)	(15.4%)	**Gross Margin**	**17,607,200**	**10,128,948**	**7,478,252**	**73.8%**
				Administrative Expenses				
1,151,574	1,234,900	83,326	6.7%	Salaries, Wages & Employee Benefits	7,227,431	8,457,441	1,230,010	14.5%
73,300	115,466	42,166	36.5%	Professional Fees	638,944	817,262	178,318	21.8%
503,227	448,613	(54,614)	(12.2%)	Purchased Services	2,442,799	3,130,205	687,406	22.0%
73,735	131,817	58,082	44.1%	Printing & Postage	742,703	869,169	126,466	14.6%
75,302	114,703	39,401	34.4%	Other Operating Expenses	804,419	807,557	3,138	0.4%
1,075,275	1,198,167	122,892	10.3%	Indirect Cost Allocation, Occupancy	7,526,924	8,387,169	860,246	10.3%
2,952,413	**3,243,666**	**291,253**	**9.0%**	**Total Administrative Expenses**	**19,383,220**	**22,468,803**	**3,085,583**	**13.7%**
(342,476)	(157,942)	(184,534)	(116.8%)	**Change in Net Assets**	(1,776,020)	(12,339,855)	**10,563,835**	**85.6%**
93.0%	***92.5%***	***0.5%***		***Medical Loss Ratio***	***93.1%***	***96.2%***	(3.0%)	
7.9%	***7.9%***	(0.0%)		***Admin Loss Ratio***	***7.6%***	***8.5%***	***0.9%***	

ONECARE INCOME STATEMENT – JANUARY MONTH:

REVENUES are $37.4 million, unfavorable to budget $3.8 million:

- Favorable volume related variance of $1.4 million
- Unfavorable price related variance of $5.2 million due to CY 2026 Hierarchical Condition Category (HCC) estimate

MEDICAL EXPENSES are $34.8 million, favorable to budget $3.3 million:

- Unfavorable volume related variance of $1.3 million
- Favorable price related variance of $4.6 million
  - Prescription Drugs expense favorable variance of $2.6 million
  - Provider Capitation expense favorable variance of $2.3 million
  - Medical Management expense favorable variance of $0.8 million
  - Incentive Payments expense favorable variance of $0.4 million
  - Offset by:
    - Other Medical Expenses unfavorable variance of $0.6 million
    - Facilities Claims expense unfavorable variance of $0.6 million
    - Professional Claims expense unfavorable variance of $0.4 million

ADMINISTRATIVE EXPENSES are $3.0 million, favorable to budget $0.3 million

- Non-Salary expense favorable to budget $0.2 million
- Salaries, Wages & Employee Benefits expense favorable to budget $0.1 million

CHANGE IN NET ASSETS is ($0.3) million, unfavorable to budget $0.2 million

CalOptima Health
PACE
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
537	**553**	(16)	(2.9%)	**Member Months**	**3,746**	**3,787**	(41)	(1.1%)
				Revenues				
3,732,313	3,820,796	(88,484)	(2.3%)	Medi-Cal Capitation Revenue	25,686,955	25,915,460	(228,505)	(0.9%)
934,006	960,957	(26,951)	(2.8%)	Medicare Part C Revenue	6,017,546	5,870,279	147,267	2.5%
236,453	351,410	(114,957)	(32.7%)	Medicare Part D Revenue	2,435,772	2,298,540	137,232	6.0%
4,902,771	**5,133,163**	(230,392)	(4.5%)	**Total Operating Revenue**	**34,140,273**	**34,084,279**	**55,994**	**0.2%**
				Medical Expenses				
1,623,750	1,613,439	(10,311)	(0.6%)	Medical Management	10,441,527	11,113,231	671,704	6.0%
616,584	874,381	257,797	29.5%	Facilities Claims	7,136,592	5,840,659	(1,295,933)	(22.2%)
481,214	825,966	344,752	41.7%	Professional Claims	5,555,305	5,514,508	(40,797)	(0.7%)
569,205	758,482	189,277	25.0%	Prescription Drugs	4,077,908	5,066,044	988,136	19.5%
36,222	45,820	9,598	20.9%	MLTSS	363,483	278,226	(85,257)	(30.6%)
285,427	301,345	15,918	5.3%	Patient Transportation	2,032,271	1,985,614	(46,657)	(2.3%)
3,612,403	**4,419,433**	**807,030**	**18.3%**	**Total Medical Expenses**	**29,607,085**	**29,798,282**	**191,197**	**0.6%**
1,290,369	**713,730**	**576,639**	**80.8%**	**Gross Margin**	**4,533,188**	**4,285,997**	**247,191**	**5.8%**
				Administrative Expenses				
200,265	188,923	(11,342)	(6.0%)	Salaries, Wages & Employee Benefits	1,292,335	1,300,073	7,738	0.6%
15,287	13,941	(1,346)	(9.7%)	Professional Fees	74,973	97,379	22,406	23.0%
45,568	69,662	24,094	34.6%	Purchased Services	414,184	487,634	73,450	15.1%
2,660	21,787	19,127	87.8%	Printing & Postage	106,758	152,509	45,751	30.0%
882	1,622	740	45.6%	Depreciation & Amortization	6,195	11,354	5,159	45.4%
17,468	11,112	(6,356)	(57.2%)	Other Operating Expenses	81,545	77,992	(3,553)	(4.6%)
17,018	17,494	476	2.7%	Indirect Cost Allocation, Occupancy	119,127	122,458	3,331	2.7%
299,149	**324,541**	**25,392**	**7.8%**	**Total Administrative Expenses**	**2,095,117**	**2,249,399**	**154,282**	**6.9%**
991,219	**389,189**	**602,030**	**154.7%**	**Change in Net Assets**	**2,438,071**	**2,036,598**	**401,473**	**19.7%**
73.7%	***86.1%***	(12.4%)		***Medical Loss Ratio***	***86.7%***	***87.4%***	(0.7%)	
6.1%	***6.3%***	***0.2%***		***Admin Loss Ratio***	***6.1%***	***6.6%***	***0.5%***	

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CalOptima Health
MSSP
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
573	**558**	15	2.7%	**Member Months**	**3,968**	**3,906**	**62**	**1.6%**
				Revenues				
247,830	249,054	(1,224)	(0.5%)	Medi-Cal Capitation Revenue	1,749,658	1,743,378	6,280	0.4%
247,830	**249,054**	(1,224)	(0.5%)	**Total Operating Revenue**	**1,749,658**	**1,743,378**	**6,280**	**0.4%**
				Medical Expenses				
223,437	194,133	(29,304)	(15.1%)	Medical Management	1,416,717	1,358,931	(57,786)	(4.3%)
22,802	32,959	10,157	30.8%	Waiver Services	242,726	230,713	(12,013)	(5.2%)
246,239	**227,092**	(19,147)	(8.4%)	**Total Program Expenses**	**1,659,443**	**1,589,644**	(69,799)	(4.4%)
1,591	**21,962**	(20,371)	(92.8%)	**Gross Margin**	**90,215**	**153,734**	(63,519)	(41.3%)
				Administrative Expenses				
96,622	126,864	30,242	23.8%	Salaries, Wages & Employee Benefits	660,265	870,737	210,472	24.2%
1,457	1,500	43	2.9%	Professional Fees	10,199	10,500	301	2.9%
2	-	(2)	(100.0%)	Purchased Services	31	-	(31)	(100.0%)
6,718	8,520	1,802	21.2%	Other Operating Expenses	54,459	59,640	5,181	8.7%
7,388	7,583	195	2.6%	Indirect Cost Allocation, Occupancy	51,717	53,081	1,364	2.6%
112,188	**144,467**	**32,279**	**22.3%**	**Total Administrative Expenses**	**776,671**	**993,958**	**217,287**	**21.9%**
(110,596)	(122,505)	**11,909**	**9.7%**	**Change in Net Assets**	(686,457)	(840,224)	**153,767**	**18.3%**
99.4%	***91.2%***	***8.2%***		***Medical Loss Ratio***	***94.8%***	***91.2%***	***3.7%***	
45.3%	***58.0%***	***12.7%***		***Admin Loss Ratio***	***44.4%***	***57.0%***	***12.6%***	

CalOptima Health
Covered California
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
-	-	-	**0.0%**	**Member Months**	-	-	-	**0.0%**
				Revenues				
-	-	-	0.0%	Capitation Revenue	-	-	-	0.0%
-	-	-	**0.0%**	**Total Operating Revenue**	-	-	-	**0.0%**
				Medical Expenses				
-	44,984	44,984	100.0%	Medical Management	-	314,888	314,888	100.0%
-	**44,984**	**44,984**	**100.0%**	**Total Medical Expenses**	**-**	**314,888**	**314,888**	**100.0%**
-	(44,984)	**44,984**	(100.0%)	**Gross Margin**	**-**	(314,888)	**314,888**	(100.0%)
				Administrative Expenses				
105,003	373,917	268,914	71.9%	Salaries, Wages & Employee Benefits	505,848	2,205,780	1,699,932	77.1%
38,642	418,333	379,691	90.8%	Professional Fees	1,892,842	2,928,331	1,035,489	35.4%
-	52,000	52,000	100.0%	Purchased Services	-	364,000	364,000	100.0%
-	21	21	100.0%	Printing & Postage	-	147	147	100.0%
-	43,221	43,221	100.0%	Other Operating Expenses	-	302,547	302,547	100.0%
143,645	**887,492**	**743,847**	**83.8%**	**Total Administrative Expenses**	**2,398,691**	**5,800,805**	**3,402,114**	**58.6%**
(143,645)	(932,476)	**788,831**	**84.6%**	**Income (Loss) From Operations**	(2,398,691)	(6,115,693)	**3,717,002**	**60.8%**
(143,645)	(932,476)	**788,831**	**84.6%**	**Change in Net Assets**	(2,398,691)	(6,115,693)	**3,717,002**	**60.8%**
0.0%	***0.0%***	***0.0%***		***Medical Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	
0.0%	***0.0%***	***0.0%***		***Admin Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	

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CalOptima Health
Building 505 - City Parkway
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
80,827	29,708	(51,119)	(172.1%)	Purchased Services	489,316	207,956	(281,360)	(135.3%)
188,628	191,643	3,015	1.6%	Depreciation & Amortization	1,300,905	1,341,501	40,596	3.0%
23,371	25,124	1,753	7.0%	Insurance Expense	163,602	175,868	12,266	7.0%
157,330	219,809	62,479	28.4%	Repair & Maintenance	1,088,158	1,538,663	450,505	29.3%
44,458	59,093	14,635	24.8%	Other Operating Expenses	403,578	413,651	10,073	2.4%
(494,613)	(525,376)	(30,763)	(5.9%)	Indirect Cost Allocation, Occupancy	(3,445,559)	(3,677,632)	(232,073)	(6.3%)
-	**1**	**1**	**100.0%**	**Total Administrative Expenses**	**-**	**7**	**7**	**100.0%**
-	(1)	**1**	(100.0%)	**Change in Net Assets**	**-**	(7)	**7**	(100.0%)

CalOptima Health
Building 500 - City Parkway
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
130,875	118,206	12,669	10.7%	Rental Income	916,134	827,442	88,692	10.7%
130,875	**118,206**	**12,669**	**10.7%**	**Total Operating Revenue**	**916,134**	**827,442**	**88,692**	**10.7%**
				Administrative Expenses				
40,545	19,131	(21,414)	(111.9%)	Purchased Services	311,902	133,917	(177,985)	(132.9%)
58,871	75,663	16,792	22.2%	Depreciation & Amortization	412,927	529,641	116,714	22.0%
8,600	9,245	645	7.0%	Insurance Expense	60,197	64,715	4,518	7.0%
36,660	104,657	67,997	65.0%	Repair & Maintenance	258,891	732,599	473,708	64.7%
17,857	31,298	13,441	42.9%	Other Operating Expenses	163,596	219,086	55,490	25.3%
(17,213)	(25,416)	(8,203)	(32.3%)	Indirect Cost Allocation, Occupancy	(127,878)	(177,912)	(50,034)	(28.1%)
145,321	**214,578**	**69,257**	**32.3%**	**Total Administrative Expenses**	**1,079,636**	**1,502,046**	**422,410**	**28.1%**
(14,445)	(96,372)	**81,927**	**85.0%**	**Change in Net Assets**	(163,502)	(674,604)	**511,102**	**75.8%**

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CalOptima Health
Building 7900 Garden Grove Blvd
Statement of Revenues and Expenses
For the Seven Months Ending January 31, 2026

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
33,333	3,333	(30,000)	(900.1%)	Purchased Services	238,199	23,331	(214,868)	(921.0%)
9,397	9,651	254	2.6%	Depreciation & Amortization	65,782	67,557	1,775	2.6%
4,740	-	(4,740)	(100.0%)	Insurance Expense	33,212	-	(33,212)	(100.0%)
7,398	28,533	21,135	74.1%	Repair & Maintenance	7,110	199,731	192,621	96.4%
(184)	720	904	125.6%	Other Operating Expenses	(55)	5,040	5,095	101.1%
54,683	**42,237**	(12,446)	(29.5%)	**Total Administrative Expenses**	**344,248**	**295,659**	(48,589)	(16.4%)
(54,683)	(42,237)	(12,446)	(29.5%)	**Change in Net Assets**	(344,248)	(295,659)	(48,589)	(16.4%)

OTHER PROGRAM INCOME STATEMENTS – JANUARY MONTH:

PACE

- **CHANGE IN NET ASSETS** is $1.0 million, favorable to budget $0.6 million

MSSP

- **CHANGE IN NET ASSETS** is ($110,596), favorable to budget $11,909

Covered CA

- **CHANGE IN NET ASSETS** is ($0.1) million, favorable to budget $0.8 million

NON-OPERATING INCOME STATEMENTS – JANUARY MONTH:

BUILDING 500 City Parkway

- **CHANGE IN NET ASSETS** is ($14,445), favorable to budget $81,927
  - Net of $130,875 in rental income and $145,321 in expenses

BUILDING 7900 Garden Grove Blvd

- **CHANGE IN NET ASSETS** is ($54,683), unfavorable to budget $12,446

INVESTMENT INCOME

- Favorable variance of $3.4 million compared to budget due primarily to interest income.

CalOptima Health
Balance Sheet
January 31, 2026

			January-26	December-25	$ Change	% Change
ASSETS						
	Current Assets					
		Operating Cash	515,869,586	699,888,081	(184,018,494)	(26.3%)
		Short-term Investments	1,465,241,311	1,455,148,549	10,092,762	0.7%
		Receivables - Other	19,960,923	26,047,615	(6,086,692)	(23.4%)
		Prepaid Expenses	18,634,583	21,516,068	(2,881,485)	(13.4%)
		Capitation Receivables	603,782,117	594,182,687	9,599,430	1.6%
		Total Current Assets	**2,623,488,520**	**2,796,782,999**	(173,294,479)	(6.2%)
		Total Capital Assets, Net	**111,193,724**	**111,754,918**	(561,194)	(0.5%)
		Restricted Deposit & Other	**300,000**	**300,000**	**-**	**0.0%**
	Board Designated Assets					
		Board Designated Reserves	1,627,699,797	1,623,582,266	4,117,532	0.3%
		Statutory Designated Reserves	136,029,813	135,762,594	267,220	0.2%
		Total Designated Assets	**1,763,729,611**	**1,759,344,859**	**4,384,751**	**0.2%**
TOTAL ASSETS			**4,498,711,855**	**4,668,182,777**	(169,470,922)	(3.6%)
	Deferred Outflows	GASB 68 - PERS - Contributions	94,666	94,666	-	0.0%
		GASB 68 - PERS - Difference in Experience	20,669,960	20,669,960	-	0.0%
		GASB 68 - PERS - Changes in Assumptions	4,311,207	4,311,207	-	0.0%
		GASB 68 - PERS - Difference in Earnings	2,361,239	2,361,239	-	0.0%
		GASB 75 - OPEB - Contributions	637,000	637,000	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	552,000	552,000	-	0.0%
TOTAL ASSETS & DEFERRED OUTFLOWS			**4,527,337,927**	**4,696,808,849**	(169,470,922)	(3.6%)
LIABILITIES						
	Current Liabilities	Accounts Payable	109,066,011	230,661,312	(121,595,301)	(52.7%)
		Accrued Payroll Liabilities	25,386,026	22,200,338	3,185,687	14.3%
		Deferred Revenue	44,860,413	8,114,473	36,745,941	452.8%
		Medical Claims Liabilities	1,118,440,447	1,256,727,990	(138,287,543)	(11.0%)
		Capitation and Withholds	128,609,736	115,299,999	13,309,737	11.5%
		Total Current Liabilities	**1,426,362,633**	**1,633,004,112**	(206,641,479)	(12.7%)
		GASB 96 Subscription Liabilities	24,446,899	24,446,899	-	0.0%
		Capital Lease Payable	217,435	221,504	(4,069)	(1.8%)
		Community Reinvestment, Capital Lease Payable	97,344,354	91,720,979	5,623,375	6.1%
		Employment Benefits Liability	17,355,300	17,354,991	308	0.0%
		Net Pension Liabilities	5,840,992	5,840,992	-	0.0%
TOTAL LIABILITIES			**1,571,567,613**	**1,772,589,477**	(201,021,864)	(11.3%)
	Deferred Inflows					
		GASB 68 - PERS - Difference in Experience	1,321,519	1,321,519	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	1,322,000	1,322,000	-	0.0%
		GASB 75 - OPEB - Difference in Experience	1,666,000	1,666,000	-	0.0%
	Required TNE		133,298,344	131,902,890	1,395,454	1.1%
	Funds in excess of TNE		2,818,162,451	2,788,006,963	30,155,488	1.1%
	Net Assets		2,951,460,795	2,919,909,853	31,550,942	1.1%
TOTAL LIABILITIES & DEFERRED INFLOWS & NET POSITION			**4,527,337,927**	**4,696,808,849**	(169,470,922)	(3.6%)

BALANCE SHEET – JANUARY MONTH:

ASSETS of $4.5 billion decreased $169.5 million from December or 3.6%

- Operating Cash and Short-term Investments decreased $173.9 million due to payments of $188.4 million for the Managed Care Organization (MCO) tax expense and CY 2024 Intergovernmental Transfer (IGT) of $153.3 million, offset by inflows for prepaid February Centers for Medicare & Medicaid Services (CMS) revenue of $20.3 million, WQIP of$18.3 million for the CY 2024 Quality Withhold refund, $7.0 million for investment income and timing for check clearing
- Receivables - Other decreased $6.1 million
- Capitation Receivables increased $9.6 million
- Total Designated Assets increased $4.4 million due to interest income

LIABILITIES of $1.6 billion decreased $201.0 million from December or 11.3%

- Medical Claims Liabilities decreased $138.3 million due primarily to the payout of CY 2024 IGT of $160.6 million and variability in claims experience
- Accounts Payable decreased $121.6 million due to timing of MCO tax payments and accruals
- Deferred Revenue increased $36.7 million due to the prepaid receipt of CMS February revenue
- Capitation and Withholds increased $13.3 million

NET ASSETS of $3.0 billion, increased $31.6 million from December or 1.1%

CalOptima Health
Board Designated Reserve and TNE Analysis
as of January 31, 2026

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	813,586,279				
MetLife Tier One	814,113,519				
Board Designated Reserves	1,627,699,797	1,095,821,249	1,753,313,999	531,878,548	(125,614,201)
Current Reserve Level (X months of average monthly revenue) [1]	*3.71*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	68,104,672				
MetLife Tier Two	67,925,141				
Statutory Designated Reserves	136,029,813	133,298,344	146,628,178	2,731,470	(10,598,365)
Current Reserve Level (X min. TNE) [1]	*1.02*	*1.00*	*1.10*		

[1] *See CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds for more information.*

CalOptima Health
Statement of Cash Flow
January 31, 2026

	January 2026	July 2025 - January 2026
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	31,550,942	150,877,094
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation & Amortization	1,160,334	8,073,582
Changes in assets and liabilities:		
Prepaid expenses and other	2,881,485	(7,451,522)
Capitation receivable	(3,512,738)	125,368,695
Medical claims liability	(139,004,710)	69,985,941
Deferred revenue	37,463,108	23,523,018
Payable to health networks	13,309,737	(25,383,629)
Accounts payable	(121,595,301)	(124,920,496)
Accrued payroll	3,185,996	(4,353,463)
Other accrued liabilities	5,619,306	16,827,825
Net cash provided by/(used in) operating activities	(168,941,842)	232,547,045
GASB 68, GASB 75 and Advance Discretionary Payment Adjustments	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Asset transfer from Foundation	-	-
Net cash provided by (used in) in capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments	(10,092,762)	(124,314,710)
Change in Property and Equipment	(599,139)	(20,644,602)
Change in Restricted Deposit & Other	-	-
Change in Board Designated Reserve	(4,384,751)	(46,922,102)
Change in Homeless Health Reserve	-	-
Net cash provided by/(used in) investing activities	(15,076,652)	(191,881,414)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(184,018,494)	40,665,631
CASH AND CASH EQUIVALENTS, beginning of period	699,888,081	475,203,955
CASH AND CASH EQUIVALENTS, end of period	**515,869,586**	**515,869,586**

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CalOptima Health
Spending Plan
For the Seven Months Ending January 31, 2026

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 1/31/2026	**$2,951.5**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,627.7**			**55.1%**
Statutory Designated Reserve[1]	**$136.0**			**4.6%**
Capital Assets, net of Depreciation	**$111.2**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.1	$65.8	$48.7	0.6%
Housing and Homelessness Incentive Program[2]	24.7	87.4	62.7	0.8%
Intergovernmental Transfers (IGT)[4]	39.0	52.1	13.1	1.3%
Digital Transformation and Workplace Modernization[3]	21.3	100.0	78.7	0.7%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	10.7	50.0	39.3	0.4%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.3	4.7	4.4	0.0%
Member Health Needs Assessment	0.6	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	111.1	153.5	42.4	3.8%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	1.9	2.0	0.1	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	40.4	50.0	9.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.9	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.6%
Dyadic Services Program Academy	0.2	1.9	1.7	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.0	6.8	5.8	0.0%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	192.9	526.2	333.3	6.5%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.2	0.3	0.1	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Orange County Community Health Assessment and Improvement Plan	1.0	1.0	0.0	0.0%
Subtotal:	**$536.4**	**$1,229.1**	**$692.6**	**18.2%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$540.1**			**18.3%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 199 days of CalOptima Health's current operations.
[2] See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.
[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

CalOptima Health
Key Financial Indicators
As of January 31, 2026

Income Statement

Item Name	January 2026				July 2025 - Janaury 2026			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Member Months	857,663	881,357	(23,694)	(2.7%)	6,159,886	6,259,726	(99,840)	(1.6%)
Operating Revenue	426,943,536	391,792,921	35,150,615	9.0%	2,942,902,414	2,757,652,498	185,249,916	6.7%
Medical Expenses	377,771,989	368,599,043	(9,172,946)	(2.5%)	2,705,179,397	2,573,734,679	(131,444,718)	(5.1%)
General and Administrative Expense	22,608,356	25,603,272	2,994,916	11.7%	151,014,716	177,925,841	26,911,124	15.1%
Non-Operating Income/(Loss)	4,987,752	8,194,731	(3,206,980)	(39.1%)	64,168,793	57,363,113	6,805,680	11.9%
Summary of Income & Expenses	31,550,942	5,785,337	25,765,605	445.4%	150,877,094	63,355,091	87,522,002	138.1%

Ratios

Medical Loss Ratio (MLR)	Actual	Budget	Variance		Actual	Budget	Variance	
Consolidated	88.5%	94.1%	(5.6%)		91.9%	93.3%	(1.4%)	

Administrative Loss Ratio (ALR)	Actual	Budget	Variance		Actual	Budget	Variance	
Consolidated	5.3%	6.5%	1.2%		5.1%	6.5%	1.3%	

Key:

> 0%	
> -20%, < 0%	
< -20%	

Investment

Investment Balance (excluding CCE)	Current Month	Prior Month	Change	%
@1/31/2026	3,200,509,328	3,178,432,320	22,077,008	0.7%

Unallocated/Unassigned Reserve Balance	Current Month @ January 2026	Fiscal Year Ending June 2025	Change	%
Consolidated	540,092,498	264,975,684	275,116,814	103.8%
*Days Cash On Hand**	199			

*Total Designated Reserves and unallocated reserve amount can support approximately 199 days of CalOptima Health's current operations.

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CalOptima Health
Summary of Homeless Health Initiatives (HHI) and Allocated Funds
As of January 31, 2026

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,727,673	15,306,053	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,727,673**	**57,206,053**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)[1]	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,866,921	5,021,993	IGT's
Vaccination Intervention and Member Incentive Strategy[3]	54,649	54,649	-	IGT's
Street Medicine[2]	14,279,077	9,500,245	4,778,832	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[4]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,727,673**	**57,206,053**	
Transfer of funds to HHIP[4]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,727,673**	**17,106,053**	

[1] On February 5, 2026, CalOptima Health's Board of Directors approved the closeout of the Day Habilitation (County for HomeKey) and designated the remaining balance of $2.5 million as available for allocation to deliver enhanced services for Medi-Cal members.

[2] On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[3] On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

[4] On September 1, 2022, CalOptima Health's Board of Directors approved reallocation of $40.1 million from HHI to HHIP.

CalOptima Health
Summary of Housing and Homelessness Incentive Program (HHIP) and Allocated Funds
As of January 31, 2026

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	32,935,654	-
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,711,475	24,673,055	-
Street Medicine Support Center - GGG Building	7,000,000	7,000,000	-	-	-
Total	**160,315,719**	**160,315,719**	**95,707,010**	**64,608,709**	-

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	894,250	505,750	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,765,644	66,670	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,707,010**	**$64,608,709**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,707,010**	**$57,608,709**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive pements

*On October 2, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health
Digital Transformation Strategy ($100 million total reserve)
Funding Balance Tracking Summary
For the Seven Months Ending January 31, 2026

	January 2026				July 2025 - January 2026				All Time to Date			
	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %
Capital Assets (Cost, Information Only):												
Total Capital Assets	**-**	**436,423**	**436,423**	**100.0%**	**3,516,052**	**1,938,891**	**(1,577,161)**	**(81.3%)**	**19,127,004**	**28,709,007**	**9,582,003**	**33.4%**
Operating Expenses:												
Salaries, Wages & Benefits	-	-	-	0.0%	-	-	-	0.0%	17,826,058	17,826,058	-	0.0%
Professional Fees	228,137	250,000	21,863	8.7%	1,593,780	1,750,000	156,220	8.9%	8,394,591	8,550,811	156,220	1.8%
Purchased Services	-	-	-	0.0%	(141,754)	-	141,754	0.0%	1,190,915	1,332,669	141,754	10.6%
GASB 96 Amortization Expenses	-	-	-	0.0%	-	-	-	0.0%	2,563,169	2,563,169	-	0.0%
Other Expenses	(2,592,643)	182,292	2,774,935	1522.2%	245,658	1,276,044	1,030,386	80.7%	21,341,399	22,371,785	1,030,386	4.6%
Medical Management	-	-	-	0.0%	-	-	-	0.0%	5,502,156	5,502,156	-	0.0%
Total Operating Expenses	**(2,364,506)**	**432,292**	**2,796,798**	**647.0%**	**1,697,684**	**3,026,044**	**1,328,360**	**43.9%**	**56,818,290**	**58,146,650**	**1,328,360**	**2.3%**

Funding Balance Tracking: July 2025	**Approved Budget**	**Actual Spend**	**Variance**
Beginning Funding Balance	100,000,000	100,000,000	-
Less:			
Capital Assets[1]	38,931,116	19,127,004	19,804,112
FY2023 Operating Budget[2]	8,381,011	8,381,011	-
FY2024 Operating Budget	22,788,092	22,788,092	-
FY2025 Operating Budget	24,289,000	23,951,502	337,498
FY2026 Operating Budget	5,187,500	1,697,684	3,489,816
Ending Funding Balance	**423,281**	**24,054,707**	**23,631,426**
Add: Prior year unspent Operating Budget	**337,498**		
Total available Funding	**760,779**		

[1] Staff will continue to monitor the project status of DTS' Capital Assets
[2] Unspent budget from this period is added back to available DTS funding
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024

Note: Report includes applicable transactions for GASB 96, Subscriptions - Based Information Technology Arrangements.

CalOptima Health
Fiscal Year 2025-26 Budget Allocation Changes
Reporting Changes as of January 31, 2026

Transfer Month	Line of Business	From	To	Amount	Reason to Re-Allocate Funds
July	Medi-Cal	Human Resources - Training & Seminar - New: 7 Habits of Highly Effective People	Human Resources - Cert./Cont. Education - Educational Reimbursement	$90,000	For Educational Reimbursement
July	Medi-Cal	Human Resources - Professional Fees - Executive Recruiters, Direct Hire & Conversion Fees	Human Resources - Advertising - Combined: Recruitment & Job Postings Network	$90,000	For LinkedIn Advertising
July	Medi-Cal	IS - Infrastructure - Maintenance HW/SW - Oracle Software License	IS - Infrastructure - Maintenance HW/SW - Server - HP Server Maintenance	$28,150	For HP Maintenance Coverage
July	Medi-Cal	IS - Application Development - Prof Fees - Development and QA Professional Services	IS - Application Development - Purch Svcs - General - Managed Services for Website Support	$120,250	For American Eagle maintenance support
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Oracle Software License	ITS - Infrastructure - Other Operating Expenses - Server - VMWare	$140,238	For VMWare
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Palo Alto Firewall	ITS - Infrastructure - Professional Fees - IT Advisory Subscription	$162,890	For Professional Services
August	Medi-Cal	ITS - Application Development - Automation Application for the Board and Committee Material Preparation	ITS - Application Development - Policies and Regulation Compliance Identification - Readily Compliance Project	$65,000	For Readily Compliance Project
September	Medi-Cal	ITS - Infrastructure - Maintenance HW/SW Network Connectivity Maintenance and Support	ITS - Infrastructure - Maintenance HW/SW Maintenance of Operations and Desktop Application Software and Hardware	$52,420	For Right Fax.
September	Medi-Cal	Customer Service - Member Communication	Human Resources - Consulting / Professional Fees	$70,000	For leadership development
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Network - Solar Winds	$34,415	For On-Premise and cloud database monitoring maintenance
October	Medi-Cal	ITS - Infrastructure - Other Operating Expense - Microsoft Enterprise License Agreement (EA)	ITS - Applications Management - GASB 96 - Interest - Dell	$41,558	For Microsoft Enterprise License Agreement Renewal
October	Medi-Cal	ITS - Applications Management - GASB 96 - Interest - Dell	ITS - Applications Management - Other Operating Expenses - Flexera	$41,558	For increase against original contract
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Applications Management - Other Operating Expenses - TeamDynamix	$26,780	For TeamDynamix Solutions
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft Enterprise License Agreement (EA)	ITS - Infrastructure - Other Operating Expenses - Network - Palo Alto Firewall	$73,100	For CalOptima Health Sites for Palo Alto
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Cohesity	$249,999	For Fortknox and Data Protection
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - DNS	ITS - Infrastructure - Other Operating Expenses - Cohesity	$29,472	For Fortknox and Data Protection
December	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Network Firewall Upgrade & Enhancement	ITS - Infrastructure - Other Operating Expenses - ZeOmega UAT 3	$15,000	For Capital Software ZeOmega
December	OneCare	Operations Management - Professional Fees - OneCare Consulting Services	ITS - Applications Management - Other Operating Expenses - USHUR	$18,000	For Application Development for Ushur
December	OneCare	Communications - Purchased Services - Printing Advertising & Outdoor Advertising	Communications - Printing and Postage - Direct mail to prospective members	$75,000	For OneCare Direct Mail
December	Medi-Cal	ITS - Applications Management - Other Operating Expenses - Corporate Application SW	ITS - Applications Management - Other Operating Expenses - Grammarly	$54,800	For Grammarly
December	Medi-Cal	Accounting - Professional Fees - Investment Advisory Services	Accounting - Professional Fees - OPEB Valuation	$15,000	For Actuarial Services
January	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Additional Software License	ITS - Applications Management - Other Operating Expenses - CRM Licenses	$100,000	For additional CRM Licenses
January	Medi-Cal	Human Resources - Other Operating Expenses - Employee Engagement Events and Logo Apparel	Human Resources - Professional Fees - Employee Feedback	$34,000	For Consulting Services
January	Medi-Cal	Human Resources - Purchased Services - Background Screening	Human Resources - Other Operating Expenses - Tuition Reimbursement	$20,000	For Educational Reimbursement
January	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Volume Licenses Contract	ITS - Infrastructure - Professional Fees - Consulting	$50,000	For Consulting Services
January	Medi-Cal	ITS - Application Development - Purchased Services to Med - Managed Service Support	ITS - Applications Management - Purchased Services to Med - Closed Loop Referral System & Support	$155,000	For Closed Loop Referral System & System
January	Medi-Cal	ITS - Applications Management - Maintenance HW/SW to Med - Software License	ITS - Applications Management - Purchased Services to Med - Closed Loop Referral System & Support	$22,000	For Closed Loop Referral System & System
January	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Additional Software License	Medi-Cal & CalAIM - Professional Fees - Grant Consulting	$50,000	For Grant Consulting Services

This report summarizes budget transfers between general ledger classes that are greater than $10,000 and less than $250,000.
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.

Board of Directors Meeting
March 5, 2026

Monthly Compliance Report

The purpose of this report is to provide compliance updates to CalOptima Health's Board of Directors including, but not limited to, updates on internal and health network monitoring and audits conducted by CalOptima Health's Delegation Oversight and Internal Audit departments, regulatory audits, privacy updates, fraud, waste, and abuse updates, and any notices of non-compliance or enforcement action issued by regulators.

A. UPDATES ON REGULATORY AUDITS

1. Medicare

a. Calendar Year (CY) 2019 Part C Risk Adjustment Data Validation (RADV) Audit (CON19 RADV) *(applicable to OneCare)*

Update

- No New Updates since the last report.

Previously Reported

- June 12, 2025 – The Centers for Medicare & Medicaid Services (CMS) notified CalOptima Health its OneCare contract (H5433) had been selected for a Payment Year (PY) 2019 Contract-Level Risk Adjustment Data Validation (CON19 RADV) audit.
- CMS will be conducting a medical record review to validate the accuracy of a subset of PY 2019 risk adjustment data and payments associated with encounters with dates of service from January 1, 2018, through December 31, 2018.
- Medical record submission window extended to November 10, 2025. Previous due date September 15, 2025.
- Medical records have been reviewed, validated and submitted to CMS. Awaiting review from CMS and next steps.

Background

- The PY 2019 RADV audit will focus on risk adjusted payments made to Medicare Advantage Organizations (MAO) for the 2019 coverage year that CMS believes may be at higher risk for overpayments.

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b. CY 2024 CMS Financial Audit *(applicable to PACE (Program of All-inclusive Care for the Elderly))*

Update

- 2/4/26 – The audit continues with further requests and submission of materials.

Previously Reported

- 9/24/25 - Contract selection received.
- 9/30/25 – Certified Public Accounting (CPA) firm selected by CMS.
- 10/1/25 – Document Request List received from CPA firm to begin the audit process.
- 10/2/25 – Audit workplan and documents request distributed to impacted departments.
- 10/25/25 – Entrance conference with CPA firm to kick-off the audit.
- 30-day and 60-day audit deliverables were submitted timely.
- Fraud, Waste and Abuse (FWA) interviews were conducted that focused on FWA oversight, prevention and detection.
- 12/3/25 – Prescription Drug Event (PDE) samples received. Documentation supporting 282 samples has been requested across the following categories: PDE Random, Transfers, Medicare Secondary Payer (MSP), PDE Non-Standard, New Enrollee and Point of Sale (POS) Drug Pricing.

Background

- At least one-third of MAOs are selected for the annual audit of financial records, which will include data relating to Medicare utilization, costs, and computation of the bid. CMS will audit and inspect any books and records of the MAO that pertain to 1) the ability of the organization to bear the risk of potential financial losses, or 2) services performed or determinations of amounts payable under the contract. The Pharmacy Benefit Management (PBM) company will also be required to provide CMS with all requested supporting documentation for this audit.
- CMS contracted with Myers and Stauffer to conduct the audit. Myers and Stauffer will act in the capacity of CMS agents and request records and supporting documentation for, but not limited to, the following items:
  - Claims data
  - Solvency
  - Enrollment
  - Base year entries on the bids
  - Medical and/or drug expenses
  - Related party transactions
  - General administrative expenses
  - Direct and Indirect Remuneration (DIR)

c. 2026 Medicare Part C and Part D Data Validation Audit (MDVA) *(applicable to OneCare)*

Update

- 1/29/26 – Part C and Part D Grievance reporting data were submitted to CMS, ahead of the regulatory deadline.
- The remaining Part C and Part D reporting data are in progress and will be submitted no later than the regulatory deadline of February 23, 2026:

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- Organization Determinations and Reconsiderations
- Special Needs Plan (SNP) Care Management
- Medication Therapy Management Program (MTMP)
- Improving Drug Utilization Review (IDUR)
- Coverage Determinations and Reconsiderations

Previously reported

- CalOptima Health has contracted with an independent consulting firm to conduct its annual MDVA audit.
- The consulting firm has started training sessions to prepare the plan for the upcoming 2026 MDVA audit season.
- December 3, 2025 – Regulatory Affairs & Compliance (RAC), requested the collection of the universes.
- The regulatory submission deadlines are February 2, 2026 and February 23, 2026.

Background

- CMS requires MAOs to contract with an independent consulting firm annually to conduct an independent review to validate data reported to CMS by CalOptima Health per the Medicare Part C and Part D Reporting Requirements.

d. 2026 CMS Readiness Checklist *(applicable to OneCare)*

Update

- (RAC Medicare is leading the 2026 Readiness Checklist activities with all applicable departments to ensure compliance for requirements impacting their respective operational area(s).
- The validation audit activities are expected to conclude by the middle of February 2026.

Background

- The 2026 CMS Readiness Checklist summarizes a subset of key operational requirements solely for the purpose of providing a tool to be used in preparation for the upcoming year. It does not supersede requirements established in statutes or regulations as they related to MAOs, Prescription Drug Plans (PDPs), 1876 Cost Plans and PACE. CMS recommends that organizations review this checklist and take necessary steps to fulfill requirements for CY 2026.

e. 2024 Medicare Part D Improper Payment Measure (IPM) *(applicable to OneCare)*

Update

- 1/9/26 – Contract selection received.
- One PDE was selected.
- Early submission deadline is March 6, 2026.
- The submission window is now open through April 17, 2026.

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Background

- The Medicare Part D IPM is conducted to validate the accuracy of the PDE data submitted by Medicare Part D sponsors to CMS for CY 2024 payments. The results of these activities will be used to calculate a program wide improper payment rate for Medicare Part D.

2. Medi-Cal

a. 2026 Department of Health Care Services (DHCS) Annual Routine Medical Audit

- **The DHCS Medical audit began on 2/5/26 and will continue through 2/20/26.**
- CalOptima Health staff interviews will be held onsite in the first week of the audit; any follow-up may be conducted virtually in the second week.
  - CalOptima Health's participating delegate, Optum, will be interviewed virtually in the second week.
- The RAC team remains the primary liaison and resource lead, responding to DHCS requests and continuing to support a successful audit.

Audit Details and Background – previously reported

- November 11, 2025 – DHCS engaged CalOptima Health in its annual, routine medical audit.
  - Key Information:
    - Frequency: Annual, Routine Audit
    - Impacted Program: Medi-Cal
    - Look-back period: 1/1/25 – 12/31/25 (universes requested are for 1/1/25 – 10/31/25)
    - DHCS to host onsite Entrance Conference: 2/9/26
    - Audit Interviews: 2/9/26-2/20/26 (week 1: DHCS onsite; week 2: DHCS conduct virtually)
    - Pre-Audit Deliverables due: 1/5/26
      - **Pre-audit deliverables were submitted to DHCS on 12/29/25; one week ahead of the due date.**
    - Health Network Selected to Participate: Optum (Utilization Management (UM)-related requests only)
  - This year's audit is considered a **full-scope audit**. As such, the audit will be an evaluation of CalOptima Health's compliance with its contract and regulations across six (6) categories:
    - Category 1 - UM
    - Category 2 - Case Management and Coordination of Care
    - Category 3 - Access and Availability
    - Category 4 – Member Rights
    - Category 5 – Quality Improvement
    - Category 6 – Administrative and Organizational Capacity
  - **New Areas** to be audited under Categories 2 and 6 include:
    - Category 2
      - Community Supports
      - Pregnant and Postpartum Members
    - Category 6

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- Compliance Program
- Provider Screening, Enrolling, Credentialing, and Recredentialing
- Obligations Regarding Suspended, Excluded, and Ineligible Providers
- Federal False Claims Act Compliance and Support

- Onsite and virtual interviews will be conducted with CalOptima Health staff, including Medical Director, Director of Quality Management, Director of Utilization Management, Member Services Manager, Provider Relations Manager, Health Education Coordinator, Grievance Coordinator, and other staff as necessary.
- The audit will involve a review of pre-onsite documents, staff interviews and medical record review.

B. REGULATORY NOTICES OF NON-COMPLIANCE

- CalOptima Health did not receive any notices of non-compliance from its regulators for the month of January 2026.

C. UPDATES ON HEALTH NETWORK MONITORING AND AUDITS

- Delegation Oversight Annual Audit / New Health Network Readiness Assessment, Part 2
  - Providence Medical Foundation – Lookback period November 1, 2025 – November 30, 2025. (Annual Audit webinar week January 12 – January 15, 2026).

D. INTERNAL AUDIT DEPARTMENT (IAD)

a. 2026 Approved Internal Annual Audit Work Plan

- Access and Availability (QA) (OneCare)
- Case Management (Medi-Cal)
- Case Management (OneCare)
- Customer Service (OneCare)
- Encounter Data Processing (Both)
- Grievances and Appeals (Medi-Cal)
- Grievances and Appeals (OneCare)
- Medi-Cal/CalAIM Community Supports Personal Care/Homemaker Services (Medi-Cal)
- Medi-Cal/CalAIM Community Supports Recuperative Care (Medi-Cal)
- Pharmacy (OneCare)
- Risk Adjustment Hierarchical Condition Category / Risk Adjusted Data Validation) (HCC / RADV) (OneCare)
- Utilization Management (Medi-Cal)
- Utilization Management (OneCare)

b. Internal Annual Audits in Process

- 2025 Claims Administration (Medi-Cal)
- 2025 Claims Administration (OneCare)
- 2025 Utilization Management (Medi-Cal)
- 2025 Utilization Management (OneCare)
- 2025 Grievance and Appeals (OneCare)
- 2025 Grievance and Appeals (Medi-Cal)
- 2025 Credentialing (Medi-Cal & OneCare)
- 2026 Access & Availability (OneCare) – NEW

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c. Internal Ad Hoc Audits in Process

- 2025 CalAIM Community Supports Housing Transition Navigation Services

d. Board-Approved Grants Review

Grants currently under review include:

- Coalition of Orange County Community Health Centers, Population Health Value-Based Care (PHVBC) Grant
- 2022 CalAIM Enhanced Care Management (ECM) Incentive Payment Program (IPP) Payment Grants
- 2023 Enhanced Care Management (ECM) Academy Cohort 2 Grants

e. Internal Auditing Initiatives

- Request for Proposal (RFP) issued for internal auditing and advisory services
  - Proposals due February 5, 2026
  - Vendor selection by February 27, 2026

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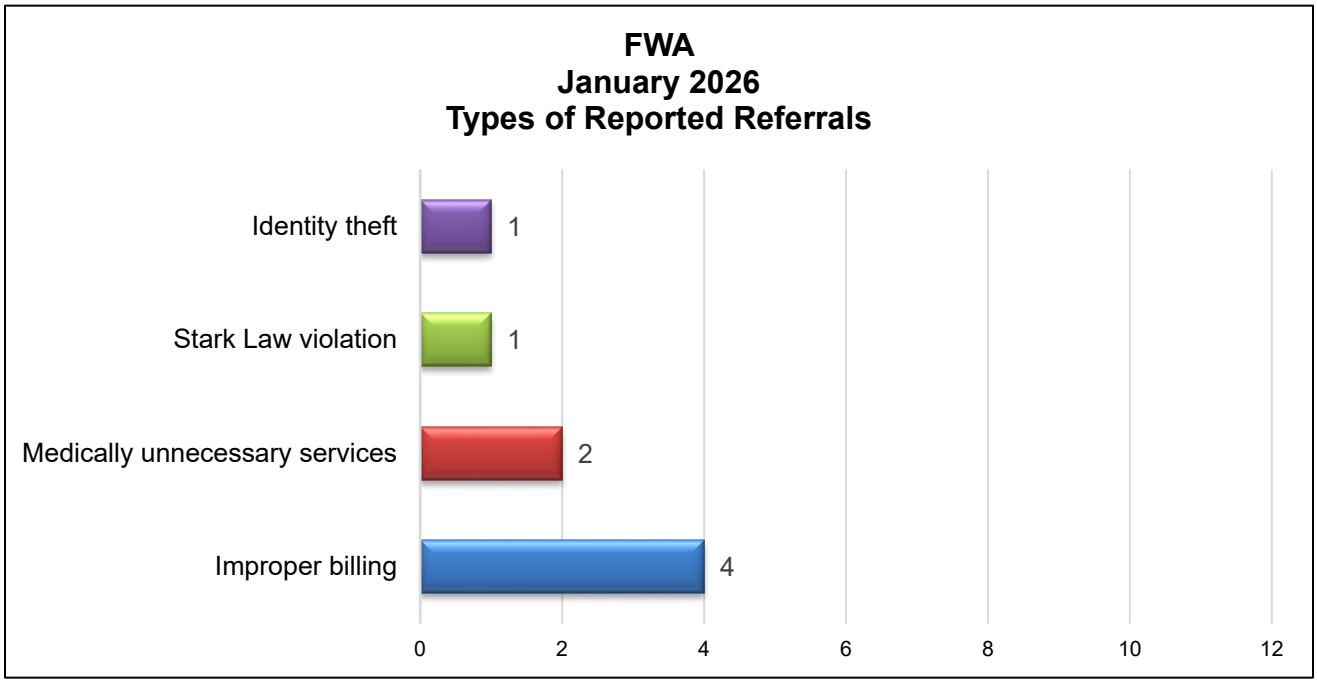
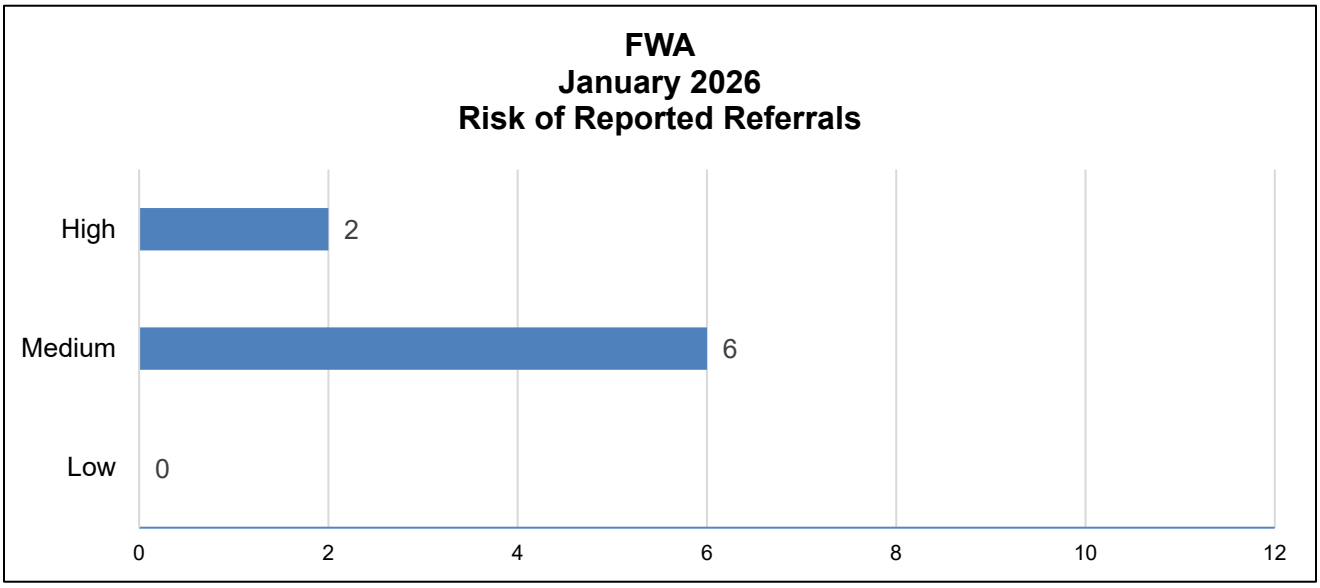
E. FRAUD, WASTE & ABUSE (FWA) INVESTIGATIONS





Total Number of New Cases Referred to DHCS (State)	8
Total Number of New Cases Referred to DHCS and CMS	3
Total Number of Referrals Reported	**8**

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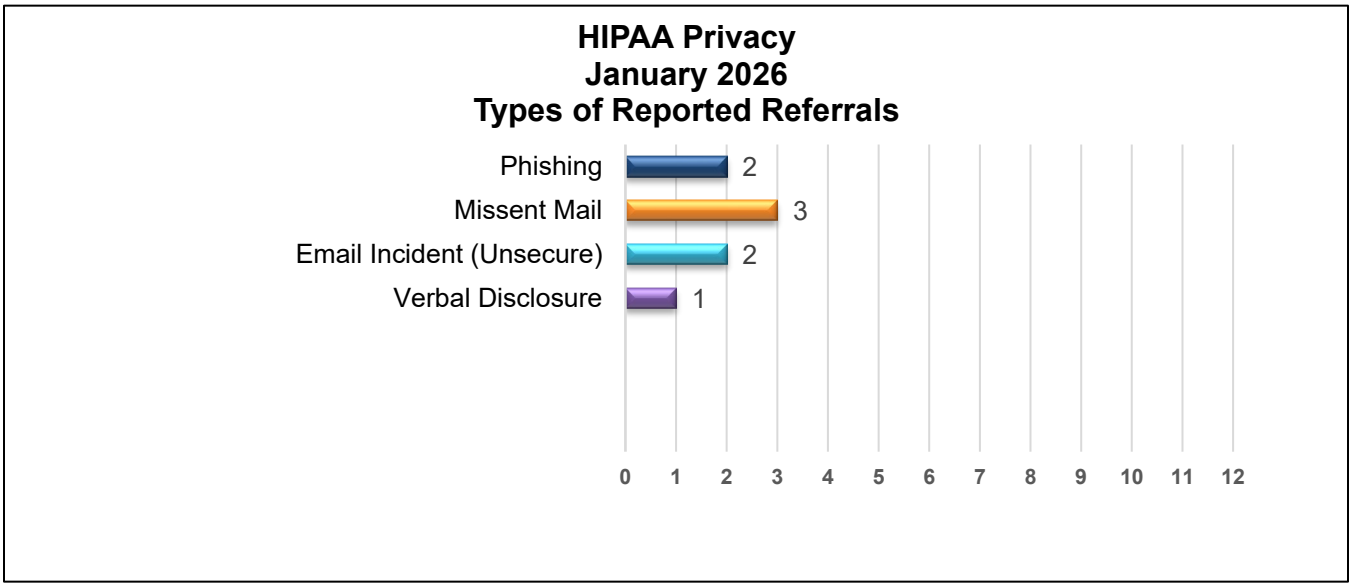
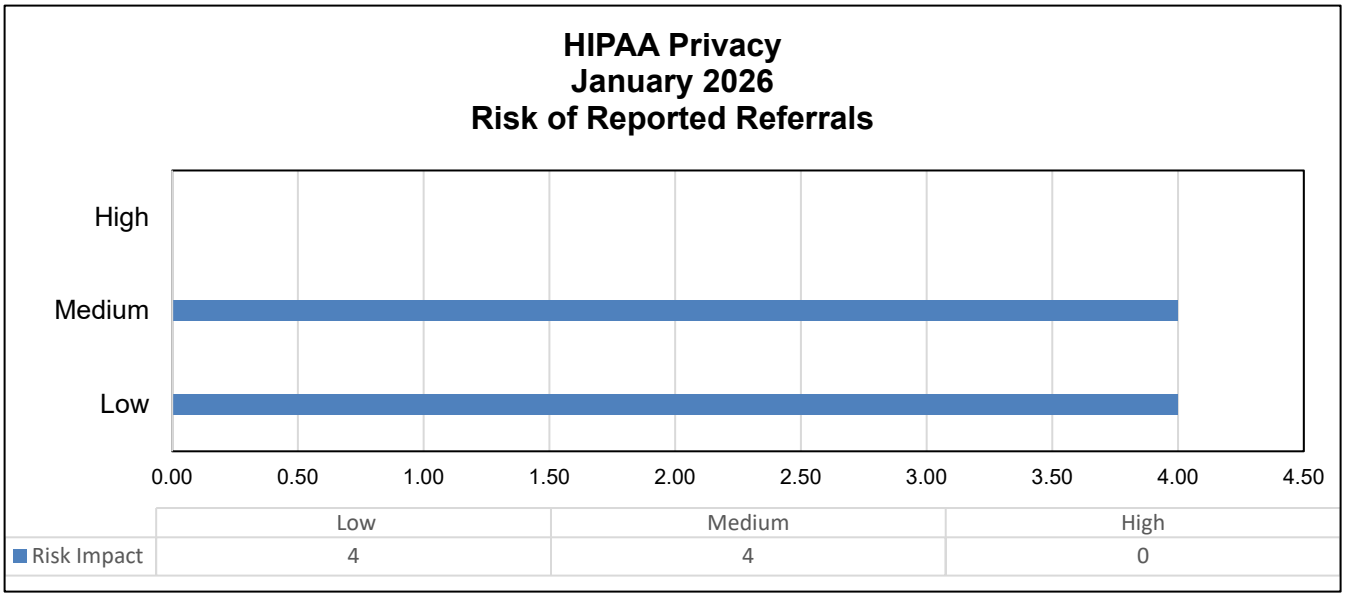
F. PRIVACY UPDATE





Total Number of Referrals Reported to DHCS (State)	8
Total Number of Referrals / Breaches Reported to DHCS and Office for Civil Rights (OCR)	0

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CALOPTIMA HEALTH - STATE LEGISLATIVE REPORT
February 24, 2026

General Update

The February 20 introduction deadline closed with a total of 1,798 bills introduced this year — 561 in the 40-member Senate and 1,237 in the 80-member Assembly — the lowest total in decades. And, about 550 bills less than those introduced in 2025. 1,100 of those bills were introduced in the last week. Overall, 600 of the bills are spot or intent bills, which serve as placeholders where more specificity will be revealed by the end of March.

There are likely several factors in the significant drop in bill introductions. They include: significant carryover from a heavy 2025 cycle; a more formal review by Leadership of recently enacted statutes (high bill volume strains committees, staff, and implementing agencies); ongoing fiscal pressure limits appetite for measures with continuing costs; members in competitive districts are more selective about launching bills that could become campaign liabilities; and major policy is moving through budget trailer bills or amendments to existing measures rather than new standalone vehicles.

Policy Committees will begin substantive engagement in late March, following the 30-day cooling-off period for newly introduced bills. The near-term focus will center on budget hearings, informational hearings, and broader strategic positioning ahead of policy committee activity.

Upcoming deadlines include March 16, which is the last day to amend Assembly spot bills. March 25 is the Senate's last day to amend spot bills, and April 24 is the deadline for policy committees to hear and report fiscal bills. The legislative spring recess is March 26 through April 6.

Budget Update

Budget and health policy leaders are speaking publicly about the need to identify new or expanded revenue streams to offset potential funding losses in the healthcare sector. An informational hearing held by the Assembly Health Committee on January 27, 2026, (seen HERE) reflected this shift, featuring a substantive discussion of Medi-Cal's fiscal outlook and the risks associated with potential federal Medicaid changes under H.R. 1. DHCS outlined enrollment trends, rising per-member costs, and California's exposure to reductions in federal matching funds, while stakeholders—including hospitals, clinics, and managed care plans—raised concerns about provider stability, workforce shortages, and the sustainability of CalAIM community supports and alternative payment models.

Lawmakers reaffirmed the state's commitment to maintaining coverage, including for undocumented adults, but acknowledged significant General Fund pressures and signaled that health-related budget trailer bills and potential revenue measures may be central to the 2026 budget response. Legislative proposals such as AB 1790, AB 2036, and SB 987 (detailed below) are part of the broader conversation aimed at addressing these emerging fiscal challenges.

The Legislature is proceeding through an atypical budget process this year. The Governor's January Budget has been characterized as a placeholder, and as a result, pre-May Revision budget subcommittee hearings have largely focused on informational discussions rather than taking formal action on January proposals. At the same time, early action has been taken in certain priority areas, including a $90 million allocation for reproductive health providers (SB 106/AB 106).

Recent tax agency data indicate that the State of California is approximately $6.2 billion above where the FY 2025–26 budget was projected to be last summer. In addition, the federal government has approved a six-month extension of the MCO Tax (to December 2026), and the State continues to maintain roughly $23 billion in reserves. Together, these developments have contributed to a more positive near-term fiscal outlook by the Administration.

However, several factors still warrant caution:

- The Administration's projections differ from the Legislative Analyst's Office (LAO), which estimates a current-year deficit closer to $18 billion, compared to the Administration's approximately $3 billion estimate.
- Much of the $6.2 billion in higher-than-anticipated revenue is already committed, largely due to education funding formulas and other constitutionally or statutorily required expenditures. In addition, approximately half of the MCO Tax revenues associated with the six-month extension are expected to be redirected to the State General Fund.
- Recent accounts receivable data show a $180 million decline in sales tax receipts. This has implications for local realignment funding and may place additional fiscal pressure on counties.
- Economic uncertainty remains, including questions about the sustainability of growth in the AI and technology sectors.
- Out-year budget projections continue to show serious structural challenges.
- The full fiscal and programmatic impacts of H.R. 1 implementation remain unclear.

Key Legislation Updates

PACE Rate-Setting Transparency – AB 1672 (Solache-D) – CalPACE sponsored legislation to require greater transparency in DHCS's rate-setting process. The proposal requires DHCS to apply standardized principles specific to the high cost of drugs within the PACE program and to improve communication with plans of service (POS) regarding the data used in rate development. While the bill is expected to advance through the Legislature, securing the Governor's approval may prove challenging, as it would impose additional accountability requirements on his administration.

"Water's Edge" Tax Election Removal – AB 1790 (Connolly-D) – Introduced on February 10, this bill amends the Corporations Tax Law to change how "water's edge" elections operate for corporate income tax purposes in California. Under current law, a water's edge generally permits multi-national companies to exclude much of their foreign income from California taxation. AB 1790 would ultimately repeal the water's edge election and increase the tax base. This is anticipated to add $3 billion a year in revenue to help fund healthcare and other state priorities. This bill is sponsored by SEIU.

Single-Payer Healthcare – AB 1900 (Kalra-D) – Sponsored by the California Nurses Association (CNA), the author is on his third attempt at advancing healthcare for all. The author is touting polling that underscores Democratic enthusiasm, including a finding that 76% of Democratic voters say they are more likely to support a gubernatorial candidate who backs single-payer. Newsom has traditionally shown a preference for expanding coverage within existing federal structures, which have allowed California to leverage significant federal dollars. However, H.R. 1 introduces a new variable which may provide new momentum for advocates.

Technical Amendments related to FQHCs and RHCs – AB 2036 (Patel-D) – This is a spot bill that is expected to be a vehicle to transition into something more substantive to support Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs).

Medi-Cal: Special Commissions – AB 2194 (Valencia-D) – Introduced on February 19 and sponsored by the County of Orange, this bill would change governance at CalOptima Health. The first change is the staggering of terms for CalOptima Health Board members so there is not a wholesale turnover of the Board. For the term beginning after January 1, 2027, three members will serve two years, with a four-year term beginning thereafter. The second change requires the "commission (CalOptima Health) to provide access to books, documents, or records that are reasonably necessary to review the conduct of its activities to any authorized representative of the Board of Supervisors."

California Health Access Fund – SB 987 (Weber Pierson-D) – Introduced on February 9, the bill would create a special fund administered by DHCS, separate from the General Fund, with deposits made as directed by the Legislature. The measure ties funding to state savings resulting from reduced Medi-Cal enrollment specifically attributable to federal Medicaid changes under H.R. 1. The fund would receive amounts equal to the savings that the state realizes due to decreased enrollment, subject to legislative authorization of those transfers.

Initiative & Proposition Update

Election Rigging Response Act (Proposition 50) – Approved by 64.4% of voters on November 4, 2025, Proposition 50 cleared its final hurdle when the U.S. Supreme Court declined to block the measure and cleared the way for five new Democratic-leaning congressional seats in California.

Repeal of Proposition 50 Maps – This proposed initiative would amend the state constitution to restore congressional district maps in place prior to Proposition 50. On January 12, 2026, the signature gathering phase began. Proponents must gather almost 900,000 signatures before June 25, 2026, to qualify for the November 2026 ballot.

2026 Billionaire Tax Act – This proposed initiative would impose a one-time 5% tax on the net worth of individuals with assets exceeding $1 billion, generating an estimated $100 billion in revenue. 90% of the proceeds would be dedicated to Medi-Cal and other public health services facing significant funding reductions, with the remaining 10% allocated to public education and state food assistance programs. Proponents must gather approximately one million signatures by June 24, 2026, to qualify for the November 2026 ballot. The initiative is being led by SEIU–United Healthcare Workers West (SEIU-UHW) in partnership with St. John's Community Health in Los Angeles. Opponents include Governor Newsom as well as most gubernatorial candidates.

2025–26 Legislative Tracking Matrix

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Behavioral Health			
SB 483 Stern	**Mental Health Diversion:** Would require that a court be satisfied that a recommended mental health treatment program is consistent with the underlying purpose of mental health diversion and meets the specialized treatment needs of the defendant. ***Potential CalOptima Health Impact*:** Increased oversight of behavioral health treatment for members.	**07/16/2025** Passed Assembly Public Safety Committee; referred to Assembly Appropriations Committee **06/04/2025** Passed Senate floor	CalOptima Health: Watch
SB 490 Umberg	**Alcohol and Drug Programs:** Would implement specific timelines for DHCS to investigate unlicensed treatment facilities (i.e., sober living homes) that were unlawfully advertising or providing services. ***Potential CalOptima Health Impact*:** Increased oversight of treatment facilities that serve CalOptima Health members.	**01/05/2026** Introduced	CalOptima Health: Watch
SB 626 Smallwood-Cuevas	**Maternal Mental Health Screenings and Treatment:** Would require a licensed health care practitioner who provides perinatal care for a patient to screen, diagnose and treat the patient for a maternal mental health condition. ***Potential CalOptima Health Impact:*** Increased access to behavioral health services for eligible members.	**07/15/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **06/02/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Oppose
SB 812 Allen	**Qualified Youth Drop-In Center Health Care Coverage:** Would require a health plan to provide coverage for mental health and substance use disorders at a qualified youth drop-in center, defined as a center providing behavioral or primary health and wellness services to youth 12 to 25 years of age with the capacity to provide services before and after school hours and that has been designated by or embedded with a local educational agency or institution of higher education. ***Potential CalOptima Health Impact*:** Increased access to behavioral health services for CalOptima Health Medi-Cal youth members.	**07/16/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/28/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Concerns

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 37 Elhawary	**Behavioral Health Workforce:** Would require the California Workforce Development Board to study how to expand the workforce of mental health service providers providing services to homeless persons. ***Potential CalOptima Health Impact*:** Increased access to behavioral health services for members experiencing homelessness.	**03/13/2025** Referred to Assembly Labor and Employment Committee	CalOptima Health: Watch
AB 348 Krell	**Full-Service Partnership:** Establishes presumptive eligibility for Full-Service Partnership programs contingent upon meeting criteria and receiving recommendation for enrollment by a licensed behavioral health clinician. ***Potential CalOptima Health Impact*:** Increased continuity of care for members with serious mental illness.	**10/13/2025** Signed into law	CalOptima Health: Watch
AB 384 Connolly	**Inpatient Prior Admission Authorization:** Would prohibit a health plan from requiring prior authorization for admission to medically necessary 24-hour care in inpatient settings, including general acute care hospitals and psychiatric hospitals, for mental health and substance use disorders (SUDs) as well as for any medically necessary services provided to a beneficiary while admitted for that care. ***Potential CalOptima Health Impact*:** Modified utilization management (UM) procedures for covered Medi-Cal benefits.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
AB 423 Davies	**Disclosures for Alcoholism, Drug Abuse Recovery or Treatment Programs and Facilities:** Would mandate a business-operated recovery residence to register its location with the California Department of Health Care Services (DHCS). ***Potential CalOptima Health Impact*:** Increased oversight for members who have received SUD treatment.	**02/18/2025** Referred to Assembly Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 618 Krell	**Behavioral Health Data Sharing:** Would require each Medi-Cal managed care plan (MCP), county specialty mental health plan (MHP) and Drug Medi-Cal program to electronically share data for its members to support coordination of behavioral health services. Would also require DHCS to determine minimum data elements and the frequency and format of data sharing through a stakeholder process and guidance, with final guidance to be published by January 1, 2027. ***Potential CalOptima Health Impact*:** Increased coordination between Medi-Cal delivery systems regarding behavioral health services.	**07/07/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **06/03/2025** Passed Assembly floor	**05/07/2025** CalOptima Health: SUPPORT LHPC: Sponsor
AB 877 Dixon	**Nonmedical SUD Treatment:** Would require DHCS and the California Department of Managed Health Care (DMHC) to send a letter to the chief financial officer of every health plan (including a Medi-Cal MCP) that provides SUD coverage in residential facilities. The letter must inform the plan that SUD treatment in licensed or unlicensed facilities is almost exclusively nonmedical, with rare exceptions, including for billing purposes. These provisions would be repealed on January 1, 2027. ***Potential CalOptima Health Impact*:** Enhanced transparency and clarity around nonmedical treatment provided for SUDs.	**03/03/2025** Referred to Assembly Health Committee	CalOptima Health: Watch
AB 951 Ta	**Autism Diagnosis:** Prohibits a health plan from requiring an enrollee previously diagnosed with pervasive developmental disorder or autism to receive a diagnosis to maintain coverage for behavioral health treatment for their condition. ***Potential CalOptima Health Impact*:** Increased access to care for specific behavioral health treatments.	**07/30/2025** Signed into law	CalOptima Health: Watch
AB 1970 Harabedian	**Mental Health and SUD Utilization Management:** Would prohibit a health plan from imposing step therapy as a prerequisite to authorizing coverage of any prescription drug used for the treatment of a mental illness or SUD. ***Potential CalOptima Health Impact:*** Expanded covered benefits for members.	**02/13/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Budget			
H.R. 1 Arrington (TX)	**One Big Beautiful Bill Act:** Makes substantial changes to Medicaid program funding and policies, including but not limited to the following: • Work, community service and/or education requirement of 80 hours per month for able-bodied adults without dependents (with exceptions for pregnant women, foster youth, medically frail, caregivers and others), effective December 31, 2026, or no later than December 31, 2028 • Increased frequency of eligibility redeterminations for Medicaid Expansion (MCE) enrollees from annually to every six months, effective December 31, 2026 • Emergency Medicaid services provided to all undocumented beneficiaries subject to the traditional Federal Medical Assistance Percentage (FMAP) — 50% in California — regardless of the FMAP for which those would otherwise be eligible, effective October 1, 2026 Cost-sharing for MCE enrollees with incomes of 100–138% Federal Poverty Level (FPL), not to exceed $35 per service and 5% of total income, and not to be applied to primary, prenatal, pediatric, or emergency care, effective October 1, 2028 • Prohibition on any new or increased provider taxes, effective immediately • Significant restrictions on current Managed Care Organization (MCO) taxes, which could effectively repeal California's MCO tax that was recently made permanent by Proposition 35 (2024), with a potential winddown period of up to three fiscal years (FYs) ***Potential CalOptima Health Impact*:** Reduced funding to CalOptima Health and contracted providers; decreased number of members; increased administrative costs; implementation of co-pay systems; increased financial and administrative burdens for some existing members; decreased health care utilization by some existing members; reduced benefits for some existing members. A separate overview is also enclosed.	**07/04/2025** Signed into law	**05/20/2025** CalOptima Health: OPPOSE

Bill Number Author	Bill Summary	Bill Status	Position/Notes
H.R. 7148 Cole (OK)	**Consolidated Appropriations Act, 2026:** Would provide FY 2026 appropriations for several federal departments and agencies, including the U.S. Department of Health and Human Services, as well as extend several expiring health care programs and increase health care oversight. Specifically, the bill would strengthen compliance among pharmacy benefit managers (PBMs), extend Medicare telehealth flexibilities through December 31, 2027, extend the hospital-at-home waiver for five years, and delay Medicaid disproportionate share hospital (DSH) cuts until FY 2028. ***Potential CalOptima Health Impact:*** Continued access to Medicare telehealth flexibilities for dual-eligible CalOptima Health members and delayed cuts to certain contracted hospitals.	**01/22/2026** Passed House floor; referred to Senate floor	CalOptima Health: Watch
SB 101 Wiener **AB 102** Gabriel	**Budget Act of 2025:** Makes appropriations for the government of the State of California for FY 2025–26. Total spending is $321 billion, of which $228.4 billion is from the General Fund. ***Potential CalOptima Health Impact:*** An overview of the FY 2025–26 Enacted State Budget is enclosed.	**06/30/2025** Signed into law	CalOptima Health: Watch
SB 106 Laird	**Budget Act of 2025: A**mends the Budget Act of 2025 by appropriating $90 million to Planned Parenthood in response to H.R. 1 cuts. ***Potential CalOptima Health Impact:*** Continued funding for certain family planning services.	**02/11/2026** Signed into law	CalOptima Health: Watch
SB 879 Laird **AB 1563** Gabriel	**Budget Act of 2026:** Would make appropriations for the government of the State of California for FY 2026-27 in alignment with the governor's proposed budget released on January 9, 2026. Total spending would be $348.9 billion, of which $248.3 billion would be from the General Fund. ***Potential CalOptima Health Impact:*** No major impacts to existing Medi-Cal and CalAIM services.	**01/09/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 100 Gabriel	**Budget Acts of 2023 and 2024:** Increases Medi-Cal's current FY 2024–25 General Fund appropriation by $2.8 billion and federal funds appropriation by $8.25 billion in order to solve a deficiency in the Medi-Cal budget. ***Potential CalOptima Health Impact:*** Continued funding for current Medi-Cal rates and initiatives through June 30, 2025.	**04/14/2025** Signed into law	CalOptima Health: Watch
AB 116 Committee on Budget	**Health Omnibus Trailer Bill I:** Consolidates and enacts certain budget trailer bill language containing policy changes needed to implement health-related budget expenditures. Provisions related to the Medi-Cal program include but are not limited to the following: • Enrollment freeze for undocumented individuals 19 years or older, effective no sooner than January 1, 2026, with exceptions for pregnant individuals • Implementation of $30 monthly premiums for undocumented individuals ages 19-59, effective no sooner than July 1, 2027 • Reinstatement of the asset limit at $130,000 for individuals, adding $65,000 for each additional household member, capping at 10 members, effective January 1, 2026 • Enacts Program of All-Inclusive Care for the Elderly (PACE) provider sanctions, effective immediately ***Potential CalOptima Health Impact:*** An overview of the FY 2025–26 Enacted State Budget is enclosed.	**06/30/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 144 Committee on Budget	**Health Omnibus Trailer Bill II:** Consolidates and enacts certain budget trailer bill language containing policy changes needed to implement health-related budget expenditures. Specifically, this bill: • Establishes the list of immunizations by the Advisory Committee on Immunization Practices (ACIP) • Exempts foster youth and former foster youth with Unsatisfactory Immigration Status from various service limitations in the Medi-Cal program (including enrollment freeze and monthly premiums) • Requires DHCS to convene a workgroup to discuss the implementation of Children and Youth Behavioral Health Initiative (CYBHI) school fee schedule • Establishes the Abortion Access Fund to provide services through grants and contracts • Requires Covered California to provide payments to qualified health plans to defray costs of state-mandated gender-affirming care benefits ***Potential CalOptima Health Impact:*** An overview of the FY 2025–26 Enacted State Budget is enclosed.	**09/17/2025** Signed into law	CalOptima Health: Watch
California Advancing and Innovating Medi-Cal (CalAIM)			
SB 324 Menjivar	**Enhanced Care Management (ECM) and Community Supports Contracting:** Would require a Medi-Cal MCP to give preference to contracting with community providers that demonstrate capability of providing access and meeting quality requirements when covering the ECM benefit and/or Community Supports. In addition, would require DHCS to develop standardized templates to be used by MCPs. Would also require DHCS to develop guidance to allow community providers to subcontract with other community providers. ***Potential CalOptima Health Impact*:** Increased collaboration with community providers and standardized contracts.	**07/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/27/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Watch LHPC: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 543 Gonzalez	**Street Medicine:** Authorizes a Medi-Cal MCP to elect to offer Medi-Cal covered services through a street medicine provider. MCPs that elect to do so would be required to allow a Medi-Cal beneficiary who is experiencing homelessness to receive those services directly from a contracted street medicine provider, regardless of the beneficiary's network assignment. Additionally, requires the MCP to allow a contracted street medicine provider enrolled in Medi-Cal to directly refer the beneficiary for covered services within the appropriate network and share that information with the relevant county for inclusion in CalSAWS. ***Potential CalOptima Health Impact*:** Continued access to street medicine services for members experiencing homelessness.	**10/06/2025** Signed into law	CalOptima Health: Watch CAHP: Watch
AB 2138 Krell	**ECM Peer Support Specialists:** Would require ECM providers to include at least one peer support specialist in their interdisciplinary teams; specialists would have lived experience with recovery from mental illness and/or substance use. Additionally, would outline conditions where peer support specialists cannot be disqualified based on criminal background, fingerprint-based background check or similar screening that is a condition of employment, contracting, certification, credentialing, enrollment or participation in providing peer support services. ***Potential CalOptima Health Impact*:** Expanded access to peer support specialists for certain high-need members.	**02/18/2026** Introduced	CalOptima Health: Watch
AB 2348 Bonta	**Community Supports Extension:** Would extend Community Supports within the Medi-Cal managed care program — by proposing that the supports are deemed cost-effective and medically appropriate services — beyond the existing CalAIM initiative, beginning January 1, 2027. Additionally, would implement quarterly public reporting on Community Supports utilization with ongoing technical assistance. ***Potential CalOptima Health Impact*:** Safeguards access to Community Supports for Medi-Cal members.	**02/19/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Covered Benefits			
SB 40 Wiener	**Insulin Coverage:** Prohibits a health plan, effective January 1, 2026 (or a policy offered in the individual or small group market, effective January 1, 2027), from imposing a copayment or other cost sharing of more than $35 for a 30-day supply of an insulin prescription drug or imposing a deductible, coinsurance, or any other cost sharing on an insulin prescription drug. Additionally, requires a health plan to cover all types of insulin without step therapy on and after January 1, 2026. ***Potential CalOptima Health Impact:*** Decreased out-of-pocket costs for future members enrolled in Covered California line of business; new UM procedures.	**10/13/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose
SB 62 Menjivar **AB 224** Bonta	**Essential Health Benefits (EHBs):** Expresses the intent of the Legislature to review California's EHB benchmark plan and establish a new benchmark plan for the 2027 plan year. Additionally, upon approval from the United States Department of Health and Human Services and by January 1, 2027, requires the new benchmark plan include certain additional benefits, including coverage for fertility services, hearing aids and exams, and durable medical equipment. ***Potential CalOptima Health Impact:*** New covered benefits for future members enrolled in Covered California line of business.	**10/13/2025** SB 62 signed into law **10/13/2025** AB 224 signed into law	CalOptima Health: Watch CAHP: Concerns
SB 535 Richardson **AB 575** Arambula	**Obesity Care Access Act:** Would require an individual or group health care plan that provides coverage for outpatient prescription drug benefits to cover at least one specified anti-obesity medication and bariatric surgery for the treatment of obesity. ***Potential CalOptima Health Impact:*** Expanded covered benefits for future members enrolled in Covered California line of business.	**07/15/2025** SB 535 passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/28/2025** SB 535 passed Senate floor **02/24/2025** AB 575 referred to Assembly Health Committee	CalOptima Health: Watch CAHP: Oppose
SB 944 Wiener	**Acupuncture Coverage:** Would remove the limitation requiring federal matching funds for acupuncture to be a covered benefit, preserving it as a covered benefit under Medi-Cal. ***Potential CalOptima Health Impact:*** Maintained covered benefits for members.	**02/11/2026** Introduced; referred to Senate Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 242 Boerner	**Genetic Disease Screening:** Would expand statewide newborn screenings to include Duchenne muscular dystrophy by January 1, 2027. ***Potential CalOptima Health Impact:*** Expanded covered benefits for members.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 298 Bonta	**Cost-Sharing Under Age 21:** Effective January 1, 2026, would prohibit a health plan from imposing a deductible, coinsurance, copayment, or other cost-sharing requirement for in-network health care services provided to an individual under 21 years of age, with certain exceptions for high deductible health plans that are combined with a health savings account. ***Potential CalOptima Health Impact:*** Increased costs for CalOptima Health; decreased costs for future members enrolled in Covered California line of business under 21 years of age.	**02/10/2025** Referred to Assembly Health Committee	CalOptima Health: Watch
AB 350 Bonta	**Fluoride Treatments:** Would require a health plan to provide coverage for fluoride varnish in the primary care setting for children under 21 years of age by January 1, 2026. ***Potential CalOptima Health Impact:*** New covered benefit for pediatric members.	**08/29/2025** Passed Senate Appropriations Committee; referred to Senate floor **07/02/2025** Passed Senate Health Committee **06/02/2025** Passed Assembly floor	CalOptima Health: Watch CAHP: Oppose
AB 432 Bauer-Kahan	**Menopause:** Would have required a health plan that covers outpatient prescription drugs to provide coverage for evaluation and treatment options for symptoms of perimenopause and menopause. Would also have required a health plan to annually provide clinical care recommendations for hormone therapy to all contracted primary care providers who treat individuals with perimenopause and menopause. ***Potential CalOptima Health Impact:*** New covered benefits for members; increased communications to providers.	**10/13/2025** Vetoed	CalOptima Health: Watch CAHP: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 636 Ortega	**Diapers:** Would add diapers as a covered Medi-Cal benefit for the following individuals, contingent upon appropriation by the Legislature: • Children greater than three years of age diagnosed with a condition that contributes to incontinence • Other individuals under 21 years of age to address a condition pursuant to Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) standards ***Potential CalOptima Health Impact:*** New covered benefit for pediatric members.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 1949 Lee	**Acupuncture Treatment Flexibility:** Would state the intent of the Legislature to enact legislation that allows more flexibility in Medi-Cal coverage for acupuncture treatments. ***Potential CalOptima Health Impact:*** Expanded covered benefit for members.	**02/13/2026** Introduced	CalOptima Health: Watch
AB 2160 Celeste Rodriguez	**Lactation Services:** Would require DHCS to update Medi-Cal's coverage guidance on lactation services by July 1, 2027, to clarify coverage policies for various lactation services, including health education, support and consultation. ***Potential CalOptima Health Impact:*** Expanded access to lactation services for members.	**02/18/2026** Introduced	CalOptima Health: Watch
AB 2208 Stefani	**Federally Mandated Copayments:** In accordance with the minimum requirements of H.R.1, would set copayments at $0.01 for nonemergency services delivered to Medicaid Expansion adults with incomes between 100% and 138% of the federal poverty level, no later than October 1, 2028. Would exempt emergency and family planning services from copayments and prohibit service denial due to unpaid copayments. In addition, would allow self-attestation for Medi-Cal eligibility, including related to work or community engagement activities. ***Potential CalOptima Health Impact:*** Minimized financial burden on Medi-Cal members; decreased member burden to enroll in or maintain Medi-Cal coverage; minimized loss of members due to H.R. 1.	**02/19/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 2240 Stefani	**Private Duty Nursing for Specialty Care:** Would redefine private duty nursing for children under 21 as specialty care, covered by Medi-Cal, ensuring continuity and specialized health care for younger patients within home settings. ***Potential CalOptima Health Impact:*** Expanded access to care for youth Medi-Cal members.	**02/19/2026** Introduced	CalOptima Health: Watch
Medi-Cal Eligibility and Enrollment			
SB 1202 Weber Pierson	**Eligibility Dashboard and Outreach:** Would mandate the development of a data dashboard to track Medi-Cal application and enrollment data, reflecting changes in federal Medicaid law. Would also require outreach to Medi-Cal beneficiaries about community engagement requirements and changes to eligibility while aligning cultural and linguistic standards. ***Potential CalOptima Health Impact:*** Improved visibility of eligibility and enrollment data for members.	**02/20/2026** Introduced	CalOptima Health: Watch
SB 1907 Addis	**Aligned Covered California Enrollment:** Would authorize Covered California to enroll an individual in the plan in which other members of the individual's household are enrolled, or the lowest cost plan available. ***Potential CalOptima Health Impact:*** Increased enrollment in future Covered California line of business; streamlined enrollment process for certain members.	**02/12/2026** Introduced	CalOptima Health: Watch
AB 315 Bonta	**Home and Community-Based Alternatives (HCBA) Waiver:** Would remove the cap on the number of HCBA Waiver slots and instead require DHCS to enroll all eligible individuals who apply for HCBA Waiver services. By March 1, 2026, would require DHCS to seek any necessary waiver amendments to ensure there is sufficient capacity to enroll all individuals currently on a waiting list. Would also require DHCS by March 1, 2026, to submit a rate study to the Legislature addressing the sustainability, quality and transparency of rates for the HCBA Waiver. ***Potential CalOptima Health Impact*:** Expanded member access to HCBA Waiver services.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 974 Patterson	**Managed Care Enrollment Exemption:** Would exempt any dual-eligible and non-dual-eligible beneficiaries who receive services from a regional center and who use the Medi-Cal fee-for-service delivery system as a secondary form of health care coverage from mandatory enrollment in a Medi-Cal MCP. ***Potential CalOptima Health Impact:*** Decreased number of members.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 1012 Essayli	**Unsatisfactory Immigration Status:** Would make an individual who does not have satisfactory immigrant status ineligible for Medi-Cal benefits. In addition, would transfer funds previously appropriated for such eligibility to a newly created Serving our Seniors Fund to restore and maintain payments for Medicare Part B premiums for eligible individuals. ***Potential CalOptima Health Impact:*** Decreased number of members.	**02/21/2025** Introduced	CalOptima Health: Watch
AB 1161 Harabedian	**State of Emergency Continuous Eligibility:** Would require DHCS and the California Department of Social Services to provide continuous eligibility for its applicable programs (including Medi-Cal and CalFresh) to all beneficiaries within a geographic region who have been affected by a state of emergency or a health emergency. ***Potential CalOptima Health Impact*:** Extended Medi-Cal eligibility for certain members.	**04/29/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **04/08/2025** Passed Assembly Human Services Committee	CalOptima Health: Watch
AB 2161 Bonta	**Community Engagement Implementation:** Would integrate federal community engagement requirements into the Medi-Cal program. Would prevent California from extending H.R. 1's work requirements to state-funded Medi-Cal populations. Would also minimize administrative load by automating verification using available data sources and require that any federal work requirement implementation be applied in the least burdensome way possible. ***Potential CalOptima Health Impact*:** Modifications to eligibility for certain members; minimized impact of new community engagement requirements.	**02/18/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 2201 Boerner	**Eligibility Redetermination Changes:** Would seek to align state provisions for Medi-Cal eligibility redeterminations with federal requirements, such as changing the current 12-month renewal cycle to a six-month cycle for adults covered under Medicaid Expansion. Additionally, would encourage counties to verify beneficiary income and assets through existing data sources to streamline the redetermination process. ***Potential CalOptima Health Impact*:** Modifications to eligibility redetermination for certain members.	**02/19/2026** Introduced	CalOptima Health: Watch
AB 2363 Bains	**Coverage Penalty Exemption:** Would prohibit the imposition of a penalty for not maintaining minimum essential health coverage on individuals enrolled in Medi-Cal in 2024 or 2025. ***Potential CalOptima Health Impact:*** Reduced financial penalties for certain current and future members.	**02/19/2026** Introduced	CalOptima Health: Watch
Medi-Cal Operations and Administration			
SB 278 Cabaldon	**Health Data HIV Test Results:** Authorizes disclosures of HIV test results that identify or include identifying characteristics of a Medi-Cal beneficiary without written authorization of the member or their representative to the MCP for quality improvement efforts such as value-based payment and incentive programs. ***Potential CalOptima Health Impact:*** Increased quality oversight of HIV program development.	**10/13/2025** Signed into law	CalOptima Health: Watch
SB 497 Wiener	**Legally Protected Health Care Activity:** Prohibits a health care provider, health plan, or contractor from releasing medical information related to a person seeking or obtaining gender-affirming health care or mental health care in response to a criminal or civil action. Also prohibits these entities from cooperating with or providing medical information to an individual, agency, or department from another state or to a federal law enforcement agency or in response to a foreign subpoena. ***Potential CalOptima Health Impact:*** Increased protection of medical information related to gender-affirming care; increased staff training regarding disclosure processes.	**10/13/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 530 Richardson	**Medi-Cal Time and Distance Standards:** Extends current Medi-Cal time and distance standards until January 1, 2029. In addition, requires a Medi-Cal MCP to ensure that each subcontractor network complies with certain appointment time standards and incorporate into reporting to DHCS, unless already required to do so. Additionally, the use of telehealth providers to meet time or distance standards does not absolve the MCP of responsibility to provide a beneficiary with access, including transportation, to in-person services if the beneficiary prefers. ***Potential CalOptima Health Impact:*** Increased oversight of contracted providers; increased reporting to DHCS.	**10/06/2025** Signed into law	CalOptima Health: Watch
SB 660 Menjivar	**California Health and Human Services Data Exchange Framework (DxF):** Requires the Center for Data Insights and Innovation within California Health and Human Services Agency (CalHHS) to absorb all functions related to the DxF initiative, including the data sharing agreement and policies and procedures, by January 1, 2026. Additionally, expands DxF to include social services information. ***Potential CalOptima Health Impact:*** Increased care coordination with social service providers.	**10/03/2025** Signed into law	CalOptima Health: Watch
SB 987 Weber Pierson	**California Health Access Fund (CHAF):** Would require DHCS to administer the CHAF to ensure California residents who lose health care coverage due to the impacts of H.R. 1 (or other divestments from health care services) can continue to receive health care services and that providers are also reimbursed for these services. Furthermore, money in the fund would include deposits equal to the amount of any savings to the state that resulted from decreased enrollment in the Medi-Cal program caused by enrollment barriers from new federal policy changes. ***Potential CalOptima Health Impact:*** Extended health care benefits for certain future former members.	**02/05/2026** Introduced; referred to Senate Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 45 Bauer-Kahan	**Reproductive Data Privacy:** Prohibits the collection, use, disclosure, sale, sharing, or retention of the information of a person who is physically located at, or within a precise geolocation of, a family planning center, except any collection or use necessary to perform services or provide goods that have been requested. Also authorizes an aggrieved person to institute and prosecute a civil action against any person or organization in violation of these provisions. ***Potential CalOptima Health Impact:*** Increased safeguards regarding reproductive health information.	**09/26/2025** Signed into law	CalOptima Health: Watch
AB 257 Flora	**Specialty Telehealth Network Demonstration:** Would require the establishment of a demonstration project or grant program for a telehealth and other virtual services specialty care network designed to serve patients of safety-net providers. ***Potential CalOptima Health Impact:*** Expanded member access to telehealth specialists.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
AB 316 Krell	**Artificial Intelligence Defenses:** Prohibits a defendant that developed or used artificial intelligence from asserting a defense that artificial intelligence autonomously caused the alleged harm to the plaintiff. ***Potential CalOptima Health Impact:*** Increased liability related to UM procedures.	**10/13/2025** Signed into law	CalOptima Health: Watch
AB 403 Ortega	**Medi-Cal Community Health Service Workers:** Would require DHCS to annually review the Community Health Worker (CHW) benefit and present an analysis to the Legislature beginning July 1, 2027. The analyses would include an assessment of Medi-Cal MCP outreach and education efforts, CHW utilization and services, demographic disaggregation of the CHWs and beneficiaries receiving services, and fee-for-service reimbursement data. ***Potential CalOptima Health Impact:*** New reporting requirements to DHCS.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 577 Wilson	**Prescription Drug Antisteering:** Would prohibit a health plan or pharmacy benefit manager (PBM) from engaging in specified steering practices, including requiring an enrollee to use a retail pharmacy for dispensing prescription oral medications and imposing any requirements, conditions or exclusions that discriminate against a physician in connection with dispensing prescription oral medications. Additionally, would require a health care provider, physician's office, clinic or infusion center to obtain consent from an enrollee and disclose a good faith estimate of the applicable cost-sharing amount before supplying or administering an injected or infused medication. ***Potential CalOptima Health Impact:*** Increased oversight of contracted PBM and referral processes.	**04/29/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 688 Gonzalez	**Telehealth for All Act of 2025:** Beginning in 2028 and every two years thereafter, requires DHCS to use Medi-Cal data and other data sources to produce analyses in a publicly available Medi-Cal telehealth utilization report. ***Potential CalOptima Health Impact:*** New reporting requirements to DHCS.	**10/07/2025** Signed into law	CalOptima Health: Watch
AB 980 Arambula	**Health Plan Duty of Care:** As it pertains to the required "duty of ordinary care" by a health plan, would define "medically necessary health care service" to mean legally prescribed medical care that is reasonable and comports with the medical community standard. ***Potential CalOptima Health Impact:*** Modified UM procedures.	**04/22/2025** Re-referred to Assembly Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 2194 Valencia	**CalOptima Health Governance:** Would implement staggered terms on the CalOptima Health Board of Directors (Board), effective for the new terms expected to begin in August 2028. To accommodate a transition, the following three Board seats would serve initial two-year terms: 1. Current or former hospital administrator 2. Practicing licensed medical provider who is not affiliated with a health network 3. Accounting or public finance professional or actively licensed attorney In addition, would require CalOptima Health to provide any authorized representative of the Orange County Board of Supervisors with access to any books, documents or records that are reasonably necessary to review the conduct of its activities. ***Potential CalOptima Health Impact:*** Increased continuity of Board representation; increased disclosure of potentially privileged information to all five County Supervisors and an unknown number of County staff.	**02/19/2026** Introduced	CalOptima Health: Watch County of Orange: Sponsor
Older Adult Services			
SB 242 Blakespear	**Medicare Supplemental Coverage Open Enrollment Periods:** Would make Medicare supplemental benefit plans available to qualified applicants with end stage renal disease under the age of 64 years. Would also create an annual open enrollment period for Medicare supplemental benefit plans and prohibit such plans from denying an application or adjusting premium pricing due to a preexisting condition. Additionally, would authorize premium rates offered to applicants during the open enrollment period to vary based on the applicant's age at the time of issue, but would prohibit premiums from varying based on age after the contract is issued. ***Potential CalOptima Health Impact:*** Expanded Medicare coverage options for dual-eligible members.	**04/30/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch CAHP: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 412 Limón	**Home Care Aides:** Requires a home care organization to ensure that a home care aide completes training related to the special care needs of clients with dementia prior to providing care and annually thereafter. ***Potential CalOptima Health Impact:*** New training requirements for PACE staff.	**10/06/2025** Signed into law	CalOptima Health: Watch
Providers			
SB 32 Weber Pierson	**Timely Access to Care:** Would require DHCS, DMHC and the California Department of Insurance to consult stakeholders for the development and adoption of geographic accessibility standards of perinatal units to ensure timely access for enrollees by July 1, 2027. ***Potential CalOptima Health Impact:*** Additional timely access standards; increased contracting with perinatal units.	**07/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **06/02/2025** Passed Senate floor	CalOptima Health: Watch LHPC: Oppose
SB 250 Ochoa Bogh	**Medi-Cal Provider Directory — Skilled Nursing Facilities:** Requires an annually updated provider directory issued by a Medi-Cal MCP to include skilled nursing facilities as a searchable provider type. ***Potential CalOptima Health Impact:*** Modifications to CalOptima Health's online provider directory.	**10/03/2025** Signed into law	CalOptima Health: Watch
SB 306 Becker	**Prior Authorization Exemption:** No later than January 1, 2028, requires health plans — except Medi-Cal MCPs — to eliminate prior authorization for the most frequently approved health care services, except in cases of fraudulent provider activity or clinically inappropriate care. ***Potential CalOptima Health Impact:*** In future Covered California line of business, implementation of new UM procedures to assess prior authorization approval rates; decreased number of prior authorizations; decreased care coordination for members.	**10/06/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 504 Laird	**HIV Reporting:** Authorizes a health care provider for a patient with an HIV infection that has already been reported to a local health officer to communicate with a local health officer or the California Department of Public Health (CDPH) to obtain public health recommendations on care and treatment or to refer the patient to services provided by CDPH. ***Potential CalOptima Health Impact:*** Increased coordination of care for HIV-positive members.	**10/13/2025** Signed into law	CalOptima Health: Watch
SB 1049 Pierson	**Claim Reimbursements:** Would grant a provider 90 days to submit a corrected claim after a health care plan denies a claim or sends a notice of overpayment for a claim based on a defect that could be rectified by submitting a corrected claim. Additionally, would prohibit denial of a corrected claim on the grounds that the provider did not submit the claim within the applicable filing deadline. ***Potential CalOptima Health Impact:*** Modified claims review process.	**02/13/2026** Introduced	CalOptima Health: Watch
AB 29 Arambula	**Adverse Childhood Experiences (ACEs) Screening Providers:** Would require DHCS to include community-based organizations, local health jurisdictions and doulas as qualified providers for ACEs trauma screenings and require clinical or other appropriate referrals as a condition of Medi-Cal payment for conducting such screenings. ***Potential CalOptima Health Impact:*** Increased access to care for pediatric members with ACEs.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 50 Bonta	**Over-the-Counter Contraceptives:** Allows pharmacists to provide over-the-counter hormonal contraceptives without following certain procedures and protocols, such as requiring patients to complete a self-screening tool. As such, these requirements are limited to prescription-only hormonal contraceptives. ***Potential CalOptima Health Impact:*** Increased member access to hormonal contraceptives.	**09/26/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 55 Bonta	**Alternative Birth Centers Licensing:** Removes the requirement for alternative birth centers to provide comprehensive perinatal services as a condition of CDPH licensing and Medi-Cal reimbursement. ***Potential CalOptima Health Impact:*** Decreased member access to comprehensive perinatal services; reduced operating requirements for alternative birth centers.	**10/11/2025** Signed into law	CalOptima Health: Watch LHPC: Support
AB 220 Jackson	**Medi-Cal Subacute Care Authorization:** Would require a provider seeking prior authorization for pediatric subacute or adult subacute care services under the Medi-Cal program to submit a specified form. Additionally, would prohibit a Medi-Cal MCP from developing or using its own criteria for medical necessity and from requiring a subsequent treatment authorization request upon a patient's return from a bed hold for acute hospitalization. ***Potential CalOptima Health Impact:*** Modified UM procedures and forms.	**09/04/2025** Passed Senate floor; referred to Assembly for concurrence in amendments **05/29/2025** Passed Assembly floor	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 280 Aguiar-Curry	**Provider Directory Accuracy:** Would require health plans — except Medi-Cal MCPs — to maintain accurate provider directories, starting with minimum 60% accuracy by July 1, 2026, and increasing to 95% by July 1, 2029, or otherwise receive administrative penalties. If a patient relies on inaccurate directory information, would require the provider to be reimbursed at the out-of-network rate without the patient incurring charges beyond in-network cost-sharing amounts. Would also allow DMHC to update standardized formats to collect directory information as well as establish methodologies to ensure accuracy, such as use of a central utility, by January 1, 2026. Additionally, would require a health plan to provide information about in-network providers to enrollees upon request, including whether the provider is accepting new patients at the time, and would limit the cost-sharing amounts an enrollee is required to pay for services from those providers under specified circumstances. Would also require that, within 30 days of receiving a request from a health plan, a provider must confirm that its information is current and accurate or update the required information. ***Potential CalOptima Health Impact:*** In future Covered California line of business, increased oversight of provider directory; increased coordination with contracted providers; increased penalty payments to DMHC.	**07/09/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **06/02/2025** Passed Assembly floor	CalOptima Health: Watch CAHP: Oppose LHPC: Oppose
AB 375 Nguyen	**Qualified Autism Service Paraprofessional:** Would expand the definition of "health care provider" to also include a qualified autism service paraprofessional. ***Potential CalOptima Health Impact:*** Increased access to autism services for eligible members; additional provider contracting and credentialing.	**04/08/2025** Passed Assembly Business and Professions Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 416 Krell	**Involuntary Commitment:** Authorizes a person to be taken into custody by an emergency physician under the Lanterman-Petris-Short Act and exempts the emergency physician from criminal and civil liability. ***Potential CalOptima Health Impact:*** New legal standards for certain CalOptima Health providers.	**10/13/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 510 Addis	**Utilization Review Peer-to-Peer Review:** Would allow a provider to request review of a decision to delay, deny or modify health services by another physician or peer health care professional matching the specialty of the service within two business days. In urgent cases, responses must match the urgency of the patient's condition. If these deadlines are not met, the authorization request would be automatically approved. ***Potential CalOptima Health Impact***: Expedited and modified UM, grievance and appeals procedures for covered Medi-Cal benefits; increased hiring of specialists to review grievances and appeals.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 512 Harabedian	**Prior Authorization Timelines:** Would have shortened the timeline for prior or concurrent authorization requests to no more than 24 hours via electronic submission or 48 hours via non-electronic submission for *urgent* requests and three business days via electronic submission or five business days via non-electronic submission for *standard* requests, starting from plan receipt of the information reasonably necessary and requested by the plan to make the determination. ***Potential CalOptima Health Impact***: Expedited and modified UM procedures for covered Medi-Cal benefits.	**10/06/2025** Vetoed	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 517 Krell	**Wheelchair Prior Authorization:** Would prohibit a Medi-Cal MCP from requiring prior authorization for the repair of a Complex Rehabilitation Technology (CRT)-powered wheelchair, if the cost of repair does not exceed $1,250. Would also no longer require a prescription or documentation of medical necessity, if the wheelchair has already been approved for use by the patient. Additionally, would require supplier documentation of the repair. ***Potential CalOptima Health Impact:*** Modified UM procedures for a covered Medi-Cal benefit.	**04/08/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 539 Schiavo	**One-Year Prior Authorization Approval:** Would require a prior authorization for a health care service to remain valid for a period of at least one year, or throughout the course of prescribed treatment if less than one year, from the date of approval. ***Potential CalOptima Health Impact:*** Modified UM procedures for covered Medi-Cal benefits; decreased number of prior authorizations; increased costs.	**05/12/2025** Passed Assembly floor; referred to Senate	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 787 Papan	**Provider Directory Disclosures:** Would require a health plan to include in its provider directory a statement advising an enrollee to contact the plan for assistance in finding an in-network provider. Would also require the plan to respond within one business day if contacted for such assistance and to provide a list of in-network providers confirmed to be accepting new patients within two business days for urgent requests and five business days for nonurgent requests. Medi-Cal MCPs would not be required to distribute a printed provider directory. ***Potential CalOptima Health Impact:*** Expanded customer service support and staff training; technical changes to CalOptima Health's provider directory.	**06/18/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **05/05/2025** Passed Assembly floor	CalOptima Health: Watch
AB 1041 Bennett	**Provider Credentialing:** Requires a health plan — except a Medi-Cal MCP — to credential a provider within 90 days from the receipt of a completed application, or otherwise conditionally approve the credential. A plan is required to notify the provider whether the application is complete within 10 days of receipt. Additionally, requires a health plan to subscribe to and use the Council for Affordable Quality Healthcare credentialing form on and after January 1, 2028. ***Potential CalOptima Health Impact:*** Expedited and modified credentialing procedures for interested providers in future Covered California line of business.	**10/11/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose LHPC: Oppose Unless Amended
AB 1843 Elhawary	**Communicable Disease:** Would prohibit health plans from requiring authorization for direct-acting antiviral drugs needed for hepatitis C treatment. Additionally, would extend confidentiality protections to public health records for hepatitis B and C cases, unless necessary for care management. ***Potential CalOptima Health Impact:*** Modified UM procedures.	**02/11/2026** Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 1887 Zbur	**Prescription Drug Coverage for Rare Diseases:** Would prohibit a health care service plan from imposing prior authorization, step therapy or other utilization review for a drug prescribed for a rare disease, unless a biosimilar, interchangeable biologic or generic version of the drug is available. ***Potential CalOptima Health Impact:*** Expanded covered benefit for members.	**02/13/2026** Introduced	CalOptima Health: Watch
AB 2352 Valencia	**Nonprofit Public Benefit Corporations:** Would allow nonprofit public benefit corporations that offer nonspecialty mental health services to be enrolled as Medi-Cal providers. ***Potential CalOptima Health Impact:*** Increased number of contracted mental health providers; increased access to mental health services for Medi-Cal members.	**02/19/2026** Introduced	CalOptima Health: Watch
Rates & Financing			
SB 339 Cabaldon	**Medi-Cal Laboratory Rates:** Would require Medi-Cal reimbursement rates for clinical laboratory or laboratory services to *equal* the lowest of the following metrics: 1. the amount billed; 2. the charge to the general public; 3. 100% of the lowest maximum allowance established by Medicare; or 4. a reimbursement rate based on an average of the lowest amount that other payers and state Medicaid programs are paying. For any such services related to the diagnosis and treatment of sexually transmitted infections on or after July 1, 2027, the Medi-Cal reimbursement rates shall not consider the rates described in clause (4) listed above. ***Potential CalOptima Health Impact*:** Increased payments to contracted clinical laboratories.	**04/29/2025** Passed Senate Judiciary Committee; referred to Senate Appropriations Committee **04/23/2025** Passed Senate Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 1672 Solache	**PACE Rates:** Would modify how PACE rates are negotiated by eliminating the requirement for consultation during rate setting and instead mandating direct negotiation of rates. Additionally, would require DHCS to provide written responses to comments and the rationale for rate assumptions before federal submission. ***Potential CalOptima Health Impact:*** Modified rate-setting process for PACE line of business.	**02/17/2026** Introduced; referred to Assembly Health Committee	CalOptima Health: Watch
AB 2036 Patel	**Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) Reimbursement:** Would clarify how FQHC and RHC services are reimbursed on a per-visit basis, including how such Prospective Payment System (PPS) rates are set and adjusted based on necessary documentation. ***Potential CalOptima Health Impact:*** Improved access to care for members assigned to contracted FQHCs; improved financial stability of contracted FQHCs.	**02/17/2026** Introduced	CalOptima Health: Watch
AB 2327 Lowenthal	**Subcontractor Rates:** Would require Medi-Cal MCPs operating as fully or partially delegated subcontractors to be compensated with actuarially sound rates starting January 1, 2027s. ***Potential CalOptima Health Impact:*** Modifications to rate setting for Medi-Cal subcontractors.	**02/19/2026** Introduced	CalOptima Health: Watch

Information in this document is subject to change as bills proceed through the legislative process.

CAHP: California Association of Health Plans
LHPC: Local Health Plans of California

Last Updated: February 24, 2026

2026 Federal Legislative Dates

January 5	119th Congress, 1st Session convenes
July 24–August 30	Summer recess for House
August 8–September 13	Summer recess for Senate
December 18	2nd session adjourns

Source: Floor Calendars, United States Congress: https://www.congress.gov/calendars-and-schedules

2026 State Legislative Dates

January 5	Legislature reconvenes
January 10	Proposed budget must be submitted by Governor
February 20	Last day for legislation to be introduced
March 27–April 5	Spring recess
April 24	Last day for policy committees to hear and report to fiscal committees any fiscal bills introduced in that house
May 1	Last day for policy committees to hear and report to the Floor any non-fiscal bills introduced in that house
May 15	Last day for fiscal committees to hear and report to the Floor any bills introduced in that house
May 26–29	Floor session only
May 29	Last day for each house to pass bills introduced in that house
June 15	Budget bill must be passed by midnight
July 2	Last day for policy committees to hear and report bills in their second house to fiscal committees or the Floor
July 3–August 2	Summer recess
August 14	Last day for fiscal committees to report bills in their second house to the Floor
August 17–31	Floor session only
August 21	Last day to amend bills on the Floor
August 31	Last day for each house to pass bills; interim recess begins upon adjournment
September 30	Last day for Governor to sign or veto bills passed by the Legislature

Source: Legislative Deadlines, California State Senate: https://www.senate.ca.gov/legislative-deadlines-calendar

About CalOptima Health

CalOptima Health is a county organized health system that administers health insurance programs for low-income children, adults, seniors and people with disabilities. As Orange County's community health plan, our mission is to serve member health with excellence and dignity, respecting the value and needs of each person. We provide coverage through three major programs: Medi-Cal, OneCare (HMO D-SNP) and the Program of All-Inclusive Care for the Elderly (PACE)

H.R. 1: One Big Beautiful Bill Act

Fiscal Year 2025 Federal Budget Reconciliation

As signed into law on July 4, 2025

Please note that H.R. 1 includes several distinct implementation dates over the coming years, but there are no major immediate impacts to Medicaid beneficiaries until 2026.

In addition, most Medicaid provisions of H.R. 1 still require federal rulemaking by the U.S. Centers for Medicare and Medicaid Services (CMS) and subsequent state implementation by the California State Legislature and/or the California Department of Health Care Services (DHCS).

MEDICAID HIGHLIGHTS
Eligibility
Work, community service and/or education requirement of **80 hours per month** for able-bodied adults ages 19–64 (with exceptions for short-term hardship, parents with dependents under age 14, pregnant women, medically frail, caregivers and others), effective **December 31, 2026** (or no later than **December 31, 2028**, at the discretion of the U.S. Secretary of Health and Human Services [HHS])
Increased frequency of eligibility redeterminations for Medicaid Expansion (MCE) enrollees from annually to **every six months**, effective **December 31, 2026**
Financing
Prohibition on any new or increased provider taxes, effective **immediately**
Existing provider taxes (except those related to nursing or intermediate care facilities) would be gradually reduced from the current maximum **6.0%** hold harmless threshold to a new **3.5%** hold harmless threshold by **0.5% annually** from **October 1, 2027, through October 1, 2031**
Significant restrictions on current Managed Care Organization (MCO) taxes, which could effectively **repeal** California's MCO tax that was recently made permanent by Proposition 35 (2024), with a potential winddown period of up to **three fiscal years** at the discretion of the HHS Secretary
Cap on new state-directed payments (SDPs) at **100%** of the Medicare payment rate, effective **immediately**; gradually reduces existing SDPs to that cap by **10% annually**, starting **January 1, 2028**
Emergency Medicaid services provided to all undocumented beneficiaries would be subject to the traditional Federal Medical Assistance Percentage (FMAP) — **50%** in California — regardless of the FMAP for which those would otherwise be eligible, effective **October 1, 2026**
Access
Cost-sharing for MCE enrollees with incomes of **100–138%** Federal Poverty Level (FPL), not to exceed **$35** per service and **5.0%** of total income, and not to be applied to primary, prenatal, pediatric, behavioral or emergency care, effective **October 1, 2028**
Temporary **one-year** prohibition on all Medicaid funding to Planned Parenthood, effective **immediately**

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Fiscal Year 2025–26 Enacted State Budget

On May 14, Governor Gavin Newsom released a Fiscal Year (FY) 2025–26 Revised State Budget Proposal, known as the May Revision. On June 13, the State Senate and State Assembly both passed a counterproposal — Senate Bill (SB) 101 — as a placeholder budget to meet the June 15 constitutional deadline while negotiations with the governor on a final budget remained ongoing.

On June 24, Gov. Newsom and legislative leaders announced a final budget agreement. After both houses of the Legislature passed the agreed-upon revisions as Assembly Bill (AB) 102 on June 27, Gov. Newsom signed both SB 101 and AB 102 into law. Additionally, the Legislature passed and the governor signed the consolidated Health Trailer Bill (AB 116) containing policy changes needed to implement health-related budget expenditures. Together, these bills represent the FY 2025-26 Enacted State Budget.

MEDI-CAL HIGHLIGHTS
Unsatisfactory Immigration Status (UIS)-Member Impacts
Freeze on *new* enrollment of UIS individuals ages 19+ (except those who are pregnant or one-year postpartum), effective **January 1, 2026**, including a three-month grace/cure period for re-enrollment following payment of outstanding premium balances; *currently enrolled* individuals are not affected
Implementation of $30/month premiums for UIS individuals ages 19–59, effectively **July 1, 2027**
Elimination of dental coverage for UIS individuals ages 19+, effective **July 1, 2026**
Elimination of Prospective Payment System rates to Federally Qualified Health Centers for state-only-funded services provided to UIS individuals, effective **July 1, 2026**
All-Member Impacts
Reinstatement of asset limit at $130,000 for individuals (plus $65,000 for each additional household member) in non-Modified Adjusted Gross Income eligibility categories, effective **January 1, 2026**
Elimination of pharmacy coverage for GLP-1 agonists for weight loss; coverage for diabetes and on a case-by-case basis will continue, effective **January 1, 2026**
Elimination of pharmacy coverage of some over-the-counter drugs, including COVID-19 antigen tests, vitamins and certain antihistamines, such as dry eye products, effective **January 1, 2026**
Implementation of prior authorization for hospice services, effective **July 1, 2026**
Limitation on capitation payments to Program of All-Inclusive Care for the Elderly (PACE) organizations at the midpoint of the actuarial rate ranges, effective **January 1, 2027**
Elimination of the Workforce and Quality Incentive Program (WQIP) for skilled nursing facilities, effective **December 31, 2025**, with all close-out activities to be completed by January 1, 2027

State agencies, including the California Department of Health Care Services, will begin implementing the policies included in the enacted budget. Staff will continue to monitor these policies and provide updates regarding issues that have a significant CalOptima Health impact. In addition, the Legislature will continue to advance policy bills through the legislative process. Bills with funding allocated in the enacted budget are more likely to be passed and signed into law. The Legislature has until September 12 to pass legislation, and Gov. Newsom has until October 12 to either sign or veto that passed legislation.

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CalOptima Health Community Outreach Summary —February and March 2026

Background

CalOptima Health is committed to serving the community by sharing information with current and potential members, and by strengthening relationships with community partners. To this end, our team attends community coalitions, collaborative meetings and advisory groups and support our community partners' public activities. Participation includes providing Medi-Cal educational materials and, if criteria is met, financial support and/or CalOptima Health-branded items.

CalOptima Health's participation in public activities promotes:

- Member interaction/enrollment in a CalOptima Health program
- Community awareness of CalOptima Health
- Partnerships that increase positive visibility and relationships with community organizations

Community Outreach Highlight

In response to Medi-Cal changes this year, CalOptima Health launched the '**Get Care Now**' campaign to reinforce continuity of care and prevent service gaps for our members. Grounded in the message **"Your health is everything to us,"** the campaign focuses on educating members about the importance of maintaining regular primary and preventive care fully utilizing their benefits during this transition period. The campaign highlights available care options, including in-person visits, virtual care and medication home delivery to support timely access to services. Outreach is conducted through social media, community-based organizations, partner meetings and member presentations. We encourage community partners to utilize the campaign toolkits available in several languages to reach Orange County's most vulnerable residents. For more information, please visit www.caloptima.org/getcare.

Summary of Public Activities

As of February 23, CalOptima Health will participate in, organize or convene 98 public activities in February and March. In February, there were 39 public activities including 14 community/collaborative meetings, 20 community events, three community-based presentations, one Community Connections Meeting and one Health Network Forum. In March, there will be 59 public activities, including 14 community/collaborative meetings, 33 community events, 11 community-based presentations and one Health Network Forum. A summary of the agency's participation in community events throughout Orange County is attached.

Endorsements

CalOptima Health provided two endorsements since the last reporting period (i.e., letters of support, program/public activity events with support or use of name/logo). Endorsement requests must meet the requirements of CalOptima Health's Policy AA.1214: Guidelines for Endorsements by CalOptima Health, for

letters of support and use of CalOptima Health's name and logo. For more information on policy requirements, please visit: https://www.caloptima.org/en/About/CommunityRelations/CommunityOutreach.aspx.

1. Letter of support for the proposed research project, "Feasibility trial of Co-CReATE: A congregation-based, multi-level intervention to enhance pain management and integrative health engagement" (PAR 25-274) being conducted by RAND, in partnership with Southern California University of Health Sciences.
2. Letter of support for use of logo for OC Urgent Care hospital discharge flyers.

For additional information or questions, contact CalOptima Health Executive Director Deanne Thompson at 714-954-2141 or deanne.thompson@caloptima.org.

Attachment to the March 5, 2026, CalOptima Health Outreach Summary

Community Events Hosted by CalOptima Health and Community Partners in February and March 2026:

February 2026

February 3, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 4, 4–6 p.m., CalOptima Health Medi-Cal Overview in Spanish

Cambridge Elementary, 425 N. Cambridge St., Orange

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community

February 5, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 6, 10 a.m.–3 p.m., Annual Veteran Art and Resource Fair Expo, hosted by Tierney Center

Coastline Community College, 1515 Monrovia Ave., Newport Beach

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 7, 9 a.m.–4 p.m., Orange County Black History Parade, hosted by Orange County Heritage Council

Anaheim Promenade, 250 W. Center St. Promenade, Anaheim

- Sponsorship fee: $25,000; included six resource booths, a speaking opportunity during the Unity Festival program. Prominent branding and recognition across all event marketing, including flyers, banners, digital promotions, social media and onsite signage throughout the parade route and Unity Festival grounds. Visibility in live entertainment programming, including verbal acknowledgments from the stage during performances and cultural presentations. Recognition through radio and media promotion, including mentions in event-related radio promotions, interviews and community media outreach.
- At least two staff members attended (in person)
- Health/Resource Fair, open to the public

CalOptima Health-hosted | CalFresh Outreach (e.g., colleges, food banks) | Community Presentation | Exhibitor/Attendee

February 10, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 11, 8:30–10:30 a.m., The Pulse of Orange County, hosted by Orange County United Way

Delhi Center, 505 E. Central Ave., Santa Ana

- Sponsorship fee: $5,000; included a resource booth and name recognition on event invitation and materials.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 11, 5–6:30 p.m., Open House, hosted by Dale Junior High School

Dale Junior High School, 900 Dale Ave., Anaheim

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 12, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 13 through 15, 10 a.m.–9 p.m., 44th Annual UVSA Tet Festival, hosted by Union of Vietnamese Student Associations Southern California

Golden West College, 15744 Goldenwest St., Huntington Beach

- Sponsorship fee: $9,000; included pre-event logo on promotional flyers, logo and link on website for one year and social media appreciation post. On-site logo on back of volunteer shirts, a resource booth, 60 admission tickets, a banner display near the main entrance and stage and a speaking opportunity. Following the event, a video montage and recognition plaque will be provided.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 17, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 19, 8 a.m.–5 p.m., 35th Annual Health Care Forecast Conference, hosted by UC Irvine

The Beckman Center, 100 Academy Wy., Irvine

- Sponsorship fee: $5,000; included a resource booth, social media marketing toolkit and sponsor announcement. Logo recognition in pre-conference emails and all marketing materials. Complementary conference registration for three guests.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 19, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 21, 9 a.m.–1 p.m., Health and Wellness Resource Fair, hosted by the County of Orange Supervisor Vicente Sarmiento in partnership with the County of Orange Social Service Agency and CalOptima Health

Anaheim High School, 811 W. Lincoln Ave., Anaheim

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 24, 9–10:30 a.m., CalOptima Health Community Connections Meeting, hosted by CalOptima Health

CalOptima Health, Virtual

- At least four staff members attended
- Steering committee meeting, open to collaborative members

February 24, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 25, 11:30 a.m.–3 p.m., Mental Health Resource Fair, hosted by Partners 4 Wellness

UCI Student Center Pacific Ballrooms, 311 W. Peltason Dr., Irvine

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 25, 1–3 p.m., CalOptima Health Medi-Cal Overview in English

Fullerton College, 321 E. Chapman Ave., Fullerton

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community

CalOptima Health-hosted CalFresh Outreach (e.g., colleges, food banks) Community Presentation Exhibitor/Attendee

February 25, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 26, 9–11:30 a.m., OC Day of History, hosted by Children's Education Foundation of Orange County

The Richard Nixon Presidential Library and Museum, 18001 Yorba Linda Blvd., Yorba Linda

- Sponsorship fee: $4,500; included a full-page ad in the Nothing Rhymes with Orange curriculum book distributed to every third-grade public school student in Orange County. Name recognition on the front-page sponsorship section of the book. Logo placement at the beginning of the Gift of History virtual field trip program and logo inclusion on the Gift of History website and all related promotional materials.
- Health/Resource Fair, open to the public

February 26, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 27, 8:30–10 a.m., CalOptima Health Medi-Cal Overview in English

Juliette Low School of Arts, 215 N. St., Anaheim

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community

February 27, 9 a.m.–1 p.m., 4th Annual Art and Recovery Event, hosted by Recovery Education Institute

Recovery Education Institute Campus, 401 S. Tustin St., Orange

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

February 28, 9 a.m.–3 p.m., Love Shouldn't Hurt Teen Conference, hosted by Human Options

Santa Ana High School, 520 W. Walnut St., Santa Ana

- Sponsorship fee: $2,500: included a resource table and featured as sponsor throughout the event program.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

CalOptima Health-hosted | CalFresh Outreach (e.g., colleges, food banks) | Community Presentation | Exhibitor/Attendee

March 2026

March 3, 4–5:30 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

March 3, 9 a.m.–4 p.m., Community and Career Resource Fair, hosted by North Orange County Education

North Orange County Community College District, 1803 W. Romneya Dr., Anaheim

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

March 4, 10 a.m.–1 p.m., Spring Health Fair, hosted by Fullerton College Health Services

Fullerton College Quad, 321 E. Chapman Ave., Fullerton

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

March 4, 5:30–7 p.m., Open House, hosted by Lexington Junior High

Lexington Junior High School, 4351 Orange Ave., Cypress

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

March 5, Noon–1 p.m., CalOptima Health Medi-Cal Overview in English

Thompson Autism and Neurodevelopmental Center, Virtual

- At least one staff member presented
- Community-based organization presentation, open to members/community

March 5, 4–5:30 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 9, 2–3 p.m., CalOptima Health Medi-Cal Overview in English

APAIT, 12832 Garden Grove Blvd. Ste. E, Garden Grove

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 10, 4–6 p.m., Kinderpalooza, hosted by the Orange County Public Library

Foothill Ranch Library, 27002 Cabriole, Foothill Ranch

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 10, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 10, 4:30–7 p.m., Resource Fair and Open House, hosted by Anaheim High School

Anaheim High School, 810 W. Lincoln Ave., Anaheim

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 12, 10 a.m.–Noon, Health and Resource Fair, hosted by Wellness Center Central

Wellness Center Central, 401 S. Tustin St. Bldg. C, Orange

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 12, 4–6 p.m., Kinderpalooza, hosted by the Orange County Public Library

Laguna Niguel Library, 30341 Crown Valley Pkwy., Laguna Niguel

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 12, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 12, 5–6 p.m., CalOptima Health Medi-Cal Overview in Spanish

Carver Elementary School, Virtual

- At least one staff member to present
- Community-based organization presentation, open to members/community

March 12, 5–6 p.m., CalOptima Health Medi-Cal Overview in Spanish

Heideman Elementary School, 15571 Williams St., Tustin

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 12, 5–6:30 p.m., CalOptima Health Medi-Cal Overview in Spanish

El Modena Family Resource Center, 18672 E. Center Ave., Orange

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 14, 8 a.m.–Noon, Spring 2026 Fishing Derby, hosted by the County of Orange Supervisor Doug Chaffee

Carbon Canyon Regional Park, 4442 Carbon Canyon Rd., Brea

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 14, 9-11:30 a.m., Korean Resource Fair, hosted by Korean Community Services

Buena Park Senior Center, 8150 Knott Ave., Buena Park

- Sponsorship fee: $5,000; includes logo and name recognition on marketing and event materials, verbal acknowledgment during the event, a resource table to engage directly with attendees and share program information, opportunities for brief remarks or presentations highlighting CalOptima Health initiatives and post-event recognition through KCS communications and impact reporting.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 17, 9:30–11:30 a.m., CalOptima Health Medi-Cal Overview in Spanish

Ponderosa Park Family Resource Center, 320 E. Orangewood Ave., Anaheim

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 17, 4–6 p.m., Kinderpalooza, hosted by the Orange County Public Library

Stanton Library, 7850 Katella Ave., Stanton

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 17, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 18, 8 a.m.–3 p.m., Hoag Spirituality of Humanity and Humility Conference, hosted by Hoag Memorial Hospital Presbyterian

Fullerton Free Church, 2801 N. Brea Blvd., Fullerton

- Sponsorship fee: $800; includes a networking and outreach opportunity, a two-minute spotlight on our organization to present during breaks or at the conclusion of the conference.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 18, 5–7 p.m., Open House Community Resource Fair, hosted by Ball Junior High

Ball Junior High, 1500 W. Ball Rd., Anaheim

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

CalOptima Health-hosted CalFresh Outreach (e.g., colleges, food banks) Community Presentation Exhibitor/Attendee

March 19, 4–6 p.m., Kinderpalooza, hosted by the Orange County Public Library
Dana Point Library, 33841 Niguel Rd., Dana Point

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 19, 1:30–3 p.m., CalOptima Health Medi-Cal Overview in English
City of Irvine Health and Wellness, 1 Civic Center Plaza, Irvine

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 19, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services
Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 20, 9–10 a.m., CalOptima Health Medi-Cal Overview in Spanish
Willard Intermediate School, 1342 N. Ross St., Santa Ana

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 21, 9 a.m.–1 p.m., Community Healthcare and Social Services Expo, hosted by the County of Orange Supervisor Janet Nguyen in partnership with the County of Orange Social Service Agency and CalOptima Health
Freedom Hall at Mile Square Park, 16801 Euclid St., Fountain Valley

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 23, Noon–1 p.m., CalOptima Health Medi-Cal Overview in English
Oak View Branch Library, 7111 Talbert Ave., Huntington Beach

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 24, 11 a.m.–Noon, CalOptima Health Medi-Cal Overview in Spanish
Warwick Square Apartments, 780 S. Lyon St., Santa Ana

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 24, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services
Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

CalOptima Health-hosted CalFresh Outreach (e.g., colleges, food banks) Community Presentation
Exhibitor/Attendee

March 25, 8:30–9:30 a.m., CalOptima Health Medi-Cal Overview in English
Clinton Corner Early Head Start, 13581 Clinton St., Garden Grove

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community

March 25, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services
Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 10 a.m.–1 p.m., Spring 2026 Job and Resource Fair, hosted by Huntington Beach Adult School
Huntington Beach Adult School, 17231 Gothard St., Huntington Beach

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 2–4 p.m., EmployHer Summit Resource Fair, hosted by Girls Inc. of Orange County
Anaheim High School, 811 W. Lincoln Ave., Anaheim

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 2–4 p.m., Town Hall, hosted by the County of Orange Supervisor Katrina Foley
RMV Guest House Facility, 11 Brosio St., Mission Viejo

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 4–6 p.m., Kinderpalooza, hosted by the Orange County Public Library
Westminster Library, 8180 13th St., Westminster

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 4–6 p.m., Open House, hosted by Adam's Elementary School
Adam's Elementary School, 2130 S. Raitt St., Santa Ana

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services
Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 26, 5–7 p.m., Open House, hosted by Garfield Elementary School

Garfield Elementary School, 850 Brown St., Santa Ana

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 27, 9 a.m.–3 p.m., Community Health Workers Regional Workforce Summit Scaling Up Together, hosted by Coast Community College District

Orange Coast College, 2701 Fairview Rd., Costa Mesa

- Sponsorship fee: $3,500; includes resource booth, name recognition on flyers, presentation slides, program materials, marketing, verbal mentions at the conference and speaking opportunities.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 28, 9 a.m.–Noon, The OC Diaper Bank's 6th Anniversary, hosted by Community Action Partnership of Orange County in partnership with CalOptima Health

CAP OC Warehouse, 11870 Monarch St., Garden Grove

- At least four staff members to attend (in person)
- Health/Resource Fair, open to the public

March 28, 11 a.m.–2 p.m., Family Community Resource Center, hosted by Learn4Life

Learn4Life, 505 N. Euclid St., Anaheim

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

March 31, 4:30–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

These sponsorship request(s) and community event(s) met the requirements of CalOptima Health Policy AA.1223: Participation in Community Events Involving External Entities. More information about policy requirements can be found at:
https://www.caloptima.org/en/About/CommunityRelations/CommunityOutreach.aspx

CalOptima Health Board Action Agenda Referral

Action To Be Taken March 5, 2026
Regular Meeting of the CalOptima Health Board of Directors

Report Item
9. Approve Actions Related to the Housing and Homelessness Incentive Program

Contacts
Kelly Bruno Nelson, Executive Director, Medi-Cal and CalAIM, (657) 550-4741
Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Recommended Actions
1. Approve CalOptima Health staff recommendations to administer grant agreements and award payments totaling $10.0 million for capital grant recipients (listed in Attachment 1) related to the Housing and Homelessness Incentive Program.
2. Make a finding that such expenditures are for a public purpose and in furtherance of CalOptima Health's mission and purpose.

Background
CalOptima Health began participating in the Department of Health Care Services' Housing and Homelessness Incentive Program (HHIP) in April 2022. CalOptima Health earned a total of $72.9 million at program close. In addition, the Board of Directors (Board) allocated additional reserve dollars through several actions totaling $87.4 million. Combined, the total HHIP program funding was approximately $160.3 million.

In December 2024, the Board approved actions related to HHIP to allocate (i) $600,000 for Priority 2: Infrastructure to Coordinate and Meet Member Housing Needs, Equity Grants (for a total of $1.0 million currently available); (ii) $10.0 million to Priority 3: Partnerships and Capacity to Support Referrals for Service; and (iii) $9.13 million to Priority 4: Innovation and Implementation of Strategic Interventions, Systems Change Projects. The Board also authorized CalOptima Health staff to develop scopes of work to be used in notices of funding opportunities for Rounds 5 and 6.

In October 2025, the Board also allocated remaining HHIP dollars as follows: (i) $250,000 to Priority 2: Infrastructure to Coordinate and Meet Member Housing Needs, Equity Grants; (ii) $25.0 million for Priority 3: Partnerships and Capacity to Support Referrals for Service, Capital Projects; and (iii) $2.5 million to Priority 4: Innovation and Implementation of Strategic Interventions, Systems Change Projects. The Board also authorized CalOptima Health staff to develop scopes of work to be used in notices of funding opportunities including Round 7.

Discussion
CalOptima Health staff designed a notice of funding opportunity (NOFO) for HHIP Round 5 to distribute up to $10.0 million in capital grant projects. CalOptima Health released the NOFO to the public on November 3, 2025, via distribution lists and on the CalOptima Health website. CalOptima Health staff conducted a bidders' conference for all interested community organizations describing the grant application process, funding priority areas, and applicant eligibility criteria and responded to

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questions during the open-portal application period, which ran from November 3, 2025, to December 19, 2025. In total, CalOptima Health received 14 applications from 14 unique organizations. The fully reviewed 14 applicant scores can be found in Attachment 2. CalOptima Health removed two applications from funding consideration at the conclusion of the review process because they did not meet the eligibility criteria set forth in the NOFO.

CalOptima Health convened a committee of four grant reviewers to evaluate applications against the scoring criteria presented in the NOFO. Scoring criteria included:

- Alignment with CalOptima Health core values
- Program description
- Project implementation
- Budget and financial management
- Readiness
- Experience
- Capacity of applicant
- Supporting service planning
- Housing type
- Bonus points: Project permitting

Evaluators scored all applications on these criteria using a rubric, and their scores were averaged to give each application a final score. CalOptima Health required applications to achieve a minimum average score of 75 to be considered for funding. Staff's recommendations include funding six of the 14 applications, as presented in Attachment 3. A summary of those recommended projects is provided in Attachment 4.

The Board has allocated all HHIP funds by Priority Areas through previous actions. Upon approval of this action, the remaining total funds available to award under the HHIP would be approximately $32.4 million in the priority areas identified below. CalOptima will award these dollars through future competitive NOFOs that the Board already approved in previous actions.

NOFO Round	Tentative Release Date	Priority Area	Total Funds Available to be Awarded (in millions)
Round 6	Q2 2026	Priority 2: Equity Grants	$0.5
		Priority 4: System Change Grants	$4.1
Round 7	Q3 2026	Priority 2: Equity Grants	$0.3
		Priority 3: Capital	$25.0
		Priority 4: System Change Grants	$2.5
		Total	**$32.4**

With Board approval, staff would like to proceed with prompt development and execution of grant agreements with the organizations listed in Attachment 1. Staff will provide oversight of the grant pursuant to CalOptima Health Policy AA.1400: Grants Management and will return to the Board to provide updates on the status of these grants at future meetings.

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Fiscal Impact

The recommended action has no additional fiscal impact. The total amount of the proposed grants is $10.0 million. This amount was allocated through a previous Board action on December 5, 2024, and is sufficient to fund the recommended action. CalOptima Health reserves the right to recoup funds for lack of demonstrated effort or for not meeting grant or policy requirements.

Rationale for Recommendation

This recommended action has been reviewed with the Community Investment Committee, an internal group of CalOptima Health executives that provides oversight for CalOptima Health's grantmaking. Funding these programs will aid CalOptima Health in best serving its members experiencing homelessness, will ensure CalAIM providers are operating in a strong and connected system of homelessness services, and will support CalOptima Health's efforts to ensure health equity across its membership.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Action
2. Scores of HHIP Round 5 Applicants
3. Organizations Selected for Award and Recommended Amounts
4. Presentation on HHIP: NOFO Round 5 Recommended Funding Decisions
5. Grant Award Agreement Template

Board Actions

Board Meeting Dates	Action	Term	Not to Exceed Amount
December 1, 2022	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$36.5 million
March 2, 2023	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$19.25 million
June 2, 2023	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$52.3 million
December 7, 2023	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$25 million
April 4, 2024	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$16.18 million
May 2, 2024	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$25 million

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Board Meeting Dates	Action	Term	Not to Exceed Amount
December 5, 2024	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$19.73 million
February 6, 2025	Approve Actions Related to the Housing and Homelessness Incentive Program		$.6 million
May 1, 2025	Approve Actions Related to the Housing and Homelessness Incentive Program		$2.7 million
October 2, 2025	Approve Actions Related to the Housing and Homelessness Incentive Program		$32.6 million

/s/ Michael Hunn *02/27/2026*
Authorized Signature **Date**

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Attachment to the March 5, 2026 Board of Directors Meeting – Agenda Item 9

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
City of Anaheim	201 S. Anaheim Blvd. Suite1003	Anaheim	CA	92804
American Family Housing	15161 Jackson St.	Midway City	CA	92655
Innovative Housing Opportunities, Inc.	501 N. Golden Circle Drive, Suite 100	Santa Ana	CA	92705
Friendship Shelter, Inc.	24361 El Toro Rd, Ste. 215	Laguna Woods	CA	92637
Jamboree Housing Corporation	17701 Cowan Ave., Ste. 200	Irvine	CA	92614
National Community Renaissance of California aka National CORE	9692 Haven Avenue	Rancho Cucamonga	CA	91730

Attachment 2 to the March 5, 2026 Board of Directors Meeting – Agenda Item 9

SCORES OF HHIP ROUND 5 APPLICANTS

	Capital Grant Proposals	**Score out of 110**	**Funding Recommendation**	**Amount**
1	City of Anaheim	**106**	Fund	$500,000
2	American Family Housing	**104**	Fund	$500,000
3	Innovative Housing Opportunities, Inc.	**102**	Fund	$1,500,000
4	Friendship Shelter, Inc.	**88**	Fund	$500,000
5	Jamboree Housing Corporation	**88**	Fund	$5,000,000
6	National Community Renaissance of California aka National CORE	**87**	Fund	$2,000,000
7	The Eli Home, Inc	**85**	Ineligible*	--
8	Families Forward	**73**	Do Not Fund	--
9	City of Lake Forest	**72**	Do Not Fund	--
10	Kingdom Causes, Inc. DBA City Net	**72**	Do Not Fund	--
11	Women's Transitional Living Center, Inc.	**66**	Do Not Fund	--
12	Community Action Partnership of Orange County	**62**	Do Not Fund	--
13	Illumination Health + Home	**60**	Do Not Fund	--
14	AIDS Services Foundation Orange County DBA Radiant Health Centers	**56**	Ineligible*	--
			TOTAL	**$10,000,000**

*Identified as ineligible during the review process.

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Attachment 3 to the March 5, 2026 Board of Directors Meeting – Agenda Item 9

ORGANIZATIONS SELECTED FOR AWARD AND RECOMMENDED AMOUNTS

Name	Grant Amount
Capital Grants	
Jamboree Housing Corporation	$5,000,000
National Community Renaissance of California aka National CORE	$2,000,000
Innovative Housing Opportunities, Inc.	$1,500,000
City of Anaheim	$500,000
American Family Housing	$500,000
Friendship Shelter, Inc.	$500,000
Total	**$10,000,000**

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CalOptima Health

Housing and Homelessness Incentive Program Notice of Funding Opportunity Round 5 Recommended Funding Decisions

Board of Directors Meeting

March 5, 2026

Kelly Bruno Nelson, Executive Director, Medi-Cal and CalAIM

Our Mission

To serve member health with excellence and dignity, respecting the value and needs of each person.

Our Vision

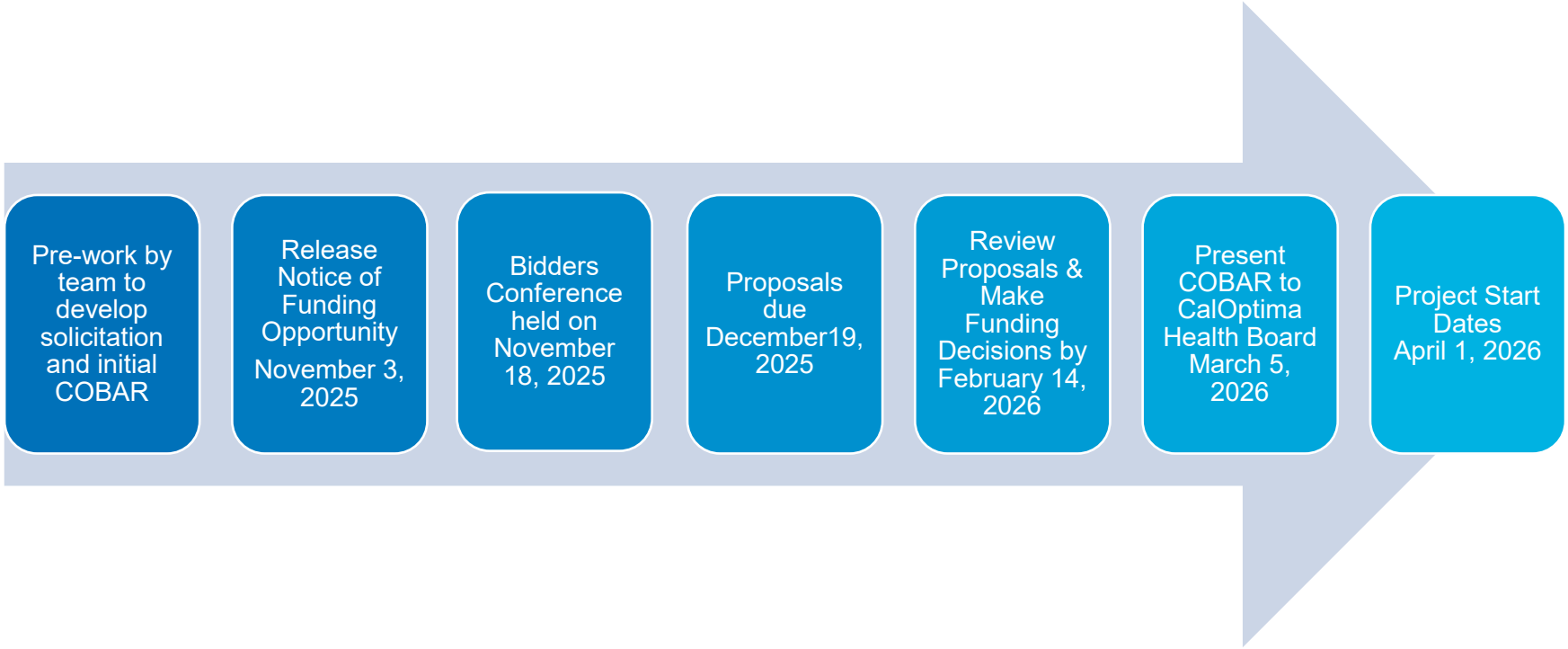
Provide all members with access to care and supports to achieve optimal health and well-being through an equitable and high-quality health care system.

Purpose of the Housing and Homelessness Incentive Program Funding

- This funding opportunity was made possible from incentive dollars earned from the Department of Health Care Services (DHCS) through HHIP for the purpose of addressing homelessness.
- Through these investments we attempt to:
  - Build local provider capacity to provide housing and critical services to our members experiencing homelessness.
  - Improve the homeless system of care across Orange County.
  - Identify and cultivate new providers that address the range of social issues faced by our members experiencing homelessness and are at greater risk for health disparities.
  - Build out additional partnerships to expand network of Enhanced Care Management and Community Supports providers.

CalOptima Health

Solicitation and Review Process



Scoring Criteria

	Criterion	Points	Description
1	CalOptima Health core value alignment	5	Project is trauma-informed, inclusive, non-residency restricted, low barrier, and aligned with housing-first and harm-reduction principles.
2	Project Description	10	Clearly show alignment with funding goals and benefits for CalOptima Health members.
3	Project Implementation	15	Complete plan with SMART objectives, clear activities, success measures, and realistic timelines.
4	Budget and Financial Management	15	Show financial stability and sustainability; higher points for secured funding—5 pts for 50–80%, 15 pts for 80%+.
5	Readiness	15	Projects that can launch soon after award will receive more points.
6	Experience	15	Applicants must show proven experience developing homeless housing in Orange County; strong track records earn extra points.
7	Capacity of Applicant	5	Demonstrate financial and management capacity via application materials.
8	Support Services	10	Access to supportive services ensured through committed plan or partnership.
9	Housing Type	10	Permanent supportive and very low-income housing will receive more points.
10	Bonus Points: Permits	10	Permitted projects will receive bonus points.
	Max Point Award	**110**	

Proposals Received

Capital Grant Type	Maximum Allocation	Total Funding Requested	Total Proposal Received	Eligible Proposals Evaluated*	Proposals To Be Funded
New Projects	$5,000,000	$20,080,000	8	6	3
Existing Projects	$500,000	$4,499,150	6	6	3
All Projects	**$10,000,000**	**$24,579,150**	**14**	**12**	**6**

*Two proposals were removed from consideration because they did not meet the eligibility requirements.

CalOptima Health

Recommended Awardees

- CalOptima Health is seeking proposals for housing capital projects that expand deeply affordable units and provide supportive services to address homelessness and health disparities among our members.

Organization Name	Total Request	Award	Brief Description
Friendship Shelter	$500,000	$500,000 ($4,350,000 total with original commitment)	Existing project initially funded in HHIP Round 1 to develop 11 units of permanent supportive housing in San Clemente.
American Family Housing	$500,000	$500,000 ($3,451,660 total with original commitment)	Existing project initially funded in HHIP Round 1 to develop 76 units for very low-income residents.
City of Anaheim	$500,000	$500,000 ($2,500,000 total with original commitment)	Existing motel conversation project initially funded in HHIP Round 1 to develop 30 for transitional aged youth.
Jamboree Housing	$5,000,000	$5,000,000	New construction project creating 70 senior housing units in Costa Mesa on an existing parking lot near a senior center.
Innovative Housing Opportunities	$1,500,000	$1,500,000	A new development adding 46 affordable units for seniors and transitional-aged youth on Beach Blvd. in Anaheim.
National CORE	$2,000,000	$2,000,000	New senior housing development in Orange providing 50 affordable units, including Permanent Supportive Housing.

Next Steps

- Board COBAR prepared for March 5, 2026 meeting.
- Will execute grant agreements during the month of March and will be effective by April 1st.
- Funded programs launch April 1, 2026.
- HHIP Notice of Funding Opportunity (NOFO) Round 6 is planned for the end of Q2 of 2026.

CalOptima Health

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www.caloptima.org

GRANT AWARD AGREEMENT

BETWEEN

CALOPTIMA HEALTH

AND

«Provider_Grantee_Name_»

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THIS GRANT AWARD AGREEMENT ("**Agreement**") is made and entered into as of «Effective_Date_» ("**Effective Date**"), by and between Orange County Health Authority, a county organized health system for the County of Orange, California dba CalOptima Health ("**CalOptima**), and «Provider_Grantee_Name_» ("**Grantee**"), a «Corporation_Type_». CalOptima and Grantee may each be referred to herein as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. CalOptima is a public agency formed pursuant to California Welfare and Institutions Code Section 14087.54 and Orange County Ordinance No. 3896, as amended.

B. CalOptima's mission is to serve its members and look after their health with excellence and dignity, respecting the value and needs of each person.

C. [insert 1-2 sentence description of the Grant Project intent].

D. Grantee desires to [insert short Grant Project description] in accordance with Grantee's grant project described in Attachment A ("**Grant Project**").

E. CalOptima finds that the Grant Project is a community program that supports and is compatible with CalOptima's mission and desires to assist Grantee in undertaking its project by providing financial support described in Attachment B ("**Grant Award**") in accordance with CalOptima's policies and procedures, subject to Grantee's compliance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein stated, it is agreed by and between the Parties hereto as follows:

I. GRANTEE OBLIGATIONS

1.1 **Grantee Eligibility**. Grantee hereby warrants that it is, and shall remain throughout the term of this agreement, a «Corporation_Type_» registered in «State_in_which_Company_is_Registered».

1.2 **Grantee Activities**. Grantee agrees (i) to diligently pursue the Grant Project, as specified in Attachment A, attached hereto and incorporated herein by this reference, (ii) to use the Grant Award solely for activities as identified in Attachment A, ("**Grant Activities**"), (iii) to expend funds in accordance with this Agreement and all federal, state, and local statutes and regulations, and (iv) to return any grant funds determined to have been improperly paid, in order to avoid forfeiture of the entire Grant Award. In the event of any conflict between the Grant Project in Attachment A and the rest of this Agreement, this Agreement, including all other Attachments, shall prevail.

1.3 **Unauthorized Use of Funds**. Grantee shall use Grant Funds in accordance with this Agreement, applicable laws, and the approved Grant Activities. CalOptima retains the right to recover any and all Grant Award funds if it (or any of its regulators) determines that (i) any portion of the

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Grant Award was not expended as provided under the terms of this Agreement, or (ii) Grantee did not comply with the Agreement or applicable federal and state laws, regulations, guidance and/or funding source requirements.

1.4 **Limitations on Subcontracting**. The experience, knowledge, capability, and reputation of Grantee, its directors and employees were a substantial inducement for CalOptima to enter into this Agreement. Grantee shall not contract with any entity to perform the Grant Project without written approval of CalOptima. Grantee shall be fully responsible to CalOptima for the acts and omissions of its subcontractor(s), if any, as it is for the acts and omissions of persons directly employed by Grantee. In the event that CalOptima approves any subcontracting, nothing contained in this Agreement shall create any contractual relationship between any subcontractor(s) and CalOptima. All persons engaged in the work under the Grant Proposal by Grantee will be considered employees of Grantee. CalOptima will deal directly with and make payment hereunder solely to Grantee.

1.5 **Subcontracts**. To the extent that subcontracting is authorized by CalOptima under this Agreement, Grantee shall assure that all subcontracts are in writing and include any requirements of this Agreement that are appropriate to the service or activity and assure that the subcontract shall not terminate legal liability of Grantee under this Agreement.

1.6 **Communications Provisions**. Grantee must comply with CalOptima's Guidelines for Endorsements and Use of CalOptima Name or Logo policy.

1.6.1 **Use of CalOptima name or logo**: Grantee shall submit requests to CalOptima's CalAIM department, in writing, at least twenty-one (21) calendar days in advance of the date for which use of the name or logo is required. Upon receipt of a complete request for use of the CalOptima name or logo, CalOptima's CalAIM department shall review and analyze the request with input from appropriate internal departments. For more information or to submit a request, email calaim@caloptima.org. The CalAIM department shall submit a request for use of the CalOptima name or logo to the Communications Department for review and consideration and will notify Grantee in writing after a determination has been made.

1.6.2 **All other uses of CalOptima's name**: Grantees may not use CalOptima's name, including in the title of Grantee's program, without prior written approval from CalOptima.

II. GRANT PAYMENTS

2.1 **Grant Payments**. Payment of the Grant Award to Grantee under this Agreement will be as set forth in Attachment B, incorporated herein by this reference, which shall be payment in full for the Grant Project. Grantee acknowledges and agrees that this is a single Grant Award and that nothing herein obligates CalOptima to any further funding, whether for the Grant Project or future related or unrelated activities. The Parties acknowledge that the source of Grant Award funding is existing reserve funds, and not Department of Health Care Services ("**DHCS**") funds, and as such the payments made hereunder are not subject to DHCS State Contract terms or federal or state claims processing requirements. Notwithstanding the foregoing, Grantee acknowledges and agrees that the Grant Award must be used for support and enhanced benefits to CalOptima Medi-Cal members, and is subject to the terms of this Agreement and CalOptima's policies and procedures, as applicable.

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2.2 **Grant Award Use Limitations**. Grantee acknowledges and agrees that the Grant Award may not be used for achievement of milestones that have been previously paid for or will be paid for by the state or federal government or any other source. Further, Grantee acknowledges and agrees that it will not use the Grant Award to reimburse costs or liabilities it incurred prior to the date of the Grant Award.

III. WARRANTIES/COMPLIANCE WITH CALOPTIMA AND REGULATORY AGENCY RULES AND REGULATIONS

3.1 **Compliance with Applicable Laws**. In carrying out the Grant Project, Grantee shall comply with the CalOptima policies and procedures, including Policy AA. 1400 Grants Management Policy, and all other applicable CalOptima policies, as made available to Grantee on CalOptima website, as well as all federal, state and local laws, rules, and regulations.

3.2 **Health Insurance Portability and Accountability Act (HIPAA) Compliance**.

3.2.1 Grantee and CalOptima shall comply with Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), the Health Information Technology for Economic and Clinical Health ("**HITECH**") Act, the California Confidentiality of Medical Information Act ("**CMIA**"), and any regulations promulgated thereunder ("**HIPAA Requirements**") in performing their obligations under the Agreement.

3.2.2 If required by HIPAA Requirements, the Parties agree to execute CalOptima's HIPAA Business Associate Agreement, which shall be incorporated into this Agreement, and comply with the terms and conditions thereof.

3.3 **Confidentiality of Information**.

3.3.1 Grantee and its employees, agents, and subcontractors shall protect from unauthorized disclosure the names and other identifying information concerning persons either receiving services pursuant to this Agreement or persons whose names or identifying information become available or are disclosed to Grantee, its employees, agents, or subcontractors as a result of this Agreement. Grantee and its employees, agents, and subcontractors shall not use such identifying information for any purpose other than carrying out Grantee's obligations under this Agreement. Grantee and its employees, agents, and subcontractors shall promptly transmit to CalOptima all requests for disclosure of such identifying information not emanating from the Member. Grantee shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the Member, any such identifying information to anyone other than DHCS or CalOptima without prior written authorization from CalOptima. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, including without limitation a finger or voice print or a photograph.

3.3.2 Notwithstanding any other provision of this Agreement, names of persons receiving public social services are confidential and are to be protected from unauthorized disclosure in accordance with Title 42 C.F.R. Section 431.300 *et seq.*, Welfare and Institutions Code Section 14100.2, and any regulations adopted thereunder. For the purpose of this Agreement, all information,

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records, data, and data elements collected and maintained for the operation of the Agreement and pertaining to Members shall be protected by Grantee from unauthorized disclosure. Grantee may release Member medical records in accordance with applicable law pertaining to the release of this type of information. Grantee is not required to report requests for medical records made in accordance with applicable law. With respect to any identifiable information concerning a Member under this Agreement that is obtained by Grantee, its employees, agents or subcontractors, Grantee:

(a) Will not use any such information for any purpose other than carrying out the express terms of this Agreement,

(b) Will promptly transmit to CalOptima all requests for disclosure of such information, except requests for medical records in accordance with applicable law,

(c) Will not disclose except as otherwise specifically permitted by this Agreement, any such information to any party other than DHCS or CalOptima without CalOptima's prior written authorization specifying that the information is releasable under Title 42 C.F.R. Section 431.300 et seq., Welfare and Institutions Code Section 14100.2, and regulations adopted there under, and

(d) Will, at the termination of this Agreement, return all such information to CalOptima or maintain such information according to written procedures sent to the Grantee by CalOptima for this purpose.

3.4 **Conflicts of Interest**. No director, officer, employee, or Agent of Grantee may obtain a financial interest or benefit from the Grant Project, including any subcontracts, during their tenure with Grantee and for one (1) year thereafter. Grantee also represents and warrants that it does not have an existing financial or business relationship with any director, officer, or employee of CalOptima. Grantee and its members, officers, employees, agents, designees, and subcontractors will comply with all applicable laws and CalOptima policies regarding conflicts of interest, and Grantee shall incorporate, or cause to be incorporated, in all subcontracts relating to the Grant Project a provision that includes the requirements of this section. Grantee will immediately notify CalOptima of any violation of this Section 3.4.

IV. RECORDS AND REPORTS

4.1 **Maintain Complete Books and Records**. Grantee shall create and maintain such books and records relating to the Grant Activities performed under this Agreement as required by applicable laws and CalOptima policies and procedures. All financial records shall be maintained in accordance with generally accepted accounting principles ("**GAAP**"). Records generated in the course of carrying out this Agreement shall be maintained for ten (10) years from the date of the grant award, or the date of the completion of any audits related to this Agreement, whichever is later. Grantee shall provide CalOptima or its designated agents, within ten (10) calendar days of a written request, information or copies of records necessary to verify and substantiate compliance with the terms of this Agreement. Grantee shall pay all duplication and postage costs associated with any audits and/or reviews necessary to ensure compliance with this Agreement or CalOptima's regulatory requirements. This Section 4.1 shall survive the termination of this Agreement.

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4.2 **Reports**. Grantee shall submit all reports as specified in Attachment C, "Grant Report Schedule," attached hereto and incorporated herein by this reference. In addition, Grantee shall report to CalOptima any known instances of fraud, waste, and abuse related to the Agreement within seventy-two (72) hours of discovery.

4.3 **Monitoring**. CalOptima shall have the right to perform Grant Program and fiscal monitoring of Grantee to ensure compliance with federal and state requirements and the terms of this Agreement, including auditing, or having audited by an independent third party, Grantee regarding the Grant Project, Grant Award, and related expenses. Grantee shall fully cooperate with CalOptima's monitoring under this section, including any CalOptima auditor. Grantee must resolve any monitoring findings to CalOptima's satisfaction by the deadlines set by CalOptima and refund to CalOptima any amounts found to have been improperly expended from the Grant Award within thirty (30) days of the notice of such improper expenditures. Grantee shall be entitled to challenge any audit finding through appealing through CalOptima's grievance process.

V. INSURANCE AND INDEMNIFICATION

5.1 **Grantee Comprehensive General Liability ("CGL")/Automobile Liability**. Grantee at its sole cost and expense shall maintain such policies of comprehensive general liability and automobile liability insurance and other insurance as shall be necessary to insure it and its business addresses, customers, employees, agents, and representatives against any claim or claims for damages arising by reason of (a) personal injuries or death occasioned in connection with the carrying out the project, (b) the use of any property of the Grantee, and (c) Grant Activities performed in connection with the Agreement, with minimum coverage of one million dollars ($1,000,000) per incident/two million dollars ($2,000,000) aggregate per year.

5.2 **Workers Compensation Insurance**. Grantee at its sole cost and expense shall maintain workers compensation insurance within the limits established and required by the State of California and employer's liability insurance with minimum limits of liability of one million dollars ($1,000,000) per occurrence/one million dollars ($1,000,000) aggregate per year.

5.3 **Insurer Ratings**. Insurance required under this Agreement shall be provided by an insurer:

5.3.1 Rated by Best's Guide Rating with a rating of B or better; and

5.3.2 Admitted to do business in California or an insurer approved to do business in California by the California Department of Insurance and listed on the Surplus Lines Association of California List of Eligible Surplus Lines Insurers (LESLI) or licensed by the California Department of Corporations as an Unincorporated Interindemnity Trust Arrangement as authorized by the California Insurance Code Section12180.7.

5.4 **Captive Risk Retention Group/Self Insured**. Where any of the insurances mentioned above are provided by a Captive Risk Retention Group or are self-insured, such above provisions may be waived at the sole discretion of CalOptima, but only after CalOptima reviews the

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Captive Risk Retention Group's or self-insured's audited financial statements and approves the waiver.

5.5 **Cancellation or Material Change**. The Grantee shall not of its own initiative cause such insurances as addressed in this Article to be canceled or materially changed during the term of this Agreement without prior notification to CalOptima.

5.6 **Certificates of Insurance**. Prior to execution of this Agreement, Grantee shall provide Certificates of Insurance and additional insured endorsements to CalOptima showing the required insurance coverage and further providing that CalOptima is named as an additional insured on the Comprehensive General Liability Insurance and Automobile Liability Insurance with respect to the performance hereunder and Grantee's coverage is primary and non-contributory as to any other insurance with respect to performance hereunder. Grantee shall additionally provide CalOptima with proof of Grantee's compliance with the insurance requirements in this Article V annually during the term of the Agreement but no later than the anniversary date of the Effective Date each year.

5.7 **Indemnification**. Grantee shall defend, indemnify and hold harmless CalOptima and its officers, directors, and employees from and against any and all claims (including attorneys' fees and reasonable expenses for litigation or settlement) that are related to or arise out of the Grantee's negligence, willful performance or non-performance or breach of any duties or obligations of Grantee arising under this Agreement. Neither termination of this Agreement nor completion of the acts to be performed under this Agreement shall release Grantee from its obligation to indemnify as to any claims or cause of action asserted so long as the event(s) upon which such claims or cause of action is predicated shall have occurred prior to the effective date of termination or completion.

5.8 **Notification of Claims**. CalOptima agrees to promptly notify Grantee of any claims or demands that arise and for which indemnification or Grantee's duty to defend hereunder is sought.

5.9 **Termination.** Sections 5.7 and 5.8 shall survive the termination of this Agreement.

VI. TERM AND TERMINATION

6.1 **Term of Agreement**. This Agreement will commence on Effective Date and will remain in effect up to and including «Term_Date» ("**Termination Date**"), or completion of the Grant Project, whichever occurs first. CalOptima Health, in its sole discretion, may extend the term of the Agreement where the Grantee has not completed the Grant Project by the Termination Date. Grantee must request such an extension in writing, setting forth good cause for the request, prior to the Termination Date. If CalOptima Health opts to grant the term extension, it shall set forth the terms and conditions of the extension in writing, including the duration of the extension and reporting requirements during the extension. If Grantee does not accept those terms and conditions, the Agreement will terminate on the Termination Date.

6.2 **Termination**. If Grantee fails to fulfill any of its duties and obligations under this Agreement, including but not limited to: (i) committing acts of unlawful discrimination; (ii) engaging in prohibited marketing activities; and, (iii) committing fraud or abuse relating to any obligation, duty or responsibility under this Agreement (such as falsifying data in any reports; failing to maintain

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eligible status (non-profit in good standing), paying for services to non-Medi-Cal Member out of grant funds, etc.), CalOptima may terminate this Agreement for cause pursuant to Section 6.3. In addition, CalOptima may terminate this Agreement without cause by providing Grantee thirty (30) days' prior written notice. CalOptima shall have no further obligations to pay the Grant Award to Grantee following termination.

6.3 **Termination for Cause**. Notwithstanding and in addition to any other provisions of this Agreement, CalOptima may terminate this Agreement for cause effective upon prior written notice. Cause shall include, but shall not be limited to, the actions set forth in Section 6.2. Grantee may appeal CalOptima's decision to terminate the Agreement for cause by filing a complaint pursuant to CalOptima policies and procedures. Grantee shall exhaust this administrative remedy, including requesting a hearing if permitted under CalOptima policies and procedures, for any and all Grantee complaints before commencing any civil action.

CalOptima's rights and remedies provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.

6.4 **Automatic Termination**. This Agreement shall terminate automatically if the DHCS State Contract between CalOptima and DHCS is terminated.

6.5 **Bankruptcy**. CalOptima may terminate this Agreement upon written notice to Grantee if (i) a petition is filed in a court of record jurisdiction to declare either Party bankrupt or for reorganization under the bankruptcy laws of the United States or any similar statute of a state of the United States, or (ii) if a trustee in bankruptcy or a receiver is appointed for Grantee, and such petition, trustee, or receiver, as the case may be, is not dismissed within one hundred and twenty (120) days thereof.

VII. GENERAL PROVISIONS

7.1 **Interpretation of Agreement Language**. CalOptima has the right to final interpretation of the Agreement language when disputes arise. Grantee has the right to appeal disputes concerning Agreement language to CalOptima.

7.2 **Waiver**. Any failure of a Party to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. To be effective, a waiver must be in writing that is signed and dated by the Parties.

7.3 **Assignment**. Neither this Agreement nor any of the duties delegated herein shall be assigned, delegated or transferred by Grantee without the prior written consent of CalOptima. CalOptima may assign this Agreement and its rights, interests and benefits hereunder to any entity that has at least majority control of CalOptima or to any entity whose financial solvency has been approved by Grantee, which approval shall not be unreasonably withheld. If required, any assignment or delegation of this Agreement shall be void unless prior written approval is obtained from the appropriate state and federal agencies.

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7.4 **Independent Parties**. Grantee acknowledges that it is, at all times during the term of this Agreement, acting as an independent contractor under this Agreement and is not as an agent, employee, or partner of CalOptima. Grantee agrees to be solely responsible for all matters relating to compensation of its employees, including, but not limited to, compliance with laws governing workers' compensation, Social Security, withholding and payment of any and all federal, state and local personal income taxes, disability insurance, unemployment, and any other taxes for such persons, including any related employer assessment or contributions required by law, and all other regulations governing such matters, and the payment of all salary, vacation and other employee benefits. At Grantee's expense as described herein, Grantee agrees to defend, indemnify, and hold harmless CalOptima, its directors, executives, officers, agents, employees, members, subsidiaries, joint venture partners, and predecessors and successors in interest from and against any claim, action, proceeding, liability, loss, damage, cost, or expense, including, without limitation, attorneys' fees as provided herein arising out of Grantee's alleged failure to pay, when due, all such taxes and obligations (collectively referred to for purposes of this paragraph as "**Employment Claim(s)**"). Grantee shall pay to CalOptima any expenses or charges relating to or arising from any such Employment Claim(s) as they are incurred by CalOptima.

7.5 **Integration of Entire Agreement**. This Agreement contains all of the terms and conditions agreed upon by the Parties regarding the subject matter of this Agreement. Any prior agreements, promises, negotiations, or representations of or between the Parties, either oral or written, relating to the subject matter of this Agreement that are not expressly set forth in this Agreement are null and void and of no further force or effect. All attachments to this Agreement are considered part of this Agreement and are hereby incorporated herein.

7.6 **Independent Agreement.** Nothing in this Agreement shall affect any other contractual relationships between the Parties, such as an agreement for the provision of medical services to Members. No monies paid under this Agreement may be used for the provision of services that are payable under a different contract between the Parties, or for any other purpose beyond the Grant Project as set forth in Attachment A.

7.7 **Invalidity or Unenforceability**. The invalidity or unenforceability of any terms or provisions hereof will in no way affect the validity or enforceability of any other term or provision.

7.8 **Amendment**. CalOptima may amend this Agreement immediately upon written notice to Grantee in the event such amendment is required in order to maintain compliance with applicable state or federal laws. Other amendments to the Agreement shall be effective only upon mutual, written agreement of the Parties.

7.9 **No Waiver of Immunity or Privilege**. Any information delivered, exchanged or otherwise provided hereunder shall be delivered, exchanged or otherwise provided in a manner, which does not constitute a waiver of immunity or privilege under applicable law.

7.10 **Choice of Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The Parties consent to the jurisdiction of the California Courts with venue in Orange County, California.

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7.11 **Force Majeure**. Either Party shall be excused from performance hereunder for any period that a Party is prevented from meeting the terms of this Agreement as a result of a catastrophic occurrence or natural disaster, including, but not limited to, an act of war, but excluding labor disputes, (a "**Force Majeure Event**") provided such Party uses commercially reasonable efforts to mitigate its effects and gives prompt written notice to the other Party. The time for the performance shall be extended for the period of delay or inability to perform due to such occurrences up to a period of ten (10) days at which time the Party unaffected by the Force Majeure Event may immediately terminate this Agreement upon written notice to the other Party without liability.

7.12 **Interpretation**. Each Party has had the opportunity to have counsel of its choice examine the provisions of this Agreement, and no implication shall be drawn against any Party by virtue of the drafting of this Agreement.

7.13 **Headings**. The article and section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof.

7.14 **No Liability of County of Orange**. As required under Ordinance No. 3896, as amended, of the County of Orange, State of California, CalOptima and the Grantee hereby acknowledge and agree that the obligations of CalOptima under this Agreement are solely the obligations of CalOptima, and that the County of Orange, State of California, shall have no obligation or liability therefor.

7.15 **Non-liability of Officials and Employees of CalOptima**. No official or employee of CalOptima shall be personally liable to Grantee in the event of any default or breach by CalOptima, or for any amount that may become due to Grantee, or any obligation under the terms of this Agreement.

7.16 **Time of Essence**. Time is of the essence in the performance of this Agreement.

7.17 **Authority to Execute**. The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement, and that by executing this Agreement, the Parties are formally bound.

7.18 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same instrument.

7.19 **Notices**. All notices shall be in writing and shall be deemed to have been duly given on the date of service if personally served on the Party to whom notice is given, or seventy-two (72) hours after mailing by United States mail first class, Certified Mail or Registered Mail, return-receipt-requested, postage-prepaid, addressed to the party to whom notice is to be given and such Party's address as set forth below or such other address provided by notice.

To: CalOptima Health
Attention: CEO
C/O: CalAIM
505 City Parkway West

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Orange, California 92868

To: Grantee
«Provider_Grantee_Name_»
«Send_Correspondence_to_This_Person_First» «Last_Name»
«Title»
«Address»
«City», «State» «Zip»

7.20 **Dispute Resolution**.

7.20.1 Meet and Confer. If either Party has a dispute arising under or related to this Agreement, the Parties shall informally meet and confer to try and resolve the dispute. The Parties shall meet and confer within thirty (30) days of a written request submitted by either Party in an effort to settle any dispute. At each meet-and-confer meeting, each Party shall be represented by persons with final authority to settle the dispute. If either Party fails to meet within the thirty (30)-day period, that Party shall be deemed to have waived the meet-and-confer requirement, and at the other Party's option, the dispute may proceed immediately to arbitration under Section 7.20.2.

7.20.2 Arbitration. Subject to the California Government Claims Act (Cal. Gov. Code §900 *et seq*.) governing claims against public entities and CalOptima's right to final interpretation of the Agreement language when disputes arise under Section 7.1, either Party may submit the dispute for resolution exclusively through confidential, binding arbitration, instead of through trial by court or jury, in Orange County, California. The Parties may agree in writing prior to commencing the arbitration on the dispute resolution rules and arbitration service that will be used to resolve the dispute. If the Parties cannot reach such an agreement, the arbitration will be conducted by Judicial Arbitration and Mediation Services ("**JAMS**") in accordance with the commercial dispute rules then in effect for JAMS; provided, however, that this Agreement shall control in instances where it conflicts with JAMS's (or the applicable arbitration service's) rules. The arbitration shall be conducted on an expedited basis by a single arbitrator. The Parties prefer that the arbitrator be a retired judge of the California Superior, Appellate, or Supreme Court or of a United States court sitting in California. If no such retired judge is available, the arbitrator may be an attorney with at least fifteen (15) years of experience. If the Parties are unable to agree on the arbitrator within thirty (30) days of the date that the arbitration service accepts the arbitration, the arbitrator shall be selected by the arbitration service from a list of four potential arbitrators (all of whom shall be on arbitration services' panel of arbitrators) submitted by the Parties, two from each side; provided, however, that nothing stated in this section shall prevent a Party from disqualifying an arbitrator based on a conflict of interest. In making decisions about discovery and case management, it is the Parties' express agreement and intent that the arbitrator at all times promote efficiency without denying either Party the ability to present relevant evidence. In reaching and issuing decisions, the arbitrator shall have no jurisdiction to make errors of law and/or legal reasoning. The Parties shall share the costs of arbitration equally, and each Party shall bear its own attorneys' fees and costs.

7.20.3 Exclusive Remedy. With the exception of any dispute that under applicable laws may not be settled through arbitration, arbitration under Section 7.20.2 is the exclusive method to resolve a dispute between the Parties arising out of or relating to this Agreement that is not resolved through the meet-and-confer processes.

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7.20.4 Waiver. By agreeing to binding arbitration as set forth in Section 7.20.2, the Parties acknowledge that they are waiving certain substantial rights and protections which otherwise may be available if a dispute between them was determined by litigation in a court, including the right to a jury trial, attorneys' fees, and certain rights of appeal.

7.21 **Survival**. The following provisions of this Agreement shall survive termination or expiration of this Agreement: Sections 1.3 (Unauthorized Use of Funds), 1.6 (Communications Provisions), 3.3 (Confidentiality of Information), 4.1 (Maintain Complete Books and Records), 4.3 (Monitoring), 5.7 (Indemnification), 7.1 (Interpretation of Agreement Language), 7.2 (Waiver), 7.4 (Independent Parties), 7.7 (Invalidity or Unenforceability), 7.9 (No Waiver of Immunity or Privilege), 7.10 (Choice of Law), 7.12 (Interpretation), 7.20 (Dispute Resolution), and any other Agreement provisions that by their nature are intended to survive termination or expiration of this Agreement.

7.22 **Recitals and Exhibits**. The recitals and attachments to this Agreement are made a part of the Agreement by this reference.

VIII: SIGNATURES

IN WITNESS WHEREOF, the Parties have, by their duly authorized representatives, executed this Agreement, to be effective the date first written above:

FOR GRANTEE:	FOR CALOPTIMA:
_____	_____
SIGNATURE	SIGNATURE
«Signatory»	«CalOptima_Health_Signatory»
PRINT NAME	PRINT NAME
«Title_of_Signatory»	«CalOptima_Health_Signatory_Title»
TITLE	TITLE
_____	_____
DATE	DATE

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ATTACHMENT A
Grant Project

Grantee agrees to implement the agreed upon scope of work described in this Attachment A.

1. **Overview of the Grant Project**.

[CalOptima to add description of project].

2. **Grant Project Requirements**. Grantee shall do all of the following:

[CalOptima to add measurable objectives].

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ATTACHMENT B
Grant Payment

CalOptima has made a Grant Award to Grantee in the amount of «Total_Grant_Amount_Written» («Total_Grant_Amount_Numeric»), which shall be the maximum amount payable for the Grant Project and which shall be paid following execution of the Agreement in the time and manner set forth below.

1. Payments: Payments under this Agreement shall be made in «Number_of_Payments». «Payment_Schedule»

All payments following the initial Grant Award payment are contingent upon CalOptima's receipt and approval of progress reports and/or final report and Grantee's annual line item budget for the Grant Project. Such reports and budgets must be acceptable to CalOptima and demonstrate progress toward Grant Project over the timeline, as provided in Section 4.2 and 4.3 of the Agreement. CalOptima may delay or withhold Grant Award payments at its sole discretion if such reports and/or budgets are not submitted timely or as otherwise required or if CalOptima is not satisfied with any submitted reports/budgets and/or Grantee's progress on Grant Project objectives.

If Grantee's actual Grant Award expenditures are expected to vary by more than ten percent (10%) ("**Variation Threshold**") from any CalOptima-approved line item budget entry, Grantee must obtain prior written approval from CalOptima before spending any amount of the Grant Award in excess of the Variation Threshold. Failure to obtain CalOptima's prior written approval for expenditures in excess of the Variation Threshold shall constitute a breach of the Agreement and entitle CalOptima to recoup some or all of the Grant Award, in its sole discretion.

In addition, CalOptima shall only issue Grant Award payments <insert number of payments> below after Grantee has timely completed its Grant Project objectives to date, met all its reporting obligations under the Agreement, and spent a minimum of eighty percent (80%) of the Grant Award previously received from CalOptima under this Agreement. CalOptima may withhold or reduce Grant Award payments, in its sole discretion, if Grantee has not spent a minimum of eighty percent (80%) of the Grant Award previously received from CalOptima in accordance with the Agreement requirements, including the Grant Project description in Attachment A.

2. Payment Schedule:

- <insert schedule>

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3. Return Funds: Grantee shall refund to CalOptima any funds that are found to not have been utilized in accordance with the requirements of this Agreement, including Section 2 of Attachment A. CalOptima shall have the right to audit, or to have audited by an independent third party, all Grant Project expenses. Grantee shall fully cooperate with CalOptima or its auditor and shall refund to CalOptima any amounts found to have been improperly expended from the Grant Award, including where Grantee breached the Agreement, within thirty (30) days of the notice of such improper expenditures. The potential recoupment of Grant Award funds pursuant to this section is in addition to, and not in lieu of, any other rights and remedies of CalOptima under this Agreement.

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ATTACHMENT C
Report Schedule

Purpose of Grant Reports

In an effort to help ensure successful grant outcomes, CalOptima actively monitors and evaluates grant progress through regular meetings with Grantee and requires that Grantee submit a final report. These reports are intended to help both CalOptima and Grantee appraise progress toward funding objectives.

Grant Report Requirements

All grant recipients must complete the Grant Report Form provided through written communication with CalOptima's Grant Management Department. Please note that successful completion of reports are a condition of grant funding and incomplete reports will delay the disbursement of future grant payments, if multiple payments are being dispersed.

The Grantee shall make every reasonable effort to complete all project activities and appropriate expenditures as defined in Attachment A by the Term Date specified in the Grant Award Agreement. The Grantee shall provide a final report to CalOptima within thirty (30) days after the program end date so that the report may be audited and approved for final payment. If the deadline cannot be met, a written explanation and the new anticipated date of completion must be provided to CalOptima. CalOptima will allow up to ninety (90) days from the Term Date for full closeout phase, which includes necessary reviews to successfully close out the grant.

Report Submission Schedule

This grant requires the submission of «Number_of_Payments» over the duration of the project timeframe as follows:

- **Semi-Annual Progress Report** «SemiAnnual_Progress_Reports».
    - Specific due dates and Reporting Periods Covered:
        - Semi-Annual Report #1 -
        - <<MANUALLY INSERT>>

- **Final Report** will be due within thirty (30) calendar days after the end of this Grant Agreement.
    - Specific due date and Reporting Period Covered:
        - «Final_Report»

CalOptima may require additional reporting from the Grantee during the term of the Agreement, as CalOptima determines in its sole discretion.

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