



CalOptima Health

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

**MAY 1, 2025
2:00 P.M.**

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

BOARD OF DIRECTORS

Isabel Becerra, Chair

Maura Byron

Blair Contratto

Catherine Green, R.N.

Veronica Kelley, DSW, LCSW

Supervisor Vicente Sarmiento, Vice Chair

Supervisor Doug Chaffee

Norma García Guillén

Brian Helleland

José Mayorga, M.D.

Supervisor Janet Nguyen, Alternate

CHIEF EXECUTIVE OFFICER

Michael Hunn

OUTSIDE GENERAL COUNSEL

James Novello

Kennaday Leavitt

CLERK OF THE BOARD

Sharon Dwiers

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form 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://us06web.zoom.us/webinar/register/WN_sfOpVh9RSTyLkixrJVW7PQ to Join the Meeting.

Webinar ID: 896 1476 2430

Passcode: 244470 -- Webinar instructions are provided below.

CALL TO ORDER

Pledge of Allegiance
Establish Quorum

PRESENTATIONS/INTRODUCTIONS

1. [Workforce Development Round Two Grantee Check Presentation](#)

MANAGEMENT REPORTS

2. [Chief Executive Officer Report](#)
3. [Fiscal Year 2025-2026 Budget and Reserve Planning](#)

ADVISORY COMMITTEE UPDATES

4. [Member Advisory Committee and Provider Advisory Committee Update](#)

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 April 3, 2025 Regular Meeting of the CalOptima Health Board of Directors](#)
6. [Approve New CalOptima Health Policy IT.1307 Vulnerability and Patch Management](#)
7. [Authorize Amendment of the Data Center Co-Location Facility Contract with the County of Orange](#)
8. Receive and File:
 - a. [March 2025 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 a Contract with Deloitte to Provide Operational Readiness and Implementation Support for CalOptima Health's Participation in Covered California](#)
10. [Approve Actions Related to Covered California Provider Network and Benefit Vendors](#)
11. [Authorize a Pilot Program to Contract with Eligible Community-Based Adult Services Providers to provide Enhanced Care Management-like Services to OneCare Members](#)

12. Approve Actions Related to Community Based Adult Services Provider Overpayments Arising from a Department of Health Care Services Fee Schedule Error
13. Authorize Actions Related to CalOptima Health OneCare Bid for Calendar Year 2026 *(to follow Closed Session)*

CLOSED SESSION

- CS-1. Pursuant to Government Code section 54956.87, subdivision (b) HEALTH PLAN TRADE SECRETS: OneCare
- CS-2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Pursuant to Government Code section 54956.9(d)(2): 1 Case

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 May 1, 2025 at 2:00 p.m. (PST)

To **Register** in advance for this webinar:

https://us06web.zoom.us/webinar/register/WN_XcDnFmXuQGynfjY5K1g1JQ

To **Join** this webinar:

<https://us06web.zoom.us/j/89614762430?pwd=9Rem2VSE0srZ0zan8tEnbDm3IMbi6R.1>

Phone one-tap:

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+12532050468,,89614762430#,,,*244470# US

Join via audio:

+1 669 444 9171 US

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 719 359 4580 US

+1 720 707 2699 US (Denver)

+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

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

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Webinar ID: 896 1476 2430

Passcode: 244470

International numbers available: <https://us06web.zoom.us/j/kG9wuoHvr>



PRESENTATIONS/INTRODUCTIONS

1. Workforce Development Round Two Grantee Check Presentation
(Verbal Update)



CalOptima Health

MEMORANDUM

DATE: April 25, 2025

TO: CalOptima Health Board of Directors

FROM: Michael Hunn, Chief Executive Officer

SUBJECT: CEO Report — May 1, 2025, 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 continues our organization-wide effort to prepare for launching a new Covered California line of business, effective January 1, 2027. Since the prior Board meeting on April 4, the following activities have been undertaken:

- Leadership began contract negotiations with health networks and hospitals in accordance with the rate ranges approved by the Board in closed session on April 3, 2025.
- Following a formal procurement process, staff recommend contracting with Deloitte Consulting LLP for operational implementation support services. The Board will consider this action on May 1, 2025.
- Vendor contracts for clinical and administrative services are being reviewed to add Covered California requirements and to align with the 2027 launch date. The Board will consider four contract amendments on May 1, 2025.
- Several new and revised policies and procedures documents are being drafted to comply with Knox-Keene Act and Covered California requirements. The Board will consider the new policies on June 5, 2025, ahead of a planned initial filing with the California Department of Managed Health Care.
- A staffing plan and Fiscal Year (FY) 2025–26 implementation budget are being prepared for the Board’s consideration on June 5, 2025

B. CalOptima Health Launches Redesigned Website

After a year of thoughtful strategic planning and cross-departmental collaboration, CalOptima Health officially unveiled our redesigned [website](#) — a milestone achievement that was completed effectively and efficiently. While projects of this size and complexity often require 18 to 24 months to bring to life, our teams worked diligently to deliver a comprehensive, modernized platform in 12 months without compromising quality or functionality. This launch marks more than just a visual update — it represents a transformation in how we serve our members, providers and community. The redesigned site is a key investment in our digital infrastructure, enabling easier access to critical resources, fostering stronger engagement and enhancing the overall user experience. A few highlights:

- A re-engineered “Find a Doctor” search tool so members can easily find the care they need

- A new Community Impact section showcasing our work across Orange County
- Improved access to Board and advisory committee materials and archived meetings
- Streamlined and updated content written to engage the users
- Improved accessibility for users with disabilities

C. Medicaid Advocacy Letter Distributed After Congress Passes Compromise Budget Resolution

In early April, the U.S. Senate and U.S. House of Representatives passed a compromise FY 2025 budget resolution to unlock the budget reconciliation process. Incorporating elements from both of the differing Senate and House versions that previously passed their respective chambers in February, the compromise resolution notably retained the original House resolution instructions to the House Energy & Commerce Committee — which has jurisdiction over Medicaid — to reduce spending by \$880 billion over the next 10 years. Now that the same resolution has passed both chambers, Senate and House committees are working to craft specific programmatic budget language for a reconciliation package with a goal of providing recommendations to Congressional leadership by May 9.

In the meantime, CalOptima Health continues to engage in significant advocacy efforts. This past week, CalOptima Health coordinated and distributed the joint letter on Page 8 with our local safety net partners to Orange County’s Senate and House delegation to advocate for the protection of Medicaid funding during ongoing reconciliation negotiations. The other signatories included:

- County of Orange Health Care Agency
- County of Orange Social Services Agency
- First 5 Orange County (Children & Families Commission of Orange County)
- Hospital Association of Southern California
- Orange County Medical Association
- The Coalition of Orange County Community Health Centers

D. Federal Administration Increases Health Care Activities

In late March, Secretary Robert F. Kennedy Jr. announced a major restructuring of the U.S. Department of Health & Human Services, including the reduction of 300 employees at the Centers for Medicare & Medicaid Services (CMS), which notably resulted in the elimination of the CMS Office of Equal Opportunity & Civil Rights, the closure of the CMS regional office in San Francisco, and the scaling back of the Medicare-Medicaid Coordination Office overseeing duals integration.

The following week, Mehmet Oz, M.D., was confirmed as CMS Administrator by the U.S. Senate. Shortly thereafter, CMS began to release several pending regulations and new guidance, including the Contract Year 2026 Medicare Advantage (MA) and Part D Final Rule and the corresponding Rate Announcement. Notably, CMS did *not* include Medicare coverage of anti-obesity medications (GLP-1s) as initially proposed by the Biden Administration, but did increase rates to MA plans by an average of 5.06% from 2025 to 2026. In addition, CMS announced that it will not approve new or renewed funding requests from states related to Designated State Health Programs (DSHP) and Designated State Investment Programs (DSIP), which are often used to address health-related social needs. This does not affect California’s currently approved DSHP/DSIP funding, such as CalAIM’s Providing Access and Transforming Health (PATH) initiative and the Behavioral Health Workforce Initiative. California does not utilize DSHP/DSIP authorities for most of its other Medicaid 1115 waiver initiatives.

E. Medi-Cal Deficiency Funding Bill Signed

On April 14, Gov. Gavin Newsom signed into law Assembly Bill 100 — an early action budget bill that appropriates \$2.8 billion to the California Department of Health Care Services (DHCS) to address the Medi-Cal budget deficiency through June 30, 2025 (i.e., the end of current FY 2024–25). These funds are in addition to the \$3.44 billion loan to DHCS that the California Department of Finance previously approved on March 4 to cover Medi-Cal costs through the end of March. Solutions to address underlying Medi-Cal cost growth — particularly due to higher-than-anticipated enrollment and pharmaceutical expenditures — are expected to be included in the governor’s FY 2025–26 Revised Budget Proposal (May Revise), which must be released no later than May 14. Details are not yet known.

F. OneCare Providers Attend Stars-Focused Education Events

On April 10, CalOptima Health hosted the first in a series of monthly education events for OneCare providers. The events are focused on increasing awareness of high-priority CMS Star measures and improving outcomes by identifying strategies that enhance the quality of care and optimize clinical practice. These events are part of our overall Stars Executive Initiative, which is a strategic, organization-wide effort to elevate OneCare’s Star rating.

G. CalOptima Health Provides Update on Modivcare Transportation Vendor

Since April 2024, Modivcare, CalOptima Health’s transportation vendor, has completed nearly 1 million rides for our Medi-Cal and OneCare members to medical appointments and treatment facilities across Orange County. The vendor provides approximately 2,600 rides a day, or about 79,000 per month. Please see Page 10 for a report with data on performance and services by trip volume, on-time percentage, transportation modality, treatment type and grievances.

H. Youth Mental Health and Wellness Celebrates Groundbreaking in San Juan Capistrano

Orange County will soon have its first allcove, a youth-designed mental health and wellness center in San Juan Capistrano, thanks to a CalOptima Health grant of \$2.7 million to Wellness & Prevention Center (WPC). When WPC opens allcove this summer, it will offer a safe and inclusive space for young people ages 12 to 25 to access affordable mental health and wellness services to support their emotional, physical and social well-being. As one of just five sites in the state, the future center will deliver a broad range of services, including mental health, physical health, substance use disorder services, peer support, family support, housing services, supported education and employment services. Please see CalOptima Health’s [press release](#).



Fast Facts

May 2025

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

Membership Data* (as of March 31, 2025)

Total CalOptima Health Membership 906,271	Program	Members
	Medi-Cal	888,487
	OneCare (HMO D-SNP)	17,283
	Program of All-Inclusive Care for the Elderly (PACE)	501
*Based on unaudited financial report and includes prior period adjustments.		

Key Financial Indicators (for nine months ended March 31, 2025)

	Dashboard	YTD Actual	Actual vs. Budget (\$)	Actual vs. Budget (%)
Operating Income/(Loss)	●	\$114.0M	\$317.5M	156.1%
Non-Operating Income/(Loss)	●	\$135.0M	\$86.6M	178.9%
Bottom Line (Change in Net Assets)	●	\$249.1M	\$404.1M	260.7%
Medical Loss Ratio (MLR) (Percent of every dollar spent on member care)	●	92.2%		-7.2%
Administrative Loss Ratio (ALR) (Percent of every dollar spent on overhead costs)	●	4.8%		2.1%

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 88.1%.

Reserve Summary (as of March 31, 2025)

	Amount (in millions)
Board Designated Reserves*	\$1,104.5
Statutory Designated Reserves	\$130.3
Capital Assets (Net of depreciation)	\$100.3
Resources Committed by the Board	\$442.4
Board Approved Provider Rate Increase**	\$368.3
Resources Unallocated/Unassigned*	\$548.3
Total Net Assets	\$2,694.2

* Total of Board-designated reserves and unallocated resources can support approximately 154 days of CalOptima Health's current operations.

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

Total Annual Budgeted Revenue

\$4 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

May 2025

Personnel Summary (as of April 5, 2025, pay period)

	Filled	Open	Vacancy % Medical	Vacancy % Administrative	Vacancy % Combined
Staff	1,331.75	45.65	53.92%	46.08%	3.31%
Supervisor	82	4	50%	50%	4.65%
Manager	117	9	11.11%	88.89%	4.30%
Director	70	6	33.33%	66.67%	7.89%
Executive	21	0	--%	--%	--%
Total FTE Count	1,621.8	65.7	47.89%	52.11%	3.89%

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

Provider Network Data (as of April 21, 2025)

	Number of Providers
Primary Care Providers	1,319
Specialists	7,099
Pharmacies	604
Acute and Rehab Hospitals	43
Community Health Centers	65
Long-Term Care Facilities	206

Treatment Authorizations (as of February 28, 2025)

	Mandated	Average Time to Decision
Inpatient Concurrent Urgent	72 hours	33.95 hours
Prior Authorization – Urgent	72 hours	13.98 hours
Prior Authorization – Routine	5 days	1.58 days

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

Member Demographics (as of March 31, 2025)

Member Age		Language Preference		Medi-Cal Aid Category	
0 to 5	8%	English	54%	Expansion	38%
6 to 18	22%	Spanish	31%	Temporary Assistance for Needy Families	37%
19 to 44	35%	Vietnamese	9%	Seniors	11%
45 to 64	21%	Other	2%	Optional Targeted Low-Income Children	8%
65 +	14%	Korean	2%	People With Disabilities	5%
		Farsi	1%	Long-Term Care	<1%
		Chinese	<1%	Other	<1%
		Arabic	<1%		



CalOptima Health

Provider Network Trend May 2025

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

CHCN and Health Networks

Total Providers ¹

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	1,295	1,296	1,308	1,313	1,312	17
Specialist (Physicians)	6,606	6,878	7,056	7,017	7,070	464
Hospitals ³	40	41	41	41	41	1
Community Health Centers ⁴	64	64	65	65	65	1
Long Term Care	200	200	206	206	207	7
Behavioral Health ⁵	2,126	2,220	2,256	2,273	2,529	403
ECM	32	32	32	32	31	-1
Community Support	95	99	102	103	102	7

Medi-Cal

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	1,107	1,099	1,084	1,087	1,087	-20
Specialist (Physicians)	5,920	6,211	6,435	6,420	6,464	544
Hospitals ³	36	37	37	37	37	1
Community Health Centers ⁴	63	63	63	63	63	0
Long Term Care	196	196	202	202	203	7
Behavioral Health ⁵	2,045	2,123	2,176	2,177	2,436	391
ECM	32	32	32	32	31	-1
Community Support	95	99	102	103	102	7

OneCare

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	1,095	1,091	1,098	1,099	1,096	1
Specialist (Physicians)	4,994	5,208	5,407	5,437	5,488	494
Hospitals ³	35	36	36	36	36	1
Community Health Centers ⁴	58	57	58	58	58	0
Long Term Care	200	200	206	206	203	3
Behavioral Health ⁵	548	599	613	649	668	120

PACE

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	5	5	5	3	3	-2
Specialist (Physicians)	3,104	3,253	3,405	3,457	3,549	445
Hospitals ³	28	29	29	29	29	1
Community Health Centers ⁴	0	0	0	0	0	0
Long Term Care	67	65	65	66	67	0
Behavioral Health ⁵	94	97	96	103	106	12

Provider Network Trend

May 2025

CHCN Only

Total Providers ¹

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	675	673	680	678	677	2
Specialist (Physicians)	5,939	6,216	6,418	6,335	6,384	445
Hospitals ³	36	37	37	37	37	1
Community Health Centers ⁴	56	56	56	56	56	0
Long Term Care	196	196	202	202	203	7
Behavioral Health ⁵	2,110	2,198	2,234	2,247	2,500	390
ECM	32	32	32	32	31	-1
Community Support	95	99	102	103	102	7

Medi-Cal

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	654	652	657	656	653	-1
Specialist (Physicians)	5,496	5,804	6,041	5,988	6,026	530
Hospitals ³	33	34	34	34	34	1
Community Health Centers ⁴	56	56	56	56	56	0
Long Term Care	196	196	202	202	203	7
Behavioral Health ⁵	2,032	2,104	2,157	2,155	2,411	379
ECM	32	32	32	32	31	-1
Community Support	95	99	102	103	102	7

OneCare

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	564	564	572	569	571	7
Specialist (Physicians)	4,262	4,470	4,691	4,706	4,746	484
Hospitals ³	30	31	31	31	31	1
Community Health Centers ⁴	46	46	46	46	46	0
Long Term Care	196	196	202	202	203	7
Behavioral Health ⁵	532	584	598	634	652	120

PACE

Provider Type	2024 – Q1	2024 – Q2	2024 – Q3	2024 – Q4	2025 – Q1	YOY Net Δ
PCP ²	5	5	5	3	3	-2
Specialist (Physicians)	3,104	3,253	3,405	3,457	3,549	445
Hospitals ³	28	29	29	29	29	1
Community Health Centers ⁴	0	0	0	0	0	0
Long Term Care	67	65	65	66	67	0
Behavioral Health ⁵	94	97	96	103	106	12

Footnotes:

¹ Unique count of Provider by NPI (does not include count of each practice location per provider)

² Includes Primary Care Physicians, FQHCs and Long Term Care facilities acting as Primary Care Providers

³ Includes Acute, Rehab and Long Term Acute Care Hospitals

⁴ Community Health Centers includes FQHCs, FQHC look-alike and Community Clinics

⁵ Includes Practitioners and Behavioral Health Groups



April 17, 2025

Dear Members of Orange County's Delegation to the United States Congress:

As the representatives of Orange County's safety net health care system that provides coverage and services to more than 915,000 Medicaid beneficiaries, we are writing to emphasize the critical importance of the Medicaid program to the health of one-third of Orange County residents — including 41% of children — and our local economy. California's Medicaid program, known as Medi-Cal, is crucial to low-income populations, including seniors, individuals with disabilities, children and working families. They depend on the support of the federal government to keep this program stable and ensure that they receive necessary health care. We urge you to support the program and maintain its stability.

Cuts to Medicaid that are currently being contemplated in Congress would negatively impact millions of vulnerable Californians who will lose access to critical health care services, including primary care providers and specialists, and will be unable to fill prescriptions that are necessary to treat chronic illnesses. More people will turn to emergency rooms as a last resort, resulting in overwhelmed hospitals and uncompensated care that increases health care costs for everyone. Ultimately, patients will be faced with lower quality care and negative health outcomes that keep them from working and living productive lives.

The impact of an underfunded Medicaid program goes beyond poorer access to care. The Medi-Cal program spends \$188 billion per year paying hospitals, clinics and doctors to treat Medicaid beneficiaries, generating well-paying jobs that economically benefit local communities. Unfortunately, low reimbursement rates for Medicaid providers have shifted costs onto other insurance markets, leading to increased premiums for Californians who purchase coverage through their employer or the individual market. Reduced federal support will make things worse by further increasing premiums and reducing local jobs as hospitals, provider practices and community health centers are put under additional strain.

Specific threats to provider taxes are equally concerning, as any restrictions on those financing mechanisms will harm efforts to address low provider rates and impair access to care. Just this past November, Californians overwhelmingly approved Proposition 35 on a bipartisan basis — including 65% of Orange County voters — to permanently enshrine the Managed Care Organization provider tax into state law with strict funding allocations to a wide range of Medi-Cal providers.

Medicaid is vital to the health, well-being and economy of Orange County — the nation's sixth most populous county. We urge you to support the Medicaid program and oppose any proposals that would destabilize it.

Sincerely,

CalOptima Health

County of Orange Health Care Agency

County of Orange Social Services Agency

First 5 Orange County (Children & Families Commission of Orange County)

Hospital Association of Southern California

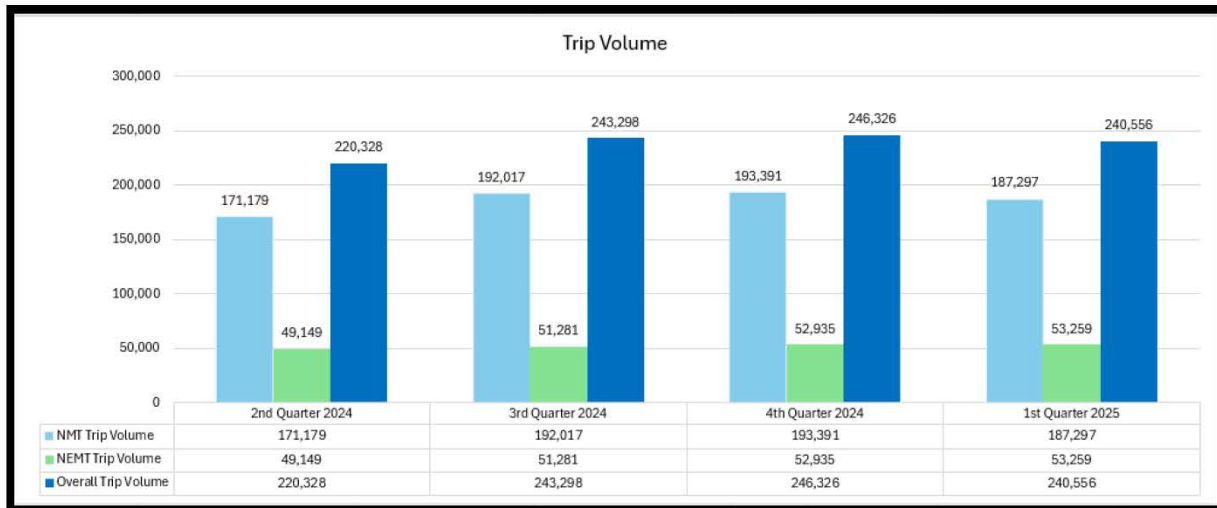
Orange County Medical Association

The Coalition of Orange County Community Health Centers



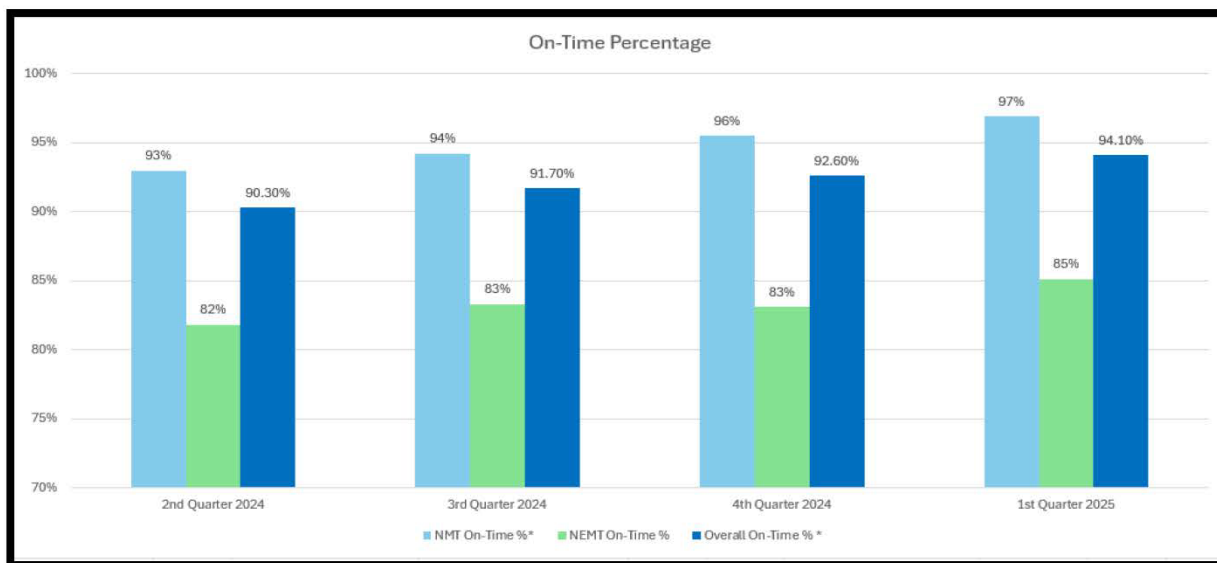
Transportation Update May 2025

ModivCare has been CalOptima Health's transportation provider since April 2024 and has provided nearly 1 million trips since then. The vendor provides approximately 2,600 rides a day, or about 79,000 per month. On average, approximately 9,700 unique Medi-Cal and OneCare members use the service monthly for rides to medical appointments and treatment facilities across Orange County. See below for data on performance and services by trip volume, on-time percentage, transportation modality, treatment type and grievances.



NMT=Non-Medical Transportation

NEMT= Non-Emergency Medical Transportation

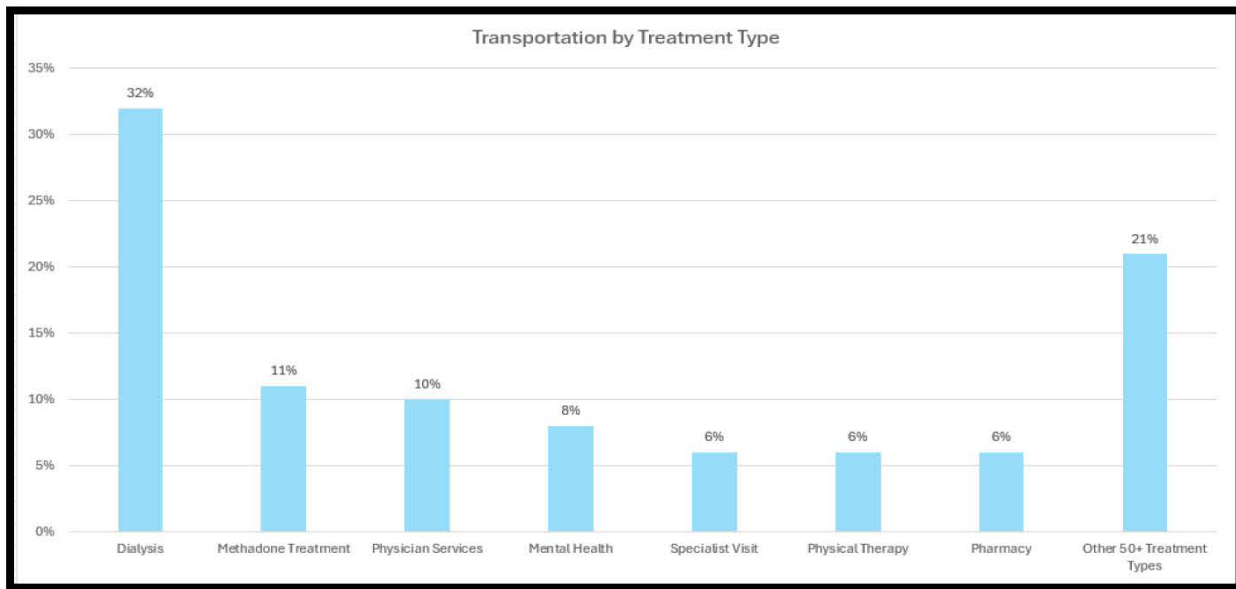


*Arrive within 15 minutes of the scheduled appointment; benchmark >90%

Transportation Modality: At 56% of all trips, Uber/Lyft far outpace other transportation modalities. ModivCare NMT providers represent 21%, wheelchair vans 16%, litter vans 4% and ambulances 3%.

Transportation by Treatment Type: Dialysis is the top treatment type, serving 1,300 unique members monthly and representing 32% of all trips. In Q3 2024, CalOptima Health and ModivCare focused on improving performance for dialysis trips. These efforts improved the on-time performance rate of 88% in Q2 2024 to 92% in Q1 2025.

Transportation Update May 2025



Other Activities to Improve Dialysis Trip Performance

- Established 100% standing order assignment (appointments 3x/week). ModivCare contacts providers to ensure sufficient capacity for standing orders. Providers are required to maintain >95% on-time performance.
- Implemented multiloading capabilities (two members sharing a ride with prior consent) for members traveling to the same location. This includes tracking and trending provider timeliness, availability, no-show metrics and incidents of noncompliance.
- ModivCare provided CalOptima Health staff with access to its online scheduling tool (TripCare). This tool allows staff to submit trips on members' behalf.
- CalOptima Health and ModivCare meet biweekly to review service level results, trends and outliers to ensure service oversight. This resulted in a 48% reduction in grievances through Q1 2025.

Quarter	Transportation Grievances	% of Grievances*
Q2 2024	1,330	0.6
Q3 2024	1,050	0.4
Q4 2024	902	0.3
Q1 2025	723	0.3
Total	4,005	0.4

*Percentage of grievances for total rides; benchmark <2%

Process Improvements Based on Member Feedback, Complaints/Call Trending

Based on some members' concerns regarding ModivCare's automated scheduling phone system, the vendor modified its phone tree by adding an option to bypass the automated system and speak to a live agent. This modification enabled easier scheduling and the ability to reach an agent faster while maintaining the option through the automated system, member website and member app.

Reporting/Utilization

ModivCare provides a robust reporting package with insights into the utilization, including treatment type, modality, call center service levels and transportation provider on-time performance results.



CalOptima Health

Fiscal Year 2025-26 Budget and Reserve Planning

Board of Directors Meeting

May 1, 2025

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.

Agenda

- Part 1: CalOptima Health Budget Outlook
 - State Budget Update
 - Fiscal Year (FY) 2025-26 Budget Planning
- Part 2: Reserve Planning
 - Net Asset Analysis (as of 3/31/25)
 - Reserve Policy (GA.3001) Revisions

Part 1: CalOptima Health Budget Outlook

State Budget Update

- January Proposed Budget Assumptions
 - Decrease in Medi-Cal enrollment
 - Increase in Medi-Cal average costs
 - Uncertainty with MCO tax revenue due to pending Prop 35 final spending plan
- Fiscal Uncertainties
 - Potential changes in federal programs (e.g., international trade, immigration, health care)
 - Ongoing Medi-Cal budget shortfall due to prescription drugs, enrollment growth, and uncertain MCO tax cash flow
- 5/14/25: Governor to release May Revise

CalOptima Health Budget Objectives

- Support CalOptima Health's Mission and Vision
 - Promote long-term financial stability
 - Improve Access, Quality and Efficiency
 - Build and Strengthen Infrastructure and Capacity

Budget Deliverables

Board Action #1

- Operating Budget
 - Enrollment
 - Revenue
 - Medical Costs
 - Administrative Expenses
- Digital Transformation Strategy
- Covered California
- Non-Operating Items

Board Action #2

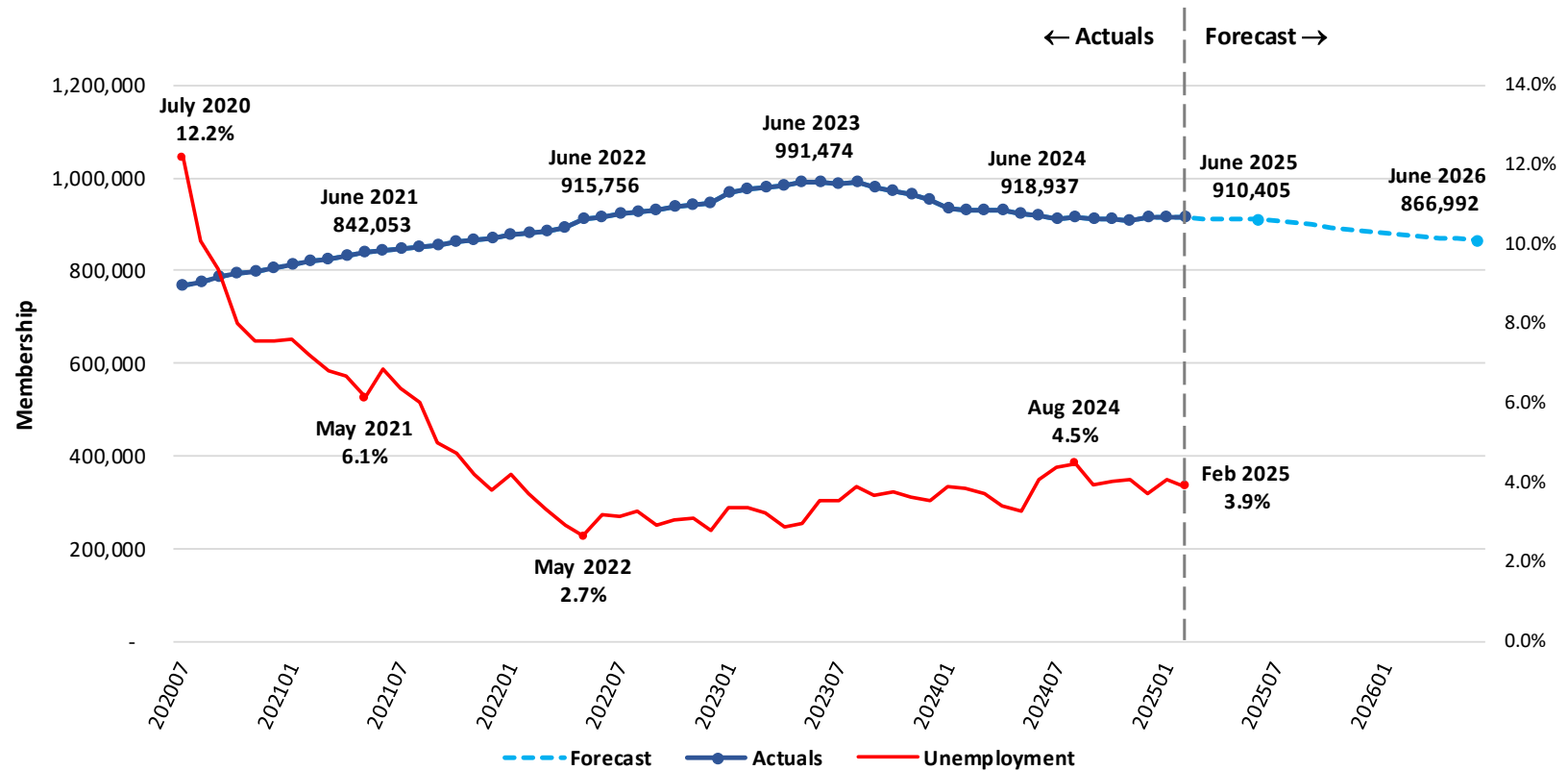
- Routine Capital Budget
 - Information Technology
 - Facilities (505 Building, 500 Building, PACE and Garden Grove Recovery Center)
- Digital Transformation Strategy
- Covered California

Preliminary Enrollment Forecast

June 2025: 910K | June 2026: 867K



Consolidated



Budget Considerations: Revenue

○ Medi-Cal

- Based on a combination of Calendar Year (CY) 2025 Draft Rates and Forecasted CY 2026 Anticipated Rates
- Projected CY 2026 Trends informed by the DHCS Rate Development Template submission
- Rates stratified by Category of Aid (COA) and Immigration Status

○ OneCare

- Based on a combination of CY 2025 and CY 2026 Medicare Part C and Part D base rates
- Risk Adjustment Factors (RAF) will be forecasted risk scores based on actual diagnostic experience, model updates, and expected trends

○ PACE

- Rates forecasted by eligibility status from both DHCS and CMS

Budget Considerations: Medical Costs

- Medi-Cal

- Expenses forecasted by risk arrangement, by COA, by service type, for both unit cost and utilization
- Pending Prop 35 update from DHCS

- OneCare

- Expenses forecasted by risk arrangement, by service type, for both unit cost and utilization
- Includes expenses associated with expected supplemental benefits

- PACE

- Expenses forecasted by average cost per member per month, by service type
- Includes costs associated with both the PACE Center and Alternative Care Setting members

Budget Considerations: Administrative Expenses

- Personnel costs
 - Employee benefit premium increases and continuation of certain supplemental benefits

- Non-salary expenses
 - Technology upgrades to support operations
 - Software licenses and maintenance fees
 - Additional equipment needs

FY 2025-26 Budget Approval Timeline

Budget Preparation

- Feb – March: Departments prepare budgets
- April – May: Executive Team reviews and approves proposed budgets



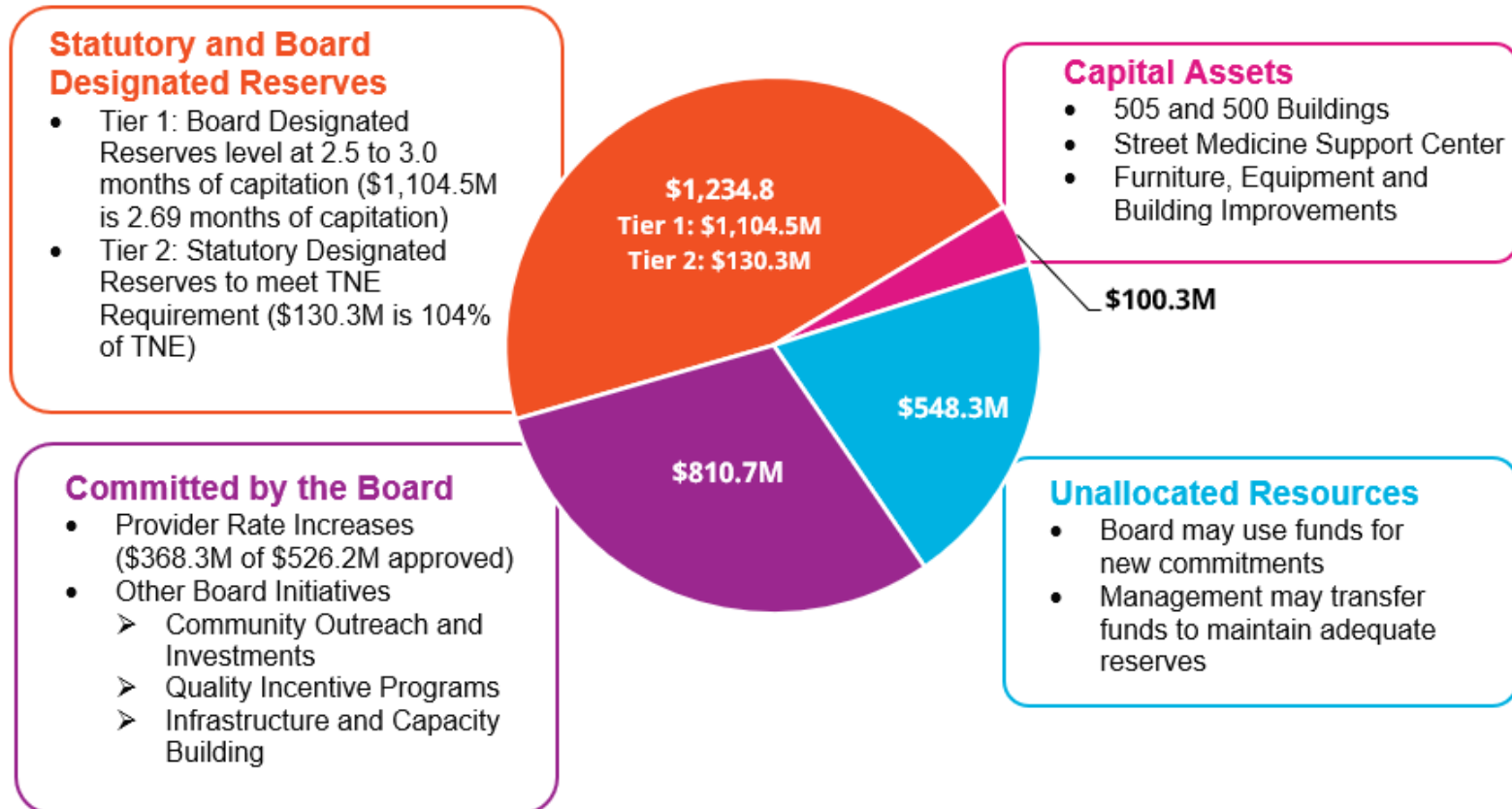
Budget Approval

- May 1 Board: Budget and Reserve Planning
- May 22 FAC: Budget review and approval
- June 5 Board: Budget review and approval

Part 2: Reserve Planning

Net Assets by Category (as of 3/31/25)

Details on Reserves



- As of 3/31/25, the Total Net Assets were \$2,694.2 million
- Tangible Net Equity (TNE): Per DMHC, TNE is the greater of \$1 million or a % of premium revenues or a % of healthcare expenses

Resources Committed by the Board (as of 3/31/25)

Category	Board Approved Key Initiatives	Board Approved Amount	Amounts Committed	Resource Available
Community Outreach and Investments	HHI, HHIP, Workforce Development, Community Reinvestment	\$393.8	\$294.5	\$98.8
Quality Incentive Programs	Cancer Screening, Hospital Quality Program	\$270.2	\$225.0	\$45.1
Infrastructure and Capacity Building	DTS, Medi-Cal Provider Rate Increases, SNF access	\$758.5	\$732.7	\$25.9
Total (in millions)		\$1,422.5	\$1,252.2	\$169.8

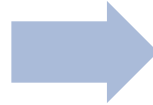
Note: Totals may not add due to rounding

[Back to Agenda](#)

Reserve Policy (GA.3001) Revision

- 4/3/25: Board approved the modification to Policy GA.3001: Statutory and Board-Designated Reserve Funds

Board-designated Reserves
at 2.5 to 3.0 months of
capitation

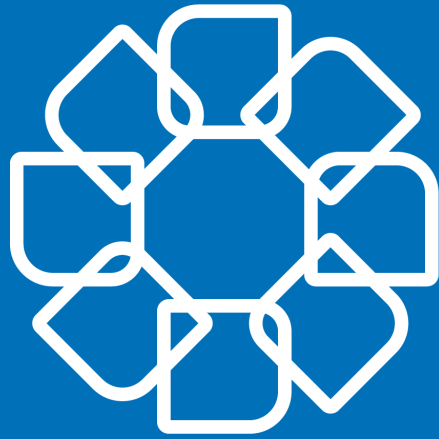


Board-designated Reserves
at 2.5 to 4.0 months of
capitation

- April 2025: Transfer of \$460 million from Operating to Tier 1 Account completed
 - Projected reserve level will increase from 2.7 months of capitation to 3.8 months of capitation

Reserve Planning

- Staff will perform an annual review of Board-approved initiatives
 - Initiative completed with minimal funds remaining
 - Initiative will not go forward as the Board previously approved
 - Authority has expired and initiative is no longer needed
- Finance will recommend items to be closed at the June Board meeting



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Board of Directors Meeting May 1, 2025

Regular Joint Meeting of the Member Advisory Committee and the Provider Advisory Committee

Report to the Board

The Member Advisory Committee (MAC), and the Provider Advisory Committee (PAC) held a regular joint meeting on April 10, 2025.

Michael Rose, DrPH, LCSW, Chief Health Equity Officer, provided the members with a copy of the Health Equity Report and thanked the Communications and the Strategic Initiatives teams for their assistance in putting together the report. She noted that CalOptima Health has a lot to be proud of when it comes to health equity and that the report helped to summarize activities across the organization targeted to address the Social Determinants of Health. She noted that the 2025 health equity framework was in the report and that in the back, there was a QR code for their feedback.

Dr. Rose also discussed the new 40 page All Plan Letter (APL) 025-004 that was released by the Department of Health Care Services (DHCS) on February 7, 2025, which formalizes the investments back into the community requirement for all managed care plans with a positive net income and their qualifying subcontractors. Dr. Rose noted that within the APL there were two funding requirements for the community reinvestment, one is called Base Reinvestment Requirement and the other is Quality Achievement Requirement. Both come with formulas that will allow the CalOptima Health finance department to calculate and fund that area. She noted that the first Base Reinvestment was going to help CalOptima Health direct funds to certain categories and Quality Achievement would help address any metrics that CalOptima Health would need to provide greater attention to and noted that there were two behavioral health metrics that were identified as needing more attention. She also noted that DHCS will notify CalOptima Health of the exact dollar amount, which has not been received to date, but she wanted the committees to see that there were two funding buckets.

Dr. Rose also noted that DHCS did provide guiding principles including engaging with the community and aligning with the Orange County Health Care Agency (OCHCA) and Orange County Behavioral Health on community identified priorities and investments and ensure funding targets for non-Medicaid activities so that CalOptima Health doesn't fund things that are already a contractual requirement or fund things that have been mandated through policy guides or other APLs. These dollars are for use outside of those mandates and are not to be used to repay CalOptima Health to fund the salaries of the employees. A big focus of the funding is how we use the funding to improve health outcomes.

Dr. Rose identified the five permissible categories, which include: Neighborhood and Built Environment to promote health, well-being and safety; Health Care Workforce to build the next generation of health

care workers; Well-Being for Priority Populations (with exclusions) which addresses community-specific needs through tailored supports and services; Local Communities which bolsters the lives of individuals and contributes to advancement and well-being of the community; and Improved Health which initiatives targeted toward upstream root causes of poor health.

Dr. Rose identified the Orange County Community Health Improvement Plan (CHIP) and the Community Health Assessment (CHA) priorities for 2024-2026, which covers six categories: Mental Health, Substance Use, Diabetes and Obesity, Housing and Homelessness, Care Navigation and Economic Disparities. She also reviewed the CalOptima Health Community Reinvestment framework with the committees and noted that a key part of this was the engagement of key stakeholders such as the MAC and PAC and other CalOptima Health governance committees for recommendations and assistance in creating a plan that will be submitted to DHCS in the third quarter of 2026. As part of its submission, CalOptima Health will submit signed letters from the MAC.

After answering questions from the committee members, Dr. Rose asked the members to use the QR Code in their materials to provide feedback on the following four questions. 1.) Given the DHCS Community Reinvestment requirements, how should CalOptima Health invest to meet the community needs? 2.) Where are the biggest gaps in care or community infrastructure? 3.) What efforts could be scaled or sustained? 4.) What other funding streams could we align for this community reinvestment work?

Linda Lee, Executive Director, Quality Improvement, provided a presentation on the Voice of the Member program. The Voice of the Member program is a collection of regular feedback from members about their satisfaction with the quality of their care, access to care, provider quality, customer service, benefits, etc. She noted that high performing plans actively seek out member feedback, analyze trends to identify areas for improvement, and use the information to improve the quality of care and services provided. This feedback loop gives members a voice in how we operate and results in improved performance. Ms. Lee reviewed with the committee members a sample of the direct member feedback loop received by various sources such as Google reviews, grievances and appeals, etc. Ms. Lee also discussed how to keep members at “happy” or “good” by monitoring their satisfaction across the continuum of care and intervene as necessary and provide service recovery. This would allow CalOptima Health to see trends impacting multiple members and allow for implementation of mitigation plans cross-functionally.

Ms. Lee also discussed how information gathering was key and collaborating with departments to obtain copies of current inputs, such as: disenrollment survey calls, appeals, complaints tracking module and grievances, and is proposing a mapping to the Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures categories. Ms. Lee reviewed feedback from OneCare pharmacy patients with the committees and how CalOptima Health plans to be in a constant state of collecting member feedback with ongoing analysis of the information to identify trends in satisfaction and dissatisfaction. This would allow for an action-oriented approach to implementing solutions that will resolve the underlying issues. Ms. Lee answered questions from the committee members and agreed to return to a future MAC and PAC meeting.

Geoff Patino, Associate Director, Communications, presented a preview of the new CalOptima Health website that is scheduled to launch on April 15, 2025. The new website has an emphasis on usability, equity and transparency. Key features Mr. Patino reviewed include: An all-new “Find a Doctor” tool

with a guided step-by-step experience as well as an interactive search filters and map-based results. He also reviewed the provider section of the website and answered questions from the committee members such as how the new website would display on a smartphone. Committee members appreciated the preview of the new website and were happy to see the various tools that are available to make reading information on the website easier, including the ability to view in other languages.

Richard Pitts, D.O., Ph.D., Chief Medical Officer, notified the committee that CalOptima Health would be relaunching the monthly physician education program and noted that the first topic would be quality related, and the second one would center around depression.

Dr. Pitts also provided a presentation on the resurgence of measles and noted that in 2019, 220,000 people died, mostly young children and he noted that in 2025 the number would be closer to 250,000. He noted that there have been nine confirmed measles cases in Orange County since March 2025. He stressed the importance of measles vaccines for children and adults.

Veronica Carpenter, Chief Administrative Officer, provided an update to the committees and noted that there has not been any official notification about cuts to the Medicaid (Medi-Cal in California) program. She noted that the current administration was considering whether or not federal funding should be used for the undocumented population or expansion population. She noted that CalOptima Health currently has approximately 154,000 members who are undocumented with 19,000 of those members being children from ages zero to 18.

Ms. Carpenter also noted that the United States House of Representatives passed a compromise fiscal year 2025 budget resolution by a vote of 216 to 214 to unlock the budget reconciliation process. She said that this is where the budget cuts or potential cuts, or even no cuts, would be negotiated. She added that CalOptima Health is drafting a letter to the delegation to advocate against budget cuts to Medicaid funding and changes to Medicaid eligibility. CalOptima Health will send this letter to its provider partners in hopes they will join in these efforts.

Ms. Carpenter provided an update on progress of CalOptima Health's Covered California offering and noted that staff have been working diligently. She added that a few actions will be coming to May 1, 2025 Board of Directors meeting, including an action for an operational implementation consultant for approval. She also noted that as a result of the Closed Session at the April 3, 2025 Board and as reported out in Open Session the Board authorized the Chief Executive Officer or his delegate to contract with providers for the Covered California Program within acceptable rate ranges. Ms. Carpenter added that the CalOptima Health Board had also approved contract templates for participating or potential participants for Covered California providers. She also noted that CalOptima Health had a pre-filing conference with the Department of Managed Health Care to affirm CalOptima Health's intention to filing for Knox Keene licensure and are continuing to prepare exhibits, including 35 policies and procedures that will be going to the Board in the near future, as part of that application. Ms. Carpenter noted that the next steering committee meeting would be held in late April. She also noted that a staffing plan for Covered California will be included in the fiscal year 2025-26 budget.

Ms. Carpenter also provided an update on the \$50 million Workforce Development Plan approved by the Board and noted that staff had created a five-year provider workforce development plan. The last initiative will include physician recruitment incentive program, a physician Loan Repayment Program, and also an Orange County Healthcare Workforce Development collaborative. Staff will take this to the

Board to allocate the funds associated with that program and once approved will move forward with funding for the physician community.

Yunkyung Kim, Chief Operating Officer, thanked the committees for their participation on the committees and for their ongoing advice and guidance that they provide to CalOptima Health. She also thanked those MAC and PAC members who participated in the recent Staff Retreat and noted that their presentations were the highlight of the retreat as communicated via a survey taken by employees who attended the four meetings.

Ms. Kim also discussed the recent DHCS workshop that was held in March where health plans talked about their Consumer Advisory Committees, which is what CalOptima Health calls its Member Advisory Committee. This meeting was held in conjunction with the California Healthcare Foundation and the Center for Healthcare Strategies and 18 health plans across the state attended this workshop. It revolved around how health plans can strengthen their advisory committees and how managed health care plans can learn from other plans, the real value of these committees. She thanked Kevn Bassett, Sr. Director, Government Affairs, for attending the meeting on behalf of CalOptima Health and noted that CalOptima Health's advisory committees continue to be a leader within the State of California.

Ms. Kim reported that CalOptima Health has begun scenario planning regarding its budget and noted that the Board approved an increase to its reserve policy at the April 3, 2025 Board meeting from three months of cash on hand to four months of cash on hand.

Ms. Kim reported that CalOptima Health is working on proposal to take to the Board in the near future, which would offer enhanced care management like services for OneCare members. She said if the proposal is approved, CalOptima Health will look toward starting with a small pilot program, with the intent to begin cautiously in adding new benefits or new services, but that CalOptima Health believes that there is a potential gap in resources for what is usually a fairly high-risk population.

The members of the MAC and PAC appreciate the opportunity to update the Board on their current activities.

**MINUTES
REGULAR MEETING
OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS**

April 3, 2025

A Regular Meeting of the CalOptima Health Board of Directors (Board) was held on April 3, 2025, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person; at the teleconference location: Courtyard Sacramento Airport Natomas, 2101 River Plaza Drive, Lobby, Sacramento, CA 95833, which was accessible to members of the public 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 View Past Meeting Materials. Chair Isabel Becerra called the meeting to order at 2:03 p.m., and Director Jose Mayorga, M.D., led the Pledge of Allegiance.

ROLL CALL

Members Present: Isabel Becerra, Chair; Supervisor Vicente Sarmiento, Vice Chair; Maura Byron; Supervisor Doug Chaffee; Blair Contratto; Norma García Guillén; Catherine Green, R.N.; Brian Helleland; Veronica Kelley (non-voting) (left at 3:17 p.m.); Jose Mayorga, M.D.

(All Board members participated in person, except Director Catherine Green, R.N., who participated remotely under traditional Brown Act rules.)

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; Sharon Dwiers, Clerk of the Board

The Clerk noted that staff is pulling Agenda Item 10 from the Consent Calendar due to recusals.

PRESENTATIONS/INTRODUCTIONS

None.

MANAGEMENT REPORTS

1. Chief Executive Officer (CEO) Report

Michael Hunn, CEO, began his report by recognizing all doctors, including medical directors and community doctors, for their contributions to CalOptima Health as National Doctor's Day was on Sunday, March 30, 2025. He recognized Dr. Arabo, Dr. Chiang, Dr. Dabbah, Dr. Dajee, Dr. Do, Dr. Frisch, Dr. Hatam, Dr. Hecht, Dr. Jindani, Dr. Lopez, Dr. Luu Trong, Dr. Nguyen, Dr. Pandey, Dr. Pitts, and Dr. Sinha. Mr. Hunn also recognized Dr. Mayorga and Dr. Kelley on the CalOptima Health Board, as well as other doctors on staff, including Dr. Bruno-Nelson and Dr. Katsarov. Mr. Hunn noted that the vocation of medicine is something never taken lightly and certainly not in the lives of those that end up dedicating themselves to the healing arts. It is amazing to see the work that doctors do every day in support of CalOptima Health's members and member care, treatment authorization, and complex

medical cases. He thanked all doctors, including those in the community, noting that CalOptima Health cannot have a network of care across Orange County without the physicians and caregivers.

Mr. Hunn reported briefly on the CalOptima Health Fast Facts, and noted that from a budget standpoint, the key financial indicators are all in the green for operating, non-operating, bottom line (change in net assets), medical loss ratio, and administrative loss ratio. He noted that CalOptima Health continues operating with a very low overhead and about 93 cents of every dollar spent is on medical care for its members. Mr. Hunn added that with the budget shortfall announced by the Department of Health Care Services on March 17, 2025, and the many changes happening at the state and federal levels, it is more important than ever to ensure that CalOptima Health's members have access to high quality health care services even during these uncertain times. He also added that the changes at the state and federal levels are affecting CalOptima Health's community partners. Mr. Hunn invited Directors Byron and Kelley to speak on the impact of the changes on their organizations.

Director Byron introduced herself, noting that she is the Executive Director of Family Support Network (FSN). FSN has been serving Orange County for 40 years. For the last 20 years, FSN has provided services through social services, probation, and mental health for Parent Mentor Services. Parent Mentor Services has people with lived experience who have worked with families in the dependency court system, helping them to satisfactorily meet all the requirements. These services include helping to ensure individuals go to parenting classes, complete the drug program if needed, and all the things that they need to complete successfully to reunite with their children. Director Byron noted that in the last 20 years, FSN has helped more than 10,000 families achieve that success. Unfortunately, due to budget cuts, FSN was informed that that Parent Mentor Services program is no longer going to be funded. She noted that the funding for this program is 1/3 of FSN's budget.

Director Kelley introduced herself, noting that she oversees the Health Care Agency (HCA), which includes public health. She reported that the California Department of Public Health notified the County of Orange (County) on Friday, March 28, 2025, that it had rescinded seven grants. Funding was stopped on March 24, 2025, the Monday before the County was notified. Director Kelley added that HCA in turn had to notify its providers funded by these grants that their contracts were rescinded. In addition, the Department of Health Care Services also notified the County the same day that the Mental Health Block Grant that runs through the Substance Abuse and Mental Health Services Administration is being cut. Director Kelley noted that for the Mental Health Block Grant, the funds had already been spent. She also noted that these cuts are going to have a serious effect on the County's beneficiaries and Medi-Cal beneficiaries as well as other subcontracted agencies and the staff that work at those agencies.

Mr. Hunn thanked Directors Byron and Kelley for their comments and noted that CalOptima Health will have many things to consider as it gets through the next few months and sees the impact of the May Revise. He also noted that there is an action on today's agenda regarding CalOptima Health's reserves and making sure CalOptima Health has cash on hand in the event there are cuts or a slowdown of cash for an extended period of time.

Mr. Hunn also provided a Naloxone update, noting that the Board approved purchasing 250,000 doses in August 2023. He noted that all 250,000 doses have been distributed throughout the County, which has saved 87 documented lives. Mr. Hunn thanked CalOptima Health's community relations team, led by Veronica Carpenter, and all the community partners, and community clinics throughout the County. Mr. Hunn asked Yunkyung Kim, Chief Operating Officer, to provide an update on a texting campaign issue that CalOptima Health had with one of its vendors.

Ms. Kim reported that CalOptima Health had a texting campaign error that occurred in March where about 12,500 members received over four unintended text messages within a 36-hour period. She offered CalOptima Health's apologies to those members, noting how disruptive text messages can be, especially for those members who received those messages during their do not disturb hours. Ms. Kim noted that CalOptima Health identified the root cause, which was a programming error and a workflow error that caused the system to bypass some system settings. She also noted that CalOptima Health is working with its vendor and is reaching out to the affected members to apologize to them and re-engage them in future texting campaigns and other ways to ensure they receive timely communications. Ms. Kim added that staff will keep the Board updated on the progress of the remediation efforts.

Chair Becerra thanked staff for the updates and noted that many agencies across the County are facing these unprecedented cuts. She noted that CalOptima Health and the members that sit on this Board are responsible for the most vulnerable individuals in the County. Chair Becerra added that the fate of the community rests on what community members do across the board, not just here at CalOptima Health, but also all the organizations across the County that have made it their life's mission to make sure individuals and families are protected. It is important to not let decades of progress be dismantled overnight.

Vice Chair Sarmiento thanked the CEO, Directors, and Chair Becerra for their comments. He noted that it is important for the public and members to understand that in the County, 90% of its work is dependent upon state and federal funding. Vice Chair Sarmiento added that there is very little discretionary money and funds, so the County is impacted by any changes in state and federal funding.

Mr. Hunn responded to Board members' comments and questions.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

2. Minutes

- a. Approve Minutes of the March 6, 2025, Regular Meeting of the CalOptima Health Board of Directors
- b. Receive and File Minutes of the December 11, 2024, Regular Meeting of the CalOptima Health Board of Directors' Quality Assurance Committee

3. Receive and File 2024 CalOptima Health Quality Improvement and Health Equity Transformation Program Evaluation and Approve the 2025 CalOptima Health Quality Improvement and Health Equity Transformation Program and Work Plan

4. Approve the 2024 CalOptima Health Utilization Management Program Evaluation and the 2025 CalOptima Health Integrated Utilization Management/Case Management Program Description

This item was pulled for discussion.

5. Receive and File 2024 CalOptima Health Program of All-Inclusive Care for the Elderly Quality Assessment and Performance Improvement Work Plan Evaluation and Approve the 2025 CalOptima Health Program of All-Inclusive Care for the Elderly Quality Improvement Work Plan

6. Authorize and Direct Execution of Amendment 11 to Agreement 16-93274 Care Coordination Agreement with the California Department of Health Care Services in Order to Continue Operation of the Dual Eligible Special Needs Plan OneCare Program.

7. Ratify Amendments to CalOptima Health's Primary and Secondary Agreements with the California Department of Health Care Services Related to Calendar Year 2024 Rate Changes

8. Ratify Amendments to CalOptima Health's Primary and Secondary Agreements with the California Department of Health Care Services Related to Calendar Year 2025 Rate Changes

9. Authorize the Chief Executive Officer to Execute Contract Amendments with Imagenet, LLC and Office Ally, Inc.

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)
This item was pulled from the Consent Calendar due to recusals.

11. Authorize Actions Related to a Contract with Infomedia Group, Inc. dba Carenet Healthcare Services

12. Authorize Actions Related to the Contract with Mercury Healthcare, Inc. dba WebMD Ignite

13. Adopt Resolution No. 25-0403-01 Approving Updated CalOptima Health Human Resources Policies

14. Receive and File:

- a. February 2025 Financial Summaries
- b. Compliance Report
- c. Member Grievances and Appeals Report
- d. Government Affairs Reports
- e. CalOptima Health Community Outreach and Program Summary
- f. Strategic Plan Quarterly Performance Metrics Report

Action: On motion of Director Green, seconded and carried, the Board of Directors approved the Consent Calendar Agenda Items 5 through 12, minus Agenda Items 9, as presented. (Motion carried 9-0-0)

CONSENT CALENDAR

4. Approve the 2024 CalOptima Health Utilization Management Program Evaluation and the 2025 CalOptima Health Integrated Utilization Management/Case Management Program Description
This item was pulled for discussion by Vice Chair Sarmiento.

Action: *On motion of Vice Chair Sarmiento, seconded and carried, the Board of Directors: 1.) Approved the Annual 2024 CalOptima Health Utilization Management Program Evaluation, and 2.) Approved the updates to the Annual 2025 CalOptima Health Integrated Utilization Management and Case Management Program Description. (Motion carried 9-0-0)*

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)

Vice Chair Sarmiento did not participate in this item due to his role as County Supervisor and left the room during the discussion and vote. Director Mayorga did not participate in this item due to his role as Executive Director at UC Irvine Health and left the room during the discussion and vote. Director Kelley, although not a voting member, also noted her recusal due to her role as Director at the County HCA.

Action: *On motion of Supervisor Chaffee, seconded and carried, the Board of Directors ratified 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. (Motion carried 7-0-0; Vice Chair Sarmiento and Director Mayorga recused)*

REPORTS/DISCUSSION ITEMS

15. Approve Modifications to CalOptima Health Statutory and Board-Designated Reserve Funds Policy

Action: *On motion of Vice Chair Sarmiento, seconded and carried, the Board of Directors approved modifications to CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds, effective upon Board approval. (Motion carried 9-0-0)*

CLOSED SESSION

The Board adjourned to Closed Session at 2:39 p.m. Pursuant to Government Code § 54956.87(b) HEALTH PLAN TRADE SECRETS: Covered California; Pursuant to Government Code § 54956.87(b): HEALTH PLAN TRADE SECRETS PACE; and Pursuant to Government Code § 54956.9(d)(2): 1 Case CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION.

The Board returned to Open Session at 3:43 p.m., and the Clerk re-established a quorum.

ROLL CALL

Members Present: Isabel Becerra, Chair; Supervisor Vicente Sarmiento, Vice Chair; Maura Byron; Supervisor Doug Chaffee; Blair Contratto; Norma García Guillén; Catherine Green, R.N.

(All Board members participated in person, except Director Catherine Green, R.N., who participated remotely under traditional Brown Act rules.)

Members Absent: Brian Helleland; Veronica Kelley (non-voting); Jose Mayorga, M.D.

The Chair noted that Yunkyung Kim, Chief Operating Officer, will read the action taken in Closed Session for CS-1 and noted that there were no reportable actions taken for CS-2 and CS-3 in Closed Session.

CS-1. HEALTH PLAN TRADE SECRETS Pursuant to Government Code § 54956.87(b): Covered California

Ms. Kim reported that the Board met in Closed Session this afternoon and took the following action related to CS-1.

Action: The Board of Directors authorized the Chief Executive Officer or his delegate to contract with providers for the Covered California Program within acceptable rate ranges.

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

Director Byron reported that she met with the Communications team to review the new CalOptima Health website and wanted to comment on how fabulous it is. She noted the information was very thorough and has a lot of great resources for members and providers.

Supervisor Chaffee thanked Mr. Hunn for attending the fishing derby on Saturday at Clark Park, noting that the event was well attended and the importance of CalOptima Health to have a table there so individuals could explore the many resources that are available.

ADJOURNMENT

Hearing no further business, Chair Becerra adjourned the meeting at 3:46 p.m.

Sharon Dwiers
Clerk of the Board

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

6. Approve New CalOptima Health Policy IT.1307 Vulnerability and Patch Management

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834

James Steele, Senior Director, Information Security, (714) 497-6046

Recommended Action

Approve new CalOptima Health Policy IT.1307 Vulnerability and Patch Management.

Background

CalOptima Health is responsible for protecting sensitive information and keeping its technology systems secure. To do this, CalOptima Health must have a defined process to find and fix weaknesses and vulnerabilities in its computer systems, software, and networks.

CalOptima Health has already been performing vulnerability scans, applying patches, and managing security risks as part of its regular IT operations. Policy IT.1307: *Vulnerability and Patch Management* (Policy IT.1307) was created to build on this existing work and formally define the process. This policy supports continued improvement and maturity of the current vulnerability management practices. It also ensures alignment with national standards, such as Health Insurance Portability and Accountability Act and National Institute of Standards and Technology, and applies to all systems within CalOptima Health, including those that manage sensitive member information.

Discussion

Policy IT.1307 outlines the steps CalOptima Health will take to monitor for security risks and apply necessary updates (or "patches") and configuration changes, and addresses issues based on how serious the issue is.

Policy IT.1307 formalizes and strengthens the work CalOptima Health's IT and cybersecurity teams are already doing. It clearly defines roles and responsibilities, promotes teamwork, and ensures accountability across departments. It also includes the use of industry tools, regular scanning, vendor updates, and threat intelligence to identify and manage risks effectively. When a vulnerability cannot be fixed right away, the risk must be documented and approved by leadership with a plan in place to manage it.

By adopting Policy IT.1307, CalOptima Health is maturing its existing security process, protecting its systems and data more effectively, and staying compliant with cybersecurity regulations.

Fiscal Impact

The recommended action is operational in nature and has no additional fiscal impact beyond what was incorporated in the CalOptima Health Fiscal Year 2024-25 Budget.

Rationale for Recommendation

This policy is a new policy being submitted for review and requires approval by the Board of Directors.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. New CalOptima Health Policy IT.1307: Vulnerability and Patch Management
2. Attachment A
3. Attachment B

/s/ Michael Hunn
Authorized Signature

04/24/2025
Date

Policy: IT.1307
Title: **Vulnerability and Patch Management**
Department: Information Technology
Section: Cybersecurity

CEO Approval:

Effective Date:

Revised Date: Not Applicable

Applicable to: ☐ Medi-Cal
☐ OneCare
☐ PACE
☒ Administrative

I. PURPOSE

This policy establishes a comprehensive and systematic approach to identify, assess, prioritize, remediate, and report on vulnerabilities within CalOptima Health's Information Systems. This policy aims to mitigate the Risks associated with vulnerabilities, protect and ensure confidentiality of sensitive data, and ensure the security and Integrity of CalOptima Health's information assets. This policy applies to all Information Systems, networks, resources, applications, and devices within CalOptima Health's infrastructure including those that handle Protected Health Information (PHI) and ensures adherence with requirements of the Health Insurance Portability and Accountability Act (HIPAA), the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF), and NIST Special Publication 800-40 (NIST 800-40).

II. POLICY

- A. CalOptima Health is committed to identifying, assessing, and remediating vulnerabilities to ensure the security and Integrity of its IT systems. All systems must be regularly monitored, and patches must be applied promptly based on Risk severity. Vulnerabilities must be addressed within defined timeframes, with thorough testing to minimize operational impact. Accurate documentation and periodic reviews of processes are required to maintain compliance and continuous improvement. This policy applies to all IT assets managed by CalOptima Health.
1. Roles and responsibilities: Effective vulnerability and patch management requires clearly defined roles and responsibilities. This ensures accountability and fosters collaboration across different teams within the organization. The Attachment A - Vulnerability and Patch Management RACI Chart document outlines the specific responsibilities for each key activity in the vulnerability and patch management process.

III. PROCEDURE

A. Identification

1. Regular Scanning

- a. CalOptima Health shall conduct regular vulnerability scans using approved tools to identify potential security weaknesses in Information Systems.

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- b. CalOptima Health shall use automated and continuous scanning tools to enhance real-time detection and response wherever possible.
 - 2. Vendor Patching Notices
 - a. CalOptima Health shall monitor updates for operating systems and installed applications to determine if relevant security updates have been released.
 - b. Patch management procedures shall include regular monitoring of vendor security advisories, release notes, and patch management tools for identification of available patches.
 - 3. Threat Intelligence
 - a. CalOptima Health shall utilize threat intelligence sources to stay informed about emerging vulnerabilities and threats relevant to our environment.
 - 4. Reporting Mechanism
 - a. Employees, contractors, and third-party service providers are encouraged to report any suspected vulnerabilities to the CalOptima Health Information Technology (IT) security team via designated communication channels.
 - 5. Risk Assessments
 - a. Vulnerabilities may be identified by an internal or third-party Risk assessment. These vulnerabilities shall be tracked through a Risk register.
 - B. Prioritization
 - 1. Risk Assessment
 - a. Upon identification of vulnerabilities, CalOptima Health shall conduct Risk assessments to prioritize remediation efforts based on severity, exploitability, and potential impact on the organization's operations and assets.
 - b. Vulnerabilities shall be categorized according to industry-standard severity ratings: Critical, High, Medium, and Low, in accordance with NIST 800-40 guidelines for consistent prioritization and mitigation.
 - c. Rating may be modified by the IT-Cybersecurity team based on the Risk to the organization when considering the exploitability, likelihood, and mitigating controls.
 - 2. Feature and Functions Updates
 - a. If a patch or update is released that does not address security concerns the system owner will manage the update outside of this policy.

3. End of Support

- a. Systems that are reaching the end of support will have a remediation plan managed by the application and system owners, to ensure that it is upgraded, replaced or removed from service prior to the support ending.
- b. If a system is not able to be remediated prior to the end of support, that system will be tracked on the Risk register.

C. Remediation

1. Remediation Process

- a. The IT Cybersecurity team will lead the remediation efforts, collaborating with system owners and administrators to address identified vulnerabilities promptly.
- b. Remediation activities may involve patch deployment, configuration adjustments, or implementation of mitigating/compensating controls that mitigate Risks.

2. Remediation Service Level Agreement (SLA) Timeframes

- D. To ensure a comprehensive approach to vulnerability management across all aspects of CalOptima Health's Information Systems, the following remediation timelines have been established unless otherwise identified in Attachment B - Vulnerability and Patch Management Remediation Schedule.

Location	Critical	High	Medium	Low
Internal	14 days	14 days	90 days	180 days
External	3 days	7 days	30 days	90 days

- a. These timelines apply to internal and external systems, network equipment, third-party applications, operating systems, and other critical components of our IT infrastructure.
- b. By adhering to these remediation timelines, we ensure a proactive and efficient response to vulnerabilities, thereby maintaining the security and Integrity of our Information Systems across all components.
- c. Automated patching and vulnerability remediation tools are to be used where it is safe to do so.
- d. All remediation work shall be tested in lower environments, Development or Test, or with designated Workstations prior to deployment to global or production systems to avoid unexpected outages.
- e. In cases where remediation within the specified timeframe is not feasible, a risk acceptance or mitigation plan must be documented and approved by the IT security team and relevant business stakeholders.

2. Risk Register

- a. Vulnerability findings that cannot be remediated within the specified SLA timeframes will be documented in the organization's Risk register.
- b. The Risk register will contain detailed information about the findings, reasons for the delay, and mitigation strategies to manage identified Risks effectively.
- c. Vulnerabilities that cannot be remediated must be formally risk accepted following the existing Risk acceptance process, and must include business justification, relevant compensating controls, and written approval by senior leadership.

E. Continuous Monitoring and Reporting

1. Continuous monitoring of vulnerability assessments, remediation progress, and Risk register updates will be conducted to ensure the effectiveness of the vulnerability management program.
2. Comprehensive reports on vulnerability status, remediation efforts, and Risk register updates will be provided to relevant stakeholders on a regular basis.
3. Metrics will be collected to ensure that SLA's are met and Risks are mitigated or remediated.

F. Compliance

1. CalOptima Health and its Business Associates shall apply appropriate Sanctions against its Business Associates and/or Users where there has been a violation of compliance with HIPAA, as amended, and the regulations promulgated thereunder, and/or CalOptima Health security policies up to, and including termination of contracts, or employment, as applicable and in accordance with CalOptima Health Policy HH.2002: Sanctions.

G. Review and Revision

1. This policy will be reviewed annually or as needed to accommodate changes in technology, regulations, or organizational requirements.

IV. ATTACHMENT(S)

- A. Vulnerability and Patch Management Responsible, Accountable, Consulted, and Informed (RACI) Chart
- B. Vulnerability and Patch Management Remediation Schedule

V. REFERENCE(S)

- A. Health Insurance Portability and Accountability Act (HIPAA)
- B. National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF)
- C. National Institute of Standards and Technology Special Publication 800-40 Revision 4
- D. Common Vulnerabilities and Exposures (CVE) database
- E. Common Vulnerability Scoring System (CVSS)
- F. CalOptima Health Policy HH.2002: Sanctions
- G. Risk Acceptance Request Document

1 **VI. REGULATORY AGENCY APPROVAL(S)**

2
3 None to Date

4 **VII. BOARD ACTION(S)**

6

Date	Meeting
	Regular Meeting of the CalOptima Heath Board of Directors

7 **VIII. REVISION HISTORY**

9

Action	Date	Policy	Policy Title	Program(s)
Effective		IT.1307	Vulnerability and Patch Management	Administrative

10

GLOSSARY

Term	Definition
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control sharing a common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.
Protected Health Information (PHI)	Has the meaning in Title 45 Code of Federal Regulations Section 160.103, including the following: individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium. Individually identifiable health information identifies the individual or there is reasonable basis to believe the information can be used to identify the individual. The information was created or received by CalOptima Health or Business Associates and relates to: <ol style="list-style-type: none"> 1. The past, present, or future physical or mental health or condition of a Member; 2. The provision of health care to a Member; or 3. Past, present, or future Payment for the provision of health care to a Member.
Risk	The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.
Sanction	An action taken by CalOptima Health, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Health Programs.
User	A person or entity with authorized access to information systems.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.

Vulnerability and Patch Management Responsible, Accountable, Consulted, and Informed (RACI) Chart

Activity	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)
Conducting vulnerability scans	Cybersecurity	CISO	IT Operations, Application Owners	Senior Management
Vulnerability classification	Cybersecurity	CISO	IT Operations, Application Owners	Senior Management
Remediation of network equipment vulnerabilities	Network Team	IT Operations Manager	Cybersecurity	CISO
Remediation of operating system vulnerabilities	IT Operations Team	IT Operations Manager	Cybersecurity	CISO
End of support systems	Assigned Owner	Assigned Manager	Cybersecurity	CISO
Remediation of third-party endpoint application (Servers)	Assigned Owner	Assigned Manager	Cybersecurity	CISO
Remediation of third-party endpoint application (Workstations)	Assigned Owner	Assigned Manager	Cybersecurity	CISO
Remediation of third-party Server applications (Servers)	Assigned Owner	Assigned Manager	Cybersecurity	CISO
Implementation of temporary mitigation controls	Assigned Risk Owner	Assigned Risk Manager	Cybersecurity, System/Application Owner	Senior Management
Documentation and tracking of vulnerabilities	Cybersecurity	CISO	System/Application Owner	Senior Management, IT Operations
Reporting on vulnerability status	Cybersecurity	CISO	System Owner, Application Owner	Senior Management, IT Operations
IOT	Assigned Owner	Assigned Manager	Cybersecurity	CISO

Vulnerability and Patch Management Remediation Schedule

Category	System	Location	Type	Critical	High	Medium	Low
3rd Party	Server Applications (e.g., Facets, Tomcat, .NET)	Internal	Server	14 Days or as advised by the vendor	14 Days or as advised by the vendor	90 Days or as advised by the vendor	180 Days or as advised by the vendor
3rd Party	Server Applications (e.g., SFTP Server, IIS, Apache, .NET)	External	Server	3 Days or as advised by the vendor	14 Days or as advised by the vendor	30 Days or as advised by the vendor	90 Days or as advised by the vendor
3rd Party	Endpoint Applications on Servers (e.g., software from external vendors)	Internal	Server	14 Days or as advised by the vendor	14 Days or as advised by the vendor	90 Days or as advised by the vendor	180 Days or as advised by the vendor
3rd Party	Endpoint Applications on Servers (e.g., software from external vendors)	External	Server	3 Days	7 Days	30 Days	90 Days
3rd Party	Endpoint Applications on Workstations (e.g., Acrobat, Office)	Internal	Workstations	3 Days	7 Days	90 Days	180 Days
Device	IoT Devices (e.g., smart devices, sensors)	Internal	Device	14 Days	14 Days	90 Days	180 Days
Device	IoT Devices (e.g., smart devices, sensors)	External	Device	3 Days	7 Days	30 Days	90 Days
Application	In-house developed applications (e.g., phonebook)	Internal	Server	14 Days	14 Days	90 Days	180 Days
Application	In-house developed applications (e.g., web applications, customer-facing systems, Portals)	External	Server	3 Days	7 Days	30 Days	90 Days
Application	External Systems (e.g., web applications, customer-facing systems)	External	Server	3 Days	7 Days	30 Days	90 Days
Cloud	Cloud Services (e.g., , M365, Azure, AWS, GCP)	Cloud	Cloud	3 Days or as advised by the vendor	14 Days or as advised by the vendor	30 Days or as advised by the vendor	90 Days or as advised by the vendor
Cloud	Cloud Resources (e.g., PaaS)	Cloud	Cloud	3 Days or as advised by the vendor	14 Days or as advised by the vendor	30 Days or as advised by the vendor	90 Days or as advised by the vendor
Cloud	Cloud Applications (e.g., SaaS)	Cloud	Cloud	3 Days or as advised	14 Days or as advised	30 Days or as advised	90 Days or as advised

				by the vendor	by the vendor	by the vendor	by the vendor
Database	Database Systems (e.g., SQL, Oracle, MySQL)	Internal	Server	14 Days	14 Days	90 Days	180 Days
Database	Database Systems (e.g., SQLMI, Azure SQL)	Cloud	Cloud	3 Days	14 Days	30 Days	90 Days
Network	Internal Network Equipment (e.g., routers, switches, firewalls)	Internal	Device	14 Days	14 Days	90 Days	180 Days
Network	External Network Equipment (e.g., routers, WAF, firewalls)	External	Device	3 Days	7 Days	30 Days	90 Days
Operating System	Servers Operating Systems (e.g., Windows, Linux, macOS)	Internal	Servers	14 Days	14 Days	90 Days	180 Days
Operating System	Servers Operating Systems (e.g., Windows, Linux, macOS)	External	Servers	3 Days	7 Days	30 Days	90 Days
Operating System	Workstations Operating Systems (e.g., Windows, Linux, macOS)	Internal	Workstation	7 Days	14 Days	90 Days	180 Days

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Consent Calendar

7. Authorize Amendment of the Data Center Co-location Facility Contract with the County of Orange

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Kathleen Linder, Chief Information Officer, (714) 475-9291

Recommended Action

1. Ratify the use of the County of Orange Data Center Co-location facility under the same terms and conditions of the expired contract, without a formal written agreement, through July 31, 2025.
2. Authorize the Chief Executive Officer, with the assistance of legal counsel, to amend the contract with the County of Orange to update the payment terms and approve the contract term effective August 1, 2025, through July 31, 2028, with two one-year extension options, each exercisable at CalOptima Health's sole discretion.

Background and Discussion

From 1996 to 2010, CalOptima Health had a "computer room" in the former location on La Veta Avenue in Orange, California. On May 6, 2010, the CalOptima Health Board of Directors (Board) authorized the relocation of the CalOptima Health computing infrastructure to a co-location facility. The new data center facility provided additional computing floor space and environmental infrastructure required to support CalOptima Health's growth.

A review and evaluation process was conducted, and four facilities within Orange County were visited and evaluated. The County of Orange facility was selected due to its proximity, value, and quality.

CalOptima Health's lease with the County of Orange was executed on October 19, 2010. The contract provided for an initial one-year term, with extension options for two additional one-year periods with the same terms and conditions. The initial lease provided 465 square feet of space at a monthly rent of \$6,190 plus utilities. The move to the County of Orange co-location facility was operational as of April 18, 2011.

The lease was amended on March 27, 2012, for the purpose of extending the agreement through February 29, 2016, with the option to extend for an additional two-year term with the same terms and conditions. The amendment increased the amount of dedicated space to 540 square feet, and the monthly rent to \$8,123.86 plus utilities.

On January 23, 2018, the CalOptima Health Board approved the extension of the contract through February 28, 2023, for five years with two additional options to extend for one-year periods (*i.e.*, the

contract would end on February 28, 2025). The amendment adjusted the monthly rent to \$7,727.40 plus utilities.

CalOptima Health reached the end of the contract term on February 28, 2025, and is now operating without a written contract. Staff anticipates continued operations under the same terms of the expired contract for the period of March 1, 2025, through July 31, 2025, until the contract amendment is executed. While CalOptima Health is actively moving to the Cloud with a target completion date in 2026, a physical data center is still required to support applications that are not Cloud-ready.

The contract amendment will be executed after approval by the CalOptima Health Board and the County of Orange Board of Supervisors. The term of the contract amendment is August 1, 2025, through July 31, 2028, with two one-year extension options each exercisable at CalOptima Health's sole discretion (through July 31, 2030). The current amount of dedicated space will remain the same with an adjustment to the floor plan to accommodate fences around CalOptima Health assets for added security. The proposed amendment would increase the monthly rent from \$7,727.40 to \$8,386.20, plus the cost of utilities. This represents a \$658.80 per month or 8.5% increase.

Based on the strong partnership with the County of Orange facility, staff recommends that the Board extend the contract term and update the payment provisions in the contract with the County of Orange for the use of the County of Orange Data Center Co-location facility.

Fiscal Impact

The estimated annual fiscal impact for the updated contract is \$190,000. Management will include expenses related to the contract amendment in the upcoming CalOptima Health Fiscal Year 2025-26 Operating Budget and future operating budgets.

Rationale for Recommendation

The existing data center co-location facility and arrangement meet the business needs of CalOptima Health. Given that the existing arrangement is cost effectively meeting CalOptima Health's needs, staff does not recommend that an alternative co-location facility be considered at this time.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachment

1. [Entities Covered by this Recommended Action](#)

/s/ Michael Hunn
Authorized Signature

04/25/2025
Date

ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Orange County Data Center	1400 S. Grand Ave.	Santa Ana	CA	92705
County of Orange	400 Civic Center Drive	Santa Ana	CA	92701



CalOptima Health

Financial Summary

March 31, 2025

Board of Directors Meeting

May 1, 2025

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

By 2027, remove barriers to health care access for our members, implement same-day treatment authorizations and real-time claims payments for our providers, and annually assess members' social determinants of health.

Financial Highlights: March 2025

March 2025					July 2024 - March 2025			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
906,271	901,467	4,804	0.5%	Member Months	8,214,052	8,106,282	107,770	1.3%
641,006,252	359,829,947	281,176,305	78.1%	Revenues	3,867,644,203	3,212,255,251	655,388,952	20.4%
588,844,998	356,048,287	(232,796,711)	(65.4%)	Medical Expenses	3,566,225,614	3,194,161,753	(372,063,861)	(11.6%)
21,946,144	25,277,938	3,331,794	13.2%	Administrative Expenses	187,377,219	221,503,705	34,126,486	15.4%
30,215,110	(21,496,278)	51,711,388	240.6%	Operating Margin	114,041,370	(203,410,207)	317,451,577	156.1%
				Non-Operating Income (Loss)				
14,893,294	6,666,660	8,226,634	123.4%	Net Investment Income/Expense	149,587,778	59,999,940	89,587,838	149.3%
(24,076)	(117,280)	93,204	79.5%	Net Rental Income/Expense	(363,329)	(1,055,520)	692,191	65.6%
(3,573)	-	(3,573)	(100.0%)	Net MCO Tax	(9,934)	-	(9,934)	(100.0%)
(583,903)	(1,178,825)	594,922	50.5%	Grant Expense	(14,201,432)	(10,518,516)	(3,682,916)	(35.0%)
2,176	-	2,176	100.0%	Other Income/Expense	24,596	-	24,596	100.0%
14,283,918	5,370,555	8,913,363	166.0%	Total Non-Operating Income (Loss)	135,037,679	48,425,904	86,611,775	178.9%
44,499,029	(16,125,723)	60,624,752	376.0%	Change in Net Assets	249,079,048	(154,984,303)	404,063,351	260.7%
91.9%	98.9%	(7.1%)		Medical Loss Ratio	92.2%	99.4%	(7.2%)	
3.4%	7.0%	3.6%		Administrative Loss Ratio	4.8%	6.9%	2.1%	
4.7%	(6.0%)	10.7%		Operating Margin Ratio	2.9%	(6.3%)	9.3%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
81.6%	94.1%	(12.5%)		*Adjusted MLR	85.8%	94.5%	(8.7%)	
5.4%	7.0%	1.6%		*Adjusted ALR	5.4%	6.9%	1.5%	

*Adjusted MLR /ALR excludes estimated Board-approved Provider Rate increases, Directed Payments and Community Reinvestment Accruals, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget.

Financial Highlights Notes:

March 2025

- Notable events/items in March 2025
 - \$216.8 million of Hospital Directed Payments (DP) were received and paid out in March 2025 for Calendar Year (CY) 2023
 - \$20.0 million of Skilled Nursing Facility Workforce & Quality Incentive Program (WQIP) received in March 2025
 - Favorable revenue due primarily to:
 - The revised CY 2025 draft rates received in December were favorable compared to budget assumptions. Staff anticipates additional rate amendments are forthcoming from the Department of Health Care Services (DHCS) due to program and member acuity changes.

FY 2024-25: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) March 2025: \$44.5 million, favorable to budget \$60.6 million or 376.0% primarily due to:
 - Favorable net investment income, enrollment and CY 2025 premium capitation rates
 - Year To Date (YTD) July 2024 – March 2025: \$249.1 million, favorable to budget \$404.1 million or 260.7% primarily due to:
 - Favorable net investment income, premium capitation rates and enrollment in the Medi-Cal (MC) Line of Business (LOB)

FY 2024-25: Management Summary (cont.)

○ Enrollment

- MTD: 906,271 members, favorable to budget 4,804 or 0.5%
- YTD: 8,214,052 member months, favorable to budget 107,770 or 1.3%

○ Revenue

- MTD: \$641.0 million, favorable to budget \$281.2 million or 78.1% driven by MC LOB due to CY 2023 Hospital DP, CY 2024 WQIP, favorable enrollment, and CY 2025 premium capitation rates
- YTD: \$3,867.6 million, favorable to budget \$655.4 million or 20.4% driven by MC LOB due to CY 2022 and 2023 Hospital DP, CY 2024 WQIP, and favorable enrollment and premium capitation rates

FY 2024-25: Management Summary (cont.)

○ Medical Expenses

- MTD: \$588.8 million, unfavorable to budget \$232.8 million or 65.4% driven by:
 - \$243.5 million in MC Other Medical Expenses primarily due to CY 2023 Hospital DP, CY 2024 WQIP, and CY 2025 Community Reinvestment and Quality Achievement accruals
 - Offset by \$9.9 million in MC Facilities, Professional, and Managed Long-Term Services and Supports (MLTSS) expenses due to decrease in utilization

FY 2024-25: Management Summary (cont.)

- Medical Expenses (cont.)
 - YTD: \$3,566.2 million, unfavorable to budget \$372.1 million or 11.6% driven by:
 - \$416.9 million in MC Other Medical Expenses due primarily to CY 2022 and 2023 Hospital DP, CY 2024 WQIP, and CY 2025 Community Reinvestment and Quality Achievement accruals
 - Offset by \$13.5 million in MC Incentive Payments expenses due to the timing of Hospital Quality Program (HQP) accruals

FY 2024-25: Management Summary (cont.)

- Administrative Expenses

- MTD: \$21.9 million, favorable to budget \$3.3 million or 13.2%
- YTD: \$187.4 million, favorable to budget \$34.1 million or 15.4%

- Non-Operating Income (Loss)

- MTD: \$14.3 million, favorable to budget \$8.9 million or 166.0% primarily due to Net Investment Income of \$8.2 million and favorable Grant Expense of \$0.6 million
- YTD: \$135.0 million, favorable to budget \$86.6 million or 178.9% primarily due to Net Investment Income of \$89.6 million, offset by Grant Expense of \$3.7 million

FY 2024-25: Key Financial Ratios

○ Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	91.9%	98.9%	(7.1%)
	Adjusted MLR*	81.6%	94.1%	(12.5%)
YTD	MLR	92.2%	99.4%	(7.2%)
	Adjusted MLR*	85.8%	94.5%	(8.7%)

○ Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	3.4%	7.0%	3.6%
	Adjusted ALR*	5.4%	7.0%	1.6%
YTD	ALR	4.8%	6.9%	2.1%
	Adjusted ALR*	5.4%	6.9%	1.5%

* Adjusted MLR/ALR excludes estimated Board-approved Provider Rate Increases, Directed Payments and Community Reinvestment Accruals, but include costs associated with DTS.

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FY 2024-25: Key Financial Ratios (cont.)

○ Balance Sheet Ratios

- Current ratio*: 2.0
- Board Designated Reserve level: 2.69
- Statutory Designated Reserve level: 1.03
- Net-position: \$2.7 billion, including required TNE of \$126.9 million

*Current ratio compares current assets to current liabilities. It measures CalOptima Health's ability to pay short-term obligations.

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Enrollment Summary:

March 2025

March 2025				Enrollment (by Aid Category)	July 2024 - March 2025			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
149,270	138,483	10,787	7.8%	SPD	1,317,755	1,234,888	82,867	6.7%
260,975	271,989	(11,014)	(4.0%)	TANF Child	2,406,195	2,450,482	(44,287)	(1.8%)
129,678	138,409	(8,731)	(6.3%)	TANF Adult	1,178,923	1,242,174	(63,251)	(5.1%)
2,478	2,596	(118)	(4.5%)	LTC	22,402	23,440	(1,038)	(4.4%)
336,920	322,531	14,389	4.5%	MCE	3,042,756	2,908,205	134,551	4.6%
9,166	9,541	(375)	(3.9%)	WCM	86,615	85,997	618	0.7%
888,487	883,549	4,938	0.6%	Medi-Cal Total	8,054,646	7,945,186	109,460	1.4%
17,283	17,431	(148)	(0.8%)	OneCare	154,877	156,797	(1,920)	(1.2%)
501	487	14	2.9%	PACE	4,529	4,299	230	5.4%
532	568	(36)	(6.3%)	MSSP	4,592	5,112	(520)	(10.2%)
906,271	901,467	4,804	0.5%	CalOptima Health Total	8,214,052	8,106,282	107,770	1.3%

Note: MSSP enrollment is included in Medi-Cal Total.

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Consolidated Revenue & Expenses:

March 2025 MTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	888,487	17,283		501	532		906,271
REVENUES							
Capitation Revenue	\$ 599,945,907	\$ 36,261,846	\$ -	\$ 4,558,439	\$ 240,060	\$ -	\$ 641,006,252
Total Operating Revenue	599,945,907	36,261,846	-	4,558,439	240,060	-	641,006,252
MEDICAL EXPENSES							
Provider Capitation	113,474,462	14,496,512					127,970,973
Claims	128,275,694	5,915,923		1,621,856			135,813,474
MLTSS	47,109,364			8,872	38,160		47,156,396
Prescription Drugs		9,593,668		562,814			10,156,482
Case Mgmt & Other Medical	264,043,808	2,273,804		1,253,511	176,549		267,747,672
Total Medical Expenses	552,903,327	32,279,907	-	3,447,054	214,710	-	588,844,998
Medical Loss Ratio	92.2%	89.0%	0.0%	75.6%	89.4%	0.0%	91.9%
GROSS MARGIN	47,042,580	3,981,939	-	1,111,386	25,350	-	52,161,254
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	11,647,772	1,060,326		165,228	103,848		12,977,174
Non-Salary Operating Expenses	3,391,033	613,094		156,842	1,421	115,385	4,277,774
Depreciation & Amortization	735,543			991			736,534
Other Operating Expenses	3,548,058	59,541		16,379	7,622		3,631,600
Indirect Cost Allocation, Occupancy	(877,538)	1,174,778		17,701	8,121		323,062
Total Administrative Expenses	18,444,868	2,907,739	-	357,140	121,012	115,385	21,946,144
Administrative Loss Ratio	3.1%	8.0%	0.0%	7.8%	50.4%	0.0%	3.4%
Operating Income/(Loss)	28,597,712	1,074,200	-	754,246	(95,662)	(115,385)	30,215,110
Investments and Other Non-Operating	(1,396)						14,283,918
CHANGE IN NET ASSETS	\$ 28,596,315	\$ 1,074,200	\$ -	\$ 754,246	\$ (95,662)	\$ (115,385)	\$ 44,499,029
BUDGETED CHANGE IN NET ASSETS	(19,155,101)	(1,244,978)	-	(68,265)	(111,268)	(916,666)	(16,125,723)
Variance to Budget - Fav/(Unfav)	\$ 47,751,416	\$ 2,319,178	\$ -	\$ 822,511	\$ 15,606	\$ 801,281	\$ 60,624,752

Consolidated Revenue & Expenses:

March 2025 YTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	8,054,646	154,877		4,529	4,592		8,214,052
REVENUES							
Capitation Revenue	\$ 3,516,038,366	\$ 312,678,413	\$ (3,197,365)	\$ 40,026,191	\$2,098,598	\$ -	\$ 3,867,644,203
Total Operating Revenue	3,516,038,366	312,678,413	(3,197,365)	40,026,191	2,098,598	-	3,867,644,203
MEDICAL EXPENSES							
Provider Capitation	1,025,398,658	133,595,626	(1,453,037)				1,157,541,248
Claims	1,171,632,820	54,454,621	(184,151)	14,329,408			1,240,232,697
MLTSS	437,715,239			98,047	337,679		438,150,964
Prescription Drugs		79,434,756		5,232,098			84,666,854
Case Mgmt & Other Medical	616,947,210	15,602,554		11,411,998	1,672,088		645,633,851
Total Medical Expenses	3,251,693,928	283,087,558	(1,637,188)	31,071,550	2,009,767	-	3,566,225,614
Medical Loss Ratio	92.5%	90.5%	51.2%	77.6%	95.8%	0.0%	92.2%
GROSS MARGIN	264,344,439	29,590,855	(1,560,177)	8,954,640	88,831	-	301,418,588
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	102,669,231	9,704,894		1,517,937	918,643		114,810,705
Non-Salary Operating Expenses	31,171,339	5,053,060		655,083	12,787	125,901	37,018,171
Depreciation & Amortization	6,650,612			8,729			6,659,342
Other Operating Expenses	24,770,799	765,303		85,707	69,521		25,691,330
Indirect Cost Allocation, Occupancy	(7,061,509)	10,032,690		159,154	67,336		3,197,671
Total Administrative Expenses	158,200,472	25,555,947	-	2,426,611	1,068,287	125,901	187,377,219
Administrative Loss Ratio	4.5%	8.2%	0.0%	6.1%	50.9%	0.0%	4.8%
Operating Income/(Loss)	106,143,966	4,034,908	(1,560,177)	6,528,029	(979,456)	(125,901)	114,041,370
Investments and Other Non-Operating	14,662						135,037,679
CHANGE IN NET ASSETS	\$ 106,158,628	\$ 4,034,908	\$ (1,560,177)	\$ 6,528,029	\$ (979,456)	\$ (125,901)	\$ 249,079,048
BUDGETED CHANGE IN NET ASSETS	(189,613,609)	(9,273,080)	-	(757,664)	(1,015,856)	(2,749,998)	(154,984,303)
Variance to Budget - Fav/(Unfav)	\$ 295,772,237	\$ 13,307,988	\$ (1,560,177)	\$ 7,285,693	\$ 36,400	\$ 2,624,097	\$ 404,063,351

Balance Sheet: As of March 2025

ASSETS

Current Assets	
Operating Cash	\$895,404,584
Short-term Investments	1,498,523,474
Capitation Receivable	516,775,403
Receivables - Other	82,991,379
Prepaid Expenses	11,877,838
Total Current Assets	3,005,572,677
Capital Assets	
Capital Assets	194,403,745
Less Accumulated Depreciation	(94,101,304)
Capital Assets, Net of Depreciation	100,302,441
Other Assets	
Restricted Deposits	300,000
Board Designated Reserves	1,104,459,403
Statutory Designated Reserves	130,340,221
Total Other Assets	1,235,099,624
TOTAL ASSETS	4,340,974,742
Deferred Outflows	75,899,007
TOTAL ASSETS & DEFERRED OUTFLOWS	4,416,873,749

LIABILITIES & NET POSITION

Current Liabilities	
Accounts Payable	\$231,222,085
Medical Claims Liability	1,079,808,724
Accrued Payroll Liabilities	23,965,355
Deferred Revenue	10,890,083
Other Current Liabilities	-
Capitation and Withholds	143,284,377
Total Current Liabilities	1,489,170,623
Other Liabilities	
GASB 96 Subscription Liabilities	18,048,802
Community Reinvestment	142,933,596
Capital Lease Payable	258,913
Postemployment Health Care Plan	17,672,787
Net Pension Liabilities	45,981,359
Total Other Liabilities	224,895,458
TOTAL LIABILITIES	1,714,066,081
Deferred Inflows	8,646,445
Net Position	
Required TNE	126,889,770
Funds in Excess of TNE	2,567,271,452
TOTAL NET POSITION	2,694,161,223
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,416,873,749

Board Designated Reserve and TNE Analysis: As of March 2025

Board Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	552,449,422				
MetLife Tier One	552,009,981				
Board Designated Reserves	1,104,459,403	1,025,728,257	1,230,873,908	78,731,147	(126,414,505)

Current Reserve Level (X months of average monthly revenue) ¹

2.69

2.50

3.00

Statutory Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	65,292,051				
MetLife Tier Two	65,048,169				
Statutory Designated Reserves	130,340,221	126,889,770	139,578,747	3,450,450	(9,238,527)

Current Reserve Level (X min. TNE) ¹

1.03

1.00

1.10

¹ See CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds for more information.

Spending Plan: As of March 2025

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 3/31/2025		\$2,694.2			100.0%
Resources Assigned	Board Designated Reserve ¹	\$1,104.5			41.0%
	Statutory Designated Reserve ¹	\$130.3			4.8%
	Capital Assets, net of Depreciation ²	\$100.3			3.7%
Resources Allocated ³	Homeless Health Initiative ³	\$18.8	\$66.0	\$47.2	0.7%
	Housing and Homelessness Incentive Program ³	21.9	87.4	65.5	0.8%
	Intergovernmental Transfers (IGT)	54.4	111.7	57.3	2.0%
	Digital Transformation and Workplace Modernization ⁴	38.3	100.0	61.7	1.4%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	2.0	6.0	4.0	0.1%
	Coalition of Orange County Community Health Centers Grant	20.0	50.0	30.0	0.7%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.2	0.5	0.3	0.0%
	General Awareness Campaign	1.0	4.7	3.7	0.0%
	Member Health Needs Assessment	1.1	1.3	0.2	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	124.4	153.5	29.1	4.6%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.4%
	In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program Grant	3.5	5.0	1.5	0.1%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	0.7%
	Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program Grant	1.5	2.7	1.2	0.1%
	CalOptima Health Provider Workforce Development Fund Grant	44.5	50.0	5.5	1.7%
	Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
	Garden Grove Bldg. Improvement	10.0	10.5	0.5	0.4%
	Post-Pandemic Supplemental	6.1	107.5	101.4	0.2%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.4%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	3.7	7.6	3.9	0.1%
	Quality Initiatives from unearned Pay for Value Program	18.8	23.3	4.5	0.7%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.6	1.2	0.6	0.0%
	Medi-Cal Provider Rate Increases	368.3	526.2	157.9	13.7%
	Homeless Prevention and Stabilization Pilot Program	0.3	0.3	0.0	0.0%
	OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%
Subtotal:		\$810.7	\$1,422.5	\$611.7	30.1%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$548.3			20.4%

¹ Total Designated Reserves and unallocated reserve amount can support approximately 154 days of CalOptima Health's current operations.

² Increase due to the adoption of GASB 96 Subscription-Based Information Technology Arrangements.

³ See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.

⁴ On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

Homeless Health Initiative and Allocated Funds: As of March 2025

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-
Recuperative Care	6,194,190	6,194,190	-
Medical Respite	250,000	250,000	-
Day Habilitation (County for HomeKey)	2,500,000	2,500,000	-
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	892,016	71,245
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	4,198,885	5,690,028
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	14,376,652	7,352,374	7,024,278
Outreach and Engagement	7,000,000	1,138,008	5,861,992
Housing and Homelessness Incentive Program (HHIP) ²	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$106,100,000	\$47,240,234	\$58,859,764
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$66,000,000	\$47,240,234	\$18,759,764

Notes:

¹On March 19, 2025, CalOptima Health's Board of Directors approved \$4.3 million from existing reserves to fund a new Street Medicine Program (Santa Ana). On March 7, 2024, CalOptima Health's Board of Directors approved \$5.0 million to expand the Street Medicine Program. \$3.2 million remaining from Street Medicine Initiative (from the HHI reserve) and \$1.8 million from existing reserves to fund 2-year agreements to Healthcare in Action (Anaheim) and Celebrating Life Community Health Center (Costa Mesa).

²On September 1, 2022, CalOptima Health's Board of Directors approved reallocation of \$40.1 million from HHI to HHIP.

Housing and Homelessness Incentive Program

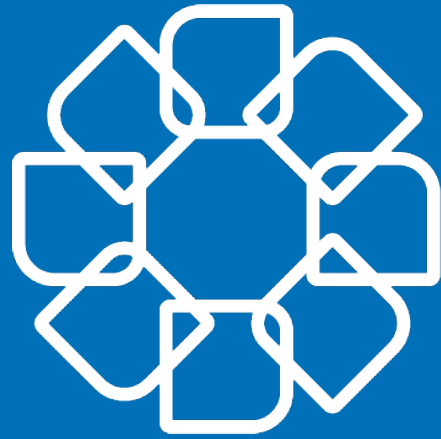
As of March 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	54,930,994	28,988,750	25,942,244	18,000,195 ¹
Existing Reserves & HHI Transfer	87,384,530	87,384,530	65,324,503	22,060,027	-
Total	160,315,719	142,315,524	94,313,253	48,002,271	18,000,195

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	832,350	567,650	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,321,311	1,300,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,391,731	440,583	HHI
Capital Projects	108,247,369	77,195,575	31,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	4,863,856	5,320,674	DHCS
Non-Profit Healthcare Academy	700,000	508,429	191,571	DHCS
Total of Approved Initiatives	\$133,185,524¹	\$94,313,252	\$38,872,272	

Notes:

¹Total 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 payments.



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UNAUDITED FINANCIAL STATEMENTS

March 31, 2025

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**CalOptima Health - Consolidated
Financial Highlights
For the Nine Months Ending March 31, 2025**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
906,271	901,467	4,804	0.5%	Member Months	8,214,052	8,106,282	107,770	1.3%
641,006,252	359,829,947	281,176,305	78.1%	Revenues	3,867,644,203	3,212,255,251	655,388,952	20.4%
588,844,998	356,048,287	(232,796,711)	(65.4%)	Medical Expenses	3,566,225,614	3,194,161,753	(372,063,861)	(11.6%)
21,946,144	25,277,938	3,331,794	13.2%	Administrative Expenses	187,377,219	221,503,705	34,126,486	15.4%
30,215,110	(21,496,278)	51,711,388	240.6%	Operating Margin	114,041,370	(203,410,207)	317,451,577	156.1%
				Non-Operating Income (Loss)				
14,893,294	6,666,660	8,226,634	123.4%	Net Investment Income/Expense	149,587,778	59,999,940	89,587,838	149.3%
(24,076)	(117,280)	93,204	79.5%	Net Rental Income/Expense	(363,329)	(1,055,520)	692,191	65.6%
(3,573)	-	(3,573)	(100.0%)	Net MCO Tax	(9,934)	-	(9,934)	(100.0%)
(583,903)	(1,178,825)	594,922	50.5%	Grant Expense	(14,201,432)	(10,518,516)	(3,682,916)	(35.0%)
-	-	-	0.0%	Net QAF/IGT	-	-	-	0.0%
2,176	-	2,176	100.0%	Other Income/Expense	24,596	-	24,596	100.0%
14,283,918	5,370,555	8,913,363	166.0%	Total Non-Operating Income (Loss)	135,037,679	48,425,904	86,611,775	178.9%
44,499,029	(16,125,723)	60,624,752	376.0%	Change in Net Assets	249,079,048	(154,984,303)	404,063,351	260.7%
91.9%	98.9%	(7.1%)		Medical Loss Ratio	92.2%	99.4%	(7.2%)	
3.4%	7.0%	3.6%		Administrative Loss Ratio	4.8%	6.9%	2.1%	
4.7%	(6.0%)	10.7%		Operating Margin Ratio	2.9%	(6.3%)	9.3%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
81.6%	94.1%	(12.5%)		*Adjusted MLR	85.8%	94.5%	(8.7%)	
5.4%	7.0%	1.6%		*Adjusted ALR	5.4%	6.9%	1.5%	

*Adjusted MLR /ALR excludes estimated Board-approved Provider Rate increases, Directed Payments and Community Reinvestment Accruals, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget.

**CalOptima Health - Consolidated
Full Time Equivalent (FTE) Data
For the Nine Months Ending March 31, 2025**

Total FTE's MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	1,319	1,361	42
OneCare	172	186	14
PACE	109	113	4
MSSP	22	25	3
Total	1,622	1,685	63

Total FTE's YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	11,725	12,247	522
OneCare	1,541	1,674	134
PACE	961	1,017	56
MSSP	191	225	34
Total	14,418	15,164	745

MM per FTE MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	674	649	(24)
OneCare	100	94	(7)
PACE	5	4	(1)
MSSP	24	23	(2)
Consolidated	559	535	(24)

MM per FTE YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	687	649	(38)
OneCare	101	94	(7)
PACE	5	4	(0)
MSSP	24	23	(1)
Consolidated	570	535	(35)

Open FTE			
	Total	Medical	Admin
Medi-Cal	57	27	30
OneCare	7	7	0
PACE	10	9	1
MSSP	0	0	0
Total	74	43	31

CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses
For the One Month Ending March 31, 2025

MEMBER MONTHS	906,271		901,467		4,804	
	Actual		Budget		Variance	
REVENUE	\$	PMPM	\$	PMPM	\$	PMPM
Medi-Cal	\$599,945,907	\$675.24	\$319,247,789	\$361.32	\$280,698,118	\$313.92
OneCare	36,261,846	2,098.12	36,231,012	2,078.54	30,834	19.58
OneCare Connect	-	-	-	-	-	-
PACE	4,558,439	9,098.68	4,097,629	8,414.02	460,810	684.66
MSSP	240,060	451.24	253,517	446.33	(13,457)	4.91
Covered CA	-	0.00	-	0.00	-	0.00
Total Operating Revenue	641,006,252	707.30	359,829,947	399.16	281,176,305	308.14
MEDICAL EXPENSES						
Medi-Cal	552,903,327	622.30	317,674,692	359.54	(235,228,635)	(262.76)
OneCare	32,279,907	1,867.73	34,260,616	1,965.50	1,980,709	97.77
OneCare Connect	-	-	-	-	-	0.00
PACE	3,447,054	6,880.35	3,872,238	7,951.21	425,184	1,070.86
MSSP	214,710	403.59	240,741	423.84	26,031	20.25
Covered CA	-	-	-	-	-	-
Total Medical Expenses	588,844,998	649.74	356,048,287	394.97	(232,796,711)	(254.77)
GROSS MARGIN	52,161,254	57.56	3,781,660	4.19	48,379,594	53.37
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	12,977,174	14.32	13,224,930	14.67	247,756	0.35
Professional Fees	1,569,329	1.73	2,755,294	3.06	1,185,966	1.33
Purchased Services	2,511,153	2.77	3,130,230	3.47	619,077	0.70
Printing & Postage	197,292	0.22	748,528	0.83	551,236	0.61
Depreciation & Amortization	736,534	0.81	1,027,958	1.14	291,424	0.33
Other Expenses	3,631,600	4.01	3,947,115	4.38	315,514	0.37
Indirect Cost Allocation, Occupancy	323,062	0.36	443,883	0.49	120,821	0.13
Total Administrative Expenses	21,946,144	24.22	25,277,938	28.04	3,331,794	3.82
NET INCOME (LOSS) FROM OPERATIONS	30,215,110	33.34	(21,496,278)	(23.85)	51,711,388	57.19
INVESTMENT INCOME						
Interest Income	14,759,171	16.29	6,666,660	7.40	8,092,511	8.89
Realized Gain/(Loss) on Investments	245,752	0.27	-	-	245,752	0.27
Unrealized Gain/(Loss) on Investments	(111,629)	(0.12)	-	-	(111,629)	(0.12)
Total Investment Income	14,893,294	16.43	6,666,660	7.40	8,226,634	9.03
NET RENTAL INCOME/EXPENSE	(24,076)	(0.03)	(117,280)	(0.13)	93,204	0.10
NET MCO TAX	(3,573)	-	-	-	(3,573)	-
GRANT EXPENSE	(583,903)	(0.64)	(1,178,825)	(1.31)	594,922	0.67
OTHER INCOME/EXPENSE	2,176	-	-	-	2,176	-
CHANGE IN NET ASSETS	44,499,029	49.10	(16,125,723)	(17.89)	60,624,752	66.99
MEDICAL LOSS RATIO	91.9%		98.9%		(7.1%)	
ADMINISTRATIVE LOSS RATIO	3.4%		7.0%		3.6%	

CalOptima Health- Consolidated - Year to Date
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025

MEMBER MONTHS	8,214,052		8,106,282		107,770	
	Actual		Budget		Variance	
REVENUE	\$	PMPM	\$	PMPM	\$	PMPM
Medi-Cal	\$3,516,038,366	\$436.52	\$2,855,805,946	\$359.44	\$660,232,420	\$77.08
OneCare	312,678,413	2,018.88	318,336,534	2,030.25	(5,658,121)	(11.37)
OneCare Connect	(3,197,365)		-		(3,197,365)	0.00
PACE	40,026,191	8,837.75	35,831,118	8,334.76	4,195,073	502.99
MSSP	2,098,598	457.01	2,281,653	446.33	(183,055)	10.68
Covered CA	-	0.00	-	0.00	-	0.00
Total Operating Revenue	3,867,644,203	470.86	3,212,255,251	396.27	655,388,952	74.59
MEDICAL EXPENSES						
Medi-Cal	3,251,693,928	403.70	2,859,332,216	359.88	(392,361,712)	(43.82)
OneCare	283,087,558	1,827.82	298,742,305	1,905.28	15,654,747	77.46
OneCare Connect	(1,637,188)				1,637,188	0.00
PACE	31,071,550	6,860.58	33,920,563	7,890.34	2,849,013	1,029.76
MSSP	2,009,767	437.67	2,166,669	423.84	156,902	(13.83)
Covered CA		0.00		0.00	-	0.00
Total Medical Expenses	3,566,225,614	434.16	3,194,161,753	394.04	(372,063,861)	(40.12)
GROSS MARGIN	301,418,588	36.70	18,093,498	2.23	283,325,090	34.47
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	114,810,705	13.98	121,165,219	14.95	6,354,514	0.97
Professional Fees	12,280,244	1.50	17,822,681	2.20	5,542,437	0.70
Purchased Services	20,278,268	2.47	27,050,433	3.34	6,772,165	0.87
Printing & Postage	4,459,660	0.54	7,120,932	0.88	2,661,272	0.34
Depreciation & Amortization	6,659,342	0.81	9,251,622	1.14	2,592,280	0.33
Other Expenses	25,691,330	3.13	35,099,871	4.33	9,408,541	1.20
Indirect Cost Allocation, Occupancy	3,197,671	0.39	3,992,947	0.49	795,276	0.10
Total Administrative Expenses	187,377,219	22.81	221,503,705	27.32	34,126,486	4.51
NET INCOME (LOSS) FROM OPERATIONS	114,041,370	13.88	(203,410,207)	(25.09)	317,451,577	38.97
INVESTMENT INCOME						
Interest Income	130,309,350	15.86	59,999,940	7.40	70,309,410	8.46
Realized Gain/(Loss) on Investments	3,061,167	0.37	-	0.00	3,061,167	0.37
Unrealized Gain/(Loss) on Investments	16,217,260	1.97	-	0.00	16,217,260	1.97
Total Investment Income	149,587,778	18.21	59,999,940	7.40	89,587,838	10.81
NET RENTAL INCOME/EXPENSE	(363,329)	(0.04)	(1,055,520)	(0.13)	692,191	0.09
NET MCO TAX	(9,934)	0.00	-	0.00	(9,934)	0.00
GRANT EXPENSE	(14,201,432)	(1.73)	(10,518,516)	(1.30)	(3,682,916)	(0.43)
OTHER INCOME/EXPENSE	24,596	0.00	-	0.00	24,596	0.00
CHANGE IN NET ASSETS	249,079,048	30.32	(154,984,303)	(19.12)	404,063,351	49.44
MEDICAL LOSS RATIO	92.2%		99.4%		(7.2%)	
ADMINISTRATIVE LOSS RATIO	4.8%		6.9%		2.1%	

CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ending March 31, 2025

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	888,487	17,283		501	532	-	906,271
REVENUES							
Capitation Revenue	\$ 599,945,907	\$ 36,261,846	\$ -	\$ 4,558,439	\$ 240,060	\$ -	\$ 641,006,252
Total Operating Revenue	599,945,907	36,261,846	-	4,558,439	240,060	-	641,006,252
MEDICAL EXPENSES							
Provider Capitation	113,474,462	14,496,512					127,970,973
Claims	128,275,694	5,915,923		1,621,856			135,813,474
MLTSS	47,109,364			8,872	38,160		47,156,396
Prescription Drugs		9,593,668		562,814			10,156,482
Case Mgmt & Other Medical	264,043,808	2,273,804		1,253,511	176,549		267,747,672
Total Medical Expenses	552,903,327	32,279,907	-	3,447,054	214,710	-	588,844,998
<i>Medical Loss Ratio</i>	92.2%	89.0%	0.0%	75.6%	89.4%	0.0%	91.9%
GROSS MARGIN	47,042,580	3,981,939	-	1,111,386	25,350	-	52,161,254
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	11,647,772	1,060,326		165,228	103,848		12,977,174
Non-Salary Operating Expenses	3,391,033	613,094		156,842	1,421	115,385	4,277,774
Depreciation & Amortization	735,543			991			736,534
Other Operating Expenses	3,548,058	59,541		16,379	7,622		3,631,600
Indirect Cost Allocation, Occupancy	(877,538)	1,174,778		17,701	8,121		323,062
Total Administrative Expenses	18,444,868	2,907,739	-	357,140	121,012	115,385	21,946,144
<i>Administrative Loss Ratio</i>	3.1%	8.0%	0.0%	7.8%	50.4%	0.0%	3.4%
Operating Income/(Loss)	28,597,712	1,074,200	-	754,246	(95,662)	(115,385)	30,215,110
Investments and Other Non-Operating	(1,396)						14,283,918
CHANGE IN NET ASSETS	\$ 28,596,315	\$ 1,074,200	\$ -	\$ 754,246	\$ (95,662)	\$ (115,385)	\$ 44,499,029
BUDGETED CHANGE IN NET ASSETS	(19,155,101)	(1,244,978)	-	(68,265)	(111,268)	(916,666)	(16,125,723)
Variance to Budget - Fav/(Unfav)	\$ 47,751,416	\$ 2,319,178	\$ -	\$ 822,511	\$ 15,606	\$ 801,281	\$ 60,624,752

CalOptima Health - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Nine Months Ending March 31, 2025

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	8,054,646	154,877		4,529	4,592	-	8,214,052
REVENUES							
Capitation Revenue	\$ 3,516,038,366	\$ 312,678,413	\$ (3,197,365)	\$ 40,026,191	\$ 2,098,598	\$ -	\$ 3,867,644,203
Total Operating Revenue	3,516,038,366	312,678,413	(3,197,365)	40,026,191	2,098,598	-	3,867,644,203
MEDICAL EXPENSES							
Provider Capitation	1,025,398,658	133,595,626	(1,453,037)				1,157,541,248
Claims	1,171,632,820	54,454,621	(184,151)	14,329,408			1,240,232,697
MLTSS	437,715,239			98,047	337,679		438,150,964
Prescription Drugs		79,434,756		5,232,098			84,666,854
Case Mgmt & Other Medical	616,947,210	15,602,554		11,411,998	1,672,088		645,633,851
Total Medical Expenses	3,251,693,928	283,087,558	(1,637,188)	31,071,550	2,009,767	-	3,566,225,614
<i>Medical Loss Ratio</i>	92.5%	90.5%	0.0%	77.6%	95.8%	0.0%	92.2%
GROSS MARGIN	264,344,439	29,590,855	(1,560,177)	8,954,640	88,831	-	301,418,588
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	102,669,231	9,704,894		1,517,937	918,643		114,810,705
Non-Salary Operating Expenses	31,171,339	5,053,060		655,083	12,787	125,901	37,018,171
Depreciation & Amortization	6,650,612			8,729			6,659,342
Other Operating Expenses	24,770,799	765,303		85,707	69,521		25,691,330
Indirect Cost Allocation, Occupancy	(7,061,509)	10,032,690		159,154	67,336		3,197,671
Total Administrative Expenses	158,200,472	25,555,947	-	2,426,611	1,068,287	125,901	187,377,219
<i>Administrative Loss Ratio</i>	4.5%	8.2%	0.0%	6.1%	50.9%	0.0%	4.8%
Operating Income/(Loss)	106,143,966	4,034,908	(1,560,177)	6,528,029	(979,456)	(125,901)	114,041,370
Investments and Other Non-Operating	14,662						135,037,679
CHANGE IN NET ASSETS	\$ 106,158,628	\$ 4,034,908	\$ (1,560,177)	\$ 6,528,029	\$ (979,456)	\$ (125,901)	\$ 249,079,048
BUDGETED CHANGE IN NET ASSETS	(189,613,609)	(9,273,080)	-	(757,664)	(1,015,856)	(2,749,998)	(154,984,303)
Variance to Budget - Fav/(Unfav)	\$ 295,772,237	\$ 13,307,988	\$ (1,560,177)	\$ 7,285,693	\$ 36,400	\$ 2,624,097	\$ 404,063,351

CalOptima Health

Highlights – Consolidated, for Nine Months Ending March 31, 2025

MONTH TO DATE RESULTS:

- Change in Net Assets is \$44.5 million, favorable to budget \$60.6 million
- Operating surplus is \$30.2 million, with a surplus in non-operating income of \$14.3 million

YEAR TO DATE RESULTS:

- Change in Net Assets is \$249.1 million, favorable to budget \$404.1 million
- Operating surplus is \$114.0 million, with a surplus in non-operating income of \$135.0 million

Change in Net Assets by Line of Business (LOB) (\$ millions):

March 2025				July 2024 - March 2025		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Operating Income (Loss)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
28.6	(19.2)	47.8	Medi-Cal	106.1	(189.6)	295.8
1.1	(1.2)	2.3	OneCare	4.0	(9.3)	13.3
0.8	(0.1)	0.8	PACE	6.5	(0.8)	7.3
(0.1)	(0.1)	0.0	MSSP	(1.0)	(1.0)	0.0
0.0	0.0	0.0	OCC	(1.6)	0.0	(1.6)
(0.1)	(0.9)	0.8	Covered CA	(0.1)	(2.7)	2.6
30.2	(21.5)	51.7	Total Operating Income (Loss)	114.0	(203.4)	317.5
			<u>Non-Operating Income (Loss)</u>			
14.9	6.7	8.2	Net Investment Income/Expense	149.6	60.0	89.6
0.0	0.0	0.0	Net QAF & IGT Income/Expense	0.0	0.0	0.0
0.0	0.0	0.0	Other Income/Expense	0.0	0.0	0.0
14.3	5.4	8.9	Total Non-Operating Income/(Loss)	135.0	48.4	86.6
44.5	(16.1)	60.6	TOTAL	249.1	(155.0)	404.1

**CalOptima Health - Consolidated
Enrollment Summary
For the Nine Months Ending March 31, 2025**

March 2025				Enrollment (by Aid Category)	July 2024 - March 2025			
Actual	Budget	\$ Variance	%Variance		Actual	Budget	\$ Variance	%Variance
149,270	138,483	10,787	7.8%	SPD	1,317,755	1,234,888	82,867	6.7%
260,975	271,989	(11,014)	(4.0%)	TANF Child	2,406,195	2,450,482	(44,287)	(1.8%)
129,678	138,409	(8,731)	(6.3%)	TANF Adult	1,178,923	1,242,174	(63,251)	(5.1%)
2,478	2,596	(118)	(4.5%)	LTC	22,402	23,440	(1,038)	(4.4%)
336,920	322,531	14,389	4.5%	MCE	3,042,756	2,908,205	134,551	4.6%
9,166	9,541	(375)	(3.9%)	WCM	86,615	85,997	618	0.7%
888,487	883,549	4,938	0.6%	Medi-Cal Total	8,054,646	7,945,186	109,460	1.4%
17,283	17,431	(148)	(0.8%)	OneCare	154,877	156,797	(1,920)	(1.2%)
501	487	14	2.9%	PACE	4,529	4,299	230	5.4%
532	568	(36)	(6.3%)	MSSP	4,592	5,112	(520)	(10.2%)
906,271	901,467	4,804	0.5%	CalOptima Health Total	8,214,052	8,106,282	107,770	1.3%

				Enrollment (by Network)				
350,990	302,800	48,190	15.9%	HMO	2,951,118	2,728,090	223,028	8.2%
168,482	178,690	(10,208)	(5.7%)	PHC	1,565,043	1,609,246	(44,203)	(2.7%)
67,136	132,539	(65,403)	(49.3%)	Shared Risk Group	913,576	1,197,153	(283,577)	(23.7%)
301,879	269,520	32,359	12.0%	Fee for Service	2,624,909	2,410,697	214,212	8.9%
888,487	883,549	4,938	0.6%	Medi-Cal Total	8,054,646	7,945,186	109,460	1.4%
17,283	17,431	(148)	(0)	OneCare	154,877	156,797	(1,920)	(0)
501	487	14	2.9%	PACE	4,529	4,299	230	5.4%
532	568	(36)	(6.3%)	MSSP	4,592	5,112	(520)	(10.2%)
906,271	901,467	4,804	0.5%	CalOptima Health Total	8,214,052	8,106,282	107,770	1.3%

Note:* Total membership does not include MSSP

CalOptima Health
Enrollment Trend by Network
Fiscal Year 2025

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	YTD Actual	YTD Budget	Variance
HMOs															
SPD	17,150	16,511	16,610	16,774	20,293	20,211	20,247	20,491	20,500				168,787	147,806	20,981
TANF Child	66,405	65,921	65,198	64,503	77,875	77,766	77,607	76,962	75,128				647,365	621,300	26,065
TANF Adult	54,590	55,734	55,056	54,535	70,864	70,611	70,439	69,398	68,589				569,816	566,584	3,232
LTC	2				1		3	2					8		8
MCE	153,578	153,602	152,129	151,153	190,284	189,645	189,821	187,512	185,344				1,553,068	1,379,974	173,094
WCM	1,241	1,234	1,214	1,163	1,370	1,479	1,514	1,430	1,429				12,074	12,426	(352)
Total	292,966	293,002	290,207	288,128	360,687	359,712	359,631	355,795	350,990				2,951,118	2,728,090	223,028
PHCs															
SPD	4,906	4,644	4,820	4,796	4,736	4,780	4,737	4,799	4,812				43,030	40,599	2,431
TANF Child	140,053	138,903	137,874	136,823	136,101	135,163	133,694	132,827	131,272				1,222,710	1,271,050	(48,340)
TANF Adult	3,994	4,186	4,191	4,104	4,165	4,170	4,132	4,089	4,023				37,054	45,215	(8,161)
LTC													0		0
MCE	22,999	22,762	22,600	22,551	22,507	22,511	22,520	22,277	21,942				202,669	194,516	8,153
WCM	6,571	7,308	6,733	6,550	6,336	6,573	6,580	6,496	6,433				59,580	57,866	1,714
Total	178,523	177,803	176,218	174,824	173,845	173,197	171,663	170,488	168,482				1,565,043	1,609,246	(44,203)
Shared Risk Groups															
SPD	7,270	7,077	7,057	7,133	3,422	3,411	3,353	3,413	3,321				45,457	58,430	(12,973)
TANF Child	32,783	32,842	32,545	32,325	18,564	18,412	18,308	18,287	18,168				222,234	282,704	(60,470)
TANF Adult	27,519	29,041	28,870	28,586	11,818	11,756	11,734	11,438	11,353				172,115	261,183	(89,068)
LTC				1									1	9	(8)
MCE	74,704	74,918	74,517	74,138	34,102	34,260	34,467	34,469	34,145				469,720	588,201	(118,481)
WCM	702	701	716	707	91	362	367	254	149				4,049	6,626	(2,577)
Total	142,978	144,579	143,705	142,890	67,997	68,201	68,229	67,861	67,136				913,576	1,197,153	(283,577)
Fee for Service (Dual)															
SPD	100,293	99,792	100,297	100,986	101,924	102,883	104,042	104,622	105,388				920,227	854,614	65,613
TANF Child													0	11	(11)
TANF Adult	1,145	1,159	1,123	1,052	1,035	1,056	1,037	1,011	937				9,555	16,488	(6,933)
LTC	2,178	2,203	2,209	2,222	2,208	2,237	2,234	2,204	2,216				19,911	21,007	(1,096)
MCE	4,008	4,703	4,593	4,431	4,388	4,283	4,088	3,863	3,645				38,002	81,892	(43,890)
WCM	6	7	8	15	12	12	13	13	12				98	81	17
Total	107,630	107,864	108,230	108,706	109,567	110,471	111,414	111,713	112,198				987,793	974,093	13,700
Fee for Service (Non-Dual - Total)															
SPD	15,636	15,436	15,868	15,819	15,925	16,332	14,857	15,132	15,249				140,254	133,439	6,815
TANF Child	32,741	33,377	33,868	33,995	34,269	36,369	36,010	36,850	36,407				313,886	275,417	38,469
TANF Adult	40,618	42,145	42,625	42,860	43,229	44,456	44,366	45,308	44,776				390,383	352,704	37,679
LTC	278	254	271	278	285	295	270	289	262				2,482	2,424	58
MCE	80,536	82,491	83,546	83,778	84,679	89,895	89,750	92,778	91,844				779,297	663,622	115,675
WCM	1,205	1,184	1,178	1,114	1,177	1,198	1,369	1,246	1,143				10,814	8,998	1,816
Total	171,014	174,887	177,356	177,844	179,564	188,545	186,622	191,603	189,681				1,637,116	1,436,604	200,512
Grand Totals															
SPD	145,255	143,460	144,652	145,508	146,300	147,617	147,236	148,457	149,270				1,317,755	1,234,888	82,867
TANF Child	271,982	271,043	269,485	267,646	266,809	267,710	265,619	264,926	260,975				2,406,195	2,450,482	(44,287)
TANF Adult	127,866	132,265	131,865	131,137	131,111	132,049	131,708	131,244	129,678				1,178,923	1,242,174	(63,251)
LTC	2,458	2,457	2,480	2,501	2,494	2,532	2,507	2,495	2,478				22,402	23,440	(1,038)
MCE	335,825	338,476	337,385	336,051	335,960	340,594	340,646	340,899	336,920				3,042,756	2,908,205	134,551
WCM	9,725	10,434	9,849	9,549	8,986	9,624	9,843	9,439	9,166				86,615	85,997	618
Total MediCal MM	893,111	898,135	895,716	892,392	891,660	900,126	897,559	897,460	888,487				8,054,646	7,945,186	109,460
OneCare	17,311	17,307	17,282	17,173	17,156	17,037	17,090	17,238	17,283				154,877	156,797	(1,920)
PACE	506	508	503	498	502	506	502	503	501				4,529	4,299	230
MSSP	473	480	487	506	524	519	533	538	532				4,592	5,112	(520)
Grand Total	910,928	915,950	913,501	910,063	909,318	917,669	915,151	915,201	906,271				8,214,052	8,106,282	107,770

Note:* Total membership does not include MSSP

ENROLLMENT:

Overall, March enrollment was 906,271

- Favorable to budget 4,804 or 0.5%
- Decreased 8,930 from Prior Month (PM) (February 2025)
- Decreased 25,897 or 2.8% from Prior Year (PY) (March 2024)

Medi-Cal enrollment was 888,487

- Favorable to budget 4,938 or 0.6%
- Medi-Cal Expansion (MCE) favorable to budget 14,389
- Seniors and Persons with Disabilities (SPD) favorable to budget 10,787
- Temporary Assistance for Needy Families (TANF) unfavorable to budget 19,745
- Whole Child Model (WCM) unfavorable to budget 375
- Long-Term Care (LTC) unfavorable to budget 118
- Decreased 8,973 from PM

OneCare enrollment was 17,283

- Unfavorable to budget 148 or 0.8%
- Increased 45 from PM

PACE enrollment was 501

- Favorable to budget 14 or 2.9%
- Decreased 2 from PM

MSSP enrollment was 532

- Unfavorable to budget 36 or 6.3%
- Decreased 6 from PM

**CalOptima Health
Medi-Cal
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025**

Month to Date				Year to Date				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
888,487	883,549	4,938	0.6%	Member Months	8,054,646	7,945,186	109,460	1.4%
Revenues								
599,945,907	319,247,789	280,698,118	87.9%	Medi-Cal Capitation Revenue	3,516,038,366	2,855,805,946	660,232,420	23.1%
599,945,907	319,247,789	280,698,118	87.9%	Total Operating Revenue	3,516,038,366	2,855,805,946	660,232,420	23.1%
Medical Expenses								
113,474,462	111,448,106	(2,026,356)	(1.8%)	Provider Capitation	1,025,398,658	1,004,045,887	(21,352,771)	(2.1%)
61,151,811	67,085,381	5,933,570	8.8%	Facilities Claims	580,860,556	585,098,640	4,238,084	0.7%
67,123,883	67,837,525	713,642	1.1%	Professional Claims	590,772,264	612,341,063	21,568,799	3.5%
47,109,364	50,341,098	3,231,734	6.4%	MLTSS	437,715,239	438,343,256	628,017	0.1%
10,362,481	10,156,991	(205,490)	(2.0%)	Incentive Payments	108,011,888	121,494,628	13,482,740	11.1%
8,373,841	8,975,385	601,544	6.7%	Medical Management	75,562,769	81,536,867	5,974,098	7.3%
245,307,486	1,830,206	(243,477,280)	(13,303.3%)	Other Medical Expenses	433,372,553	16,471,875	(416,900,678)	(2,531.0%)
552,903,327	317,674,692	(235,228,635)	(74.0%)	Total Medical Expenses	3,251,693,928	2,859,332,216	(392,361,712)	(13.7%)
47,042,580	1,573,097	45,469,483	2,890.4%	Gross Margin	264,344,439	(3,526,270)	267,870,709	7,596.4%
Administrative Expenses								
11,647,772	11,760,298	112,526	1.0%	Salaries, Wages & Employee Benefits	102,669,231	107,779,849	5,110,618	4.7%
1,340,323	1,686,470	346,148	20.5%	Professional Fees	11,356,398	13,885,611	2,529,213	18.2%
1,961,197	2,543,796	582,599	22.9%	Purchased Services	16,595,021	22,022,294	5,427,273	24.6%
89,514	515,048	425,534	82.6%	Printing & Postage	3,219,921	4,806,522	1,586,601	33.0%
735,543	1,026,358	290,815	28.3%	Depreciation & Amortization	6,650,612	9,237,222	2,586,610	28.0%
3,548,058	3,802,659	254,601	6.7%	Other Operating Expenses	24,770,799	33,813,720	9,042,921	26.7%
(877,538)	(606,431)	271,107	44.7%	Indirect Cost Allocation, Occupancy	(7,061,509)	(5,457,879)	1,603,630	29.4%
18,444,868	20,728,198	2,283,330	11.0%	Total Administrative Expenses	158,200,472	186,087,339	27,886,867	15.0%
Non-Operating Income (Loss)								
(3,573)	-	(3,573)	(100.0%)	Net Operating Tax	(9,934)	-	(9,934)	(100.0%)
2,176	-	2,176	100.0%	Other Income/Expense	24,596	-	24,596	100.0%
(1,396)	-	(1,396)	(100.0%)	Total Non-Operating Income (Loss)	14,662	-	14,662	100.0%
28,596,315	(19,155,101)	47,751,416	249.3%	Change in Net Assets	106,158,628	(189,613,609)	295,772,237	156.0%
92.2%	99.5%	(7.3%)	Medical Loss Ratio	92.5%	100.1%	(7.6%)		
3.1%	6.5%	3.4%	Admin Loss Ratio	4.5%	6.5%	2.0%		

MEDI-CAL INCOME STATEMENT– MARCH MONTH:

REVENUES are \$599.9 million, favorable to budget \$280.7 million:

- Favorable volume related variance of \$1.8 million
- Favorable price related variance of \$278.9 million
 - \$216.8 million of revenue received for Calendar Year (CY) 2023 Hospital Directed Payments (DP)
 - \$20.0 million of revenue received for CY 2024 Proxy Skilled Nursing Facility Workforce & Quality Incentive Program (WQIP)
 - \$38.6 million due to favorable member mix and draft CY 2025 capitation rates from the Department of Health Care Services (DHCS)
 - \$1.3 million from Proposition 56, Enhanced Care Management (ECM) and Unsatisfactory Immigration Status (UIS) risk corridors

MEDICAL EXPENSES are \$552.9 million, unfavorable to budget \$235.2 million:

- Unfavorable volume related variance of \$1.8 million
- Unfavorable price related variance of \$233.5 million:
 - Other Medical Expenses unfavorable variance of \$243.5 million primarily due to CY 2023 Hospital DP, CY 2024 WQIP, and CY 2025 Community Reinvestment and Quality Achievement accruals
 - Provider Capitation expenses unfavorable variance of \$1.4 million
 - Offset by:
 - Facilities Claims expenses favorable variance of \$6.3 million due to lower than expected utilization
 - Managed Long-Term Services and Supports (MLTSS) expenses favorable variance of \$3.5 million
 - Professional Claims expenses favorable variance of \$1.1 million
 - Medical Management expenses favorable variance of \$0.7 million

ADMINISTRATIVE EXPENSES are \$18.4 million, favorable to budget \$2.3 million:

- Non-Salary expenses favorable to budget \$2.2 million
- Salaries, Wages & Employee Benefits expenses favorable to budget \$0.1 million

CHANGE IN NET ASSETS is \$28.6 million, favorable to budget \$47.8 million

**CalOptima Health
OneCare
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025**

Month to Date					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
17,283	17,431	(148)	(0.8%)	Member Months	154,877	156,797	(1,920)	(1.2%)
				Revenues				
26,670,470	26,748,685	(78,215)	(0.3%)	Medicare Part C Revenue	227,215,836	233,586,946	(6,371,110)	(2.7%)
9,591,375	9,482,327	109,048	1.2%	Medicare Part D Revenue	85,462,577	84,749,588	712,989	0.8%
36,261,846	36,231,012	30,834	0.1%	Total Operating Revenue	312,678,413	318,336,534	(5,658,121)	(1.8%)
				Medical Expenses				
14,496,512	16,324,888	1,828,376	11.2%	Provider Capitation	133,595,626	142,626,920	9,031,294	6.3%
3,849,838	5,062,308	1,212,470	24.0%	Inpatient	37,591,430	43,684,162	6,092,732	13.9%
2,066,085	1,776,185	(289,900)	(16.3%)	Ancillary	16,863,191	15,582,201	(1,280,990)	(8.2%)
9,593,668	9,215,085	(378,583)	(4.1%)	Prescription Drugs	79,434,756	80,026,267	591,511	0.7%
1,019,775	469,847	(549,928)	(117.0%)	Incentive Payments	5,481,392	4,449,652	(1,031,740)	(23.2%)
972,750	1,412,303	439,553	31.1%	Medical Management	9,012,012	12,373,103	3,361,091	27.2%
281,278	-	(281,278)	(100.0%)	Other Medical Expenses	1,109,151	-	(1,109,151)	(100.0%)
32,279,907	34,260,616	1,980,709	5.8%	Total Medical Expenses	283,087,558	298,742,305	15,654,747	5.2%
3,981,939	1,970,396	2,011,543	102.1%	Gross Margin	29,590,855	19,594,229	9,996,626	51.0%
				Administrative Expenses				
1,060,326	1,188,394	128,068	10.8%	Salaries, Wages & Employee Benefits	9,704,894	10,857,469	1,152,575	10.6%
73,663	142,033	68,371	48.1%	Professional Fees	727,726	1,095,647	367,921	33.6%
432,366	513,960	81,594	15.9%	Purchased Services	3,198,018	4,431,460	1,233,442	27.8%
107,065	222,950	115,885	52.0%	Printing & Postage	1,127,317	2,153,550	1,026,233	47.7%
59,541	121,954	62,413	51.2%	Other Operating Expenses	765,303	1,094,436	329,133	30.1%
1,174,778	1,026,083	(148,695)	(14.5%)	Indirect Cost Allocation, Occupancy	10,032,690	9,234,747	(797,943)	(8.6%)
2,907,739	3,215,374	307,635	9.6%	Total Administrative Expenses	25,555,947	28,867,309	3,311,362	11.5%
1,074,200	(1,244,978)	2,319,178	186.3%	Change in Net Assets	4,034,908	(9,273,080)	13,307,988	143.5%
				Medical Loss Ratio	90.5%	93.8%	(3.3%)	
89.0%	94.6%	(5.5%)		Admin Loss Ratio	8.2%	9.1%	0.9%	
8.0%	8.9%	0.9%						

ONECARE INCOME STATEMENT – MARCH MONTH:

REVENUES are \$36.3 million, favorable to budget \$30,834:

- Unfavorable volume related variance of \$0.3 million
- Favorable price related variance of \$0.3 million

MEDICAL EXPENSES are \$32.3 million, favorable to budget \$2.0 million:

- Favorable volume related variance of \$0.3 million
- Favorable price related variance of \$1.7 million

ADMINISTRATIVE EXPENSES are \$2.9 million, favorable to budget \$0.3 million

- Non-Salary expenses favorable to budget \$0.2 million
- Salaries, Wages & Employee Benefits expenses favorable to budget \$0.1 million

CHANGE IN NET ASSETS is \$1.1 million, favorable to budget \$2.3 million

**CalOptima Health
PACE
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025**

Month to Date					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
501	487	14	2.9%	Member Months	4,529	4,299	230	5.4%
Revenues								
3,414,945	3,059,386	355,559	11.6%	Medi-Cal Capitation Revenue	29,783,060	26,995,440	2,787,620	10.3%
856,779	790,705	66,074	8.4%	Medicare Part C Revenue	7,386,270	6,672,447	713,823	10.7%
286,716	247,538	39,178	15.8%	Medicare Part D Revenue	2,856,861	2,163,231	693,630	32.1%
4,558,439	4,097,629	460,810	11.2%	Total Operating Revenue	40,026,191	35,831,118	4,195,073	11.7%
Medical Expenses								
1,253,511	1,348,184	94,673	7.0%	Medical Management	11,411,998	12,272,686	860,688	7.0%
623,716	778,882	155,166	19.9%	Facilities Claims	6,108,695	6,697,904	589,209	8.8%
756,271	861,406	105,135	12.2%	Professional Claims	6,092,682	7,395,688	1,303,006	17.6%
562,814	580,690	17,876	3.1%	Prescription Drugs	5,232,098	4,938,826	(293,272)	(5.9%)
8,872	42,629	33,757	79.2%	MLTSS	98,047	271,436	173,389	63.9%
241,869	260,447	18,578	7.1%	Patient Transportation	2,128,031	2,344,023	215,992	9.2%
3,447,054	3,872,238	425,184	11.0%	Total Medical Expenses	31,071,550	33,920,563	2,849,013	8.4%
1,111,386	225,391	885,995	393.1%	Gross Margin	8,954,640	1,910,555	7,044,085	368.7%
Administrative Expenses								
165,228	169,194	3,966	2.3%	Salaries, Wages & Employee Benefits	1,517,937	1,550,061	32,124	2.1%
38,542	8,708	(29,834)	(342.6%)	Professional Fees	57,469	78,672	21,203	27.0%
117,587	72,474	(45,113)	(62.2%)	Purchased Services	485,192	596,679	111,487	18.7%
713	10,530	9,817	93.2%	Printing & Postage	112,422	160,860	48,438	30.1%
991	1,600	609	38.1%	Depreciation & Amortization	8,729	14,400	5,671	39.4%
16,379	14,252	(2,127)	(14.9%)	Other Operating Expenses	85,707	117,465	31,758	27.0%
17,701	16,898	(803)	(4.8%)	Indirect Cost Allocation, Occupancy	159,154	150,082	(9,072)	(6.0%)
357,140	293,656	(63,484)	(21.6%)	Total Administrative Expenses	2,426,611	2,668,219	241,608	9.1%
754,246	(68,265)	822,511	1,204.9%	Change in Net Assets	6,528,029	(757,664)	7,285,693	961.6%
75.6%	94.5%	(18.9%)	Medical Loss Ratio	77.6%	94.7%	(17.0%)		
7.8%	7.2%	(0.7%)	Admin Loss Ratio	6.1%	7.4%	1.4%		

CalOptima Health
Multipurpose Senior Services Program
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025

Month to Date					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
532	568	(36)	(6.3%)	Member Months	4,592	5,112	(520)	(10.2%)
				Revenues				
240,060	253,517	(13,457)	(5.3%)	Revenue	2,098,598	2,281,653	(183,055)	(8.0%)
240,060	253,517	(13,457)	(5.3%)	Total Operating Revenue	2,098,598	2,281,653	(183,055)	(8.0%)
				Medical Expenses				
176,549	207,784	31,235	15.0%	Medical Management	1,672,088	1,870,056	197,968	10.6%
38,160	32,957	(5,203)	(15.8%)	Waiver Services	337,679	296,613	(41,066)	(13.8%)
176,549	207,784	31,235	15.0%	Total Medical Management	1,672,088	1,870,056	197,968	10.6%
38,160	32,957	(5,203)	(15.8%)	Total Waiver Services	337,679	296,613	(41,066)	(13.8%)
214,710	240,741	26,031	10.8%	Total Program Expenses	2,009,767	2,166,669	156,902	7.2%
25,350	12,776	12,574	98.4%	Gross Margin	88,831	114,984	(26,153)	(22.7%)
				Administrative Expenses				
103,848	107,044	3,196	3.0%	Salaries, Wages & Employee Benefits	918,643	977,840	59,197	6.1%
1,417	1,417	0	0.0%	Professional Fees	12,750	12,753	3	0.0%
4	-	(4)	(100.0%)	Purchased Services	37	-	(37)	(100.0%)
7,622	8,250	628	7.6%	Other Operating Expenses	69,521	74,250	4,729	6.4%
8,121	7,333	(788)	(10.7%)	Indirect Cost Allocation, Occupancy	67,336	65,997	(1,339)	(2.0%)
121,012	124,044	3,032	2.4%	Total Administrative Expenses	1,068,287	1,130,840	62,553	5.5%
(95,662)	(111,268)	15,606	14.0%	Change in Net Assets	(979,456)	(1,015,856)	36,400	3.6%
89.4%	95.0%	(5.5%)		Medical Loss Ratio	95.8%	95.0%	0.8%	
50.4%	48.9%	(1.5%)		Admin Loss Ratio	50.9%	49.6%	(1.3%)	

**CalOptima Health
OneCare Connect - Total
Statement of Revenue and Expenses
For the Nine Months Ending March 31, 2025**

Month to Date				Year to Date				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
-	-	-	0.0%	Member Months	-	-	-	0.0%
				Revenues				
-	-	-	0.0%	Medicare Part C Revenue	(3,197,365)	-	(3,197,365)	(100.0%)
-	-	-	0.0%	Total Operating Revenue	(3,197,365)	-	(3,197,365)	(100.0%)
				Medical Expenses				
-	-	-	0.0%	Provider Capitation	(1,453,037)	-	1,453,037	100.0%
-	-	-	0.0%	Facilities Claims	(184,151)	-	184,151	100.0%
-	-	-	0.0%	Total Medical Expenses	(1,637,188)	-	1,637,188	100.0%
-	-	-	0.0%	Gross Margin	(1,560,177)	-	(1,560,177)	(100.0%)
				Administrative Expenses				
-	-	-	0.0%	Total Administrative Expenses	-	-	-	0.0%
-	-	-	0.0%	Change in Net Assets	(1,560,177)	-	(1,560,177)	(100.0%)
0.0%	0.0%	0.0%		Medical Loss Ratio	51.2%	0.0%	51.2%	
0.0%	0.0%	0.0%		Admin Loss Ratio	0.0%	0.0%	0.0%	

**CalOptima Health
Covered CA
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025**

Month to Date					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
-	-	-	0.0%	Member Months	-	-	-	0.0%
				Revenues				
-	-	-	0.0%	Medi-Cal Capitation Revenue	-	-	-	0.0%
-	-	-	0.0%	Total Operating Revenue	-	-	-	0.0%
				Medical Expenses				
-	-	-	0.0%	Total Medical Expenses	-	-	-	0.0%
-	-	-	0.0%	Gross Margin	-	-	-	0.0%
				Administrative Expenses				
115,385	916,666	801,281	87.4%	Professional Fees	125,901	2,749,998	2,624,097	95.4%
115,385	916,666	801,281	87.4%	Total Administrative Expenses	125,901	2,749,998	2,624,097	95.4%
				Non-Operating Income (Loss)				
-	-	-	0.0%	Net Operating Tax	-	-	-	0.0%
-	-	-	0.0%	Net QAF & IGT Income/Expense	-	-	-	0.0%
-	-	-	0.0%	Other Income/Expense	-	-	-	0.0%
-	-	-	0.0%	Total Non-Operating Income (Loss)	-	-	-	0.0%
(115,385)	(916,666)	801,281	87.4%	Change in Net Assets	(125,901)	(2,749,998)	2,624,097	95.4%
<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		<i>Medical Loss Ratio</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	
<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		<i>Admin Loss Ratio</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	

CalOptima Health
Building - 505 City Parkway
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025

Month to Date				Year to Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
Revenues							
-	-	-	0.0%	-	-	-	0.0%
-	-	-	0.0%	-	-	-	0.0%
Administrative Expenses							
36,557	22,905	(13,652)	(59.6%)	443,286	206,145	(237,141)	(115.0%)
181,030	195,000	13,970	7.2%	1,628,538	1,755,000	126,462	7.2%
24,794	26,654	1,860	7.0%	222,788	239,886	17,098	7.1%
123,143	181,186	58,043	32.0%	1,076,380	1,630,674	554,294	34.0%
52,881	56,824	3,943	6.9%	526,328	511,416	(14,912)	(2.9%)
(418,405)	(482,569)	(64,164)	(13.3%)	(3,897,320)	(4,343,121)	(445,801)	(10.3%)
-	-	-	0.0%	-	-	-	0.0%
-	-	-	0.0%	-	-	-	0.0%
Change in Net Assets							

CalOptima Health
Building - 500 City Parkway
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025

Month to Date				Year to Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
Revenues							
156,423	135,866	20,557	15.1%	1,407,810	1,222,794	185,016	15.1%
156,423	135,866	20,557	15.1%	1,407,810	1,222,794	185,016	15.1%
Administrative Expenses							
-	-	-	0.0%	-	-	-	0.0%
43,389	9,330	(34,059)	(365.0%)	370,742	83,970	(286,772)	(341.5%)
58,789	51,000	(7,789)	(15.3%)	491,762	459,000	(32,762)	(7.1%)
8,226	8,746	520	5.9%	74,301	78,714	4,413	5.6%
25,535	94,592	69,057	73.0%	390,498	851,328	460,830	54.1%
16,497	25,978	9,481	36.5%	222,195	233,802	11,607	5.0%
(16,143)	-	16,143	100.0%	(164,094)	-	164,094	100.0%
136,292	189,646	53,354	28.1%	1,385,404	1,706,814	321,410	18.8%
20,131	(53,780)	73,911	137.4%	22,406	(484,020)	506,426	104.6%
Change in Net Assets							

CalOptima Health
Building - 7900 Garden Grove Blvd
Statement of Revenues and Expenses
For the Nine Months Ending March 31, 2025

Month to Date				Year to Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
Revenues							
-	-	-	0.0%	-	-	-	0.0%
-	-	-	0.0%	-	-	-	0.0%
Administrative Expenses							
-	-	-	0.0%	-	-	-	0.0%
27,113	42,500	15,387	36.2%	246,806	382,500	135,694	35.5%
9,397	21,000	11,603	55.3%	84,577	189,000	104,423	55.3%
4,751	-	(4,751)	(100.0%)	41,749	-	(41,749)	(100.0%)
595	-	(595)	(100.0%)	2,476	-	(2,476)	(100.0%)
2,351	-	(2,351)	(100.0%)	10,128	-	(10,128)	(100.0%)
-	-	-	0.0%	-	-	-	0.0%
44,207	63,500	19,293	30.4%	385,735	571,500	185,765	32.5%
(44,207)	(63,500)	19,293	30.4%	(385,735)	(571,500)	185,765	32.5%
Change in Net Assets							

OTHER PROGRAM INCOME STATEMENTS – MARCH MONTH:

PACE

- **CHANGE IN NET ASSETS** is \$0.8 million, favorable to budget \$0.8 million

MSSP

- **CHANGE IN NET ASSETS** is (\$95,662), favorable to budget \$15,606

Covered CA

- **CHANGE IN NET ASSETS** is (\$0.1) million, favorable to budget \$0.8 million

NON-OPERATING INCOME STATEMENTS – MARCH MONTH:

BUILDING 500 City Parkway

- **CHANGE IN NET ASSETS** is \$20,131, favorable to budget \$73,911
 - Net of \$156,423 in rental income and \$136,292 in expenses

BUILDING 7900 Garden Grove Blvd

- **CHANGE IN NET ASSETS** is (\$44,207), favorable to budget \$19,293

INVESTMENT INCOME

- Favorable variance of \$8.2 million due to \$8.1 million of interest income and \$0.1 million of realized and unrealized gain on investments

CalOptima Health
Balance Sheet
March 31, 2025

		<u>March-25</u>	<u>February-25</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS					
	Current Assets				
	Cash and Cash Equivalents	895,404,584	545,443,753	349,960,831	64.2%
	Short-term Investments	1,498,523,474	1,690,602,820	(192,079,347)	(11.4%)
	Capitation Receivable	516,775,403	783,309,713	(266,534,310)	(34.0%)
	Receivables - Other	82,991,379	103,780,166	(20,788,787)	(20.0%)
	Prepaid Expenses	11,877,838	14,345,130	(2,467,293)	(17.2%)
	Total Current Assets	3,005,572,677	3,137,481,583	(131,908,906)	(4.2%)
	Board Designated Assets				
	Board Designated Reserves	1,104,459,403	1,099,610,141	4,849,262	0.4%
	Statutory Designated Reserves	130,340,221	137,695,651	(7,355,430)	(5.3%)
	Total Designated Assets	1,234,799,624	1,237,305,792	(2,506,168)	(0.2%)
	Restricted Deposit	300,000	300,000	-	0.0%
	Capital Assets, Net	100,302,441	101,712,674	(1,410,233)	(1.4%)
	Total Assets	4,340,974,742	4,476,800,050	(135,825,308)	(3.0%)
	Deferred Outflows of Resources				
	Advance Discretionary Payment	49,999,717	49,999,717	-	0.0%
	Net Pension	24,549,290	24,549,290	-	0.0%
	Other Postemployment Benefits	1,350,000	1,350,000	-	0.0%
	Total Deferred Outflows of Resources	75,899,007	75,899,007	-	0.0%
	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	4,416,873,749	4,552,699,057	(135,825,308)	(3.0%)
LIABILITIES					
	Current Liabilities				
	Accounts Payable	231,222,085	415,216,496	(183,994,411)	(44.3%)
	Medical Claims Liability	1,079,808,724	1,052,855,253	26,953,470	2.6%
	Accrued Payroll Liabilities	23,965,355	23,986,317	(20,963)	(0.1%)
	Deferred Revenue	10,890,083	47,557,277	(36,667,194)	(77.1%)
	Other Current Liabilities	-	-	-	0.0%
	Capitation & Withholds	143,284,377	134,430,791	8,853,585	6.6%
	Total Current Liabilities	1,489,170,623	1,674,046,135	(184,875,512)	(11.0%)
	Deferred Inflows of Resources				
	Net Pension	2,248,445	2,248,445	-	0.0%
	Other Postemployment Benefits	6,398,000	6,398,000	-	0.0%
	Total Deferred Inflows of Resources	8,646,445	8,646,445	-	0.0%
	Net Position				
	Required TNE	126,889,770	123,552,530	3,337,240	2.7%
	Funds in excess of TNE	2,567,271,452	2,526,109,664	41,161,788	1.6%
	Total Net Position	2,694,161,223	2,649,662,194	44,499,029	1.7%
	TOTAL LIABILITIES & DEFERRED INFLOWS & NET POSITION	4,416,873,749	4,552,699,057	(135,825,308)	(3.0%)

BALANCE SHEET – MARCH MONTH:

ASSETS of \$4.4 billion decreased \$135.8 million from February or 3.0%

- Operating Cash and Short-term Investments increased \$157.9 million due to the payments received from DHCS for updated CY 2024 and CY 2025 capitation revenue and CY 2023 Hospital DP
- Capitation Receivables decreased \$266.5 million due primarily to receipt of CY 2024 Managed Care Organization (MCO) Tax and timing of other cash receipts
- Receivables - Other decreased \$20.8 million due to a reclassification of balances to Capitation Receivables

LIABILITIES of \$1.7 billion decreased \$180.3 million from February or 9.5%

- Accounts Payable decreased \$184.0 million due primarily to the MCO tax payment and accrual
- Deferred Revenue decreased \$36.7 million due to the recognition of March 2025 OneCare capitation that was received in February from the Centers for Medicare & Medicaid Services (CMS)

NET ASSETS of \$2.7 billion, increased \$44.5 million from February or 1.7%

CalOptima Health
Board Designated Reserve and TNE Analysis
as of March 31, 2025

Board Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	552,449,422				
MetLife Tier One	552,009,981				
Board Designated Reserves	1,104,459,403	1,025,728,257	1,230,873,908	78,731,147	(126,414,505)
<i>Current Reserve Level (X months of average monthly revenue) ¹</i>					
	2.69	2.50	3.00		

Statutory Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	65,292,051				
MetLife Tier Two	65,048,169				
Statutory Designated Reserves	130,340,221	126,889,770	139,578,747	3,450,450	(9,238,527)
<i>Current Reserve Level (X min. TNE) ¹</i>					
	1.03	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
March 31, 2025

	<u>March 2025</u>	<u>July 2024 - March 2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	44,499,029	249,079,048
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation & Amortization	985,749	8,864,218
Changes in assets and liabilities:		
Prepaid expenses and other	2,467,293	(708,718)
Capitation receivable	287,323,097	(45,080,299)
Medical claims liability	26,953,470	(72,035,401)
Deferred revenue	(36,667,194)	(4,371,080)
Payable to health networks	8,853,585	(32,949,317)
Accounts payable	(183,994,411)	58,902,478
Accrued payroll	16,221	(1,618,526)
Other accrued liabilities	4,513,992	37,592,434
Net cash provided by/(used in) operating activities	<u>154,950,832</u>	<u>197,674,837</u>
 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	<u>-</u>	<u>-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments	192,079,347	279,372,466
Change in Property and Equipment	424,484	(12,605,851)
Change in Restricted Deposit & Other	-	-
Change in Board Designated Reserve	2,506,168	(97,036,186)
Change in Homeless Health Reserve	-	-
Net cash provided by/(used in) investing activities	<u>195,009,999</u>	<u>169,730,429</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 349,960,831	 367,405,266
 CASH AND CASH EQUIVALENTS, beginning of period	 <u>545,443,753</u>	 <u>527,999,317</u>
 CASH AND CASH EQUIVALENTS, end of period	 <u>895,404,584</u>	 <u>895,404,584</u>

**CalOptima Health
Spending Plan
For the Nine Months Ending March 31, 2025**

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
	Total Net Position @ 3/31/2025	\$2,694.2			100.0%
Resources Assigned	Board Designated Reserve ¹	\$1,104.5			41.0%
	Statutory Designated Reserve ¹	\$130.3			4.8%
	Capital Assets, net of Depreciation ²	\$100.3			3.7%
Resources Allocated³	Homeless Health Initiative ³	\$18.8	\$66.0	\$47.2	0.7%
	Housing and Homelessness Incentive Program ³	21.9	87.4	65.5	0.8%
	Intergovernmental Transfers (IGT)	54.4	111.7	57.3	2.0%
	Digital Transformation and Workplace Modernization ⁴	38.3	100.0	61.7	1.4%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	2.0	6.0	4.0	0.1%
	Coalition of Orange County Community Health Centers Grant	20.0	50.0	30.0	0.7%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.2	0.5	0.3	0.0%
	General Awareness Campaign	1.0	4.7	3.7	0.0%
	Member Health Needs Assessment	1.1	1.3	0.2	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	124.4	153.5	29.1	4.6%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.4%
	In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program Grant	3.5	5.0	1.5	0.1%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	0.7%
	Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program Grant	1.5	2.7	1.2	0.1%
	CalOptima Health Provider Workforce Development Fund Grant	44.5	50.0	5.5	1.7%
	Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
	Garden Grove Bldg. Improvement	10.0	10.5	0.5	0.4%
	Post-Pandemic Supplemental	6.1	107.5	101.4	0.2%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.4%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	3.7	7.6	3.9	0.1%
	Quality Initiatives from unearned Pay for Value Program	18.8	23.3	4.5	0.7%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.6	1.2	0.6	0.0%
	Medi-Cal Provider Rate Increases	368.3	526.2	157.9	13.7%
	Homeless Prevention and Stabilization Pilot Program	0.3	0.3	0.0	0.0%
	OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%
	Subtotal:	\$810.7	\$1,422.5	\$611.7	30.1%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$548.3			20.4%

¹ Total Designated Reserves and unallocated reserve amount can support approximately 154 days of CalOptima Health's current operations.

² Increase due to the adoption of GASB 96 Subscription-Based Information Technology Arrangements.

³ See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.

⁴ On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

CalOptima Health
Key Financial Indicators
As of March 31, 2025

	Item Name	March 2025					July 2024 - March 2025				
		Actual	Budget	Variance		%	Actual	Budget	Variance		%
Income Statement	Member Months	906,271	901,467	4,804		0.5%	8,214,052	8,106,282	107,770		1.3%
	Operating Revenue	641,006,252	359,829,947	281,176,305		78.1%	3,867,644,203	3,212,255,251	655,388,952		20.4%
	Medical Expenses	588,844,998	356,048,287	(232,796,711)		(65.4%)	3,566,225,614	3,194,161,753	(372,063,861)		(11.6%)
	General and Administrative Expense	21,946,144	25,277,938	3,331,794		13.2%	187,377,219	221,503,705	34,126,486		15.4%
	Non-Operating Income/(Loss)	14,283,918	5,370,555	8,913,363		166.0%	135,037,679	48,425,904	86,611,775		178.9%
	Summary of Income & Expenses	44,499,029	(16,125,723)	60,624,752		376.0%	249,079,048	(154,984,303)	404,063,351		260.7%
Ratios	Medical Loss Ratio (MLR)	Actual	Budget	Variance			Actual	Budget	Variance		
	<i>Consolidated</i>	91.9%	98.9%	(7.1%)			92.2%	99.4%	(7.2%)		
	Administrative Loss Ratio (ALR)	Actual	Budget	Variance			Actual	Budget	Variance		
	<i>Consolidated</i>	3.4%	7.0%	3.6%			4.8%	6.9%	2.1%		

Key:

> 0%	<div></div>
> -20%, < 0%	<div></div>
< -20%	<div></div>

	Investment Balance (excluding CCE)		Current Month	Prior Month	Change	%
	@3/31/2025		2,703,719,898	2,904,076,737	(200,356,839)	(6.9%)
	Unallocated/Unassigned Reserve Balance		Current Month	Fiscal Year Ending June 2024	Change	%
			@ March 2025			
	<i>Consolidated</i>		545,824,730	187,643,914	358,180,815	190.9%
	<i>Days Cash On Hand*</i>		154			

*Total Designated Reserves and unallocated reserve amount can support approximately 154 days of CalOptima Health's current operations.

CalOptima Health
Digital Transformation Strategy (\$100 million total reserve)
Funding Balance Tracking Summary
For the Nine Months Ending March 31, 2025

	March 2025				July 2024 - March 2025			
	Actual Spend	Approved Budget	Variance \$	Variance %	Actual Spend	Approved Budget	Variance \$	Variance %
Capital Assets (Cost, Information Only):								
Total Capital Assets	(45,411)	1,041,246	1,086,657	104.4%	5,072,567	3,753,228	(1,319,339)	(35.2%)

All Time to Date			
Actual Spend	Approved Budget	Variance \$	Variance %
13,515,427	27,816,937	14,301,510	51.4%

Operating Expenses:								
Salaries, Wages & Benefits	560,641	589,848	29,207	5.0%	5,141,963	5,308,632	166,669	3.1%
Professional Fees	273,970	567,319	293,349	51.7%	3,703,889	4,780,542	1,076,652	22.5%
Purchased Services	355,848	142,000	(213,848)	(150.6%)	508,950	1,278,000	769,050	60.2%
GASB 96 Amortization Expenses	51,082	293,417	242,335	82.6%	438,719	2,640,753	2,202,034	83.4%
Other Expenses	593,835	703,444	109,609	15.6%	5,117,200	6,656,325	1,539,126	23.1%
Medical Management	229,257	-	(229,257)	0.0%	2,063,309	-	(2,063,309)	0.0%
Total Operating Expenses	2,064,633	2,296,028	231,395	10.1%	16,974,031	20,664,252	3,690,221	17.9%

16,148,230	16,314,899	166,669	1.0%
5,464,952	6,541,604	1,076,652	16.5%
658,950	1,428,000	769,050	53.9%
2,409,922	4,611,956	2,202,034	47.7%
18,646,692	20,185,817	1,539,126	7.6%
4,814,387	2,751,078	(2,063,309)	(75.0%)
48,143,134	51,833,355	3,690,221	7.1%

Funding Balance Tracking:	Approved Budget	Actual Spend	Variance
Beginning Funding Balance	100,000,000	100,000,000	-
Less:			
Capital Assets ¹	31,525,709	13,515,427	18,010,282
FY2023 Operating Budget ²	8,381,011	8,381,011	-
FY2024 Operating Budget	22,788,092	22,788,092	-
FY2025 Operating Budget	27,552,335	16,974,031	10,578,304
Ending Funding Balance	9,752,853	38,341,440	28,588,587
Add: Prior year unspent Operating Budget	-		
Total Available Funding	9,752,853		

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
Summary of Homeless Health Initiatives (HHI) and Allocated Funds
As of March 31, 2025

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-
Recuperative Care	6,194,190	6,194,190	-
Medical Respite	250,000	250,000	-
Day Habilitation (County for HomeKey)	2,500,000	2,500,000	-
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	892,016	71,245
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	4,198,885	5,690,028
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	14,376,652	7,352,374	7,024,278
Outreach and Engagement	7,000,000	1,138,008	5,861,992
Housing and Homelessness Incentive Program (HHIP) ²	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$106,100,000	\$47,240,234	\$58,859,764
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$66,000,000	\$47,240,234	\$18,759,764

Notes:

¹On March 19, 2025, CalOptima Health's Board of Directors approved \$4.3 million from existing reserves to fund a new Street Medicine Program (Santa Ana). On March 7, 2024, CalOptima Health's Board of Directors approved \$5 .0 million to expand the Street Medicine Program. \$3.2 million remaining from Street Medicine Initiative (from the HHI reserve) and \$1.8 million from existing reserves to fund 2-year agreements to Healthcare in Action (Anaheim) and Celebrating Life Community Health Center (Costa Mesa).

²On 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 March 31, 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	54,930,994	30,192,206	24,738,789	18,000,195 ¹
Existing Reserves & HHI Transfer	87,384,530	87,384,530	65,450,626	21,933,904	-
Total	160,315,719	142,315,524	95,642,832	46,672,693	18,000,195

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	839,850	560,150	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,571,311	1,050,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,510,354	321,960	HHI
Capital Projects	108,247,369	77,195,575	31,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	5,750,350	4,434,180	DHCS
Non-Profit Healthcare Academy	700,000	575,391	124,609	DHCS
Total of Approved Initiatives	\$133,185,524¹	\$95,642,831	\$37,542,693	

Notes:

¹Total 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 payments.

CalOptima Health
Budget Allocation Changes
Reporting Changes as of March 31, 2025

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	Medi-Cal	ITS - Applications Management - System Development Enhancement for CalAIM	ITS - Applications Management - Care Management System - ZeOmega JIVA	\$249,000	To reallocate funds from ITS - Applications Management - System Development Enhancement for CalAIM to Care Management System - ZeOmega JIVA for reporting post Go Live.	2024-25
July	Medi-Cal	Accounting - Purchased Services	Accounting - Printing and Postage	\$20,000	To reallocate funds from Accounting - Purchased Services to Accounting - Printing and Postage to provide additional funding for toner purchase.	2024-25
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - VMware	ITS - Infrastructure - Other Operating Expenses - IT Service Management	\$38,490	To reallocate funds from ITS - Infrastructure - Maintenance HW/SW - Server - VMware to IT Service Management to address additional licensing needs and increased costs for the Impact Guide.	2024-25
August	Medi-Cal	IS - Applications Management - Professional Fees - Salesforce CRM	ITS - Applications Management - Other Operating Expenses - Crowe Subscription License Fee	\$38,500	To reallocate funds from ITS - Applications Management - Salesforce CRM to Crowe Subscription License Fee to provide funding needed for its licensing.	2024-25
August	Medi-Cal	ITS - Infrastructure - Modern Customer Contact Center	ITS - Infrastructure - Network Bandwidth Upgrade for All Sites (Wide Area Network)	\$10,349	To reallocate funds from ITS - Infrastructure - Modern Customer Contact Center to Network Bandwidth Upgrade for All Sites (Wide Area Network) due to increase in expenses.	2024-25
August	Medi-Cal	ITS - Infrastructure - Modern Customer Contact Center	ITS - Application Development - Digital Transformation Strategy Planning and Execution Support	\$32,425	To reallocate funds from ITS - Infrastructure - Modern Customer Contact Center to Digital Transformation Strategy Planning and Execution Support due to increase in expenses.	2024-25
August	Medi-Cal	ITS - Infrastructure - Modern Customer Contact Center	ITS - Applications Management - Clinical Data Sets Quality Assurance & Data Aggregator Validation	\$70,000	To reallocate funds from ITS - Infrastructure - Modern Customer Contact Center to Clinical Data Sets Quality Assurance & Data Aggregator Validation due to increase in expenses.	2024-25
August	Medi-Cal	ITS - Application Development - Other Operating Expenses - Veracode Code Scanning	Executive Office - Other Operating Expenses - CEO Leadership Alliance of Orange County (CLAOC)	\$40,000	To reallocate funds from ITS - Application Development - Veracode Code Scanning to Executive Office - CEO Leadership Alliance of Orange County (CLAOC) Associations dues.	2024-25
September	OneCare	Communications - Purchased Services - Advertising	Communications - Professional Fees	\$144,000	To reallocate funds from Communications - Advertising - Outdoor to Professional Fees to provide additional funding for Runyon Saltzman for Marketing.	2024-25
September	Medi-Cal	ITS - Applications Management - Other Operating Expenses - HW/SW Maintenance	Executive Office - Other Operating Expenses - Professional Dues	\$50,000	To reallocate funds from ITS - Applications Management - HW/SW Maintenance to Executive Office - Professional Dues for coverage of expenses.	2024-25
September	Medi-Cal	Accounting - Purchased Services	Accounting - Other Operating Expenses - Office Supplies	\$15,000	To reallocate funds from Accounting - Change Health Care - Claims Processing/Mailing to Office Supplies to provide additional funding needed to replenish check stock.	2024-25
September	PACE	PACE Administrative - Professional Fees	PACE Administrative - Other Operating Expenses - Subscriptions	\$15,000	To reallocate funds from PACE Administrative - DHCS Annual Fee to Subscriptions to provide funding for DHCS PACE Licensing Fees.	2024-25
September	Medi-Cal	ITS - Application Development - Other Operating Expenses - HW/SW Maintenance	ITS - Applications Management - Other Operating Expenses - Care Management System - HealthEdge	\$158,000	To reallocate funds from ITS - Application Development - Capital Software Expense to ITS - Applications Management - HealthEdge to help pay for Guiding Care Read Only invoice.	2024-25
September	OneCare	Sales & Marketing - Purchased Services	ITS - Applications Management - Professional Fees	\$50,000	To reallocate funds from Sales & Marketings - Purchased Services - General to ITS - Applications Management - Enthrive to engage Enthrive for additional builds to the agent portal.	2024-25
September	Medi-Cal	ITS - Infrastructure - Professional Fees	ITS - Infrastructure - Other Operating Expenses - Subscriptions	\$32,000	To reallocate funds from ITS - Infrastructure - MSFT Azure Assistance to Delphix - Continuous Data FACETS to cover the renewal subscription being higher than the anticipated amount.	2024-25
November	PACE	PACE Marketing - Member Communication	PACE Marketing - Advertising	\$84,000	To reallocate funds from PACE Marketing - Printing and Postage to Purchased Services to provide additional funding needed for advertisement extension.	2024-25
December	Medi-Cal	Executive Office - Professional Fees	Executive Office - Professional Dues	\$30,000	To reallocate fund from Executive Office - Professional Fees to Other Operating Expenses - Professional Dues for the Center for Corporate Innovation Membership due.	2024-25
January	Medi-Cal	Medical Management - Professional Fees	Medical Management - Other Operating Expenses - Training & Seminars	\$40,000	To reallocate funds from Medical Management - Professional Fees to Other Operating Expenses - Training & Seminars for the Mandatory DHCS Training.	2024-25
January	OneCare	Quality Analytics - Purchased Services	Case Management - Purchased Services	\$50,000	To reallocate funds from Quality Analytics - Purchase Services to Case Management - Purchase Services for the OC Members Health Education training.	2024-25
January	Medi-Cal	ITS - Application Development - Other Operating Expenses - HW/SW Maintenance	ITS - Applications Management - Other Operating Expenses - HW/SW Maintenance	\$20,000	To reallocate funds from IS - Application Development - Other Operating Expenses - HW/SW Maintenance to IS - Application Management - Other Operating Expenses - HW/SW Maintenance for additional Subscription License fees.	2024-25
January	Medi-Cal	IS - Application Development - Human Resources Electronic Record System	IS - Application Development - Human Resources Capital Management Solution Software	\$40,000	To reallocate funds from IS - Application Development - Human Resources Electronic Record System project to Human Resources Capital Management Solution Software project due to project schedule extension.	2024-25
January	Medi-Cal	IS - Application Development - Human Capital Management Integration	IS - Application Development - Human Resources Capital Management Solution Software	\$63,000	To reallocate funds from IS - Application Development - Human Capital Management Integration project to Human Resources Capital Management Solution Software project due to project schedule extension.	2024-25
January	Medi-Cal	IS - Infrastructure - Compliance and Risk Management System	IS - Infrastructure - Technology Asset Inventory Tracking Application	\$100,000	To reallocate funds from IS - Infrastructure - Compliance and Risk Management System project to Technology Asset Inventory Tracking Application for addition of Service Mapping and Cloud Discovery for ServiceNow.	2024-25
January	Medi-Cal	Claims Administration - Purchased Services	ITS - Applications Management - Professional Fees	\$27,000	To reallocate funds from Claims Administration - Purchased Services - General to ITS - Applications Management - Professional Fees for Moss Adams additional Audit Tool customization/enhancements.	2024-25
January	Medi-Cal	ITS - Applications Management - Professional Fees	ITS - Applications Management - Other Operating Expenses - HW/SW Maintenance	\$48,000	To reallocate funds from ITS - Applications Management - Professional Fees to Other Operating Expenses - Maintenance HW/SW for Moss Adams Audit Tools.	2024-25
February	OneCare	Communications - Printing and Postage - Member Communication	Communications - Professional Fees	\$105,000	To reallocate funds from Communications - Printing and Postage - Member Communication to Professional Fees to start the initial development of the Caregiver Campaign.	2024-25
February	PACE	PACE Marketing - Printing and Postage - Member Communication	PACE Marketing - Other Operating Expenses - Public Activities	\$10,970	To reallocate funds from PACE Marketing - Printing and Postage - Member Communication to Other Operating Expenses - Public Activities for promotional items.	2024-25
February	Medi-Cal	Facilities - Other Operating Expenses - Computer Supply/Minor Equipment	Facilities - Other Operating Expenses - Repairs & Maintenance - Building	\$100,000	To reallocate funds from Facilities - Other Operating Expenses - Comp supply/Minor Equipment to Repairs & Maintenance - Building for 7th and 9th break rooms.	2024-25
February	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Subscriptions	ITS - Infrastructure - Other Operating Expenses - HW/SW Maintenance	\$24,140	To reallocate funds from ITS - Infrastructure - Other Operating Expenses - Subscriptions to HW/SW Maintenance for additional Palo Alto licenses.	2024-25
February	Medi-Cal	Cyber Security - Other Operating Expenses - Subscriptions	ITS - Infrastructure - Professional Fees	\$240,000	To reallocate funds from Cyber Security - Other Operating Expenses - Subscriptions to IS - Infrastructure - Professional Fees for the funding of new scope of work for Axis Data Masking.	2024-25
February	Medi-Cal	Facilities - Printing and Postage - Postage	Facilities - Professional Fees	\$60,000	To reallocate fund from Facilities - Printing and Postage - Postage to Professional Fees to fund CBRE real estate services.	2024-25
February	Medi-Cal	Facilities - Office Tenant Improvements	505 Building - Front/Back Entrance Door Upgrade	\$30,978	To reallocate funds from Office Tenant Improvements to Front/Back Entrance Door Upgrade for Building 505 Lobby Door Replacement.	2024-25
February	Medi-Cal	Cyber Security - Other Operating Expenses - HW/SW Maintenance	Enterprise Data and Systems Integrations - Other Operating Expenses - Maint HW/SW - GASB 96 - Variable Exp DTS for Edifecs Contract Renewal.	\$80,000	To reallocate funds from Cyber Security - Other Operating Expenses - Maint HW/SW to Enterprise Data and Systems Integrations - Other Operating Expenses - Maint HW/SW - GASB 96 - Variable Exp DTS for Edifecs Contract Renewal.	2024-25
February	Medi-Cal	ITS - Application Development - Purchased Services	ITS - Application Development - Other Operating Expenses - HW/SW Maintenance	\$150,000	To reallocate funds from IS-Application Development - Purchase Services to Other Operating Expenses - Maintenance HW/SW for Secure Auth and DayForce InView.	2024-25
March	Medi-Cal	Facilities - Other Operating Expenses - Computer Supply/Minor Equipment	Facilities - Other Operating Expenses - Food Services	\$15,000	To reallocate funds from Facilities - Other Operating Expenses - Computer Supplies/ Minor Equipment to Food Service for restocking breakroom supplies.	2024-25
March	Medi-Cal	ITS - Infrastructure - Analytics and Integration Platform for Technology Issue Response and Resolution	ITS - Infrastructure - Technology Asset Inventory Tracking Application	\$25,000	To reallocate funds from Analytics and Integration Platform for Technology Issue Response and Resolution to Technology Asset Inventory Tracking Application for ServiceNow Implementation.	2024-25
March	Medi-Cal	ITS - Infrastructure - Computer Operating System Patch and Repair Automation	ITS - Infrastructure - Technology Asset Inventory Tracking Application	\$25,000	To reallocate funds from Computer Operating System Patch and Repair Automation to Technology Asset Inventory Tracking Application for ServiceNow Implementation.	2024-25
March	Medi-Cal	ITS - Cyber Security - Professional Fees	ITS - Infrastructure - Other Operating Expenses - HW/SW Maintenance	\$136,000	To reallocate funds from ITS - Cyber Security - Professional Fees to ITS - Infrastructure - Other Operating Expenses - HW/SW Maintenance for Microsoft Support.	2024-25
March	Medi-Cal	ITS - Cyber Security - Professional Fees	ITS - Infrastructure - Other Operating Expenses - HW/SW Maintenance	\$12,000	To reallocate funds from ITS - Cyber Security - Professional Fees to ITS - Infrastructure - Other Operating Expenses - HW/SW Maintenance for Microsoft Support.	2024-25
March	Medi-Cal	ITS - Infrastructure - Purchased Services	ITS - Applications Management - Professional Fees	\$33,000	To reallocate funds from ITS - Infrastructure - Purchased Services to ITS - Application Management - Professional Fees for ServiceNow Consulting.	2024-25
March	Medi-Cal	Quality Analytics - Professional Fees	Quality Analytics - Other Operating Expenses - Incentives	\$208,190	To reallocate funds from Quality Analytics - Professional Fees to Other Operating Expenses - Incentives for additional Member Health reward gift cards.	2024-25

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
May 1, 2025**

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 (FWA) updates, and any notices of non-compliance or enforcement action issued by regulators.

A. Updates on Regulatory Audits

1. Medicare

a. 2025 Department of Managed Health Care (DMHC) Routine Financial Examination:

Update

- Regulatory Affairs and Compliance (RAC) Medicare is working with the impacted business area on the Corrective Action Plan (CAP) response that is due to DMHC by April 11, 2025.

Previously Reported

- February 25, 2025 – DMHC issued Preliminary Findings Report.
 - One (1) deficiency noted related to the Plan's failure to timely file four (4) key personnel/management changes with DMHC. A CAP has been issued to the impacted operational area.
- CalOptima Health has 45 calendar days to review and respond to the Preliminary Findings Report.
- Pursuant to Section 1382 of the Knox-Keene Health Care Service Plan Act, the DMHC is responsible for conducting routine financial examinations of each health plan and issuing a public report for each plan.
- The purpose of the financial examinations is to evaluate and report on regulatory compliance with the Knox Keene Act. Each financial examination discusses plan performance in the areas of health plan fiscal and administrative functions.
- September 5, 2024 – the DMHC engaged CalOptima Health for the 2025 DMHC Routine Examination.
 - The examination will be of the Plan's fiscal and administrative affairs, including an examination of CalOptima Health's financial reports.
- January 31, 2025 – Audit sessions completed.

b. **2025 Medicare Part C and Part D Data Validation Audit (MDVA) (applicable to OneCare)**

Update

- Virtual audit sessions are scheduled for April 1, 2025 and April 9, 2025.

c. **2023 Medicare Part D Improper Payment Measure (IPM)**

Update

- March 28, 2025 – The Centers for Medicare & Medicaid Services (CMS) provided the Calendar Year (CY) 2023 OneCare Part D IPM Interim Findings Report. Preliminary results indicate there were:
 - **No findings.**
 - **No further action is required.**

Previously Reported - Background

- The Medicare Part D IPM is conducted to validate the accuracy of the prescription drug event (PDE) data submitted by Medicare Part D sponsors to CMS for CY 2023 payments. The results of these activities will be used to calculate a national program-wide improper payment rate for Medicare Part D.
- January 10, 2025 – CMS selected contract H5433 for the inclusion in the CY 2023 Medicare Part IPM.
- One PDE was selected.
- February 18, 2025 – CalOptima Health submitted the requested PDE documentation.
- CMS informed the documentation passed the initial CMS validation checks.

2. Medi-Cal

a. **2025 Department of Health Care Services (DHCS) Routine Medical Audit**

Update – No change from April 2025 Board report

- CalOptima Health awaits the issuance of DHCS's draft audit report.
- Regulatory Affairs and Compliance (RAC) Medi-Cal continues to work with internal business areas to address the preliminary findings, as necessary.

Previously Reported

- January 27, 2025, through January 29, 2025 – DHCS was onsite to interview CalOptima Health staff.
 - DHCS initially planned to be onsite through February 7, 2025, however, determined that no follow-up sessions were needed.
- February 7, 2025 – DHCS hosted a preliminary exit conference via webinar.
 - Six preliminary findings were communicated during the exit conference.
- Anticipated Next Steps:
 - In approximately two to three months DHCS will send a draft audit report to CalOptima Health, which will be three (3) business days prior to the formal Exit Conference (date is to be determined).
 - During the Exit Conference, DHCS will explain the findings, and give CalOptima Health an opportunity to ask questions.

- If CalOptima Health has any statements to express or wants to submit additional information, CalOptima Health must submit the response to DHCS, in writing, within 15 calendar days from the date of the Exit Conference.

Previously Reported – Audit Details and Background

- October 23, 2024 – DHCS engaged CalOptima Health in its annual, routine medical audit.
 - The audit will consist of an evaluation of CalOptima Health’s compliance with its contract and regulations in six (6) categories:
 - Utilization Management (UM)
 - Case management and coordination of care
 - > New area to be audited in this category:
 - Enhanced Care Management (ECM)
 - Availability and accessibility
 - Member’s rights
 - Quality management
 - Administrative and organizational capacity
 - > New area to be audited in this category:
 - Encounters
 - New areas to be audited
 - Enhanced Care Management (ECM)
 - Encounters
 - The audit is considered a limited-scope audit and requires the participation of two (2) CalOptima Health Networks: Children’s Hospital of Orange County Health Alliance (CHOC) and Optum for UM only
 - Onsite 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.
- January 27, 2025 through February 7, 2025 – DHCS began the onsite visit with an Entrance Conference and conducted staff interviews throughout the rest of the onsite visit.

b. 2024 DHCS Routine Medical Audit

Update

- **Audit closed.**
- On March 26, 2025, CalOptima Health received its 2024 audit corrective action plan (CAP) closeout notice. With this notice, DHCS confirms the audit closure, with no further action required.

Previously Reported

- DHCS provided a response on January 31, 2025, accepting 9 of the 10 CAPs.
 - The remaining CAP was pending evidence of a monitoring report, which was submitted to DHCS on February 5, 2025.
- CalOptima Health is awaiting DHCS review of the final scheduled deliverable.

Previously Reported – Audit Details and Background

- August 22, 2024 – CalOptima Health received a formal request for corrective action plan (CAP) from DHCS.
- September 23, 2024 – CalOptima Health provided its timely Corrective Action Plan (CAP) submission to DHCS.
 - CalOptima Health is required to submit monthly updates, on the 15th of each month, to DHCS until the final CAP deliverable is completed.
 - Final CAP deliverable is scheduled to be completed by January 2025
 - October 15, 2024 – CalOptima Health provided its first monthly update to DHCS following the initial CAP submission in September.
- For background the DHCS Routine Medical Audit consists of DHCS’s review of both the Primary (aka “Main Contract”) and Secondary contracts (aka “State Supported Services”). The findings are as follows:
 - Primary/Main Contract
 - Draft & Final Report Identified **10 Findings**
 - Secondary Contract - State Supported Services (SSS)
 - Draft & Final Report Identified **No Findings**

B. Regulatory Notices of Non-Compliance

- CalOptima Health did not receive any notices of non-compliance from its regulators for the month of March 2025.

C. Updates on Health Network Monitoring and Audits

a. Health Network Audits

- CalOptima Health’s Delegation Oversight (DO) department completed annual audits on the following delegated health networks to assess their capabilities and performance with delegated activities:
 - Children’s Hospital Orange County (CHOC) Health Alliance/Rady’s Children’s Managed Services Organization (MSO) – Lookback April 1, 2024, to December 31, 2024.

D. Internal Audit Department (IAD)

a. Internal Annual Audits in Progress

- 2024 Utilization Management (OneCare)
- 2024 Behavioral Health (BH) (Medi-Cal)
- 2024 Grievance & Appeals Resolution (CDAG-OneCare)
- 2025 Access & Availability (Medi-Cal)
- 2025 Customer Service (Medi-Cal)
- 2025 Customer Service (OneCare)
- 2025 Case Management (Medi-Cal)

b. Internal Annual Audits Completed

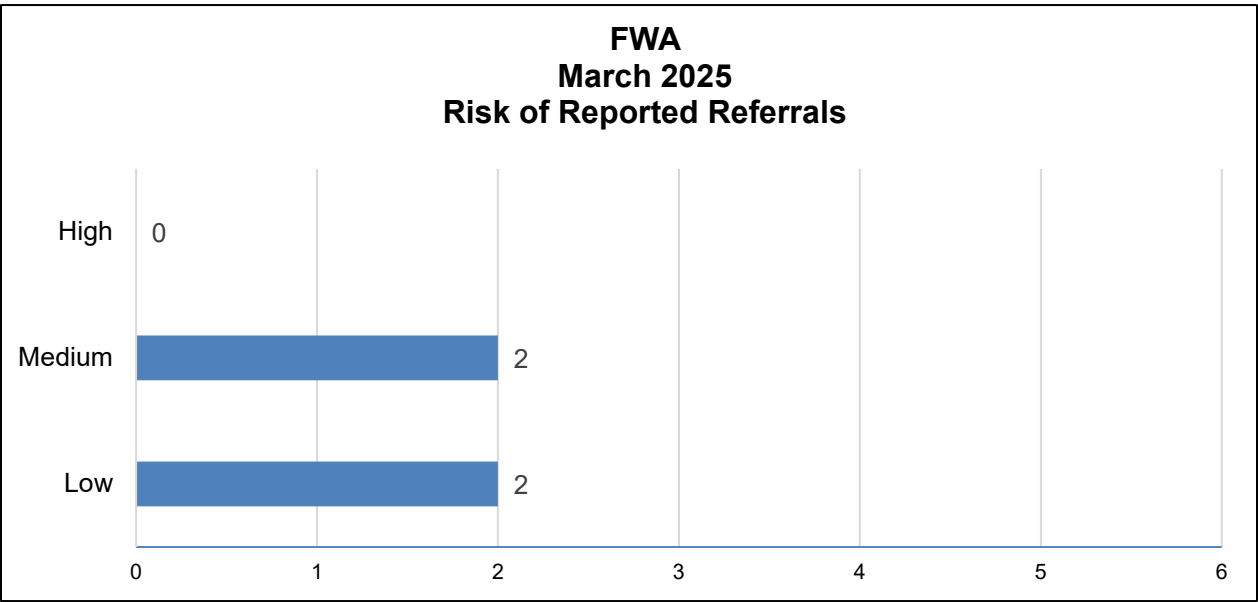
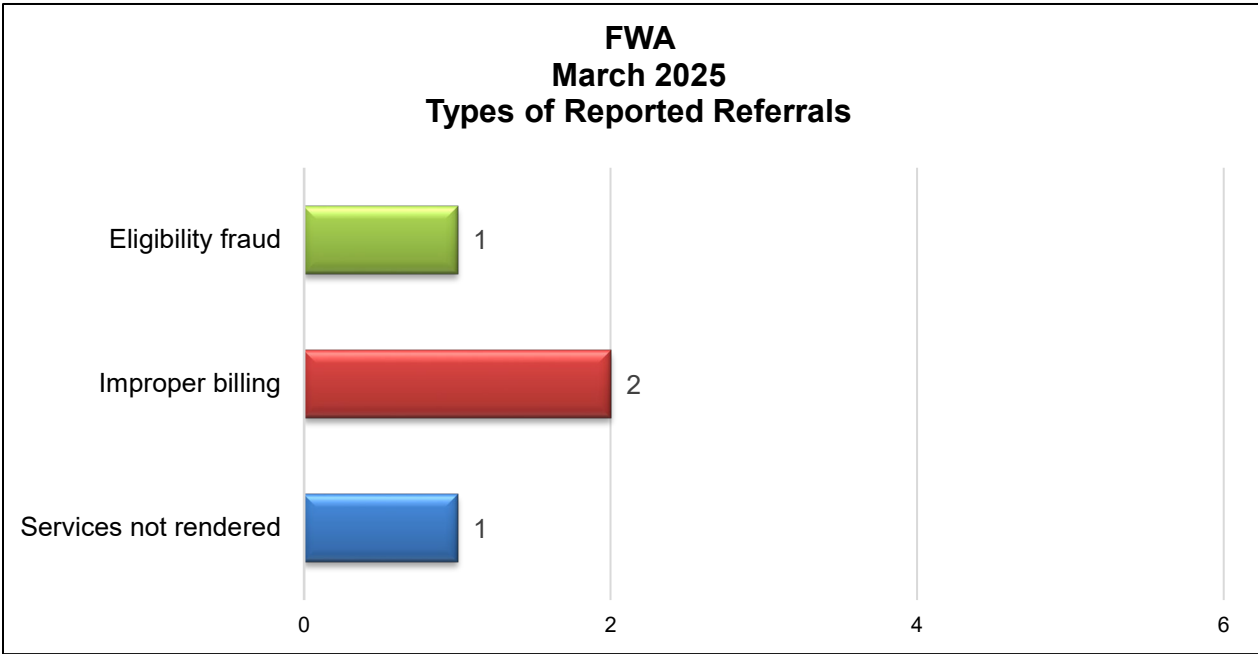
- 2024 Pharmacy (Medi-Cal) - closed on 3/20/25
- 2024 Pharmacy (OneCare) - closed on 3/20/25

c. Board-Approved Grants and Initiatives Review

Grants currently under review include:

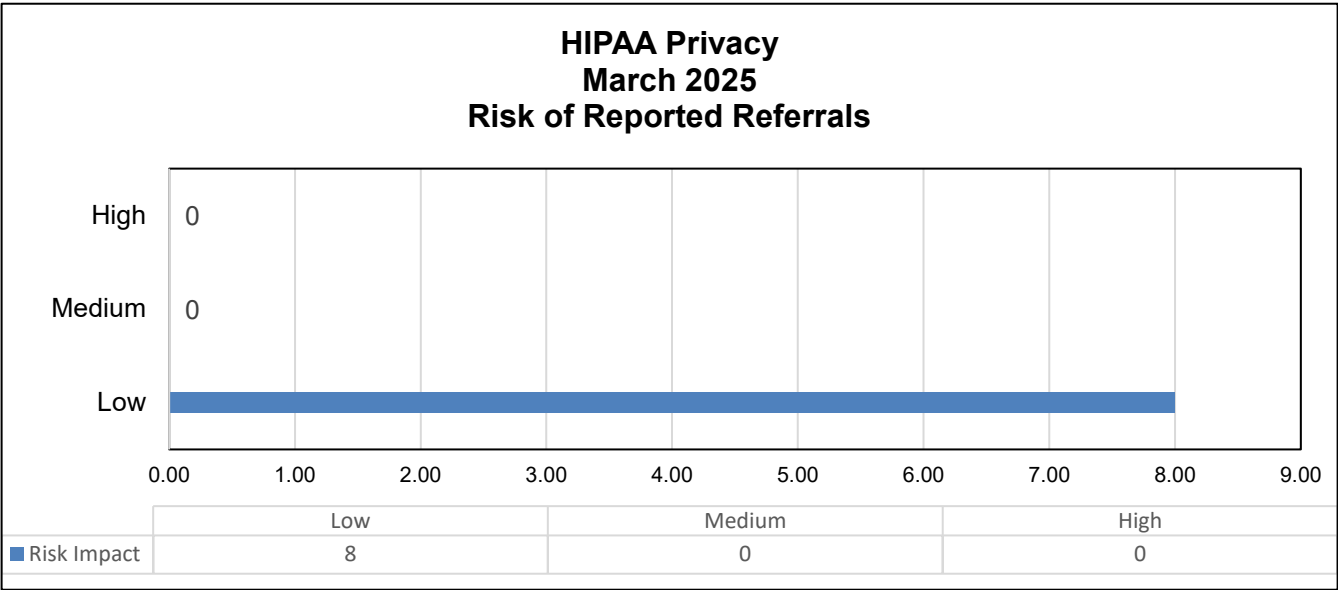
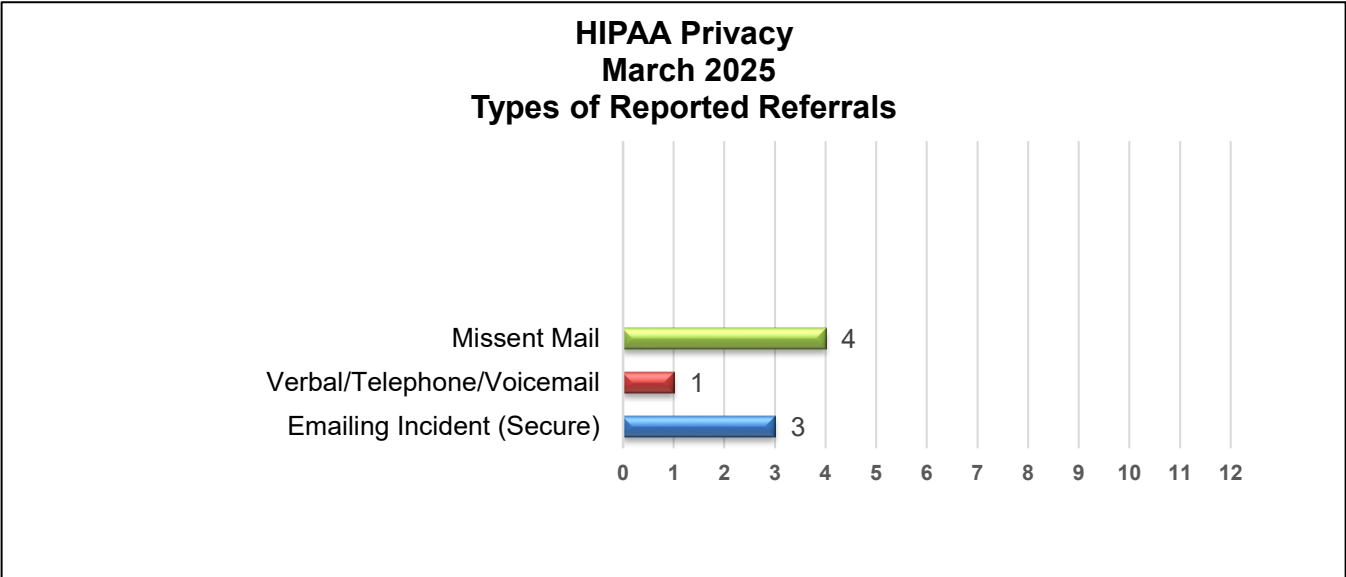
- Be Well/Mind OC, Irvine
 - Grant is in process. Review will resume upon close of grant in May-June 2025.
- Housing for Health Orange County
 - Grant is closed. Review scheduling TBD.
- Talbert Medical Group dba Optum
 - Grant is closed. Review scheduling TBD.

E. Fraud, Waste & Abuse (FWA) Investigations



Total Number of New Cases Referred to DHCS (State)	4
Total Number of New Cases Referred to DHCS and CMS	2
Total Number of Referrals Reported	4

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

MEMORANDUM

TO: CalOptima Health
Board of Directors

FROM: Chamber Hill Strategies

DATE: April 22, 2025

SUBJECT: Board of Directors Report – May 2025

CalOptima Health, Chamber Hill Strategies Continue Delegation Outreach

CalOptima Health and Chamber Hill Strategies (CHS) continued to be in contact with offices representing CalOptima Health and Orange County in Congress. In April, CalOptima Health and CHS continued to be in contact with the Orange County congressional delegation about CalOptima Health and its programs and efforts in Orange County. Offices contacted included: Sen. Alex Padilla (D-CA), Sen. Adam Schiff (D-CA), Rep. Lou Correa (D-CA-46), Rep. Young Kim (R-CA-40), Rep. Derek Tran (D-CA-45), Rep. Dave Min (D-CA-47), Rep. Linda Sanchez (D-CA-38), and Rep. Mike Levin (D-CA-49).

CalOptima Health, Chamber Hill Strategies Broaden Outreach in Congress

With the attention being paid to Medicaid in Congress, CHS and CalOptima Health continued to extend outreach beyond Orange County to raise visibility of CalOptima Health and highlight the importance of supporting Medicaid for CalOptima Health's members and for California. CHS has coordinated a series of strategic meetings on April 28, 29, and 30 for CalOptima Health to meet with congressional offices both inside and outside Orange County, including leadership and those serving on key committees with health policy jurisdiction. As of the date of this report, confirmed meetings include the following offices:

- Rep. Young Kim (R-CA-40);
- Rep. Lou Correa (D-CA-46);
- Rep. Jay Obernolte (R-CA-23), member of the House Committee on Energy & Commerce Subcommittee on Health, which has oversight of Medicaid and Medicare in the House;
- Rep. Ken Calvert (R-CA-41), most senior California Republican in Congress, member of the House Committee on Appropriations, and Chair of the House Appropriations Subcommittee on Defense;

- Rep. David Valadao (R-CA-22), member of the House Committee on the Budget and leader of a letter from 12 representatives to House Republican leadership expressing support for Medicaid and opposition to reductions impacting vulnerable populations;
- Rep. Kevin Kiley (R-CA-3); and
- Rep. Tom McClintock (R-CA-5).

Other requested and potential meetings include the following:

- Rep. Doug LaMalfa (R-CA-1);
- Rep. Pete Aguilar (D-CA-33), Chair of the House Democratic Caucus and highest-ranking California member in congressional leadership;
- Rep. Raul Ruiz, MD (D-CA-25), member of the House Committee on Energy & Commerce Subcommittee on Health;
- Sen. Alex Padilla (D-CA);
- Sen. Adam Schiff (D-CA); and
- Sen. Bill Cassidy, MD (R-LA), Chair of the Senate Committee on Health, Labor, & Pensions (HELP), member of the Senate Committee on Finance, and a recognized Senate leader on health policy and on Medicaid and Medicare as well.

House and Senate Approve Budget Compromise, Triggering Reconciliation Process

On April 2, Senate and House Republican leaders released a compromise House-Senate budget resolution ([H. Con. Res. 14](#)). The United States Senate began consideration of the resolution on the night of Friday, April 4. All amendments considered, including Medicaid- and Medicare-related amendments, were defeated. Early on the morning of Saturday, April 5, the Senate passed H. Con. Res. 14 in a 51-48 vote. Several holdouts forced House Republican leadership to cancel the first scheduled vote on the resolution on Wednesday, April 9; but after leaders addressed the concerns of several holdouts, the House of Representatives, in a 216-214 vote, passed the compromise budget resolution on the morning of Thursday, April 10. With both chambers having passed the same budget resolution, this sets in motion the reconciliation process. The updated budget resolution includes directions to House committees to report proposals producing at least \$1.8 trillion in savings. While not mentioning specific cuts to Medicaid and Medicare, the resolution does include directions to the House Energy & Commerce Committee to reduce spending by at least \$880 billion for programs under its jurisdiction. While not naming Medicaid and Medicare, the sizable amount of \$880 billion puts the Energy & Commerce Committee in a position where it is expected to propose cuts to Medicaid and possibly Medicare at some level. House Republican leaders have set a goal of Memorial Day for final passage of a reconciliation bill, but multiple committees will need to produce legislative language before then to produce a complete legislative package. The involvement of multiple committees and the competing priorities of senators and representatives has led to speculation from many, including some members of Congress, that meeting the Memorial Day target will be difficult and that final passage in June, July or possibly later is a more likely outcome.

Senate Approves Oz for CMS Administrator

On April 3, in a 53-45 vote, the Senate approved the nomination of Mehmet Oz, MD to be Administrator of the Centers for Medicare and Medicaid Services (CMS). The Senate's full approval followed the Senate Finance Committee's vote advancing his nomination on March 25. The Committee had previously held a hearing last month to consider his nomination. In addition to leading the agency charged with overseeing Medicaid and Medicare, Dr. Oz also stands to play a key role in the Trump administration's efforts to restructure CMS and its programs as well as in the implementation of any changes to Medicaid and Medicare that may be enacted as part of the budget reconciliation process.

Californian Leads Support Letter for Medicaid, Opposing Cuts for Vulnerable Populations

Twelve House Republicans, led by Rep. David Valadao (R-CA-22), sent an [April 14 letter](#) to House Republican leadership stating that "[balancing] the federal budget must not come at the expense of those who depend on [Medicaid] benefits for their health and economic security." The letter expresses support for Medicaid reforms to "improve program integrity" but states the signers "will not support a final reconciliation bill that includes any reductions for vulnerable populations." Two California members, Rep. Valadao and Rep. Young Kim (R-CA-40), were among the 12 signing the letter. During the consideration process, Reps. Kim, Valadao, and others have been vocal regarding support for Medicaid and concern about cuts that would impact vulnerable populations.

CalOptima Health Leads Letter to Orange County Delegation

CalOptima Health led a [coalition letter](#) to the Orange County delegation and California's senators expressing strong support for preserving and maintaining Medicaid and asking that the delegation oppose any proposals in the budget reconciliation process that would cut funds, undermine enrollment or destabilize the program. CalOptima Health spearheaded the letter, which was also joined by the County of Orange Health Care Agency, County of Orange Social Services Agency, First 5 of Orange County, Hospital Association of Southern California, Orange County Medical Association, and The Coalition of Orange County Community Health Centers.

CMS Issues Notice on Future 1115 Waivers

On April 10, CMS sent a [letter](#) notifying states that it does not intend to approve new or extend existing requests for federal matching funds for state expenditures on designated state health programs (DSHP) and designated state investment programs (DSIP). The [notice](#) states that CMS will not fund services that are available through other federal and state programs or that are not directly related to the delivery of healthcare services. DSHPs and DSIPs are state-funded health programs that have been included with previous 1115 waivers and provide additional services for Medicaid enrollees. While the notice does not impact previously approved 1115 waivers, such as the current California waiver, the notice's guidance will apply to future 1115 waivers.

Administration Announces HHS Reorganization, Reduction-in-Force

On March 27, the Trump administration [announced](#) a reorganization of the U.S. Department of Health & Human Services (HHS), which will include the elimination of approximately 10,000 employee positions within the department. The [reorganization](#) will also eliminate and/or consolidate numerous agencies

under HHS in a new “Administration for a Healthy America (AHA).” This reorganization includes the Health Resources and Services Administration (HRSA), which oversees funding allocated for CalOptima Health’s Care Traffic Control Initiative. CHS was in contact with the offices of Reps. Young Kim (R-CA-40) and Lou Correa (D-CA-46) to inquire regarding potential implications for CalOptima Health. In response, staff to Rep. Kim was in contact with HRSA staff, who responded to stating that HRSA-administered “awards will continue to receive grants management and support.” CHS will continue to monitor developments regarding HHS restructuring and any potential implications for CalOptima Health.

Administration Budget Draft Outlines HHS Cuts, Offers Hints on HHS Reorganization

During the week of April 14, reporters obtained a [draft](#) of the Trump administration’s proposed HHS budget for Fiscal Year 2026 (FY2026), which outlines a request that Congress reduce HHS’ discretionary budget by 30%, or \$40 billion in FY2026. The draft document is separate from the reconciliation process and rather provides a look at the Trump administration’s priorities as Congress considers appropriations to fund the federal government for FY2026. The document also gives insight into the previously announced HHS reorganization—particularly regarding the newly created Administration for a Healthy America (AHA). As part of the restructuring, the AHA will consist of five existing agencies: the Office of the Assistant Secretary for Health (OASH); the Health Resources and Services Administration (HRSA); the Substance Abuse and Mental Health Services Administration (SAMHSA); the Agency for Toxic Substances and Disease Registry (ATSDR); and the National Institute for Occupational Safety and Health (NIOSH). The draft would allocate \$129.6 million for Medicaid and Children’s Health Insurance Program initiatives. AHA’s primary care office would be funded at \$6.9 billion, and AHA will have a maternal and child health office with a budget of roughly \$1.1 billion, which would combine multiple programs across HRSA with OASH’s Office on Women’s Health and the Centers for Disease Control & Prevention (CDC) programs on birth defects, developmental disabilities, disability and health. AHA will also have a mental health office that will house the suicide prevention hotline, children’s mental health services, the community mental health services block grant, and other programs. The budget would also call for closing programs across the department, including, but not limited to, the following: CMS’ health equity office; CMS’ activities relating to health equity, targeted outreach and enrollment; crisis response grants; certified community behavioral health centers; health careers opportunity programs; area health education centers; mental and behavioral health education and training; behavioral health workforce education and training; and several other training and education related programs. While the document does outline Trump administration proposals and priorities, it is a draft that could see changes, and a final budget is not expected from the Trump administration until closer to the middle of May. It is also important to note that a presidential budget is non-binding and includes numerous proposals that will require Congress’s review and consideration during the upcoming appropriations process to fund the federal government for FY2026. The House and Senate Appropriations Committees are expected to initiate early action on appropriations for FY2026 in the coming weeks.

U.S. Attorney Announces Creation of Task Force to Address Homelessness Fraud

On April 8, the U.S. Attorney for the Central District of California Bill Essayli [announced](#) the formation of the Homelessness Fraud & Corruption Task Force to investigate “fraud, waste, abuse, and corruption” in the use of funds dedicated to addressing homelessness in the seven counties under the Central District’s jurisdiction. The Central District includes the counties of Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura. The task force announcement stated it will be focused on investigating the possible misappropriation of government funds and private donations that had been allocated to address homelessness.

MACPAC Holds April Meeting, Approves Recommendations for June Report

On April 10 and 11, the Medicaid and CHIP Payment and Access Commission (MACPAC) met for its [April 2025 meeting](#). Session topics on the first day included: Medicaid in Context; Children and Youth with Special Health Care Needs Transitions of Care; Timely Access to Home- and Community-Based Services; Access to Medications for Opioid Use Disorder; Understanding the Program of All-Inclusive Care for the Elderly (PACE) Model; Self-Direction for Home- and Community-Based Services; and AI in the Prior Authorization Process. On the second day, MACPAC approved recommendations regarding children and youth with special health care needs (CYSHCN) and additional discussions included Medicaid payment policies to support the home- and community-based service (HCBS) workforce, health care access for children in foster care, appropriate access to residential treatment for behavioral health needs for children in Medicaid, and Medicare-Medicaid Plan (MMP) transition. The four recommendations regarding CYSHCN were all approved unanimously and included the following: 1) Require all states to develop a transition strategy including individualized care plans; 2) Direct CMS to issue guidance on existing authorities for funding transition-related services; 3) Require states to collect and report data on transition service use and outcomes; and 4) Mandate that inter-agency agreements between Medicaid and Title V agencies specify roles in supporting transitions. The recommendations and background will be included for publication in MACPAC’s June report to Congress.

MedPAC Hold April Meeting, Examines Supplemental Benefits in Medicare Advantage

On April 10 and 11, the Medicare Payment Advisory Commission (MedPAC) met for its [April 2025 meeting](#). One [session](#) examined Medicare Advantage (MA) supplemental benefits, which include benefits such as dental and vision that are provided by MA plans but not under traditional Medicare fee-for-service (FFS). The session included background on supplemental benefits, a discussion of how MA plans administer the benefits, and what data is available on supplemental benefits. The session reviewed what share of MA plan rebates are being used on non-Medicare services. For conventional MA plans, dental benefits account for the largest share of non-Medicare supplemental benefits, but in the case of special needs plans (SNPs), it was noted that SNPs are using a large amount of their rebates for “other” services such as home modifications or home-delivered meals. Commissioners raised several questions about benefit utilization, how to measure efficacy/outcomes, and beneficiary knowledge about these benefits. There was also discussion of standardizing some supplemental benefits and how to create parallel supplemental benefits in Medicare FFS. A chapter on MA supplemental benefits will be included in MedPAC’s June Report to Congress.

CMS Releases Final Medicare Advantage and Part D Technical Changes

On April 4, CMS [released](#) the [final rule](#) with technical changes to Medicare Advantage (MA) and Medicare Part D Prescription Drug plans. This rule creates policy changes based on last year's final MA payment rule and the Inflation Reduction Act (IRA). As the rule was proposed under the Biden administration and finalized under the Trump administration, there were substantive changes in this final, much smaller rule. Some of the larger changes from the proposed rule included the following: MA plans are no longer required to cover GLP-I type medications; CMS is halting the creation of guardrails around the use of AI within MA (although CMS did say it wants to look at this in the future); CMS is ending the Annual Health Equity Analysis; CMS removed proposed changes to MA and Part D Medical Loss Ratio (MLR) requirements; CMS removed mandates for MA plans to cover behavioral health at a maximum 20% copayment level and cover opioid treatments with zero copayments; and CMS removed all draft requirements around debit card use in MA plans.

CALOPTIMA HEALTH - STATE LEGISLATIVE REPORT

April 23, 2025

General Update

Legislators had a brief respite from the doom and gloom of the Capitol during spring recess April 10 through April 21. Hopefully refreshed, they will now tackle the long days required to hear the remaining bills to meet “house of origin” policy committee deadlines. All fiscal bills must be passed out of their house of origin policy committees by May 2, with a nonfiscal bill deadline of May 9.

The legislature will then switch gears when the Governor’s May revised budget is released by May 14. Lawmakers will spend the following month grappling with difficult budget decisions before a final budget is passed by the June 15 deadline. Discussions are already underway regarding another budget session in the fall to address the impact of Trump Administration policies, once better known.

Assembly Republicans have requested an audit of the Medi-Cal program. The ultimate decision will be made by the Joint Legislative Audit Committee (JLAC) which is scheduled to meet June 18 and August 27. The request is led by Assemblymember Carl DeMaio-R (San Diego), with only nine of the 19 Republican Caucus members signing the letter. Only one Orange County delegation member, Assemblymember Phil Chen-R (Diamond Bar), added his signature.

Budget Update

As anticipated, the legislature passed an early action budget bill for \$2.8 billion on the last day before spring recess to address the Medi-Cal budget shortfall through June 30, 2025. This was a party-line vote. The Governor signed the bill April 14.

On April 7, CalOptima Health CEO Michael Hunn and CAO Veronica Carpenter met with key Orange County delegation members in Sacramento to discuss concerns regarding Medi-Cal funding and the lack of information from the Department of Health Care Services (DHCS). CalOptima Health will continue to partner with the Orange County delegation to be involved in the process.

The Latino Legislative Caucus (35 legislators) have made continuing Medi-Cal coverage for undocumented persons a top priority in budget discussions. Further, the leadership of both houses and the Governor have expressed continued support of Medi-Cal coverage for the undocumented.

The state is expected to face challenges in funding its existing programs, which will leave no capacity to backfill looming federal cuts. Speaker Robert Rivas recently noted, “the budget passed before the June deadline may need to be altered significantly before the Legislature adjourns in the late summer or sometime in the fall.”

PACE Proposed Changes - Two issues remain in the budget process related to PACE operations: 1) a DHCS fee assessment to fund 33 positions (about \$6 million/year) to support the rapid expansion of PACE; and 2) sanctions to be levied against PACE organizations to achieve uniformity in sanctions across Medi-Cal programs. CalPACE, the association representing PACE programs statewide, is in active opposition to both proposals, including submitting a letter to appropriate committees.

The Senate Budget Subcommittee on Health held an informational hearing on March 27, where the proposed PACE changes were addressed. Chair Akilah Weber-D (San Diego) and Senator Caroline Menjivar-D (Los Angeles) expressed their support of PACE programs and concerns about the impact of the DHCS-proposed changes on PACE programs.

Key Legislation Updates

Behavioral Health Data Sharing – AB 618 (Krell-D) – Co-sponsored by the Local Health Plans of California and the County Behavioral Health Directors Association, this bill would require sharing of data between Medi-Cal delivery systems, including managed care plans, county mental health plans and the Medi-Cal drug program, for the coordination of behavioral health services. The bill passed unanimously out of the Assembly Health Committee on April 1 with a recommendation to the Assembly Appropriations Committee to be a consent calendar item. There is no opposition.

Community Provider Preference for Enhanced Care Management (ECM) – SB 324 (Menjivar-D) – Senate President Pro Tem Mike McGuire-D is a Principal Co-author. This bill requires a Medi-Cal managed care plan, for purposes of covering the ECM benefit, or if it elects to cover a Community Support, to give preference to contracting with community providers, when they are available in the county and have the applicable ECM or Community Support experience. SB 324 passed the Senate Health Committee unanimously on April 2 and was placed on the Senate Appropriations Committee suspense file on April 21.

Street Medicine – AB 543 (González-D) – Would allow full-scope presumptive eligibility for individuals experiencing homelessness with no share of cost; would also allow a Medi-Cal member who is experiencing or at-risk of homelessness to seek Medi-Cal covered services directly from any Medi-Cal provider, including off the premises of the provider's site. Passing unanimously in the Assembly Health Committee on April 22, the bill will now go to the Assembly Appropriations Committee.

Prior Authorization – SB 306 (Becker-D) – Would prohibit health plans from imposing prior authorization on a service for a period of one year, if 90% or more of requests for that service were approved the prior year. SB 306 passed the Senate Health Committee with a 10-0 vote on April 23.

Other Program Updates

Behavioral Health Transformation (BHT) (Proposition 1) – Round 1 (Launch Ready) grant funding for the Behavioral Health Continuum Infrastructure Program (BHCIP) is underway. DHCS will award up to \$3.3 billion in grants in May 2025. Round 2 (Unmet Needs) solicitations will also be released in May.

California's Essential Health Benefits (EHB) – With potential changes to the Affordable Care Act looming, a legislative joint hearing was held on February 11 to review possible additions to California's EHBs, which have not changed since 2012. Proposed coverage expansion includes hearing aids, adult dental, and durable medical equipment. An application will be submitted to CMS in May with an effective date of the new plan, if approved, in January 2027.

2025–26 Legislative Tracking Matrix

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Behavioral Health			
<u>SB 476</u> Valladares	<p>Residential Therapeutic Programs: States the intent of the Legislature to enact legislation relating to short-term residential therapeutic programs.</p> <p>Potential CalOptima Health Impact: Unknown at this time.</p>	02/20/2025 Introduced	CalOptima Health: Watch
<u>SB 483</u> Stern	<p>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.</p> <p>Potential CalOptima Health Impact: Increased oversight of behavioral health treatment for members.</p>	03/25/2025 Passed Senate Public Safety Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch
<u>SB 626</u> Smallwood-Cuevas	<p>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.</p> <p>Potential CalOptima Health Impact: Increased access to behavioral health services for eligible members.</p>	02/21/2025 Introduced	CalOptima Health: Watch
<u>SB 812</u> Allen	<p>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 that receives funding from the Children and Youth Behavioral Health Initiative (CYBHI) or is approved by a Local Education Agency (LEA) to be reimbursed by the health plan.</p> <p>Potential CalOptima Health Impact: Increased access to behavioral health services for CalOptima Health Medi-Cal youth members.</p>	02/21/2025 Introduced	CalOptima Health: Watch CAHP: Concerns
<u>AB 37</u> Elhawary	<p>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.</p> <p>Potential CalOptima Health Impact: Increased access to behavioral health services for members experiencing homelessness.</p>	12/02/2024 Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 348</u> Krell	<p>Full-Service Partnership: Would establish presumptive eligibility for Full-Service Partnership programs.</p> <p>Potential CalOptima Health Impact: Increased continuity of care for members with serious mental illness.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly floor	CalOptima Health: Watch
<u>AB 384</u> Connolly	<p>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.</p> <p>Potential CalOptima Health Impact: Modified utilization management (UM) procedures for covered Medi-Cal benefits.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
<u>AB 423</u> Davies	<p>Discharge and Continuing Care Planning: Would mandate regulations for discharge and continuing care planning from a facility providing alcoholism or drug abuse recovery and treatment services, including the creation of a plan to help patients return to their home community and scheduled follow-up with a mental health or SUD professional no more than seven days after discharge.</p> <p>Potential CalOptima Health Impact: Increased continuity of care for members who have received SUD treatment.</p>	02/05/2025 Introduced	CalOptima Health: Watch
<u>AB 618</u> Krell	<p>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 the California Department of Health Care Services (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.</p> <p>Potential CalOptima Health Impact: Increased coordination between Medi-Cal delivery systems regarding behavioral health services.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch LHPC: Sponsor

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 877</u> Dixon	<p>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 and certified residential facilities is almost exclusively nonmedical, with rare exceptions, including for billing purposes. These provisions would be repealed on January 1, 2027.</p> <p>Potential CalOptima Health Impact: Enhanced transparency and clarity around nonmedical treatment provided for SUDs.</p>	02/20/2025 Introduced	CalOptima Health: Watch
<u>AB 951</u> Ta	<p>Autism Diagnosis: Would prohibit 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.</p> <p>Potential CalOptima Health Impact: Increased access to care for specific behavioral health treatments.</p>	<p>04/09/2025 Passed Assembly Appropriations Committee; referred to Assembly floor</p> <p>03/25/2025 Passed Assembly Health Committee</p>	CalOptima Health: Watch
<u>AB 1090</u> Davies	<p>Behavioral Health and Wellness Screenings: States the intent of the Legislature to enact legislation relating to behavioral health and wellness screenings.</p> <p>Potential CalOptima Health Impact: Unknown at this time.</p>	02/21/2025 Introduced	CalOptima Health: Watch
Budget			
<u>SB 65</u> Weiner	<p>Budget Act of 2025: Would make appropriations for the government of the State of California for the 2025–26 fiscal year (FY) in alignment with the governor’s proposed budget released on January 10, 2025.</p> <p>Potential CalOptima Health Impact: Adjusted but broadly sustained funding for programs impacting members.</p>	01/10/2025 Introduced	CalOptima Health: Watch
<u>AB 100</u> Gabriel	<p>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.</p> <p>Potential CalOptima Health Impact: Continued funding for current Medi-Cal rates and initiatives through June 30, 2025.</p>	04/14/2025 Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
California Advancing and Innovating Medi-Cal (CalAIM)			
<u>SB 324</u> Menjivar	<p>Enhanced Care Management (ECM) and Community Supports Contracting: Would require a Medi-Cal MCP to give preference to contracting with community providers 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.</p> <p><i>Potential CalOptima Health Impact:</i> Increased collaboration with community providers and standardized contracts.</p>	04/02/2025 Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch CAHP: Watch
<u>AB 543</u> Gonzalez	<p>Street Medicine: Would integrate street medicine services for homeless individuals under Medi-Cal, mandating presumptive eligibility for full Medi-Cal benefits for homeless persons and authorizing any enrolled provider to determine eligibility. Would also require plans to allow homeless beneficiaries to access services from any provider outside traditional sites. Additionally, would require systems for beneficiaries to inform plans of their homeless status and mandate data sharing between Medi-Cal and the California Statewide Automated Welfare System (CalSAWS).</p> <p><i>Potential CalOptima Health Impact:</i> Decreased service coordination and oversight related to street medicine providers.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Watch
Covered Benefits			
<u>SB 40</u> Wiener	<p>Insulin Coverage: Would prohibit 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, would not require a health plan to cover all types of insulin without step therapy, if at least one insulin in each drug type is covered without step therapy on and after January 1, 2026.</p> <p><i>Potential CalOptima Health Impact:</i> Decreased out-of-pocket costs for future members enrolled in Covered California line of business; new UM procedures.</p>	04/02/2025 Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch CAHP: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>SB 62</u> Menjivar <u>AB 224</u> Bonta	Essential Health Benefits (EHBs): States the intent of the Legislature to review California's EHB benchmark plan and establish a new benchmark plan for the 2027 plan year. Would limit the applicability of the current benchmark plan benefits to plan years on or before the 2027 plan year. <i>Potential CalOptima Health Impact:</i> New covered benefits for future members enrolled in Covered California line of business.	01/09/2025 Introduced	CalOptima Health: Watch CAHP: Watch
<u>SB 535</u> Richardson <u>AB 575</u> Arambula	Obesity Prevention Treatment and Parity 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 intensive behavioral therapy for the treatment of obesity without prior authorization. <i>Potential CalOptima Health Impact:</i> Expanded covered benefits for future members enrolled in Covered California line of business.	02/12/2025 Introduced	CalOptima Health: Watch CAHP: Oppose
<u>AB 242</u> Boerner	Genetic Disease Screening: Would expand statewide newborn screenings to include Duchenne muscular dystrophy by January 1, 2027. <i>Potential CalOptima Health Impact:</i> Expanded covered benefits for members.	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 298</u> 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. <i>Potential CalOptima Health Impact:</i> Increased costs for CalOptima Health; decreased costs for future members enrolled in Covered California line of business under 21 years of age.	01/23/2025 Introduced	CalOptima Health: Watch
<u>AB 350</u> 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. <i>Potential CalOptima Health Impact:</i> New covered benefit for pediatric members.	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 432</u> Bauer-Kahan	<p>Menopause: Would require a health plan to provide coverage for evaluation and treatment options for perimenopause and menopause. Would also require 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.</p> <p><i>Potential CalOptima Health Impact:</i> New covered benefits for members; increased communications to providers.</p>	04/22/2025 Passed Assembly Business and Professions Committee; referred to Assembly Health Committee	CalOptima Health: Watch CAHP: Oppose
<u>AB 636</u> Ortega	<p>Diapers: Would add diapers as a covered Medi-Cal benefit for the following individuals, contingent upon an appropriation by the Legislature:</p> <ul style="list-style-type: none"> • 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 <p><i>Potential CalOptima Health Impact:</i> New covered benefit for pediatric members.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
Medi-Cal Eligibility and Enrollment			
<u>AB 315</u> Bonta	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> Expanded member access to HCBA Waiver services.</p>	03/25/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 974</u> Patterson	<p>Managed Care Enrollment Exemption: States the intent of the Legislature to enact legislation that would exempt from mandatory enrollment in a Medi-Cal MCP 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.</p> <p><i>Potential CalOptima Health Impact:</i> Decreased number of members.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 1012</u> Essayli	<p>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.</p> <p>Potential CalOptima Health Impact: Decreased number of members.</p>	02/21/2025 Introduced	CalOptima Health: Watch
<u>AB 1161</u> Harabedian	<p>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 a beneficiary who has been displaced or otherwise affected by a state of emergency or a health emergency for at least 90 days after declaration or at least the entire duration of the emergency, whichever is longer.</p> <p>Potential CalOptima Health Impact: Extended Medi-Cal eligibility for certain members.</p>	04/08/2025 Passed Assembly Human Services Committee; referred to Assembly Health Committee	CalOptima Health: Watch
Medi-Cal Operations and Administration			
<u>SB 278</u> Cabaldon	<p>Health Data HIV Test Results: Would permit additional disclosures to DHCS staff and Medi-Cal MCPs to improve care coordination and quality programs for HIV-positive beneficiaries. Would also update existing laws to enhance quality improvement efforts in HIV care under Medi-Cal. Would additionally require the development of a mechanism through which Medi-Cal beneficiaries can opt out of such disclosures.</p> <p>Potential CalOptima Health Impact: Increased coordination of care for HIV-positive members.</p>	<p>04/08/2025 Passed Senate Judiciary Committee; referred to Senate Appropriations Committee</p> <p>03/26/2025 Passed Senate Health Committee</p>	CalOptima Health: Watch
<u>SB 497</u> Wiener	<p>Legally Protected Health Care Activity: Would prohibit 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. Would also prohibit 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.</p> <p>Potential CalOptima Health Impact: Increased protection of medical information related to gender-affirming care; increased staff training regarding disclosure processes.</p>	04/08/2025 Passed Senate Judiciary Committee; referred to Senate Public Safety Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>SB 530</u> Richardson	<p>Medi-Cal Time and Distance Standards: Would extend current Medi-Cal time and distance standards indefinitely. In addition, would require a Medi-Cal MCP to ensure that each subcontractor network complies with certain appointment time standards and incorporate into reporting to DHCS. Additionally, the use of telehealth providers to meet time or distance standards would not absolve the MCP of responsibility to provide a beneficiary with access, including transportation, to in-person services if the beneficiary prefers.</p> <p><i>Potential CalOptima Health Impact:</i> Increased oversight of contracted providers; increased reporting to DHCS.</p>	04/09/2025 Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch
<u>SB 660</u> Menjivar	<p>California Health and Human Services Data Exchange Framework (DxF): Would require 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, would expand DxF to include social services information.</p> <p><i>Potential CalOptima Health Impact:</i> Increased care coordination with social service providers.</p>	02/20/2025 Introduced	CalOptima Health: Watch
<u>AB 40</u> Bonta	<p>Abortion as Emergency Service: Would expand the definition of emergency services to include surgery and reproductive health services, including abortion, necessary to relieve or eliminate the emergency medical condition, within the capability of the facility.</p> <p><i>Potential CalOptima Health Impact:</i> Expanded coverage of abortion services for members.</p>	04/21/2025 Passed Assembly floor; referred to Senate	CalOptima Health: Watch
<u>AB 45</u> Bauer-Kahan	<p>Reproductive Data Privacy: Would prohibit 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. Would also authorize an aggrieved person to institute and prosecute a civil action against any person or organization in violation of these provisions.</p> <p><i>Potential CalOptima Health Impact:</i> Increased safeguards regarding reproductive health information.</p>	04/22/2025 Passed Assembly Privacy and Consumer Protection Committee; referred to Assembly Judiciary Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 257</u> Flora	<p>Specialty Telehealth Network Demonstration: Would require the establishment of a demonstration project for a telehealth and other virtual services specialty care network designed to serve patients of safety-net providers.</p> <p><i>Potential CalOptima Health Impact:</i> Expanded member access to telehealth specialists.</p>	03/25/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
<u>AB 302</u> Bauer-Kahan	<p>Confidentiality of Medical Information Act: Would prohibit a health care provider, health plan or contractor from disclosing medical information in response to another state's court order based on a law in that state which interferes with California law. Would also prohibit such entities from disclosing medical information based solely on patient authorization.</p> <p><i>Potential CalOptima Health Impact:</i> Increased protection of medical information; increased staff training regarding disclosure processes.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Judiciary Committee	CalOptima Health: Watch
<u>AB 316</u> Krell	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> Increased liability related to UM procedures.</p>	03/25/2025 Passed Assembly Judiciary Committee; referred to Assembly Privacy and Consumer Protection Committee	CalOptima Health: Watch
<u>AB 403</u> Ortega	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> New reporting requirements to DHCS.</p>	03/25/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 577</u> Wilson	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> Increased oversight of contracted PBM and referral processes.</p>	02/12/2025 Introduced	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 688</u> Gonzalez	<p>Telehealth for All Act of 2025: Beginning in 2028 and every two years thereafter, would require DHCS to use Medi-Cal data and other data sources to produce analyses in a publicly available Medi-Cal telehealth utilization report.</p> <p>Potential CalOptima Health Impact: New reporting requirements to DHCS.</p>	03/25/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 894</u> Carrillo	<p>Immigration and Patient Privacy: Would state the intent of the Legislature to enact legislation protecting the privacy of undocumented Californians.</p> <p>Potential CalOptima Health Impact: Increased protection of medical information; increased staff training regarding disclosure processes.</p>	02/20/2025 Introduced	CalOptima Health: Watch
<u>AB 980</u> Arambula	<p>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.</p> <p>Potential CalOptima Health Impact: Modified UM procedures.</p>	02/21/2025 Introduced	CalOptima Health: Watch
Older Adult Services			
<u>SB 242</u> Blakespear	<p>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.</p> <p>Potential CalOptima Health Impact: Expanded Medicare coverage options for dual-eligible members.</p>	01/30/2025 Introduced	CalOptima Health: Watch CAHP: Oppose
<u>SB 412</u> Limón	<p>Home Care Aides: Would require 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.</p> <p>Potential CalOptima Health Impact: New training requirements for PACE staff.</p>	04/21/2025 Passed Senate Human Services Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 346</u> Nguyen	<p>In-Home Supportive Services (IHSS) Certification: Expands the definition of a “licensed health care professional” who is allowed to certify IHSS eligibility to include any person who is a health care practitioner under the Business and Provisions Code. Would also clarify that, as a condition of receiving paramedical services, an applicant or recipient is required to obtain a certification from a licensed health care professional, as specified.</p> <p>Potential CalOptima Health Impact: New training requirements for PACE staff; streamlined enrollment of PACE participants into IHSS.</p>	01/29/2025 Introduced	CalOptima Health: Watch
<u>AB 960</u> Garcia	<p>Dementia Patient Visitation: Would require a health facility to allow a patient with demonstrated dementia needs to have a family or friend caregiver with them as needed.</p> <p>Potential CalOptima Health Impact: New visitation policies for PACE center.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
Providers			
<u>SB 32</u> Weber Pierson	<p>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.</p> <p>Potential CalOptima Health Impact: Additional timely access standards; increased contracting with perinatal units.</p>	12/02/2024 Introduced	CalOptima Health: Watch LHPC: Oppose
<u>SB 250</u> Ochoa Bogh	<p>Medi-Cal Provider Directory — Skilled Nursing Facilities: Would require a provider directory issued by a Medi-Cal MCP to include skilled nursing facilities as a searchable provider type.</p> <p>Potential CalOptima Health Impact: Modifications to CalOptima Health’s online provider directory.</p>	03/26/2025 Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch
<u>SB 306</u> Becker	<p>Prior Authorization Exemption: Would restrict health plans or their delegated entities from requiring prior authorization or prior notification for a covered health care service if 90% or more requests for that service were approved in the previous year. Would also require a health plan to post lists of covered health care services that are exempted from or subject to prior authorization on its website by March 15 of each year.</p> <p>Potential CalOptima Health Impact: Implementation of new UM procedures to assess prior authorization approval rates; decreased number of prior authorizations; decreased care coordination for members.</p>	02/10/2025 Introduced	CalOptima Health: Watch CAHP: Oppose Unless Amended

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>SB 504</u> Laird	<p>HIV Reporting: Would authorize 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.</p> <p><i>Potential CalOptima Health Impact:</i> Increased coordination of care for HIV-positive CalOptima Health.</p>	<p>04/22/2025 Passed Senate Judiciary Committee; referred to Senate Appropriations Committee</p> <p>03/26/2026 Passed Senate Health Committee</p>	CalOptima Health: Watch
<u>AB 29</u> Arambula	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> Increased access to care for pediatric members with ACEs.</p>	<p>04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee</p>	CalOptima Health: Watch
<u>AB 50</u> Bonta	<p>Over-the-Counter Contraceptives: Would allow 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 would become limited to prescription-only hormonal contraceptives.</p> <p><i>Potential CalOptima Health Impact:</i> Increased member access to hormonal contraceptives.</p>	<p>04/01/2025 Passed Assembly Business and Professions Committee; referred to Assembly Health Committee</p>	CalOptima Health: Watch
<u>AB 55</u> Bonta	<p>Alternative Birth Centers Licensing: Would remove the requirement for alternative birth centers to provide comprehensive perinatal services as a condition of CDPH licensing and Medi-Cal reimbursement.</p> <p><i>Potential CalOptima Health Impact:</i> Decreased member access to comprehensive perinatal services; reduced operating requirements for alternative birth centers.</p>	<p>04/08/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee</p>	CalOptima Health: Watch
<u>AB 220</u> Jackson	<p>Medi-Cal Subacute Care Authorization: Would mandate health facilities providing pediatric or adult subacute care to include a specific DHCS form with treatment authorization requests, preventing Medi-Cal MCPs from creating their own criteria for determining medical necessity outside of those specified in the form. Would allow DHCS to impose sanctions on non-compliant Medi-Cal MCPs.</p> <p><i>Potential CalOptima Health Impact:</i> Modified UM procedures and forms.</p>	<p>04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee</p>	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 280</u> Aguilar-Curry	<p>Provider Directory Accuracy: Would require health plans 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 create a standardized format to collect directory information as well as establish methodologies to ensure accuracy, such as use of a central utility, by January 1, 2026.</p> <p>Potential CalOptima Health Impact: Increased oversight of CalOptima Health provider directory; increased coordination with contracted providers; increased penalty payments to DHCS.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 375</u> Nguyen	<p>Qualified Autism Service Paraprofessional: Would expand the definition of “health care provider” to also include a qualified autism service paraprofessional.</p> <p>Potential CalOptima Health Impact: Increased access to autism services for eligible members; additional provider contracting and credentialing.</p>	04/08/2025 Passed Assembly Business and Professions Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 416</u> Krell	<p>Involuntary Commitment: Would authorize a person to be taken into custody by an emergency physician under the Lanterman-Petris-Short Act and would exempt the emergency physician from criminal and civil liability.</p> <p>Potential CalOptima Health Impact: New legal standards for certain CalOptima Health providers.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Judiciary Committee	CalOptima Health: Watch
<u>AB 510</u> Addis	<p>Utilization Review Appeals and Grievances: Would require that an appeal or grievance regarding a decision to delay, deny or modify health services be reviewed by a 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.</p> <p>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.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose Unless Amended

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 512</u> Harabedian	<p>Prior Authorization Timelines: Would shorten the timeline for prior authorization requests to no more than 48 hours for standard requests or 24 hours for urgent requests, starting from plan receipt of the information reasonably necessary and requested by the plan to make the determination.</p> <p><i>Potential CalOptima Health Impact:</i> Expedited and modified UM procedures for covered Medi-Cal benefits.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose Unless Amended
<u>AB 517</u> Krell	<p>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.</p> <p><i>Potential CalOptima Health Impact:</i> Modified UM procedures for a covered Medi-Cal benefit.</p>	04/08/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
<u>AB 539</u> Schiavo	<p>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 from the date of approval.</p> <p><i>Potential CalOptima Health Impact:</i> Modified UM procedures for covered Medi-Cal benefits; decreased number of prior authorizations; increased costs.</p>	04/22/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose Unless Amended
<u>AB 787</u> Papan	<p>Provider Directory Disclosures: Would require a health plan to include at the top of 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.</p> <p><i>Potential CalOptima Health Impact:</i> Expanded customer service support and staff training; technical changes to CalOptima Health's provider directory.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
<u>AB 1041</u> Bennett	<p>Provider Credentialing: Would require a health plan to credential a provider within 90 days from the receipt of a completed application, or otherwise conditionally approve the credential. A plan would be required to notify the provider whether the application is complete within 10 days of receipt.</p> <p>In addition, would require DMHC to establish minimum standards or policies and processes to streamline and reduce redundancy and delay in provider credentialing. Additionally, would require health plans to use a standardized credentialing form on and after July 1, 2027, or six months after the form is completed, whichever is later, with updates to the forms every three years thereafter.</p> <p>Potential CalOptima Health Impact: Expedited and modified credentialing procedures for interested providers.</p>	04/01/2025 Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
Rates & Financing			
<u>SB 339</u> Cabaldon	<p>Medi-Cal Laboratory Rates: Would require Medi-Cal reimbursement rates for clinical laboratory or laboratory services to <i>equal</i> the lowest of the following metrics:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>Potential CalOptima Health Impact: Increased payments to contracted clinical laboratories.</p>	02/12/2025 Introduced	CalOptima Health: Watch
Social Determinants of Health			
<u>SB 16</u> Blakespear	<p>Homelessness: States the intent of the Legislature to enact legislation to address homelessness.</p> <p>Potential CalOptima Health Impact: Unknown at this time.</p>	12/02/2024 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: April 22, 2025

2025 Federal Legislative Dates

January 3	119th Congress, 1st Session convenes
July 25–September 1	Summer recess for House
August 2–September 1	Summer recess for Senate
December 19	1st session adjourns

Source: Floor Calendars, United States Congress: <https://www.congress.gov/calendars-and-schedules>

2025 State Legislative Dates

January 6	Legislature reconvenes
January 10	Proposed budget must be submitted by Governor
February 21	Last day for legislation to be introduced
April 10–20	Spring recess
May 2	Last day for policy committees to hear and report to fiscal committees any fiscal bills introduced in that house
May 9	Last day for policy committees to hear and report to the Floor any non-fiscal bills introduced in that house
May 23	Last day for fiscal committees to hear and report to the Floor any bills introduced in that house
June 2–6	Floor session only
June 6	Last day for each house to pass bills introduced in that house
June 15	Budget bill must be passed by midnight
July 18	Last day for policy committees to hear and report bills in their second house to fiscal committees or the Floor
July 18–August 17	Summer recess
August 29	Last day for fiscal committees to report bills in their second house to the Floor
September 2–12	Floor session only
September 5	Last day to amend bills on the Floor
September 12	Last day for each house to pass bills; interim recess begins upon adjournment
October 12	Last day for Governor to sign or veto bills passed by the Legislature

Source: 2025 Legislative Deadlines, California State Assembly: <http://assembly.ca.gov/legislativedeadlines>

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).

CalOptima Health Community Outreach Summary — April and May 2025

Background

CalOptima Health is committed to serving the community by sharing information with current and potential members and strengthening relationships with community partners. To this end, our team attends community coalitions, collaborative meetings and advisory groups and supports our community partners' public activities. Participation includes providing Medi-Cal educational materials and, if criteria are 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

CalOptima Health, in partnership with Olive Community Services, hosted a Community Resource Fair on Saturday, April 19, 2025, at the Islamic Center of Yorba Linda. The event brought together individuals of all ages, fostering a sense of unity and community engagement. The fair featured a wide range of programs and services designed to meet the diverse needs of CalOptima Health members and community members residing in North Orange County. Attendees had access to resources for basic needs, mental health services and programs supporting various age groups, including older adults. The event also offered free health screenings, food distribution and a variety of activities, including Medi-Cal and CalFresh enrollment, ensuring an enjoyable day dedicated to the health and well-being of members and the community in north Orange County.

Summary of Public Activities

As of April 2, CalOptima Health plans to participate in, organize or convene 73 public activities in April and May. There were 50 public activities in April, including 15 virtual community/collaborative meetings, 25 community events, eight community-based presentations, one Cafecito Meeting and one Health Network Forum. In May, there will be 23 public activities, including 15 virtual community/collaborative meetings, six community events, one community-based presentation and one Health Network Forum. A summary of the agency's participation in community events throughout Orange County is attached.

Endorsements

CalOptima Health provided no endorsements since the last reporting period (i.e., letters of support, program and 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.

More information about policy requirements can be found at:

<https://www.caloptima.org/en/About/CommunityRelations/CommunityOutreach.aspx>.

For additional information or questions, contact CalOptima Health Community Relations Director Tiffany Kaaikamanu at 714-222-0637 or tkaaikamanu@caloptima.org.

Community events hosted by CalOptima Health and community partners in April and May 2025:

April 2025



April 2, 5:30–7 p.m., CalOptima Health Medi-Cal Overview in Spanish El Modena Family Resource Center, Virtual

- At least one staff member presented
- Community-based organization presentation, open to members/community



April 3, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services Colchester and Vancouver Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 3, 6–7:30 p.m., Open House, hosted by Middle College High School Middle College High School, 1530 W. 17th St., Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 4, 4–6 p.m., Community Wellness Gathering & Resource Fair, hosted by OMID Multicultural Institute for Development Metro East Senior Apartment, 2222 E. 1st St., Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 5, 9 a.m.–1 p.m., Good to Go Fair, hosted by Pretend City Pretend City Children's Museum, 29 Hubble, Irvine

- Sponsorship fee: \$2,500; includes a resource table, logo on banner and signage and inclusion as sponsor on collateral materials.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



CalOptima Health-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation



April 5, 9 a.m.–12 p.m., Korean Resource Fair, hosted by Korean Community Services

Buena Park Community Center, 6688 Beach Blvd., Buena Park

- Sponsorship fee: \$10,000; includes a resource table and logo on flyer.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 5, 10 a.m.–1 p.m., Health Fair, hosted by the City of Anaheim Mayor Pro Tem Norma Kurtz and Olive Street Elementary School

Olive Street Elementary School, 890 S. Olive St., Anaheim

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 6, 10 a.m.–1 p.m., Health Fair, hosted by the Second Baptist Church

Second Baptist Church, 4300 Westminster Ave., Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 8, 4–5 p.m., CalOptima Health Medi-Cal Overview in Spanish

Baden Powell Head Start, 801 S. Gaymont St., Anaheim

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community



April 10, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Philadelphia and Olive Neighborhood

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 12, 11 a.m.–2 p.m., Viva Bien Resource Fair, hosted by Councilmember Ryan Hernandez

Suavecito Headquarters, 2831 W. 1st St., Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



CalOptima Health-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation



April 13, 11 a.m.–2 p.m., 3rd Annual Children’s Day Fun, hosted by Councilmember Carlos Leon

Barton Park, 800 S. Agate St., Anaheim

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 17, Noon–1:30 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



April 18, 4–6:30 p.m., Community Health Fair, hosted by Project Access Resource Center

Warwick Square Apartment Resource Center, 780 S. Lyon St. Ste. 911, Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 19, 10 a.m.–3 p.m., 2025 LGBTQ+ Youth Convening, hosted by the OC LGBTQ Center and Santa Ana Unified School District

Segerstrom High School, 2301 W. Macarthur Blvd., Santa Ana

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 19, 11 a.m.–3 p.m., Community Resource Fair, hosted by CalOptima Health and Olive Community Services

Islamic Center of Yorba Linda, 4382 Eureka Ave., Yorba Linda

- At least 20 staff members attended (in person)
- Health/Resource Fair, open to the public



April 19, 9:30 a.m.–12 p.m., Spring Carnival, hosted by the City of Los Alamitos

Little Cottonwood Park, 4000 Farquhar Ave., Los Alamitos

- Sponsorship fee: \$5,000; includes a resource table, logo on flyer, website and recreation brochure. Additionally, organization name will be in event title, social media, press release and banners throughout city.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



CalOptima Health-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation



April 21, 8:30–9:30 a.m., CalOptima Health Medi-Cal Overview in Spanish

Heroes Elementary School, 1111 W. Civic Center Dr., Santa Ana

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community



April 22, 11 a.m.–2 p.m., Cal State Fullerton Mental Health Resource Fair, hosted by Partners4Wellness

Cal State Fullerton, 800 N. State College Blvd., Fullerton

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 23, 5–7 p.m., 4th Annual Abilities Awareness Event: Allyship in Action, hosted by Irvine Unified School District

Cadence Park School, 750 Benchmark, Irvine

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 24, 8:45–10:15 a.m., CalOptima Health Medi-Cal Overview in Spanish

Willard Intermediate School, 1342 N. Ross St., Santa Ana

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community



April 24, 10 a.m.–2 p.m., Job and Resource Fair, hosted by Huntington Beach Adult School

Ocean View High School, 1701 Gothard St., Huntington Beach

- Sponsorship fee: \$15,000; includes a resource table, logo on flyer and speaking opportunity.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 24, 10 a.m.–2 p.m., Gift of History OC, hosted by Children’s Education Foundation of OC

- Sponsorship fee: \$4,500; includes a full-page ad in 30,000 copies of the book “Nothing Rhymes with Orange.”



April 25, 8 a.m.–4 p.m., Meeting of the Minds, hosted by Mental Health Association of Orange County

Anaheim Marriott, 700 W. Convention Way, Anaheim

- 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



April 26, 7–11 a.m., SuperHero Run Walk, hosted by Crime Survivors Resource Center

Mason Park, 18712 University Dr., Irvine

- Sponsorship fee: \$500; includes a resource table, marketing on signage, promotional materials in event bag, event shirts, medals and 10 complimentary runner/walker passes.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 26, 9 a.m.–1:00 p.m., Children and Family Fair, hosted by County of Orange Social Services Agency in collaboration with the Office of Supervisor Chaffee and CalOptima Health

Magnolia High School, 2450 W. Ball Road, Anaheim

- Five CalOptima Health team members attended (in person)
- Health/Resource Fair, open to the public



April 26, 9 a.m.–1:45 p.m., Together4Teens, hosted by the Wellness Prevention Center OC

Capistrano Valley High School, 26301 Via Escolar, Mission Viejo

- Sponsorship fee: \$1,000; includes a resource table, mention in press release, e-newsletter, program and social media. Additionally, half a page ad in digital program.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 26, 11 a.m.–2:30 p.m., 8th Annual Month of the Military Child Celebration, hosted by Strong Families Strong Children

Cottonwood Church, 4505 Katella Ave., Los Alamitos

- Sponsorship fee: \$2,500; includes a resource table and logo placed on print and social media.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 26, 11 a.m.–3 p.m., Dia Del Niño, hosted by Unidos South OC

Stone Field Park, 31422 Camino Capistrano, San Juan Capistrano

- At least one staff member attended (in person)
- Health/Resource Fair, open to the public



April 28, 8:30–9:30 a.m., CalOptima Health Medi-Cal Overview in Spanish

Greenville Fundamental School, 3600 S. Raitt St., Santa Ana



CalOptima Health-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation

- At least one staff member presented (in person)
- Community-based organization presentation, open to members/community



April 28–29, 8:30 a.m.–4 p.m., The Power of Partnerships 2025 California School Health Conference, hosted by the California School-Based Alliance

Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove

- Sponsorship fee: \$10,000; includes a resource table, speaking opportunity, co-branding and registration for 40 individuals.
- At least one staff member attended
- Health/Resource Fair, open to the public



April 29–30, TBD, Annual Health Summit, hosted by Family Voices of California
Virtual

- Sponsorship fee: \$5,000; includes verbal recognition at the summit and logo or name placement on marketing materials, including invitations, emails, social media, event website and FVCA website. Logo or name placement at the event includes slides, handouts and event website.
- At least one staff member attended
- Health/Resource Fair, open to the public



April 29, 9:30–10:30 a.m., CalOptima Health Medi-Cal Overview in English

Casa De La Familia, Virtual

- At least one staff member presented
- Community-based organization presentation, open to members/community



April 30, 10–11:30 a.m., CalOptima Health Medi-Cal Overview in English

Laura's House, Virtual

- At least one staff member presented
- Community-based organization presentation, open to members/community

May 2025



May 1, 4–5:20 p.m., Choose Wellness Resource Fair, hosted by Garden Grove Unified School District

Fitz Intermediate Language Academy, 4600 W. McFadden St., Santa Ana

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public



May 3, 10 a.m.–1 p.m., Mental Health Community Resource Fair, hosted by Villages of California

Betsy Ross Elementary School, 535 S. Walnut St., Anaheim



CalOptima Health-hosted



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation



Exhibitor/Attendee

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public



May 4, TBD, Mental Health Resources Fair, hosted by the Second Baptist Church

Second Baptist Church, 4300 Westminster Ave., Santa Ana

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public



May 7, 11:30 a.m.–1:30 p.m., Health and Wellness Fair, hosted by Cypress College

TBD

- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public



May 7, 6–7 p.m., CalOptima Health Medi-Cal Overview in Spanish

Girl Scouts of Orange County, 407 E. 1st St., Santa Ana

- At least one staff member to present (in person)
- Community-based organization presentation, open to members/community



May 20, 8 a.m.–4 p.m., 2025 FaCT Conference, hosted by Families and Communities Together Orange County

Hilton Costa Mesa, 3050 Bristol St., Costa Mesa

- Sponsorship fee: \$15,000; includes 15 tickets, top logo placement on all promotional materials, Whova Software, videos and PowerPoint at conference. Front vendor table placement, social media recognition, verbal recognition at opening session, attendance at leadership lunch, remarks at opening session and co-title recognition.
- At least 10 staff members to attend (in person)
- Health/Resource Fair, open to the public



May 31, 10 a.m.–12 p.m., Family Fun at the Park Resource Event, hosted by Think Together

Santiago Park, 600 E. Memory Ln., Santa Ana

- 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-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation

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CalOptima Health-hosted
Exhibitor/Attendee



CalFresh Outreach (e.g., colleges, food banks)



Community Presentation

[Back to Agenda](#)

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Report Item

9. Approve Actions Related to a Contract with Deloitte to Provide Operational Readiness and Implementation Support for CalOptima Health's Participation in Covered California

Contact

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

Recommended Actions

Pursuant to the result of a formal procurement process, authorize the Chief Executive Officer to execute a contract with Deloitte for the term of May 15, 2025, through March 31, 2027, for Operational Implementation Support and Project Management of CalOptima Health's Covered California product launch.

Background

On December 5, 2024, the CalOptima Health Board of Directors (Board) approved the creation of a restricted Covered California Start-Up Fund in the amount of \$4.75 million from existing reserves to fund the contract for Operational Implementation Support and Project Management, as well as direct contracts with Health Management Associates for Strategic Advice and assistance with the Qualified Health Plan Application and with Milliman, Inc. for actuarial support, financial projections and rate development. An estimated cost of \$3 million was approved for the Operational Implementation Support and Project Management contract. The Board also approved the release of a request for proposals for the Operational Implementation Support and Project Management consultant.

Both actions were contingent upon the Orange County Board of Supervisors' adoption of an amendment to Section 4-11-2 of the Orange County Code of Ordinances to remove the prohibition on CalOptima Health's participation in Covered California. The Orange County Board of Supervisors adopted the amendment to the Code of Ordinances permitting CalOptima Health to participate in Covered California on January 14, 2025.

On January 15, 2025, CalOptima Health released a request for proposals for Operational Implementation Support and Project Management for participation in Covered California. A total of six proposals were received and five of the six submissions were deemed responsive.

Discussion

The scope of work for Operational Implementation Support and Project Management includes the following deliverables:

1. A detailed gap assessment and plan to close gaps.
2. Identification of qualified vendor options for functions that cannot be performed internally.
3. Implementation support and project management of a comprehensive roadmap and work plan for Covered California entry.
4. Project management for meetings, project status reports, and risk escalation.

5. Implementation support for the inaugural Open Enrollment Period.
6. Implementation support for product launch and stabilization post launch.

Proposals were evaluated and scored by an Evaluation Committee according to the following criteria:

- Demonstrated understanding and experience with Covered California/Exchange line of business functions and implementation as well as supporting Medicaid managed care organizations participating in Exchange business, based on examples of projects of similar size, scope, and complexity – 30% of total score.
- Qualifications and experience of proposer, proposed team, and the proposed individuals – 20% of total score.
- Proposed approach to meeting the objectives of the project – 30% of total score.
- Proposed schedule and workplan, including the percentage of time that key staff will be dedicated to the project – 20% of total score.
- Price.

Upon completion of the proposal evaluation process, the following scores were given to each applicant:

Name	Proposal Score	Rank
HMA	86.57	1
Deloitte	85.14	2
Accenture	81.43	3
ATTAC	64.57	4
Catalyst	34.14	5

Final Score After Interview

The Evaluation Committee extended interviews to the organizations with the top three highest-scoring proposals, with the following final score given to the applicants:

Name	Final Score	Rank
Deloitte	81.43	1
HMA	63.57	2
Accenture	56.14	3

Based on standard procurement process in accordance with CalOptima Health Policy GA.5002: Purchasing, and on receipt of best and final offers, the Evaluation Committee unanimously agreed to select Deloitte as the vendor that best meets the needs of CalOptima Health.

The effective date of the new contract with Deloitte will be May 15, 2025. The contract will continue until March 31, 2027, to ensure support for post launch stabilization.

Fiscal Impact

The recommended action has no additional fiscal impact. A previous Board action on December 5, 2024, allocated a total of \$4.75 million from existing reserves to fund Covered California consulting support contracts, including an estimated \$3 million for the Operational Implementation Support and Project Management contract. This funding will be sufficient to cover the estimated cost for the contract with Deloitte.

Rationale for Recommendation

The execution of a contract with Deloitte will support the operational development work necessary to prepare to enter the Covered California program in 2027.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Board Action.
2. Previous Board Action December 5, 2024, “Approve Actions Related to Covered California Consulting Support Contracts and Associated Funding.”

/s/ Michael Hunn
Authorized Signature

04/24/2025
Date

Attachment to the May 1, 2025 Board of Directors Meeting – Agenda Item 9

**CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD
ACTION**

Name	Address	City	State	Zip Code
Deloitte Consulting LLP	695 Town Center Dr Suite 1000	Costa Mesa	CA	92626

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken December 5, 2024

Regular Meeting of the CalOptima Health Board of Directors

Report Item

17. Approve Actions Related to Covered California Consulting Support Contracts and Associated Funding

Contacts

Veronica Carpenter, Chief Administrative Officer, (657) 900-1161

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

Recommended Actions

Contingent upon and effective immediately following a second reading and majority vote of the Orange County Board of Supervisors to adopt an amendment to Section 4-11-2 of the Codified Ordinances of the County of Orange to remove the prohibition on CalOptima Health's participation in Covered California, enact the following:

1. Approve the scopes of work related to the following Covered California consulting support contracts:
 - a. Strategic Advice and Qualified Health Plan Application Support;
 - b. Actuarial Support for Financial Projections and Rate Development; and
 - c. Operational Implementation Support and Project Management;
2. Approve the release of a request for proposals related to the Operational Implementation Support and Project Management contract;
3. Make exceptions to CalOptima Health Policy GA.5002: Purchasing and authorize the Chief Executive Officer, or designees, to execute the following contracts and/or contract amendments with the designated vendors without competitive procurement:
 - a. Strategic Advice and Qualified Health Plan Application Support with Health Management Associates, Inc. through a contract amendment; and
 - b. Actuarial Support for Financial Projections and Rate Development with Milliman, Inc. through a new direct contract;
4. Approve the creation of a restricted Covered California Start-up Reserve Fund in the amount of \$4.75 million from existing reserves to fund Covered California start-up costs through December 31, 2026.

Background

On August 1, 2024, the CalOptima Health Board of Directors (Board) authorized the Chief Executive Officer (CEO) to convene a stakeholder steering committee comprised of key external partners and providers to discuss considerations for potential participation in Covered California. In addition, the Board authorized staff to conduct stakeholder listening sessions and other presentations to solicit feedback from broader partners and the community at large. Subsequently, CalOptima Health leadership and staff convened the Covered California Stakeholder Steering Committee (Committee) and engaged with the Committee, providers, community members and other key stakeholders through several forums and channels. Specifically, the Committee has now convened on four separate occasions and has discussed timeline, resource needs, and licensure milestones.

Based upon the positive and informative feedback received through external engagement efforts, on October 3, 2024, the Board directed the CEO to request the Orange County Board of Supervisors (BOS) to amend CalOptima Health's governing ordinance to remove the prohibition on participation in Covered California. The BOS is scheduled to consider a first and second reading of an amended ordinance on December 3 and 17, respectively.

At the same meeting on October 3, 2024, the Board adopted formal guiding principles to inform CalOptima Health's participation in Covered California, and also authorized the continued regular convening of the Committee to inform ongoing operational and regulatory considerations. The seven guiding principles are as follows:

1. Through Covered California 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 California market in Orange County.
3. Consistently engage external stakeholders on an ongoing basis to inform the design, 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 California 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.

Discussion

Pending a successful vote to adopt an amended ordinance by the BOS, CalOptima Health will require initial consulting contracts to facilitate and support implementation of a Covered California program ahead of a planned market entry date of January 1, 2027. The Covered California program necessitates the creation and operation of individual market health plans, which requires CalOptima Health to start a new line of business within its existing infrastructure.

The three requested contracts in this Board action represent the professional services needed to assist with developing the new Covered California line of business. The objectives included in the requested scopes of work (SOWs) include preliminary deliverables that must be completed for the Board to assess the business viability and advisability of program launch. The costs outlined below represent the estimated costs for professional services through the start-up period, up to and including the first open enrollment period and planned go-live on January 1, 2027, up to a total of \$4.75 million. In Fiscal Year (FY) 2024-25, CalOptima Health expects to spend an estimated \$1.1 million to conduct the upfront assessments and analyses needed to inform development of the program. Costs estimated for FY 2025-26 and FY 2026-27 represent support for project management, implementation, and ongoing support for operationalizing the new program.

Contracted Support Estimated Costs	3-Year Investment
Strategic Advice and Qualified Health Plan (QHP) Application Support	\$250,000
Actuarial Support for Financial Projections and Rate Development	\$1,500,000
Operational Implementation Support and Project Management	\$3,000,000
<u>TOTAL</u>	<u>\$4,750,000</u>

More information about the procurement approaches and SOWs associated with the three requested contracts can be found in each subsection below. The three SOWs are also attached in full and provide additional detail on the services that would be utilized. No requested actions related to these procurements or contracts will be taken until the BOS has successfully voted to adopt an amended ordinance.

Strategic Advice and QHP Application Support

The strategic advice and QHP application support consultant will provide specific subject matter expertise to CalOptima Health to help guide leadership and the Board throughout the development of the new product line and the submission of the QHP application to Covered California. The consultant selected for this contract needs to bring experience gained from assisting other local Medi-Cal plans with developing Covered California products and with successfully completing the QHP application and contract negotiation process. Deliverables over the start-up period are as follows:

FY 2025	FY 2026	FY 2027
<ul style="list-style-type: none"> • Network strategy • QHP Application requirements inventory • QHP contract and Knox-Keene Act requirements side-by-side analysis 	<ul style="list-style-type: none"> • Knox-Keene Act licensure filing expertise • QHP Application support 	<ul style="list-style-type: none"> • QHP Application and contract support

For this contract, staff requests an exception to CalOptima Health Policy GA.5002: Purchasing, Section II.C.3, which requires a formal procurement for purchases of non-medical professional services and other contracts where the expected cost is estimated to be more than \$250,000. CalOptima Health staff request approval to utilize a contract amendment to the existing contract with Health Management Associates, Inc. (HMA) to expand the scope and extend the timeframe of the contract without competitive procurement. Given that CalOptima Health is already contracted with HMA for strategic advice on growth opportunities, including Covered California, this amended contract would augment HMA's activities to focus on Covered California market entry strategy through the full start-up period ending December 31, 2026. The HMA team that would be included also supported Inland Empire Health Plan (IEHP) and L.A. Care Health Plan (L.A. Care) in implementing their Covered California products.

Actuarial Support for Financial Projections and Rate Development

Additional actuarial support with specific expertise in the individual market is required to support CalOptima Health with upfront and ongoing work necessary to develop and operate a QHP product.

The actuarial support services contractor will develop medical, pharmacy, and dental preliminary capitation rates, a 5-year financial performance pro forma, and all actuarial work necessary up to and including the final rate filing for market entry in Covered California. This support is necessary to develop provider reimbursement rates and financial projections to support the development of the CalOptima Health provider network and to inform stakeholders and the Board on the financial investments and performance expected through this new line of business. Deliverables over the start-up period are as follows:

FY 2025	FY 2026	FY 2027
<ul style="list-style-type: none">• Initial rates for medical, dental, and pharmacy benefits• Actuarial portions of the individual product filings• 5-year financial projections	<ul style="list-style-type: none">• Updated rates• Rate filings• Updated financial projections	<ul style="list-style-type: none">• Updated rates• Rate filings• Updated financial projections

For this contract, staff requests an exception to CalOptima Health Policy GA.5002: Purchasing, Section II.C.3, which requires a formal procurement for purchases of non-medical professional services and other contracts where the expected cost is estimated to be more than \$250,000. CalOptima Health requests approval to directly contract with Milliman, Inc. without competitive procurement for Covered California actuarial support services consistent with CalOptima Health's current approach to actuarial support services provided by Milliman, Inc. for other lines of business.

Operational Implementation Support and Project Management

Development of a new line of business will have impacts across all CalOptima Health operational areas and will require a consultant to manage the overall readiness and operational implementation across the organization throughout the start-up period. The consultant will conduct a detailed gap analysis to identify capabilities that can be leveraged for Covered California, as well as gaps in people, processes, and technology that will require investment. This activity will assist CalOptima Health with developing a clear Information Technology (IT) roadmap and staffing plan for the new line of business. This consultant will also provide ongoing project management support for the implementation projects identified through the detailed gap analysis and roadmap development. Deliverables over the start-up period are as follows:

FY 2025	FY 2026	FY 2027
<ul style="list-style-type: none"> • Detailed gap assessment and plan to close gaps • Vendor solution identification assistance • Detailed implementation roadmap and project plan • Operational workflow development • Lessons learned from IEHP and L.A. Care related to Covered California product implementation 	<ul style="list-style-type: none"> • Project management support across all core operations and IT system implementation • Support for initial Open Enrollment Period operations and troubleshooting 	<ul style="list-style-type: none"> • Implementation support for product launch and stabilization

For this contract, CalOptima Health will use a competitive procurement process to identify a contractor consistent with CalOptima Health Policy GA.5002: Purchasing. Following the release of the request for proposals authorized by this Board action, staff will return to a future Board meeting in spring of 2025 to request approval of a contract with the recommended vendor resulting from the competitive procurement process.

Funding Requests

Pending a successful vote to adopt an amended ordinance by the BOS, this Board action will create a restricted Covered California Start-up Reserve Fund in the amount of \$4.75 million. This amount will fund the full terms of the above three professional contracts through December 31, 2026, to secure the necessary expertise and ensure continuity to support a successful product launch. Of note, staff is bringing a separate Board action to this meeting requesting additional funding for legal services related to Knox-Keene licensure activities, also subject to the BOS approval of the amended ordinance.

Staff will return to the Board in June 2025 with a funding request for remaining start-up costs that will encompass additional contracted support, systems implementation contracts, and staffing costs necessary for product launch, estimated to be no earlier than January 1, 2027. In June 2025, staff will also seek approval from the Board to continue to pursue launching a Covered California line of business and the submission of the Knox-Keene Act licensure filing.

Fiscal Impact

An allocation of up to \$4.75 million from existing reserves will fund this action through December 31, 2026.

Rationale for Recommendation

The recommended actions will allow CalOptima Health to procure the necessary professional services to develop a new Covered California line of business.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Proposed SOW for Strategic Advice and QHP Application Support
2. Proposed SOW for Actuarial Support for Financial Projections and Rate Development
3. Proposed SOW for Operational Implementation Support and Project Management
4. Entities Covered by This Recommended Action

/s/ Michael Hunn
Authorized Signature

11/27/2024
Date

DRAFT Scope of Work Professional Services and Consultant Support for CalOptima Health's Qualified Health Plan (QHP) Application Submission

1.1 Project Objectives

CalOptima is interested in becoming part of Covered California to ensure that more Orange County residents have access to affordable health insurance coverage and health care when they are not eligible for Medi-Cal. CalOptima is seeking a consultant to provide comprehensive and strategic guidance on business strategy and regulatory requirements for the Qualified Health Plan (QHP) Application submission process, Knox-Keene Act licensed plan requirements, and the QHP contract needed for market participation in Covered California.

1.2 Provider Network Design Strategic Support

Provide strategic advice related to the development of the contracted provider network for the Covered CA line of business.

- 1.2.1 Covered CA product network design considerations.
- 1.2.2 Quality requirements and contracting considerations.
- 1.2.3 Market intelligence.
- 1.2.4 Division of Financial Responsibility.
- 1.2.5 QHP Application network submission.

1.3 Comprehensive Strategic Support and Guidance Related to QHP Application, Contract, and Knox-Keene Act Licensed Plan Requirements

Provide strategic advice related to meeting the regulatory requirements for participation in Covered California throughout the application process and rate negotiations.

- 1.3.1 Knox-Keene Act licensed plan and QHP contract requirements.
- 1.3.2 QHP Application requirements.
- 1.3.3 Quality components of Knox-Keene Act licensure and the QHP contract, including quality transformation requirements, measurement requirements, reporting, and penalties.
- 1.3.4 Benefit plan designs, provider network, special enrollment documents, member materials (EOC, Schedule of Benefits, Member ID), provider or administrative service contract(s) unique to Exchange etc. (i.e., billing/premium collection, pediatric dental).

DRAFT Scope of Work Professional Services and Consultant Support for CalOptima Health's Qualified Health Plan (QHP) Application Submission

- 1.3.5 CMS Health Insurance Oversight System (HIOS) Filings: Benefit Plan Designs, Drug Formulary, and Plan Management filings.
- 1.3.6 Regulatory rate filings done through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC).

1.4 QHP Application Submission Review

Review licensure and QHP Application filing documents for completeness and compliance as needed. Provide advice and suggest changes to help ensure successful QHP certification.

- 1.4.1 Review QHP certification application materials and provide consultation, as requested.
- 1.4.2 Review licensure application materials and provide consultation, as requested.
- 1.4.3 Review benefit plan designs, provider network, special enrollment documents, member materials (EOC, Schedule of Benefits, Member ID), and other key regulatory filings, and provide consultation as requested.
- 1.4.4 By April 30, 2026, assist with completing QHP certification filings to secure Covered California approval for benefit plans commencing January 1, 2027, including rate negotiations.

1.5 Strategic Advice Related to Operational Requirements and Timeline

Provide strategic advice on operational requirements that must be met by CalOptima Health to complete the QHP application to enroll and serve Covered California enrollees for benefits starting January 1, 2027.

- 1.5.1 Infrastructure, plan management and staffing (CalHEERS testing/interface, member effectuation and reconciliation, call center, key plan functions, compliance program).
- 1.5.2 Financial (rate development, billing/collection, accumulator, risk-adjustment).
- 1.5.3 Member-related (enrollment, effectuation, communication, policies/procedures, customer service standards, access to care, quality/value).
- 1.5.4 Provider-related (network adequacy/stability, essential community providers, access for rural and traditionally underserved populations, special rules governing American Indians and Alaskan Natives).
- 1.5.5 Certified agents (Appointment, Agent of Record delegation, compensation, training, and communication).

DRAFT Scope of Work Professional Services and Consultant Support for CalOptima Health's Qualified Health Plan (QHP) Application Submission

- 1.5.6 Marketing and advertising (Co-branding, filings, and reporting)
- 1.5.7 Customer service standards (Capacity and turn-around requirements, training and communication, self-monitoring, and reporting).
- 1.5.8 Training and communication (Members, staff, certified agents, provider network, contractors, and vendors).
- 1.5.9 Quality improvement and disparities reduction programs.
- 1.5.10 Open enrollment and special enrollment periods.
- 1.5.11 Transparency and reporting (claims payment policies and practices, periodic financial disclosures, enrollment, disenrollment, claims denials, appeals, rating practices, cost-sharing, payments with respect to any out-of-network coverage, and Enrollee rights).

1.6 Responsibilities are specified below:

- 1.6.1 Complete all deliverables (refer to section E for detailed list).
- 1.6.2 Be available and prepared for meetings (both virtually and in person at CalOptima Health's offices).
- 1.6.3 Provide a consultant representative to be available via telephone or email to respond to CalOptima Health's questions or concerns within one business day.
- 1.6.4 Coordinate activities and tasks needed to meet regulatory requirements and provide oversight.
- 1.6.5 Provide a monthly status summary of progress toward deliverables.
- 1.6.6 Provide documentation and requested deliverables pursuant to the scope of work on time and on budget.

1.7 CalOptima Responsibilities

CalOptima Health will provide necessary resources and management involvement to support the delivery of service to perform within an agreed upon timeframe.

- 1.7.1 Be available for interviews/questions and meetings.
- 1.7.2 Make staff available for project collaboration.
- 1.7.3 Supply artifacts required to meet the scope of work objectives.
- 1.7.4 Provide feedback on all resources.

**DRAFT Scope of Work Professional Services and Consultant Support for CalOptima Health's
Qualified Health Plan (QHP) Application Submission**

1.8 Deliverables

No.	Deliverable	Purpose of Deliverable	Format, if applicable	Time Frame
1	Network Strategy	Strategic advice on the design of the CalOptima Health Covered CA provider network	PowerPoint presentations, Network documents	Complete by February 28, 2025
2	Comprehensive Summary of QHP Application Requirements and Timeline	Inventory all regulatory filing and QHP application requirements that must be met by the plan to obtain approval as a QHP carrier and issuer.	Word or Excel file	Complete by April 30, 2025
3	Detailed Side-by-Side Analysis	Provide a detailed side-by-side analysis of Knox Keene licensed plan requirements and QHP contract requirements, identifying what standards must be met as well as reporting requirements.	Word, Excel, or PowerPoint file	Complete by April 30, 2025
4	Knox Keene Licensure Filing Subject Matter Expertise	Review of specific licensure filing documents as needed.	Word, Excel	Complete by December 31, 2025
5	QHP Application Support	Strategic advice and document review to support the QHP Application and negotiation process	PowerPoint presentations, meeting attendance	Complete by September 30, 2026

SOW Actuarial Services for Participation in Covered California

SECTION 1 - SCOPE OF WORK

1.1 Project Objectives

CalOptima Health plans to join the Covered California market for the 2027 plan year. CalOptima intends to ensure that more Orange County residents have access to affordable health insurance coverage and quality care when they are not eligible for Medi-Cal.

1.2 Scope of Work

CalOptima is seeking development of medical, pharmacy, and dental preliminary capitation rates, a 5-year financial performance pro forma, and all actuarial work necessary up to and including the final rate filing for market entry in Covered California for plan year 2027. The selected consultant will provide the following services.

1.2.1 Delegated group and specialty subcontractor preliminary capitation rate development

- A. Create a range of reasonable professional and institutional capitation rates based on market intelligence of Orange County's prevailing rates.
- B. Create a range of reasonable specialty plan subcontractor rates (if not given) for pharmacy and dental benefits in the Orange County market.
- C. With input from CalOptima Health staff, propose a draft commercial division of financial responsibility (DOFR) for medical benefits.
- D. Using the draft commercial DOFR, build up preliminary cap pricing by DOFR line item including utilization and unit cost assumptions.

1.2.2 5-year financial performance pro forma

Based on reasonable actuarially sound assumptions, create a working model with projections that CalOptima Health may use to set expectations with stakeholders, be used as a financial road map for staff to inform the budget process, and fulfill necessary regulatory fillings including but not limited to support the "material modification" in submission of the QHP.

1.2.3 Areas of Focus:

- A. Benefit plan designs,
- B. Relative risk adjustment that influences final net premium revenues (transfer payment projections) and factors that influence utilization assumptions,

SOW Actuarial Services for Participation in Covered California

- C. Likely mix of membership including metal tier distribution,
- D. Non-claim expense assumptions including taxes and fees

1.3 CY 2027 Covered California rate development and final rate filing

Ensure timely, accurate, filing for all actuarial work in support of plan year 2027 rate documents.

- 1.3.1 Assemble a project plan from data collection to submission, including required deliverables from CalOptima Health staff to meet plan year 2027 benefit, actuarial value, and rate filing requirements.
- 1.3.2 Identify and collect from CalOptima Health staff needed information required to generate a first pass of premium rate projections. Information will include expected population counts, demographics, historical experience under Medi-Cal, expected provider network design (e.g., subcontractor, delegated, risk-bearing subcontracted entity, direct), expected provider network contractual rate arrangements, etc.
- 1.3.3 Creation of a first pass of rate projections, including development of preliminary network and demographic assumptions based on market intelligence with sufficient detail for review with CalOptima Health staff.
- 1.3.4 Based on feedback following the first pass, create a second pass of rate projections with needed network or medical management changes required to meet targeted premium rates. Implement additional iterations as needed.
- 1.3.5 Assemble, submit, and certify the final plan year 2027 rate filing documents for submission to Covered California and DMHC.
- 1.3.6 Document and report out all assumptions and methodologies used to develop the rate filing.
- 1.3.7 Engage in Covered California rate discussions and negotiations with regulators as necessary.

1.4 Annual support of financial operations post go-live

Provide support for reviews and audits of materials supplied by contractor to Covered California and regulators as needed.

1.5 Contractor Responsibilities:

- 1.5.1 Provide all deliverables.
- 1.5.2 Be available and prepared for Covered California filing meetings (both virtually and in person at CalOptima Health's offices).

SOW Actuarial Services for Participation in Covered California

- 1.5.3 Provide a representative that be available via telephone or email to respond to CalOptima Health's questions or concerns within one business day.
- 1.5.4 Coordinate activities and tasks needed to meet regulatory requirements and provide oversight.
- 1.5.5 Provide a monthly status summary of progress toward deliverables.
- 1.5.6 Provide documentation and requested deliverables pursuant to the scope of work on time and on budget

1.6 CalOptima Responsibilities

CalOptima Health will provide necessary resources and management involvement to support Contractor's delivery of services. Staff will be available for interviews, meetings, and project collaboration.

1.7 Deliverables

No.	Deliverable	Purpose of Deliverable	Format, if applicable	Time Frame
1	Initial fully capitated rates for medical, dental, and pharmacy benefits by metal benefit tier and age/sex band.	For planning.	MS Excel	Complete by February 28, 2025
2	5-year financial projections including all financial statements and calculations of tangible net equity.	For planning and satisfaction of regulatory interest in the financial position of CalOptima Health.	MS Excel including as determined by Covered CA and regulators	Complete by March 30, 2025
3	Actuarial portions of the individual product filings to Covered California including resubmissions as needed.	Necessary for the approval of a CalOptima Health individual Covered California product offering on the exchange.	As determined by Covered CA and regulators	Complete by December 31, 2025

1.8 Minimum Qualifications

- 10 years in actuarial healthcare consulting business
- At least one assigned staff member qualified under applicable laws and regulations to make certified statements of actuarial opinion
- 5 years of experience assisting health plans with requirements related to the rate filing process to Covered California

SOW Actuarial Services for Participation in Covered California

1.9 Pricing

Provide pricing per deliverable, and include hourly rates for post go-live support.

1.10 Staff Requirements

1.10.1 Provide names and titles of staff that will be involved with the project.

1.10.2 Identify working hours and time zones of staff assigned to the project.

1.10.3 Provide evidence of past engagement for assigned staff in:

- A. An initial Covered California product launch
- B. Renewal premium rate filings with Covered California

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

SECTION 1 - SCOPE OF WORK

1.1 Project Objectives

CalOptima is interested in becoming part of Covered California to ensure that Orange County residents have access to affordable health insurance coverage and quality health care when they are not eligible for Medi-Cal.

CalOptima is seeking professional services that include end-to-end implementation consultation and project management support across all operations and marketplace line-of-business functions, i.e., benefits administration, customer service, grievances and appeals, medical management, quality, care management, premium collection and reconciliation, risk adjustment, IT, reporting requirements, and other services. Services include support through navigation of open enrollment and post-stabilization monitoring.

1.2 Operational Gap Assessment and Gap Closure Analysis

- 1.2.1 Identify infrastructure and functions that must be modified, enhanced, or added by CalOptima Health for benefit year starting on January 1, 2027.
- 1.2.2 Conduct a thorough assessment including interviewing all functional leads, reviewing current functions and infrastructure, and identifying opportunities presented by in-flight systems enhancements. Include recommendations for closing existing gaps in the areas of people, process and technology, as well as build vs. buy options.
- 1.2.3 Conduct a lessons learned review of implementation experiences at Inland Empire Health Plan (IEHP) and LA Care based on their experience implementing the Covered CA line of business. Provide a lessons learned analysis that outlines mitigation strategies for identified areas of risk.

1.3 Business Process Mapping for Core Functions and IT

Develop business process mapping for internal departments that improves core operational functions and IT applications, ensuring that they comply with regulatory requirements and implement best practices/industry standards across all marketplace plan functions.

1.4 Outside Vendor Assistance

Identify functions that may not be performed internally by CalOptima Health but are essential to secure Covered California participation, providing the following:

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

- 1.4.1 Assistance with identifying functions that could be outsourced (i.e., billing/collection, accumulator, risk adjustment, data reporting, self-service tools for members, etc.).
- 1.4.2 Guidance in developing business requirements and scopes of work for outsourced functions.
- 1.4.3 General project management support to implement outsourced functions to secure timely regulatory approval.

1.5 Comprehensive Implementation Support and Project Management

- 1.5.1 Provide comprehensive project management support to close operational gaps, launch new functions, implement changes to existing functions, and assistance to oversee IT system builds to launch the commercial products (on and off exchange). Partner closely with CalOptima Health business owners and project managers to provide this ongoing project management support.
- 1.5.2 Develop a detailed implementation roadmap and work plan in Microsoft Project or another project management tool. The roadmap will take into consideration gap closure, operational readiness, cost estimates, staffing estimates, project milestones, and status reporting.
- 1.5.3 Meet regularly with CalOptima to report on project status, risks, mitigation strategies, and other project management issues.
- 1.5.4 Provide the following:
 - A. A detailed project plan that highlights the work breakdown structure and schedule to meet all implementation requirements. This includes tasks, meeting schedules, activities, resources and duration to accomplish a successful implementation, as well as post-implementation monitoring.
 - B. Weekly status reports that document progress and communicate decisions as well as any risks or issues.
 - C. Facilitate project team meetings across functional areas in collaboration with CalOptima's business owners and project stakeholders toward implementation objectives and timeline.

1.6 Implementation Support for Product Launch and Stabilization

- 1.6.1 Ensure timely completion of carrier requirements for CalOptima's inaugural year of Covered California participation and continuous enhancement of product line operations.

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

1.6.2 Provide the following services:

- A. Assist with the implementation activities including completion of Open Enrollment Period (OEP) milestones, timely posting of regulator-approved plan documents, member enrollment and effectuation processes, premium billing and collection functions, timely distribution of member materials, general member on-boarding cross-functional activities, and related Covered California communication/reporting requirements.
- B. Provide consultation, as requested, to support customer service functions, including Call Center staff training and internal/external communication of OEP policies and procedures, and Covered California OEP requirements and plan-specific OEP product guidelines.
- C. Assist in evaluating OEP complications, identifying effective resolution and deploying timely corrective action, as needed.
- D. Provide general project management support, as requested, to ensure compliance with Covered California OEP reporting/contract requirements (e.g., enrollment/effectuation volume, customer service metrics, marketing/advertising spend amounts, etc.).
- E. Provide general project management support, as required, to launch the commercial products (on and off exchange), and to stabilize the line of business following the completion of Open Enrollment Period (OEP) activities.
- F. Provide consultation, as requested, in evaluating the deployment of the Special Enrollment Period (SEP) and the member retention/renewal implementation plans.
- G. Assist in evaluating identified deficiencies related to product implementation, plan operation, and/or regulatory/contractual reporting, and assessing the deployment of efficient and timely solutions, as needed.
- H. Compile a high-level post-implementation assessment to document "lessons learned" during the product launch and OEP, identifying any consideration/recommendation for ongoing product operations and market strategy.
- I. Assist CalOptima Health with troubleshooting any issues, risks, or process challenges identified upon go-live.

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

1.7 Deliverables

No.	Deliverable	Purpose of Deliverable	Format, if applicable	Time Frame
1	Detailed Gap Assessment and Plan to Close Gaps	Comprehensive gap assessment and identification of strategies to close gaps	Word or Excel file	Complete by May 31, 2025
2	Vendor Procurement Strategic Advice	Identify qualified vendor options for functions that will be outsourced or where off-the-shelf products are needed. Assist with scope of work and business requirements for procurement.	Word or Excel File	Complete by June 30, 2025
3	Lessons Learned from Inland Empire Health Plan (IEHP) and LA Care Covered CA implementation experience	Documentation of lessons learned from IEHP and LA Care's implementation of Covered CA in key functional areas including premium collection and reconciliation, pricing, etc.	PowerPoint presentation	Complete by June 30, 2025
4	Business Processing Mapping	Operational workflow mapping for all core operations areas impacted by Covered CA line of business needs	Visio or other platform as appropriate	Complete by July 31, 2025
5	Detailed Implementation Roadmap and Project Plan	Comprehensive roadmap and work plan for Covered CA implementation	PowerPoint presentations, MS Project or other project management software	Complete by July 31, 2025
6	Project Management Support	Ongoing project implementation support across all impacted functional areas, including project management for IT system implementation	Meeting minutes, weekly status reports, risk escalation, project management	Weekly throughout the entire contract period
7	Implementation Support for the Inaugural Open Enrollment Period (OEP)	Ensure timely completion of QHP requirements for a successful Open Enrollment Period.	Completion of OEP activities	Complete by December 31, 2026
8	Implementation Support for Product Launch and Stabilization	Ensure timely completion of carrier requirement for the plan's inaugural year of Covered California participation and continuous enhancement of product line operations.	Word or Excel document, and project management tasks assigned	Complete by March 31, 2027

1.8 General Contractor Responsibilities:

1.8.1 Complete all deliverables (refer to section C for detailed list of deliverables).

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

- 1.8.2 Develop project plans highlighting the work-breakdown structure and schedule to meet the scope of work.
- 1.8.3 Be available and prepared for operational implementation meetings (both virtually and in person at CalOptima Health's offices).
- 1.8.4 Provide project managers and an accountable account representative to be available via telephone or email to respond to CalOptima Health's questions or concerns within one business day.
- 1.8.5 Coordinate and implement the project requirements and provide oversight.
- 1.8.6 Provide a weekly status summary of progress toward deliverables and all implementation activities.
- 1.8.7 Provide documentation and requested deliverables pursuant to the scope of work on time and on budget.

1.9 CalOptima Responsibilities

CalOptima will provide necessary resources and management involvement to support the delivery of services.

SECTION 2 - CONTRACTOR MINIMUM REQUIREMENTS

- 10 years in business
- 5 years of experience assisting health plans with operational readiness and implementation for successful market entry into health insurance exchange programs, including Covered CA

SECTION 3 - PRICING

Provide pricing per deliverables and an hourly rate for consultants, using the attached pricing sheet

Professional Services for Operational Readiness and Implementation Support of CalOptima Health's Participation in Covered California

No.	Deliverable	Time Frame	Hourly Rate	No. of Hours	TOTAL COST
1	Detailed Gap Assessment and Plan to Close Gaps	Complete by May 31, 2025			
2	Vendor Procurement Strategic Advice	Complete by June 30, 2025			
3	Lessons Learned from Inland Empire Health Plan (IEHP) and LA Care Covered CA implementation experience	Complete by June 30, 2025			
4	Business Processing Mapping	Complete by July 31, 2025			
5	Detailed Implementation Roadmap and Project Plan	Complete by July 31, 2025			
6	Project Management Support	Weekly throughout the entire contract period			
7	Implementation Support for the Inaugural Open Enrollment Period (OEP)	Complete by December 31, 2026			
8	Implementation Support for Product Launch and Stabilization	Complete by March 31, 2027			
9	Detailed Gap Assessment and Plan to Close Gaps	Complete by May 31, 2025			
10	Vendor Procurement Strategic Advice	Complete by June 30, 2025			
TOTAL					

ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Health Management Associates, Inc.	2501 Woodlake Circle, Suite 100	Okemos	MI	48864
Milliman, Inc.	4370 La Jolla Village Drive, Suite 700	San Diego	CA	92122

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Report Item

10. Approve Actions Related to Covered California Provider Network and Benefit Vendors

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Michael Gomez, Executive Director, Network Operations, (714) 347-3292

Recommended Actions

1. Approve the proposed Provider Network design for Covered California.
2. Authorize the Chief Executive Officer, or designee, to negotiate and execute contract amendments to update contract terms, including participation in Covered California, contract duration, and payment terms with the following companies:
 - a. Liberty Dental Plan of California, Inc.;
 - b. MedImpact Healthcare Systems, Inc.;
 - c. Telemedicine Group P.C. dba TeleMed2U; and
 - d. Vision Service Plan.
3. Authorize the Chief Executive Officer, or designee, with the assistance of legal counsel, to make future changes to Covered California benefit provider contracts to comply with statutes, regulations, or sub-regulatory guidance and CalOptima Health policies and procedures.

Background

On October 3, 2024, the CalOptima Health Board of Directors (Board) directed the Chief Executive Officer to request the Orange County Board of Supervisors (BOS) amend CalOptima Health's enacting ordinance to remove the prohibition on participation in Covered California. On January 14, 2025, the BOS approved an amended ordinance to allow CalOptima Health to pursue a contract with Covered California.

To participate in Covered California, CalOptima Health must offer a comprehensive provider network to ensure members have access to, and continuity of, covered services, as required by both Covered California and the Department of Managed Health Care (DMHC).

On March 6, 2025, the Board approved a new template to amend contracts with professional, ancillary, and hospital providers that will participate in CalOptima Health's Covered California plan. The amendment will incorporate rates, regulatory and operational requirements, and other contracted terms necessary for participation. Staff will use the amendment template to negotiate with existing benefit vendors currently participating in CalOptima Health's Programs to include Covered California in their existing agreements.

Discussion

Proposed Provider Network Design

To implement the Covered California line of business, CalOptima Health must demonstrate to the DMHC and Covered California that its provider network meets adequacy, quality, and other

requirements. CalOptima Health staff propose to use the existing Medi-Cal provider network as a basis for developing the Covered California network. CalOptima Health will work with interested delegated health networks to provide professional services (primary and specialty care). All members who enroll in CalOptima Health through Covered California would either choose or be assigned to a primary care physician (PCP) with one of the participating delegated health networks. Medi-Cal members in CalOptima Health's existing Community Care Network (CCN) who lose their Medi-Cal coverage and enroll in CalOptima Health's Covered California plan would be provided with the health networks that their PCPs contract with if available. Hospital services and behavioral health providers will be contracted directly by CalOptima Health. CalOptima Health would use a small direct network to fill network adequacy gaps that are not met by the participating delegated health networks.

The proposed provider network design is outlined in the table below.

Type of Covered Service	Network Design
Ancillary	Health Networks and Direct Contracts
Hospital and other facility-based services	Direct Contracts
Mental Health and Substance Use Disorder	Direct Contracts
Pediatric Dental	Administrative Service Organization Dental Health Plan
Pediatric Vision	Administrative Service Organization Vision Health Plan
Prescription Drugs	Administrative Service Organization Pharmacy Benefit Manager
Professional	Delegated Health Networks
Transportation	Administrative Service Organization Transportation Vendor

Vendor Contracts for Certain Benefits and Services

As part of CalOptima Health's delivery of services in the Covered California line of business, CalOptima Health proposes using current benefits and services providers to create continuity in service and streamline administrative operations. Staff would leverage existing CalOptima Health service contracts through contract amendments, as proposed below, instead of conducting formal procurement for the benefits offered.

Benefit Vendor	Benefit Offered	Current Contract Termination Dates & Extensions	Proposed Amendment
Liberty Dental Plan of California, Inc.	Pediatric dental services	12/31/2026, optional four 1-year extensions	<ul style="list-style-type: none"> Add Covered California line of business to scope.
MedImpact Healthcare Systems, Inc.	Pharmacy services	12/31/2026	<ul style="list-style-type: none"> Add Covered California line of business to scope. Add two 1-year extensions to existing contract.

Benefit Vendor	Benefit Offered	Current Contract Termination Dates & Extensions	Proposed Amendment
			<ul style="list-style-type: none"> • Add mail order pharmacy functions.
Telemedicine Group P.C. dba TeleMed2U	Behavioral health telehealth services	3/29/2029	<ul style="list-style-type: none"> • Add Covered California line of business to scope.
Vision Service Plan	Pediatric vision services	6/30/2025, optional 1 year extension	<ul style="list-style-type: none"> • Add Covered California line of business to scope. • Extend contract term for an additional two (2) 1-year extensions.

Staff requests the Board approve the above recommended actions to support the delivery of services through the Covered California line of business.

Fiscal Impact

The recommended actions have no additional impact on the current fiscal year. Funding for the recommended actions will be addressed in the forthcoming Covered California Budget or through separate Board actions.

Rationale for Recommendation

The above recommended actions will support contracting efforts to build CalOptima Health's provider network to support CalOptima Health's goal of offering a Covered California plan.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. [Entities Covered by this Recommended Board Action](#)

Board Actions

Board Meeting Dates	Action
March 6, 2025	<ol style="list-style-type: none"> 1. Approve new contract amendment and templates for Covered California, effective January 1, 2027, and forward. 2. Authorize the Chief Executive Officer, or designee, to utilize the contract templates to negotiate agreements with new providers or amend contracts with existing contracted providers to participate in CalOptima Health's Covered California plan. 3. Authorize the Chief Executive Officer, or designee, with the assistance of legal counsel, to make future changes to Covered California provider contract templates to comply with statutes, regulations, or sub-regulatory guidance and CalOptima Health policies and procedures.
October 3, 2024	<ol style="list-style-type: none"> 1. Adopt CalOptima Health's Covered California Guiding Principles to inform the design and development of CalOptima Health's potential participation in Covered California; 2. Authorize the continued regular convening of CalOptima Health's Covered California

	<p>Stakeholder Steering Committee to inform ongoing operational and regulatory considerations for CalOptima Health’s potential participation in Covered California; and</p> <p>3. Direct the Chief Executive Officer, or designee, to request the Orange County Board of Supervisors to amend Section 4-11-2 of the Codified Ordinances of the County of Orange to remove the prohibition on the participation of the Orange County Health Authority in the California Health Benefit Exchange.</p>
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/s/ Michael Hunn
Authorized Signature

04/25/2025
Date



Attachment to the May 1, 2025, Board of Directors Meeting – Agenda Item 10

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Liberty Dental Plan of California, Inc.	1730 Flight Way, Suite 175	Tustin	CA	92782
MedImpact Healthcare Systems, Inc.	10181 Scripps Gateway Ct.	San Diego	CA	92131
Telemedicine Group P.C. dba TeleMed2U	3400 Douglas Blvd., Suite 170	Roseville	CA	95661
Vision Service Plan	3333 Quality Drive	Rancho Cordova	CA	95670

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Report Item

11. Authorize a Pilot Program to Contract with Eligible Community-Based Adult Services Providers to provide Enhanced Care Management-like Services to OneCare Members

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Javier Sanchez, Executive Director, Medicare Programs, (657) 235-6851

Recommended Action

1. Authorize a Pilot Program to Contract with Eligible Community-Based Adult Services Providers to Provide Enhanced Care Management-like Services to OneCare Members for the Period of July 1, 2025, through December 31, 2026.

Background

OneCare is a Medicare Advantage Dual Eligible Special Needs Plans (D-SNP), which coordinates Medicare and Medi-Cal benefits for beneficiaries eligible for Medicare and Medi-Cal (Duals). OneCare is also mandated by the California Department of Health Care Services (DHCS) to operate as an Exclusively Aligned Enrollment D-SNP (EAE D-SNP).

EAE D-SNP plans like OneCare are required to provide enhanced care management (ECM)-like services to members who meet CalAIM ECM population of focus criteria. The criteria may include but are not limited to members experiencing homelessness, at risk for avoidable hospital or emergency department care, and nursing facility residents transitioning to the community. ECM-like services may include comprehensive assessments and care management plans, enhanced coordination of care, health promotion, comprehensive transitional care, family supports, and closed loop referrals to community and social support services.

In 2026, the DHCS will be expanding the requirements of ECM-like services and renaming the program to California Integrated Care Management (CICM). CICM refers to the California-specific requirements for integrated care coordination for specific vulnerable populations covered by D-SNPs as determined by the state. Per federal and state guidance, D-SNPs must provide robust care coordination to members. CICM layers state-specific requirements onto Medicare D-SNP requirements.

The new CICM policy applies to OneCare D-SNP members who would otherwise be eligible to receive Medi-Cal ECM. CICM requirements also address a newly identified population of focus in 2026: Adults with Documented Dementia Needs. DHCS is encouraging EAE D-SNPs, including CalOptima Health, to leverage existing contracts with community-based organizations that already provide ECM services to beneficiaries eligible for Medi-Cal only, to support OneCare D-SNP Dual eligible members who qualify for CICM.

Discussion

While DHCS requires EAE D-SNPs like CalOptima Health to provide ECM-like services to eligible OneCare members, CalOptima Health is not allowed to reimburse ECM providers for those services under the Medi-Cal CalAIM benefit. As a result, ECM providers have no incentive to provide ECM services to OneCare members, or to educate dual-eligible members on the integrated services of OneCare.

Staff proposes a pilot program, effective no earlier than July 1, 2025, to leverage CBAS providers contracted to provide Medi-Cal CalAIM ECM services to also provide ECM-like services to OneCare members who are currently enrolled at qualified CBAS centers. The ECM-like services provided through this pilot will be paid by OneCare at a rate that is comparable to the Medi-Cal ECM rate. To participate in this pilot program, the CBAS providers must be:

- 1) Contracted with CalOptima Health as an ECM provider; and
- 2) Demonstrate expertise to serve the newly identified population of focus as defined by DHCS in the 2026 D-SNP Policy Guide.

Staff recommends this pilot with CBAS providers, rather than all ECM providers, because many of the OneCare members who meet the ECM criteria use, or would benefit from CBAS services. Currently, there is one (1) provider contracted as both a CBAS and ECM provider. There is one (1) additional CBAS provider that is currently enrolled in the ECM Academy and will be able to provide ECM and be eligible to provide OneCare ECM-like services in September 2025. Further, because CBAS is already an in-person program, this pilot will prepare OneCare for the anticipated requirements in 2026 and DHCS recommendations (when ECM-like will become CISM services), which will likely require EAE D-SNPs to provide in-person ECM-like services.

Fiscal Impact

The anticipated annual cost of the pilot program is approximately \$160,000. Management will include estimated expenses related to the pilot program in the upcoming Fiscal Year 2025-26 Operating Budget.

Rationale for Recommendation

The recommended actions are proposed to ensure that eligible OneCare members have access to ECM-like services as required by Medicare and the DHCS EAE D-SNP policies.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

None.

/s/ Michael Hunn
Authorized Signature

04/24/2025
Date

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Report Item

12. Approve Actions Related to Community Based Adult Services Provider Overpayments Arising from a Department of Health Care Services Fee Schedule Error

Contacts

Yunkyoung Kim, Chief Operating Officer, (714) 923-8834

Michael Gomez, Executive Director, Network Operations, (714) 347-3292

Recommended Actions

Authorize the Chief Executive Officer to waive the recovery of overpayments made to Community Based Adult Services providers for the period of August 1, 2024, through May 31, 2025, due to erroneous rate increases in the Department of Health Care Services July 15, 2024, published fee schedule.

Background

On February 21, 2025, the Department of Health Care Services (DHCS) sent a notification to all Managed Care Plans (MCPs) that DHCS had implemented an erroneous rate increase within the published Community Based Adult Services (CBAS) fee-for-service (FFS) rates. Specifically, beginning July 2024, DHCS implemented an update that resulted in an additional 10% increase to certain CBAS procedure codes (e.g., H2000, S5102, T1023). These rates were published in the July 15, 2024, fee schedule, which was effective August 1, 2024.

DHCS is working to correct this error and anticipates completing corrective actions by late May 2025. DHCS strongly encouraged impacted MCPs to provide flexibility to contracted CBAS providers to ensure quality of care to members, including, but not limited, allowing providers to retain the overpayment revenue.

Discussion

CalOptima Health uses the published CBAS FFS rates to reimburse contracted CBAS providers. Staff has estimated that once the corrected CBAS FFS rate schedule is published in late May 2025, there will be a total overpayment to CBAS providers of \$5.0 million for the specified procedure codes over the ten-month period of August 1, 2024, through May 31, 2025. Staff requests the Board of Directors approval to waive the recovery of the overpayments made to CBAS providers.

In accordance with existing fee schedule policy, staff will implement the corrected CBAS rates removing the erroneous increases made by DHCS once the updates are made by DHCS to the Medi-Cal FFS schedule. There are no additional amendments needed to CBAS provider contracts.

Fiscal Impact

Staff estimates the total amount of overpayment over the projected ten-month period is \$5.0 million. The recommended action to waive the recovery of overpayments made to CBAS providers related to a DHCS rate adjustment error will have no additional impact on CalOptima Health's current fiscal year financial statements.

Rationale for Recommendation

The above recommended actions will support continued access for CalOptima Health Medi-Cal members to a network of CBAS providers who deliver important nursing and personal care services.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. [Entities Covered by this Recommended Board Action](#)

/s/ Michael Hunn
Authorized Signature

04/24/2025
Date



Attachment to the May 1, 2025 Board of Directors Meeting – Agenda 12

CONTRACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
360 Adult Daycare Center	1800 N Bush St, Suite 100	Santa Ana	CA	92706
ABC Santa Ana Day Health Center	206 W 15th St	Santa Ana	CA	92701
ABC Westminster Day Health Center	202 Hospital Circle	Westminster	CA	92683
ADHC Irvine LLC	1882 McGaw Ave	Irvine	CA	92614
Alzheimer's Family Services Center	9451 Indianapolis Ave	Huntington Beach	CA	92646
Americana Adult Day Center	111 Fashion Ln, Suite 100	Tustin	CA	92780
Anaheim VIP Adult Day Health Center	1158 N Knollwood Circle	Anaheim	CA	92801
Angeles Del Sol ADHC	820 N Diamond Bar Blvd	Diamond Bar	CA	91765
Cameron Adult Day Health Care Center	1501 W Cameron Ave, Suite 100	West Covina	CA	91790
Commonwealth Adult Day Health Care Center	7811 Commonwealth Ave	Buena Park	CA	90621
El Toro Adult Day Services	24300 El Toro Rd, Bldg A	Laguna Woods	CA	92637
Emerald Health Services	17520 Castleton St, Suite 103	City Of Industry	CA	91748
Evergreen World	9856 Westminster Ave	Garden Grove	CA	92844
Get Together Adult Day Health Care	16636 S Crenshaw Blvd	Torrance	CA	90504
Happy (Brea) Adult Day Health Care	401 N Whittier Blvd, Suite 201	La Habra	CA	90631
Health Aging Center Acacia	11391 Acacia Pkwy	Garden Grove	CA	92840
Helping Hands for Better Living	10281 Chapman Ave	Garden Grove	CA	92840
Home Avenue Adult Day Health Care	8114 Telegraph Rd	Downey	CA	90240
Hzor Medical Services ADHCC	740 E Washington Blvd	Pasadena	CA	91104
Irvine Adult Day Health Services	20 Lake Rd	Irvine	CA	92604
Joy Adult Day Health Care	12110 Firestone Blvd	Norwalk	CA	90650
Joyful Adult Day Health Care Center	18951 Colima Rd	Rowland Heights	CA	91748
La Puente Adult Day Health Care Center	17331 E Valley Blvd	La Puente	CA	91744
Laguna Adult Day Health Center	23551 Moulton Pkwy	Laguna Hills	CA	92653
Life Sharing Health Care	13000 San Antonio Dr	Norwalk	CA	90650
Lucky Stars Adult Day Health Care Center	19715 Colima Rd, Suite B	Rowland Heights	CA	91748
Meridian Health Care Corp Dbc Cypress Adult Day Health Care Center	4470 Lincoln Ave	Cypress	CA	90630
New Life Adult Day Health Care Center	716 S Beach Blvd	Anaheim	CA	92804
Norwalk ADHC	11745 Firestone Blvd	Norwalk	CA	90650
OC Health Inc dba OC Anaheim ADHC	2000 W Corporate Way	Anaheim	CA	92801
OC Life Inc dba Garden Grove ADHC	8100 Garden Grove Blvd	Garden Grove	CA	92844
Regent West Adult Day Health Care Center	8341 Garden Grove Blvd	Garden Grove	CA	92844



CalOptima Health

Name	Address	City	State	Zip Code
Reimagine Network	1601 E St Andrews Place	Santa Ana	CA	92705
Reimagine Network	130 Laguna Rd	Fullerton	CA	92835
Sarang Adult Day Health Care Center	5171 Lincoln Ave	Cypress	CA	90630
Smile Adult Day Health Care	12220 South St	Artesia	CA	90701
South County Adult Day Services Healthy Aging Ctr	24260 El Toro Rd	Laguna Woods	CA	92637
Spring Adult Day Health Care Center	19648 Camino De Rosa	Walnut	CA	91789
Two Wings Health Services Inc	8700 Stanton Ave	Buena Park	CA	90620
Well and Fit Adult Day Health Care	105 Mercury Cir	Pomona	CA	91768
Whittier Adult Day Health Care Center	14268 Telegraph Rd	Whittier	CA	90604

CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

Action To Be Taken May 1, 2025

Regular Meeting of the CalOptima Health Board of Directors

Report Item

13. Authorize Actions Related to CalOptima Health OneCare Bid for Calendar Year 2026 (*to Follow Closed Session*)

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Javier Sanchez, Executive Director, Operations Management, (714) 986-6115

Recommended Actions

1. Authorize the Chief Executive Officer (CEO) to submit the OneCare Bid for Calendar Year 2026 and execute contracts with the Centers for Medicare & Medicaid Services and the California Department of Health Care Services;
2. Authorize the CEO to amend/execute OneCare Health Network contracts and ancillary provider contracts and take other actions as necessary to implement.

Background

OneCare is a Medicare Advantage Special Needs Plan (D-SNP) that serves CalOptima Health's members eligible for both Medi-Cal and Medicare (Dual eligible members). Like other Medicare Advantage health plans, CalOptima Health is required to submit to the Centers for Medicare & Medicaid Services (CMS) a bid for each benefit year for the OneCare Program. The benefit year is based on the calendar year. Staff collaborates with a contracted actuarial firm to prepare and submit the annual bid, which includes coverage for Medicare Parts C and D benefits, and supplemental benefits.

Discussion

Government Code § 54956.87(b) allows CalOptima's Health's Board of Directors to meet in closed session to discuss health plan trade secrets and strategies related to competitive lines of business such as OneCare.

Fiscal Impact

Staff will include any expenses associated with these actions in the upcoming CalOptima Health Fiscal Year 2025-26 and future operating budgets.

Rationale for Recommendation

Submitting an annual bid to CMS is a regulatory requirement for the continuation of the OneCare Program, which serves more than 17,400 CalOptima Health Dual eligible members.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

CalOptima Health Board Action Agenda Referral
Authorize Actions Related to the CalOptima Health
OneCare Bid for Calendar Year 2026
(to Follow Closed Session)
Page 2

Attachments

None.

/s/ Michael Hunn
Authorized Signature

04/24/2025
Date