



# CalOptima Health

## Financial Summary July 31, 2025

**Board of Directors Meeting  
September 4, 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.

# Financial Highlights

## July 2025

July 2025	Actual	Budget	\$ Variance	% Variance
Member Months	904,278	906,467	(2,189)	(0.2%)
Revenues	396,458,146	399,374,664	(2,916,518)	(0.7%)
Medical Expenses	366,713,502	370,870,900	4,157,398	1.1%
Administrative Expenses	20,527,877	25,599,842	5,071,965	19.8%
<b>Operating Margin</b>	<b>9,216,767</b>	<b>2,903,922</b>	<b>6,312,845</b>	<b>217.4%</b>
<b>Non-Operating Income (Loss)</b>				
Net Investment Income/Expense	7,917,132	8,333,340	(416,208)	(5.0%)
Community Reinvestment	(2,548,617)	-	(2,548,617)	(100.0%)
Other Income/Expense	(140,313)	(138,610)	(1,703)	(1.2%)
<b>Total Non-Operating Income (Loss)</b>	<b>5,228,202</b>	<b>8,194,730</b>	<b>(2,966,528)</b>	<b>(36.2%)</b>
<b>Change in Net Assets</b>	<b>14,444,969</b>	<b>11,098,652</b>	<b>3,346,317</b>	<b>30.2%</b>
Medical Loss Ratio	92.5%	92.9%	(0.4%)	
Administrative Loss Ratio	5.2%	6.4%	1.2%	
Operating Margin Ratio	<u>2.3%</u>	<u>0.7%</u>	1.6%	
Total Operating	100.0%	100.0%		
*Adjusted MLR	88.1%	88.5%	(0.4%)	
*Adjusted ALR	5.2%	6.4%	1.2%	

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

# FY 2025-26: Management Summary

- Change in Net Assets Surplus or (Deficit)
  - Month To Date (MTD) July 2025: \$14.4 million, favorable to budget \$3.3 million or 30.2% driven by favorable Administrative Expenses
  
- Enrollment
  - MTD: 904,278 members, unfavorable to budget 2,189 or 0.2%

# FY 2025-26: Management Summary (cont.)

## ○ Revenue

- MTD: \$396.5 million, unfavorable to budget \$2.9 million or 0.7% driven by:
  - \$1.9 million in OneCare (OC) Line of Business (LOB) due to lower than anticipated Risk Adjustment Factor (RAF)
  - \$1.0 million in MC LOB due to unfavorable volume variance

# FY 2025-26: Management Summary (cont.)

## ○ Medical Expenses

- MTD: \$366.7 million, favorable to budget \$4.2 million or 1.1% driven by:
  - Medical Management favorable to budget \$3.5 million due to timing of expenses
  - Provider Capitation favorable to budget \$2.4 million due to lower enrollment

## ○ Administrative Expenses

- MTD: \$20.5 million, favorable to budget \$5.1 million or 19.8% due to timing of administrative expense activities

# FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - MTD: \$5.2 million, unfavorable to budget \$3.0 million or 36.2% due primarily to \$2.5 million of accrued Community Reinvestment liabilities

# FY 2025-26: Key Financial Ratios

## ○ Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	92.5%	92.9%	(0.4%)
	Adjusted MLR*	88.1%	88.5%	(0.4%)

## ○ Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	5.2%	6.4%	1.2%
	Adjusted ALR*	5.2%	6.4%	1.2%

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

# FY 2025-26: Key Financials Ratios (cont.)

## ○ Balance Sheet Ratios

- Current ratio\*: 1.8
- Board Designated Reserve level: 3.77
- Statutory Designated Reserve level: 1.02
- Net-position: \$2.8 billion, including required TNE of \$129.3 million

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



# Enrollment Summary: July 2025

Enrollment (by Aid Category)	July 2025			
	Actual	Budget	\$ Variance	% Variance
SPD	152,402	147,168	5,234	3.6%
TANF Child	257,426	260,147	(2,721)	(1.0%)
TANF Adult	128,566	130,415	(1,849)	(1.4%)
LTC	2,600	2,513	87	3.5%
MCE	335,621	338,880	(3,259)	(1.0%)
WCM	9,164	9,120	44	0.5%
<b>Medi-Cal Total</b>	<b>885,779</b>	<b>888,243</b>	<b>(2,464)</b>	<b>(0.3%)</b>
<b>OneCare</b>	<b>17,971</b>	<b>17,695</b>	<b>276</b>	<b>1.6%</b>
<b>PACE</b>	<b>528</b>	<b>529</b>	<b>(1)</b>	<b>(0.2%)</b>
<b>MSSP*</b>	<b>553</b>	<b>558</b>	<b>(5)</b>	<b>(0.9%)</b>
<b>CalOptima Health Total</b>	<b>904,278</b>	<b>906,467</b>	<b>(2,189)</b>	<b>(0.2%)</b>

\*MSSP enrollment is included in Medi-Cal total.

# Consolidated Revenue & Expenses:

## July 2025 MTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
<b>MEMBER MONTHS</b>	885,779	17,971	528	553		904,278
<b>REVENUES</b>						
Capitation Revenue	\$ 355,958,648	\$ 35,505,096	\$ 4,742,424	\$ 251,978	\$ -	\$ 396,458,146
<b>Total Operating Revenue</b>	<b>355,958,648</b>	<b>35,505,096</b>	<b>4,742,424</b>	<b>251,978</b>	<b>-</b>	<b>396,458,146</b>
<b>MEDICAL EXPENSES</b>						
Provider Capitation	113,767,195	14,756,132				128,523,327
Professional, Facility & Ancillary Claims	143,443,310	7,105,399	1,988,286			152,536,996
MLTSS	48,971,239		9,367	42,072		49,022,678
Prescription Drugs		10,815,996	569,433			11,385,430
Case Mgmt & Other Medical	20,922,067	2,685,241	1,442,423	195,341		25,245,072
<b>Total Medical Expenses</b>	<b>327,103,811</b>	<b>35,362,768</b>	<b>4,009,510</b>	<b>237,413</b>	<b>-</b>	<b>366,713,502</b>
<b>Medical Loss Ratio</b>	91.9%	99.6%	84.5%	94.2%	0.0%	92.5%
<b>GROSS MARGIN</b>	<b>28,854,837</b>	<b>142,327</b>	<b>732,914</b>	<b>14,565</b>	<b>-</b>	<b>29,744,644</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries & Benefits	11,936,021	1,015,914	186,943	105,547	53,097	13,297,522
Non-Salary Operating Expenses	2,854,078	420,599	92,343	1,457	50,315	3,418,792
Depreciation & Amortization	804,078		886			804,964
Other Operating Expenses	2,472,439	82,027	7,893	5,399		2,567,757
Indirect Cost Allocation, Occupancy	(767,028)	1,181,620	16,670	7,580		438,842
<b>Total Administrative Expenses</b>	<b>17,299,587</b>	<b>2,700,160</b>	<b>304,735</b>	<b>119,982</b>	<b>103,413</b>	<b>20,527,877</b>
<b>Administrative Loss Ratio</b>	4.9%	7.6%	6.4%	47.6%	0.0%	5.2%
<b>Operating Income/(Loss)</b>	<b>11,555,251</b>	<b>(2,557,832)</b>	<b>428,179</b>	<b>(105,418)</b>	<b>(103,413)</b>	<b>9,216,767</b>
Investments and Other Non-Operating	(2,547,016)					5,228,202
<b>CHANGE IN NET ASSETS</b>	<b>\$ 9,008,235</b>	<b>\$ (2,557,832)</b>	<b>\$ 428,179</b>	<b>\$ (105,418)</b>	<b>\$ (103,413)</b>	<b>\$ 14,444,969</b>
<b>BUDGETED CHANGE IN NET ASSETS</b>	<b>5,389,487</b>	<b>(1,859,310)</b>	<b>219,283</b>	<b>(123,362)</b>	<b>(722,176)</b>	<b>11,098,653</b>
Variance to Budget - Fav/(Unfav)	\$ 3,618,748	\$ (698,522)	\$ 208,896	\$ 17,944	\$ 618,763	\$ 3,346,316

# Balance Sheet: As of July 2025

## ASSETS

### Current Assets

Operating Cash	\$373,963,314
Short-term Investments	1,464,311,276
Capitation Receivable	518,034,478
Receivables - Other	89,705,884
Prepaid Expenses	13,520,101
<b>Total Current Assets</b>	<b>2,459,535,052</b>

### Capital Assets

Capital Assets	189,230,387
Less Accumulated Depreciation	(86,538,713)
<b>Capital Assets, Net of Depreciation</b>	<b>102,691,674</b>

### Other Assets

Restricted Deposits	300,000
Board Designated Reserves	1,584,624,044
Statutory Designated Reserves	132,296,848
<b>Total Other Assets</b>	<b>1,717,220,892</b>

**TOTAL ASSETS** **4,279,447,618**

**Deferred Outflows** **28,626,072**

**TOTAL ASSETS & DEFERRED OUTFLOWS** **4,308,073,690**

## LIABILITIES & NET POSITION

### Current Liabilities

Accounts Payable	\$105,746,041
Medical Claims Liability	1,048,281,485
Accrued Payroll Liabilities	25,282,450
Deferred Revenue	15,146,239
Other Current Liabilities	-
Capitation and Withholds	158,732,484
<b>Total Current Liabilities</b>	<b>1,353,188,699</b>

### Other Liabilities

GASB 96 Subscription Liabilities	21,561,250
Community Reinvestment	90,646,728
Capital Lease Payable	241,474
Postemployment Health Care Plan	17,256,358
Net Pension Liabilities	5,840,992
<b>Total Other Liabilities</b>	<b>135,546,802</b>

**TOTAL LIABILITIES** **1,488,735,501**

**Deferred Inflows** **4,309,519**

### Net Position

Required TNE	129,265,189
Funds in Excess of TNE	2,685,763,481
<b>TOTAL NET POSITION</b>	<b>2,815,028,671</b>

**TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION** **4,308,073,690**

# Board Designated Reserve and TNE Analysis: As of July 2025

## Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	792,394,311				
MetLife Tier One	792,229,732				
Board Designated Reserves	1,584,624,044	1,052,137,734	1,683,420,374	532,486,310	(98,796,330)
Current Reserve Level (X months of average monthly revenue) <sup>1</sup>	3.77	2.50	4.00		

## Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	66,272,379				
MetLife Tier Two	66,024,469				
Statutory Designated Reserves	132,296,848	129,265,189	142,191,708	3,031,659	(9,894,860)
Current Reserve Level (X min. TNE) <sup>1</sup>	1.02	1.00	1.10		

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

# Spending Plan: As of July 2025

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 7/31/2025		\$2,815.0			100.0%
Resources Assigned	Board Designated Reserve <sup>1</sup>	\$1,584.6			56.3%
	Statutory Designated Reserve <sup>1</sup>	\$132.3			4.7%
	Capital Assets, net of Depreciation	\$102.7			3.6%
Resources Allocated <sup>3</sup>	Homeless Health Initiative <sup>2</sup>	\$20.7	\$65.9	\$45.2	0.7%
	Housing and Homelessness Incentive Program <sup>2</sup>	25.8	87.4	61.5	0.9%
	Intergovernmental Transfers (IGT) <sup>3</sup>	45.0	52.1	7.0	1.6%
	Digital Transformation and Workplace Modernization	28.4	100.0	71.6	1.0%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	1.7	6.0	4.3	0.1%
	Coalition of Orange County Community Health Centers Grant	25.7	50.0	24.3	0.9%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	General Awareness Campaign	0.3	4.7	4.4	0.0%
	Member Health Needs Assessment	0.6	1.3	0.7	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	119.0	153.5	34.5	4.2%
	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	3.0	5.0	2.0	0.1%
	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	1.6%
	Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
	Garden Grove Bldg. Improvement	9.8	10.5	0.7	0.3%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.3%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	3.2	7.6	4.4	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	0.2	1.2	1.0	0.0%
	Medi-Cal Provider Rate Increases	298.2	526.2	228.0	10.6%
	Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
	OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%
	Subtotal:	\$700.2	\$1,236.7	\$536.5	24.9%
Resources Available for New Initiatives	Unallocated/Unassigned <sup>1</sup>	\$295.2			10.5%

<sup>1</sup> Total Designated Reserves and unallocated reserve amount can support approximately 169 days of CalOptima Health's current operations.

<sup>2</sup> See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.

<sup>3</sup> On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

# Homeless Health Initiative and Allocated Funds: As of July 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,131,301	64,131,301	45,175,789	18,955,511	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
<b>Total</b>	<b>106,031,301</b>	<b>106,031,301</b>	<b>45,175,789</b>	<b>60,855,511</b>	<b>-</b>

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,335,100	5,553,813	IGT's
Vaccination Intervention and Member Incentive Strategy <sup>1</sup>	54,649	54,649	-	IGT's
Street Medicine <sup>2</sup>	14,376,652	7,618,190	6,758,462	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	1,138,008	5,861,992	IGT's
Housing and Homelessness Incentive Program (HHIP) <sup>3</sup>	40,100,000	-	40,100,000	IGT's & Existing Reserves
<b>Subtotal of Approved Initiatives</b>	<b>106,031,301</b>	<b>45,175,789</b>	<b>60,855,511</b>	
Transfer of funds to HHIP <sup>3</sup>	(40,100,000)	-	(40,100,000)	
<b>Program Total</b>	<b>65,931,301</b>	<b>45,175,789</b>	<b>20,755,511</b>	

<sup>1</sup>On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of \$68,699 to unallocated reserves for new initiatives.

<sup>2</sup>On 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 with Healthcare in Action (Anaheim) and Celebrating Life Community Health Center (Costa Mesa).

<sup>3</sup>On 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 July 2025

Summary by Funding Source:	Total Funds <sup>1</sup>	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	54,930,994	31,576,010	23,354,985	\$18,000,195
Existing Reserves & HHI Transfer	87,384,530	87,384,530	61,543,126	25,841,404	-
<b>Total</b>	<b>160,315,719</b>	<b>142,315,524</b>	<b>93,119,136</b>	<b>49,196,389</b>	<b>18,000,195</b>

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	862,350	537,650	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,696,311	925,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,580,354	251,960	HHI
Capital Projects	108,247,369	73,195,575	35,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	6,929,155	3,255,375	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
<b>Total of Approved Initiatives</b>	<b>\$133,185,524<sup>1</sup></b>	<b>\$93,119,136</b>	<b>\$40,066,389</b>	

<sup>1</sup>Total funding \$160.3 million: \$40.1 million Board-approved reallocation from HHI, \$47.2 million from CalOptima Health existing reserves and \$73.0 million from DHCS HHIP incentive payments.



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