



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

**THURSDAY, APRIL 5, 2018  
2:00 P.M.**

**505 CITY PARKWAY WEST, SUITES 108-109  
ORANGE, CALIFORNIA 92868**

**BOARD OF DIRECTORS**

Paul Yost, M.D., Chair	Lee Penrose, Vice Chair
Ria Berger	Ron DiLuigi
Supervisor Andrew Do	Dr. Nikan Khatibi
Alexander Nguyen, M.D.	Richard Sanchez
J. Scott Schoeffel	Supervisor Michelle Steel
Supervisor Lisa Bartlett, Alternate	

**CHIEF EXECUTIVE OFFICER**  
Michael Schrader

**CHIEF COUNSEL**  
Gary Crockett

**CLERK OF THE BOARD**  
Suzanne Turf

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This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form(s) identifying the item(s) and submit to the Clerk of the Board. To speak on a matter not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar, the reading of the individual agenda items, and/or the beginning of Public Comments. When addressing the 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 documentation is available for review at CalOptima, 505 City Parkway West, Orange, CA 92868, Monday-Friday, 8:00 a.m. – 5:00 p.m. The Board Meeting Agenda and supporting materials are also available online at [www.caloptima.org](http://www.caloptima.org). Board meeting audio is streamed live at <https://caloptima.org/en/AboutUs/BoardMeetingsLive.aspx>*

**CALL TO ORDER**

Pledge of Allegiance  
Establish Quorum

**PRESENTATIONS/INTRODUCTIONS**

## **MANAGEMENT REPORTS**

1. [Chief Executive Officer Report](#)
  - a. Outreach to Homeless Members
  - b. Program of All-Inclusive Care for the Elderly
  - c. Annual Medi-Cal Audit
  - d. Radio Coverage
  - e. Key Meetings

## **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**

2. [Minutes](#)
  - a. Approve Minutes of the March 1, 2018 Regular Meeting of the CalOptima Board of Directors
  - b. Receive and File Minutes of the December 14, 2017 Meeting of the CalOptima Board of Directors' OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee

## **REPORTS**

3. [Consider Adoption of Resolution Approving Updated Human Resources Policies, Acquisition of Computing Equipment to Support Improved Employee Timekeeping, and Budget Reallocation of Unspent Capital Funds](#)
4. [Consider Authorizing Expenditures for CalOptima Staff Wellness Programs from Funding Received from CIGNA HealthCare for Calendar Year 2018](#)
5. [Consider Approval of Insurance Policy Renewals for Policy Year 2018-2019](#)
6. [Consider Authorizing Migration of CalOptima's Microsoft Exchange Electronic Mail System to the Microsoft Azure Cloud Environment; Consider Authorizing a Contract with a Vendor to Support this Migration](#)

## **ADVISORY COMMITTEE UPDATES**

7. [OneCare Connect Cal MediConnect \(Medicare-Medicaid Plan\) Member Advisory Committee](#)
8. [Member Advisory Committee Update](#)
9. [Provider Advisory Committee Update](#)

## **INFORMATION ITEMS**

10. [2017-19 Strategic Plan: Year 1 Progress Report](#)
11. [Introduction to the FY 2018-19 CalOptima Budget: Part 1](#)
12. [Child Health and Disability Prevention Services Update](#)

13. [February 2018 Financial Summary](#)
14. [Compliance Report](#)
15. [Federal and State Legislative Advocates Reports](#)
16. [CalOptima Community Outreach and Program Summary](#)

#### **BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS**

#### **ADJOURNMENT**

**NEXT REGULAR MEETING:** Thursday, May 3, 2018 at 2:00 p.m.

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## MEMORANDUM

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**DATE:** April 5, 2018  
**TO:** CalOptima Board of Directors  
**FROM:** Michael Schrader, CEO  
**SUBJECT:** CEO Report  
**COPY:** Suzanne Turf, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; OneCare Connect Member Advisory Committee

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### **Homeless Members Receive Support Toward Better Health**

CalOptima is among the organizations engaged in the evolving situation surrounding the homeless population relocated from the Santa Ana Flood Control Channel to local motels. As of March 23, CalOptima had received referrals of 266 people from the Orange County Health Care Agency, and 181 are enrolled members. We directed nonmembers to Social Services Agency with the hope that they gain eligibility for possible coverage. For our members, we have completed needs screenings for 72, outreached to 52 with response pending, received declines of assistance from 9 and been unable to contact 48. Among those who were screened, many were referred to providers for behavioral or physical health needs, or referred to case management. CalOptima personal care coordinators are encouraged by their interactions, reporting success stories such as a member now scheduled for a needed surgery, another member who found employment and members generally keeping their appointments. CalOptima will continue working diligently to provide support to this vulnerable group as Orange County forges a more permanent housing solution.

### **Community-Based Physicians Approved at PACE, Boosting Access and Choice**

Great news! CalOptima made another big stride in our effort to maximize access to and choice within the Program of All-Inclusive Care for the Elderly (PACE). The Centers for Medicare & Medicaid Services (CMS) approved our waiver request to allow community-based physicians to deliver primary care services for PACE participants, effective April 12, 2018. This change will offer potential participants the option to receive care from their existing community-based physicians, which will enhance enrollment and uphold quality and choice.

### **Comprehensive Medi-Cal Audit Completed, Results Anticipated This Month**

From February 26–March 9, the Department of Health Care Services (DHCS) conducted its annual audit of CalOptima’s Medi-Cal plan, covering the period of February 1, 2017–January 31, 2018. The audit evaluated CalOptima’s compliance with its contract and regulations in the areas of utilization management, case management and care coordination, access and availability, member rights and responsibilities, quality improvement system, organization and administration of CalOptima, facility site reviews, and medical records review. We anticipate receiving a draft audit report and formal exit conference in April.

### **Radio Coverage Highlights CalOptima Programs for Community, Seniors**

To increase awareness of our investment in the community and service to seniors, CalOptima leaders taped two 30-minute radio programs that will air this month. Director of Strategic Development Cheryl Meronk and I spoke about the Member Health Needs Assessment (MHNA) results as guests on OC Talk Radio, with host Claudia Shambaugh. They highlighted the value of the MHNA's comprehensive information about our member population. PACE Medical Director Miles Masatsugu, M.D., and PACE Director Elizabeth Lee were featured on the Angels Radio AM830 Community Cares program with Tammy Trujillo. They discussed PACE as a positive option for our growing senior population, offering coordinated care and greater independence.

### **Meetings Engage Others in “Better. Together.” Efforts**

CalOptima had a busy month of engagement with members, providers and community stakeholders as well as industry association leaders and health plan peers. Please see below for selected meeting summaries:

#### ***CalOptima-Hosted Meetings***

- **Whole-Child Model (WCM) Family Events**

CalOptima has an industry-leading approach to community engagement, and our recent series to connect with families whose children receive California Children's Services (CCS) shows our commitment. Families were invited to attend one of six events about the CCS transition to WCM. Nearly 90 family members or representatives attended the meetings, which were held in six cities across Orange County both during the day and in the evening. The meetings were conducted in English but interpreters were on hand for Korean, Vietnamese and Spanish speakers. Thankful for the information, parents received answers to their many questions. Reflecting our leadership in stakeholder engagement, CalOptima was asked to share details about our process at the DHCS CCS Advisory Group this month.

- **Advisory Committee Joint Meeting**

CalOptima's advisory committees—Member Advisory Committee, OneCare Connect Member Advisory Committee and Provider Advisory Committee—came together on March 8 for a successful joint meeting. The agenda included four topics of interest across all three committees: Orange County's opioid epidemic, behavioral health, quality/HEDIS and member access to providers.

- **Applied Behavior Analysis (ABA) Provider Meeting**

On March 12, CalOptima hosted our first meeting with ABA providers following the January 1 transition to CalOptima's direct administration of the Behavioral Health benefit. Of the five meetings with ABA providers held over the past year, this one had the largest attendance with about 50 individuals. The transition has gone smoothly, and the agenda covered ways to further streamline operational processes related to referrals, authorizations and claims.

- **Community Alliances Forum**

A capacity crowd of more than 200 community partners gathered on March 21 to learn all about our MHNA results and CalOptima's plans to offer community grants. The popular forum included two CalOptima speakers offering details about the findings as well as three external speakers reacting to the groundbreaking information contained in the report.

### ***External Meetings***

- **California Association of Health Plans (CAHP) Board Meeting**

Through my role as a CAHP Board member, CalOptima has visibility of major health plan policy issues at the state level. At a Board meeting on March 13, CAHP leaders discussed concerns about single-payer system proposals and support for creating a state-based individual mandate, the subjects of two recent association press releases. CAHP is researching the implications of a single-payer system and studying alternative ways to expand coverage building on the successes of the Affordable Care Act. CAHP is also working on efforts to stabilize the health care system for those who purchase coverage on their own.

- **DHCS All-Plan CEO Meeting**

On March 14, I attended DHCS' All-Plan CEO Meeting in Sacramento. An important issue at the meeting was the upcoming shift of responsibility from the Regional Centers to managed care plans for behavioral health therapy for children without autism. This will impact several hundred children in Orange County, so to ensure a smooth transition, CalOptima asked DHCS for a six-month phase-in by birth month. The meeting also addressed the payments available via the Proposition 56 tobacco tax. CalOptima will be making retroactive supplemental payments for certain physician services for FY 2017–18.

- **Medicaid Health Plans of America (MHPA) Board Meeting**

On March 16–17, I attended the MHPA CEO dinner and Board meeting. In addition to CalOptima, MHPA members include Centene, UnitedHealthcare, Aetna, some Blue Cross and/or Blue Shield plans, WellCare, L.A. Care, and Inland Empire Health Plan among others. MHPA is focused on national health care reform, and the Board's efforts are aimed at proposals that maximize coverage and lower costs.

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

**March 1, 2018**

A Regular Meeting of the CalOptima Board of Directors was held on March 1, 2018, at CalOptima, 505 City Parkway West, Orange, California. Chair Paul Yost, M.D., called the meeting to order at 2:00 p.m. Director Khatibi led the Pledge of Allegiance.

**ROLL CALL**

Members Present: Paul Yost, M.D., Chair; Lee Penrose, Vice Chair; Supervisor Andrew Do, Dr. Nikan Khatibi, Alexander Nguyen, M.D., Scott Schoeffel, Supervisor Michelle Steel

Members Absent: Ria Berger, Ron DiLuigi, Richard Sanchez (non-voting)

Others Present: Michael Schrader, Chief Executive Officer; Gary Crockett, Chief Counsel; Greg Hamblin, Chief Financial Officer; Richard Helmer, M.D., Chief Medical Officer; Ladan Khamseh, Chief Operating Officer; Len Rosignoli, Chief Information Officer; Suzanne Turf, Clerk of the Board

**MANAGEMENT REPORTS**

**1. Chief Executive Officer (CEO) Report**

Michael Schrader, CEO, reported that CalOptima's application to expand the service area for the Program for All-Inclusive Care for the Elderly (PACE) has been approved by the Centers for Medicare & Medicaid Services, effective March 8, 2018. Mr. Schrader also reported on CalOptima's role, in partnership with the Orange County Health Care Agency (HCA), to provide assistance to approximately 700 homeless Medi-Cal members recently relocated from the Santa Ana riverbed to motels and shelters. The HCA is leading multiagency efforts to complete in-person assessments and referrals, and CalOptima personal care coordinators will support members in obtaining medical services.

**PUBLIC COMMENTS**

There were no requests for public comment.

**CONSENT CALENDAR**

**2. Minutes**

- a. Approve Minutes of the February 1, 2018 Regular Meeting and the December 7, 2017 Special Meeting of the CalOptima Board of Directors
- b. Receive and File Minutes of the November 15, 2017 Regular Meeting of the CalOptima Board of Directors' Quality Assurance Committee, the November 16, 2017 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee, and the December 14, 2017 Meeting of the CalOptima Board of Directors' Provider Advisory Committee

[Back to Agenda](#)

3. Consider Approval of the CalOptima 2018 Quality Improvement (QI) Program and 2018 QI Work Plan
4. Consider Approval of the CalOptima 2018 Utilization Management Program
5. Consider Approval of the 2018 CalOptima Program of All-Inclusive Care for the Elderly (PACE) Quality Assessment and Performance Improvement Plan
6. Consider Ratification of Increased Payment to Primary Care Physicians for the Depression Screening Incentive Program Funded by Intergovernmental Transfer (IGT) 1
7. Consider Approval of CalOptima Policy GG.1656, Quality Improvement and Utilization Management Conflicts of Interest
8. Consider Ratification of CalOptima's Pharmacy Management Residency Program and Approval of Related Policy
9. Consider Receiving and Filing the 2017 Compliance Program Effectiveness Audit Report
10. Consider Authorizing Proposed Budget Allocation Changes in the CalOptima Fiscal Year 2017-2018 Operating Budget

Consent Calendar items 6, 8, and 10 were pulled by Supervisor Do for discussion and separate action.

**Action:** *On motion of Supervisor Do, seconded and carried, the Board of Directors approved the balance of the Consent Calendar as presented. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)*

6. Consider Ratification of Increased Payment to Primary Care Physicians for the Depression Screening Incentive Program Funded by Intergovernmental Transfer (IGT) 1

Supervisor Do inquired about an oversight process for the depression screening initiative. Greg Hamblin, Chief Financial Officer, provided an overview of the internal validation and control measures implemented to ensure that system and process implementations are consistent with Board-approved actions.

**Action:** *On motion of Supervisor Do, seconded and carried, the Board of Directors ratified a \$20 increase per depression screening to \$50 for all screens completed by physicians for eligible members retroactively to May 1, 2017, and authorized incentive payments of \$50 per depression screening for members prospectively through May 2019, or until available funding has been exhausted, whichever comes first. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)*



8. Consider Ratification of CalOptima's Pharmacy Management Residency Program and Approval of Related Policy

Supervisor Do commented on the importance of obtaining timely Board approval before implementation of any such programs.

***Action: On motion of Director Khatibi, seconded and carried, the Board of Directors ratified CalOptima's Pharmacy Management Residency Program, and approved Policy GG.1426, Residency Program, Pharmacy Management. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)***

10. Consider Authorizing Proposed Budget Allocation Changes in the CalOptima Fiscal Year 2017-2018 Operating Budget

Supervisor Do questioned whether the recommended reallocations impacted the overall contracted amounts for claims processing. Mr. Schrader responded that the recommended action was budget neutral.

***Action: On motion of Supervisor Do, seconded and carried, the Board of Directors authorized the reallocation of budgeted but unused funds in the amount of \$150,000 from Claims Administration Purchased Services – Claims Imaging and Indexing Services to fund the annual fees through June 30, 2018 of the Claims Administration Purchased Services – Electronic Data Interchange Clearinghouse Services, and \$70,000 from Claims Administration Purchased Services – Trizetto Group for Robot Process for Rate Adjustments to fund the annual fees through June 30, 2018 of the Claims Administration Purchased Services – Electronic Data Interchange Clearinghouse Services. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)***

**REPORTS**

11. Consider Authorizing Extension of Existing Custom Durable Medical Equipment Contracts, and Contracts with Other Qualified Rehabilitation Wheelchair Suppliers

Due to potential conflicts of interest, Director Schoeffel did not participate in this item and left the room during the discussion and vote.

***Action: On motion of Supervisor Do, seconded and carried, the Board of Directors authorized the Chief Executive Officer, with the assistance of legal counsel, to: 1) Enter into amendments to extend existing contracts for Custom Durable Medical Equipment (CDME) suppliers through June 30, 2018; 2) Extend CDME provider contracts listed in Attachment 3, for additional one-year terms subject to approval by the CalOptima Board of Directors, unless terminated by either party as provided for in the contract; and 3) Enter into CDME contracts with other qualified Rehabilitation Wheelchair suppliers meeting credentialing criteria – including being on the approved panel for the California Children's Services program – as well as demonstrating the ability to provide specialized custom rehabilitation wheelchairs for the current CalOptima membership. (Motion carried 6-0-0; Directors Berger, DiLuigi and Schoeffel absent)***

12. Consider Ratification of Amendment to CalOptima's Contract with MedImpact for Pharmacy Benefit Manager Services

***Action: On motion of Supervisor Do, seconded and carried, the Board of Directors ratified amendment of CalOptima's contract with MedImpact for Pharmacy Benefit Manager (PBM) services to eliminate certain Medicare Part D authorization services no longer performed by the PBM and make a corresponding compensation adjustment effective April 1, 2017, include an Opioid Cumulative Dosing Program required by the Centers for Medicare & Medicaid Services and make a corresponding compensation adjustment effective January 1, 2017, and add a \$50,000 annual service credit provided by MedImpact to CalOptima to account for services not anticipated in the PBM Agreement effective January 1, 2018. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)***

13. Consider Authorizing Memoranda of Understanding with the County of Orange Social Services Agency Related to In-Home Support Services

***Action: On motion of Supervisor Do, seconded and carried, the Board of Directors authorized and directed the Chief Executive Officer, with the assistance of legal counsel, to execute a new Memoranda of Understanding with the County of Orange Social Services Agency to reflect changes to In-Home Support Services care coordination that became effective January 1, 2018. (Motion carried 7-0-0; Directors Berger and DiLuigi absent)***

**ADVISORY COMMITTEE UPDATES**

14. Provider Advisory Committee (PAC) Update

Teri Miranti, PAC Chair, provided an update on the activities at the February 8, 2018 meeting that included a presentation on telehealth in pediatric cardiology. Recruitment efforts will begin in March for the following seats: Allied Health, Behavioral Health, Health Network, and Nurse representative. The joint meeting of the Member Advisory Committee, OneCare Connect Member Advisory Committee, and the PAC will be held on March 8, 2018. Topics for discussion include member access to specialty providers, the opioid epidemic, and behavioral health.

15. OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee (OCC MAC) Update

Gio Corzo, OCC MAC Chair, reported that recruitment has begun to fill the OCC MAC seats whose terms expire on June 30, 2018: Community-Based Adult Services provider representative, Seniors representative, Long-Term Care facility representative, member advocate, and OCC member or family member of an OCC member. The deadline to apply is March 30, 2018.

16. Member Advisory Committee (MAC) Update

MAC Chair Sally Molnar reported on the recruitment efforts for the MAC seats whose terms expire on June 30, 2018: Children, Consumer, Foster Children, Long-Term Services and Support, Medically Indigent Persons, Persons with Mental Illness, Persons with Special Needs, and Recipients of CalWORKs. Recruitment continues for the Whole-Child Model Family Advisory

Committee, including two to four community representatives/advocates and seven to nine member/family member representatives.

### **INFORMATION ITEMS**

The following Information Items were accepted as presented:

17. January 2018 Financial Summary
18. Compliance Report
19. Federal and State Legislative Advocate Reports
20. CalOptima Community Outreach and Program Summary

### **BOARD MEMBER COMMENTS**

Board members commended Supervisor Do and the Orange County Board of Supervisors for their work on the homelessness issue, and the actions taken in recent weeks to assist these vulnerable members of the community. Director Khatibi commented on the recent visit to Washington, D.C., by CalOptima Board members and staff to meet with legislators to discuss CalOptima's actions to address opioid use disorders, access to medical care and affordable medications. Chair Yost commented on CalOptima's important role in residency and education programs.

### **ADJOURNMENT**

Hearing no further business, Chair Yost adjourned the meeting at 3:17 p.m.

/s/ Suzanne Turf  
Suzanne Turf  
Clerk of the Board

*Approved: April 5, 2018*

# MINUTES

## REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' ONECARE CONNECT CALMEDICONNECT PLAN (MEDICARE-MEDICAID PLAN) MEMBER ADVISORY COMMITTEE

December 14, 2017

A Regular Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee (OCC MAC) was held on December 14, 2017, at CalOptima, 505 City Parkway West, Orange, California.

### **CALL TO ORDER**

Vice Chair Patty Mouton called the meeting to order at 3:08 p.m. and led the Pledge of Allegiance.

### **ESTABLISH QUORUM**

Members Present: Patty Mouton, Vice Chair; Ted Chigaros, Christine Chow, Josefina Diaz, Sandy Finestone, Richard Santana, Kristin Trom; Jyothi Atluri (non-voting)

Members Absent: Gio Corzo, Chair; John Dupies; Sara Lee; Adam Crits (non-voting); Amber Nowak (non-voting); Erin Ulibarri (non-voting)

Others Present: Ladan Khamseh, Chief Operating Officer; Dr. Richard Helmer, Chief Medical Officer; Dr. Richard Bock, Deputy Chief Medical Officer; Sessa Mudunuri, Executive Director, Operations; Phil Tsunoda, Executive Director, Public Affairs; Candice Gomez, Executive Director, Program Implementation; Tracy Hitzeman, Executive Director, Clinical Operations; Belinda Abeyta, Director, Customer Service; Albert Cardenas, Director, Customer Service; Becki Melli, Customer Service; Eva Garcia, Customer Service

### **MINUTES**

#### **Approve the Minutes of the November 16, 2017 Regular Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee**

*Action: On motion of Member Sandy Finestone, seconded and carried, the OCC MAC approved the minutes as submitted.*

### **PUBLIC COMMENT**

There were no requests for public comment.

## **CEO AND MANAGEMENT TEAM DISCUSSION**

### **Chief Medical Officer (CMO) Update**

Dr. Bock, Deputy Chief Medical Officer, reported that CalOptima is waiting for final guidance from the state on Palliative Care, effective January 1, 2018. Dr. Bock also reported that CalOptima has implemented additional restrictions on the prescribing patterns of opioids, including limiting the quantity that dentists may prescribe, and limiting the strength and total morphine equivalent dosage that can be prescribed at a time. CalOptima continues to outreach to physicians and other prescribers regarding appropriate prescribing. In addition, CalOptima is coordinating with the Orange County Health Care Agency to ensure members have access to medication assisted treatment.

### **Federal and State Legislative and Budget Update**

Phil Tsunoda, Executive Director, Public Affairs, reported that Congress passed a continuing resolution (CR) to fund the operations of the federal government through December 22, 2017, including the Medicaid and Medicare programs, avoiding a shutdown of the federal government. Any new CRs or more permanent federal spending bills will require a 60-vote majority in the Senate. Staff will keep the Committee informed of the progress.

## **INFORMATION ITEMS**

### **OCC MAC Member Updates**

Vice Chair Mouton announced that Alzheimer's Orange County and the Orange County Advanced Care Planning Partners debuted a new film called 'Extremis' on end of life care decisions. This documentary of life and death in the Intensive Care Unit (ICU) can be viewed on Netflix.

Member Ted Chigaros reported that several CalOptima staff members visited the Lakewood Skilled Nursing and Health Care facility (SNF), a locked facility for people with dual diagnosis, such as a mental health issue and another medical issue. There are currently 7-10 long-term CalOptima members in the facility. The facility has expressed interest in expanding their relationship with CalOptima.

Vice Chair Mouton reported that a joint meeting with the Member Advisory Committee (MAC) and the Provider Advisory Committee (PAC) is proposed for March 8, 2018, and the invitation has been extended to OCC MAC. Upon agreement of OCC MAC members to participate in the joint meeting, the OCC MAC committee agreed to have OCC MAC Chair Gio Corzo and Vice Chair Mouton serve on an ad hoc subcommittee with MAC and PAC representatives to determine the agenda.

Vice Chair Mouton reported that OCC MAC's progress towards meeting its FY 2017-18 Goals and Objectives is on target, noting that OCC MAC has completed most of its goals. However,

Vice Chair Mouton reminded OCC MAC members about the importance of attending meetings because if the committee does not reach quorum, the meeting and any goals attained do not count. CalOptima staff encouraged OCC MAC members to attend Awareness & Education Seminars, CalOptima Informational Series workshops, and Community Alliance Forums to increase committee members' awareness of issues.

### **Palliative Care Overview**

Tracy Hitzeman, Executive Director, Clinical Operations, presented an overview of palliative care. Senate Bill 1004 requires the Department of Health Care Services (DHCS) to establish standards and provide technical assistance to ensure delivery of palliative care services by Managed Care Plans. DHCS standards are specific to Medi-Cal and will be implemented no later than January 1, 2018. Ms. Hitzeman explained that palliative care is defined as patient and family centered care that optimizes quality of life by anticipating, preventing, and treating suffering. In addition, palliative care addresses physical, intellectual, emotional, social and spiritual needs and facilitates patient autonomy, access to information and choice. Health networks will be responsible for all SB 1004 palliative care services for their assigned members. CalOptima has provided DHCS with draft reporting guidance and is awaiting approval on its plans.

### **OneCare Connect (OCC) Enrollment Process Overview**

Maria Wahab, Manager, Member Outreach and Education, reported that OCC is regulated by DHCS and the Centers for Medicare & Medicaid Services (CMS). OCC services include comprehensive health, prescriptions, dental, care coordination, transportation, fitness and vision. OCC has an ongoing marketing and advertising campaign and includes print advertising, radio advertising, and monthly member direct mailers to dual eligible households. In addition, CalOptima's outreach campaign consists of partnerships with delegated OCC networks, Harbage Consulting, community events, provider outreach and education, as well as making outbound calls to prospective members. OCC enrollment methods include telephone enrollment or in-person enrollment at CalOptima, the member's home, senior center/residence or a shelter. Members may choose their doctor and health network, and may change their doctor and/or health network every month.

### **ADJOURNMENT**

Patty Mouton announced that the next OCC MAC meeting is scheduled for Thursday, February 22, 2018.

Hearing no further business, the meeting adjourned at 4:08 p.m.

/s/ Eva Garcia

Eva Garcia  
Program Assistant

*Approved: February 22, 2018*

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

**Action To Be Taken April 5, 2018**

**Regular Meeting of the CalOptima Board of Directors**

### **Report Item**

3. Consider Adoption of Resolution Approving Updated Human Resources Policies, Acquisition of Computing Equipment to Support Improved Employee Timekeeping, and Budget Reallocation of Unspent Capital Funds.

### **Contact**

Ladan Khamseh, Chief Operations Officer, (714) 246-8400

### **Recommended Actions**

1. Adopt Resolution Approving CalOptima's Updated Human Resources Policies: GA.8033: License and Certification Tracking; GA.8047: Reduction in Force; and GA.8056: Paid Holidays.
2. Authorize the purchase of 12 tablet computers for the purpose of improving the efficiency and accuracy of employee timekeeping.
3. Authorize reallocation of budgeted but unspent capital funds in the amount of \$45,000 for the purpose of purchasing the tablet computers.

### **Background**

On November 1, 1994, the Board of Directors delegated authority to the Chief Executive Officer to promulgate employee policies and procedures, and to amend these policies from time to time, subject to annual presentation of the policies and procedures, with specific emphasis on any changes thereto, to the Board of Directors or a committee appointed by the Board of Directors for that purpose. On December 6, 1994, the Board adopted CalOptima's Bylaws, which requires, pursuant to section 13.1, that the Board of Directors adopt by resolution, and from time to time amend, procedures, practices and policies for, among other things, hiring employees and managing personnel.

The following table lists existing Human Resources policies that have been updated and are being presented for review and approval.

	<b>Policy No./Name</b>	<b>Summary of Changes</b>	<b>Reason for Change</b>
1.	GA.8033 License and Certification Tracking	<ul style="list-style-type: none"><li>• Including procedures for applicants and/or employees who have license restrictions or other pending disciplinary actions.</li><li>• Adding a requirement for disclosure of license revocations, suspensions and restrictions due to misconduct or disciplinary action from other states.</li></ul>	<ul style="list-style-type: none"><li>- Absent from existing policy language.</li><li>- Ensure CalOptima is fully informed of license restrictions.</li></ul>
2.	GA.8047 Reduction in Force	<ul style="list-style-type: none"><li>• Revised policy attachments to align the number of days for employee to</li></ul>	<ul style="list-style-type: none"><li>- Create consistency between agreements</li></ul>



	<b>Policy No./Name</b>	<b>Summary of Changes</b>	<b>Reason for Change</b>
		consider agreement and revocation period. <ul style="list-style-type: none"> <li>Minor modification to health insurance language to clarify CalOptima’s payment responsibilities and Employee’s payment responsibilities.</li> <li>Allowing CEO discretion to extend health benefits beyond Separation Date.</li> </ul>	- Establish authorization for CEO to make exceptions when deemed appropriate
3.	GA.8056 Paid Holidays	<ul style="list-style-type: none"> <li>Removing employee classification “limited-term” as this classification will no longer be used.</li> <li>Adding in language for CEO to have discretion for early release and up to 2 hours of pay prior to holidays.</li> </ul>	- Limited-term employee classification is being de-activated in HR system  - Permitting CEO to have discretion for employee early release prior to holidays.

### **Capital Budget Reallocation**

Currently, non-exempt employees login to the Human Capital Management (HCM) system to record their working hours. This has been the practice since December of 2013. The HCM system vendor also has the option of using “time clocks” for ease and efficiency. These “time clocks” can be used to capture when an employee logs in to the HCM system through his/her own personal computer or when an employee swipes his/her badge through a centralized computer tablet. Usage of the proposed computer tablets will enable staff to swipe a badge and clock in or out in just a few seconds, thereby minimizing any delays in capturing the correct time caused by delays in logging into CalOptima’s network system. Staff is recommending migrating to this time-keeping process along with updating the related HR policies.

### **Fiscal Impact**

There is no additional fiscal impact due to the proposed revisions to CalOptima Policy GA.8056: Paid Holidays.

The fiscal impact for the recommended action to purchase twelve tablet computers to support timekeeping is budget neutral. As proposed, a reallocation of budgeted but unspent capital funds of \$45,000 that were approved as part of the CalOptima Fiscal Year (FY) 2017-18 Capital Budget on June 1, 2017, will fund the purchase of tablet computers.



CalOptima Board Action Agenda Referral  
Consider Adoption of Resolution Approving Updated Human  
Resources Policies, Acquisition of Computing Equipment to  
Support Improved Employee Timekeeping, and Budget  
Reallocation of Unspent Capital Funds Policies  
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**Concurrence**

Gary Crockett, Chief Counsel

**Attachments**

1. Resolution No. 18-0405, Approve Updated Human Resources Policies
2. Revised CalOptima Policies:
  - a. GA.8033 License and Certification Tracking (redlined and clean copies)
  - b. GA.8047 Reduction in Force (redlined and clean copies) with revised Attachments
  - c. GA.8056 Paid Holidays (redlined and clean copies)

/s/ Michael Schrader  
**Authorized Signature**

3/28/2018  
**Date**

## **RESOLUTION NO. 18-0405**

### **RESOLUTION OF THE BOARD OF DIRECTORS ORANGE COUNTY HEALTH AUTHORITY d.b.a. CalOptima**

#### **APPROVE UPDATED HUMAN RESOURCES POLICIES**

**WHEREAS**, section 13.1 of the Bylaws of the Orange County Health Authority, dba CalOptima, provide that the Board of Directors shall adopt by resolution, and may from time to time amend, procedures, practices and policies for, inter alia, hiring employees, and managing personnel; and

**WHEREAS**, in 1994, the Board of Directors designated the Chief Executive Officer as the Appointing Authority with full power to hire and terminate CalOptima employees at will, to set compensation within the boundaries of the budget limits set by the Board, to promulgate employee policies and procedures, and to amend said policies and procedures from time to time, subject to annual review by the Board of Directors, or a committee appointed by the Board for that purpose; and

**WHEREAS**, California Code of Regulations, Title 2, Section 570.5, requires CalOptima to adopt a publicly available pay schedule that identifies the position title and pay rate for every employee position, and CalOptima regularly reviews CalOptima's salary schedule accordingly.

#### **NOW, THEREFORE, BE IT RESOLVED:**

Section 1. That the Board of Directors hereby approves and adopts the attached updated Human Resources Policies: GA.8033: License and Certification Tracking; GA.8047: Reduction in Force; GA.8056: Paid Holidays.

APPROVED AND ADOPTED by the Board of Directors of the Orange County Health Authority, d.b.a., CalOptima this 5th day of April, 2018.

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

/s/ \_\_\_\_\_

Title: Chair, Board of Directors

Printed Name and Title: Paul Yost M.D., Chair, CalOptima Board of Directors

Attest:

/s/ \_\_\_\_\_

Suzanne Turf, Clerk of the Board

Policy #: GA.8033  
Title: **License and Certification Tracking**  
Department: Human Resources  
Section: Not Applicable

CEO Approval: Michael Schrader: \_\_\_\_\_

Effective Date: 01/05/12  
Last Review Date: ~~12/01/16~~  
4/05/18  
Last Revised Date: ~~12/01/16~~  
4/05/18

*Board Approved Policy*

**I. PURPOSE**

This policy describes how CalOptima ensures that all staff, required to have active and current licenses and/or certifications, have the appropriate and required licensure(s) and/or certification(s) with proper renewal information.

**II. POLICY**

- A. When Required Licensure and/or Certification is/are mandated as part of a job position, or in the performance of an employee's job duties, or where an employee receives supplemental pay for having a particular license and/or certification, the applicant/employee shall have, maintain, and provide proof of the applicable active and current license(s) and/or certification(s). The Human Resources (HR) Department shall verify the license(s) and/or certification(s) of each applicant, including the license/certification number(s) and expiration date(s), through the appropriate licensing/certifying board to ensure primary source verification. A new employee who fails to provide proof of Required Licensure and/or Certification prior to his or her start date shall not be permitted to work until such proof has been submitted and verified by HR. Required Licensures and Certifications are verified at the time of hire and prior to their expiration date.
- B. An employee whose job description specifies a Required Licensure and/or Certification, and/or an employee who receives supplemental pay for having a particular license and/or certification, is responsible for maintaining an active and current license and/or certification for the duration of his/her employment at CalOptima. If CalOptima does **not** receive proof of license and/or certification renewal prior to the expiration date, the employee may be subject to suspension without pay effective the following business day. CalOptima will remove the employment suspension when it has obtained proof of an active and current licensure and/or certification. If an employee fails to provide verification of Required Licensure and/or Certification renewal to CalOptima within a reasonable period of time following the expiration date, the employee may be terminated from employment with CalOptima.
- C. Employees shall notify the Human Resources Department immediately any time the employee knows, or has reason to know, of any action to be taken on the employee's Required Licensure and/or Certification, or an event that occurs that could lead to such actions, including, but not limited to, licensing board investigations, restrictions, allegations, revocations, accidents, DUIs, etepending, active, or resolved licensing board investigations, restrictions, allegations, revocations, suspensions, probation, disciplinary actions, accidents, DUIs, etc. Employees shall also notify the Human Resources Department of any professional licenses that they hold or held in other states that

Policy #: GA.8033

Title: License and Certification Tracking

Revised Date: ~~12/01/16~~04/05/18

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1 have been revoked, suspended, or restricted due to misconduct or disciplinary action. CalOptima  
2 may place the employee on “limited work assignment,” suspend the employee without pay or  
3 terminate the employee depending on the circumstances. Failure to provide timely notification of  
4 such action(s) will be grounds for discipline, up to and including, termination.  
5

DRAFT

III. PROCEDURE

Responsible Party	Action
Employee	<ol style="list-style-type: none"><li>1. Provide proof of active and current license(s) and/or certification(s) upon hire.</li><li>2. Renew all Required Licensures and/or Certifications on time.</li><li>3. Provide HR with documentation of renewed license(s) and/or certification(s) before license and/or certification expiration date.</li><li>4. Notify HR immediately if the employee knows, or has reason to know, of any actual, <u>pending</u>, or potential adverse action, or event, impacting the employee's license and/or certification-, <u>including but not limited to, pending, active, or resolved investigations, restrictions, allegations, revocations, suspensions, probations, disciplinary actions, accidents, DUIs, etc.</u></li></ol>
Human Resources	<ol style="list-style-type: none"><li>1. Verify the validity and date of expiration of the license(s) and/or certification(s) prior to the employee's start date, and prior to the expiration date, <del>and then</del> place a copy in the employee's HR file.</li><li>2. Track licensures and/or certifications to ensure all required licenses and/or certifications are up to date.</li><li><u>3. Where an employee receives supplemental pay for having a particular license and/or certification, verify and track such license and/or certification to ensure the employee continues to qualify for such supplemental pay.</u></li><li><u>3.4. When CalOptima becomes aware that an employee's license and/or certification has been or has the potential to be placed on probation, restriction, revocation, suspension or other disciplinary action, CalOptima may place the employee on "limited work assignment," suspension without pay, or proceed with termination, as appropriate based on the circumstances determined by HR in conjunction with the employee's Executive Director or Chief. If the probation or restriction of a license and/or certification cannot be cleared in a reasonable period of time, not to exceed a thirty (30)-day period, the employee may be terminated from employment with CalOptima.</u></li></ol>

IV. ATTACHMENTS

Not Applicable

Policy #: GA.8033

Title: License and Certification Tracking

Revised Date: ~~12/01/16~~04/05/18

**V. REFERENCES**

A. CalOptima Employee Handbook

**VI. REGULATORY AGENCY APPROVALS**

None to Date

**VII. BOARD ACTIONS**

A. 04/05/18: Regular Meeting of the CalOptima Board of Directors

~~A.B.~~ 12/01/16: Regular Meeting of the CalOptima Board of Directors

~~B.C.~~ 11/06/14: Regular Meeting of the CalOptima Board of Directors

~~C.~~ 01/05/12: Regular Meeting of the CalOptima Board of Directors

Policy #: GA.8033

Title: License and Certification Tracking

Revised Date: ~~12/01/16~~04/05/18

**VIII. REVIEW/REVISION HISTORY**

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/05/2012	GA.8033	Professional License Tracking, changed to License and Certification	Administrative
Revised	11/06/2014	GA.8033	License and Certification Tracking	Administrative
Revised	12/01/2016	GA.8033	License and Certification Tracking	Administrative
<u>Revised</u>	<u>04/05/2018</u>	<u>GA.8033</u>	<u>License and Certification Tracking</u>	<u>Administrative</u>

Policy #: GA.8033

Title: License and Certification Tracking

Revised Date: ~~12/01/16~~04/05/18

**IX. GLOSSARY**

Term	Definition
Required Licensure and/or Certification	Licenses and/or certificates deemed “required” in the applicable job description and/or required in the performance of an employee’s job duties, including, but not limited to, professional licenses, <del>driver’s</del> <u>driver</u> licenses, etc.



Policy #: GA.8033  
Title: **License and Certification Tracking**  
Department: Human Resources  
Section: Not Applicable

CEO Approval: Michael Schrader: \_\_\_\_\_

Effective Date: 01/05/12

Last Review Date: 04/05/18

Last Revised Date: 04/05/18

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1 **I. PURPOSE**

2  
3 This policy describes how CalOptima ensures that all staff, required to have active and current licenses  
4 and/or certifications, have the appropriate and required licensure(s) and/or certification(s) with proper  
5 renewal information.  
6

7 **II. POLICY**

- 8
- 9 A. When Required Licensure and/or Certification is/are mandated as part of a job position, or in the  
10 performance of an employee's job duties, or where an employee receives supplemental pay for  
11 having a particular license and/or certification, the applicant/employee shall have, maintain, and  
12 provide proof of the applicable active and current license(s) and/or certification(s). The Human  
13 Resources (HR) Department shall verify the license(s) and/or certification(s) of each applicant,  
14 including the license/certification number(s) and expiration date(s), through the appropriate  
15 licensing/certifying board to ensure primary source verification. A new employee who fails to  
16 provide proof of Required Licensure and/or Certification prior to his or her start date shall not be  
17 permitted to work until such proof has been submitted and verified by HR. Required Licensures  
18 and Certifications are verified at the time of hire and prior to their expiration date.  
19
- 20 B. An employee whose job description specifies a Required Licensure and/or Certification, and/or an  
21 employee who receives supplemental pay for having a particular license and/or certification, is  
22 responsible for maintaining an active and current license and/or certification for the duration of  
23 his/her employment at CalOptima. If CalOptima does **not** receive proof of license and/or  
24 certification renewal prior to the expiration date, the employee may be subject to suspension without  
25 pay effective the following business day. CalOptima will remove the employment suspension when  
26 it has obtained proof of an active and current licensure and/or certification. If an employee fails to  
27 provide verification of Required Licensure and/or Certification renewal to CalOptima within a  
28 reasonable period of time following the expiration date, the employee may be terminated from  
29 employment with CalOptima.  
30
- 31 C. Employees shall notify the Human Resources Department immediately any time the employee  
32 knows, or has reason to know, of any action to be taken on the employee's Required Licensure  
33 and/or Certification, or an event that occurs that could lead to such actions, including, but not  
34 limited to, pending, active, or resolved licensing board investigations, restrictions, allegations,  
35 revocations, suspensions, probation, disciplinary actions, accidents, DUIs, etc. Employees shall also  
36 notify the Human Resources Department of any professional licenses that they hold or held in other  
37 states that have been revoked, suspended, or restricted due to misconduct or disciplinary action.  
38 CalOptima may place the employee on "limited work assignment," suspend the employee without

pay or terminate the employee depending on the circumstances. Failure to provide timely notification of such action(s) will be grounds for discipline, up to and including, termination.

### III. PROCEDURE

Responsible Party	Action
Employee	<ol style="list-style-type: none"><li>1. Provide proof of active and current license(s) and/or certification(s) upon hire.</li><li>2. Renew all Required Licensures and/or Certifications on time.</li><li>3. Provide HR with documentation of renewed license(s) and/or certification(s) before license and/or certification expiration date.</li><li>4. Notify HR immediately if the employee knows, or has reason to know, of any actual, pending, or potential adverse action, or event, impacting the employee's license and/or certification, including but not limited to, pending, active, or resolved investigations, restrictions, allegations, revocations, suspensions, probations, disciplinary actions, accidents, DUIs, etc.</li></ol>
Human Resources	<ol style="list-style-type: none"><li>1. Verify the validity and date of expiration of the license(s) and/or certification(s) prior to the employee's start date, and prior to the expiration date, then place a copy in the employee's HR file.</li><li>2. Track licensures and/or certifications to ensure all required licenses and/or certifications are up to date.</li><li>3. Where an employee receives supplemental pay for having a particular license and/or certification, verify and track such license and/or certification to ensure the employee continues to qualify for such supplemental pay.</li><li>4. When CalOptima becomes aware that an employee's license and/or certification has been or has the potential to be placed on probation, restriction, revocation, suspension or other disciplinary action, CalOptima may place the employee on "limited work assignment," suspension without pay, or proceed with termination, as appropriate based on the circumstances determined by HR in conjunction with the employee's Executive Director or Chief. If the probation or restriction of a license and/or certification cannot be cleared in a reasonable period of time, not to exceed a thirty (30)-day period, the employee may be terminated from employment with CalOptima.</li></ol>

### IV. ATTACHMENTS

Not Applicable

**V. REFERENCES**

- A. CalOptima Employee Handbook

**VI. REGULATORY AGENCY APPROVALS**

None to Date

**VII. BOARD ACTIONS**

- A. 04/05/18: Regular Meeting of the CalOptima Board of Directors  
B. 12/01/16: Regular Meeting of the CalOptima Board of Directors  
C. 11/06/14: Regular Meeting of the CalOptima Board of Directors  
D. 01/05/12: Regular Meeting of the CalOptima Board of Directors

**VIII. REVIEW/REVISION HISTORY**

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/05/2012	GA.8033	Professional License Tracking, changed to License and Certification	Administrative
Revised	11/06/2014	GA.8033	License and Certification Tracking	Administrative
Revised	12/01/2016	GA.8033	License and Certification Tracking	Administrative
Revised	04/05/2018	GA.8033	License and Certification Tracking	Administrative

**IX. GLOSSARY**

<b>Term</b>	<b>Definition</b>
Required Licensure and/or Certification	Licenses and/or certificates deemed “required” in the applicable job description and/or required in the performance of an employee’s job duties, including, but not limited to, professional licenses, driver licenses, etc.

Policy #: GA.8047  
Title: **Reduction in Force**  
Department: Human Resources  
Section: Not Applicable

CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: 02/01/14  
Last Review Date: ~~12/01/16~~04/05/18  
Last Revised Date: ~~12/01/16~~04/05/18

*Board Approved Policy*

## **I. PURPOSE**

This policy defines how CalOptima shall administer a Reduction in Force (RIF) program. A RIF occurs when changing priorities, budgetary constraints, or other business conditions require CalOptima to eliminate positions.

## **II. POLICY**

- A. All CalOptima employees are At-Will employees. An employee is terminated as part of the RIF program through no fault of his or her own. The RIF is considered an involuntary separation of employment that is intended to be permanent as a result of:
1. Lack of work, changing priorities, budgetary constraints, or other business reasons; or
  2. A determination by management that, due to business reasons, an employee's performance, or contribution to the business (although satisfactory), does not meet the needs of the business.
- B. As part of the RIF program, CalOptima shall evaluate the business needs of the organization and the need for particular positions. CalOptima shall take into account the relative value of work performed by specific employees, including, but not limited to, performance, qualifications, discipline, attendance, and length of service, so that CalOptima can continue to provide the highest level of service possible with a reduced work force. In implementing an RIF program, CalOptima may consider, depending on the circumstances, various factors, including, but not limited to, the following (which are not presented in any order of importance):
1. CalOptima's need, or lack thereof, for the position occupied by the employee;
  2. The contributions which the employee has made to the success of the organization, and the perceived likelihood of contributions to the success of the business in the foreseeable future;
  3. Demonstrated high quality performance on the same, or related, assignments;
  4. Versatility and ability in applying pertinent skills and experience to current and expected business requirements;
  5. The employee's length of service in the particular position to be retained;
  6. The employee's length of service with CalOptima;

7. CalOptima's need to maintain continuity with respect to a particular project or team; and

8. The more recent performance of the employee compared to others in the same classification.

C. In cases where management determines the various factors considered are essentially equal between two (2) or more employees, length of service in the position and/or length of service at CalOptima may be the deciding factor in determining which employee, or employees, shall be retained. In the event an employee who is being laid off has greater length of service in the position and/or length of service at CalOptima than an employee, or employees, being retained within the same classification and specialty in the impacted department, CalOptima must document the basis, in the judgment of management, the employee with less length of service is better suited for retention.

D. The Human Resources Department shall work closely with the Legal Affairs Department to implement the RIF program to ensure compliance with all applicable federal, state, and local laws and regulations.

E. An employee terminated as part of the RIF program must continue to perform his or her duties satisfactorily until the Separation Date. Otherwise, the employee may be subject to disciplinary action, up to and including termination, prior to the specified Separation Date, consistent with CalOptima Policy GA.8022: Progressive Discipline. An employee terminated as a result of failure to perform duties satisfactorily until the Separation Date shall not be qualified to receive any benefits administered as part of the RIF program.

F. Limitations to Eligibility

1. An employee terminated as part of the RIF program will not be eligible to receive benefits under the plan if the employee:

- a. Is terminated for cause, including but not limited to, failure to meet the performance requirements of the position, policy violation, theft, gross misconduct, etc.; or
- b. Fails, or refuses, to return all CalOptima property in the employee's possession, and/or fails to clear all expense and other financial accounts, as of the date of termination. (Examples of CalOptima property include, but are not limited to: CalOptima Security badges, office keys any and all CalOptima documents, files, and computers. Examples of accounts to be cleared include, but are not limited to, the completion and reconciliation of expense accounts); or
- c. Resigns, or otherwise voluntarily terminates, his or her employment; or
- d. Is terminated by temporary layoff, or furlough, except that if CalOptima elects to convert the temporary layoff, or furlough, into a permanent layoff, severance pay may then be payable as of the effective date of permanent layoff, if the employee otherwise is eligible for benefits under the RIF program; or,
- e. Is on a leave of absence, except that if an employee is released to return to work from an approved leave of absence and CalOptima has no assignment for the employee, he/she may be eligible for benefits under the RIF program; or
- f. Is offered a comparable position within CalOptima in lieu of termination, but fails, or refuses, to accept it; or

- g. Is terminated because of CalOptima's sale, or transfer, of all, or part, of its assets and his/her employment continues with the agency, or transferee organization, after the transfer has been completed; or
  - h. Is terminated in connection with the "outsourcing" of operational functions, and he/she is offered comparable employment by the outsourcing vendor. For this purpose, comparable employment shall be defined as a position with substantially the same duties, at the same, or greater, compensation and comparable benefits, which does not require relocation, as defined by the IRS; or
  - i. Is terminated from employment for failure to return to work following a leave of absence; or
  - j. Retires; or
  - k. Is deceased, at which time eligibility for benefits under the RIF program will end and all such benefit payments, if any, will cease; or
  - l. Is separated from CalOptima because he or she is no longer able to perform the essential functions of his/her job (with or without reasonable accommodation) because of a disability; or
  - m. Is a temporary employee, intern/volunteer, independent contractor or consultant; or
  - n. Is an employee employed by CalOptima pursuant to a written contract containing provisions for severance benefits; or
  - o. Is convicted of a crime involving an abuse of his or her office, or position.
- G. This policy sets forth general guidelines to observe in the event of a RIF; however, this policy may be subject to change, deviation, or modification, without notice, depending on the circumstances. Any decision to deviate from this policy in any particular case shall be subject to the discretion of the Chief Executive Officer (CEO).
- H. Applicable provisions of this policy may also be used to address employee separations or terminations, other than a RIF, where appropriate, at the discretion of the CEO.

### III. PROCEDURE

- A. Affected Positions: Following an evaluation of CalOptima's business needs, CalOptima, through appropriate Executive Officers and the Human Resources (HR) Department (hereinafter referred to as the "management"), will identify and determine the positions that will be eliminated and/or affected by a RIF. Management also has the discretion to determine the manner in which the RIF will occur; however, notification to the ~~Human Resources~~HR Department (~~HR~~) should precede the implementation of the RIF.
- B. Determinations: Determinations concerning the evaluation of employees, the considerations evaluated, and final recommendations should be made by the employee's immediate supervisor and/or manager with the next higher management level. Documentation of all considerations



evaluated should be furnished to HR and approved by management prior to any notification to the employee affected by the RIF.

- C. Transfers or Downgrades: Depending on CalOptima's business needs, an employee impacted by the RIF may be offered a downgrade (a lower position and/or reduction in base pay) or lateral transfer (an equivalent position and/or equivalent base pay) to another open job position for which he or she is, in the judgment of management, most qualified even though it is a job position or classification that the employee has not previously held. An employee impacted by the RIF who is offered a lateral transfer, or downgrade, may be provided the option of layoff. HR shall determine, on a case-by-case basis, the time period appropriate to accept, or decline, such job offer.
- D. Employee Notices: Employees who are to be laid off as a result of the RIF should be notified of such reduction only after all necessary approvals have been obtained. An employee notified of a lay off must continue to work up to the Separation Date specified in the notice, unless management decides otherwise. An employee notified of his or her lay off, as a result of the RIF, may not subsequently be placed on a leave of absence (LOA) without prior approval of the Executive Director of HR.
- E. Severance: Severance pay may be offered, if approved by the ~~Chief Executive Officer~~CEO and HR, upon an employee's separation from service when it is deemed appropriate due to special circumstances. If severance pay is authorized and offered, it will be paid in accordance with the following, unless otherwise defined in a separate employee agreement, or approved by the CEO:
1. Two (2) weeks of pay at the rate of the Annual Earnings for employees with less than two (2) years of service and more than ninety (90) days; or
  2. One (1) week of pay at the rate of the Annual Earnings for each completed year of service, with a maximum of sixteen (16) weeks, for employees with two (2) years or more of service.
- F. Employees on a Leave of Absence: If an employee is on a Leave of Absence (LOA), and his or her position is terminated as part of the RIF, CalOptima will not terminate the LOA early to implement the RIF program. The employee will be laid off at the scheduled, or required, conclusion of the LOA. This paragraph does not apply to employees on Personal LOA, pursuant to CalOptima Policy GA.8038: Personal Leave of Absence.
- G. Release Agreement: In order to be eligible for the severance pay, if offered, an eligible employee must fully complete and execute a Separation Agreement provided by CalOptima, in a form approved by the Legal Affairs Department, at, or near the time of, termination. This Separation Agreement includes a release of all known and unknown claims the employee has, or may have, against CalOptima, as well as an agreement of confidentiality, non-disparagement, and non-solicitation. To be eligible for the severance pay, the Separation Agreement must be signed by the employee and must become irrevocable, in accordance with applicable law.
- H. Payment Method: All wages earned and unpaid, including paid time off (PTO) and flex holidays, on the specified Separation Date will be paid to the employee in accordance with CalOptima's pay schedule and not necessarily on the employee's Separation Date. CalOptima may make payment of severance pay, if an employee is eligible, in accordance with the CalOptima payroll schedule as if the recipient were still employed or in a lump sum payment, following a seven (7) day waiting period, where applicable, and after receipt of the fully executed and irrevocable Separation Agreement and/or any other agreement. Payment in installments will be equal to the employee's bi-



weekly Annual Earnings wages, less applicable taxes and deductions, including benefits, if applicable, until the agreed upon sum has been distributed. Eligible employees receiving payment in installments shall be required to remain reasonably available during the time period the employee is receiving periodic severance payments to respond to questions from CalOptima and address work related matters. Payment by lump sum will be distributed on CalOptima's next regularly scheduled payday and will be equal to the amount the employee would have made in wages for the applicable number of weeks of severance pay offered, less applicable taxes and deductions.

- I. Taxes: CalOptima shall reduce all severance pay by all applicable federal, state, or local tax withholdings.
- J. Termination of Severance Pay: If a former employee is receiving severance pay through periodic payments as described in ~~Paragraph Section III.H above~~, severance pay will immediately cease if CalOptima discovers that the employee:
1. Has failed to return all CalOptima property; or
  2. Has disclosed or used confidential information about CalOptima for the benefit of a third party; or
  3. Has defamed CalOptima; or
  4. Has been hired on a full-time basis by another employer; or
  5. Has failed to remain reasonably available to respond to CalOptima questions, or work related matters.
  6. Has attempted to entice other employees of CalOptima to work for a competitor; or
  7. Has been convicted of a crime involving an abuse of his or her office, or position.
- K. Death: If a former employee dies before all payments have been made, severance payments will cease. No benefits will continue to a beneficiary.
- L. Returning to Work: If an employee is eligible for and receives benefits under this Policy, and that employee later returns to work for CalOptima before receiving all payments under this Policy, further severance payments will cease effective on the rehire date. If the employee later becomes eligible for benefits under this Policy, the subsequent severance payment calculated based on the total years of service will be reduced by the amount of severance payments previously paid.
- M. Retirement Benefits: The receipt of severance pay under this Policy shall have no effect on the employee's right, if any, to retiree benefits under any other employee pension, or welfare benefit plan.
- N. Other Benefits: Other than severance pay, employees shall not be offered, or provided, any other benefits (health, dental, vision, life insurance, or CalPERS/PARS payments). If the employee is being paid by lump sum as described in Section III.H., medical, dental, and vision benefits shall cease on the last day of the month in the same month as the Separation Date, ~~unless otherwise determined by the CEO~~. All other benefits, including, but not limited to, life insurance and payment towards CalPERS and ~~PARs~~PARS ends on the Separation Date. If the employee is receiving

severance pay through periodic payments as described in Section III.H. above, medical, dental, vision, and other applicable benefits, as determined solely by HR, may cease on the last day of the month in the same month the employee receives his or her last periodic severance payment, unless otherwise determined by the CEO.

- O. Time Limits: All time limits herein refer to calendar days. If the expiration of any time limits of this policy falls on a weekend, or a holiday observed by CalOptima, the time limit will be deemed to end on the next workday.
- P. Source of Benefits: The benefits provided under this policy shall be unfunded and payable solely from the CalOptima's general fund.
- Q. No Individual Liability: It is the express purpose and intention of CalOptima that no individual liability whatsoever shall attach to, or be incurred by, any director, officer, Board Member, executive, employee, representative, or agent of CalOptima. This Policy does not guarantee a right to any employee for severance pay, and such benefit shall be offered at the sole discretion of CalOptima.
- R. No Employment References: If an employee terminated as part of the RIF program requests an employment reference from CalOptima, CalOptima shall only provide the employee's date(s) of employment and position in response to such requests. All reference requests must be directed to ~~Human Resources~~HR.
- S. No Vested Right: This Policy does not guarantee a right to any employee for severance pay, and such benefit, if offered, shall be at the sole discretion of CalOptima.

#### IV. ATTACHMENTS

- A. Severance Agreement Under 40  
B. Severance Agreement Over 40

#### V. REFERENCES

- A. Age Discrimination in Employment Act, 29 U.S.C. §621 *et seq.*  
B. California Labor Code §1400 *et seq.*  
~~C. CalOptima Employee Handbook~~  
C.  
D. CalOptima Policy GA.~~8000: Glossary of Terms~~8022: Progressive Discipline  
E. CalOptima Policy GA.8038: Personal Leave of Absence  
F. Older Workers Benefit Protection Act, 29 U.S.C. §§623, 626 & 630-  
G. Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C. §2101 *et seq.*

#### VI. REGULATORY AGENCY APPROVALS

None to Date

#### VII. BOARD ACTIONS

- A. 04/05/18: Regular Meeting of the CalOptima Board of Directors  
~~A.B.~~ 12/01/16: Regular Meeting of the CalOptima Board of Directors

Policy #: GA.8047

Title: Reduction In Force

Revised Date: ~~12/01/16~~04/05/18

- 1 ~~B.C.~~ 06/04/15: Regular Meeting of the CalOptima Board of Directors
- 2 ~~C.D.~~ 05/01/14: Regular Meeting of the CalOptima Board of Directors
- 3

DRAFT

Policy #: GA.8047

Title: Reduction In Force

Revised Date: ~~12/01/16~~04/05/18

**VIII. REVIEW/REVISION HISTORY**

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/01/2014	GA.8047	Reduction In Force	Administrative
Revised	08/07/2014	GA.8047	Reduction In Force	Administrative
Revised	12/01/2016	GA.8047	Reduction In Force	Administrative
<u>Revised</u>	<u>04/05/2018</u>	<u>GA.8047</u>	<u>Reduction In Force</u>	<u>Administrative</u>

**IX. GLOSSARY**

Term	Definition
Annual Earnings	The annualized base salary of the employee as of the Separation Date, without regard to overtime, car allowances, bonus, incentive payments or commission payments.
At-Will	An employment, having no specified term, may be terminated at the will of employees or employers at any time and with or without cause.
<del>Exempt Employees</del>	<del>Employees who are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is determined by the duties and responsibilities of the position and is defined by Human Resources for each position.</del>
<del>Full Time Employee</del>	<del>An employee who works sixty (60) to eighty (80) hours a pay period.</del>
<del>Limited Term Employees</del>	<del>Employees who are hired to work a full time schedule on special assignments that last a period of less than six (6) months. Limited Term employees do not become regular employees as a result of the passage of time.</del>
<del>Non-Exempt Employees</del>	<del>Includes all employees who are not identified as exempt. Non-Exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.</del>
<del>Part time Employees</del>	<del>Employees that regularly work at least twenty (20) hours per week and no more than thirty (30) hours per week.</del>
Service	All periods of employment with CalOptima, provided that service does not include periods in which an employee is on a Personal leave of absence pursuant to CalOptima Policy GA.8038: Personal Leave of Absence, and service shall not include any period of employment for which the employee has received severance pay under the RIF program or under any similar plan of CalOptima's.
Separation Date	The last day of employment with CalOptima.

Policy #: GA.8047  
Title: **Reduction in Force**  
Department: Human Resources  
Section: Not Applicable

CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: 02/01/14  
Last Review Date: 04/05/18  
Last Revised Date: 04/05/18

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## **I. PURPOSE**

This policy defines how CalOptima shall administer a Reduction in Force (RIF) program. A RIF occurs when changing priorities, budgetary constraints, or other business conditions require CalOptima to eliminate positions.

## **II. POLICY**

- A. All CalOptima employees are At-Will employees. An employee is terminated as part of the RIF program through no fault of his or her own. The RIF is considered an involuntary separation of employment that is intended to be permanent as a result of:
1. Lack of work, changing priorities, budgetary constraints, or other business reasons; or
  2. A determination by management that, due to business reasons, an employee's performance, or contribution to the business (although satisfactory), does not meet the needs of the business.
- B. As part of the RIF program, CalOptima shall evaluate the business needs of the organization and the need for particular positions. CalOptima shall take into account the relative value of work performed by specific employees, including, but not limited to, performance, qualifications, discipline, attendance, and length of service, so that CalOptima can continue to provide the highest level of service possible with a reduced work force. In implementing an RIF program, CalOptima may consider, depending on the circumstances, various factors, including, but not limited to, the following (which are not presented in any order of importance):
1. CalOptima's need, or lack thereof, for the position occupied by the employee;
  2. The contributions which the employee has made to the success of the organization, and the perceived likelihood of contributions to the success of the business in the foreseeable future;
  3. Demonstrated high quality performance on the same, or related, assignments;
  4. Versatility and ability in applying pertinent skills and experience to current and expected business requirements;
  5. The employee's length of service in the particular position to be retained;
  6. The employee's length of service with CalOptima;

7. CalOptima's need to maintain continuity with respect to a particular project or team; and

8. The more recent performance of the employee compared to others in the same classification.

C. In cases where management determines the various factors considered are essentially equal between two (2) or more employees, length of service in the position and/or length of service at CalOptima may be the deciding factor in determining which employee, or employees, shall be retained. In the event an employee who is being laid off has greater length of service in the position and/or length of service at CalOptima than an employee, or employees, being retained within the same classification and specialty in the impacted department, CalOptima must document the basis, in the judgment of management, the employee with less length of service is better suited for retention.

D. The Human Resources Department shall work closely with the Legal Affairs Department to implement the RIF program to ensure compliance with all applicable federal, state, and local laws and regulations.

E. An employee terminated as part of the RIF program must continue to perform his or her duties satisfactorily until the Separation Date. Otherwise, the employee may be subject to disciplinary action, up to and including termination, prior to the specified Separation Date, consistent with CalOptima Policy GA.8022: Progressive Discipline. An employee terminated as a result of failure to perform duties satisfactorily until the Separation Date shall not be qualified to receive any benefits administered as part of the RIF program.

F. Limitations to Eligibility

1. An employee terminated as part of the RIF program will not be eligible to receive benefits under the plan if the employee:

- a. Is terminated for cause, including but not limited to, failure to meet the performance requirements of the position, policy violation, theft, gross misconduct, etc.; or
- b. Fails, or refuses, to return all CalOptima property in the employee's possession, and/or fails to clear all expense and other financial accounts, as of the date of termination. (Examples of CalOptima property include, but are not limited to: CalOptima Security badges, office keys any and all CalOptima documents, files, and computers. Examples of accounts to be cleared include, but are not limited to, the completion and reconciliation of expense accounts); or
- c. Resigns, or otherwise voluntarily terminates, his or her employment; or
- d. Is terminated by temporary layoff, or furlough, except that if CalOptima elects to convert the temporary layoff, or furlough, into a permanent layoff, severance pay may then be payable as of the effective date of permanent layoff, if the employee otherwise is eligible for benefits under the RIF program; or,
- e. Is on a leave of absence, except that if an employee is released to return to work from an approved leave of absence and CalOptima has no assignment for the employee, he/she may be eligible for benefits under the RIF program; or
- f. Is offered a comparable position within CalOptima in lieu of termination, but fails, or refuses, to accept it; or

- g. Is terminated because of CalOptima's sale, or transfer, of all, or part, of its assets and his/her employment continues with the agency, or transferee organization, after the transfer has been completed; or
  - h. Is terminated in connection with the "outsourcing" of operational functions, and he/she is offered comparable employment by the outsourcing vendor. For this purpose, comparable employment shall be defined as a position with substantially the same duties, at the same, or greater, compensation and comparable benefits, which does not require relocation, as defined by the IRS; or
  - i. Is terminated from employment for failure to return to work following a leave of absence; or
  - j. Retires; or
  - k. Is deceased, at which time eligibility for benefits under the RIF program will end and all such benefit payments, if any, will cease; or
  - l. Is separated from CalOptima because he or she is no longer able to perform the essential functions of his/her job (with or without reasonable accommodation) because of a disability; or
  - m. Is a temporary employee, intern/volunteer, independent contractor or consultant; or
  - n. Is an employee employed by CalOptima pursuant to a written contract containing provisions for severance benefits; or
  - o. Is convicted of a crime involving an abuse of his or her office, or position.
- G. This policy sets forth general guidelines to observe in the event of a RIF; however, this policy may be subject to change, deviation, or modification, without notice, depending on the circumstances. Any decision to deviate from this policy in any particular case shall be subject to the discretion of the Chief Executive Officer (CEO).
- H. Applicable provisions of this policy may also be used to address employee separations or terminations, other than a RIF, where appropriate, at the discretion of the CEO.

### III. PROCEDURE

- A. Affected Positions: Following an evaluation of CalOptima's business needs, CalOptima, through appropriate Executive Officers and the Human Resources (HR) Department (hereinafter referred to as the "management"), will identify and determine the positions that will be eliminated and/or affected by a RIF. Management also has the discretion to determine the manner in which the RIF will occur; however, notification to the HR Department should precede the implementation of the RIF.
- B. Determinations: Determinations concerning the evaluation of employees, the considerations evaluated, and final recommendations should be made by the employee's immediate supervisor and/or manager with the next higher management level. Documentation of all considerations



evaluated should be furnished to HR and approved by management prior to any notification to the employee affected by the RIF.

- C. Transfers or Downgrades: Depending on CalOptima's business needs, an employee impacted by the RIF may be offered a downgrade (a lower position and/or reduction in base pay) or lateral transfer (an equivalent position and/or equivalent base pay) to another open job position for which he or she is, in the judgment of management, most qualified even though it is a job position or classification that the employee has not previously held. An employee impacted by the RIF who is offered a lateral transfer, or downgrade, may be provided the option of layoff. HR shall determine, on a case-by-case basis, the time period appropriate to accept, or decline, such job offer.
- D. Employee Notices: Employees who are to be laid off as a result of the RIF should be notified of such reduction only after all necessary approvals have been obtained. An employee notified of a lay off must continue to work up to the Separation Date specified in the notice, unless management decides otherwise. An employee notified of his or her lay off, as a result of the RIF, may not subsequently be placed on a leave of absence (LOA) without prior approval of the Executive Director of HR.
- E. Severance: Severance pay may be offered, if approved by the CEO and HR, upon an employee's separation from service when it is deemed appropriate due to special circumstances. If severance pay is authorized and offered, it will be paid in accordance with the following, unless otherwise defined in a separate employee agreement, or approved by the CEO:
1. Two (2) weeks of pay at the rate of the Annual Earnings for employees with less than two (2) years of service and more than ninety (90) days; or
  2. One (1) week of pay at the rate of the Annual Earnings for each completed year of service, with a maximum of sixteen (16) weeks, for employees with two (2) years or more of service.
- F. Employees on a Leave of Absence: If an employee is on a Leave of Absence (LOA), and his or her position is terminated as part of the RIF, CalOptima will not terminate the LOA early to implement the RIF program. The employee will be laid off at the scheduled, or required, conclusion of the LOA. This paragraph does not apply to employees on Personal LOA, pursuant to CalOptima Policy GA.8038: Personal Leave of Absence.
- G. Release Agreement: In order to be eligible for the severance pay, if offered, an eligible employee must fully complete and execute a Separation Agreement provided by CalOptima, in a form approved by the Legal Affairs Department, at, or near the time of, termination. This Separation Agreement includes a release of all known and unknown claims the employee has, or may have, against CalOptima, as well as an agreement of confidentiality, non-disparagement, and non-solicitation. To be eligible for the severance pay, the Separation Agreement must be signed by the employee and must become irrevocable, in accordance with applicable law.
- H. Payment Method: All wages earned and unpaid, including paid time off (PTO) and flex holidays, on the specified Separation Date will be paid to the employee in accordance with CalOptima's pay schedule and not necessarily on the employee's Separation Date. CalOptima may make payment of severance pay, if an employee is eligible, in accordance with the CalOptima payroll schedule as if the recipient were still employed or in a lump sum payment, following a seven (7) day waiting period, where applicable, and after receipt of the fully executed and irrevocable Separation Agreement and/or any other agreement. Payment in installments will be equal to the employee's bi-

weekly Annual Earnings wages, less applicable taxes and deductions, including benefits, if applicable, until the agreed upon sum has been distributed. Eligible employees receiving payment in installments shall be required to remain reasonably available during the time period the employee is receiving periodic severance payments to respond to questions from CalOptima and address work related matters. Payment by lump sum will be distributed on CalOptima's next regularly scheduled payday and will be equal to the amount the employee would have made in wages for the applicable number of weeks of severance pay offered, less applicable taxes and deductions.

- I. Taxes: CalOptima shall reduce all severance pay by all applicable federal, state, or local tax withholdings.
- J. Termination of Severance Pay: If a former employee is receiving severance pay through periodic payments as described in Section III.H., severance pay will immediately cease if CalOptima discovers that the employee:
1. Has failed to return all CalOptima property; or
  2. Has disclosed or used confidential information about CalOptima for the benefit of a third party; or
  3. Has defamed CalOptima; or
  4. Has been hired on a full-time basis by another employer; or
  5. Has failed to remain reasonably available to respond to CalOptima questions, or work related matters.
  6. Has attempted to entice other employees of CalOptima to work for a competitor; or
  7. Has been convicted of a crime involving an abuse of his or her office, or position.
- K. Death: If a former employee dies before all payments have been made, severance payments will cease. No benefits will continue to a beneficiary.
- L. Returning to Work: If an employee is eligible for and receives benefits under this Policy, and that employee later returns to work for CalOptima before receiving all payments under this Policy, further severance payments will cease effective on the rehire date. If the employee later becomes eligible for benefits under this Policy, the subsequent severance payment calculated based on the total years of service will be reduced by the amount of severance payments previously paid.
- M. Retirement Benefits: The receipt of severance pay under this Policy shall have no effect on the employee's right, if any, to retiree benefits under any other employee pension, or welfare benefit plan.
- N. Other Benefits: Other than severance pay, employees shall not be offered, or provided, any other benefits (health, dental, vision, life insurance, or CalPERS/PARS payments). If the employee is being paid by lump sum as described in Section III.H., medical, dental, and vision benefits shall cease on the last day of the month in the same month as the Separation Date, unless otherwise determined by the CEO. All other benefits, including, but not limited to, life insurance and payment towards CalPERS and PARS ends on the Separation Date. If the employee is receiving severance

pay through periodic payments as described in Section III.H. above, medical, dental, vision, and other applicable benefits, as determined solely by HR, may cease on the last day of the month in the same month the employee receives his or her last periodic severance payment, unless otherwise determined by the CEO.

- O. Time Limits: All time limits herein refer to calendar days. If the expiration of any time limits of this policy falls on a weekend, or a holiday observed by CalOptima, the time limit will be deemed to end on the next workday.
- P. Source of Benefits: The benefits provided under this policy shall be unfunded and payable solely from the CalOptima's general fund.
- Q. No Individual Liability: It is the express purpose and intention of CalOptima that no individual liability whatsoever shall attach to, or be incurred by, any director, officer, Board Member, executive, employee, representative, or agent of CalOptima. This Policy does not guarantee a right to any employee for severance pay, and such benefit shall be offered at the sole discretion of CalOptima.
- R. No Employment References: If an employee terminated as part of the RIF program requests an employment reference from CalOptima, CalOptima shall only provide the employee's date(s) of employment and position in response to such requests. All reference requests must be directed to HR.
- S. No Vested Right: This Policy does not guarantee a right to any employee for severance pay, and such benefit, if offered, shall be at the sole discretion of CalOptima.

#### IV. ATTACHMENTS

- A. Severance Agreement Under 40  
B. Severance Agreement Over 40

#### V. REFERENCES

- A. Age Discrimination in Employment Act, 29 U.S.C. §621 *et seq.*  
B. California Labor Code §1400 *et seq.*  
C. CalOptima Employee Handbook  
D. CalOptima Policy GA.8022: Progressive Discipline  
E. CalOptima Policy GA.8038: Personal Leave of Absence  
F. Older Workers Benefit Protection Act, 29 U.S.C. §§623, 626 & 630  
G. Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C. §2101 *et seq.*

#### VI. REGULATORY AGENCY APPROVALS

None to Date

#### VII. BOARD ACTIONS

- A. 04/05/18: Regular Meeting of the CalOptima Board of Directors  
B. 12/01/16: Regular Meeting of the CalOptima Board of Directors  
C. 06/04/15: Regular Meeting of the CalOptima Board of Directors

- 1 D. 05/01/14: Regular Meeting of the CalOptima Board of Directors  
2

DRAFT

Policy #: GA.8047  
Title: Reduction In Force

Revised Date: 04/05/18

**VIII. REVIEW/REVISION HISTORY**

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/01/2014	GA.8047	Reduction In Force	Administrative
Revised	08/07/2014	GA.8047	Reduction In Force	Administrative
Revised	12/01/2016	GA.8047	Reduction In Force	Administrative
Revised	04/05/2018	GA.8047	Reduction In Force	Administrative

**IX. GLOSSARY**

<b>Term</b>	<b>Definition</b>
Annual Earnings	The annualized base salary of the employee as of the Separation Date, without regard to overtime, car allowances, bonus, incentive payments or commission payments.
At-Will	An employment, having no specified term, may be terminated at the will of employees or employers at any time and with or without cause.
Service	All periods of employment with CalOptima, provided that service does not include periods in which an employee is on a Personal leave of absence pursuant to CalOptima Policy GA.8038: Personal Leave of Absence, and service shall not include any period of employment for which the employee has received severance pay under the RIF program or under any similar plan of CalOptima's.
Separation Date	The last day of employment with CalOptima.

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**NOW THEREFORE**, for good and sufficient consideration, as set forth below, the parties agree as follows:

1. Separation Date. Employee's last day of work will be mm,dd,yyyy ("Separation Date").

A. Employee shall receive his/her regular pay through Separation Date to the extent any is due. Employee will receive a check for all unused Paid Time Off (PTO) and Flex Holiday time, less deductions required by law, accrued by Employee through the Separation Date. All payments will be made consistent with CalOptima's payroll schedule.

C. Employer shall make payments (Employer share only) on behalf of Employee for medical, dental and vision through mm,dd,yyyy. Employee shall be responsible for the Employee share of premiums. All other benefits shall cease on [the Separation Date] **OR** [at the end of the Severance Period].

E. Employee will receive optional outplacement services through a designated outplacement firm for a period not to exceed thirty (30) **business** days.

1

1 a complete and final settlement of any and all claims Employee has had, now has or may have up  
2 to the effective date of this Agreement, including, without limitation, claims arising out of or in  
3 connection with Employee's employment and/or termination by CalOptima. Employee  
4 acknowledges Employer does not owe Employee any additional wages, commissions, bonuses,  
5 PTO pay, severance pay, overtime pay, or other compensation, benefits or payments of any kind  
6 or nature, other than that specifically stated in this Agreement.  
7

8 4. Specific Release. In exchange for the receipt of the foregoing consideration,  
9 Employee expressly releases and discharges Employer, Employer's board members, officers,  
10 directors, agents, employees, representatives, attorneys, successors, and assigns, and each of them,  
11 and all persons and/or entities acting by, through, under, or in concert with such persons  
12 (collectively, the "Employer Releasees") from claims or causes of action Employee has had, now  
13 has, or may have up to the effective date of this Agreement, including, without limitation, claims  
14 based upon:  
15

16 A. Title VII of the Civil Rights Act of 1964;

17 B. The Americans with Disabilities Act (ADA);

18 C. The Equal Pay Act (EPA);  
19  
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21

22 D. California statutory, regulatory or decisional law, including the State Fair  
23 Employment and Housing Act, pertaining to employment discrimination, failure to prevent  
24 discrimination, harassment, retaliation, failure to engage in the interactive process or failure to  
25 provide reasonable accommodation, wrongful termination or breach of public policy;  
26

27 E. Any and all State, Federal and local laws as well as common law for claims  
28 of breach of implied or express contract, negligent or intentional infliction of emotional distress,  
29 defamation, fraud, concealment, false promise, negligent misrepresentation, intentional  
30 interference with contractual relations, breach of the covenant of good faith and fair dealing,  
31 wrongful termination in violation of public policy, and constructive discharge;  
32

33 F. California Labor Code provisions pertaining to whistleblower rights and  
34 other benefits and protections set forth therein; and  
35

36 G. Any and all claims arising from the California Labor Code or the Fair Labor  
37 Standards Act.  
38

39 5. General Release. Employee, on behalf of himself/herself and his/her executors,  
40 heirs or assigns, hereby releases and discharges Employer Releasees from any and all actual or  
41 potential claims, obligations, and causes of action, known or unknown, which Employee has, may  
42 have, or may claim to have up to the effective date of this Agreement against Employer Releasees,  
43 without limitation, such claims arising out of or in connection with Employee's employment with,  
44 and/or separation from the Employer. Employee acknowledges that he or she may have claims  
45 that are covered by the terms of this Agreement herein which have not yet been discovered.  
46



1 Nevertheless, Employee expressly waives and relinquishes all rights and benefits under  
2 Section 1542 of the California Civil Code, which states:

3  
4 "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
5 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO  
6 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING  
7 THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST  
8 HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT  
9 WITH THE DEBTOR."

10  
11 Employee acknowledges that Employee has read and understands the Employee's rights  
12 under Section 1542 of the California Civil Code above, and by signing below, Employee  
13 voluntarily waives all known and unknown claims existing on or prior to the effective date of this  
14 Agreement.

15  
16 6. Claims Arising After the Effective Date. This Agreement does not apply to rights  
17 or claims that may arise after the effective date of this Agreement.

18  
19 7. No Pending Action. Employer and Employee hereby agree that as of the effective  
20 date of this Agreement, no action, suit or proceeding has been or shall be brought or complaint  
21 filed or initiated by Employer or Employee or any agent, assign or spouse of either in any court,  
22 or with any governmental body. This includes any matter or cause of action based upon any facts  
23 that might have occurred prior to the effective date of this Agreement whether known to either  
24 party now or discovered by either party hereafter.

25  
26 8. No Admission of Liability. Employer and Employee agree that this Agreement and  
27 the payment by Employer of the consideration described herein is not an admission by Employer,  
28 Employer Releasees or Employee of any wrongdoing or liability. All parties specifically deny any  
29 liability; wrongful acts; violations of any federal, state, or local law, regulation, order, or other  
30 requirement of law; breach of contract (actual or implied); or any other civil wrong. The parties  
31 have entered into this Agreement in order to settle all disputes and differences between them,  
32 without admitting liability or wrongdoing by any party.

33  
34 9. Confidentiality. This Agreement shall remain confidential as a personnel record to  
35 the extent permissible by Government Code Section 6254(c). In the event a Public Records Act  
36 request is made to review and/or copy this Agreement, Employer's only obligation shall be to  
37 timely notify Employee of that request. Employer shall not be obligated to incur legal expenses  
38 to deny such a request.

39  
40 10. References. If Employee requests an employment reference from Employer,  
41 Employer shall only provide the Employee's date(s) of employment and position in response to  
42 such requests. All reference requests must be directed to Employer's Human Resources  
43 Department.

44  
45 11. Non-Disparagement. Employer and Employee each warrant and agree that  
46 he/she/it will not disseminate, orally or in writing, any comments which are in any way negative

1 about, or disparaging to the other, or to the other's representatives or Employees, individually or  
2 collectively.

3  
4 12. Employer Property. On Employee's Separation Date, Employee agrees to return  
5 all Employer property, including, but not limited to: keys; key cards; equipment and supplies;  
6 electronic and physical documents and files; and all confidential, private, and proprietary  
7 documents and files. Employee also agrees to continue to comply with CalOptima Policy #: GA  
8 8050: Confidentiality~~and Nondisclosure~~, which is incorporated into this Agreement herein by  
9 reference, even after the Separation Date.

10  
11 13. Construction. This Agreement has been negotiated and discussed between the  
12 parties and it reflects their mutual agreement regarding the subject matter of this Agreement.  
13 Neither party shall be deemed to be the drafter of this Agreement. Therefore, no presumption for  
14 or against the drafter shall be applicable in interpreting or enforcing this Agreement.

15  
16 14. Separability. If any provision of this Agreement, or the application thereof to any  
17 person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement,  
18 or the application of such provisions to persons or circumstances other than those which it is found  
19 to be invalid, as the case may be, shall not be affected.

20  
21 15. Advice of Counsel. Employer has advised Employee to consult with a private  
22 attorney prior to executing this Agreement. Employee fully understands the right to discuss all  
23 aspects of this Agreement with a private attorney and has had reasonable and sufficient time and  
24 opportunity to consult with an attorney. Employee has either consulted with an attorney of his or  
25 her own choosing or elected to enter into this Agreement without consultation with an attorney  
26 despite Employers advice to do so. Employee has had sufficient time to read and consider the  
27 terms of this Agreement, fully understands all of the provisions of this Agreement and is freely  
28 and voluntarily entering into this Agreement.

29  
30 16. Complete Agreement. This is the entire agreement between Employer and  
31 Employee with respect to the subject matter herein and this Agreement supersedes all prior and  
32 contemporaneous oral and written agreements and discussions.

33  
34 17. Acknowledgment of Days to Consider. Employee has been advised of the right to  
35 consider this Agreement for up to twenty-one (21) calendar days prior to its execution and has  
36 either: (a) been provided the full period to consider the agreement; or (b) voluntarily waived the  
37 full period, electing with full knowledge and consent to execute this Agreement as of the date  
38 indicated on the signature line of this Agreement.

39  
40 18. Revocation. Employee may revoke this Agreement for a period of seven (7)  
41 calendar days following its execution. Said revocation must be in writing, must specifically revoke  
42 this Agreement, and must be received by the Executive Director of Human Resources, at  
43 Employer's premises, prior to the end of the seventh day following Employee's execution. Upon  
44 expiration of the seven (7) calendar day period, this Agreement becomes effective, enforceable  
45 and irrevocable. If Employee has not delivered written revocation of this Agreement to Employer  
46 within said seven (7) calendar day period, Employee will receive the consideration described in  
47 paragraph 2 above.

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[SIGNATURES ON FOLLOWING PAGE]

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1 IN WITNESS THEREOF, Employee acknowledges that Employee has been advised to  
2 **CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND**  
3 **GENERAL RELEASE**, and Employee understands that by signing this Agreement and General  
4 Release, Employee is giving up and waiving important legal rights. Nevertheless, Employee and  
5 Employer mutually agree to the terms above, and hereby execute this Agreement on the day and  
6 year last shown below.  
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10  
11 Date: \_\_\_\_\_

“EMPLOYER”  
\_\_\_\_\_  
By: Michael Schrader  
Its: Chief Executive Officer

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21 Date: \_\_\_\_\_

“EMPLOYEE”  
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By: \_\_\_\_\_  
(print name)

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**NOW THEREFORE**, for good and sufficient consideration, as set forth below, the parties agree as follows:

1. Separation Date. Employee's last day of work will be mm,dd,yyyy ("Separation Date").

A. Employee shall receive his/her regular pay through Separation Date to the extent any is due. Employee will receive a check for all unused Paid Time Off (PTO) and Flex Holiday time, less deductions required by law, accrued by Employee through the Separation Date. All payments will be made consistent with CalOptima's payroll schedule.

C. Employer shall make payments (Employer share only) on behalf of Employee for medical, dental and vision through mm,dd,yyyy. Employee shall be responsible for the Employee share of premiums. All other benefits shall cease on [the Separation Date] OR [at the end of the Severance Period].

E. Employee will receive optional outplacement services through a designated outplacement firm for a period not to exceed thirty (30) business days.

1

1 a complete and final settlement of any and all claims Employee has had, now has or may have up  
2 to the effective date of this Agreement, including, without limitation, claims arising out of or in  
3 connection with Employee's employment and/or termination by CalOptima. Employee  
4 acknowledges Employer does not owe Employee any additional wages, commissions, bonuses,  
5 PTO pay, severance pay, overtime pay, or other compensation, benefits or payments of any kind  
6 or nature, other than that specifically stated in this Agreement.  
7

8 4. Specific Release. In exchange for the receipt of the foregoing consideration,  
9 Employee expressly releases and discharges Employer, Employer's board members, officers,  
10 directors, agents, employees, representatives, attorneys, successors, and assigns, and each of them,  
11 and all persons and/or entities acting by, through, under, or in concert with such persons  
12 (collectively, the "Employer Releasees") from claims or causes of action Employee has had, now  
13 has, or may have up to the effective date of this Agreement, including, without limitation, claims  
14 based upon:  
15

16 A. Title VII of the Civil Rights Act of 1964;

17 B. The Americans with Disabilities Act (ADA);

18 C. The Equal Pay Act (EPA);  
19  
20  
21

22 D. California statutory, regulatory or decisional law, including the State Fair  
23 Employment and Housing Act, pertaining to employment discrimination, failure to prevent  
24 discrimination, harassment, retaliation, failure to engage in the interactive process or failure to  
25 provide reasonable accommodation, wrongful termination or breach of public policy;  
26

27 E. Any and all State, Federal and local laws as well as common law for claims  
28 of breach of implied or express contract, negligent or intentional infliction of emotional distress,  
29 defamation, fraud, concealment, false promise, negligent misrepresentation, intentional  
30 interference with contractual relations, breach of the covenant of good faith and fair dealing,  
31 wrongful termination in violation of public policy, and constructive discharge;  
32

33 F. California Labor Code provisions pertaining to whistleblower rights and  
34 other benefits and protections set forth therein; and  
35

36 G. Any and all claims arising from the California Labor Code or the Fair Labor  
37 Standards Act.  
38

39 5. General Release. Employee, on behalf of himself/herself and his/her executors,  
40 heirs or assigns, hereby releases and discharges Employer Releasees from any and all actual or  
41 potential claims, obligations, and causes of action, known or unknown, which Employee has, may  
42 have, or may claim to have up to the effective date of this Agreement against Employer Releasees,  
43 without limitation, such claims arising out of or in connection with Employee's employment with,  
44 and/or separation from the Employer. Employee acknowledges that he or she may have claims  
45 that are covered by the terms of this Agreement herein which have not yet been discovered.  
46

1           Nevertheless, Employee expressly waives and relinquishes all rights and benefits under  
2 Section 1542 of the California Civil Code, which states:

3  
4           “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
5 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO  
6 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING  
7 THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST  
8 HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT  
9 WITH THE DEBTOR.”

10  
11           Employee acknowledges that Employee has read and understands the Employee’s rights  
12 under Section 1542 of the California Civil Code above, and by signing below, Employee  
13 voluntarily waives all known and unknown claims existing on or prior to the effective date of this  
14 Agreement.

15  
16           6.     Claims Arising After the Effective Date. This Agreement does not apply to rights  
17 or claims that may arise after the effective date of this Agreement.

18  
19           7.     No Pending Action. Employer and Employee hereby agree that as of the effective  
20 date of this Agreement, no action, suit or proceeding has been or shall be brought or complaint  
21 filed or initiated by Employer or Employee or any agent, assign or spouse of either in any court,  
22 or with any governmental body. This includes any matter or cause of action based upon any facts  
23 that might have occurred prior to the effective date of this Agreement whether known to either  
24 party now or discovered by either party hereafter.

25  
26           8.     No Admission of Liability. Employer and Employee agree that this Agreement and  
27 the payment by Employer of the consideration described herein is not an admission by Employer,  
28 Employer Releasees or Employee of any wrongdoing or liability. All parties specifically deny any  
29 liability; wrongful acts; violations of any federal, state, or local law, regulation, order, or other  
30 requirement of law; breach of contract (actual or implied); or any other civil wrong. The parties  
31 have entered into this Agreement in order to settle all disputes and differences between them,  
32 without admitting liability or wrongdoing by any party.

33  
34           9.     Confidentiality. This Agreement shall remain confidential as a personnel record to  
35 the extent permissible by Government Code Section 6254(c). In the event a Public Records Act  
36 request is made to review and/or copy this Agreement, Employer’s only obligation shall be to  
37 timely notify Employee of that request. Employer shall not be obligated to incur legal expenses  
38 to deny such a request.

39  
40           10.    References. If Employee requests an employment reference from Employer,  
41 Employer shall only provide the Employee’s date(s) of employment and position in response to  
42 such requests. All reference requests must be directed to Employer’s Human Resources  
43 Department.

44  
45           11.    Non-Disparagement. Employer and Employee each warrant and agree that  
46 he/she/it will not disseminate, orally or in writing, any comments which are in any way negative



1 about, or disparaging to the other, or to the other's representatives or Employees, individually or  
2 collectively.

3  
4 12. Employer Property. On Employee's Separation Date, Employee agrees to return  
5 all Employer property, including, but not limited to: keys; key cards; equipment and supplies;  
6 electronic and physical documents and files; and all confidential, private, and proprietary  
7 documents and files. Employee also agrees to continue to comply with CalOptima Policy GA  
8 8050: Confidentiality, which is incorporated into this Agreement herein by reference, even after  
9 the Separation Date.

10  
11 13. Construction. This Agreement has been negotiated and discussed between the  
12 parties and it reflects their mutual agreement regarding the subject matter of this Agreement.  
13 Neither party shall be deemed to be the drafter of this Agreement. Therefore, no presumption for  
14 or against the drafter shall be applicable in interpreting or enforcing this Agreement.

15  
16 14. Separability. If any provision of this Agreement, or the application thereof to any  
17 person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement,  
18 or the application of such provisions to persons or circumstances other than those which it is found  
19 to be invalid, as the case may be, shall not be affected.

20  
21 15. Advice of Counsel. Employer has advised Employee to consult with a private  
22 attorney prior to executing this Agreement. Employee fully understands the right to discuss all  
23 aspects of this Agreement with a private attorney and has had reasonable and sufficient time and  
24 opportunity to consult with an attorney. Employee has either consulted with an attorney of his or  
25 her own choosing or elected to enter into this Agreement without consultation with an attorney  
26 despite Employers advice to do so. Employee has had sufficient time to read and consider the  
27 terms of this Agreement, fully understands all of the provisions of this Agreement and is freely  
28 and voluntarily entering into this Agreement.

29  
30 16. Complete Agreement. This is the entire agreement between Employer and  
31 Employee with respect to the subject matter herein and this Agreement supersedes all prior and  
32 contemporaneous oral and written agreements and discussions.

33  
34 17. Acknowledgment of Days to Consider. Employee has been advised of the right to  
35 consider this Agreement for up to twenty-one (21) calendar days prior to its execution and has  
36 either: (a) been provided the full period to consider the agreement; or (b) voluntarily waived the  
37 full period, electing with full knowledge and consent to execute this Agreement as of the date  
38 indicated on the signature line of this Agreement.

39  
40 18. Revocation. Employee may revoke this Agreement for a period of seven (7)  
41 calendar days following its execution. Said revocation must be in writing, must specifically revoke  
42 this Agreement, and must be received by the Executive Director of Human Resources, at  
43 Employer's premises, prior to the end of the seventh day following Employee's execution. Upon  
44 expiration of the seven (7) calendar day period, this Agreement becomes effective, enforceable  
45 and irrevocable. If Employee has not delivered written revocation of this Agreement to Employer  
46 within said seven (7) calendar day period, Employee will receive the consideration described in  
47 paragraph 2 above.



[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, Employee acknowledges that Employee has been advised to **CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND GENERAL RELEASE**, and Employee understands that by signing this Agreement and General Release, Employee is giving up and waiving important legal rights. Nevertheless, Employee and Employer mutually agree to the terms above, and hereby execute this Agreement on the day and year last shown below.

Date: \_\_\_\_\_

“EMPLOYER”

By: Michael Schrader  
Its: Chief Executive Officer

Date: \_\_\_\_\_

“EMPLOYEE”

By: \_\_\_\_\_  
(print name)

## SEPARATION AGREEMENT AND GENERAL RELEASE

By signing this Separation Agreement and General Release ("Agreement"), I, [REDACTED] ("Employee") acknowledge that CalOptima (hereinafter referred to as "Employer") and I have reached a final and binding agreement concerning my separation from employment with Employer. Specifically, I acknowledge that we have agreed on the following terms and that this document contains our entire agreement.

**NOW THEREFORE**, for good and sufficient consideration, as set forth below, the parties agree as follows:

### AGREEMENT

1. Separation Date. Employee's last day of work will be mm,dd,yyyy ("Separation Date").

2. Consideration To Employee. Employee shall be entitled to the following:

A. Employee shall receive his/her regular pay through Separation Date to the extent any is due. Employee will receive a check for all unused paid time off (PTO) and Flex Holiday time, less deductions required by law, accrued by Employee through the Separation Date. All payments will be made consistent with CalOptima's payroll schedule.

B. If, and only if, Employee signs this Agreement and complies with its terms, and after expiration of the seven day revocation period set forth in Paragraph 19 of this Agreement, Employee shall receive severance pay in [biweekly installments of \$\$\$\$ less deductions required by law and less deductions for medical, dental and vision coverage and/or other benefits where applicable, from the Separation Date through mm,dd,yyyy] **OR** [a lump sum payment of \$\$\$\$\$, which reflects XX weeks of severance pay, less deductions required by law and less deductions for medical, dental and vision where applicable] (the Severance Period). **Add the following when employee receives biweekly installments ONLY:** As a condition of receiving biweekly installments, Employee shall be required to remain reasonably available during the time period Employee is receiving periodic severance payments to respond to questions from CalOptima and address work related matters.]

C. Employer shall make payments (Employer share only) on behalf of Employee for medical, dental and vision coverage through mm,dd,yyyy. Employee shall be responsible for the Employee share of premiums. All other benefits shall cease on [the Separation Date] **OR** [at the end of the Severance Period].

D. Employer will not challenge any applications by Employee for unemployment insurance compensation.

E. Employee will receive optional outplacement services through a designated outplacement firm for a period not to exceed thirty (30) days.

3. Acknowledgement. Employee acknowledges that Employee has reviewed the consideration specified above. Employee agrees that the consideration set forth above represents a complete and final settlement of any and all claims Employee has had, now has or may have up

1 to the effective date of this Agreement, including, without limitation, claims arising out of or in  
2 connection with Employee's employment and/or termination by CalOptima. Employee  
3 acknowledges Employer does not owe Employee any additional wages, commissions, bonuses,  
4 PTO pay, severance pay, overtime pay, or other compensation, benefits or payments of any kind  
5 or nature, other than that specifically stated in this Agreement.  
6  
7

8 4. Specific Release. In exchange for the receipt of the foregoing consideration,  
9 Employee expressly releases and discharges Employer, Employer's board members, officers,  
10 directors, agents, employees, representatives, attorneys, successors, and assigns, and each of them,  
11 and all persons and/or entities acting by, through, under, or in concert with such persons  
12 (collectively, the "Employer Releasees") from claims or causes of action Employee has had, now  
13 has, or may have up to the effective date of this Agreement, including, without limitation, claims  
14 based upon:  
15

16 A. Title VII of the Civil Rights Act of 1964;

17  
18 B. The Age Discrimination in Employment Act (ADEA) (as amended by the  
19 Older Workers Benefit Protection Act (OWBPA));  
20

21 C. The Americans with Disabilities Act (ADA);

22  
23 D. The Equal Pay Act (EPA);  
24

25 E. California statutory, regulatory, or case law, including the State Fair  
26 Employment and Housing Act, pertaining to employment discrimination, failure to prevent  
27 discrimination, harassment, retaliation, failure to engage in the interactive process or failure to  
28 provide reasonable accommodation, wrongful termination or breach of public policy;  
29

30 F. Any and all State, Federal and local laws as well as common law for claims  
31 of breach of implied or express contract, negligent or intentional infliction of emotional distress,  
32 defamation, fraud, concealment, false promise, negligent misrepresentation, intentional  
33 interference with contractual relations, breach of the covenant of good faith and fair dealing,  
34 wrongful termination in violation of public policy, and constructive discharge; and  
35

36 G. California Labor Code provisions pertaining to whistleblower rights and  
37 other benefits and protections set forth therein; and  
38

39 H. Any and all claims arising from the California Labor Code or the Fair Labor  
40 Standards Act.  
41

42 5. General Release. Employee, on behalf of himself/herself and his/her executors,  
43 heirs or assigns, hereby releases and discharges Employer Releasees from any and all actual or  
44 potential claims, obligations, and causes of action, known or unknown, which Employee has, may  
45 have, or may claim to have up to the effective date of this Agreement against Employer Releasees,  
46 without limitation, such claims arising out of or in connection with Employee's employment with,  
47 and/or separation from the Employer. Employee acknowledges that he or she may have claims  
48 that are covered by the terms of this Agreement herein which have not yet been discovered.  
49

1           Nevertheless, Employee hereby expressly waives and relinquishes all rights and benefits  
2 under Section 1542 of the California Civil Code which states:

3  
4           “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
5 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO  
6 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING  
7 THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST  
8 HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT  
9 WITH THE DEBTOR.”

10  
11           Employee acknowledges that Employee has read and understands the Employee’s rights  
12 under Section 1542 of the California Civil Code above, and by signing below, Employee  
13 voluntarily waives all known and unknown claims existing on or prior to the effective date of this  
14 Agreement.

15  
16           6.     Claims Arising After the Effective Date. This Agreement does not apply to rights  
17 or claims that may arise after the effective date of this Agreement.

18  
19           7.     No Pending Action. Employer and Employee hereby agree that as of the effective  
20 date of this Agreement, no action, suit or proceeding has been brought or complaint filed or  
21 initiated by Employer or Employee or any agent, assign or spouse of either in any court, or with  
22 any governmental body. This includes any matter or cause of action based upon any facts that  
23 might have occurred prior to the effective date of this Agreement whether known to either party  
24 now or discovered by either party hereafter.

25  
26           8.     No Admission of Liability. Employer and Employee agree that this Agreement and  
27 the payment by Employer of the consideration described herein is not an admission by Employer,  
28 Employer Releasees or Employee of any wrongdoing or liability. All parties specifically deny any  
29 liability; wrongful acts; violations of any federal, state, or local law, regulation, order, or other  
30 requirement of law; breach of contract (actual or implied); or any other civil wrong. The parties  
31 have entered into this Agreement in order to settle all disputes and differences between them,  
32 without admitting liability or wrongdoing by any party.

33  
34           9.     Confidentiality. This Agreement shall remain confidential as a personnel record to  
35 the extent permissible by Government Code Section 6254(c). In the event a Public Records Act  
36 request is made to review and/or copy this Agreement, Employer’s only obligation shall be to  
37 timely notify Employee of that request. Employer shall not be obligated to incur legal expenses  
38 to deny such a request.

39  
40           10.    References. If Employee requests an employment reference from Employer,  
41 Employer shall only provide the Employee’s date(s) of employment and position in response to  
42 such requests. All reference requests must be directed to Employer’s Human Resources  
43 Department.

44  
45           11.    Non-Disparagement. Employer and Employee each warrant and agree that  
46 he/she/it will not disseminate, orally or in writing, any comments which are in any way negative  
47 about, or disparaging to the other, or to the other's representatives or Employees, individually or  
48 collectively.

1       12.   Employer Property. On Employee's Separation Date, Employee agrees to return  
2 all Employer property, including, but not limited to: keys; key cards; equipment and supplies;  
3 electronic and physical documents and files; and all confidential, private, and proprietary  
4 documents and files. Employee also agrees to continue to comply with CalOptima Policy #: GA  
5 8050: Confidentiality-~~and Nondisclosure~~, which is incorporated into this Agreement herein by  
6 reference, even after the Separation Date.  
7

8       13.   Construction. This Agreement has been negotiated and discussed between the  
9 parties and it reflects their mutual agreement regarding the subject matter of this Agreement.  
10 Neither party shall be deemed to be the drafter of this Agreement. Therefore, no presumption for  
11 or against the drafter shall be applicable in interpreting or enforcing this Agreement.  
12

13       14.   Separability. If any provision of this Agreement, or the application thereof to any  
14 person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement,  
15 or the application of such provisions to persons or circumstances other than those which it is found  
16 to be invalid, as the case may be, shall not be affected.  
17

18       15.   Advice of Counsel. Employer has advised Employee to consult with a private  
19 attorney prior to executing this Agreement. Employee fully understands the right to discuss all  
20 aspects of this Agreement with a private attorney and has had reasonable and sufficient time and  
21 opportunity to consult with an attorney. Employee has consulted with an attorney of his or her  
22 own choosing, or has elected to enter into this Agreement without consultation with an attorney  
23 despite Employer's advice to consult with an attorney. Employee has read and fully understands  
24 all of the provisions of this Agreement and is freely and voluntarily entering into this Agreement.  
25

26       16.   Complete Agreement. This is the entire agreement between Employer and  
27 Employee with respect to the subject matter herein and this Agreement supersedes all prior and  
28 contemporaneous oral and written agreements and discussions.  
29

30       17.   Acknowledgment of Days To Consider. Employee has been advised of the right to  
31 consider this Agreement for up to twenty-one (21) calendar days if a single termination or up to  
32 forty-five (45) calendar days if the termination is of two (2) or more employees prior to its  
33 execution and has either: (a) been provided the full period to consider the agreement; or (b)  
34 voluntarily waived the full period, electing with full knowledge and consent to execute this  
35 Agreement as of the date indicated on the signature line of this Agreement.  
36

37       18.   [USE ONLY For RIF of 2 or more employees] Summary of Considerations. The  
38 classification, department, or group of individuals covered by CalOptima's reduction in force  
39 (RIF) includes all employees in the [describe impacted location, area, department, line of business,  
40 etc., (e.g. CalOPTIMA, Human Resources, PACE, ONECARE, etc.)] whose employment is being  
41 terminated in the RIF during the following period (XX/XX/XXXX to XX/XX/XXXX). All  
42 employees in [describe impacted location, area, department, line of business, etc., (e.g.  
43 CalOPTIMA, PACE, ONECARE, etc.)] whose employment is being terminated are eligible for  
44 the RIF.  
45

46       The following is a listing of the ages and job titles of employees who were and were not  
47 selected for layoff [or termination] and offered consideration for signing the waiver. Except for  
48 those employees selected for layoff [or termination], no other employee is eligible or offered  
49 consideration in exchange for signing the waiver:

1

Job Title	Department/Unit	Age	# Selected	# Not Selected

2

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16

19. Revocation. Employee may revoke this Agreement for a period of seven (7) calendar days following its execution. Said revocation must be in writing, must specifically revoke this Agreement, and must be received by the Executive Director of Human Resources, at Employer's premises, prior to the end of the seventh day following Employee's execution. Upon expiration of the seven (7) calendar day period, this Agreement becomes effective, enforceable and irrevocable. If Employee has not delivered written revocation of this Agreement to Employer within said seven (7) calendar day period, Employee will receive the consideration described in paragraph 2 above.

[SIGNATURES ON FOLLOWING PAGE]

1 IN WITNESS THEREOF, Employee acknowledges that Employee has been advised to  
2 **CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND**  
3 **GENERAL RELEASE**, and Employee understands that by signing this Agreement and General  
4 Release, Employee is giving up and waiving important legal rights. Nevertheless, Employee and  
5 Employer mutually agree to the terms above, and hereby execute this Agreement on the day and  
6 year last shown below.

7  
8  
9 Date: \_\_\_\_\_

“EMPLOYER”

10  
11  
12 \_\_\_\_\_  
13  
14 By: Michael Schrader  
15 Its: Chief Executive Officer  
16  
17

18  
19 Date: \_\_\_\_\_

“EMPLOYEE”

20  
21  
22 \_\_\_\_\_  
23  
24 By: \_\_\_\_\_  
25 (print name)



1                                   **SEPARATION AGREEMENT AND GENERAL RELEASE**

2  
3           By signing this Separation Agreement and General Release ("Agreement"), I, [REDACTED]  
4 ("Employee") acknowledge that CalOptima (hereinafter referred to as "Employer") and I have  
5 reached a final and binding agreement concerning my separation from employment with  
6 Employer. Specifically, I acknowledge that we have agreed on the following terms and that this  
7 document contains our entire agreement.  
8

9           **NOW THEREFORE**, for good and sufficient consideration, as set forth below, the parties  
10 agree as follows:

11  
12                                   **AGREEMENT**

13  
14           1.     Separation Date. Employee's last day of work will be mm,dd,yyyy ("Separation  
15 Date").

16  
17           2.     Consideration To Employee. Employee shall be entitled to the following:

18  
19                 A.     Employee shall receive his/her regular pay through Separation Date to the  
20 extent any is due. Employee will receive a check for all unused paid time off (PTO) and Flex  
21 Holiday time, less deductions required by law, accrued by Employee through the Separation Date.  
22 All payments will be made consistent with CalOptima's payroll schedule.  
23

24                 B.     If, and only if, Employee signs this Agreement and complies with its terms,  
25 and after expiration of the seven day revocation period set forth in Paragraph 19 of this Agreement,  
26 Employee shall receive severance pay in [biweekly installments of \$\$\$\$\$, less deductions required  
27 by law and less deductions for medical, dental and vision coverage and/or other benefits where  
28 applicable, from the Separation Date through mm,dd,yyyy] **OR** [a lump sum payment of \$\$\$\$\$,  
29 which reflects XX weeks of severance pay, less deductions required by law and less deductions  
30 for medical, dental and vision where applicable] (the Severance Period). **[Add the following when**  
31 **employee receives biweekly installments ONLY:** As a condition of receiving biweekly  
32 installments, Employee shall be required to remain reasonably available during the time period  
33 Employee is receiving periodic severance payments to respond to questions from CalOptima and  
34 address work related matters.]  
35

36                 C.     Employer shall make payments (Employer share only) on behalf of  
37 Employee for medical, dental and vision coverage through mm,dd,yyyy. Employee shall be  
38 responsible for the Employee share of premiums. All other benefits shall cease on [the Separation  
39 Date] **OR** [at the end of the Severance Period].  
40

41                 D.     Employer will not challenge any applications by Employee for  
42 unemployment insurance compensation.  
43

44                 E.     Employee will receive optional outplacement services through a designated  
45 outplacement firm for a period not to exceed thirty (30) days.  
46

47           3.     Acknowledgement. Employee acknowledges that Employee has reviewed the  
48 consideration specified above. Employee agrees that the consideration set forth above represents  
49 a complete and final settlement of any and all claims Employee has had, now has or may have up



1 to the effective date of this Agreement, including, without limitation, claims arising out of or in  
2 connection with Employee's employment and/or termination by CalOptima. Employee  
3 acknowledges Employer does not owe Employee any additional wages, commissions, bonuses,  
4 PTO pay, severance pay, overtime pay, or other compensation, benefits or payments of any kind  
5 or nature, other than that specifically stated in this Agreement.  
6  
7

8 4. Specific Release. In exchange for the receipt of the foregoing consideration,  
9 Employee expressly releases and discharges Employer, Employer's board members, officers,  
10 directors, agents, employees, representatives, attorneys, successors, and assigns, and each of them,  
11 and all persons and/or entities acting by, through, under, or in concert with such persons  
12 (collectively, the "Employer Releasees") from claims or causes of action Employee has had, now  
13 has, or may have up to the effective date of this Agreement, including, without limitation, claims  
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19 Older Workers Benefit Protection Act (OWBPA));  
20

21 C. The Americans with Disabilities Act (ADA);  
22

23 D. The Equal Pay Act (EPA);  
24

25 E. California statutory, regulatory, or case law, including the State Fair  
26 Employment and Housing Act, pertaining to employment discrimination, failure to prevent  
27 discrimination, harassment, retaliation, failure to engage in the interactive process or failure to  
28 provide reasonable accommodation, wrongful termination or breach of public policy;  
29

30 F. Any and all State, Federal and local laws as well as common law for claims  
31 of breach of implied or express contract, negligent or intentional infliction of emotional distress,  
32 defamation, fraud, concealment, false promise, negligent misrepresentation, intentional  
33 interference with contractual relations, breach of the covenant of good faith and fair dealing,  
34 wrongful termination in violation of public policy, and constructive discharge; and  
35

36 G. California Labor Code provisions pertaining to whistleblower rights and  
37 other benefits and protections set forth therein; and  
38

39 H. Any and all claims arising from the California Labor Code or the Fair Labor  
40 Standards Act.  
41

42 5. General Release. Employee, on behalf of himself/herself and his/her executors,  
43 heirs or assigns, hereby releases and discharges Employer Releasees from any and all actual or  
44 potential claims, obligations, and causes of action, known or unknown, which Employee has, may  
45 have, or may claim to have up to the effective date of this Agreement against Employer Releasees,  
46 without limitation, such claims arising out of or in connection with Employee's employment with,  
47 and/or separation from the Employer. Employee acknowledges that he or she may have claims  
48 that are covered by the terms of this Agreement herein which have not yet been discovered.  
49

1           Nevertheless, Employee hereby expressly waives and relinquishes all rights and benefits  
2 under Section 1542 of the California Civil Code which states:

3  
4           “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
5 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO  
6 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING  
7 THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST  
8 HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT  
9 WITH THE DEBTOR.”

10  
11           Employee acknowledges that Employee has read and understands the Employee’s rights  
12 under Section 1542 of the California Civil Code above, and by signing below, Employee  
13 voluntarily waives all known and unknown claims existing on or prior to the effective date of this  
14 Agreement.

15  
16           6.     Claims Arising After the Effective Date. This Agreement does not apply to rights  
17 or claims that may arise after the effective date of this Agreement.

18  
19           7.     No Pending Action. Employer and Employee hereby agree that as of the effective  
20 date of this Agreement, no action, suit or proceeding has been brought or complaint filed or  
21 initiated by Employer or Employee or any agent, assign or spouse of either in any court, or with  
22 any governmental body. This includes any matter or cause of action based upon any facts that  
23 might have occurred prior to the effective date of this Agreement whether known to either party  
24 now or discovered by either party hereafter.

25  
26           8.     No Admission of Liability. Employer and Employee agree that this Agreement and  
27 the payment by Employer of the consideration described herein is not an admission by Employer,  
28 Employer Releasees or Employee of any wrongdoing or liability. All parties specifically deny any  
29 liability; wrongful acts; violations of any federal, state, or local law, regulation, order, or other  
30 requirement of law; breach of contract (actual or implied); or any other civil wrong. The parties  
31 have entered into this Agreement in order to settle all disputes and differences between them,  
32 without admitting liability or wrongdoing by any party.

33  
34           9.     Confidentiality. This Agreement shall remain confidential as a personnel record to  
35 the extent permissible by Government Code Section 6254(c). In the event a Public Records Act  
36 request is made to review and/or copy this Agreement, Employer’s only obligation shall be to  
37 timely notify Employee of that request. Employer shall not be obligated to incur legal expenses  
38 to deny such a request.

39  
40           10.    References. If Employee requests an employment reference from Employer,  
41 Employer shall only provide the Employee’s date(s) of employment and position in response to  
42 such requests. All reference requests must be directed to Employer’s Human Resources  
43 Department.

44  
45           11.    Non-Disparagement. Employer and Employee each warrant and agree that  
46 he/she/it will not disseminate, orally or in writing, any comments which are in any way negative  
47 about, or disparaging to the other, or to the other's representatives or Employees, individually or  
48 collectively.

1       12.   Employer Property. On Employee's Separation Date, Employee agrees to return  
2 all Employer property, including, but not limited to: keys; key cards; equipment and supplies;  
3 electronic and physical documents and files; and all confidential, private, and proprietary  
4 documents and files. Employee also agrees to continue to comply with CalOptima Policy GA  
5 8050: Confidentiality, which is incorporated into this Agreement herein by reference, even after  
6 the Separation Date.

7  
8       13.   Construction. This Agreement has been negotiated and discussed between the  
9 parties and it reflects their mutual agreement regarding the subject matter of this Agreement.  
10 Neither party shall be deemed to be the drafter of this Agreement. Therefore, no presumption for  
11 or against the drafter shall be applicable in interpreting or enforcing this Agreement.

12  
13       14.   Separability. If any provision of this Agreement, or the application thereof to any  
14 person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement,  
15 or the application of such provisions to persons or circumstances other than those which it is found  
16 to be invalid, as the case may be, shall not be affected.

17  
18       15.   Advice of Counsel. Employer has advised Employee to consult with a private  
19 attorney prior to executing this Agreement. Employee fully understands the right to discuss all  
20 aspects of this Agreement with a private attorney and has had reasonable and sufficient time and  
21 opportunity to consult with an attorney. Employee has consulted with an attorney of his or her  
22 own choosing, or has elected to enter into this Agreement without consultation with an attorney  
23 despite Employer's advice to consult with an attorney. Employee has read and fully understands  
24 all of the provisions of this Agreement and is freely and voluntarily entering into this Agreement.

25  
26       16.   Complete Agreement. This is the entire agreement between Employer and  
27 Employee with respect to the subject matter herein and this Agreement supersedes all prior and  
28 contemporaneous oral and written agreements and discussions.

29  
30       17.   Acknowledgment of Days To Consider. Employee has been advised of the right to  
31 consider this Agreement for up to twenty-one (21) calendar days if a single termination or up to  
32 forty-five (45) calendar days if the termination is of two (2) or more employees prior to its  
33 execution and has either: (a) been provided the full period to consider the agreement; or (b)  
34 voluntarily waived the full period, electing with full knowledge and consent to execute this  
35 Agreement as of the date indicated on the signature line of this Agreement.

36  
37       18.   [**USE ONLY For RIF of 2 or more employees**] Summary of Considerations. The  
38 classification, department, or group of individuals covered by CalOptima's reduction in force  
39 (RIF) includes all employees in the [describe impacted location, area, department, line of business,  
40 etc., (e.g. CalOPTIMA, Human Resources, PACE, ONECARE, etc.)] whose employment is being  
41 terminated in the RIF during the following period (XX/XX/XXXX to XX/XX/XXXX). All  
42 employees in [describe impacted location, area, department, line of business, etc., (e.g.  
43 CalOPTIMA, PACE, ONECARE, etc.)] whose employment is being terminated are eligible for  
44 the RIF.

45  
46       The following is a listing of the ages and job titles of employees who were and were not  
47 selected for layoff [or termination] and offered consideration for signing the waiver. Except for  
48 those employees selected for layoff [or termination], no other employee is eligible or offered  
49 consideration in exchange for signing the waiver:

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Job Title	Department/Unit	Age	# Selected	# Not Selected

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19. Revocation. Employee may revoke this Agreement for a period of seven (7) calendar days following its execution. Said revocation must be in writing, must specifically revoke this Agreement, and must be received by the Executive Director of Human Resources, at Employer's premises, prior to the end of the seventh day following Employee's execution. Upon expiration of the seven (7) calendar day period, this Agreement becomes effective, enforceable and irrevocable. If Employee has not delivered written revocation of this Agreement to Employer within said seven (7) calendar day period, Employee will receive the consideration described in paragraph 2 above.

[SIGNATURES ON FOLLOWING PAGE]

1 IN WITNESS THEREOF, Employee acknowledges that Employee has been advised to  
2 **CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT AND**  
3 **GENERAL RELEASE**, and Employee understands that by signing this Agreement and General  
4 Release, Employee is giving up and waiving important legal rights. Nevertheless, Employee and  
5 Employer mutually agree to the terms above, and hereby execute this Agreement on the day and  
6 year last shown below.

7  
8  
9 Date: \_\_\_\_\_

“EMPLOYER”

10  
11  
12 \_\_\_\_\_  
13  
14 By: Michael Schrader  
15 Its: Chief Executive Officer  
16  
17

18  
19 Date: \_\_\_\_\_

“EMPLOYEE”

20  
21 \_\_\_\_\_  
22  
23 By: \_\_\_\_\_  
24 (print name)  
25

Policy #: GA.8056  
Title: **Paid Holidays**  
Department: Human Resources  
Section: Not Applicable  
CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: 04/01/14  
Last Review Date: ~~04/07/16~~  
04/05/18  
Last Revised Date: ~~04/07/16~~  
04/05/18

*Board Approved Policy*

**I. PURPOSE**

~~This policy~~ establishes the paid holiday schedule for CalOptima employees.

~~**H. DEFINITIONS**~~

~~Not Applicable~~

~~**III. IL. POLICY**~~

~~I.A.~~ The following holidays shall be observed by CalOptima:

~~A.1.~~ New Year's Day

~~B.2.~~ Martin Luther King Jr. Day

~~C.3.~~ Presidents' Day

~~D.4.~~ Memorial Day

~~E.5.~~ Independence Day

~~F.6.~~ Labor Day

~~G.7.~~ Veteran's Day

~~H.8.~~ Thanksgiving Day and the Friday after Thanksgiving

~~I.9.~~ Christmas Day

~~J.10.~~ One Flex Holiday (credited on January 1)

~~2.B.~~ A holiday that falls on a Saturday or Sunday can be observed on the preceding Friday or the following Monday. Holiday observances will be noted on the annual payroll schedule. Employees will be provided notice of any changes to the published schedule.

~~3.C.~~ Regular full-time, ~~and~~ regular part-time ~~and limited term~~ employees who are regularly scheduled to work twenty (20) or more hours per week are eligible to receive a maximum of one (1) Flex Holiday (maximum of eight (8) hours, prorated based on scheduled work hours) each calendar year on January 1st. Limits are imposed on the number of Flex Holiday hours that can be maintained in an employee's Flex Holiday account. A maximum of twelve (12) hours, prorated based on scheduled work hours, may be maintained in an employee's Flex Holiday account as of January 1st of each year. In the event that available Flex Holiday hours are not used by the last pay period of the calendar year, employees may carry unused Flex Holiday hours into subsequent years and may accrue additional hours up to the maximum of eight (8) hours, prorated based on scheduled work hours. If an employee reached the maximum amount of twelve (12) hours on January 1st, prorated based on scheduled work hours, the employee will stop accruing Flex Holiday hours. Flex Holiday hours are not eligible for annual cash out applicable to ~~Paid Time Off (PTO)~~ hours. The Chief Executive Officer (~~CEO~~) may assign a specific date for the Flex Holiday for business reasons and/or needs. Assignment of the Flex Holiday will be announced in advance. Otherwise, employees may take the Flex Holiday on any day elected by the employee, subject to approval by the employee's manager. If an employee separates from CalOptima and has unused Flex Holiday hours, the unused Flex Holiday hours will be paid out at the same time and in the same manner as unused PTO hours upon termination.

~~4.D.~~ Regular full-time, ~~and~~ regular part-time, ~~and Limited Term~~ employees shall be paid his or her regular rate of pay for the holidays specified in this Policy.

~~5.E.~~ CalOptima may, in its discretion, amend the list of paid holidays and/or require an employee to work on one or more of the observed holidays.

~~F. From time to time, at the discretion of the CEO, the CEO, or his/her Designee, may authorize managers, at their discretion, to release employees early, up to a maximum of two (2) hours, with pay, on the work day immediately preceding a holiday, as long as departments ensure critical areas are covered for the entire business day. The release of employees early as provided herein is intended to benefit only those employees who are working on the work day immediately preceding a holiday. Employees who are on PTO on the day employees are permitted to leave early are not entitled to any credit or future early release.~~

#### ~~IV.III.~~ PROCEDURE

~~1.A.~~ CalOptima will note holiday observances annually on its payroll schedule. In the event of a change to the published schedule, CalOptima will provide prompt notice to all employees.

~~2.B.~~ When a holiday falls on a regular nine (9) hour work day for a full-time non-exempt employee on a 9/80 schedule pursuant to CalOptima Policy GA.8020: 9/80 Work Schedule, the employee has the option of using one (1) hour of accrued ~~Paid Time Off (PTO)~~ or making up the time if approved by his or her supervisor. For employees on the 9/80 Work Schedule, should a holiday fall on an employee's scheduled day off, the employee will be permitted to take another day off in the same workweek.

~~3.C.~~ If a non-exempt employee is required to work a scheduled holiday, he or she will receive his or her regular rate of pay for the holiday, in addition to his or her regular compensation for the hours of actual work performed.

#### ~~V.IV.~~ ATTACHMENTS



Policy #: GA.8056  
Title: Paid Holidays

Revised Date: ~~04/07/16~~04/05/18

Not Applicable

**VI.V. REFERENCES**

~~Not Applicable~~

A. CalOptima Policy GA.8020: 9/80 Work Schedule

**VII.VI REGULATORY AGENCY APPROVALS**

None to Date

**VIII.VII. BOARD ACTIONS**

A. 04/05/18: Regular Meeting of the CalOptima Board of Directors

~~A.B.~~ 04/07/16: Regular Meeting of the CalOptima Board of Directors

~~B.C.~~ 05/01/14: Regular Meeting of the CalOptima Board of Directors

**IX.VIII. REVIEW/REVISION HISTORY**

Version	Version Date	Policy Number	Policy Title	<u>Line(s) of Business</u>
<del>Original</del> <u>DateEffective</u>	04/01/2014	GA.8056	Paid Holidays	<u>Administrative</u>
<del>Revision Date</del> <u>+Revised</u>	04/07/2016	GA.8056	Paid Holidays	<u>Administrative</u>
<u>Revised</u>	<u>04/05/2018</u>	<u>GA.8056</u>	<u>Paid Holidays</u>	<u>Administrative</u>



Policy #: GA.8056  
Title: Paid Holidays

Revised Date: ~~04/07/16~~04/05/18

**IX. GLOSSARY**

Not Applicable

DRAFT

Policy #: GA.8056  
Title: **Paid Holidays**  
Department: Human Resources  
Section: Not Applicable  
CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: 04/01/14  
Last Review Date: 04/05/18  
Last Revised Date: 04/05/18

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1  
2 **I. PURPOSE**  
3

4 This policy establishes the paid holiday schedule for CalOptima employees.  
5

6 **II. POLICY**  
7

8 A. The following holidays shall be observed by CalOptima:  
9

- 10 1. New Year's Day
- 11 2. Martin Luther King Jr. Day
- 12 3. Presidents' Day
- 13 4. Memorial Day
- 14 5. Independence Day
- 15 6. Labor Day
- 16 7. Veteran's Day
- 17 8. Thanksgiving Day and the Friday after Thanksgiving
- 18 9. Christmas Day
- 19 10. One Flex Holiday (credited on January 1)

20 B. A holiday that falls on a Saturday or Sunday can be observed on the preceding Friday or the  
21 following Monday. Holiday observances will be noted on the annual payroll schedule. Employees  
22 will be provided notice of any changes to the published schedule.  
23

24 C. Regular full-time and regular part-time employees who are regularly scheduled to work twenty (20)  
25 or more hours per week are eligible to receive a maximum of one (1) Flex Holiday (maximum of  
26 eight (8) hours, prorated based on scheduled work hours) each calendar year on January 1st. Limits  
27 are imposed on the number of Flex Holiday hours that can be maintained in an employee's Flex  
28 Holiday account. A maximum of twelve (12) hours, prorated based on scheduled work hours, may  
29 be maintained in an employee's Flex Holiday account as of January 1st of each year. In the event  
30 that available Flex Holiday hours are not used by the last pay period of the calendar year, employees  
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may carry unused Flex Holiday hours into subsequent years and may accrue additional hours up to the maximum of eight (8) hours, prorated based on scheduled work hours. If an employee reached the maximum amount of twelve (12) hours on January 1st, prorated based on scheduled work hours, the employee will stop accruing Flex Holiday hours. Flex Holiday hours are not eligible for annual cash out applicable to Paid Time Off (PTO) hours. The Chief Executive Officer (CEO) may assign a specific date for the Flex Holiday for business reasons and/or needs. Assignment of the Flex Holiday will be announced in advance. Otherwise, employees may take the Flex Holiday on any day elected by the employee, subject to approval by the employee's manager. If an employee separates from CalOptima and has unused Flex Holiday hours, the unused Flex Holiday hours will be paid out at the same time and in the same manner as unused PTO hours upon termination.

- D. Regular full-time and regular part-time employees shall be paid his or her regular rate of pay for the holidays specified in this Policy.
- E. CalOptima may, in its discretion, amend the list of paid holidays and/or require an employee to work on one or more of the observed holidays.
- F. From time to time, at the discretion of the CEO, the CEO, or his/her Designee, may authorize managers, at their discretion, to release employees early, up to a maximum of two (2) hours, with pay, on the work day immediately preceding a holiday, as long as departments ensure critical areas are covered for the entire business day. The release of employees early as provided herein is intended to benefit only those employees who are working on the work day immediately preceding a holiday. Employees who are on PTO on the day employees are permitted to leave early are not entitled to any credit or future early release.

### III. PROCEDURE

- A. CalOptima will note holiday observances annually on its payroll schedule. In the event of a change to the published schedule, CalOptima will provide prompt notice to all employees.
- B. When a holiday falls on a regular nine (9) hour work day for a full-time non-exempt employee on a 9/80 schedule pursuant to CalOptima Policy GA.8020: 9/80 Work Schedule, the employee has the option of using one (1) hour of accrued PTO or making up the time if approved by his or her supervisor. For employees on the 9/80 Work Schedule, should a holiday fall on an employee's scheduled day off, the employee will be permitted to take another day off in the same workweek.
- C. If a non-exempt employee is required to work a scheduled holiday, he or she will receive his or her regular rate of pay for the holiday, in addition to his or her regular compensation for the hours of actual work performed.

### IV. ATTACHMENTS

Not Applicable

### V. REFERENCES

- A. CalOptima Policy GA.8020: 9/80 Work Schedule

### VI. REGULATORY AGENCY APPROVALS

Policy #: GA.8056  
Title: Paid Holidays

Revised Date: 04/05/18

None to Date

## VII. BOARD ACTIONS

- A. 04/05/18: Regular Meeting of the CalOptima Board of Directors
- B. 04/07/16: Regular Meeting of the CalOptima Board of Directors
- C. 05/01/14: Regular Meeting of the CalOptima Board of Directors

## VIII. REVIEW/REVISION HISTORY

Version	Version Date	Policy Number	Policy Title	Line(s) of Business
Effective	04/01/2014	GA.8056	Paid Holidays	Administrative
Revised	04/07/2016	GA.8056	Paid Holidays	Administrative
Revised	04/05/2018	GA.8056	Paid Holidays	Administrative

**IX. GLOSSARY**

Not Applicable

DRAFT

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken April 5, 2018**

### **Regular Meeting of the CalOptima Board of Directors**

#### **Report Item**

4. Consider Authorizing Expenditures for CalOptima Staff Wellness Programs from Funding Received from CIGNA HealthCare for Calendar Year 2018

#### **Contact**

Ladan Khamseh, Chief Operating Officer, (714) 246-8400

#### **Recommended Action**

Authorize expenditures for CalOptima staff wellness programs from funding received from CIGNA HealthCare (CIGNA) Wellness/Health Improvement Fund for calendar year 2018.

#### **Background**

CIGNA, one of CalOptima's health and welfare benefit carriers, provides a Wellness/Health Improvement Fund to assist in improving the health and productivity of CalOptima's employees, focusing on behavior change and health status improvement, and creating a health and wellness program strategy leading toward a culture of well-being. Each year, CIGNA informs CalOptima of the amount of funds offered for the upcoming calendar year. During 2018, the total amount available is \$20,000. Proposed expenditures and the use of the funds are to be pre-approved by CIGNA, with CalOptima eligible for reimbursement following the event by submitting receipts to CIGNA. Any unused funds cannot be rolled over to the next calendar year and are forfeited.

Use of these funds is typically coordinated through the Human Resources and Finance Departments. Leaders in these departments often receive suggestions and recommendations from CalOptima's Employee Activities Committee (EAC), whose mission is to unite CalOptima employees through regularly organized events. The EAC is comprised of employees who volunteer their time and represent a broad cross-section of employees in various departments and at various levels within the organization. These wellness programs, events and activities are generally coordinated and implemented by EAC, with oversight provided by the Human Resources Department.

#### **Discussion**

CIGNA has specific guidelines regarding the types of events the Wellness/Health Improvement Fund can be used towards. The funds may be used to reimburse CalOptima for employee health and wellness program expenses, including but not limited to gym discount sponsorships, educational workshops, and employee wellness activities. CIGNA also has specific guidelines by which proposed activities are approved and submitted for reimbursement.

For 2018, the proposed wellness activities recommended by the EAC include:

<b>2018 Wellness Program/Event/Activity</b>	<b>Estimated Cost</b>
Wellness Programs/Incentives (Examples: Walk Across America, Pick Your Challenge)	\$3,000
Wellness Month (Wellness fair, cooking demonstrations, paint therapy)	\$10,250
Onsite chair massages	\$4,000
Other Wellness Activities (Example: Discounted gym memberships for employees)	\$2,750
<b>Total</b>	<b>\$20,000</b>

**Fiscal Impact**

The recommended action has no fiscal impact to the CalOptima Operating Budget.

**Rationale for Recommendation**

The CIGNA Wellness/Health Improvement Fund provides for activities related to health and wellness benefits to CalOptima employees. The proposed process allows spending of the funds towards activities consistent with staff recommendations for wellness programs, and authorizes the CEO to use the CIGNA Wellness/Health Improvement Funds for these specific programs or events.

**Concurrence**

Gary Crockett, Chief Counsel

**Attachments**

Cigna Wellness Fund Letter 2018

/s/ Michael Schrader  
**Authorized Signature**

3/28/2018  
**Date**



Angela Garrett  
CalOptima  
505 City Parkway West  
Orange, CA 92868

Dear Angela:

Wellness Funds are provided by Cigna Healthcare to assist in improving the health and productivity of your entire employee population, focus on behavior change and health status improvement, and create a health and wellness program strategy leading toward a culture of well-being.

**Examples of eligible expenses**

- Incentives or rewards for wellness program participation (excluding cash)
- Health promotion communication materials
- Health and Wellness activity or challenge programs
- Health education related onsite classes, workshops or speakers
- Onsite chair massage sessions or fitness classes
- Employee sponsorship in community health events

**Examples of ineligible expenses**

- Premium reductions, including HSA, HRA and FSA contributions or other medical/Rx plan expenses
- Outdoor parties, (injury and liability factor)
- Employee Travel (liability factor)
- Paid time off, employee holidays or discounts
- Charitable donations
- Gym equipment
- Health assessment vendors
- Food (unless related to nutrition/cooking education or demonstrations)

This letter is confirm that Cigna offered \$20,000 to be used for wellness for the 2018 policy period.

Sincerely,

A handwritten signature in black ink, appearing to read "Rakeia Pratt", with a stylized flourish at the end.

Rakeia Pratt  
Senior Account Executive  
Cc: Jacob Delong-Cigna Healthcare



## CALOPTIMA BOARD ACTION AGENDA REFERRAL

### Action To Be Taken April 5, 2018

### Regular Meeting of the CalOptima Board of Directors

#### **Report Item**

5. Consider Approval of Insurance Policy Renewals for Policy Year 2018-2019

#### **Contact**

Greg Hamblin, Chief Financial Officer, (714) 246-8400

#### **Recommended Action**

Approve the renewal of insurance policies for policy year (PY) 2018-2019 at a premium cost not to exceed \$2,300,000.

#### **Background**

CalOptima's business insurance coverage, except employee group health, expires on April 7 of each year. The following table provides an overview and brief descriptions of CalOptima's insurance policy:

Coverage Type	Description
Property	Provides coverage in the event of property or personal property damage to the 505 Building, the PACE center, and the Server location, not due to an Earthquake
General Liability	Provides coverage to third parties for bodily injury or property damage
Commercial Auto	Provides liability for bodily injury and property damage by company-owned van, as well as collision and comprehensive coverage for the van itself; provides excess liability for employees using personal vehicles for company business
Workers' Compensation	Provides medical care and temporary disability benefits to employees for on-the-job injuries or illnesses
Umbrella	Provides excess limits for general liability and commercial auto coverage over and above the respective policies
Excess Liability	Provides excess limits over and above the Umbrella policy
Earthquake	Provides coverage in the event of property or personal property damage to the 505 Building, the PACE center, and the Server location, only due to an Earthquake
Cyber	Provides coverage for claims related to cyber incidents, such as data breach (including regulatory fines and penalties) and network extortion (i.e., ransomware)
Directors and Officers (D&O) – primary and excess	Provides coverage for claims that are a result of an act, error, or breach of duty by a CalOptima employee or Board member when acting in the capacity as such
Employment Practices Liability (EPL)	Provides coverage for claims brought by any past, present or prospective employee against an executive of CalOptima alleging, for example, employment discrimination, harassment, or wrongful termination

Coverage Type	Description
Crime	Provides coverage for claims related to employee theft or forgery of money, securities, or other property, and computer and funds transfer fraud
Managed Care Errors and Omissions (E&O) – primary and excess	Provides coverage for claims that are a result of an act, error, or omission in the performance of CalOptima’s managed care activities (e.g., provider contracting, utilization review, implementation of clinical guidelines)
Medical Malpractice	Provides coverage for employed physicians and other medical staff (i.e., physician and therapists at the PACE center) in the event of a medical malpractice claim
Pollution	Provides coverage for bodily injury to third parties in the event of a pollution incident, such as stored paint leaching into the ground water supply

In addition, Staff recommends procuring Wage and Hour Insurance, which provides coverage for actual or alleged violations of the Fair Labor Standards Act or any similar federal, state, or local laws governing or related to the payment of wages.

The following table provides information on the coverage limits and deductibles for each type of insurance coverage:

Coverage	Limit	Deductible
Property	Building: \$66,076,585	\$5,000
	Business Personal Property: \$24,595,883	\$5,000
	Business Interruption & Extra Expense: \$34,639,636	24 Hours
General Liability	GL: \$1,000,000/\$2,000,000 Employee Benefits Liability: \$1,000,000	\$0/\$1,000
Commercial Auto	Auto Liability: \$1,000,000 CSL	\$0 Liability \$100/\$500 Damage
Workers’ Compensation/ Employers Liability	WC: Statutory EL: 1,000,000/\$1,000,000/\$1,000,000	\$0
Umbrella	\$10,000,000	Primary limits for GL, Auto and EL
Excess	\$25,000,000	\$10,000,000
Earthquake	\$50,000,000	EQ 5% subject to \$50,000
Cyber	\$10,000,000	\$250,000
D&O/EPL/Crime	\$5,000,000 (Shared Limit)	\$125,000
Excess D&O/EPL	\$15,000,000	\$5,000,000
Managed Care E&O	\$10,000,000	\$150,000
Excess Managed Care E&O	\$10,000,000	\$10,000,000

Coverage	Limit	Deductible
Medical Malpractice (PACE)	\$1,000,000/\$3,000,000	\$5,000
Pollution (3-year Policy Term)	\$2,000,000/\$4,000,000	\$25,000
Wage and Hour Coverage	\$5,000,000	\$750,000

### **Discussion**

CalOptima's insurance broker, AON, provided quotations for existing and additional coverage on March 9, 2018. Staff has reviewed and evaluated the quotations. Overall, CalOptima's insurance policy renewals for PY 2018-19 is approximately 5% or \$102,462 higher than the previous year. Staff recommends the following renewals at a total estimated premium not to exceed \$2,300,000:

Coverage	2017-2018 Premium	2018-2019 Premium	\$ Difference from Prior Year	% Difference from Prior Year
Property	\$48,391	\$51,832	\$3,441	7%
General Liability	\$11,235	\$13,420	\$2,185	19%
Commercial Auto	\$5,525	\$6,233	\$708	13%
Workers' Compensation	\$972,108	\$1,023,425	\$51,317	5%
Umbrella	\$10,630	\$10,740	\$110	1%
Excess	\$35,030	\$35,030	\$0	0%
Earthquake	\$153,149	\$160,373	\$7,224	5%
Cyber*	\$111,709	\$122,296	\$10,587	9%
D&O/EPL/Crime	\$150,344	\$150,344	\$0	0%
Excess D&O/EPL	\$99,813	\$108,045	\$8,232	8%
Managed Care E&O	\$253,457	\$253,457	\$0	0%
Excess Managed Care E&O	\$144,366	\$144,366	\$0	0%
Medical Malpractice (PACE)	\$27,571	\$46,229	\$18,658	68%
Pollution (3 year Policy Term)	\$5,292	\$5,292	\$0	0%
<b>Total Renewal Premiums</b>	<b>\$2,028,621</b>	<b>\$2,131,083</b>	<b>\$102,462</b>	<b>5%</b>
<b>Total New Coverage Premiums - Wage and Hour Coverage</b>	N/A	<b>\$160,000</b>	N/A	N/A

\* Estimated premium; still under negotiation

Due to CalOptima's use of an insurance broker and the inherent competitive quote process, premium negotiations may often continue up to the day before policy expiration. The Cyber premiums are still under negotiation as of March 23, 2018.

Explanation of major cost increases:

- **Property:** CalOptima's premium increase of 7% or \$3,441 is due primarily to a 5% increase in aggregate property values, business personal property values, and business interruption expense coverage. The remaining 2% increase is related to carriers increasing property premiums

generally due to recent catastrophic losses, such as fires, floods, and hurricanes. Renewal with the incumbent carrier is recommended;

- **General Liability:** Over the past few years, CalOptima's premium for General Liability coverage has been either flat or decreasing (i.e., no change from PY 2015 to PY 2016, nearly 5% decrease from PY 2016 to PY 2017). However, premiums are increasing in the industry as carriers' underwriting departments update pricing models to account for premiums that have been underpriced in the last two to three-year rating cycle. CalOptima's premium increase of 19% or \$2,185 is in line with marketplace trends. Renewal with the incumbent carrier is recommended;
- **Commercial Auto:** CalOptima's premium increase of 13% or \$708 is primarily due to the carrier expanding the coverage requirement to include coverage for non-owned and non-hired vehicles. In prior years, CalOptima was not charged for this coverage due to the low number of employees using their personal vehicles for business purposes. However, in recent years, the number of employees using their personal vehicles for business purposes has increased due to enrollment growth and increased service requirements that have contributed to increased staffing and usage. As such, the higher auto premium is a direct result of this increase in exposure. In addition, carriers have been increasing auto premiums due to recent catastrophic losses, such as fires, floods, and hurricanes. Renewal with the incumbent carrier is recommended;
- **Cyber:** CalOptima's premium increase of 9% or \$10,587 is largely driven by CalOptima's 13% consolidated revenue growth for Fiscal Year (FY) 2016-17 as reported in the annual audited financial statements. This growth for this period is attributable to additional revenue from rate increases and continued growth in Medi-Cal Expansion. This coverage was marketed aggressively last year resulting in a 6% premium decrease. Renewal with the incumbent carrier is recommended;
- **Excess D&O/EPL:** CalOptima's premium increase of 8% or \$8,232 mirrors a trend in the D&O industry for substantially higher rates related to claims activity at non-profit companies. The increase also reflects California's EPL industry trend relating to a greater number of workplace harassment claims, and CalOptima's employee count, which has substantially grown in the last three years, since the last premium increase by the carriers. AON marketed the coverage, but other carriers quoted premiums as high as a 26% increase. Renewal with incumbent carriers is recommended; and
- **Medical Malpractice:** CalOptima's premium increase of 68% or \$18,658 is primarily due to increased exposure. The largest contributing factor is a 56% increase in PACE employees to respond to increased enrollment in the program and required regulatory employee-to-member ratios. AON marketed the coverage for additional quotes, but no viable options were provided by any additional carriers. Renewal with the incumbent carrier is recommended.

### **Fiscal Impact**

The fiscal impact of the annual insurance policy renewals related to the period of April 7, 2018 through June 30, 2018, is a budgeted item under the FY 2017-18 Operating Budget approved by the Board on

June 1, 2017. Management will include funding for the remaining policy period of July 1, 2018 through April 7, 2019, in the CalOptima FY 2018-19 Operating Budget.

**Rationale for Recommendation**

The continued procurement of business insurance, without a lapse in coverage, ensures that CalOptima's risk and exposure to claims is mitigated as much as possible.

**Concurrence**

Gary Crockett, Chief Counsel

**Attachments**

None

/s/ Michael Schrader  
**Authorized Signature**

3/28/2018  
**Date**

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

**Action To Be Taken April 5, 2018**

**Regular Meeting of the CalOptima Board of Directors**

### **Report Item**

6. Consider Authorizing Migration of CalOptima's Microsoft Exchange Electronic Mail System to the Microsoft Azure Cloud Environment; Consider Authorizing a Contract with a Vendor to Support this Migration

### **Contact**

Len Rosignoli, Chief Information Officer, (714) 246-8400

### **Recommended Actions**

1. Authorize the Chief Executive Officer (CEO) to upgrade and complete a migration of CalOptima's Microsoft Exchange system for email to the Microsoft Azure cloud environment; and
2. Authorize the CEO, with the assistance of legal counsel, to contract with a professional services vendor selected through a Request for Proposal (RFP) to support the proposed email system upgrade and migration.

### **Background**

The electronic mail (email) system at CalOptima is supported by Microsoft Outlook, which is part of the Microsoft Office software suite. Microsoft Office is a suite that includes Outlook (email), Word, Excel, PowerPoint, and other products and features. The email component of Microsoft Office includes two components: the front end, known as Microsoft Outlook, and the behind the scenes storage and management of the email, known as Microsoft Exchange.

CalOptima upgraded the Microsoft Office Suite of products (except for Exchange) in September 2017, moving from Microsoft Office 2007 to Microsoft Office 365 ProPlus. This moved CalOptima to the most current and up-to-date version of Microsoft Office. This also enabled CalOptima to accept regular monthly updates to the "app," rather than being obligated to perform large-scale upgrades to newer software versions (e.g., Office 2013, Office 2016, etc.). This is the new model of upgrade available with the Office 365 ProPlus solution.

CalOptima, like many other government entities in California, participates in the cooperative purchasing agreement/contract for Microsoft products through the County of Riverside. With this cooperative agreement, agencies are guaranteed Microsoft's lowest pricing tier for government clients (known as Level D pricing) plus, all such clients benefit from an additional 7.5% discount. There are several Microsoft reseller vendors that participate as part of this agreement with the County of Riverside. Each vendor is required to comply with this pricing as a ceiling. Periodically, CalOptima extends an invitation to accept bids from these Microsoft resellers. In 2017, a standard bidding process was conducted, and a vendor offering CalOptima pricing below the predefined ceiling was identified.

### **Discussion**

Licensing fees associated with the upgrade/replacement of the current email system and migration of the Microsoft Exchange Online component of Office 365 were included in the Board-approved Fiscal

Year (FY) 2017-18 operating budget. The migration necessitates contracting with a consultant to assist with the complex movement of all electronic mailboxes, active email, and archived email; funding for these consulting fees were included in the FY2017-18 capital budget.

This migration will also represent a movement of CalOptima email from local processing and storage at the CalOptima data center facility in Orange County to processing and storage within the Microsoft Azure environment and facilities. This migration to the Azure environment is often referred to as "moving to the Microsoft cloud." Even after this change, CalOptima would continue to have a need for space at the current Orange County data center location for operation of other computer systems.

Since 2016, staff has been researching the viability of this migration, and evaluating the benefits, features, risks, costs, and all other factors related to this change. Staff has consulted with and researched a variety of sources to prepare for this decision, including others that have already completed this migration, such as other County Organized Health Systems (COHS), other health plans, other government entities, and other commercial entities. In addition, staff has consulted with experts from Gartner, Microsoft, a forensic security consulting firm, and others.

Microsoft has made several tools and advanced features available along with this migration, that would not be otherwise available. These tools will be beneficial to CalOptima, and include Advanced eDiscovery, Legal Hold, Email Retention, document collaboration, disaster recovery, virtually unlimited storage, and many others. In addition, Management believes the security features and certifications provided by Microsoft far outweigh what would be feasible, both logistically and financially, within the CalOptima infrastructure. Also, Microsoft has made it known that in the coming years, this will likely be the standard offering, and the on-premise versions of Microsoft Outlook will be discouraged.

There are a variety of licensing options associated with Office 365 and the migration to the Exchange Online environment. In September of 2017, when CalOptima upgraded to the Office 365 ProPlus product suite, staff concluded that the "E3" licensing option was the most appropriate to support the toolset. However, because of a number of opportunities associated with the next generation, the recommendation now is that, in conjunction with the migration to Exchange Online, the licensing will be upgraded to "E5." The E5 licensing enables the aforementioned additional tools and features. In addition, there exists the opportunity to potentially reduce or eliminate other costs for similar tools currently sourced from other vendors (e.g. spam filtering) – this is still under evaluation. The upgrade to E5 licensing is included in the Board approved FY 2017-18 operating budget.

There are many deployment partners assisting organizations with this migration. Since there is a consistent approach to this migration, use of a deployment partner reduces internal cost and effort, as the deployment partners have prescribed methods and re-usable plans to enable this change as smoothly as possible.

A Request for Proposal process took place in late 2017 to identify a deployment partner. The selection team was comprised of employees from CalOptima's Information Services and Vendor Management departments. CalOptima's Microsoft account team also participated in the interviews with the finalist



vendors. The candidate deployment partners have no agreements or contracts with Microsoft for this type of service. The identified vendor has significant experience with Office 365 Exchange migrations with other organizations of similar and larger size and complexity.

### **Fiscal Impact**

Licensing fees associated with the upgrade/replacement of the current email system and migration of the Microsoft Exchange Online component of Office 365 were included in the FY 2017-18 Operating Budget. Funding for the recommended action to execute a contract for professional fees related to software/hardware implementation is included as part of Upgrades/Replacements under the CalOptima FY 2017-18 Capital Budget approved by the Board on June 1, 2017.

Pursuant to Attachment A of the FY 2017-18 Capital Budget, the total budgeted amount for Infrastructure – Upgrades/Replacements is \$515,167. The total estimated costs to support the email system upgrade and migration is \$300,000.

The FY 2017-18 Capital Budget included \$250,000 under Upgrades/Replacements – Professional Fees for this project. To address the shortfall, funding in the amount of \$50,000 will be reallocated from Upgrades/Replacements – Hardware to Upgrades/Replacements – Professional Fees. Overall, the recommended actions are budget neutral to the overall FY 2017-18 Capital Budget.

### **Rationale for Recommendation**

Staff recommends Board approval to migrate CalOptima's email system to the Microsoft Azure cloud environment, and contract with vendor selected through a RFP process to support the proposed email system upgrade and migration.

### **Concurrence**

Gary Crockett, Chief Counsel

### **Attachment**

PowerPoint Presentation: Microsoft Exchange Migration to Azure

/s/ Michael Schrader  
**Authorized Signature**

3/28/2018  
**Date**





# Microsoft Exchange Migration to Azure

**Board of Directors Meeting**

**April 5, 2018**

**Len Rosignoli**

**Chief Information Officer**

# What is “the Cloud?”

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- A physical data center facility containing a network of computing servers and storage devices, securely accessed via the internet. Examples and variations include:
  - Microsoft Azure, Google Cloud, Amazon Web Services, etc.
  - Other public Cloud Service Providers (CSPs)
  - Private Cloud (our data center)
- Common Consumer Cloud Storage Providers
  - Apple iCloud, Google Drive, DropBox, Box, OneDrive, etc.

# More Terminology, and CalOptima

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- On-premise
  - Housed, processed, accessed in our 505 building (e.g. Telecom)
- Private Cloud
  - One example – housed elsewhere – securely accessed and processed remotely via the internet - either self-managed or third-party managed (e.g. CalOptima/County of Orange data center / CalOptima Core Eligibility/Claims system)
- Hosted / SaaS (Software as a Service)
  - Housed/processed in the supplier's own data center (e.g. CalOptima Medical Management System)
- Public Cloud
  - Microsoft, Google, Amazon, etc. (e.g. CalOptima Human Resource System). Typically, these are known as the three most secure.
- Hybrid
  - A combination of the above approaches

# Reasons for the migration to Microsoft Azure

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- Information Security
  - Microsoft maintains 12 of the most critical security certifications
  - Security is always current, including patch management
  - Includes advanced security features that were previously on the roadmap for CalOptima, reducing future costs
- Disaster Recovery
  - Microsoft Azure will have six real-time copies of CalOptima's email, enabling immediate and invisible recovery in the event of an outage
- Additional Features
  - Storage –
    - Virtually unlimited storage capacity, minimizing CalOptima's increasing storage costs
  - Advanced eDiscovery
    - Identifies emails and documents for public records act requests and other research
  - Legal Hold
    - Assists with preservation of emails and documents related to legal matters
  - Email Retention Schedules
    - Enables better management of historic email volume
  - Ability to elimination some third party security tools/costs, as they are included with Azure

# Other Organizations that use Azure include:

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- Inland Empire Health Plan, Gold Coast Health Plan, Health Plan of San Mateo
- St. Joseph Health (St. Joseph, St. Jude, Mission, St. Mary)
- Hoag Health Network, Children's Hospital of Orange County
- Orange County Transportation Authority, Orange County Sheriff's Department, Orange County Superior Courts
- Los Angeles Police Department
- Counties - Los Angeles, Riverside, San Diego
- California Department of Justice
- Federal Department of Defense

# CalOptima's Mission

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To provide members with access to quality health care services delivered in a cost-effective and compassionate manner



## **Board of Directors Meeting April 5, 2018**

### **OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee Update**

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At the February 22, 2018 OneCare Connect Member Advisory Committee (OCC MAC) meeting, Claudia Hernandez, Manager, Strategic Development, provided a summary of the Member Health Needs Assessment (MHNA) that was conducted in 2017 to over 6,000 CalOptima members, service providers and community representatives. Ms. Hernandez explained that the MHNA concentrated on the underlying social determinants of health that have been recognized as factors that may impact peoples' health.

Chair Gio Corzo, SeniorServ, presented an overview of SeniorServ whose purpose is to help older adults with improved health, better nutrition, increased well-being, and reduced hospitalizations through various meal/nutrition and visitor/socialization programs. Member Sara Lee, Legal Aid Society of Orange County, provided a quarterly update on the Ombudsman Service Program, which continues to assist members with OCC enrollment issues and potential OCC disenrollment due to Medi-Cal eligibility issues.

Recruitment ended on March 30, 2018 to fill the OCC MAC seats whose terms expire on June 30, 2018, including Community-Based Adult Services provider representative; Seniors representative; Long-Term Care facility representative; member advocate; and OneCare Connect (OCC) member or family member of an OCC member. The OCC MAC Nominations Ad Hoc Subcommittee will meet in April to review and evaluate the applications. Following the ad hoc's review, the slate of candidates will be forwarded to OCC MAC and the Board of Directors for approval.

The OCC MAC appreciates the opportunity to provide the CalOptima Board with input and updates on OCC MAC activities.

## **Board of Directors Meeting April 5, 2018**

### **Member Advisory Committee Update**

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The Joint Member Advisory Committee (MAC), OneCare Connect Member Advisory Committee (OCC MAC) and Provider Advisory Committee (PAC) met on March 8, 2018.

Recruitment ends on March 30, 2018 for the MAC seats whose terms expire on June 30, 2018. The available seats include the following: Children, Consumer, Foster Children, Long-Term Services and Support, Medically Indigent People, People with Mental Illness; People with Special Needs; and Recipients of CalWORKs. A MAC Nominations Ad Hoc Subcommittee will convene to review the applications and forward the prospective slate of candidates to the MAC and the Board of Directors for consideration.

The recruitment for the Whole-Child Model Family Advisory Committee (WCM FAC) ends on March 30, 2018. CalOptima received numerous applications from family members and community representatives/advocates to fill the eleven seats. Upon review of the candidates' applications by a MAC Nominations Ad Hoc Subcommittee, the prospective slate of candidates will be forwarded to the MAC and the Board of Directors for consideration.

The MAC appreciates the opportunity to provide the CalOptima Board with input and updates on the MAC's activities.



**Board of Directors Meeting  
April 5, 2018**

**Update on the Joint Meeting of the  
Member Advisory Committee, OneCare Connect Member Advisory Committee,  
and Provider Advisory Committee**

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**March 8, 2018 Joint Member Advisory Committee (MAC) OneCare Connect Member  
Advisory Committee (OCC MAC) and Provider Advisory Committee (PAC) Meeting**

Fourteen (14) MAC members and 14 PAC members attended the March 8, 2018 Joint meeting of the Advisory Committees. OCC MAC did not reach quorum.

Michael Schrader, Chief Executive Officer, informed the Committees that the County of Orange relocated 700 homeless individuals from the Santa Ana riverbed to motels. CalOptima personal care coordinators, in conjunction with Orange County Health Care Agency (HCA) staff, will visit the motels to identify mental and physical health needs for people who are known to be CalOptima members. Mr. Schrader also informed the Committees that CalOptima's behavioral health transition has gone smoothly and has improved access to services.

Sandra Fair, Administrative Manager, Orange County Health Care Agency, presented an update on Orange County's Opioid Epidemic. Ms. Fair provided demographics on the significant increase in opioid prescriptions, opioid-related emergency room visits and opioid-related deaths. A review of HCA's strategic focus on prevention, harm reduction, treatment and recovery was also presented for discussion.

Marshall Moncrief, Regional Executive Director, Institute for Mental Health & Wellness, Providence St Joseph Health, presented on the Orange County Coalition for Behavioral Health, a public/private partnership whose goal is to improve mental and behavioral health care outcomes in Orange County. Three workgroups have been formed: 1) System of Care; 2) Infrastructure; and 3) Funding. Several Committee members expressed interest in participating.

Kelly Rex-Kimmet, Interim Executive Director, Quality Analytics, presented on Healthcare Effectiveness Data and Information Set (HEDIS) Performance Measures. CalOptima has implemented several member and provider quality initiatives designed to improve targeted HEDIS measures that were underperforming. Although the findings are preliminary, the incentives appear to have improved some of the HEDIS measures.

The Committee Chairs led a discussion on the difficulty of members in accessing providers. Committee members shared that many members experience barriers to care for specialties, including pediatric endocrinology, neurology, dental cancer, oral/maxillofacial surgery and adult primary care. In addition, transgender members experience difficulty finding providers who have experience with their medical and psychological needs. Other issues identified included specialists who are culturally sensitive, those that can handle a rare or complex condition and

services for seniors. It was noted that CalOptima members have difficulty in understanding the authorization and referral process. The Committees agreed that additional discussion and follow up is needed on eliminating barriers to difficult to access providers.

The Committees thank the CalOptima Board and appreciate the opportunity to present input and updates on the committees' activities.



**CalOptima**  
Better. Together.

# **2017–2019 Strategic Plan: Year 1 Progress Report**

**Board of Directors Meeting  
April 5, 2018**

**Michael Schrader  
Chief Executive Officer**

# Strategic Priorities and Building Blocks

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## Innovation

Pursue innovative programs and services to optimize member access to care

## Value

Maximize the value of care for members by ensuring quality in a cost-effective way

## Partnerships and Engagement

Engage providers and community partners in improving the health status and experience of members

## Workforce Performance

Attract and retain an accountable and high-performing workforce capable of strengthening systems and processes

## Financial Strength

Provide effective financial management and planning to ensure long-term financial strength

# Innovation

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- PACE expansion
  - Service Area Expansion into South Orange County
  - Alternative Care Setting model with satellite sites
  - Community-based physicians
  - Nurse practitioners for primary care services
- Palliative care program
  - Services to help members near the end of life
- California Children's Services transition
  - Better integrated care for children with complex conditions via the Whole-Child Model
- Non-medical transportation
  - Reliable access to medical appointments

# Value

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- Top rating for Medi-Cal
  - NCQA for the fourth year
  - DHCS for the second year
- Pay for Value program for CalOptima Community Network
  - Incentives affecting 600 PCPs, 3,500 specialists and 70,000 members
- Cal MediConnect advocacy
  - Extension until December 2019 based on early trends of lower cost and higher quality
- Member Health Needs Assessment
  - Data from more than 6,000 members about health care and social services needs, to effectively target future programs

# Partnerships and Engagement

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- Homeless members
  - Recuperative care pilot program
  - Now part of county's Whole-Person Care program
- Opioid abuse
  - Interventions with prescribers and retail pharmacies
- Adolescent depression screenings
  - Physician incentives for depression screenings of 12-year-olds
- Health care safety net
  - More capacity of medical, dental and behavioral health services at community health centers

# Building Blocks

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## Workforce Performance

- Employer of Choice
- Collaborative Culture
- Operational Excellence

## Financial Strength

- Strategic Goal Alignment
- Fiscal Management





# Strategic Plan 2017–2019

Better. Together.

## Progress Report

Year 1

January 1–December 31, 2017



A Public Agency

# CalOptima

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[Back to Agenda](#)

# Strategic Plan Progress Report

I am pleased to share CalOptima's progress during our first year of the 2017–2019 Strategic Plan. By every measure, 2017 was eventful in health care at the local, state and federal level, and it was helpful to have the plan to focus our efforts and move us forward toward more fully realizing our mission.

Our strategic priorities are threefold: pursuing **Innovation** to better integrate care and expand access for members, upholding **Value** by seeking quality, cost-effective care, and strengthening **Partnerships and Engagement** to improve care coordination and member health outcomes.

This Strategic Plan Progress Report summarizes efforts during the period January 1–December 31, 2017, first by listing completed actions and then by sharing current activities still underway as 2018 began. As you will read, the pace of our activities is brisk and the significance of them is real — for members, providers and Orange County.

I'm proud of what CalOptima has accomplished thus far, and I look forward to our continued momentum over the next two years. Thanks to our Board for the important guidance in the plan, and thanks to our community partners for the collaboration and support that will help CalOptima reach our goals.



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Michael Schrader  
Chief Executive Officer

## Board of Directors

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**Paul Yost, M.D. (Chair)**

Anesthesiologist,  
CHOC Children's and  
St. Joseph Hospital

**Lee Penrose (Vice Chair)**

Chief Operating Officer,  
Providence St. Joseph Health

**Ria Berger**

CEO, Healthy Smiles for Kids  
of Orange County

**Ron DiLuigi**

Retired Health  
Care Executive

**Andrew Do**

Supervisor, First District,  
Orange County Board  
of Supervisors

**Dr. Nikan Khatibi**

Anesthesiologist/Pain  
Medicine Specialist,  
Riverside Medical Clinic

**Alexander Nguyen, M.D.**

Psychiatrist, Harbor-UCLA  
Medical Center

**Richard Sanchez, REHS, MPH**

Director, Orange County  
Health Care Agency

**J. Scott Schoeffel**

Health Care Attorney

**Michelle Steel**

Supervisor, Second District,  
Orange County Board  
of Supervisors

**Lisa Bartlett (Alternate)**

Supervisor, Fifth District,  
Orange County Board  
of Supervisors

# CalOptima Strategic Plan 2017–2019

## *Strategic Priorities*

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### Innovation

Pursue innovative programs and services to optimize member access to care

1

#### Delivery System Innovation

Use pay-for-performance programs, creative partnerships, sponsored initiatives and technology to empower networks and providers to drive innovation and improve member access.

2

#### Program Integration

Implement programs that create an integrated service experience for members, including an integrated physical and behavioral health service model.

3

#### Program Incubation

Incubate new programs or services that address unmet member needs in areas such as substance abuse, behavioral health services, childhood obesity and complex conditions.

### Value

Maximize the value of care for members by ensuring quality in a cost-effective way

1

#### Data Analytics Infrastructure

Establish robust information technology infrastructure and an integrated data warehouse to enable predictive modeling, performance accountability and data-based decision making.

2

#### Pay for Value

Launch pay-for-performance programs and quality incentive initiatives that encourage provider participation, improve clinical quality and member experience outcomes, and spread best practices.

3

#### Cost-Effectiveness

Implement efficient systems and processes to facilitate better understanding of internal cost drivers, eliminate administrative redundancies, and promote effective and standardized internal practices.

### Partnerships and Engagement

Engage providers and community partners in improving the health status and experience of members

1

#### Provider Collaboration

Enhance partnerships with networks, physicians and the Provider Advisory Committee to improve service to providers and members, expand access, and advance shared health priorities.

2

#### Member Engagement

Seek input from the Member Advisory Committee and CalOptima's diverse membership to better understand member needs, and implement programs that strengthen member choice and experience.

3

#### Community Partnerships

Establish new organizational partnerships and collaborations to understand, measure and address the social determinants of health that lead to health disparities among vulnerable populations.

4

#### Shared Advocacy

Use provider and community relationships to educate stakeholders about health policy issues, and promote the value of CalOptima to members, providers and the broader population of Orange County.

# CalOptima Strategic Plan 2017–2019

## *Building Blocks*

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### Workforce Performance

Attract and retain an accountable and high-performing workforce capable of strengthening systems and processes

1

#### **Employer of Choice**

Establish a feedback-rich culture to ensure accountability, optimize performance and retain high performers capable of advancing organizational objectives.

2

#### **Collaborative Culture**

Drive collaboration to strengthen data-informed decision making, launch innovative member-centered programs and services, and evaluate shared performance.

3

#### **Operational Excellence**

Review, measure and refine processes to ensure regulatory compliance, and pursue continuous improvement of programs and services for members.

### Financial Strength

Provide effective financial management and planning to ensure long-term financial strength

1

#### **Strategic Goal Alignment**

Ensure departmental budgets reinforce CalOptima's strategic priorities to advance the shared mission and values.

2

#### **Fiscal Management**

Standardize the use of effective financial reporting and forecasting tools so directors develop sound departmental budgets, and promote a culture of transparency and accountability.

# Completed Projects

CalOptima Strategic Plan 2017–2019

## January 1–December 31, 2017



### NCQA Recognition

#### Strategic Plan Elements:

##### Partnerships and Engagement

*Provider Collaboration*

*Member Engagement*

*Community Partnerships*

##### Workforce Performance

*Operational Excellence*

Delivered quality health care and customer service, as assessed by the National Committee for Quality Assurance (NCQA), thereby maintaining CalOptima's top rating among California Medi-Cal plans for the fourth year in a row.



### State Quality Award

#### Strategic Plan Elements:

##### Partnerships and Engagement

*Provider Collaboration*

*Member Engagement*

*Community Partnerships*

##### Workforce Performance

*Operational Excellence*

Recognized by the Department of Health Care Services for quality, earning the Outstanding Performance Award for a Large Scale Medi-Cal Plan for the second year in a row.



### Behavioral Health Integration

#### Strategic Plan Elements:

##### Innovation

*Delivery System Innovation*

*Program Integration*

##### Value

*Cost-Effectiveness*

##### Partnerships and Engagement

*Provider Collaboration*

Quickly developed and capably implemented all the necessary infrastructure to manage the provision of Medi-Cal behavioral health services using a network of CalOptima-contracted providers, with a go-live date of December 29.



### Non-Medical Transportation

#### Strategic Plan Element:

##### Innovation

*Program Integration*

Implemented the benefit to provide non-medical transportation for adults traveling to Medi-Cal services covered by CalOptima and services carved out, thereby removing barriers to accessing all types of care.

# Completed Projects

CalOptima Strategic Plan 2017–2019



## Palliative Care

### Strategic Plan Elements:

#### Innovation

*Program Integration*

#### Value

*Cost-Effectiveness*

Adopted appropriate policies and procedures to ensure the delivery of palliative care services through Medi-Cal, with the goal of providing access to cost-effective and compassionate care to members with chronic illnesses or members at the end of life.



## OneCare Connect Program Reauthorization

### Strategic Plan Elements:

#### Innovation

*Program Integration*

#### Partnerships and Engagement

*Shared Advocacy*

Successfully advocated for the Department of Health Care Services and the Legislature to reauthorize the Cal MediConnect program, including CalOptima's OneCare Connect program, through 2019. SB 97 passed the Legislature and was signed by the governor on July 10, 2017.



## OneCare Connect Enrollment

### Strategic Plan Element:

#### Partnerships and Engagement

*Member Engagement*

Changed enrollment policies in OneCare Connect to help minimize disruption of services to members while their eligibility status is being updated.



## Nurse Practitioners at PACE

### Strategic Plan Element:

#### Innovation

*Delivery System Innovation*

Successfully advocated for federal approval for CalOptima PACE nurse practitioners to perform routine primary care services, resulting in reduced costs while maintaining high quality care.



## Opioid Abuse Interventions

### Strategic Plan Elements:

#### Innovation

*Delivery System Innovation*

*Program Incubation*

#### Partnerships and Engagement

*Provider Collaboration*

*Member Engagement*

*Community Partnerships*

Developed multiple programs to reduce the risk of opioid abuse among CalOptima members, including partnerships with prescribers and pharmacies, formulary revisions, and new guidelines and treatments for members.



# Completed Projects

CalOptima Strategic Plan 2017–2019



## Mega Reg Implementation: GARS

**Strategic Plan Element:**

Innovation

*Program Integration*

Completed a timely and effective implementation of the first stage of Mega Reg-related changes, specifically an updated Grievance and Appeals Resolution Services (GARS) process for Medi-Cal members. The Mega Reg modernized Medicaid managed care regulations to improve the beneficiary experience of care.



## New Federal Advocate

**Strategic Plan Element:**

Partnerships and Engagement

*Shared Advocacy*

Transitioned to a new federal advocate, Akin Gump, a top-tier Washington, D.C.-based firm with extensive health care experience, ensuring important guidance was available during the uncertain times of federal health care reform efforts.



## FY 2017 Financial Audit

**Strategic Plan Element:**

Financial Strength

*Fiscal Management*

Completed CalOptima's annual financial audit, with positive results in that the auditor found no material misstatements and made no changes.



## Compliance Program

**Strategic Plan Elements:**

Value

*Data Analytics Infrastructure  
Cost-Effectiveness*

Workforce Performance

*Operational Excellence*

Maintained a culture of compliance to ensure CalOptima and delegated entities were continuously audit-ready through ongoing monitoring and oversight. The Department of Health Care Services, the Department of Managed Health Care and the Centers for Medicare & Medicaid Services conducted 13 regulatory audits in 2017.



## 2017 Pay for Value Program

**Strategic Plan Element:**

Value

*Pay for Value*

Created a payment incentive to reward providers who show improvement in high-impact areas, such as preventive care and hospital readmission.



## Member and Provider Incentives

**Strategic Plan Elements:**

Partnerships and Engagement

*Member Engagement*

*Provider Collaboration*

Adopted new quality initiatives to improve members' health outcomes, specifically in postpartum care, cervical cancer screenings and breast cancer screenings.



## Good Health Campaign

**Strategic Plan Element:**

Partnerships and Engagement

*Member Engagement*

Launched a major health education campaign to promote preventive health screenings and better wellness practices. The campaign aimed to improve members' health behaviors and health outcomes.

# Completed Projects

CalOptima Strategic Plan 2017–2019



## Community Events Policies Update

**Strategic Plan Element:**

Partnerships and Engagement  
*Community Partnerships*

Improved CalOptima's community events policies so community partners can more easily request support and staff can respond based on new Board-approved financial thresholds.



## CCSC Location

**Strategic Plan Element:**

Partnerships and Engagement  
*Community Partnerships*

Successfully extended CalOptima's agreement with the Orange County Social Services Agency to continue providing community resources and information at the County Community Service Center (CCSC).



## Information Technology: CORE Standards

**Strategic Plan Element:**

Value  
*Data Analytics Infrastructure*

Improved the speed and efficiency of claims processing by implementing Committee on Operating Rules for Information Exchange (CORE) Standards. Providers will now have quicker, more cost-effective access to member claims data.



## Tableau Implementation

**Strategic Plan Elements:**

Value  
*Data Analytics Infrastructure*  
*Pay for Value*

Procured a new business intelligence and data analytics platform to promote departmental self-service analytics and data-based decision making.



## Information Security

**Strategic Plan Element:**

Workforce Performance  
*Operational Excellence*

Improved the protection of members' sensitive personal and health information through our information technology security workforce, preventing critical threats to CalOptima's systems.



## Workforce Development

**Strategic Plan Elements:**

Workforce Performance  
*Employer of Choice*  
*Collaborative Culture*

Offered a complete array of employee engagement opportunities, including quarterly All Hands meetings, health and wellness events, Employee Activities Committee activities, member scholarship contest, and performance reviews/feedback. Launched the new Leadership Development Series, to improve leaders' skills via education provided by outside experts.



# Ongoing Projects

CalOptima Strategic Plan 2017–2019



## **PACE Alternative Care Setting Sites**

### **Strategic Plan Elements:**

#### **Innovation**

*Delivery System Innovation*

#### **Partnerships and Engagement**

*Provider Collaboration*

*Community Partnerships*

Working toward approval of partnerships with Alternative Care Setting sites to expand access to PACE. Successfully completed Request for Information and Request for Proposal processes, with several responses from Community-Based Adult Services (CBAS) centers.



## **PACE Service Area Expansion**

### **Strategic Plan Elements:**

#### **Innovation**

*Delivery System Innovation*

#### **Partnerships and Engagement**

*Provider Collaboration*

*Community Partnerships*

Awaiting a reply from regulators, after submitting a detailed, formal application for PACE Service Area Expansion, which would enable CalOptima to serve seniors living in South Orange County.



## **PACE Community-Based Primary Care Providers**

### **Strategic Plan Elements:**

#### **Innovation**

*Delivery System Innovation*

#### **Partnerships and Engagement**

*Provider Collaboration*

*Community Partnerships*

Working to engage community-based physicians to serve PACE participants, with Board approval obtained in December 2017.



## **Federal Medicaid Reform Efforts**

### **Strategic Plan Elements:**

#### **Partnerships and Engagement**

*Community Partnerships*

*Shared Advocacy*

Continuing engagement regarding federal Medicaid reform efforts with the Orange County congressional delegation and other key audiences. Advocacy efforts enhanced by sharing customized, timely policy analysis documents and leveraging our federal lobbyists and trade associations.



## **Dual Eligible Special Needs Plan (D-SNP) Reauthorization Advocacy**

### **Strategic Plan Element:**

#### **Partnerships and Engagement**

*Shared Advocacy*

Working with members of Congress and in partnership with our associations to raise awareness about the importance of reauthorizing D-SNP plans, including CalOptima's OneCare.

# Ongoing Projects

CalOptima Strategic Plan 2017–2019



## Children's Health Insurance Program (CHIP) Reauthorization Advocacy

### Strategic Plan Elements:

#### Partnerships and Engagement

*Community Partnerships  
Shared Advocacy*

Working with federal advocates and trade associations to express CalOptima's support for reauthorization of CHIP funding, which expired in October 2017.



## Whole-Child Model (WCM) Implementation

### Strategic Plan Element:

#### Innovation

*Program Integration*

Collaborating with Department of Health Care Services, members, providers and local stakeholders in establishing WCM and transitioning California Children's Services (CCS) to CalOptima, effective January 1, 2019.



## Whole-Person Care (WPC) Implementation

### Strategic Plan Element:

#### Innovation

*Program Incubation*

Coordinating with Department of Health Care Services, Orange County Health Care Agency and local stakeholders on WPC implementation, which received federal approval in fall 2017. CalOptima will serve as the health plan responsible for providing integrated care and personal care coordinators for homeless members participating in WPC.



## Intergovernmental Transfers (IGTs)

### Strategic Plan Element:

#### Innovation

*Program Incubation*

Continuing efforts to use IGT funds to address current and pressing health care challenges facing Orange County. Recent actions include establishing expenditure categories for IGTs 6 and 7, including opioid and other substance use, children's mental health and homeless health, and gaining authorization for IGT 8.



## Member Health Needs Assessment

### Strategic Plan Elements:

#### Innovation

*Program Incubation*

#### Partnerships and Engagement

*Member Engagement  
Community Partnerships*

Finalizing member data collection and stakeholder feedback to better assess community needs. The process will result in increased member access and improvements in current programs to better serve members.



## Substance Use Disorders

### Strategic Plan Elements:

#### Innovation

*Delivery System Innovation  
Program Incubation*

#### Partnerships and Engagement

*Community Partnerships*

Continuing to work closely with the Orange County Health Care Agency to implement the Drug Medi-Cal Organized Delivery System, which will improve treatment for substance use disorders with new methods and increased care coordination.

# Ongoing Projects

CalOptima Strategic Plan 2017–2019



## **Mega Reg Implementation: Directed Payments and Network Adequacy**

**Strategic Plan Element:**

**Innovation**

*Program Integration*

Continuing to implement Mega Reg-related changes by updating standards for directed payments and network adequacy. Working with hospital associations to ensure new directed payment structures protect CalOptima from excessive risk while improving the member experience of care.



## **Pay for Value Program for CalOptima Community Network (CCN)**

**Strategic Plan Element:**

**Value**

*Pay for Value*

Creating a payment incentive program to reward providers in CCN for the first time since establishing the network in 2015.



## **Development Rights**

**Strategic Plan Elements:**

**Partnerships and Engagement**

*Community Partnerships*

**Financial Strength**

*Fiscal Management*

Working on extending and modifying CalOptima's development rights agreement, including possible plans to use the property for a purpose other than an office tower.



# CalOptima

Better. Together.

## Introduction to the FY 2018-19 CalOptima Budget: Part 1

**Board of Directors Meeting**  
**April 5, 2018**





**Greg Hamblin**  
**Chief Financial Officer**

# Overview

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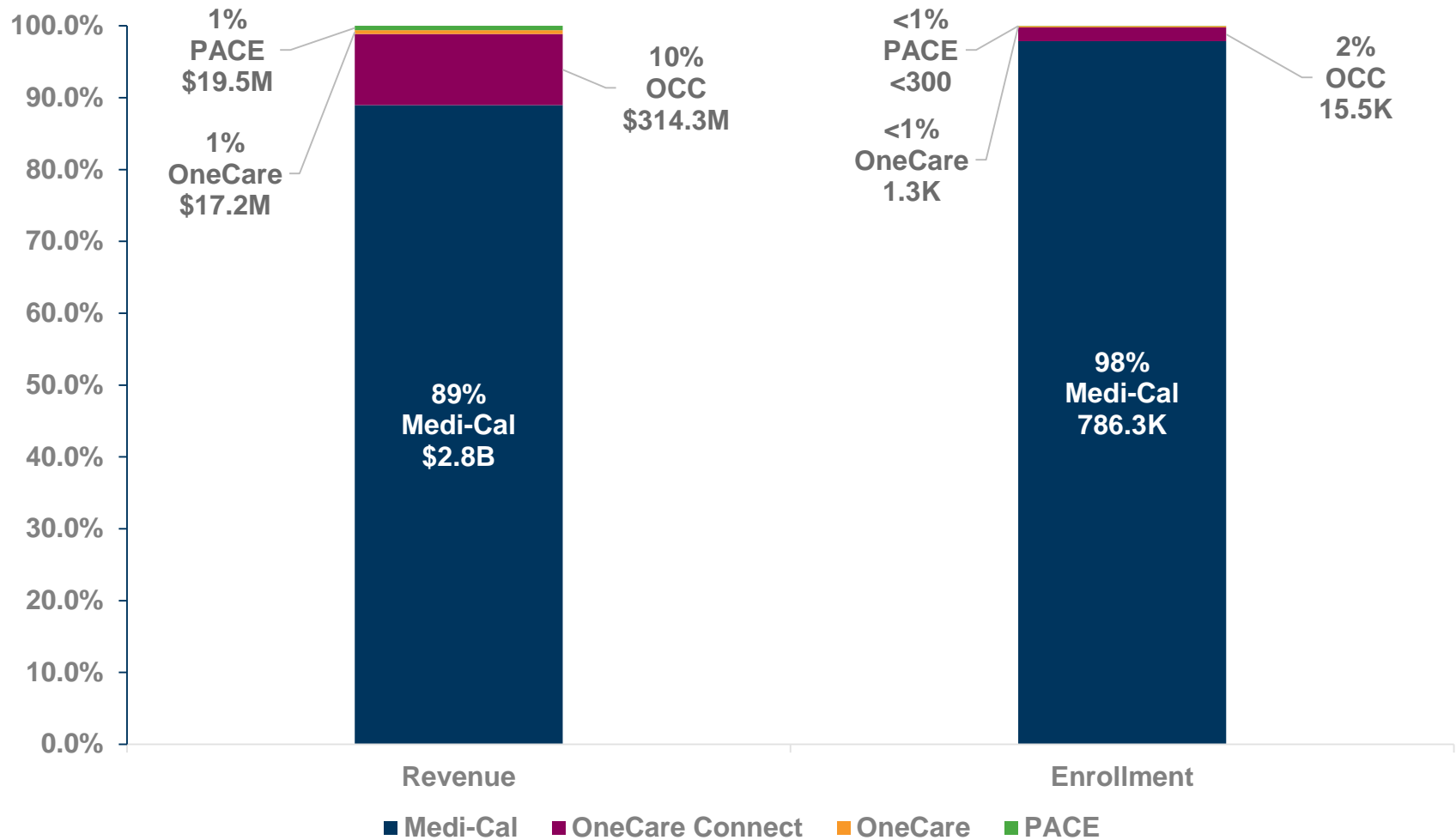
- Lines of Business
- Revenue and Enrollment
- Medical and Administrative Expenses
- Overview
  - Medical Expenses
    - Provider Risk Arrangements
    - CalOptima Provider Risk Arrangements
  - Administrative Expenses
  - Capital Budget
- FY 2018-19 Program Updates
- Budget Timeline
- Board Approval Timeline

# Lines of Business

	Start Date	Program Type	Contractor/ Regulator
	October 1995	California's Medicaid program	California Department of Health Care Services (DHCS)
	October 2005	Medicare Advantage Special Needs Plan (SNP)	Centers for Medicare & Medicaid Services (CMS)
	October 2013	Medicare and Medicaid Program	Three-way contract: CMS, DHCS and CalOptima
	July 2015	Medicare and Medicaid Duals Demonstration	Three-way contract: CMS, DHCS and CalOptima

- Medi-Cal program includes: (1) Classic and (2) Medi-Cal Expansion

# Revenue and Enrollment



Source: FY 2017-18 Operating Budget (6/1/17 COBAR)

# Enrollment

---

- Medi-Cal enrollment defined by eligibility for aid
  - Adult, Children, Medi-Cal Expansion, Seniors and Persons with Disabilities (SPD), Long Term Care, Breast and Cervical Cancer Treatment Program (BCCTP), Dual eligibles
  - Additional program specific enrollment
    - Whole Child Model, Health Homes Program
- OneCare Connect and OneCare enrollment defined by medical condition
  - Medicare: Aged, End-stage Renal Disease (ESRD), Hospice
  - Medi-Cal: Institutional, Home & Community Based Services (HCBS), Community Well
- PACE enrollment defined by program eligibility
  - Dual eligibles (Medicare and Medi-Cal) and Medi-Cal only



# Medi-Cal Revenue

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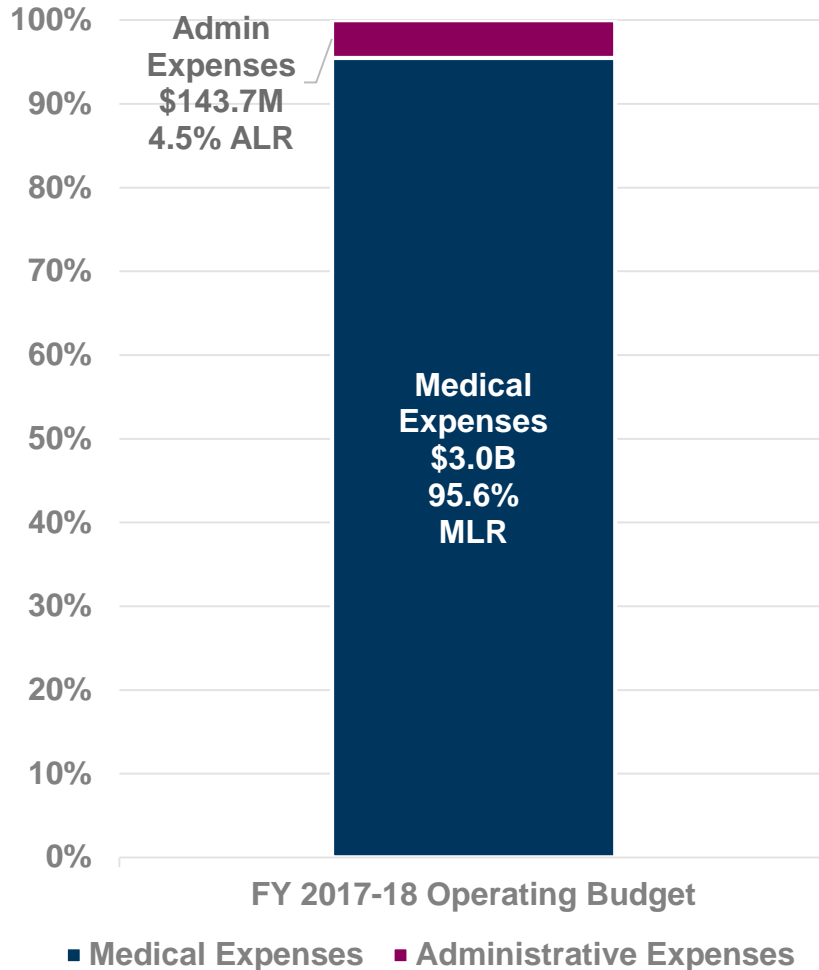
- Enrollment drives revenue
  - Different revenue rates for each aid category
- State provides funding for new programs and benefits
  - Examples: Medi-Cal Expansion, California Children's Services (CCS)
  - Uncertainties/risks associated with new revenue
    - Correct pricing and adequate funding to delivery services
    - Timeliness of funding is unpredictable; will impact cash flow and reserves
- Timing of rate releases
  - Medi-Cal contract rates begin July 1
  - Coordinated Care Initiative (CCI) rates based on calendar year
  - Draft rates typically provided in May
  - Rates do not become final until they are certified by CMS

# Medicare Revenue

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- Medicare provides funding for two components
  - Part A/B: funding for hospital and physician services
  - Part D: funding for prescription drugs
- Revenue is determined by two primary factors
  - Base rate which is determined via bid or set to FFS benchmark
  - Risk Adjustment Factor (RAF) applied to the base rate
- Risk Adjustment Factor
  - Based on member's medical condition
  - Adjusts funding to match the expected expense of the condition
  - Heavily dependent on Plan's ability to collect and submit data
- Applies to OneCare Connect, OneCare, and PACE

# Medical and Administrative Expenses



Source: FY 2017-18 Operating Budget (6/1/17 COBAR)

- Medical Expenses
  - Provider capitation payments
  - Claims payments to hospitals & providers
  - Prescription drugs
  - Care management & care coordination activities
- Administrative Expenses
  - Salaries & benefits
  - Purchased services
  - Professional fees
  - Printing & postage

# Medical and Administrative Expenses (cont.)

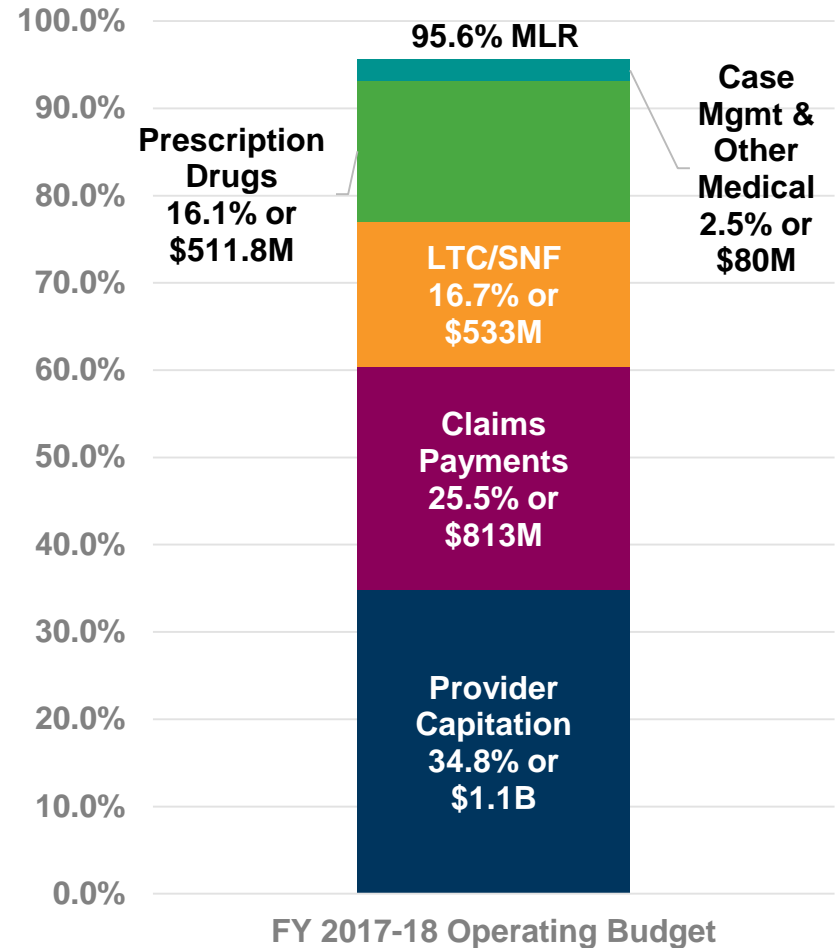
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- Medical Expenses make up 95.6% of the Operating Budget
  - Driven primarily by program, utilization, unit cost, and service mix
  - Provider payments are continually evaluated for reasonability and sufficiency
  - Goal is to maximize quality and access to care
- Administrative Expenses make up 4.5% of the Operating Budget
  - Majority of expenses are related to personnel
    - Personnel depends on membership, utilization level and regulatory requirements
  - More details on non-salary expenses will be provided as part of the budget package

# Overview of Medical Expenses

- 5 categories

- Provider Capitation
- Claims Payments
- LTC/Skilled Nursing Facilities
- Prescription Drugs
- Case Management & Other Medical



# Overview of Provider Risk Arrangements

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- Capitation
  - Provider paid a per member per month payment for each enrolled member
  - Receives payment regardless of whether or not a member seeks care
  - At-risk arrangement
- Fee-for-Service
  - Provider paid a fee for each particular service rendered
  - Receives payment for each visit
  - No risk arrangement
- Shared Risk
  - Capitation and Fee-for Service arrangement

# CalOptima Provider Risk Arrangements

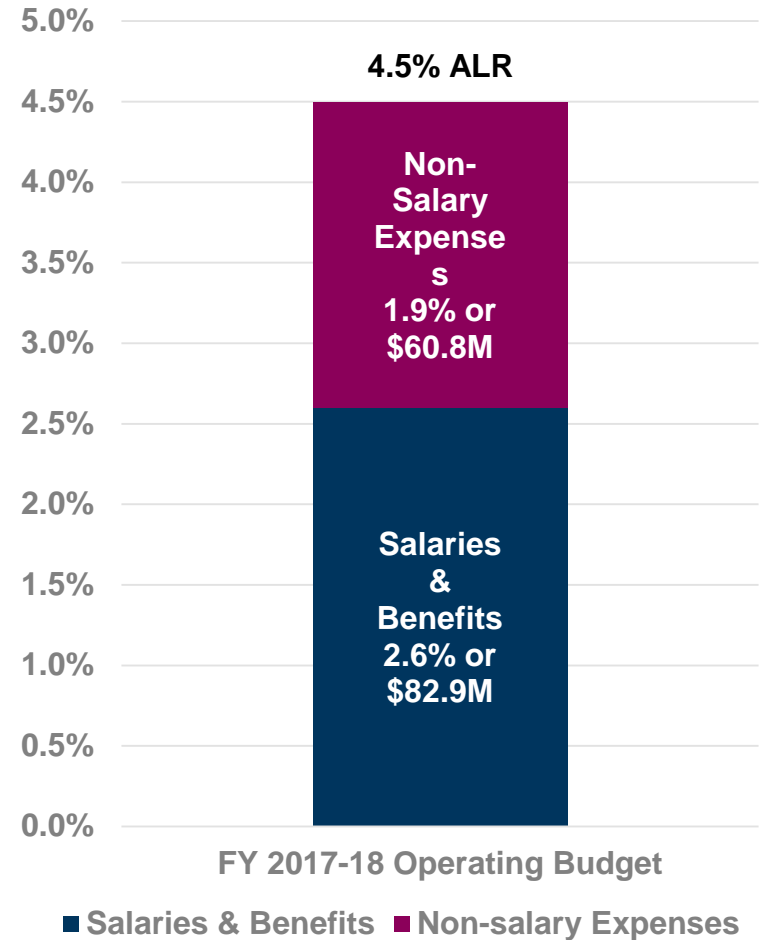
Model	Professional	Hospital	Pharmacy	Other Medical	Membership Distribution*
<b>Kaiser</b>	Capitation	Capitation	Capitation	Capitation	6%
<b>HMO</b>	Capitation	Capitation	Fee-For-Service	Fee-For-Service	17%
<b>PHC</b>	Capitation	Capitation	Fee-For-Service	Fee-For-Service	28%
<b>SRG</b>	Capitation	Fee-For-Service	Fee-For-Service	Fee-For-Service	26%
<b>CCN</b>	Fee-For-Service	Fee-For-Service	Fee-For-Service	Fee-For-Service	24%

\*Membership Allocation based on Feb 2018 actuals

[Back to Agenda](#)

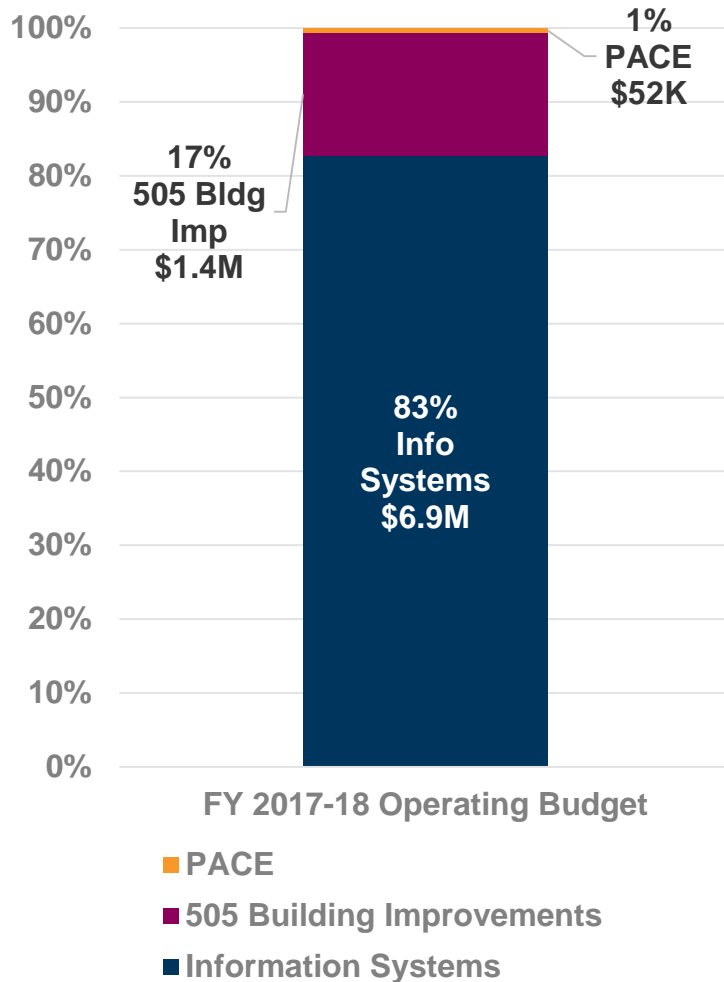
# Overview of Administrative Expenses

- 2 categories
  - Salaries & benefits
  - Non-salary expenses
- Process
  - Purchasing Department reviews all contract obligations
  - Departments identify resource requirements based on service levels, enrollment, regulatory requirements and program needs
  - Sr. Management reviews and approves their departments' budgets





# Overview of Capital Budget



- 3 Categories

- Information Systems: Information technology infrastructure needs
- 505 Building Improvements
- PACE center

- Process

- Departments submit requests for capital projects based on strategic and operational needs
- Information Services Department reviews technology requests

# FY 2018-19 Program Updates

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- Benefit Changes

- Jan 2018: IHSS financing removed from managed care

- Rate Adjustment

- Rate decrease to Medi-Cal Expansion

- Program Updates

- Jan 2019: Whole-Child Model (CCS Redesign)
- Tentative July 2019: Health Homes Program

- Operational Updates

- Jan 2018: Internal management of Mental Health benefit

# Budget Timeline

## Budget Preparation

- Late Feb – Early Mar: Departments prepare budgets
- Mid-Mar – End Mar: Finance meets with Departments on budget proposals
- Early Apr: CFO reviews proposed budget
- 4/5: Board Information Item on Budget: Part 1



## Budget Review

- Early Apr – Mid-Apr: Executives review proposed budget; Hold additional department meetings, if needed
- 4/23: Finalize budget and sign-off from Executives



## Budget Approval

- End Apr – Mid-May: Prepare May FAC and June BOD materials
- 5/3: Board Information Item on Budget: Part 2
- 5/17: FAC meeting
- 6/7: Board meeting

# Current Board Approval Timeline

Date	Meeting
April 5, 2018	Present Information Item to Board of Directors: Introduction to the FY 2018-19 Budget: Part 1
May 3, 2018	Present Information Item to Board of Directors: Introduction to the FY 2018-19 Budget: Part 2
May 17, 2018	Finance and Audit Committee detailed review of proposed FY 2018-19 budgets
June 7, 2018	Board of Directors' approval of FY 2018-19 budgets
July 1, 2018	Beginning of Fiscal Year 2017-18



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# **Child Health and Disability Prevention (CHDP)**

**Board of Directors Meeting  
April 5, 2018**

**Candice Gomez  
Executive Director, Program Implementation**

# Purpose

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- Provide background regarding CHDP for future Board action
- Review regulatory changes implemented by the Department of Health Care Services (DHCS)
- Discuss CalOptima's approach to making changes to the administration of CHDP
- Review stakeholder engagement efforts

# Background

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- CHDP is a preventive program for children and youth up to age 21
  - Services include:
    - Periodic health assessments provided by:
      - Enrolled physicians
      - Local health departments
      - Community clinics
      - Some local school districts
    - Care coordination to assist with appointment scheduling and transportation
    - Immunizations
    - Access to diagnostic and treatment services
- CHDP services were historically billed on a Confidential Screening/Billing Report Form (PM 160)

# Background (Cont.)

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- Since 1998, CalOptima has covered CHDP services on a fee-for-service basis for all members up to age 21
- Following CalOptima policy, CHDP is carved-out of health networks
  - Claims submitted on PM 160 form to CalOptima
  - Annual expenses average \$21-22 million
- Information from the PM 160 is reported to:
  - Health networks
  - DHCS
  - Orange County Health Care Agency



# Regulatory Changes

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- DHCS transition of CHDP fee-for-service claims to national standards on a phased basis completed on October 1, 2017:
  - **Billing From** two-character CHDP codes on PM 160
  - **Billing To** CPT-4 national codes on the CMS-1500 or UB-04 claim form, or electronic equivalent
- DHCS allowing Medi-Cal managed care plans, including CalOptima, to transition from PM 160 to CMS-1500 or UB-04 starting January 1, 2018

# Operational Impact

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- Claims Processing

- Services no longer reported on a PM 160
- Specific two-digit CHDP procedure codes eliminated
- Use of standardized HIPAA compliant claims forms
- Streamlines billing process for providers

- Quality Improvement Activities

- Minimal impact to HEDIS reporting

- DHCS Reporting Requirements

- DHCS confirmed that plans are no longer required to report data elements from the PM 160 form
- Data reported through existing encounter data

# Stakeholder Engagement

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- Health networks
  - Health Network Forum Meetings
  - Joint Operations and Ad Hoc meetings
- Provider Advisory Committee
- Board of Directors' Finance and Audit Committee

# Next Steps

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- Transition from PM 160 to CMS-1500 or UB-04 forms
- Transition claims processing to health networks effective for dates of service beginning July 1, 2018
- Modify existing encounter data reporting requirements based on DHCS requirements (final guidance pending)
- Modify CHDP memorandum of understanding with Orange County Health Care Agency

# Next Steps (Cont.)

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- Operational and administrative changes for both CalOptima and health networks
  - Contractual and financial reimbursement arrangements
  - Request division of financial responsibility
  - System configuration and claims procedures
  - Policy and procedures
  - Provider manuals
  - Provider communication and education
- Board action to effectuate changes no later than June 2018



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# **Financial Summary**

## **February 2018**

**Board of Directors Meeting**  
**April 5, 2018**

**Greg Hamblin**  
**Chief Financial Officer**

# FY 2017-18: Consolidated Enrollment

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- February 2018 MTD:
  - Overall enrollment was 794,578 member months
    - Actual lower than budget by 9,401 or 1.2%
      - Medi-Cal: unfavorable variance of 8,694 members
        - TANF unfavorable variance of 14,452 members
        - SPD favorable variance of 2,249 members
        - Medi-Cal Expansion (MCE) favorable variance of 3,343 members
        - Long-Term Care (LTC) favorable variance of 166 members
      - OneCare Connect: unfavorable variance of 653 members
    - 379 decrease from prior month
      - Medi-Cal: decrease of 349 from January
      - OneCare Connect: decrease of 53 from January
      - OneCare: increase of 14 from January
      - PACE: increase of 9 from January

# FY 2017-18: Consolidated Enrollment

---

- February 2018 YTD:

- Overall enrollment was 6,328,459 member months
  - Actual lower than budget by 94,408 or 1.5%
    - Medi-Cal: unfavorable variance of 91,750 members or 1.5%
      - TANF unfavorable variance of 102,268 members
      - SPD unfavorable variance of 10,639 members
      - MCE favorable variance of 19,767 members
      - LTC favorable variance of 1,390 members
    - OneCare Connect: unfavorable variance of 2,809 members or 2.3%
    - OneCare: favorable variance of 179 members or 1.7%
    - PACE: unfavorable variance of 28 members or 1.5%



# FY 2017-18: Consolidated Revenues

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- February 2018 MTD:

- Actual higher than budget by \$6.5 million or 2.6%
  - Medi-Cal: favorable to budget by \$5.3 million or 2.3%
    - Unfavorable volume variance of \$2.5 million
    - Favorable price variance of \$7.8 million due to:
      - \$4.5 million of FY18 Applied Behavior Analysis (ABA) revenue
      - \$1.3 million of prior year ABA revenue
      - \$3.9 million due to Managed Care Organization (MCO) tax, Coordinated Care Initiative (CCI), member mix, and recognition of previously deferred revenue, offset by:
        - (\$1.9) million of FY18 Hepatitis C revenue

# FY 2017-18: Consolidated Revenues (cont.)

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- February 2018 MTD:
  - OneCare Connect: favorable to budget by \$1.0 million or 3.9%
    - Unfavorable volume variance of \$1.0 million due to lower enrollment
    - Favorable price variance of \$2.0 million due to FY18 rate adjustment
  - OneCare: favorable to budget by \$209.1 thousand or 14.5%
    - Unfavorable volume variance of \$50.0 thousand
    - Favorable price variance of \$259.0 thousand due to rate increase
  - PACE: favorable to budget by \$89.9 thousand or 5.3%
    - Unfavorable volume variance of \$40.4 thousand
    - Favorable price variance of \$130.3 thousand

# FY 2017-18: Consolidated Revenues (cont.)

---

- February 2018 YTD:

- Actual higher than budget by \$72.9 million or 3.4%
  - Medi-Cal: favorable to budget by \$61.9 million or 3.2%
    - Unfavorable volume variance of \$28.1 million
    - Favorable price variance of \$90.0 million due to:
      - \$27.7 million of FY18 In-Home Supportive Services (IHSS) Dual and Non-Dual revenue
      - \$24.0 million of ABA
      - \$22.1 million of LTC revenue from Non-LTC
      - \$6.6 million of prior year CCI and IHSS revenue
      - \$3.9 million due to MCO tax, CCI, member mix, and recognition of previously deferred revenue, offset by:
        - \$6.2 million due to release of prior year reserve offset by:
        - (\$12.0) million of Hepatitis C revenue

# FY 2017-18: Consolidated Revenues (cont.)

---

- February 2018 YTD:
  - OneCare Connect: favorable to budget by \$11.5 million or 5.3%
    - Unfavorable volume variance of \$4.8 million
    - Favorable price variance of \$16.3 million due to 15% rate increase
  - OneCare: Unfavorable to budget by \$1.2 million or 10.5%
    - Favorable volume variance of \$0.2 million
    - Unfavorable price variance of \$1.4 million
      - Due to Part D and Hierarchical Condition Category (HCC) reconciliation
  - PACE: favorable to budget by \$0.7 million or 5.8%
    - Unfavorable volume variance of \$0.2 million
    - Favorable price variance of \$0.9 million due to Part D true-up

# FY 2017-18: Consolidated Medical Expenses

- February 2018 MTD:

- Actual higher than budget by \$13.6 million or 5.8%
  - Medi-Cal: unfavorable variance of \$12.9 million
    - Favorable volume variance of \$2.3 million
    - Unfavorable price variance of \$15.2 million
      - Professional Claims unfavorable variance of \$8.1 million due to Behavioral Health Treatment (BHT) expenses of \$4.7 million, Crossover expenses of \$1.9 million and claim expenses of \$1.4 million
      - Managed Long-Term Services and Support (MLTSS) unfavorable variance of \$5.0 million due to LTC expenses
      - Prescription Drugs unfavorable variance of \$2.5 million due increase in PMPM cost
  - OneCare Connect: unfavorable variance of \$0.5 million
    - Favorable volume variance of \$1.0 million
    - Unfavorable price variance of \$1.5 million

# FY 2017-18: Consolidated Medical Expenses (cont.)

- February 2018 YTD:

- Actual higher than budget by \$91.0 million or 4.4%
  - Medi-Cal: unfavorable variance of \$86.8 million
    - Favorable volume variance of \$26.8 million
    - Unfavorable price variance of \$113.7 million
      - MLTSS expenses unfavorable variance of \$49.5 million
      - Professional Claims expenses unfavorable variance of \$30.0 million
      - Provider Capitation expenses unfavorable variance of \$22.9 million
  - OneCare Connect: unfavorable variance of \$6.3 million
    - Favorable volume variance of \$4.5 million
    - Unfavorable price variance of \$10.8 million

- Medical Loss Ratio (MLR):

- February 2018 MTD:                      Actual: 95.6%                      Budget: 92.7%
- February 2018 YTD:                      Actual: 96.2%                      Budget: 95.2%

# FY 2017-18: Consolidated Administrative Expenses

- February 2018 MTD:

- Actual lower than budget by \$2.5 million or 21.3%
  - Purchased Services: favorable variance of \$0.8 million
  - Salaries, wages and benefits: favorable variance of \$0.8 million
  - Other categories: favorable variance of \$0.9 million

- February 2018 YTD:

- Actual lower than budget by \$20.3 million or 20.8%
  - Purchased Services: favorable variance of \$8.5 million
  - Salaries, wages and benefits: favorable variance of \$6.1 million
  - Other categories: favorable variance of \$5.8 million

- Administrative Loss Ratio (ALR):

- February 2018 MTD:      Actual: 3.5%      Budget: 4.6%
- February 2018 YTD:      Actual: 3.5%      Budget: 4.5%

# FY 2017-18: Change in Net Assets

---

- February 2018 MTD:

- \$2.8 million surplus
- \$4.4 million unfavorable to budget
  - Higher than budgeted revenue of \$6.5 million
  - Higher than budgeted medical expenses of \$13.6 million
  - Lower than budgeted administrative expenses of \$2.5 million
  - Higher than budgeted investment and other income of \$0.2 million

- February 2018 YTD:

- \$19.3 million surplus
- \$11.6 million favorable to budget
  - Higher than budgeted revenue of \$72.9 million
  - Higher than budgeted medical expenses of \$91.0 million
  - Lower than budgeted administrative expenses of \$20.3 million
  - Higher than budgeted investment and other income of \$9.3 million



# Enrollment Summary: February 2018

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
67,084	64,575	2,509	3.9%	Aged	505,895	505,703	192	0.0%
615	618	(3)	(0.5%)	BCCTP	4,892	4,944	(52)	(1.1%)
48,551	48,808	(257)	(0.5%)	Disabled	379,451	390,230	(10,779)	(2.8%)
319,629	329,101	(9,472)	(2.9%)	TANF Child	2,573,655	2,636,615	(62,960)	(2.4%)
98,552	103,532	(4,980)	(4.8%)	TANF Adult	791,129	830,437	(39,308)	(4.7%)
3,434	3,268	166	5.1%	LTC	27,534	26,144	1,390	5.3%
240,198	236,855	3,343	1.4%	MCE	1,911,601	1,891,834	19,767	1.0%
<b>778,063</b>	<b>786,757</b>	<b>(8,694)</b>	<b>(1.1%)</b>	<b>Medi-Cal</b>	<b>6,194,157</b>	<b>6,285,907</b>	<b>(91,750)</b>	<b>(1.5%)</b>
<b>14,936</b>	<b>15,589</b>	<b>(653)</b>	<b>(4.2%)</b>	<b>OneCare Connect</b>	<b>121,495</b>	<b>124,304</b>	<b>(2,809)</b>	<b>(2.3%)</b>
<b>245</b>	<b>251</b>	<b>(6)</b>	<b>(2.4%)</b>	<b>PACE</b>	<b>1,840</b>	<b>1,868</b>	<b>(28)</b>	<b>(1.5%)</b>
<b>1,334</b>	<b>1,382</b>	<b>(48)</b>	<b>(3.5%)</b>	<b>OneCare</b>	<b>10,967</b>	<b>10,788</b>	<b>179</b>	<b>1.7%</b>
<b>794,578</b>	<b>803,979</b>	<b>(9,401)</b>	<b>(1.2%)</b>	<b>CalOptima Total</b>	<b>6,328,459</b>	<b>6,422,867</b>	<b>(94,408)</b>	<b>(1.5%)</b>

# Financial Highlights: February 2018

## Month-to-Date

Actual	Budget	\$ Variance	% Variance
794,578	803,979	(9,401)	(1.2%)
261,878,995	255,360,836	6,518,159	2.6%
250,302,470	236,684,189	(13,618,281)	(5.8%)
9,287,051	11,796,720	2,509,669	21.3%
<b>2,289,474</b>	<b>6,879,927</b>	<b>(4,590,453)</b>	<b>(66.7%)</b>
461,958	231,157	230,801	99.8%
<b>2,751,432</b>	<b>7,111,084</b>	<b>(4,359,652)</b>	<b>(61.3%)</b>

95.6%	92.7%	(2.9%)
3.5%	4.6%	1.1%
<u>0.9%</u>	<u>2.7%</u>	(1.8%)
100.0%	100.0%	

## Year-to-Date

	Actual	Budget	\$ Variance	% Variance
Member Months	6,328,459	6,422,867	(94,408)	(1.5%)
Revenues	2,236,305,095	2,163,395,390	72,909,705	3.4%
Medical Expenses	2,150,749,532	2,059,776,607	(90,972,925)	(4.4%)
Administrative Expenses	77,467,294	97,808,104	20,340,810	20.8%
<b>Operating Margin</b>	<b>8,088,270</b>	<b>5,810,679</b>	<b>2,277,591</b>	<b>39.2%</b>
Non Operating Income (Loss)	11,195,572	1,892,030	9,303,542	491.7%
<b>Change in Net Assets</b>	<b>19,283,842</b>	<b>7,702,709</b>	<b>11,581,133</b>	<b>150.4%</b>

Medical Loss Ratio	96.2%	95.2%	(1.0%)
Administrative Loss Ratio	3.5%	4.5%	1.1%
Operating Margin Ratio	<u>0.4%</u>	<u>0.3%</u>	0.1%
Total Operating	100.0%	100.0%	

# Consolidated Performance Actual vs. Budget: February (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
1.7	7.1	(5.4)	Medi-Cal	1.3	7.7	(6.4)
0.3	(0.3)	0.7	OCC	5.9	(0.7)	6.6
(0.1)	0.0	(0.1)	OneCare	(0.1)	(1.0)	0.9
<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	PACE	<u>0.9</u>	<u>(0.2)</u>	<u>1.1</u>
<b>2.3</b>	<b>6.9</b>	<b>(4.6)</b>	<b>Operating</b>	<b>8.1</b>	<b>5.8</b>	<b>2.3</b>
<u>0.5</u>	<u>0.2</u>	<u>0.2</u>	Inv./Rental Inc, MCO tax	<u>11.2</u>	<u>1.9</u>	<u>9.3</u>
<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>Non-Operating</b>	<b>11.2</b>	<b>1.9</b>	<b>9.3</b>
<b>2.8</b>	<b>7.1</b>	<b>(4.4)</b>	<b>TOTAL</b>	<b>19.3</b>	<b>7.7</b>	<b>11.6</b>

# Consolidated Revenue & Expense:

## February 2018 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
Member Months	537,865	240,198	778,063	14,936	1,334	245	794,578
<b>REVENUES</b>							
Capitation Revenue	\$ 94,338,016	\$ 138,393,375	\$ 232,731,391	\$ 25,718,108	\$ 1,648,064	\$ 1,781,432	\$ 261,878,995
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>94,338,016</u>	<u>138,393,375</u>	<u>232,731,391</u>	<u>25,718,108</u>	<u>1,648,064</u>	<u>1,781,432</u>	<u>261,878,995</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	37,300,422	49,829,930	87,130,352	11,332,541	477,670	-	98,940,562
Facilities	23,808,442	16,175,062	39,983,504	3,646,984	584,873	209,886	44,425,247
Ancillary	-	-	-	659,384	111,367	-	770,751
Skilled Nursing	-	-	-	-	11,256	-	11,256
Professional Claims	12,928,965	8,807,485	21,736,450	-	-	345,667	22,082,117
Prescription Drugs	18,025,357	18,703,902	36,729,259	5,207,207	451,465	158,070	42,546,001
Quality Incentives	-	-	-	-	-	-	-
MLTSS Facility Payments	32,282,816	2,623,112	34,905,928	1,783,834	-	478	36,690,240
Medical Management	1,894,035	416,882	2,310,917	955,820	39,628	508,318	3,814,683
Reinsurance & Other	517,417	306,031	823,447	88,390	7,000	102,777	1,021,614
<b>Total Medical Expenses</b>	<u>126,757,453</u>	<u>96,862,404</u>	<u>223,619,856</u>	<u>23,674,160</u>	<u>1,683,258</u>	<u>1,325,195</u>	<u>250,302,470</u>
<b>Medical Loss Ratio</b>	<b>134.4%</b>	<b>70.0%</b>	<b>96.1%</b>	<b>92.1%</b>	<b>102.1%</b>	<b>74.4%</b>	<b>95.6%</b>
<b>GROSS MARGIN</b>	<b>(32,419,437)</b>	<b>41,530,971</b>	<b>9,111,535</b>	<b>2,043,947</b>	<b>(35,194)</b>	<b>456,237</b>	<b>11,576,525</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			5,335,356	709,020	19,060	91,099	6,154,535
Professional fees			144,248	24,713	13,667	15,476	198,104
Purchased services			508,160	189,509	29,669	13,635	740,973
Printing and Postage			299,678	13,633	1,723	1,455	316,489
Depreciation and Amortization			392,708	-	-	2,074	394,783
Other expenses			1,081,986	66,358	(665)	10,598	1,158,278
Indirect cost allocation, Occupancy expense			(411,453)	692,184	40,057	3,101	323,889
<b>Total Administrative Expenses</b>			<u>7,350,684</u>	<u>1,695,416</u>	<u>103,512</u>	<u>137,438</u>	<u>9,287,051</u>
<b>Admin Loss Ratio</b>			<b>3.2%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>7.7%</b>	<b>3.5%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			1,760,850	348,531	(138,706)	318,798	2,289,474
<b>INVESTMENT INCOME</b>			-	-	-	-	476,407
<b>NET GRANT INCOME</b>			(14,480)	-	-	-	(14,480)
<b>OTHER INCOME</b>			30	-	-	-	30
<b>CHANGE IN NET ASSETS</b>			<u>\$ 1,746,401</u>	<u>\$ 348,531</u>	<u>\$ (138,706)</u>	<u>\$ 318,798</u>	<u>\$ 2,751,432</u>
<b>BUDGETED CHANGE IN ASSETS</b>			7,127,624	(333,111)	(48,064)	133,478	7,111,084
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>(5,381,223)</u>	<u>681,642</u>	<u>(90,642)</u>	<u>185,320</u>	<u>(4,359,652)</u>

# Consolidated Revenue & Expense: February 2018 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
<b>Member Months</b>	4,282,556	1,911,601	6,194,157	121,495	10,967	1,840	6,328,459
<b>REVENUES</b>							
Capitation Revenue	\$ 1,125,847,746	\$ 861,568,791	\$ 1,987,416,538	\$ 225,767,644	10,024,655	\$ 13,096,259	\$ 2,236,305,095
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>1,125,847,746</u>	<u>861,568,791</u>	<u>1,987,416,538</u>	<u>225,767,644</u>	<u>10,024,655</u>	<u>13,096,259</u>	<u>2,236,305,095</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	307,280,862	401,412,762	708,693,624	90,246,280	874,012	-	799,813,916
Facilities	203,277,671	144,640,850	347,918,521	24,646,149	3,854,759	2,388,146	378,807,574
Ancillary	-	-	-	4,984,314	415,740	-	5,400,054
Skilled Nursing	-	-	-	-	150,940	-	150,940
Professional Claims	73,579,386	67,649,022	141,228,409	-	-	2,842,748	144,071,157
Prescription Drugs	147,589,478	144,253,074	291,842,552	41,537,134	3,590,886	996,041	337,966,613
MLTSS Facility Payments	386,374,773	20,336,671	406,711,445	35,172,699	-	17,988	441,902,132
Medical Management	15,371,526	5,708,484	21,080,010	7,999,029	413,822	4,226,889	33,719,750
Reinsurance & Other	4,413,532	2,400,621	6,814,153	1,253,586	58,285	791,371	8,917,396
<b>Total Medical Expenses</b>	<u>1,137,887,229</u>	<u>786,401,484</u>	<u>1,924,288,713</u>	<u>205,839,190</u>	<u>9,358,444</u>	<u>11,263,183</u>	<u>2,150,749,532</u>
<b>Medical Loss Ratio</b>	<b>101.1%</b>	<b>91.3%</b>	<b>96.8%</b>	<b>91.2%</b>	<b>93.4%</b>	<b>86.0%</b>	<b>96.2%</b>
<b>GROSS MARGIN</b>	<b>(12,039,483)</b>	<b>75,167,307</b>	<b>63,127,825</b>	<b>19,928,454</b>	<b>666,210</b>	<b>1,833,075</b>	<b>85,555,564</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			43,600,355	6,174,607	191,381	625,392	50,591,735
Professional fees			1,135,093	224,724	119,349	38,508	1,517,674
Purchased services			5,136,122	1,315,845	151,130	58,978	6,662,075
Printing and Postage			2,448,968	543,364	60,177	24,969	3,077,478
Depreciation and Amortization			3,245,528	-	-	17,178	3,262,707
Other expenses			9,121,353	353,457	(696)	107,659	9,581,773
Indirect cost allocation, Occupancy expense			(2,972,710)	5,455,316	240,944	50,303	2,773,853
<b>Total Administrative Expenses</b>			<u>61,714,710</u>	<u>14,067,313</u>	<u>762,285</u>	<u>922,987</u>	<u>77,467,294</u>
<b>Admin Loss Ratio</b>			<b>3.1%</b>	<b>6.2%</b>	<b>7.6%</b>	<b>7.0%</b>	<b>3.5%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			1,413,115	5,861,141	(96,075)	910,089	8,088,270
<b>INVESTMENT INCOME</b>			-	-	-	-	11,239,695
<b>NET RENTAL INCOME</b>			-	-	-	-	54,103
<b>NET GRANT INCOME</b>			(99,025)	-	-	-	(99,025)
<b>OTHER INCOME</b>			799	-	-	-	799
<b>CHANGE IN NET ASSETS</b>			<u>\$ 1,314,889</u>	<u>\$ 5,861,141</u>	<u>\$ (96,075)</u>	<u>\$ 910,089</u>	<u>\$ 19,283,842</u>
<b>BUDGETED CHANGE IN ASSETS</b>			7,707,945	(749,648)	(983,457)	(164,161)	7,702,709
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>(6,393,056)</u>	<u>6,610,789</u>	<u>887,382</u>	<u>1,074,250</u>	<u>11,581,133</u>

# Balance Sheet:

## As of February 2018

### ASSETS

#### Current Assets

Operating Cash	\$283,200,783
Investments	634,781,560
Capitation receivable	359,077,237
Receivables - Other	21,880,326
Prepaid Expenses	5,353,229
<b>Total Current Assets</b>	<b><u>1,304,293,135</u></b>

Capital Assets Furniture and equipment	34,039,048
Building/Leasehold improvements	6,935,990
505 City Parkway West	49,433,337
	<u>90,408,376</u>
Less: accumulated depreciation	<u>(39,393,921)</u>
Capital assets, net	<b><u>51,014,455</u></b>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	26,611,226
Long term investments	508,661,489
Total Board-designated Assets	<u>535,272,715</u>
<b>Total Other Assets</b>	<b><u>535,572,715</u></b>

Deferred outflows of Resources - Pension Contributions	5,234,198
Deferred outflows of Resources - Difference in Experience	1,072,771
Deferred outflows of Resources - Excess Earnings	<u>5,270,171</u>

<b>TOTAL ASSETS &amp; OUTFLOWS</b>	<b><u>1,902,457,445</u></b>
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### LIABILITIES & FUND BALANCES

#### Current Liabilities

Accounts payable	\$32,674,949
Medical claims liability	874,596,664
Accrued payroll liabilities	10,483,522
Deferred revenue	117,046,671
Deferred lease obligations	146,252
Capitation and withholds	87,426,035
<b>Total Current Liabilities</b>	<b><u>1,122,374,094</u></b>

Other employment benefits liability	29,964,894
Net Pension Liabilities	15,936,213
Long Term Liabilities	100,000
<b>TOTAL LIABILITIES</b>	<b><u>1,168,375,202</u></b>

Deferred inflows of Resources - Excess Earnings	-
Deferred inflows of Resources - Changes in Assumptions	1,340,010
Tangible net equity (TNE)	87,052,777
Funds in excess of TNE	645,689,457

<b>Net Assets</b>	<b><u>732,742,234</u></b>
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<b>TOTAL LIABILITIES, INFLOWS &amp; FUND BALANCES</b>	<b><u>1,902,457,445</u></b>
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# Board Designated Reserve and TNE Analysis

## As of February 2018

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	146,441,586				
	Tier 1 - Logan Circle	146,336,556				
	Tier 1 - Wells Capital	145,829,513				
Board-designated Reserve		438,607,655	295,784,615	459,857,783	142,823,040	(21,250,128)
TNE Requirement	Tier 2 - Logan Circle	96,665,060	87,052,777	87,052,777	9,612,283	9,612,283
<b>Consolidated:</b>		535,272,715	382,837,392	546,910,560	152,435,323	(11,637,845)
<i>Current reserve level</i>		1.96	1.40	2.00		



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## UNAUDITED FINANCIAL STATEMENTS

February 2018



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**CalOptima - Consolidated  
Financial Highlights  
For the Eight Months Ended February 28, 2018**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
794,578	803,979	(9,401)	(1.2%)	Member Months	6,328,459	6,422,867	(94,408)	(1.5%)
261,878,995	255,360,836	6,518,159	2.6%	Revenues	2,236,305,095	2,163,395,390	72,909,705	3.4%
250,302,470	236,684,189	(13,618,281)	(5.8%)	Medical Expenses	2,150,749,532	2,059,776,607	(90,972,925)	(4.4%)
9,287,051	11,796,720	2,509,669	21.3%	Administrative Expenses	77,467,294	97,808,104	20,340,810	20.8%
<b>2,289,474</b>	<b>6,879,927</b>	<b>(4,590,453)</b>	<b>(66.7%)</b>	<b>Operating Margin</b>	<b>8,088,270</b>	<b>5,810,679</b>	<b>2,277,591</b>	<b>39.2%</b>
461,958	231,157	230,801	99.8%	Non Operating Income (Loss)	11,195,572	1,892,030	9,303,542	491.7%
<b>2,751,432</b>	<b>7,111,084</b>	<b>(4,359,652)</b>	<b>(61.3%)</b>	<b>Change in Net Assets</b>	<b>19,283,842</b>	<b>7,702,709</b>	<b>11,581,133</b>	<b>150.4%</b>
95.6%	92.7%	(2.9%)		Medical Loss Ratio	96.2%	95.2%	(1.0%)	
3.5%	4.6%	1.1%		Administrative Loss Ratio	3.5%	4.5%	1.1%	
<u>0.9%</u>	<u>2.7%</u>	(1.8%)		Operating Margin Ratio	<u>0.4%</u>	<u>0.3%</u>	0.1%	
100.0%	100.0%			Total Operating	100.0%	100.0%		

**CalOptima**  
**Financial Dashboard**  
For the Eight Months Ended February 28, 2018

**MONTH - TO - DATE**

Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	778,063	786,757	↓	(8,694) (1.1%)
OneCare Connect	14,936	15,589	↓	(653) (4.2%)
OneCare	1,334	1,382	↓	(48) (3.5%)
PACE	245	251	↓	(6) (2.4%)
Total	794,578	803,979	↓	(9,401) (1.2%)

Change in Net Assets (000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 1,746	\$ 7,128	↓	(5,381) (75.5%)
OneCare Connect	349	(333)	↑	682 204.6%
OneCare	(139)	(48)	↓	(91) (188.6%)
PACE	319	133	↑	185 138.8%
505 Bldg.	0	(19)	↑	19 100.0%
Investment Income & Other	476	250	↑	226 90.6%
Total	\$ 2,751	\$ 7,111	↓	(4,360) (61.3%)

MLR	Actual	Budget	% Point Var	
Medi-Cal	96.1%	92.6%	↓	(3.5)
OneCare Connect	92.1%	93.6%	↑	1.6
OneCare	102.1%	96.6%	↓	(5.5)

Administrative Cost (000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 7,351	\$ 9,636	↑	\$ 2,285 23.7%
OneCare Connect	1,695	1,917	↑	221 11.5%
OneCare	104	97	↓	(7) (7.2%)
PACE	137	148	↑	10 7.0%
Total	\$ 9,287	\$ 11,797	↑	\$ 2,510 21.3%

Total FTE's Month	Actual	Budget	Fav / (Unfav)	
Medi-Cal	910	900		(10)
OneCare Connect	213	237		24
OneCare	3	3		(0)
PACE	56	65		9
Total	1,183	1,205		23

MM per FTE	Actual	Budget	Fav / (Unfav)	
Medi-Cal	855	874		(19)
OneCare Connect	70	66		4
OneCare	444	461		(16)
PACE	4	4		0
Total	1,373	1,404		(31)

**YEAR - TO - DATE**

Year To Date Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	6,194,157	6,285,907	↓	(91,750) (1.5%)
OneCare Connect	121,495	124,304	↓	(2,809) (2.3%)
OneCare	10,967	10,788	↑	179 1.7%
PACE	1,840	1,868	↓	(28) (1.5%)
Total	6,328,459	6,422,867	↓	(94,408) (1.5%)

Change in Net Assets (000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 1,315	\$ 7,708	↓	(6,393) (82.9%)
OneCare Connect	5,861	(750)	↑	6,611 881.9%
OneCare	(96)	(983)	↑	887 90.2%
PACE	910	(164)	↑	1,074 654.4%
505 Bldg.	54	(108)	↑	162 150.1%
Investment Income & Other	11,240	2,000	↑	9,240 462.0%
Total	\$ 19,284	\$ 7,703	↑	\$ 11,581 150.4%

MLR	Actual	Budget	% Point Var	
Medi-Cal	96.8%	95.4%	↓	(1.4)
OneCare Connect	91.2%	93.1%	↑	2.0
OneCare	93.4%	101.8%	↑	8.4

Administrative Cost (000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 61,715	\$ 80,339	↑	\$ 18,624 23.2%
OneCare Connect	14,067	15,482	↑	1,415 9.1%
OneCare	762	785	↑	23 2.9%
PACE	923	1,202	↑	279 23.2%
Total	\$ 77,467	\$ 97,808	↑	\$ 20,341 20.8%

Total FTE's YTD	Actual	Budget	Fav / (Unfav)	
Medi-Cal	7,117	7,203		87
OneCare Connect	1,764	1,896		132
OneCare	24	24		(0)
PACE	433	509		76
Total	9,338	9,633		294

MM per FTE	Actual	Budget	Fav / (Unfav)	
Medi-Cal	870	873		(2)
OneCare Connect	69	66		3
OneCare	448	450		(1)
PACE	4	4		1
Total	1,392	1,391		0

**CalOptima - Consolidated  
Statement of Revenue and Expenses  
For the One Month Ended February 28, 2018**

	<b>Actual</b>		<b>Month Budget</b>		<b>Variance</b>	
	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM</b>
<b>Member Months**</b>	794,578		803,979		(9,401)	
<b>Revenues</b>						
Medi-Cal	\$ 232,731,391	\$ 299.12	\$ 227,474,039	\$ 289.13	\$ 5,257,352	\$ 9.99
OneCare Connect	25,718,108	1,721.89	24,756,222	1,588.06	961,886	133.83
OneCare	1,648,064	1,235.43	1,439,010	1,041.25	209,054	194.18
PACE	1,781,432	7,271.15	1,691,565	6,739.30	89,867	531.85
<b>Total Operating Revenue</b>	<u>261,878,995</u>	<u>329.58</u>	<u>255,360,836</u>	<u>317.62</u>	<u>6,518,159</u>	<u>11.96</u>
<b>Medical Expenses</b>						
Medi-Cal	223,619,856	287.41	210,710,693	267.82	(12,909,163)	(19.58)
OneCare Connect	23,674,160	1,585.04	23,172,634	1,486.47	(501,526)	(98.57)
OneCare	1,683,258	1,261.81	1,390,517	1,006.16	(292,741)	(255.65)
PACE	1,325,195	5,408.96	1,410,345	5,618.90	85,150	209.94
<b>Total Medical Expenses</b>	<u>250,302,470</u>	<u>315.01</u>	<u>236,684,189</u>	<u>294.39</u>	<u>(13,618,281)</u>	<u>(20.62)</u>
<b>Gross Margin</b>	11,576,525	14.57	18,676,647	23.23	(7,100,122)	(8.66)
<b>Administrative Expenses</b>						
Salaries and Benefits	6,154,535	7.75	6,972,966	8.67	818,431	0.93
Professional fees	198,104	0.25	376,191	0.47	178,087	0.22
Purchased services	740,973	0.93	1,555,487	1.93	814,514	1.00
Printing and Postage	316,489	0.40	529,873	0.66	213,384	0.26
Depreciation and Amortization	394,783	0.50	463,298	0.58	68,515	0.08
Other	1,158,278	1.46	1,558,489	1.94	400,211	0.48
Indirect cost allocation, Occupancy expense	323,889	0.41	340,416	0.42	16,527	0.02
<b>Total Administrative Expenses</b>	<u>9,287,051</u>	<u>11.69</u>	<u>11,796,720</u>	<u>14.67</u>	<u>2,509,669</u>	<u>2.98</u>
<b>Income (Loss) From Operations</b>	2,289,474	2.88	6,879,927	8.56	(4,590,453)	(5.68)
<b>Investment income</b>						
Interest income	1,882,446	2.37	250,000	0.31	1,632,446	2.06
Realized gain/(loss) on investments	(330,768)	(0.42)	-	-	(330,768)	(0.42)
Unrealized gain/(loss) on investments	(1,075,272)	(1.35)	-	-	(1,075,272)	(1.35)
<b>Total Investment Income</b>	<u>476,407</u>	<u>0.60</u>	<u>250,000</u>	<u>0.31</u>	<u>226,407</u>	<u>0.29</u>
<b>Net Rental Income</b>	0	0.00	(18,843)	(0.02)	18,843	0.02
<b>Total Net Grant Income</b>	(14,480)	(0.02)	-	-	(14,480)	(0.02)
<b>Other Income</b>	30	0.00	-	-	30	0.00
<b>Change In Net Assets</b>	<u>2,751,432</u>	<u>3.46</u>	<u>7,111,084</u>	<u>8.84</u>	<u>(4,359,652)</u>	<u>(5.38)</u>
<b>Medical Loss Ratio</b>	<b>95.6%</b>		<b>92.7%</b>		<b>(2.9%)</b>	
<b>Administrative Loss Ratio</b>	<b>3.5%</b>		<b>4.6%</b>		<b>1.1%</b>	

\* PMPMs for Revenues and Medical Expenses are calculated using line of business enrollment

\*\* Includes MSSP

**CalOptima - Consolidated  
Statement of Revenue and Expenses  
For the Eight Months Ended February 28, 2018**

	<b>Actual</b>		<b>Month Budget</b>		<b>Variance</b>	
	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM</b>
<b>Member Months**</b>	6,328,459		6,422,867		(94,408)	
<b>Revenues</b>						
Medi-Cal	\$ 1,987,416,538	\$ 320.85	\$ 1,925,502,354	\$ 306.32	\$ 61,914,184	\$ 14.53
OneCare Connect	225,767,644	1,858.25	214,313,765	1,724.11	11,453,879	134.14
OneCare	10,024,655	914.07	11,201,816	1,038.36	(1,177,161)	(124.28)
PACE	13,096,259	7,117.53	12,377,455	6,626.05	718,804	491.49
<b>Total Operating Revenue</b>	<b>2,236,305,095</b>	<b>353.37</b>	<b>2,163,395,390</b>	<b>336.83</b>	<b>72,909,705</b>	<b>16.55</b>
<b>Medical Expenses</b>						
Medi-Cal	1,924,288,713	310.66	1,837,455,216	292.31	(86,833,497)	(18.35)
OneCare Connect	205,839,190	1,694.22	199,581,263	1,605.59	(6,257,927)	(88.63)
OneCare	9,358,444	853.33	11,400,083	1,056.74	2,041,639	203.41
PACE	11,263,183	6,121.30	11,340,045	6,070.69	76,862	(50.61)
<b>Total Medical Expenses</b>	<b>2,150,749,532</b>	<b>339.85</b>	<b>2,059,776,607</b>	<b>320.69</b>	<b>(90,972,925)</b>	<b>(19.16)</b>
<b>Gross Margin</b>	<b>85,555,564</b>	<b>13.52</b>	<b>103,618,783</b>	<b>16.13</b>	<b>(18,063,219)</b>	<b>(2.61)</b>
<b>Administrative Expenses</b>						
Salaries and Benefits	50,591,735	7.99	56,646,459	8.82	6,054,724	0.83
Professional fees	1,517,674	0.24	3,076,519	0.48	1,558,845	0.24
Purchased services	6,662,075	1.05	15,136,348	2.36	8,474,273	1.30
Printing and Postage	3,077,478	0.49	4,258,484	0.66	1,181,006	0.18
Depreciation and Amortization	3,262,707	0.52	3,706,384	0.58	443,677	0.06
Other	9,581,773	1.51	12,260,576	1.91	2,678,803	0.39
Indirect cost allocation, Occupancy expense	2,773,853	0.44	2,723,335	0.42	(50,518)	(0.01)
<b>Total Administrative Expenses</b>	<b>77,467,294</b>	<b>12.24</b>	<b>97,808,104</b>	<b>15.23</b>	<b>20,340,810</b>	<b>2.99</b>
<b>Income (Loss) From Operations</b>	<b>8,088,270</b>	<b>1.28</b>	<b>5,810,679</b>	<b>0.90</b>	<b>2,277,591</b>	<b>0.37</b>
<b>Investment income</b>						
Interest income	17,420,866	2.75	2,000,000	0.31	15,420,866	2.44
Realized gain/(loss) on investments	(1,265,417)	(0.20)	-	-	(1,265,417)	(0.20)
Unrealized gain/(loss) on investments	(4,915,754)	(0.78)	-	-	(4,915,754)	(0.78)
<b>Total Investment Income</b>	<b>11,239,695</b>	<b>1.78</b>	<b>2,000,000</b>	<b>0.31</b>	<b>9,239,695</b>	<b>1.46</b>
<b>Net Rental Income</b>	<b>54,103</b>	<b>0.01</b>	<b>(107,970)</b>	<b>(0.02)</b>	<b>162,073</b>	<b>0.03</b>
<b>Total Net Grant Income</b>	<b>(99,025)</b>	<b>(0.02)</b>	<b>-</b>	<b>-</b>	<b>(99,025)</b>	<b>(0.02)</b>
<b>Other Income</b>	<b>799</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>799</b>	<b>0.00</b>
<b>Change In Net Assets</b>	<b>19,283,842</b>	<b>3.05</b>	<b>7,702,709</b>	<b>1.20</b>	<b>11,581,133</b>	<b>1.85</b>
<b>Medical Loss Ratio</b>	<b>96.2%</b>		<b>95.2%</b>		<b>(1.0%)</b>	
<b>Administrative Loss Ratio</b>	<b>3.5%</b>		<b>4.5%</b>		<b>1.1%</b>	

\* PMPMs for Revenues and Medical Expenses are calculated using line of business enrollment

\*\* Includes MSSP

**CalOptima - Consolidated - Month to Date**  
**Statement of Revenues and Expenses by LOB**  
**For the One Month Ended February 28, 2018**

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
<b>Member Months</b>	537,865	240,198	778,063	14,936	1,334	245	794,578
<b>REVENUES</b>							
Capitation Revenue	\$ 94,338,016	\$ 138,393,375	\$ 232,731,391	\$ 25,718,108	\$ 1,648,064	\$ 1,781,432	\$ 261,878,995
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>94,338,016</u>	<u>138,393,375</u>	<u>232,731,391</u>	<u>25,718,108</u>	<u>1,648,064</u>	<u>1,781,432</u>	<u>261,878,995</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	37,300,422	49,829,930	87,130,352	11,332,541	477,670	-	98,940,562
Facilities	23,808,442	16,175,062	39,983,504	3,646,984	584,873	209,886	44,425,247
Ancillary	-	-	-	659,384	111,367	-	770,751
Skilled Nursing	-	-	-	-	11,256	-	11,256
Professional Claims	12,928,965	8,807,485	21,736,450	-	-	345,667	22,082,117
Prescription Drugs	18,025,357	18,703,902	36,729,259	5,207,207	451,465	158,070	42,546,001
Quality Incentives	-	-	-	-	-	-	-
MLTSS Facility Payments	32,282,816	2,623,112	34,905,928	1,783,834	-	478	36,690,240
Medical Management	1,894,035	416,882	2,310,917	955,820	39,628	508,318	3,814,683
Reinsurance & Other	517,417	306,031	823,447	88,390	7,000	102,777	1,021,614
<b>Total Medical Expenses</b>	<u>126,757,453</u>	<u>96,862,404</u>	<u>223,619,856</u>	<u>23,674,160</u>	<u>1,683,258</u>	<u>1,325,195</u>	<u>250,302,470</u>
<b>Medical Loss Ratio</b>	<b>134.4%</b>	<b>70.0%</b>	<b>96.1%</b>	<b>92.1%</b>	<b>102.1%</b>	<b>74.4%</b>	<b>95.6%</b>
<b>GROSS MARGIN</b>	<b>(32,419,437)</b>	<b>41,530,971</b>	<b>9,111,535</b>	<b>2,043,947</b>	<b>(35,194)</b>	<b>456,237</b>	<b>11,576,525</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			5,335,356	709,020	19,060	91,099	6,154,535
Professional fees			144,248	24,713	13,667	15,476	198,104
Purchased services			508,160	189,509	29,669	13,635	740,973
Printing and Postage			299,678	13,633	1,723	1,455	316,489
Depreciation and Amortization			392,708	-	-	2,074	394,783
Other expenses			1,081,986	66,358	(665)	10,598	1,158,278
Indirect cost allocation, Occupancy expense			(411,453)	692,184	40,057	3,101	323,889
<b>Total Administrative Expenses</b>			<u>7,350,684</u>	<u>1,695,416</u>	<u>103,512</u>	<u>137,438</u>	<u>9,287,051</u>
<b>Admin Loss Ratio</b>			<b>3.2%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>7.7%</b>	<b>3.5%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			1,760,850	348,531	(138,706)	318,798	2,289,474
<b>INVESTMENT INCOME</b>			-	-	-	-	476,407
<b>NET GRANT INCOME</b>			(14,480)	-	-	-	(14,480)
<b>OTHER INCOME</b>			30	-	-	-	30
<b>CHANGE IN NET ASSETS</b>			<u>\$ 1,746,401</u>	<u>\$ 348,531</u>	<u>\$ (138,706)</u>	<u>\$ 318,798</u>	<u>\$ 2,751,432</u>
<b>BUDGETED CHANGE IN ASSETS</b>			7,127,624	(333,111)	(48,064)	133,478	7,111,084
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>(5,381,223)</u>	<u>681,642</u>	<u>(90,642)</u>	<u>185,320</u>	<u>(4,359,652)</u>

**CalOptima - Consolidated - Year to Date**  
**Statement of Revenues and Expenses by LOB**  
**For the Eight Months Ended February 28, 2018**

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
<b>Member Months</b>	4,282,556	1,911,601	6,194,157	121,495	10,967	1,840	6,328,459
<b>REVENUES</b>							
Capitation Revenue	\$ 1,125,847,746	\$ 861,568,791	\$ 1,987,416,538	\$ 225,767,644	10,024,655	\$ 13,096,259	\$ 2,236,305,095
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>1,125,847,746</u>	<u>861,568,791</u>	<u>1,987,416,538</u>	<u>225,767,644</u>	<u>10,024,655</u>	<u>13,096,259</u>	<u>2,236,305,095</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	307,280,862	401,412,762	708,693,624	90,246,280	874,012	-	799,813,916
Facilities	203,277,671	144,640,850	347,918,521	24,646,149	3,854,759	2,388,146	378,807,574
Ancillary	-	-	-	4,984,314	415,740	-	5,400,054
Skilled Nursing	-	-	-	-	150,940	-	150,940
Professional Claims	73,579,386	67,649,022	141,228,409	-	-	2,842,748	144,071,157
Prescription Drugs	147,589,478	144,253,074	291,842,552	41,537,134	3,590,886	996,041	337,966,613
MLTSS Facility Payments	386,374,773	20,336,671	406,711,445	35,172,699	-	17,988	441,902,132
Medical Management	15,371,526	5,708,484	21,080,010	7,999,029	413,822	4,226,889	33,719,750
Reinsurance & Other	4,413,532	2,400,621	6,814,153	1,253,586	58,285	791,371	8,917,396
<b>Total Medical Expenses</b>	<u>1,137,887,229</u>	<u>786,401,484</u>	<u>1,924,288,713</u>	<u>205,839,190</u>	<u>9,358,444</u>	<u>11,263,183</u>	<u>2,150,749,532</u>
<b>Medical Loss Ratio</b>	<b>101.1%</b>	<b>91.3%</b>	<b>96.8%</b>	<b>91.2%</b>	<b>93.4%</b>	<b>86.0%</b>	<b>96.2%</b>
<b>GROSS MARGIN</b>	<b>(12,039,483)</b>	<b>75,167,307</b>	<b>63,127,825</b>	<b>19,928,454</b>	<b>666,210</b>	<b>1,833,075</b>	<b>85,555,564</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			43,600,355	6,174,607	191,381	625,392	50,591,735
Professional fees			1,135,093	224,724	119,349	38,508	1,517,674
Purchased services			5,136,122	1,315,845	151,130	58,978	6,662,075
Printing and Postage			2,448,968	543,364	60,177	24,969	3,077,478
Depreciation and Amortization			3,245,528	-	-	17,178	3,262,707
Other expenses			9,121,353	353,457	(696)	107,659	9,581,773
Indirect cost allocation, Occupancy expense			(2,972,710)	5,455,316	240,944	50,303	2,773,853
<b>Total Administrative Expenses</b>			<u>61,714,710</u>	<u>14,067,313</u>	<u>762,285</u>	<u>922,987</u>	<u>77,467,294</u>
<b>Admin Loss Ratio</b>			<b>3.1%</b>	<b>6.2%</b>	<b>7.6%</b>	<b>7.0%</b>	<b>3.5%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			1,413,115	5,861,141	(96,075)	910,089	8,088,270
<b>INVESTMENT INCOME</b>			-	-	-	-	11,239,695
<b>NET RENTAL INCOME</b>			-	-	-	-	54,103
<b>NET GRANT INCOME</b>			(99,025)	-	-	-	(99,025)
<b>OTHER INCOME</b>			799	-	-	-	799
<b>CHANGE IN NET ASSETS</b>			<u>\$ 1,314,889</u>	<u>\$ 5,861,141</u>	<u>\$ (96,075)</u>	<u>\$ 910,089</u>	<u>\$ 19,283,842</u>
<b>BUDGETED CHANGE IN ASSETS</b>			7,707,945	(749,648)	(983,457)	(164,161)	7,702,709
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>(6,393,056)</u>	<u>6,610,789</u>	<u>887,382</u>	<u>1,074,250</u>	<u>11,581,133</u>

## February 28, 2018 Unaudited Financial Statements

### SUMMARY

#### MONTHLY RESULTS:

- Change in Net Assets is \$2.8 million, \$4.4 million unfavorable to budget
- Operating surplus is \$2.3 million, non-operating has a surplus of \$0.5 million

#### YEAR TO DATE RESULTS:

- Change in Net Assets is \$19.3 million, \$11.6 million favorable to budget
- Operating surplus is \$8.1 million, \$2.3 million favorable to budget

#### Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
1.7	7.1	(5.4)	Medi-Cal	1.3	7.7	(6.4)
0.3	(0.3)	0.7	OCC	5.9	(0.7)	6.6
(0.1)	0.0	(0.1)	OneCare	(0.1)	(1.0)	0.9
<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	PACE	<u>0.9</u>	<u>(0.2)</u>	<u>1.1</u>
<b>2.3</b>	<b>6.9</b>	<b>(4.6)</b>	<b>Operating</b>	<b>8.1</b>	<b>5.8</b>	<b>2.3</b>
<u>0.5</u>	<u>0.2</u>	<u>0.2</u>	Inv./Rental Inc, MCO tax	<u>11.2</u>	<u>1.9</u>	<u>9.3</u>
<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>Non-Operating</b>	<b>11.2</b>	<b>1.9</b>	<b>9.3</b>
<b>2.8</b>	<b>7.1</b>	<b>(4.4)</b>	<b>TOTAL</b>	<b>19.3</b>	<b>7.7</b>	<b>11.6</b>



**CalOptima**  
**Enrollment Summary**  
**For the Eight Months Ended February 28, 2018**

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
67,084	64,575	2,509	3.9%	Aged	505,895	505,703	192	0.0%
615	618	(3)	(0.5%)	BCCTP	4,892	4,944	(52)	(1.1%)
48,551	48,808	(257)	(0.5%)	Disabled	379,451	390,230	(10,779)	(2.8%)
319,629	329,101	(9,472)	(2.9%)	TANF Child	2,573,655	2,636,615	(62,960)	(2.4%)
98,552	103,532	(4,980)	(4.8%)	TANF Adult	791,129	830,437	(39,308)	(4.7%)
3,434	3,268	166	5.1%	LTC	27,534	26,144	1,390	5.3%
240,198	236,855	3,343	1.4%	MCE	1,911,601	1,891,834	19,767	1.0%
<b>778,063</b>	<b>786,757</b>	<b>(8,694)</b>	<b>(1.1%)</b>	<b>Medi-Cal</b>	<b>6,194,157</b>	<b>6,285,907</b>	<b>(91,750)</b>	<b>(1.5%)</b>
<b>14,936</b>	<b>15,589</b>	<b>(653)</b>	<b>(4.2%)</b>	<b>OneCare Connect</b>	<b>121,495</b>	<b>124,304</b>	<b>(2,809)</b>	<b>(2.3%)</b>
<b>245</b>	<b>251</b>	<b>(6)</b>	<b>(2.4%)</b>	<b>PACE</b>	<b>1,840</b>	<b>1,868</b>	<b>(28)</b>	<b>(1.5%)</b>
<b>1,334</b>	<b>1,382</b>	<b>(48)</b>	<b>(3.5%)</b>	<b>OneCare</b>	<b>10,967</b>	<b>10,788</b>	<b>179</b>	<b>1.7%</b>
<b>794,578</b>	<b>803,979</b>	<b>(9,401)</b>	<b>(1.2%)</b>	<b>CalOptima Total</b>	<b>6,328,459</b>	<b>6,422,867</b>	<b>(94,408)</b>	<b>(1.5%)</b>

Enrollment (By Network)								
169,543	174,577	(5,034)	(2.9%)	HMO	1,363,762	1,394,110	(30,348)	(2.2%)
222,749	225,311	(2,562)	(1.1%)	PHC	1,782,395	1,810,081	(27,686)	(1.5%)
198,495	208,547	(10,052)	(4.8%)	Shared Risk Group	1,600,296	1,676,441	(76,145)	(4.5%)
187,276	178,322	8,954	5.0%	Fee for Service	1,447,704	1,405,275	42,429	3.0%
<b>778,063</b>	<b>786,757</b>	<b>(8,694)</b>	<b>(1.1%)</b>	<b>Medi-Cal</b>	<b>6,194,157</b>	<b>6,285,907</b>	<b>(91,750)</b>	<b>(1.5%)</b>
<b>14,936</b>	<b>15,589</b>	<b>(653)</b>	<b>(4.2%)</b>	<b>OneCare Connect</b>	<b>121,495</b>	<b>124,304</b>	<b>(2,809)</b>	<b>(2.3%)</b>
<b>245</b>	<b>251</b>	<b>(6)</b>	<b>(2.4%)</b>	<b>PACE</b>	<b>1,840</b>	<b>1,868</b>	<b>(28)</b>	<b>(1.5%)</b>
<b>1,334</b>	<b>1,382</b>	<b>(48)</b>	<b>(3.5%)</b>	<b>OneCare</b>	<b>10,967</b>	<b>10,788</b>	<b>179</b>	<b>1.7%</b>
<b>794,578</b>	<b>803,979</b>	<b>(9,401)</b>	<b>(1.2%)</b>	<b>CalOptima Total</b>	<b>6,328,459</b>	<b>6,422,867</b>	<b>(94,408)</b>	<b>(1.5%)</b>

CalOptima  
Enrollment Trend by Network Type  
Fiscal Year 2018

Network Type	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	MMs
<b>HMO</b>													
Aged	4,058	4,045	4,051	3,864	4,020	3,980	3,982	3,958	-	-	-	-	31,958
BCCTP	1	1	1	5	1	5	1	1	-	-	-	-	16
Disabled	6,749	6,740	6,729	6,703	6,733	6,743	6,743	6,777	-	-	-	-	53,917
TANF Child	61,492	61,733	61,361	61,023	60,598	60,595	53,730	59,508	-	-	-	-	480,040
TANF Adult	30,429	30,420	30,313	30,127	29,905	30,059	36,236	30,408	-	-	-	-	247,897
LTC	3	4	6	4	4	3	2	3	-	-	-	-	29
MCE	68,020	68,792	69,169	68,294	68,764	69,313	68,665	68,888	-	-	-	-	549,905
	170,752	171,735	171,630	170,020	170,025	170,698	169,359	169,543	-	-	-	-	1,363,762
<b>PHC</b>													
Aged	1,480	1,493	1,530	1,401	1,561	1,581	1,603	1,608	-	-	-	-	12,257
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	7,318	7,264	7,258	7,236	7,229	7,221	7,264	7,256	-	-	-	-	58,046
TANF Child	162,801	163,976	163,202	162,046	162,030	162,046	154,874	160,957	-	-	-	-	1,291,932
TANF Adult	12,604	12,571	12,410	12,356	12,311	12,312	19,241	13,212	-	-	-	-	107,017
LTC	-	-	1	1	-	-	1	1	-	-	-	-	4
MCE	38,398	38,821	39,088	38,681	39,261	39,620	39,555	39,715	-	-	-	-	313,139
	222,601	224,125	223,489	221,721	222,392	222,780	222,538	222,749	-	-	-	-	1,782,395
<b>Shared Risk Group</b>													
Aged	3,809	3,756	3,831	3,029	3,765	3,641	3,706	3,680	-	-	-	-	29,217
BCCTP	-	-	-	1	-	-	-	-	-	-	-	-	1
Disabled	8,108	8,058	8,035	7,951	7,978	7,887	7,873	7,810	-	-	-	-	63,700
TANF Child	72,723	72,861	72,102	71,427	71,139	70,753	63,054	69,468	-	-	-	-	563,527
TANF Adult	32,775	32,737	32,316	31,441	31,785	31,475	39,189	32,293	-	-	-	-	264,011
LTC	-	1	2	-	-	2	-	3	-	-	-	-	8
MCE	85,799	86,330	86,191	81,677	85,025	84,995	84,574	85,241	-	-	-	-	679,832
	203,214	203,743	202,477	195,526	199,692	198,753	198,396	198,495	-	-	-	-	1,600,296
<b>Fee for Service (Dual)</b>													
Aged	48,036	48,599	48,846	48,863	49,108	49,578	53,851	53,491	-	-	-	-	400,372
BCCTP	25	22	25	23	22	23	21	24	-	-	-	-	185
Disabled	20,343	20,528	20,516	20,448	20,494	20,691	22,065	22,052	-	-	-	-	167,137
TANF Child	3	3	2	2	1	1	1	2	-	-	-	-	15
TANF Adult	1,205	1,226	1,184	1,156	1,118	1,165	1,160	1,093	-	-	-	-	9,307
LTC	3,002	3,124	3,126	3,068	3,137	3,112	3,106	3,068	-	-	-	-	24,743
MCE	2,816	2,848	2,758	2,831	2,113	1,660	1,713	1,774	-	-	-	-	18,513
	75,430	76,350	76,457	76,391	75,993	76,230	81,917	81,504	-	-	-	-	620,272
<b>Fee for Service (Non-Dual)</b>													
Aged	3,580	3,855	4,031	3,714	4,250	4,117	4,197	4,347	-	-	-	-	32,091
BCCTP	601	602	599	523	598	589	588	590	-	-	-	-	4,690
Disabled	4,466	4,559	4,578	4,364	4,703	4,604	4,721	4,656	-	-	-	-	36,651
TANF Child	27,513	31,414	31,119	30,822	28,520	31,545	27,514	29,694	-	-	-	-	238,141
TANF Adult	18,753	19,744	20,087	19,517	19,142	20,210	23,898	21,546	-	-	-	-	162,897
LTC	372	364	379	194	363	353	366	359	-	-	-	-	2,750
MCE	43,457	44,664	44,438	40,886	42,402	44,767	44,918	44,580	-	-	-	-	350,212
	98,742	105,202	105,231	100,120	99,978	106,185	106,202	105,772	-	-	-	-	827,432
<b>MEDI-CAL TOTAL</b>													
Aged	60,963	61,748	62,289	60,871	62,704	62,897	67,339	67,084	-	-	-	-	505,895
BCCTP	627	625	625	552	621	617	610	615	-	-	-	-	4,892
Disabled	46,984	47,149	47,116	46,702	47,137	47,146	48,666	48,551	-	-	-	-	379,451
TANF Child	324,532	329,987	327,786	325,320	322,288	324,940	299,173	319,629	-	-	-	-	2,573,655
TANF Adult	95,766	96,698	96,310	94,597	94,261	95,221	119,724	98,552	-	-	-	-	791,129
LTC	3,377	3,493	3,514	3,267	3,504	3,470	3,475	3,434	-	-	-	-	27,534
MCE	238,490	241,455	241,644	232,469	237,565	240,355	239,425	240,198	-	-	-	-	1,911,601
	770,739	781,155	779,284	763,778	768,080	774,646	778,412	778,063	-	-	-	-	6,194,157
<b>PACE</b>	215	221	228	227	233	235	236	245	-	-	-	-	1,840
<b>OneCare</b>	1,367	1,386	1,404	1,406	1,378	1,372	1,320	1,334	-	-	-	-	10,967
<b>OneCare Connect</b>	15,365	15,229	15,265	15,234	15,254	15,223	14,989	14,936	-	-	-	-	121,495
<b>TOTAL</b>	787,686	797,991	796,181	780,645	784,945	791,476	794,957	794,578	-	-	-	-	6,328,459

## **ENROLLMENT:**

**Overall MTD** enrollment was 794,578

- Unfavorable to budget by 9,401 or 1.2%
- Decreased 379 from prior month (January 2018)
- Increased 3,475 from prior year (February 2017)

**Medi-Cal** enrollment was 778,063

- Unfavorable to budget by 8,694
  - TANF unfavorable by 14,452
  - SPD favorable by 2,249
  - Expansion favorable by 3,343
  - LTC favorable by 166
- Decreased 349 from prior month

**OneCare Connect** enrollment was 14,936

- Unfavorable to budget by 653
- Decreased 53 from prior month

**OneCare** enrollment was 1,334

- Unfavorable to budget by 48
- Increased 14 from prior month

**PACE** enrollment was 245

- Unfavorable to budget by 6
- Increased 9 from prior month

**CalOptima - Medi-Cal Total  
Statement of Revenues and Expenses  
For the Eight Months Ended February 28, 2018**

Month			
Actual	Budget	\$ Variance	% Variance
778,063	786,757	(8,694)	(1.1%)
232,731,391	227,474,039	5,257,352	2.3%
232,731,391	227,474,039	5,257,352	2.3%
87,130,352	86,874,472	(255,880)	(0.3%)
39,983,504	41,723,044	1,739,540	4.2%
21,736,450	13,808,823	(7,927,627)	(57.4%)
36,729,259	34,565,998	(2,163,261)	(6.3%)
34,905,928	30,205,599	(4,700,329)	(15.6%)
2,310,917	3,217,740	906,823	28.2%
823,447	315,017	(508,430)	(161.4%)
223,619,856	210,710,693	(12,909,163)	(6.1%)
9,111,535	16,763,346	(7,651,811)	(45.6%)
5,335,356	5,960,341	624,985	10.5%
144,248	319,524	175,276	54.9%
508,160	1,282,492	774,332	60.4%
299,678	401,238	101,560	25.3%
392,708	461,246	68,538	14.9%
1,081,986	1,489,666	407,680	27.4%
(411,453)	(278,785)	132,668	47.6%
7,350,684	9,635,722	2,285,038	23.7%
10,231,528	0	(10,231,528)	0.0%
10,231,528	0	(10,231,528)	0.0%
0	0	0	0.0%
0	0	0	0.0%
51,681	291,249	(239,568)	(82.3%)
45,381	258,276	212,895	82.4%
20,780	32,973	12,194	37.0%
(14,480)	0	(14,480)	0.0%
30	0	30	0.0%
1,746,401	7,127,624	(5,381,223)	(75.5%)
96.1%	92.6%	-3.5%	-3.7%
3.2%	4.2%	1.1%	25.4%

Year - To - Date			
Actual	Budget	\$ Variance	% Variance
6,194,157	6,285,907	(91,750)	(1.5%)
1,987,416,538	1,925,502,354	61,914,184	3.2%
1,987,416,538	1,925,502,354	61,914,184	3.2%
708,693,624	695,935,378	(12,758,246)	(1.8%)
347,918,521	349,242,184	1,323,663	0.4%
141,228,409	112,885,696	(28,342,713)	(25.1%)
291,842,552	288,374,314	(3,468,238)	(1.2%)
406,711,445	362,538,375	(44,173,070)	(12.2%)
21,080,010	25,959,133	4,879,123	18.8%
6,814,153	2,520,136	(4,294,017)	(170.4%)
1,924,288,713	1,837,455,216	(86,833,497)	(4.7%)
63,127,825	88,047,138	(24,919,313)	(28.3%)
43,600,355	48,373,790	4,773,435	9.9%
1,135,093	2,623,186	1,488,093	56.7%
5,136,122	12,952,245	7,816,123	60.3%
2,448,968	3,221,898	772,930	24.0%
3,245,528	3,689,968	444,440	12.0%
9,121,353	11,708,386	2,587,033	22.1%
(2,972,710)	(2,230,280)	742,430	33.3%
61,714,710	80,339,193	18,624,483	23.2%
95,000,484	0	(95,000,484)	0.0%
81,721,146	0	(81,721,146)	0.0%
13,279,338	0	(13,279,338)	0.0%
0	0	0	0.0%
239,862	2,329,992	(2,090,130)	(89.7%)
212,189	2,066,208	1,854,019	89.7%
126,699	263,784	137,085	52.0%
(99,025)	0	(99,025)	0.0%
799	0	799	0.0%
1,314,889	7,707,945	(6,393,056)	(82.9%)
96.8%	95.4%	-1.4%	-1.5%
3.1%	4.2%	1.1%	25.6%

## **MEDI-CAL INCOME STATEMENT – FEBRUARY MONTH:**

**REVENUES** of \$232.7 million are favorable to budget by \$5.3 million, driven by:

- Unfavorable volume related variance of \$2.5 million
- Favorable price related variance of \$7.8 million due to:
  - \$4.5 million of fiscal year 2018 revenue for Applied Behavior Analysis (ABA)
  - \$1.3 million of prior year revenue for ABA
  - \$3.9 million due to Managed Care Organization (MCO) tax, Coordinated Care Initiative (CCI), and recognition of previously deferred revenue, offset by:
  - (\$1.9) million of fiscal year 2018 Hepatitis C

**MEDICAL EXPENSES:** Overall \$223.6 million, unfavorable to budget by \$12.9 million due to:

- **Professional Claims** expense is unfavorable to budget \$7.9 million due to Behavior Health Treatment (BHT) expenses of \$4.7 million, Crossover expenses of \$1.9 million and claims expenses of \$1.4 million
- **Managed Long-Term Services and Support (MLTSS)** is unfavorable to budget \$4.7 million due to Long-Term Care (LTC) expenses
- **Prescription Drug** expense is unfavorable to budget \$2.2 million due to increase per member per month (PMPM) cost
- **Facility** expense is favorable to budget \$1.7 million due to release of Shared Risk accrual

**ADMINISTRATIVE EXPENSES** are \$7.4 million, favorable to budget \$2.3 million, driven by:

- Purchased Services: \$0.8 million favorable to budget due to lower outside claims processing fees, mostly from mental health claims processing being brought in-house
- Salary & Benefits: \$0.6 million favorable to budget
- Other Non-Salary: \$0.9 million favorable to budget

**CHANGE IN NET ASSETS** is \$1.7 million for the month, unfavorable to budget by \$5.4 million

**CalOptima - OneCare Connect**  
**Statement of Revenues and Expenses**  
**For the Eight Months Ended February 28, 2018**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
14,936	15,589	(653)	(4.2%)	Member Months	121,495	124,304	(2,809)	(2.3%)
				Revenues				
3,685,498	4,053,996	(368,498)	(9.1%)	Medi-Cal Capitation revenue	50,879,009	53,133,194	(2,254,185)	(4.2%)
17,097,536	15,889,857	1,207,679	7.6%	Medicare Capitation revenue part C	130,820,064	119,408,265	11,411,799	9.6%
4,935,074	4,812,369	122,705	2.5%	Medicare Capitation revenue part D	44,068,570	41,772,306	2,296,264	5.5%
25,718,108	24,756,222	961,886	3.9%	Total Operating Revenue	225,767,644	214,313,765	11,453,879	5.3%
				Medical Expenses				
11,332,541	9,112,528	(2,220,013)	(24.4%)	Provider capitation	90,246,280	69,042,044	(21,204,236)	(30.7%)
3,646,984	4,939,359	1,292,375	26.2%	Facilities	24,646,149	40,607,750	15,961,601	39.3%
659,384	582,034	(77,350)	(13.3%)	Ancillary	4,984,314	4,959,452	(24,862)	(0.5%)
1,783,834	2,199,036	415,202	18.9%	Long Term Care	35,172,699	30,046,155	(5,126,544)	(17.1%)
5,207,207	5,056,354	(150,853)	(3.0%)	Prescription drugs	41,537,134	44,309,653	2,772,519	6.3%
955,820	1,154,539	198,719	17.2%	Medical management	7,999,029	9,684,379	1,685,350	17.4%
88,390	128,784	40,394	31.4%	Other medical expenses	1,253,586	931,830	(321,756)	(34.5%)
23,674,160	23,172,634	(501,526)	(2.2%)	Total Medical Expenses	205,839,190	199,581,263	(6,257,927)	(3.1%)
				Gross Margin	19,928,454	14,732,502	5,195,952	35.3%
				Administrative Expenses				
709,020	900,119	191,099	21.2%	Salaries, wages & employee benefits	6,174,607	7,347,874	1,173,267	16.0%
24,713	38,334	13,621	35.5%	Professional fees	224,724	306,669	81,945	26.7%
189,509	239,869	50,360	21.0%	Purchased services	1,315,845	1,919,045	603,200	31.4%
13,633	103,800	90,167	86.9%	Printing and postage	543,364	830,406	287,042	34.6%
66,358	50,149	(16,209)	(32.3%)	Other operating expenses	353,457	402,733	49,276	12.2%
692,184	584,428	(107,756)	(18.4%)	Indirect cost allocation, Occupancy Expense	5,455,316	4,675,424	(779,892)	(16.7%)
1,695,416	1,916,699	221,283	11.5%	Total Administrative Expenses	14,067,313	15,482,150	1,414,837	9.1%
				Operating Tax				
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
348,531	(333,111)	681,642	204.6%	Change in Net Assets	5,861,141	(749,648)	6,610,789	881.9%
92.1%	93.6%	1.6%	1.7%	Medical Loss Ratio	91.2%	93.1%	2.0%	2.1%
6.6%	7.7%	1.1%	14.9%	Admin Loss Ratio	6.2%	7.2%	1.0%	13.7%

## **ONECARE CONNECT INCOME STATEMENT – FEBRUARY MONTH:**

**REVENUES** of \$25.7 million are favorable to budget by \$1.0 million driven by:

- Unfavorable volume related variance of \$1.0 million due to lower enrollment
- Favorable price related variance of \$2.0 million due to fiscal year 2018 rate adjustment

**MEDICAL EXPENSES** of \$23.7 million are unfavorable to budget \$0.5 million due to:

- Favorable volume related variance of \$1.0 million due to lower enrollment
- Unfavorable price related variance of \$1.5 million due to provider capitation

**ADMINISTRATIVE EXPENSES** of \$1.7 million, \$0.2 million favorable to budget

**CHANGE IN NET ASSETS** is \$0.3 million, \$0.7 million favorable to budget

**CalOptima - OneCare  
Statement of Revenues and Expenses  
For the Eight Months Ended February 28, 2018**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,334	1,382	(48)	(3.5%)	Member Months	10,967	10,788	179	1.7%
				Revenues				
52,133	48,007	4,126	8.6%	Medi-Cal Capitation revenue	524,606	374,813	149,793	40.0%
1,102,508	941,113	161,395	17.1%	Medicare Part C Revenue	6,238,747	7,037,812	(799,065)	(11.4%)
493,423	449,890	43,533	9.7%	Medicare Part D Revenue	3,261,302	3,789,191	(527,889)	(13.9%)
1,648,064	1,439,010	209,054	14.5%	Total Operating Revenue	10,024,655	11,201,816	(1,177,161)	(10.5%)
				Medical Expenses				
477,670	411,722	(65,948)	(16.0%)	Provider capitation	874,012	3,094,899	2,220,887	71.8%
584,873	412,631	(172,242)	(41.7%)	Inpatient	3,854,759	3,528,949	(325,810)	(9.2%)
111,367	45,614	(65,753)	(144.2%)	Ancillary	415,740	383,350	(32,390)	(8.4%)
11,256	39,498	28,242	71.5%	Skilled nursing facilities	150,940	332,126	181,186	54.6%
451,465	451,743	278	0.1%	Prescription drugs	3,590,886	3,823,979	233,093	6.1%
39,628	21,820	(17,808)	(81.6%)	Medical management	413,822	178,242	(235,580)	(132.2%)
7,000	7,489	489	6.5%	Other medical expenses	58,285	58,538	253	0.4%
1,683,258	1,390,517	(292,741)	(21.1%)	Total Medical Expenses	9,358,444	11,400,083	2,041,639	17.9%
(35,194)	48,493	(83,687)	(172.6%)	Gross Margin	666,210	(198,267)	864,477	436.0%
				Administrative Expenses				
19,060	19,865	805	4.1%	Salaries, wages & employee benefits	191,381	164,051	(27,330)	(16.7%)
13,667	13,333	(334)	(2.5%)	Professional fees	119,349	106,664	(12,685)	(11.9%)
29,669	11,990	(17,679)	(147.5%)	Purchased services	151,130	95,970	(55,160)	(57.5%)
1,723	19,288	17,565	91.1%	Printing and postage	60,177	161,804	101,627	62.8%
(665)	172	837	486.5%	Other operating expenses	(696)	1,422	2,118	149.0%
40,057	31,909	(8,148)	(25.5%)	Indirect cost allocation, Occupancy Expense	240,944	255,279	14,335	5.6%
103,512	96,557	(6,955)	(7.2%)	Total Administrative Expenses	762,285	785,190	22,905	2.9%
(138,706)	(48,064)	(90,642)	(188.6%)	Change in Net Assets	(96,075)	(983,457)	887,382	90.2%
=====	=====	=====	=====		=====	=====	=====	=====
102.1%	96.6%	-5.5%	-5.7%	Medical Loss Ratio	93.4%	101.8%	8.4%	8.3%



**CalOptima - PACE**  
**Statement of Revenues and Expenses**  
**For the Eight Months Ended February 28, 2018**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
245	251	(6)	(2.4%)	Member Months	1,840	1,868	(28)	(1.5%)
				Revenues				
1,360,043	1,311,753	48,290	3.7%	Medi-Cal capitation revenue	9,758,456	9,528,585	229,871	2.4%
332,628	306,503	26,125	8.5%	Medicare part C revenue	2,670,303	2,251,131	419,172	18.6%
88,762	73,309	15,453	21.1%	Medicare part D revenue	667,500	597,739	69,761	11.7%
1,781,432	1,691,565	89,867	5.3%	Total Operating Revenues	13,096,259	12,377,455	718,804	5.8%
				Medical Expenses				
508,318	581,473	73,155	12.6%	Medical Management	4,226,889	4,709,797	482,908	10.3%
209,886	329,487	119,601	36.3%	Claims payments to hospitals	2,388,146	2,643,902	255,756	9.7%
345,667	270,334	(75,333)	(27.9%)	Professional Claims	2,842,748	2,180,559	(662,189)	(30.4%)
158,070	113,729	(44,341)	(39.0%)	Prescription drugs	996,041	917,288	(78,753)	(8.6%)
478	11,665	11,187	95.9%	Long-term care facility payments	17,988	92,989	75,001	80.7%
86,777	93,657	6,880	7.3%	Patient Transportation	735,371	755,510	20,139	2.7%
0	0	0	0.0%	Reinsurance	0	0	0	0.0%
16,000	10,000	(6,000)	(60.0%)	Other Expenses	56,000	40,000	(16,000)	(40.0%)
1,325,195	1,410,345	85,150	6.0%	Total Medical Expenses	11,263,183	11,340,045	76,862	0.7%
456,237	281,220	175,017	62.2%	Gross Margin	1,833,075	1,037,410	795,665	76.7%
				Administrative Expenses				
91,099	92,641	1,542	1.7%	Salaries, wages & employee benefits	625,392	760,744	135,352	17.8%
15,476	5,000	(10,476)	(209.5%)	Professional fees	38,508	40,000	1,492	3.7%
13,635	21,136	7,501	35.5%	Purchased services	58,978	169,088	110,110	65.1%
1,455	5,547	4,092	73.8%	Printing and postage	24,969	44,376	19,407	43.7%
2,074	2,052	(22)	(1.1%)	Depreciation & amortization	17,178	16,416	(762)	(4.6%)
10,598	18,502	7,904	42.7%	Other operating expenses	107,659	148,035	40,376	27.3%
3,101	2,864	(237)	(8.3%)	Indirect cost allocation, Occupancy Expense	50,303	22,912	(27,391)	(119.5%)
137,438	147,742	10,304	7.0%	Total Administrative Expenses	922,987	1,201,571	278,584	23.2%
				Operating Tax				
3,420	0	3,420	0.0%	Tax Revenue	41,374	0	41,374	0.0%
3,420	0	(3,420)	0.0%	Premium tax expense	41,374	0	(41,374)	0.0%
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
318,798	133,478	185,320	138.8%	Change in Net Assets	910,089	(164,161)	1,074,250	654.4%
				Medical Loss Ratio	86.0%	91.6%	5.6%	6.1%
74.4%	83.4%	9.0%	10.8%	Admin Loss Ratio	7.0%	9.7%	2.7%	27.4%

**CalOptima - Building 505 City Parkway  
Statement of Revenues and Expenses  
For the Eight Months Ended February 28, 2018**

Actual	Month		% Variance
	Budget	\$ Variance	
0	0	0	0.0%
-----	-----	-----	-----
0	0	0	0.0%
-----	-----	-----	-----
34,524	23,186	(11,338)	(48.9%)
159,543	161,474	1,930	1.2%
14,913	9,117	(5,797)	(63.6%)
88,029	158,122	70,093	44.3%
33,627	0	(33,627)	0.0%
(330,637)	(333,055)	(2,418)	(0.7%)
-----	-----	-----	-----
(0)	18,843	18,843	100.0%
-----	-----	-----	-----
0	(18,843)	18,843	100.0%
=====	=====	=====	=====

Revenues

Rental income

Total Operating Revenue

Administrative Expenses

Purchase services

Depreciation & amortization

Insurance expense

Repair and maintenance

Other Operating Expense

Indirect allocation, Occupancy Expense

Total Administrative Expenses

Change in Net Assets

Actual	Year - To - Date		% Variance
	Budget	\$ Variance	
155,426	42,774	112,652	263.4%
-----	-----	-----	-----
155,426	42,774	112,652	263.4%
-----	-----	-----	-----
260,078	185,487	(74,591)	(40.2%)
1,277,018	1,291,790	14,772	1.1%
119,306	72,934	(46,373)	(63.6%)
881,073	1,264,973	383,900	30.3%
350,132	0	(350,132)	0.0%
(2,786,284)	(2,664,439)	121,845	4.6%
-----	-----	-----	-----
101,324	150,744	49,420	32.8%
-----	-----	-----	-----
54,103	(107,970)	162,073	150.1%
=====	=====	=====	=====

**OTHER STATEMENTS – FEBRUARY MONTH:**

**ONECARE INCOME STATEMENT**

**CHANGE IN NET ASSETS** is (\$138.7) thousand, \$90.6 thousand unfavorable to budget

**PACE INCOME STATEMENT**

**CHANGE IN NET ASSETS** for the month is \$318.8 thousand, \$185.3 thousand favorable to budget

**505 CITY PARKWAY BUILDING INCOME STATEMENT**

**CHANGE IN NET ASSETS** for the month is \$0.0 thousand, \$18.8 thousand favorable to budget

**CalOptima  
BALANCE SHEET  
February 28, 2018**

**ASSETS**

Current Assets	
Operating Cash	\$283,200,783
Investments	634,781,560
Capitation receivable	359,077,237
Receivables - Other	21,880,326
Prepaid Expenses	5,353,229
<b>Total Current Assets</b>	<b><u>1,304,293,135</u></b>

Capital Assets	
Furniture and equipment	34,039,048
Building/Leasehold improvements	6,935,990
505 City Parkway West	49,433,337
	<u>90,408,376</u>
Less: accumulated depreciation	(39,393,921)
Capital assets, net	<b><u>51,014,455</u></b>

Other Assets	
Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	26,611,226
Long term investments	508,661,489
Total Board-designated Assets	<u>535,272,715</u>
<b>Total Other Assets</b>	<b><u>535,572,715</u></b>

Deferred outflows of Resources - Pension Contributions	5,234,198
Deferred outflows of Resources - Difference in Experience	1,072,771
Deferred outflows of Resources - Excess Earnings	<u>5,270,171</u>

**TOTAL ASSETS & OUTFLOWS** **1,902,457,445**

**LIABILITIES & FUND BALANCES**

Current Liabilities	
Accounts payable	\$32,674,949
Medical claims liability	874,596,664
Accrued payroll liabilities	10,483,522
Deferred revenue	117,046,671
Deferred lease obligations	146,252
Capitation and withholds	87,426,035
<b>Total Current Liabilities</b>	<b><u>1,122,374,094</u></b>

Other employment benefits liability	29,964,894
Net Pension Liabilities	15,936,213
Long Term Liabilities	100,000
<b>TOTAL LIABILITIES</b>	<b><u>1,168,375,202</u></b>

Deferred inflows of Resources - Excess Earnings	-
Deferred inflows of Resources - Changes in Assumptions	1,340,010
Tangible net equity (TNE)	87,052,777
Funds in excess of TNE	645,689,457

**Net Assets** **732,742,234**

**TOTAL LIABILITIES, INFLOWS & FUND BALANCES** **1,902,457,445**

**CalOptima**  
**Board Designated Reserve and TNE Analysis**  
**as of February 28, 2018**

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	146,441,586				
	Tier 1 - Logan Circle	146,336,556				
	Tier 1 - Wells Capital	145,829,513				
Board-designated Reserve		438,607,655	295,784,615	459,857,783	142,823,040	(21,250,128)
TNE Requirement	Tier 2 - Logan Circle	96,665,060	87,052,777	87,052,777	9,612,283	9,612,283
<b>Consolidated:</b>		535,272,715	382,837,392	546,910,560	152,435,323	(11,637,845)
<i>Current reserve level</i>		1.96	1.40	2.00		

**CalOptima**  
**Statement of Cash Flows**  
**February 28, 2018**

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	2,751,432	19,283,842
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	554,326	4,539,724
Changes in assets and liabilities:		
Prepaid expenses and other	(75,301)	301,417
Catastrophic reserves		
Capitation receivable	40,877,194	162,591,172
Medical claims liability	(42,516,584)	(371,829,355)
Deferred revenue	(59,642,416)	13,073,546
Payable to providers	(63,061,778)	(493,413,676)
Accounts payable	9,187,360	(6,605,904)
Other accrued liabilities	(419,645)	1,833,474
Net cash provided by/(used in) operating activities	<u>(112,345,413)</u>	<u>(670,225,759)</u>
GASB 68 CalPERS Adjustments	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investments	65,700,882	447,644,192
Change in property and equipment	(536,477)	(1,253,153)
Change in Board designated reserves	384,601	(134,341)
Net cash provided by/(used in) investing activities	<u>65,549,006</u>	<u>446,256,698</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(46,796,406)	(223,969,062)
CASH AND CASH EQUIVALENTS, beginning of period	<u>\$329,997,190</u>	<u>507,169,844</u>
CASH AND CASH EQUIVALENTS, end of period	<u><b>\$ 283,200,784</b></u>	<u><b>\$ 283,200,784</b></u>

## **BALANCE SHEET:**

**ASSETS** decreased \$153.7 million from January

- **Cash and Cash Equivalents** decreased by \$46.8 million due to Shared Risk payments offset by unrealized losses from investment activity
- **Investments** decreased \$65.7 million due to transfer of funds for shared risk and unrealized losses
- **Net Capitation Receivables** decreased \$42.3 million due to payment receipt timing and adjustment to Coordinated Care Initiative (CCI)

**LIABILITIES** decreased \$156.5 million from January

- **Capitation Payable** decreased \$63.1 million due to payment of shared risk group
- **Medical Claims Liability** by line of business decrease \$42.5 million due to DHCS recoupment of overpayment
- **Accrued Expenses** increased \$9.2 million due to timing of payments
- **Deferred Revenue** decreased \$59.6 million due recognition of deferred revenue

**NET ASSETS** are \$732.7 million, an increase of \$2.8 million from January

**CalOptima Foundation**  
**Statement of Revenues and Expenses**  
**For the Eight Months Ended February 28, 2018**  
**Consolidated**

Actual	Budget	Month	
		\$	%
		Variance	Variance
<hr/>			
0	0	0	0.0%
<hr/>			
0	6,184	6,184	100.0%
0	2,985	2,985	100.0%
0	0	0	0.0%
0	0	0	0.0%
0	0	0	0.0%
2,083	231,923	229,840	99.1%
<hr/>			
2,083	241,092	239,009	99.1%
<hr/>			
0	0	0	0.0%
<hr/>			
(2,083)	(241,092)	(239,009)	(99.1%)
=====	=====	=====	=====

**Revenues**

Total Operating Revenue

Operating Expenditures

Personnel

Taxes and Benefits

Travel

Supplies

Contractual

Other

Total Operating Expenditures

Investment Income

Program Income

Actual	Budget	Year - To - Date	
		\$	%
		Variance	Variance
<hr/>			
0	0	0	0.0%
<hr/>			
0	49,474	49,474	100.0%
0	23,878	23,878	100.0%
0	0	0	0.0%
0	0	0	0.0%
0	0	0	0.0%
0	0	0	0.0%
16,664	1,855,384	1,838,720	99.1%
<hr/>			
16,664	1,928,736	1,912,072	99.1%
<hr/>			
0	0	0	0.0%
<hr/>			
(16,664)	(1,928,736)	(1,912,072)	(99.1%)
=====	=====	=====	=====



**CalOptima Foundation  
Balance Sheet  
February 28, 2018**

<b><u>ASSETS</u></b>		<b><u>LIABILITIES &amp; NET ASSETS</u></b>	
Operating cash	2,868,139	Accounts payable-Current	16,664
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
<b>Total Current Assets</b>	<b><u>2,868,139</u></b>	Grants-Foundation	0
		<b>Total Current Liabilities</b>	<b><u>16,664</u></b>
		<b>Total Liabilities</b>	<u>16,664</u>
		<b>Net Assets</b>	<b><u>2,851,475</u></b>
<b>TOTAL ASSETS</b>	<b><u>2,868,139</u></b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>2,868,139</u></b>

## **CALOPTIMA FOUNDATION - FEBRUARY MONTH**

### **INCOME STATEMENT:**

#### **OPERATING REVENUE**

- No activity

#### **OPERATING EXPENSES**

- Audit Fees \$2.1 thousand

### **BALANCE SHEET:**

#### **ASSETS**

- Cash--\$2.9 million remains from the FY14 \$3.0 million transferred by CalOptima for grants and programs in support of providers and community

#### **LIABILITIES**

- Accrued Payables--\$16.7 thousand for Audit fees

**NET INCOME** is (\$2.1) thousand, (\$16.7) thousand YTD

**Budget Allocation Changes  
Reporting Changes for February 2018**

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	Medi-Cal	IS - Infrastructure - Professional Fee (Virtualization Architecture Assessment)	IS - Infrastructure - Professional Fee (On-Site Staff for the Phone System)	\$48,600	Re-Purpose \$48,600 from Professional Fees (Virtualization Architecture Assessment) to pay for an on-site staff for the phone system	2018
July	Medi-Cal	Facilities - Purchased Services (Restacking Services)	Facilities - Purchased Services (Reconfiguration Services)	\$15,000	Re-Purpose \$15,000 from Purchased Services (Restacking Services) to reconfiguration and breakdown of furniture for the mail room and the Rover Rock Offices and other related expenses	2018
August	Medi-Cal	Health Education & Disease Mgmt - Purchased Services (Adult Weight Management Vendor)	Health Education & Disease Mgmt - Purchased Services (Ansafo)	\$30,000	Re-Purpose \$30,000 from Purchased Services (Adult Weight Management Vendor) to pay for Ansafo services	2018
August	Medi-Cal	Health Education & Disease Mgmt - Purchased Services (Pediatric Weight Management Vendor)	Health Education & Disease Mgmt - Purchased Services (Captivate contract and other initiatives)	\$25,000	Re-Purpose \$25,000 from Purchased Services (Pediatric Weight Management Vendor) to pay for Captivate contract and other initiatives	2018
August	PACE	PACE Administrative - Purchased Services (Encounter Reporting & Translation Services)	PACE Administrative - Purchased Services (Satisfaction Survey)	\$12,208	Re-Purpose \$12,208 from Purchased Services (Encounter Reporting & Translation Services) to pay for Satisfaction Survey	2018
August	Medi-Cal	Facilities - Capital Project (Upgrade CalOptima and Building Access System)	Facilities - Capital Project (Mail Room/Basement/Property Management Office)	\$15,000	Reallocate \$15,000 from Capital Project (Upgrade CalOptima and Building Access System) to Capital Project (Mail Room/Basement/Property Management Office)	2018
September	Medi-Cal	Other G&A - Other Operating Expenses	Facilities - Building Repair and Maintenance	\$65,000	Reallocate \$65,000 from Other G&A (other operating expenses) to cover cost to conduct a review/study from soil engineer and the necessary repairs of the east entry sinkhole.	2018
September	OCC	Health Education & Disease Management - Member Communications	Health Education & Disease Management - Purchased Services	\$12,000	Reallocate \$12,000 within medical management activities budget for additional funding needed on CareNet in OneCare Connect.	2018
November	Medi-Cal	Human Resources - Purchased Services -Temporary Outsource Service	Human Resources - Purchased Services - General	\$10,000	Re-Purpose \$10,000 from Purchased Services (Temporary Outsource Service) to fund for training module design and other department initiatives in Purchased Services	2018

## **Board of Directors Meeting April 5, 2018**

### **Monthly Compliance Report**

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The purpose of this report is to provide compliance updates to CalOptima's Board of Directors, including but may not be limited to, updates on internal and health network audits conducted by CalOptima's Audit & Oversight department, 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. OneCare**

- **2016 CMS Financial Audit:**

On August 24, 2017, the Centers for Medicare & Medicaid Services (CMS) notified CalOptima that its OneCare program has been selected for a 2016 financial audit. By way of background, at least one-third of Medicare Advantage Organizations (MAOs) are selected for CMS' annual audit of financial records, which will include data relating to Medicare utilization, costs, and computation of the bid. CMS contracted with Bland & Associates to conduct the review of claims data, solvency, enrollment, base year entries on the bids, medical and/or drug expenses, related party transactions, general administrative expenses, and direct and indirect remuneration (DIR). The onsite audit date took place from February 28, 2018 through March 1, 2018. On March 1, 2018, Bland & Associates concluded their onsite visit and discussed the pending action items and deadlines. The official exit conference will occur no later than April 26, 2018. The final report is expected to be received sixty (60) days after the exit conference.

- **CMS Timeliness Monitoring Project:**

On December 12, 2017, CMS announced its efforts to collect data for organization determinations, appeals and grievances (ODAG) and coverage determinations, appeals and grievances (CDAG) for the requested review period of March 1, 2017 through May 31, 2017. On February 5, 2018, CMS' contractor, Conrad LLP, notified CalOptima of its requirement to submit data, also known as universes, as part of the CMS Timeliness Monitoring Project for its OneCare program. Prior to conducting timeliness tests on the submitted universes, CMS' contractor will schedule a webinar with your organization to verify the accuracy of the data you submitted. CMS' contractor conducted the data integrity webinars for CDAG on March 12, 2018 and ODAG on March 13, 2018. A follow up webinar session for ODAG has been scheduled for March 20, 2018.

- Medicare Data Validation Audit (OneCare and OneCare Connect):

In preparation for the annual CMS Medicare Data Validation Audit, CalOptima completed validation of all the required Parts C and D reporting requirements through the self-audit tools and submitted to CMS prior to the regulatory deadline. The audit review period is from January 1, 2017 through December 31, 2017, and the audit is set to begin on April 1, 2018.

- CY 2016 OneCare Medical Loss Ratio (MLR) Desk Review:

On February 22, 2018, CalOptima received notification from CMS regarding the CY 2016 Desk Review for the MLR reporting for OneCare. CMS has engaged Actuarial Research Corporation (ARC) to facilitate the review to ensure that the data entries in the MLR reporting:

- Contain all required data entries for all entities (e.g., plans, contracts).
- Comply with all relevant guidance (CY2016 MLR Report Filing Instructions, Final Rule, etc.).
- Are comprised of values that are logical, consistent and supportable.
- Use values that are comparable (i.e., reasonably close or reconcilable) to CMS data.

On March 14, 2018, CalOptima submitted written responses to address the action items and an updated report for CMS review. CalOptima is awaiting a response from CMS.

## 2. Medi-Cal

- 2018 Medi-Cal Audit:

The Department of Health Care Services (DHCS) conducted its annual audit of CalOptima's Medi-Cal program from February 26, 2018 through March 9, 2018. The audit covered the period from February 1, 2017 through January 31, 2018. The audit consisted of an evaluation of CalOptima's compliance with its contract and regulations in the areas of utilization management, case management and care coordination, access and availability, member rights and responsibilities, quality improvement system, organization and administration of CalOptima, facility site reviews, and medical records review. DHCS has informed CalOptima that it may tentatively expect a draft audit report and formal exit conference in April 2018.

## 3. PACE

- 2018 PACE Mock Audit:

On March 7, 2018, CMS notified CalOptima of its intent to conduct a focused audit of CalOptima's PACE program in the following areas --- Service Delivery Requests, Appeals and Grievances (SDAG), Clinical Appropriateness and Care Planning (CACP), Personnel Records, Onsite Review, and Quality Assessment. The audit entrance conference is

scheduled for April 23, 2018, and the onsite review will be conducted from April 30, 2018 through May 4, 2018. The exit conference is scheduled to be on or about May 4, 2018. CalOptima is in the process of compiling the universe submissions and other requested audit documents.

## B. Regulatory Notices of Non-Compliance

1. CalOptima did not receive any notices of non-compliance from its regulators for the month of February 2018.

## C. Updates on Internal and Health Network Audits

### 1. Internal Audits: Medi-Cal <sup>a\</sup>

- Medi-Cal Utilization Management (UM): Prior Authorization (PA) Requests

Month	Timeliness for Urgents	Clinical Decision Making (CDM) for Urgents	Letter Score for Urgents	Timeliness for Routine	Timeliness for Denials	CDM for Denials	Letter Score for Denials	Timeliness for Modified	CDM for Modified	Letter Score for Modified	Timeliness for Deferrals	CDM for Deferrals	Letter Score for Deferrals
October 2017	0%	100%	90%	10%	30%	77%	84%	40%	100%	87%	0%	60%	51%
November 2017	100%	100%	93%	10%	80%	80%	81%	70%	93%	92%	0%	30%	26%
December 2017	67%	89%	94%	0%	70%	97%	98%	80%	100%	100%	0%	17%	45%

- The lower scores for timeliness were due to the following reasons:
  - Failure to meet timeframe for decision (Urgent – 72 hours; Routine – 5 business days; Deferral – 14 business days)
  - Failure to meet timeframe for member notification (2 business days)
  - Failure to meet timeframe for provider written notification (2 business days)
  - Failure to meet timeframe for provider initial notification to the requesting provider (24 hours)
  - Failure to meet timeframe for member delay notification (5 business days)
  - Failure to meet timeframe for provider delay notification (5 business days)
- The lower scores for clinical decision making were due to the following reasons:
  - Failure to cite criteria for decision
  - Failure to obtain adequate clinical information

- Medi-Cal Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
October 2017	100%	100%	100%	90%
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	100%

➤ No significant trends to report.

- Medi-Cal Claims: Provider Dispute Resolutions (PDRs)

Month	Letter Accuracy	Determination Timeliness	Acknowledgement Timeliness
October 2017	100%	80%	100%
November 2017	100%	100%	100%
December 2017	100%	100%	100%

➤ No significant trends to report.

- Medi-Cal Customer Service: Call center activity is reviewed for appropriate classification, routing, and privacy handling.

Month	Medi-Cal Call Center	Member Liaison Call Center
October 2017	100%	100%
November 2017	100%	100%
December 2017	100%	88%

➤ The compliance rate for the Medi-Cal member liaison call center decreased from 100% in November 2017 to 88% in December 2017 due to insufficient member outreach and documentation.

## 2. Internal Audits: OneCare

- OneCare Utilization Management

Month	Timeliness for Expedited Initial Organization Determination (EIOD)	Clinical Decision Making (CDM) for EIOD	Letter Score for EIOD	Timeliness for Standard Organization Determination (SOD)	Letter Score for SOD	Timeliness for Denials	CDM for Denials	Letter Score for Denials
October 2017	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
November 2017	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
December 2017	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report

➤ Due to low membership for the months of October 2017 through December 2017, there were no denials, expedited organization determinations, or standard organization determinations reported for this time period.

- OneCare Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
October 2017	70%	100%	100%	100%
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	100%

➤ No significant trends to report.

- OneCare Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Timeliness	Payment Accuracy	Letter Accuracy	Check Lag
October 2017	100%	100%	100%	100%
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	100%

➤ No significant trends to report.



- OneCare Customer Service: Call center activity is reviewed for appropriate classification, routing, and privacy handling.

Month	OneCare Customer Service
October 2017	100%
November 2017	100%
December 2017	100%

➤ No significant trends to report.

### 3. Internal Audits: OneCare Connect <sup>a\</sup>

- OneCare Connect Utilization Management: Prior Authorization (PA) Requests

Month	Timeliness for Urgents	Clinical Decision Making (CDM) for Urgents	Letter Score for Urgents	Timeliness for Routine	Letter Score for Routine	Timeliness for Denials	CDM for Denials	Letter Score for Denials	Timeliness for Modified	CDM for Modified	Letter Score for Modified	Timeliness for Deferrals	CDM for Deferrals	Letter Score for Deferrals
October 2017	0%	100%	33%	20%	10%	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
November 2017	90%	N/A	40%	70%	45%	100%	100%	84%	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
December 2017	100%	67%	88%	0%	50%	89%	89%	86%	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report

- The lower scores for timeliness were due to the following reasons:
  - Failure to meet timeframe for decision (Urgent – 72 hours; Routine – 5 business days; Deferral – 14 business days)
  - Failure to meet timeframe for provider written notification (2 business days)
  - Failure to meet timeframe for provider initial notification to the requesting provider (24 hours)
- The lower scores for clinical decision making were due to the following reasons:
  - Failure to cite criteria for decision
  - Failure to obtain adequate clinical information

- OneCare Connect Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
October 2017	100%	100%	100%	100%
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	100%

**6** a\ “N/A” indicates that the category is not applicable to that file type. “Nothing to Report” indicates that there were no files submitted for review for that file type.

➤ No significant trends to report.

- OneCare Connect Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Timeliness	Payment Accuracy	Letter Accuracy	Check Lag
October 2017	100%	100%	100%	100%
November 2017	95%	100%	100%	N/A
December 2017	75%	93%	100%	N/A

➤ The compliance rate for determination timeliness decreased from 95% in November 2017 to 75% in December 2017 due to the processing timeframe exceeding the thirty (30) days from receipt of claim.

➤ The compliance rate for payment accuracy decreased from 100% in November 2017 to 93% in December 2017 due to PDR being upheld in error for missing authorization.

- OneCare Connect Customer Service: Call center activity is reviewed for appropriate classification, routing, and privacy handling.

Month	OneCare Connect Customer Service
October 2017	100%
November 2017	100%
December 2017	100%

➤ No significant trends to report.

#### 4. Internal Audits: PACE

- PACE Claims: Professional Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
October 2017	100%	100%	100%	100%
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	100%

➤ No significant trends to report.

- PACE Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Accuracy	Letter Accuracy	Acknowledgement Timeliness	Check LAG
October 2017	100%	100%	100%	N/A
November 2017	100%	100%	100%	100%
December 2017	100%	100%	100%	N/A

➤ No significant trends to report.

#### 5. Health Network Audits: Medi-Cal, OneCare, OneCare Connect <sup>a\</sup>

- Utilization Management (UM): Prior Authorization (PA) Requests

For the months of October through December 2017, CalOptima's Audit & Oversight department suspended its monthly file reviews for health networks' UM files due to the 2017 delegation oversight annual audits in progress. As a less resource intensive alternative, CalOptima's Audit & Oversight department conducted webinars for each health network to assess the processing of the networks' UM files from their medical management system. CalOptima's auditors reviewed UM files for timeliness, clinical decision making, and appropriate use of letter templates.

The common issues identified across the health networks were related to:

- Failure to use of lay language
- Failure to issue letters in member's primary language
- Failure to comply with policies and procedures
- Non-timely clinical decision making

- Claims: Professional and Hospital Claims (Medi-Cal, OneCare, OneCare Connect)

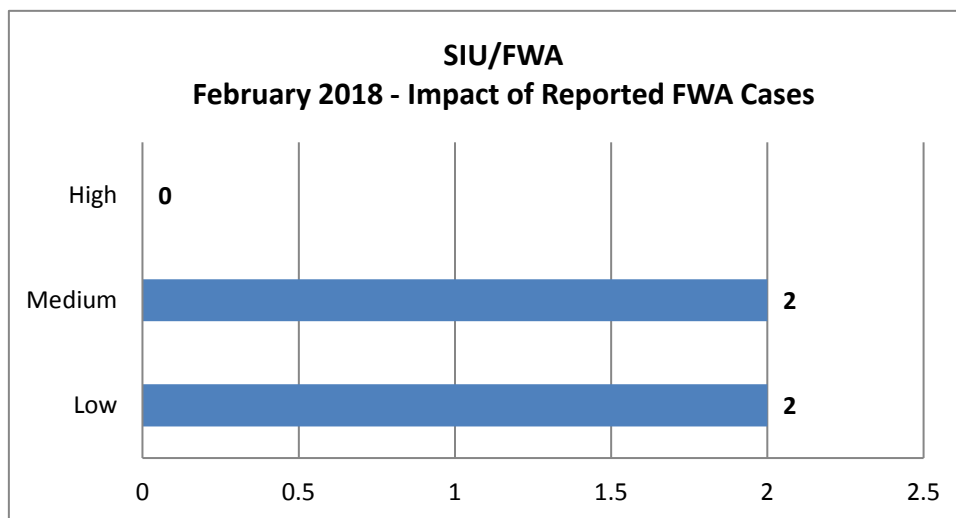
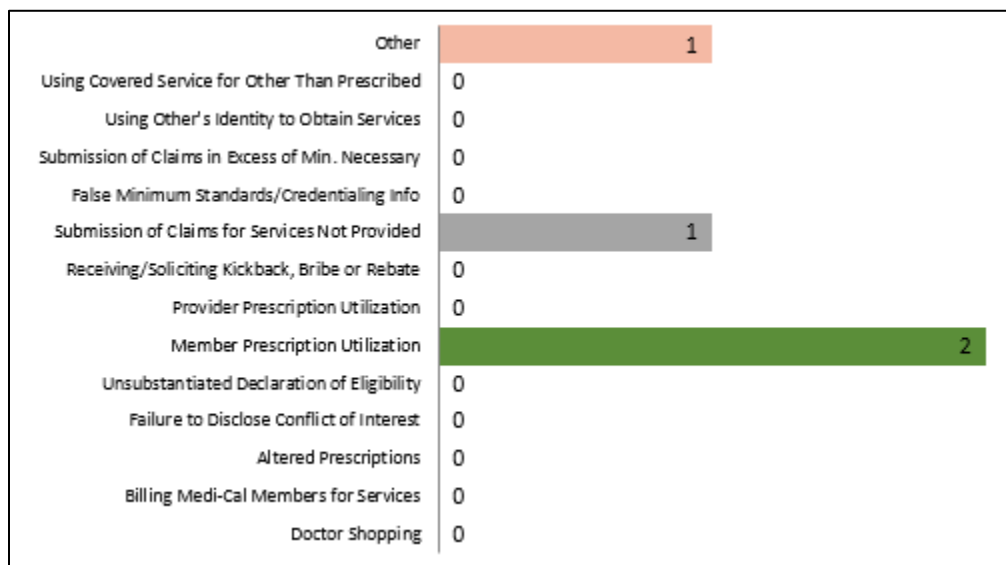
For the months of October through December 2017, CalOptima's Audit & Oversight department suspended its monthly file reviews for health networks' claims files due to the 2017 delegation oversight annual audits in progress. As a less resource intensive alternative, CalOptima's Audit & Oversight department conducted webinars for each health network to assess the processing of the networks' claims files from their claims processing system. CalOptima's auditors reviewed claim files for timeliness, accuracy, and misclassifications.

The common issues identified across the health networks were related to:

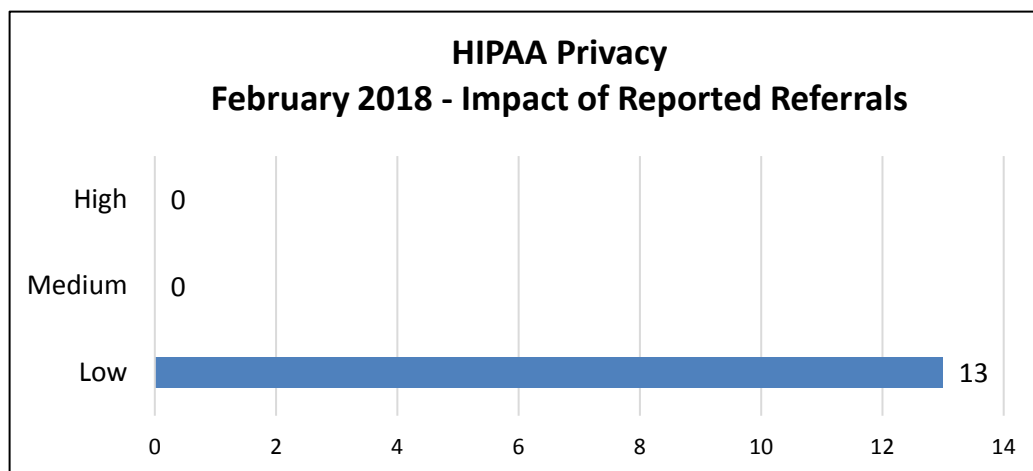
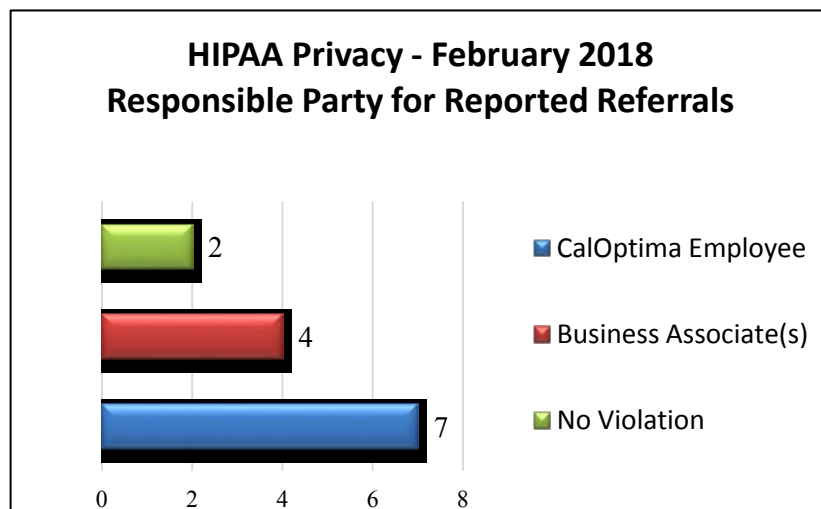
- Failure to have a process in place to issue member Integrated Denial Notices (IDNs) in the approved OneCare and OneCare Connect threshold languages
- Failure to pay family planning claims and denying them for no authorization
- Failure to process claims within regulatory timelines
- Failure to pay or apply the correct interest rate on claims

D. Special Investigations Unit (SIU) / Fraud, Waste & Abuse (FWA) Investigations

**Types of FWA Cases:** (Received in February 2018)



E. Privacy Update (February 2018)



**PRIVACY STATISTICS**

Total Number of Referrals Reported to DHCS (State)	13
Total Number of Referrals / Breaches Reported to DHCS and Office for Civil Rights (OCR)	0
<b>Total Number of Referrals Reported</b>	<b>13</b>



**CalOptima**  
Better. Together.

# **Federal & State Legislative Advocate Reports**

**Board of Directors Meeting  
April 5, 2018**

**Akin Gump Strauss Hauer & Feld / Edelstein Gilbert Robson & Smith**

M E M O R A N D U M

March 12, 2018

**To:** CalOptima  
**From:** Akin Gump Strauss Hauer & Feld, LLP  
**Re:** March Board of Directors Report

Following the burst of health care policy in the middle of February that provided long-term solutions for outstanding issues like CHIP funding and D-SNP authorization, the most recent four weeks have seen Congress return to a more relaxed level of legislative activity on health care. Since mid-February, Members of Congress have primarily focused on reaching agreement on health care appropriations issues before the March 23<sup>rd</sup> deadline for funding the government and how to address the nationwide opioid epidemic. This report details that work until March 12, 2018.

**FY2018 Appropriations**

The budget agreement reached in mid-February set the overall spending amounts for defense and non-defense programs but did not fill in the details at the programmatic level. This is the work of the Appropriations Committee, which began in earnest to try to reach an agreement on such spending levels in advance of the March 23 deadline when the current continuing resolution expires. Although a government shutdown is not expected, if no agreement is reached on FY2018 spending or no other action is taken to extend current funding levels by the March 23 deadline, then the government would shut down again.

Some health care issues remain sticking points in these negotiations, including:

- Funding for Planned Parenthood;
- Allowing conscience provisions for health professionals on abortion procedures; and
- Measures to stabilize the individual insurance market.

The debate about how to segregate public and private funding for abortion procedures in government health care programs is a perennial fight on Capitol Hill in which both sides traditionally reach a truce and over which the government has never experienced a shut down.

This omnibus spending bill is universally believed to be the last significant piece of legislation that Congress will pass this year, increasing the pressure to attach other high priorities to it. This includes the package of provisions intended to stabilize the individual insurance market, such as funding for reinsurance and cost-sharing reduction subsidies, agreed to by the leaders of the Senate HELP Committee, Senators Lamar Alexander (R-TN) and Patty Murray (D-WA). While there is bipartisan support for these provisions in the Senate, the more conservative House Republican Conference prefers to see greater flexibility for states in operating plans in their

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jurisdictions. Democrats argue that such flexibility is merely cover for undermining the Affordable Care Act's key consumer protections. This disagreement has prevented a market stabilization package from being enacted for at least the last four months.

House Majority Leader Rep. Kevin McCarthy (R-CA-23) indicated on Thursday, March 8<sup>th</sup>, that he believes it is "possible" the House may vote on the FY2018 appropriations bill by the end of the week of March 12. This would allow the Senate enough time to take up the bill, make any necessary amendments, and send it back to the House for one last vote before the President signs it into law.

While these negotiations continue, the current Senate Appropriations Committee Chairman, Senator Thad Cochran (R-MS), announced that he will be retiring effective April 1<sup>st</sup> due to longstanding health issues. Senator Richard Shelby (R-AL), who is next in line according to seniority, will take over the gavel, but few expect the change to significantly affect the outcome of the talks.

### **The Opioid Epidemic**

Congress and the Administration continued to grapple with how to address the ongoing epidemic of opioid addiction across the country.

On March 8<sup>th</sup>, the Senate HELP Committee, which has jurisdiction over public health programs, held a hearing with Democratic and Republican governors to hear how certain states are tackling the issue. Governors Kate Brown (D-OR) and Larry Hogan (R-MD) both testified to the importance of increased funding despite the \$6 billion that was included in the mid-February funding package. "We all desperately need the help," Governor Hogan said, adding that "the federal government is just not investing enough."

Earlier that week, the Centers for Medicare and Medicaid released its annual update to Medicare Advantage regulations, which included several proposals intended to address opioid distribution. CMS proposed limiting opioid prescriptions to a seven-day supply and capping the dosage at 90 daily morphine milligram equivalents while giving health plans the option to override such limits. In addition, the proposed rule would implement a provision of a 2016 law, the Comprehensive Addiction and Recovery Act (CARA) to limit some at-risk patients to a single doctor and pharmacy in order to better monitor their opioid use and give pharmacists the option to partially fill prescriptions. A final rule is due by April 2.



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On February 27<sup>th</sup>, a bipartisan group of Senators introduced legislation known as CARA 2.0 to address the opioid epidemic and build on the 2016 law. Provisions included in the bill would, among other actions:

- Impose a three-day limit on initial opioid prescriptions for acute pain, which is similar to a recent CDC recommendation;
- Allow states to waive the number of patients that a physician can treat with buprenorphine since they are currently capped at 100 patients;
- Require physicians and pharmacists to utilize state prescription drug monitoring programs when they provide or dispense opioids;
- Increase civil and criminal penalties for drugmakers that fail to report suspicious orders for opioids or who don't keep effective controls against opioids being diverted; and
- Authorize spending of \$1 billion, including:
  - \$300 million to make naloxone available to first responders;
  - \$300 million for evidence-based medication-assisted treatment; and
  - \$200 million for a national infrastructure to help individuals move from treatment to long-term recovery.

The bill's original sponsors include Senators Portman (R-OH), Whitehouse (D-RI), Capito (R-WV), Klobuchar (D-MN), Sullivan (R-AK), Hassan (D-NH), Cassidy (R-LA), and Cantwell (D-WA). CARA 2.0 is the most likely legislative vehicle for addressing the opioid crisis in the Senate.

The Trump Administration has also been active in proposing or implementing new policies to address the opioid crisis. On Thursday March 1<sup>st</sup>, the White House held a summit featuring key stakeholders on how to address the opioid epidemic. At the summit, recently sworn-in Secretary of Health and Human Services Alex Azar said the department plans to dedicate \$750 million in funding to researching non-opioid pain treatments through the National Institutes of Health. This funding would be in addition to the \$3 billion that Congress directed NIH to spend for the rest of fiscal 2018 and for 2019. Opioid programs throughout the federal government would get an additional \$3 billion boost in both years as a result of the mid-February budget deal as well. Secretary Azar also urged governors to approve medication-assisted therapy under their Medicaid programs. Current Medicaid rules prohibit Medicaid from reimbursing for inpatient treatments in mental health facilities with more than 16 beds. The Secretary invited states to request waivers from this rule, promising that CMS would grant such requests with great speed, saying "We're open for business on [the waivers.]"

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At separate conferences, the FDA Commissioner Scott Gottlieb announced an effort to intervene in labeling for an opioid-alternative over-the-counter product and the Attorney general ordered the Drug Enforcement Administration to review opioid production quotas.

With bipartisan support for greater action, we expect that hearings and markups of bills in the House and Senate to address opioid addiction and recovery will continue throughout the spring.



**CalOptima Legislative Report  
By Don Gilbert and Trent Smith  
March 7, 2018**

The deadline to introduce new bills was February 16. In the week leading up to the deadline over one thousand bills were introduced. We have identified over seventy bills that focus on healthcare, health plans, and Medi-Cal that we will monitor throughout the year. Some of these bills may be of direct interest to CalOptima, while many others are worth watching in case they are amended in a manner that makes them relevant to CalOptima.

We estimate that over half of the health-related bills introduced this year are spot bills. Spot bills only make minor or technical changes to law. Some of these bills only change one word or add a comma. Others express the “intent” to change the law in a particular manner, but do not provide any specific concepts or language. Legislators introduce spot bills as a means to meet the bill introduction deadline. Because legislative rules prohibit bills from being amended for thirty days after they have been introduced, legislators gain a month to determine what they want to amend into their bills. In many cases, the bills are never amended and we can stop tracking them. However, initially we monitor all of these bills.

Among the spot bills that we will be watching closely is AB 1423 (Hernandez). The author has informed us that he wants to amend the bill with language intended to maintain continuity of care for college age Medi-Cal recipients who attend college outside the county where they are enrolled in Medi-Cal. We have attend a meeting to discuss initial concepts, but there will be a lot more work to come.

We are also watching several spot bills introduced by Assemblyman Wood, the Chairman of the Assembly Health Committee. Assemblyman Wood has been chairing the informational hearings on universal healthcare. These hearings have been very contentious and Assemblyman Wood has been the focus of criticism from universal healthcare advocates. We have spoken with Assemblyman Wood and he has indicated that he may use one of his bills to propose a “public option” that would allow uninsured individuals who are not eligible for Medi-Cal to enroll in a Medi-Cal managed care plan in exchange for paying annual premiums to the plan. Assemblyman Wood represents an area served by a County Organized Health System (COHS) and is a big fan of the model of care. At this point, we are not sure if he will move forward with this proposal. He is waiting on some studies to be released. He is also very realistic about any major overhauls to the healthcare system passing this year. However, he is interested in continuing a public discussion about expanding and improving our healthcare delivery system.

**Mandates**

There were several bills introduced this year that would mandate health plans cover new treatments or services. Our COHS clients, including CalOptima, rarely take positions on these bills, but they are worth tracking to anticipate if CalOptima will be required to offer new healthcare services in the future. We have found that in many cases, COHS already offer some of these services, and the bills are more focused on commercial health plans.

SB 399 (Portantino) would expand Autism services by making additional professional care providers eligible for reimbursement by a Knox-Keene Licensed (KKL) insurance plan.

AB 1860 (Limon) proposes making permanent the current cap on co-pays for cancer treatment drugs.

AB 2193 (Maienschein) would require health plans to offer a maternal mental health case management program designed to help new mothers cope with postpartum depression.

AB 2342 (Burke and Waldron) would require healthcare plans to cover screening, genetic counseling, and testing for breast cancer susceptibility genes for women who may have an increased risk based on one or more of specified family history risk factors.

AB 2384 (Arambula) removes prior authorization requirements for prescription drugs used for substance abuse disorders.

AB 2423 (Holden) would allow direct access to a physical therapist without the referral of a primary care physician.

AB 2941 (Berman) requires healthcare plans to ensure its enrollees who have been displaced by a natural disaster, declared as a state of emergency, have continued appropriate access to medically necessary healthcare services.

SB 1021 (Weiner) would extend indefinitely provisions in law which cap co-pays for outpatient prescription drugs at \$250 for a thirty-day supply.

SB 1034 (Mitchell) would remove the sunset date for women to be notified that they have dense breast tissue thereby making it harder to evaluate the results of their mammogram and may also be associated with an increased risk of breast cancer.

### **Medi-Cal Mandate**

Some of the mandate bills specifically propose new Medi-Cal benefits or changes in eligibility.

SB 974 (Lara) proposes to extend full Medi-Cal benefits to otherwise eligible individuals of all ages who are currently prohibited from receiving these benefits due to their immigration status.

AB 2861 (Salas) requires the Department of Health Care Services (DHCS) to reimburse Medi-Cal providers for substance abuse disorder treatment services provided through telehealth.

AB 2203 (Gray) proposes Medi-Cal rates for primary care providers be equal to or higher than Medicare rates.

AB 2593 (Grayson) proposes setting the Medi-Cal air ambulance rates equal to or greater than Medicare rates.

AB 2463 (Mathis) proposes to establish higher ground ambulance rates and adjust them annually using a consumer price index and Geographic Price Cost Index.

SB 1154 (Portantino) requires DHCS to determine a per capita rate of payment to a managed care health plan for services provided to Medi-Cal beneficiaries with HIV or AIDS.

### **Medi-Cal Regulations**

A few bills introduced this year require Medi-Cal plans to change certain business practices.

AB 2275 (Arambula) requires the DHCS to establish a quality assessment and performance improvement program for all Medi-Cal managed care plans, through which the plans would be required to meet annual improvements in quality measures and reduction of health disparities, as specified. In addition, the bill would require the department to require plans to track and trend quality measures by specified demographic categories. It is our understanding that many of the requirements outlined in AB 2275 may already be a required in contracts between DHCS and COHS.

AB 2299 (Chu), would require translated materials used by Medi-Cal plans to be the equivalent of a sixth-grade reading level.

### **Opioids**

There were also many bills introduced this year attempting to address our state's growing opioid addiction epidemic.

AB 1963 (Waldron) proposes increasing the Medi-Cal provider reimbursement rate for specific drugs used to treat opioid addiction.

AB 2384 (Arambula) would remove prior authorization requirements for prescription drugs used to treat substance abuse disorders.

AB 1998 (Rodriguez) would limit opioid prescriptions to a three-day limit unless the physician makes a specific notation in the patient's record explaining why a greater limit is necessary.

### **Lead Testing**

The issue of childhood lead poisoning generated a lot of legislative attention this year. Four bills focused on the issue were introduced.

AB 2122 (Reyes) would require every child enrolled in Medi-Cal to receive a blood lead screening test at 12 and 24 months of age and 2 to 6 years of age if not done previously. AB 2976 (Quirk) is identical to AB 2122.

SB 1041 (Leyva) requires the Department of Public Health (DPH) to work with local agencies to ensure that children at risk of lead exposure receive blood lead screening, while SB 1097 (Hueso) requires the DPH to aggregate data provided to the department regarding lead poisoning in children.

AB 2789 (Wood) requires all physicians to transmit prescriptions to the pharmacies electronically. Paper prescriptions would still be allowed in certain limited situations.

AB 2741 (Burke) would prohibit a physician from prescribing more than a five-day supply of an opioid medication to a minor except in specified instances.

Policy committees will ramp up in late March and continue through April. As previously mentioned, new bills of interest or concern could arise as bills are amended in the coming weeks. Furthermore, some of these bills highlighted above will not be pursued by the authors. We will work with CalOptima staff to identify priority bills and gather information on any bills of potential interest.

# 2017–18 Legislative Tracking Matrix

## FEDERAL BILLS

Bill Number (Author)	Bill Summary	Bill Status	CalOptima Action/Position
<b>H.R. 1892 Larson</b>	<b>Continuing Resolution (CR):</b> <ul style="list-style-type: none"> <li>Establishes a two-year budget framework and continues current federal spending levels until March 23, 2018.</li> <li>Permanently reauthorizes Dual Eligible Special Needs Plans (including CalOptima's OneCare program).</li> <li>Extends reauthorization for the Children's Health Insurance Program (CHIP) until 2027.</li> <li>Extends the Community Health Center Fund (CHCF) for two years.</li> </ul>	<b>02/09/2018</b> Signed into law	Sent letter of support for CHIP, D-SNP and CHCF, met with Orange County congressional delegation
<b>H.R. 4957 Sanchez</b>	<b>Alzheimer's Care:</b> Among other actions, would establish Alzheimer's models of care based on a comprehensive continuum of care, similar to care delivery in the Program of All-Inclusive Care for the Elderly (PACE).	<b>02/09/2018</b> Introduced in House	Watch
<b>H.R. 195 Russell</b>	<b>Continuing Resolution (CR):</b> Extended current federal discretionary spending until February 8, 2018. Also authorizes CHIP funding for six years, until 2023, and gradually phases down the enhanced federal matching rate – 88/12 federal/state, to the regular CHIP rate – 65/35 federal/state in FY 2021.	<b>01/22/2018</b> Signed into law	Sent letter of support for CHIP
<b>H.R. 1 Brady</b>	<b>Tax Cuts and Jobs Act:</b> Amends portions of the Internal Revenue Code that address corporate and individual tax rates and deductions. Also eliminates the Affordable Care Act's (ACA) individual mandate, effective December 31, 2018.	<b>12/22/2017</b> Signed into law	Watch
<b>H.R. 3922 Walden</b>	<b>Five Year CHIP Re-authorization:</b> Would extend federal CHIP funding, which expired on September 30, 2017, for five years. Would retain the current ACA mandated state/federal CHIP matching rate (88/12 for California) for two years, reduce it by 11.5 percent for one year (76.5/23.5), and revert to pre-ACA levels for two years (65/35). Also includes spending offsets such as increasing Medicare premiums for beneficiaries who make more than \$500,000 annually, requires Medicaid beneficiaries to report lottery winnings as income, and decreases funding for the ACA-enacted Prevention and Public Health Fund.	<b>11/03/2017</b> Passed House, referred to Senate	Sent letter of support
<b>H. Concurrent Resolution 71 Black</b>	<b>FY 18 Budget Resolution:</b> The annual budget resolution sets the budgetary framework for the upcoming fiscal year and allows the majority party to pass reconciliation legislation, which require 51 votes to pass the Senate rather than the normal 60-vote threshold. While the budget resolution is non-binding and does not appropriate federal dollars, it does outline spending priorities for the remainder of the unfunded fiscal year (December 9, 2017 - September 30, 2018).	<b>10/26/2017</b> Passed House and Senate (Budget resolutions do not require a Presidential signature)	Watch

## 2017–18 Legislative Tracking Matrix (continued)

Bill Number (Author)	Bill Summary	Bill Status	CalOptima Action/Position
<b>Bipartisan Health Care Stabilization Act of 2017</b> <b>Alexander/Murray</b>	<p><b>Marketplace Stabilization:</b> Would fund cost-sharing reductions (CSRs) – federal payments to marketplace insurers to reduce deductibles and co-pays for consumers earning between 139-250 percent of the FPL who have a “silver” level plan – through 2019. Also, would increase flexibility and streamline the state waiver approval process, allow all individuals to purchase “copper” (or catastrophic) plans regardless of age or income level, and requires HHS to allow plans to be sold across state lines.</p> <p>While this bill does not impact Medicaid directly, it is of interest to CalOptima because of its impact on the health care system, and because it is common for Medicaid members to “churn” between Medicaid and the individual market.</p>	<b>10/19/2017</b> Draft bill text released	Watch
<b>S. 1827</b> <b>Hatch</b>	<b>Five Year CHIP Re-authorization:</b> Would extend CHIP funding for five years. The CHIP enhanced Federal Medical Assistance Percentage (E-FMAP), which accounts for 88 percent of California’s CHIP budget, would be extended for two years. States would receive an 11.5 percent reduction in CHIP funding in federal FY (FFY) 2020 and 2021, which would result in reverting back to the pre-ACA CHIP funding formula of 65 percent federal dollars and 35 percent state dollars in subsequent years.	<b>10/04/2017</b> Passed Senate Committee on Finance	Sent letter of support
<b>H.R. 3921</b> <b>Burgess</b>	<b>Five Year CHIP Re-authorization:</b> Would extend funding for the CHIP for five years. The CHIP E-FMAP, which accounts for 88 percent of California’s CHIP budget, would be extended for two years. States would receive an 11.5 percent reduction in CHIP funding in federal FY (FFY) 2020 and 2021, which would result in reverting back to the pre-ACA CHIP funding formula of 65 percent federal dollars and 35 percent state dollars in subsequent years.	<b>10/04/2017</b> Passed House Committee on Energy and Commerce	Sent letter of support
<b>S. 870</b> <b>Hatch</b>	<b>Permanent D-SNP Re-authorization:</b> Among other provisions, would permanently re-authorize dual eligible special needs plans (D-SNPs).	<b>09/26/2017</b> Passed Senate, referred to the House	Sent letter of support
<b>S. 1804</b> <b>Sanders</b>	<b>Medicare for All:</b> Would replace the current U.S. health care system with a single-payer system, known as “Medicare for All.” This system would provide comprehensive health care services for all U.S. residents, sunset the current Medicare and Medicaid programs, as well as most forms of private insurance, and enroll all eligible individuals into the new universal plan.	<b>09/13/2017</b> Referred to Senate Committee on Finance	Watch
<b>H.R. 676</b> <b>Ellison</b>	<b>Medicare for All:</b> Similar to S. 1804, would replace the current U.S. health care system with a single-payer system, known as “Medicare for All.” This system would provide comprehensive health care services for all U.S. residents, sunset the current Medicare and Medicaid programs and most forms of private insurance. The program would be funded via existing sources of government revenues for health care and by increasing personal income taxes on the top five percent of income earners, among other measures.	<b>01/24/2018</b> Referred to House Committee on Energy and Commerce	Watch
<b>H.R. 601</b> <b>Lowey</b>	<b>Continuing Resolution (CR):</b> Extends current federal discretionary spending (\$1.24 trillion overall) and raises the debt ceiling through December 8, 2017. This bill ensures funding for federal agencies such as the U.S. Department of Health and Human Services (HHS) continues at approximately \$65 billion per year. Mandatory spending (\$2.54 trillion overall) for programs such as Medicare (\$646 billion/year) and Medicaid (\$545 billion/year) continues at previous levels, less a small percentage, as required by the terms of the Budget Control Act of 2011.	<b>09/08/2017</b> Signed into law	Watch



## 2017–18 Legislative Tracking Matrix (continued)

Bill Number (Author)	Bill Summary	Bill Status	CalOptima Action/Position
<b>H.R. 1628 Black</b>	<p><b>ACA Repeal/Replace:</b> “Graham-Cassidy” would have replaced the Medicaid FMAP with per capita caps, repealed the Medicaid expansion by 2020, and combined state exchange and state Medicaid expansion dollars into a block grant.</p> <p><i>Senate Amendment 271:</i> “Repeal Now, Replace Later” would have repealed the Medicaid expansion beginning in 2020.</p> <p><i>Senate Amendment 270:</i> “The Better Care Reconciliation Act” would have replaced the Medicaid FMAP with per capita caps and phase-down federal funding for the Medicaid expansion beginning in 2021.</p> <p>The American Health Care Act would have made sweeping changes to the national health care system. For CalOptima, the most significant changes would have been 1) Changes to the Medicaid financing structure from the FMAP to a per capita cap system, 2) Decreased federal dollars for Medicaid expansion members who leave and return to the program, 3) Additional state authority to set “essential health benefits” for Medicaid plans, and 4) Potentially decreased funding and additional restrictions for waivers granted by the Centers for Medicare &amp; Medicaid Services (CMS).</p>	<p><b>09/26/2017</b> Senate leaders announce no vote</p> <p><b>07/26/2017</b> Failed Senate</p> <p><b>07/25/2017</b> Failed Senate</p> <p><b>05/04/2017</b> Passed House, referred to Senate</p>	<p>Assessed potential impact of each repeal/replace proposal on CalOptima as well as Orange County hospitals and health networks</p> <p>Sent letter of opposition to Graham-Cassidy</p>
<b>S. 191 Cassidy</b>	<p><b>ACA Repeal/Replace:</b> The Patient Freedom Act would repeal several ACA mandates, such as the individual and employer mandates, and the essential health benefit requirements. The bill retains most of the ACA consumer protections, such as prohibiting discrimination and pre-existing conditions exclusions. Once the ACA provisions are repealed, the bill would provide greater state flexibility for their Medicaid and exchange programs. Specifically, states would be given three options after the ACA provisions are repealed: 1) A state-specific health system (excluding the repealed ACA provisions) with 95 percent of current federal funding available to states, 2) A state-based health care system with no federal financial assistance, or 3) Continue under current system at funding no more than option one.</p>	<p><b>01/23/2017</b> Referred to Senate Committee on Finance</p>	<p>Watch</p>

## 2017–18 Legislative Tracking Matrix (continued)

### STATE BILLS

Bill Number (Author)	Bill Summary	Bill Status	CalOptima Action/Position
<b>SB 945 Atkins</b>	<b>Breast and Cervical Cancer Treatment Program (BCCTP):</b> Would remove the 18 to 24-month cap on coverage under the Breast and Cervical Cancer Treatment Program (BCCTP), which would allow members to remain in the program and CalOptima to continue receiving adequate reimbursement for their treatment. Currently, the state Department of Health Care Services (DHCS) administers BCCTP, which provides cancer treatment coverage to individuals diagnosed with breast and/or cervical cancer that meet certain screening and income eligibility criteria. Current law limits the treatment coverage for breast cancer to 18 months and to 24 months for cervical cancer. Medi-Cal managed care plans receive a higher monthly reimbursement amount for individuals enrolled in the BCCTP program, due to the higher costs associated with their care. CalOptima has approximately 600 members that are receiving BCCTP services	<b>01/29/2018</b> Introduced  <b>04/25/2018</b> Scheduled to be heard by the Senate Health Committee	Staff continues to be in consultation with stakeholder groups regarding potential impact
<b>AB 1963 Waldron</b>	<b>Opioid Treatment:</b> Requires DHCS to increase provider rates for Medication-Assisted Treatments (MAT), including buprenorphine/naloxone combination, methadone, and naltrexone treatments. These therapies have proven to be effective in treating opioid addiction. An increase in provider rates would help CalOptima expand access to MAT services in Orange County.	<b>01/30/2018</b> Introduced	Staff continues to be in consultation with author's office
<b>AB 2741 Burke</b>	<b>Opioid Treatment:</b> Would prohibit providers from prescribing more than a five-day opioid supply to a minor, with exceptions.	<b>02/16/2018</b> Introduced	Watch
<b>AB 2275 Arambula</b>	<b>Medi-Cal Oversight:</b> Would create new quality requirements for Medi-Cal managed care plans, which would be a significant departure from the state's current quality assurance and performance improvement program and could potentially require CalOptima to extensively modify its reporting processes.	<b>02/13/2018</b> Introduced	Staff continues to be in consultation with author's office and DHCS
<b>SB 974 Lara</b>	<b>Medi-Cal Eligibility:</b> Extends full scope Medi-Cal coverage to all eligible adults, regardless of immigration status.	<b>02/01/2018</b> Introduced	Watch
<b>Trailer Bill - 340b Drug Program</b>	<b>340b Drug Purchasing Program:</b> Would prohibit the use of 340B discounted drugs in Medi-Cal starting July 1, 2019, pending approval from CMS. Section 340B of the Public Health Service Act allows certain hospitals and clinics to purchase pharmaceuticals at discounted prices. The federal and state governments have found inconsistencies with the program's implementation. According to DHCS, these inconsistencies create a substantial administrative burden on the state. As such, the Department's proposed trailer bill language seeks to prohibit the use of 340B drugs in Medi-Cal. In the event that CMS does not grant the state permission to entirely exclude 340b drugs from Medi-Cal, the state will seek CMS approval for limiting the use of 340b drugs in Medi-Cal.	<b>01/16/2018</b> Trailer bill language published on the Department of Finance Website	Watch
<b>AB 2203 Gray</b>	<b>Medi-Cal Rates:</b> Beginning July 1, 2019, would pay primary care providers a higher rate for providing primary care services, equivalent to the applicable rate for those services under the federal Medicare program.	<b>02/12/2018</b> Introduced	Watch

## 2017–18 Legislative Tracking Matrix (continued)

Bill Number (Author)	Bill Summary	Bill Status	CalOptima Action/Position
<b>AB 2331 Weber</b>	<b>Special Needs Redetermination:</b> Would require a county to perform a redetermination only every 36 months for a Medi-Cal beneficiary who has a developmental disability and receives services through a regional center. Current law requires the redetermination of a Medi-Cal beneficiary's eligibility to receive Medi-Cal benefits every 12 months.	<b>02/13/2018</b> Introduced	Watch
<b>SB 399 Portantino</b>	<b>Behavioral Health:</b> Would make changes to current law related to the treatment of Autism Spectrum Disorder, such that managed care plans would be required to cover certain treatment protocols that are not currently covered, such as DIR/Floortime.	<b>01/29/2018</b> Passed Senate, referred to Assembly	Staff provided technical feedback and conveyed concerns to author's office
<b>AB 1998 Rodriguez</b>	<b>Opioid Treatment:</b> Would institute stricter prescription controls related to Opioids, generally limiting opioid prescriptions to amounts sufficient for not more than three days.	<b>02/01/2018</b> Introduced	Watch
<b>AB 205 Wood</b>	<b>Mega-Reg:</b> Implements certain provisions of the CMS Medicaid managed care rules (Mega-Reg) by making changes at the state level regarding Medi-Cal managed care plans. Specifically, this bill changes the grievance and appeals process for plans by lengthening the amount of time members have to request a state fair hearing from 90 days to 120 days. It also establishes new time and distance standards for members to access primary and specialty care services.	<b>10/13/2017</b> Signed into law	Implemented required changes
<b>SB 171 Hernandez</b>	<b>Mega-Reg:</b> Implements certain provisions of the CMS Medicaid managed care rules (Mega-Reg) by making changes at the state level regarding Medi-Cal managed care plans. Specifically, this bill changes the way public hospitals, such as University of California Irvine (UCI) Medical Center, receive supplemental payments and creates a new, across-the-board Medical Loss Ratio (MLR) standard for Medi-Cal managed care plans.	<b>10/13/2017</b> Signed into law	Implemented required changes
<b>SB 608 Hernandez</b>	<b>Hospital Quality Assurance Fee (QAF):</b> Would modify the hospital quality assurance fee to bring it into compliance with Mega-Reg requirements. The current language of the bill only reflects a portion of the California Hospital Association's proposal to reform the QAF. The bill's language is likely to be substantially amended in the current legislative session.	<b>09/01/2017</b> Held under submission	Staff continues to be in consultation with bill sponsor
<b>SB 152 Hernandez</b>	<b>California Children's Services:</b> Based on the most recent guidance from DHCS, CalOptima will implement the Whole Child Model (WCM) no sooner than January 1, 2019. However, under current law, the Department is required to submit a report to the Legislature no later than January 1, 2021 (2 years after plan implementation). Since the WCM implementation date has been delayed, this bill has been introduced to allow plans the full three years to implement the WCM before DHCS submits its report to the Legislature. This bill would also allow DHCS to make this report available to the public with 90 days instead of the original 30 days.	<b>07/17/2017</b> Ordered to inactive file	Watch

The CalOptima Legislative Tracking Matrix includes information regarding legislation that directly impacts CalOptima and our members. These bills are closely followed and analyzed by CalOptima's Government Affairs Department throughout the legislative session. All official "Support" and "Oppose" positions are approved by the CalOptima Board of Directors. Bills with a "Watch" position are monitored by staff to determine the level of impact.

## 2017–18 Legislative Tracking Matrix (continued)

### 2018 Federal Legislative Dates

January 3	Congress convenes 2nd session
March 26–April 9	Spring recess
July 27–September 3	Summer recess
November 6	General Election

### 2018 State Legislative Dates

January 3	Legislature reconvenes
February 16	Last day for legislation to be introduced
April 27	Last day for policy committees to hear and report bills to fiscal committees
May 11	Last day for policy committees to hear and report non-fiscal bills to the floor
May 25	Last day for fiscal committees to report fiscal bills to the floor
May 29–June 1	Floor session only
June 1	Last day to pass bills out of their house of origin
June 5	Statewide Primary Election
June 15	Budget bill must be passed by midnight
June 28	Last day for a legislative measure to qualify for the Nov. 6 General Election ballot
July 6–August 5	Summer recess
August 7	Special Election for CA Senate District 32
August 17	Last day for fiscal committees to report bills to the floor
August 20 – 31	Floor session only
August 31	Last day for bills to be passed. Final recess begins upon adjournment
September 30	Last day for Governor to sign or veto bills passed by the Legislature
November 6	General Election
November 30	Adjournment <i>Sine Die</i> at midnight
December 3	Convening of the 2019-20 session

Sources: 2018 State Legislative Deadlines, California State Assembly: <http://assembly.ca.gov/legislativedeadlines>

## **Board of Directors Meeting April 6, 2018**

### **CalOptima Community Outreach Summary – March 2018**

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#### **Background**

CalOptima is committed to serving our community by sharing information with current and potential members and strengthening relationships with our community partners. One of the ways CalOptima accomplishes this is through our participation in public events. CalOptima participates in public activities that meet at least one of the following criteria:

- Member interaction/enrollment: The event/activity attracts a significant number of CalOptima members and/or potential members who could enroll in a CalOptima program.
- Branding: The event/activity promotes awareness of CalOptima in the community.
- Partnerships: The event/activity has the potential to create positive visibility for CalOptima and create a long-term collaborative partnership between CalOptima and the requesting entity.

We consider requests for sponsorship based on several factors as indicated pursuant to Policy AA. 1223: Participation in Community Events Involving External Entities, including, but not limited to: the number of people the activity/event will reach; the marketing benefits for CalOptima; the strength of the partnership or level of involvement with the requesting entity; past participation; staff availability; and budget availability.

In addition to participating in community events, CalOptima staff actively participates in several community meetings including coalitions/collaboratives, committees and advisory groups focused on community health issues related to improving access to health care, reducing health disparities, strengthening the safety net system and promoting a healthier Orange County.

#### **CalOptima Community Resource Fair**

In March, Community Relations collaborated with Business Integration to provide six family/member events to inform the community about the California Children's Services transition to the Whole-Child Model.

We collaborated with community-based organizations to host the event in different areas of Orange County to reach as many parents as possible. We hosted events in Cypress, Westminster, Anaheim, Garden Grove, Santa Ana and Irvine. Community partners included Orange County Community Service Center, Families Forward, Boys and Girls Clubs, Regional Center of Orange County and Access California Services. There were both morning and evening events, to accommodate the parents' schedule and distance from the event.

Presentations were in English with interpreters available to translate the information into Korean, Vietnamese and Spanish based on registered participants' requests. At the end of each presentation, we encouraged parent participation in the Whole-Child Model Family Advisory Committee by asking those interested to complete an application. Approximately 75 family representatives attended the events.

Parents/families were engaged and asked relevant questions. They expressed appreciation for CalOptima hosting the events in different cities and at different times, making it easy for them to attend and obtain information. Many parents/families voiced a positive outlook for the transition and hope CalOptima will bring efficiencies in access and quality of care expected of the Whole-Child Model.

For additional information or questions, please contact Tiffany Kaaiakamanu, manager of Community Relations, at **657-235-6872** or email [tkaaiakamanu@caloptima.org](mailto:tkaaiakamanu@caloptima.org).

### **Summary of Public Activities**

**During March 2018, CalOptima participated in 40 community events, coalitions and committee meetings:**

#### **TARGET AUDIENCE: HEALTH AND HUMAN SERVICES PROVIDERS**

<b>Date</b>	<b>Events/Meetings</b>
3/02/18	<ul style="list-style-type: none"><li>• Covered Orange County General Meeting</li><li>• Latino Leadership Council Meeting</li></ul>
3/05/18	<ul style="list-style-type: none"><li>• Orange County Health Care Agency Mental Health Services Act Steering Committee Meeting</li></ul>
3/06/18	<ul style="list-style-type: none"><li>• Collaborative to Assist Motel Families Meeting</li></ul>
3/08/18	<ul style="list-style-type: none"><li>• FOCUS Collaborative Meeting</li><li>• State Council on Developmental Disabilities Regional Advisory Committee Meeting</li><li>• Refugee Forum of Orange County Meeting</li></ul>
3/09/18	<ul style="list-style-type: none"><li>• Senior Citizen Advisory Committee Meeting</li><li>• Orange County Visitation Council — Quarterly Meeting</li></ul>
3/12/18	<ul style="list-style-type: none"><li>• Fullerton Collaborative Meeting</li><li>• Orange County Veterans and Military Families Collaborative Meeting</li></ul>
3/13/18	<ul style="list-style-type: none"><li>• Orange County Strategic Plan for Aging — Social Engagement Committee Meeting</li><li>• Buena Clinton Neighborhood Coalition Meeting</li><li>• Susan G. Komen Orange County — Unidos Contra el Cancer del Seno Coalition Meeting</li></ul>
3/14/18	<ul style="list-style-type: none"><li>• Buena Park Collaborative Meeting</li><li>• Anaheim Homeless Collaborative Meeting</li></ul>
3/15/18	<ul style="list-style-type: none"><li>• Orange County Children’s Partnership Committee</li><li>• Orange County Women’s Health Project Advisory Board Meeting</li></ul>
3/20/18	<ul style="list-style-type: none"><li>• Placentia Community Collaborative Meeting</li><li>• North Orange County Senior Collaborative Meeting</li></ul>

- |         |   |
|---------|---|
| 3/21/18 | <ul style="list-style-type: none"> <li>• Covered Orange County Steering Committee Meeting</li> <li>• Minnie Street Family Resource Center Professional Roundtable</li> <li>• Orange County Promotoras Meeting</li> <li>• La Habra Collaborative — Move More, Eat Healthy Campaign Meeting</li> <li>• Orange County Communication Workgroup</li> </ul> |
| 3/22/18 | <ul style="list-style-type: none"> <li>• Disability Coalition of Orange County</li> <li>• Orange County Care Coordination for Kids</li> </ul>   |
| 3/26/18 | <ul style="list-style-type: none"> <li>• Stanton Collaborative Meeting</li> </ul>   |
| 3/27/18 | <ul style="list-style-type: none"> <li>• Orange County Senior Roundtable</li> <li>• Santa Ana Building Healthy Community</li> </ul>   |
| 3/28/18 | <ul style="list-style-type: none"> <li>• Orange County Human Trafficking Task Force General Meeting</li> </ul>  |

**TARGET AUDIENCE: MEMBERS/POTENTIAL MEMBERS**

<b>Date</b>	<b># Staff to Attend</b>	<b>Events/Meetings</b>
3/04/18	1	<ul style="list-style-type: none"> <li>• Winter 2018 Health Fair hosted by Vietnamese Community Health at UCLA</li> </ul>
3/09/18	1	<ul style="list-style-type: none"> <li>• South Orange County Senior Day hosted by the Office of Senator Bates and Assemblyman Brough (Sponsorship Fee: \$1,000 included one outreach table and quarter page ad space in event program)</li> </ul>
3/15/18	2	<ul style="list-style-type: none"> <li>• Spirituality Conference hosted by Faith Community Nurses at Hoag, Alzheimer's Family Center and Family Caregiver Resource Center (Registration Fee: \$750 included one outreach table and up to 4 tickets for staff to attend conference)</li> </ul>
3/21/18	2	<ul style="list-style-type: none"> <li>• Knowledge and Health Fair Expo hosted by City of Costa Mesa (Sponsorship Fee: \$1,000 included two tables for outreach, logo on event program/passport, city's recreation guide, website, event posters, publications and partners banner)</li> </ul>
3/24/18	2	<ul style="list-style-type: none"> <li>• Annual Party in the Park hosted by Santa Ana Unified School District and Active Learning</li> </ul>
	2	<ul style="list-style-type: none"> <li>• Spring Festival hosted by the City of Westminster</li> </ul>
	2	<ul style="list-style-type: none"> <li>• Wellness Fair hosted by Magnolia School District</li> </ul>
3/31/18	2	<ul style="list-style-type: none"> <li>• Easter Egg Hunt and Resource Fair hosted by the City of Stanton</li> </ul>
	2	<ul style="list-style-type: none"> <li>• Annual Spring Family Eggstravaganza and Family Health Fair hosted by the City of La Habra Family Resource Center</li> </ul>

**CalOptima organized or convened the following nine community stakeholder events, meetings and presentations:**

**TARGET AUDIENCE: MEMBERS/POTENTIAL MEMBERS**

<b>Date</b>	<b>Events/Meetings/Presentations</b>
3/02/18	<ul style="list-style-type: none"><li>• CalOptima Overview Presentation for Homeless Liaisons at Orange County Department of Education</li></ul>
3/05/18	<ul style="list-style-type: none"><li>• CalOptima Overview Presentation for Members/Potential Members at Rio Vista Elementary School</li></ul>
3/06/18	<ul style="list-style-type: none"><li>• CalOptima New Member Orientation for Medi-Cal Members (English and Spanish)</li><li>• CalOptima Overview Presentation for Members/Potential Members at Melrose Elementary School</li></ul>
3/07/18	<ul style="list-style-type: none"><li>• Community-based Organization Health Seminar for Valencia High School – Topic: Bullying (Spanish)</li><li>• CalOptima Overview Presentation for Members/Potential Members at Rio Vista Elementary School</li></ul>
3/22/18	<ul style="list-style-type: none"><li>• CalOptima New Member Orientation for Medi-Cal Members (Vietnamese)</li></ul>
3/23/18	<ul style="list-style-type: none"><li>• County Community Service Center Health Seminar – Topic: Understanding Your Rights as a Renter (Vietnamese)</li></ul>
3/28/18	<ul style="list-style-type: none"><li>• Community-based Organization Health Seminar for Madison Elementary School – Topic: The Importance of Vaccinations (Spanish)</li></ul>

**CalOptima provided zero endorsements for events during this reporting period (e.g., letters of support, program/public activity event with support, or use of name/logo).**



## CalOptima Board of Directors Community Activities

For more information on the listed items, contact Tiffany Kaaiakamanu, Manager of Community Relations, at 657-235-6872 or by email at [tkaaiakamanu@caloptima.org](mailto:tkaaiakamanu@caloptima.org).

April				
Date and Time	Event Title	Event Type/Audience	Staff/Financial Participation	Location
Thursday, 4/5 6-8:30pm	+Cal State Fullerton, Internship & Careers in Aging	Health/Resource Fair Open to the Public	1 Staff	Cal State University, Fullerton
Friday, 4/6 10-11am	++Help Me Grow Advisory Meeting	Steering Committee Meeting: Open to Collaborative Members	N/A	Help Me Grow 2500 Redhill Ave. Santa Ana
Saturday, 4/7 10am-1pm	+OC Veterans and Military Families Collaborative Annual Month of the Military Child Celebration	Health/Resource Fair Open to the Public	1 Staff	Los Alamitos Joint Force Training Base 4201 Saratoga Ave. Los Alamitos
Saturday, 4/7 10am-1pm	+Fullerton Cares Autism Foundation Mardi Gras for Autism 2018	Health/Resource Fair Open to the Public	Registration Fee \$235 2 Staff	Fullerton Train Depot Center 110 E. Commonwealth Fullerton
Monday, 4/9 1-2:30pm	+OC Veterans and Military Families Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Child Guidance Center 525 N. Cabrillo Park Dr. Santa Ana
Monday, 4/9 2:30-3:30pm	++Fullerton Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Fullerton Library 353 W. Commonwealth Ave. Fullerton

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+ Exhibitor/Attendee

++ Meeting Attendee

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Tuesday, 4/10 9-10:30am	++OC Strategic Plan for Aging	Steering Committee Meeting: Open to Collaborative Members	N/A	Alzheimer's OC 2515 McCabe Way Irvine
Tuesday, 4/10 11:30am-12:30pm	++Buena Clinton Neighborhood Coalition	Steering Committee Meeting: Open to Collaborative Members	N/A	Buena Clinton Youth and Family Center 12661 Sunswept Ave. Garden Grove
Tuesday, 4/10 2-4pm	++Susan G. Komen OC- Unidos Contra el Cancer del Seno Coalition	Steering Committee Meeting: Open to Collaborative Members	N/A	Susan G. Komen OC 2817 McGaw Ave. Irvine
Wednesday, 4/11 10-11:30am	++Buena Park Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Buena Park Library 7150 La Palma Ave. Buena Park
Wednesday, 4/11 10-1pm	+Fullerton College Spring Health Fair	Health/Resource Fair Open to the Public	1 Staff	Fullerton College 321 E. Chapman Ave. Fullerton
Wednesday, 4/11 12-1:30pm	++Anaheim Homeless Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Anaheim Central Library 500 W. Broadway Anaheim
Thursday, 4/12 8:30am-12pm	+OC Aging Services Collaborative Annual OC Leadership on Aging	Community Presentation Open to the Public	Sponsorship \$1,000 1 Staff	Garden Grove Community Center 11300 Stanford Ave. Garden Grove
Thursday, 4/12 11:30am-12:30pm	++FOCUS Collaborative Meeting	Steering Committee Meeting: Open to Collaborative Members	N/A	Magnolia Park Family Resource Center 11402 Magnolia St. Garden Grove
Friday, 4/13 9:30-11:30am	++Senior Citizens Advisory Council Meeting	Steering Committee Meeting: Open to Collaborative Members	N/A	Location varies.
Saturday, 4/14 10am-2pm	+Anaheim Addiction Collaborative Addiction Resource Fair	Health/Resource Fair Open to the Public	2 Staff	Anaheim Salvation Army 1515 W. North St. Anaheim

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+ Exhibitor/Attendee

++ Meeting Attendee

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Tuesday, 4/17 10-11:30am	++Placentia Community Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Trinity Center Placentia Presbyterian Church 849 Bradford Ave. Placentia
Wednesday, 4/18 9:15-11am	++Covered Orange County Steering Committee	Steering Committee Meeting: Open to Collaborative Members	N/A	The Village 1505 E. 17 <sup>th</sup> St. Santa Ana
Wednesday, 4/18 11am-1pm	++Minnie Street Family Resource Center Professional Roundtable	Steering Committee Meeting: Open to Collaborative Members	N/A	Minnie Street Family Resource Center 1300 McFadden Ave. Santa Ana
Wednesday, 4/18 1-4pm	++Orange County Promotoras	Steering Committee Meeting: Open to Collaborative Members	N/A	Location Varies
Wednesday, 4/18 1:30-3pm	++La Habra Move More, Eat Health Campaign	Steering Committee Meeting: Open to Collaborative Members	N/A	Friends of Family Community Clinic 501 S. Idaho St. La Habra
Wednesday, 4/18 3:30-4:30pm	++Orange County Communications Workgroup	Steering Committee Meeting: Open to Collaborative Members	N/A	Location Varies
Thursday, 4/19 8:30-10am	++OC Children's Partnership Committee	Steering Committee Meeting: Open to Collaborative Members	N/A	Orange County Hall of Administration 10 Civic Center Plaza Santa Ana
Thursday, 4/19 1-2:30pm	++Surf City Senior Providers Network and Lunch	Steering Committee Meeting: Open to Collaborative Members	N/A	Senior Center in Central Park 18041 Goldenwest St. Huntington Beach
Thursday, 4/19 2:30-4:30pm	++OC Women's Health Project Advisory Board Meeting	Steering Committee Meeting: Open to Collaborative Members	N/A	The Village 1505 E. 17 <sup>th</sup> St. Santa Ana
Friday, 4/20 8am-12pm	+Age Well Senior Services and Office on Aging South County Senior Summit	Community Presentation Health/Resource Fair Open to the Public	Sponsorship \$10,000 2 Staff	Laguna Woods Performing Arts Center 24264 El Toro Rd.

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++ Meeting Attendee

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				Laguna Woods
Saturday, 4/21 10am-12:30pm	+CHOC Children's and the Extraordinary Lives Foundation High 5 Carnival	Health/Resource Fair Open to the Public	2 Staff	Dana Hills High School 3333 Golden Lantern Dana Point
Monday, 4/23 9-11am	++Community Health Research and Exchange	Steering Committee Meeting: Open to Collaborative Members	N/A	Healthy Smiles for Kids 2101 E. Fourth St. Santa Ana
Monday, 4/23 12:30-1:10pm	++Stanton Collaborative	Steering Committee Meeting: Open to Collaborative Members	N/A	Stanton Civic Center 7800 Katella Ave. Stanton
Tuesday, 4/24 7:30-9am	++OC Senior Roundtable	Steering Committee Meeting: Open to Collaborative Members	N/A	Orange Senior Center 170 S. Olive Orange
Tuesday, 4/24 3:30-4:30pm	++Santa Ana Building Healthy Communities	Steering Committee Meeting: Open to Collaborative Members	N/A	KidWorks 1902 W. Chestnut Ave. Santa Ana
Wednesday, 4/25 10:30-11:30am	++OC Human Trafficking Task Force	Steering Committee Meeting: Open to Collaborative Members	N/A	Community Service Program 1221 E. Dyer Rd. Santa Ana
Thursday, 4/26 8:30-10am	++Disability Coalition of Orange County	Steering Committee Meeting: Open to Collaborative Members	N/A	Dayle McIntosh Center 501 N. Brookhurst St. Anaheim
Thursday, 4/26 8:30-10am	++OC Care Coordination for Kids	Steering Committee Meeting: Open to Collaborative Members	N/A	Help Me Grow 2500 Redhill Ave. Santa Ana
Saturday, 4/28 9am-3pm	+Boat People SOS, Boys and Girls Clubs of Garden Grove, Garden Grove Police Department Vietnamese Families Wellness Conference	Health/Resource Fair Open to the Public	Sponsorship \$900 2 Staff	Goldenwest College 15744 Goldenwest St. Huntington Beach

\* CalOptima Hosted

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+ Exhibitor/Attendee

++ Meeting Attendee

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Saturday, 4/28 9am-3pm	+City of Lake Forest Annual Special Needs Resource Fair	Health/Resource Fair Open to the Public	2 Staff	Lake Forest Recreation Center 28000 Rancho Parkway Lake Forest
Saturday, 4/28 10am-1pm	+Families Forward Annual Community Resource Fair	Health/Resource Fair Open to the Public	2 Staff	Irvine Valley College 5500 Irvine Center Dr. Irvine

\* *CalOptima Hosted*

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+ *Exhibitor/Attendee*

++ *Meeting Attendee*

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