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

FEBRUARY 5, 2026
2:00 P.M.

505 CITY PARKWAY WEST, SUITE 108
ORANGE, CALIFORNIA 92868

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER
Michael Hunn

OUTSIDE GENERAL COUNSEL
James Novello
Kennaday Leavitt

CLERK OF THE BOARD
Sharon Dwiers

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form identifying the item and submit to the Clerk of the Board. To speak on a matter not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar and/or the beginning of Public Comments. When addressing the Board, it is requested that you state your name for the record. Address the Board as a whole through the Chair. Comments to individual Board Members or staff are not permitted. Speakers are limited to three (3) minutes per item.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the Clerk of the Board's Office at (714) 246-8806, at least 72 hours prior to the meeting.

The Board Meeting Agenda and supporting materials are available for review at CalOptima Health, 505 City Parkway West, Orange, CA 92868, Monday-Friday, 8:00 a.m. – 5:00 p.m. These materials are also available online at www.caloptima.org. Board meeting audio is streamed live on the CalOptima Health website at www.caloptima.org.

Members of the public may attend the meeting in person. Members of the public also have the option of participating in the meeting via Zoom Webinar (see below).
Participate via Zoom Webinar at
https://us02web.zoom.us/webinar/register/WN_XcgAy0EQRemBDWLVEFeplg
Join the Meeting.
Webinar ID: **884 0283 0720**
Passcode: **900044** -- Webinar instructions are provided below.

CALL TO ORDER
Pledge of Allegiance
Establish Quorum

PRESENTATIONS/INTRODUCTIONS

MANAGEMENT REPORTS
1. Chief Executive Officer Report

2. 2025 CalOptima Health Accomplishments

3. Chief Financial Officer Report

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

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

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

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

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

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

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

REPORTS/DISCUSSION ITEMS

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

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

12. Authorize Closing Intergovernmental Transfer-Funded Initiatives

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

14. Approve Actions Related to the Equity and Practice Transformation Payment Program

15. Approve Actions Related to Legal Services

16. Approve Actions Related to the Street Medicine Program Expansion

CLOSED SESSION

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

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

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

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

ADJOURNMENT

TO REGISTER AND JOIN THE MEETING

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

To **Register** in advance for this webinar:
https://us02web.zoom.us/webinar/register/WN_XcgAy0EQRemBDWLVEFeplg

To **Join** this webinar:
https://us02web.zoom.us/s/88402830720?pwd=YLV1XgjWSYt41acfKCOkiloPaiALch.1

Phone one-tap:
+16694449171,,88402830720#,,,,*900044# US
+16699009128,,88402830720#,,,,*900044# US (San Jose)

Join via audio:
+1 669 444 9171 US
+1 669 900 9128 US (San Jose)
+1 253 205 0468 US
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
+1 719 359 4580 US
+1 386 347 5053 US
+1 507 473 4847 US
+1 564 217 2000 US
+1 646 558 8656 US (New York)
+1 646 931 3860 US
+1 689 278 1000 US
+1 301 715 8592 US (Washington DC)
+1 305 224 1968 US
+1 309 205 3325 US
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Webinar ID: 884 0283 0720
Passcode: 900044
International numbers available: **https://us02web.zoom.us/u/kdtS0ExH2G**

MEMORANDUM

DATE:	January 29, 2026
TO:	CalOptima Health Board of Directors
FROM:	Michael Hunn, Chief Executive Officer
SUBJECT:	CEO Report — February 5, 2026, Board of Directors Meeting
COPY:	Sharon Dwiers, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; and Whole-Child Model Family Advisory Committee

A. Covered California Monthly Update

CalOptima Health continues to prepare for the launch of a Covered California line of business, effective January 1, 2027. Following the Board's approval on June 5, staff submitted an initial filing on June 16 to the California Department of Managed Health Care (DMHC) to expand the scope of CalOptima Health's current Knox-Keene Act license, which is required to offer a commercial insurance product. Since then, we have engaged with DMHC to respond to comments and provide additional information. On October 31, staff submitted our second filing, including provider network rosters. Staff continue to collaborate with our provider network and execute amendments with several existing vendors to include Covered California in their scopes of service. In addition, operational workstreams are actively addressing program solutions to achieve operational readiness during the next year. Our teams are also preparing to file a Letter of Intent to Apply to Covered California as well as responses to the 2027 Qualified Health Plan application, which is due in April 2026. We have engaged with Covered California's Plan Management Advisory Group to maintain alignment on CalOptima Health's application. Finally, staff are actively monitoring regulatory and policy impacts on the Marketplace landscape in California resulting from the enactment of H.R. 1 and the recent expiration of the enhanced Advance Premium Tax Credits (eAPTCs), which have increased prices for consumers across all metal tiers. So far, preliminary results of 2026 open enrollment show a decrease in new enrollments in Orange County, with renewals remaining steady. CalOptima Health will have a better sense of the impact of policy changes on enrollment in early February.

B. CalOptima Health Earns National Committee for Quality Assurance (NCQA) Health Outcomes Accreditation

The NCQA has awarded CalOptima Health an "Accredited" status in our first submission for Health Outcomes Accreditation, previously known as Health Equity Accreditation. This recognition took effect on December 16, 2025, and remains valid through December 16, 2028. CalOptima Health met all standards and received 100% (full points). This accomplishment is a testament to our collective commitment to advancing health equity and delivering quality, inclusive care to the communities we serve. Achieving full points in every category reflects the dedication, collaboration and hard work of our entire team.

C. Get Care Now Campaign Launched

With Medi-Cal changes coming in the future, CalOptima Health's mission to keep members healthy has not changed. To address the shifting environment and reassure members about their coverage, we launched the Get Care Now campaign in late 2025 to encourage members to continue seeking care. The campaign features print ads, digital and social media ads, radio ads, outdoor transit shelter and bus interior ads, and place-based ads. Ads for this campaign will run through March 2026. Further, this campaign will serve as a bridge to our future Medi-Cal eligibility campaign. In addition, CalOptima Health created a toolkit for use by community partners to help us spread the message that members have options for care, including virtual doctor visits and medication home delivery. A flyer, FAQ and social media content can be downloaded here. Staff are raising awareness of the toolkit with community partners and providers, seeking support in distributing the messages.

D. PACE Expansion Application Includes Support Letters

Following the Board's approval on December 4, staff prepared an application to the California Department of Health Care Services (DHCS) to establish a second PACE center. Included in the submission were 26 letters of support from elected officials, providers and community-based organizations in Orange County.

E. Transitional Rent Becomes 15th Community Support

Mandated by DHCS, Transitional Rent is now the 15th CalAIM Community Support. Launched January 1, 2026, this new service will provide up to six months of rental assistance in interim and permanent settings to members who are: 1) experiencing or at risk of homelessness, 2) have certain clinical risk factors, and 3) have either recently undergone a critical life transition or who meet other specified eligibility criteria. CalOptima Health is contracted with the Orange County Health Care Agency as the sole provider for the Transitional Rent benefit. The initial rollout of this service will be specifically for members with significant behavioral health needs, aligning with the Behavioral Health Services Act interventions.

F. Government Affairs Updates

FY 2026–27 Proposed State Budget Is Released

On January 9, Governor Gavin Newsom released the Fiscal Year (FY) 2026–27 Proposed State Budget, effective July 1, 2026. While state tax revenue has come in higher than expected recently increased state program costs and the loss of significant federal funding to the state government will result in a modest $2.9 billion budget shortfall. As anticipated, the Medi-Cal program will be particularly affected as policy changes from H.R. 1 and last year's enacted state budget are implemented. Notably, Medi-Cal enrollment is projected to decrease by 3.5% in the upcoming fiscal year due to more restrictive eligibility requirements, such as minimum work obligations and semiannual redeterminations. Also effective in FY 2026–27 are direct reductions to federal match dollars for the Managed Care Organization (MCO) tax, Hospital Quality Assurance Fee (HQAF) and emergency Medicaid services for undocumented adults. Fortunately, this proposed state budget does not include any major new spending cuts beyond what was previously announced or expected. Most existing Medi-Cal initiatives, including CalAIM, would continue to be fully funded. However, this budget proposal is largely viewed as a placeholder and is still subject to change as the state updates its revenue projections and receives further guidance from the federal government in the coming months. Governor Newsom will release a revised state budget proposal by May 14 before a final budget must be negotiated with the State Legislature and enacted by July 1.

CalOptima Health Leads eAPTC Advocacy Coalition Letter
Ahead of the expiration of the enhanced Advance Premium Tax Credits (eAPTCs) on December 31, 2025, CalOptima Health led a coalition letter to Orange County's federal delegation advocating for at least a one-year clean extension of the eAPTCs. Since 2026 open enrollment was already underway, a clean extension would have avoided any further uncertainty for Orange County residents — especially as CalOptima Health prepares for Covered California marketing and enrollment activities this year ahead of our proposed January 1, 2027, plan launch. Other signatories of the coalition letter included the Hospital Association of Southern California, Orange County Medical Association, Orange County Business Council and several individual hospital systems. The eAPTCs ultimately expired on December 31, but the U.S. Congress continues to consider proposals that could include a retroactive extension and/or other related reforms. While there is no clear consensus or outcome at this time, Government Affairs staff continue to monitor ongoing negotiations.

Judge Allows CMS to Share Medicaid Data with ICE
On December 29, U.S. District Judge Vince Chhabria ruled that the U.S. Centers for Medicare & Medicaid Services (CMS) can resume sharing personal data about undocumented immigrants receiving Medicaid benefits with Immigration and Customs Enforcement (ICE), starting on January 6. ICE had been blocked from doing so for months amid a legal challenge from California and several other states. Chhabria's order is narrowly tailored to six categories of "basic" personal information: citizenship, immigration status, address, phone number, date of birth and Medicaid ID. CMS remains barred from sharing personal health records and other potentially sensitive medical information. Furthermore, CMS is prohibited from sharing any Medicaid data about immigrants who are lawfully residing in the United States. In response to the ruling, DHCS issued a statement reiterating its commitment to protecting the privacy of Medi-Cal beneficiaries.

G. Modivcare Chapter 11 Restructure Approved

On December 29, 2025, Modivcare announced it had successfully emerged from its financial restructuring. Earlier this month, Modivcare subsequently announced that Chief Executive Officer Heath Sampson will be departing the company but remain on the board. To support the company's continued success, the Board and Heath agreed he will remain in his role through this transition. Board Vice Chairman Scott McCarty will provide executive oversight of the company throughout this transition period. There has been no impact to member provided transportation at CalOptima Health – the current satisfaction performance is 99.7%.

H. Annual Medical Loss Ratio (MLR) Audit of Contracted Health Networks Is Complete

CalOptima Health completed the annual MLR audit of our contracted health networks for Calendar Year (CY) 2024. In accordance with contract requirements, health networks must maintain a minimum MLR of 85% for each measurement year. CalOptima Health combines results for Medi-Cal and OneCare members to assess compliance. The CY 2024 audit results show that all health networks have met the MLR requirement. CalOptima Health also finalized the CY 2024 MLR reporting template and submitted it to DHCS.

I. CalOptima Health Receives Robust Media Coverage

- On December 12, Spectrum News ran a feature on seniors and homelessness, with Kelly Bruno-Nelson, DSW, Executive Director of Medi-Cal/CalAIM, as a key interview. Kelly connected the reporter with Jamboree Housing and their resident to bring this story to life. In addition, the reporter also interviewed Supervisor Vicente Sarmiento.

- On December 17, the Orange County Register ran an article syndicated by KFF Health News featuring CalOptima Health titled, "Medicaid health plans step up outreach efforts ahead of GOP changes."
- On December 22, the Voice of OC published a brief op-ed piece I wrote about our dedication to members despite challenges similar to those faced 30 years ago when CalOptima Health was founded.
- On December 29, I was interviewed by CBS LA News regarding the changes to Medi-Cal as of January 1, including the enrollment freeze on undocumented adults.
- On January 7, PACE Medical Director Dr. Donna Frisch was interviewed by KTLA for a recurring segment called "The Doctor Will See You Now." The live, in-studio segment featured Dr. Frisch giving advice on caring for aging loved ones.
- On January 14, the Voice of OC ran an article titled, "CalOptima Health Braces for Health Insurance Eligibility Changes For OC's Neediest Families." It featured an interview with Chief Operating Officer Yunkyung Kim.
- On January 21, the OC Register ran a feature article about my plans to retire at the end of 2026.
- On January 22, the OC Register covered the groundbreaking for Casa Colibri, a new housing development funded in part by a CalOptima Health grant.

CalOptima Health

Fast Facts
February 2026

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

Membership Data* (as of December 31, 2025)

Total CalOptima Health Membership

865,746

Prior month: 877,271

Program	Members
Medi-Cal	846,603
OneCare (HMO D-SNP)	18,599
Program of All-Inclusive Care for the Elderly (PACE)	544

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

Key Financial Indicators (for the month ended December 31, 2025)

	Dashboard	YTD Actual	Actual vs. Budget ($)	Actual vs. Budget (%)
Operating Income/(Loss)	●	$62.4M	$48.8M	359.4%
Non-Operating Income/(Loss)	●	$59.2M	$10.0M	20.4%
Covered California Start-up Expenses	●	($2.3M)	$2.9M	56.5%
Bottom Line (Change in Net Assets)	●	$119.3M	$61.8M	107.3%
Medical Loss Ratio (MLR) *(Percent of every dollar spent on member care)*	●	92.5%	---	(0.7%)
Administrative Loss Ratio (ALR) *(Percent of every dollar spent on overhead costs)*	●	5.1%	---	1.3%

Notes:
- For additional financial details, refer to the financial packages included in the Board of Directors meeting materials.
- Adjusted MLR (without the estimated provider rate increases funded by reserves) is 88.3%.

Reserve Summary (as of December 31, 2025)

	Amount (in millions)
Board Designated Reserves*	$1,623.6
Statutory Designated Reserves	$135.8
Capital Assets (Net of depreciation)	$111.8
Unspent Balance of Allocated Resources	$349.4
Unspent Balance of Board Approved Provider Rate Increase**	$210.5
Unallocated Resources*	$488.9
Total Net Assets	$2,919.9

* Total of Board-designated reserves and unallocated resources can support approximately 194 days of CalOptima Health's current operations.

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

Total Annual Budgeted Revenue **$4.7 Billion**

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

CalOptima Health Fast Facts

February 2026

Personnel Summary (as of January 10, 2026, pay period)

	Filled	Open	Vacancy % Medical	Vacancy % Administrative	Vacancy % Combined
Staff	1,347.25	86	38.77%	61.23%	6%
Supervisor	82	5	60%	40%	5.75%
Manager	114	12	16.67%	83.33%	9.52%
Director	80	8.5	29.41%	70.59%	9.60%
Executive	21	1	---%	100%	4.55%
Total FTE Count	1,644.25	112.5	28.97%	71.03%	6.40%

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

Provider Network Data (as of January 23, 2026)

	Number of Providers
Primary Care Providers	1,307
Specialists	7,994
Pharmacies	493
Acute and Rehab Hospitals	42
Community Health Centers	71
Long-Term Care Facilities	243

Treatment Authorizations (as of November 30, 2025)

	Mandated	Average Time to Decision
Inpatient Concurrent Urgent	72 hours	38.71 hours
Prior Authorization – Urgent	72 hours	6.02 hours
Prior Authorization – Routine	5 days	0.74 days

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

Member Demographics (as of December 31, 2025)

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

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

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

CalOptima Health

Provider Network Trend

February 2026

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

CHCN and Health Networks

Total Providers [1]

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	1,313	1,312	1,301	1,281	1,306	-7
Specialist (Physicians)	7,017	7,070	7,479	7,685	8,246	1,229
Hospitals [3]	41	41	41	43	42	1
Community Health Centers [4]	65	65	68	68	68	3
Long Term Care	206	207	207	225	241	35
Behavioral Health [5]	2,273	2,529	2,579	2,791	3,023	750
ECM	32	31	32	34	34	2
Community Support	103	102	103	107	107	4

Medi-Cal

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	1,087	1,087	1,076	1,057	1,090	3
Specialist (Physicians)	6,420	6,464	7,173	7,394	7,987	1,567
Hospitals [3]	37	37	37	40	39	2
Community Health Centers [4]	63	63	66	66	68	5
Long Term Care	202	203	203	221	237	35
Behavioral Health [5]	2,177	2,436	2,495	2,695	2,926	749
ECM	32	31	32	34	34	2
Community Support	103	102	103	107	107	4

OneCare

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	1,099	1,096	1,082	1,074	1,088	-11
Specialist (Physicians)	5,437	5,488	5,844	6,047	6,270	833
Hospitals [3]	36	36	36	40	39	3
Community Health Centers [4]	58	58	62	62	62	4
Long Term Care	206	203	207	224	240	34
Behavioral Health [5]	649	668	713	851	952	303

PACE

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	3	3	4	3	3	0
Specialist (Physicians)	3,457	3,549	4,033	4,256	4,446	989
Hospitals [3]	29	29	29	31	30	1
Community Health Centers [4]	0	0	0	0	0	0
Long Term Care	66	67	69	76	91	25
Behavioral Health [5]	103	106	116	119	132	29

Provider Network Trend

February 2026

CHCN Only

Total Providers [1]

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	678	677	671	671	685	7
Specialist (Physicians)	6,335	6,384	6,841	7,058	7,330	995
Hospitals [3]	37	37	37	40	39	2
Community Health Centers [4]	56	56	58	58	59	3
Long Term Care	202	203	203	221	237	35
Behavioral Health [5]	2,247	2,500	2,541	2,767	2,975	728
ECM	32	31	32	34	34	2
Community Support	103	102	103	107	107	4

Medi-Cal

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	656	653	650	650	514	-142
Specialist (Physicians)	5,988	6,026	6,791	7,000	7,269	1,281
Hospitals [3]	34	34	34	38	37	3
Community Health Centers [4]	56	56	58	58	59	3
Long Term Care	202	203	203	221	237	35
Behavioral Health [5]	2,155	2,411	2,471	2,673	2,879	724
ECM	32	31	32	34	34	2
Community Support	103	102	103	107	107	4

OneCare

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	569	571	565	567	581	12
Specialist (Physicians)	4,706	4,746	5,136	5,359	5,575	869
Hospitals [3]	31	31	31	33	32	1
Community Health Centers [4]	46	46	48	48	49	3
Long Term Care	202	203	203	220	236	34
Behavioral Health [5]	634	652	699	836	936	302

PACE

Provider Type	2024 – Q4	2025 – Q1	2025 – Q2	2025 – Q3	2025 – Q4	YOY Net Δ
PCP [2]	3	3	4	3	3	0
Specialist (Physicians)	3,457	3,549	4,033	4,256	3	989
Hospitals [3]	29	29	29	31	4,446	1
Community Health Centers [4]	0	0	0	0	30	0
Long Term Care	66	67	69	76	91	25
Behavioral Health [5]	103	106	116	119	132	29

Footnotes:

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

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

[3] *Includes Acute, Rehab and Long Term Acute Care Hospitals*

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

[5] *Includes Practitioners and Behavioral Health Groups*

MANAGEMENT REPORTS

2. 2025 CalOptima Health Accomplishments – Verbal Update

Back to Agenda

Chief Financial Officer Report

Board of Directors Meeting

February 5, 2026

Nancy Huang, Chief Financial Officer

Our Mission

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

Our Vision

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

Financial Highlights Notes: December 2025

- Notable events/items in December 2025
  - $175.4 million of Intergovernmental Transfers (IGT) were received in December 2025 for Calendar Year (CY) 2024
    - $173.3 million disbursed to qualifying funding partners in January 2026
  - $15.1 million was issued for the Population Health and Value-Based Care Transformation grant
  - Community Reinvestment obligation accrual of $11.1 million

CalOptima Health

Financial Highlights
December 2025

December 2025 Actual	December 2025 Budget	December 2025 $ Variance	December 2025 % Variance		July - December 2025 Actual	July - December 2025 Budget	July - December 2025 $ Variance	July - December 2025 % Variance
865,746	885,761	(20,015)	(2.3%)	Member Months	5,302,223	5,378,369	(76,146)	(1.4%)
380,824,669	389,203,701	(8,379,032)	(2.2%)	Revenues	2,515,958,878	2,365,859,577	150,099,301	6.3%
337,631,019	369,227,862	31,596,843	8.6%	Medical Expenses	2,327,407,408	2,205,135,636	(122,271,772)	(5.5%)
21,756,097	25,738,707	3,982,611	15.5%	Administrative Expenses	128,406,360	152,322,568	23,916,208	15.7%
21,437,553	(5,762,868)	**27,200,421**	**472.0%**	**Operating Margin**	**60,145,110**	**8,401,373**	**51,743,738**	**615.9%**
				Non-Operating Income (Loss)				
13,753,247	8,333,341	5,419,906	65.0%	Net Investment Income/Expense	89,327,057	50,000,041	39,327,015	78.7%
(15,093,756)	-	(15,093,756)	(100.0%)	Grant Expense	(20,455,996)	-	(20,455,996)	(100.0%)
(11,124,120)	-	(11,124,120)	(100.0%)	Community Reinvestment	(3,622,868)	-	(3,622,868)	(100.0%)
(81,302)	(138,610)	57,308	41.3%	Other Income/Expense	(6,067,152)	(831,660)	(5,235,492)	(629.5%)
(12,545,930)	**8,194,731**	(20,740,662)	(253.1%)	**Total Non-Operating Income (Loss)**	**59,181,041**	**49,168,381**	**10,012,660**	**20.4%**
8,891,623	**2,431,863**	**6,459,760**	**265.6%**	**Change in Net Assets**	**119,326,151**	**57,569,754**	**61,756,397**	**107.3%**
88.7%	*94.9%*	*(6.2%)*		*Medical Loss Ratio*	*92.5%*	*93.2%*	*(0.7%)*	
5.7%	*6.6%*	*0.9%*		*Administrative Loss Ratio*	*5.1%*	*6.4%*	*1.3%*	
5.6%	*(1.5%)*	*7.1%*		*Operating Margin Ratio*	*2.4%*	*0.4%*	*2.0%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
84.1%	*90.4%*	*(6.3%)*		**Adjusted MLR*	*87.2%*	*88.8%*	*(1.6%)*	
5.7%	*6.6%*	*0.9%*		**Adjusted ALR*	*5.6%*	*6.4%*	*0.8%*	

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

CalOptima Health

Enrollment Summary: December 2025

December 2025					July - December 2025			
Actual	Budget	$ Variance	% Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	% Variance
121,271	126,600	(5,329)	(4.2%)	FAM	749,221	771,426	(22,205)	(2.9%)
246,801	257,043	(10,242)	(4.0%)	CHD	1,512,758	1,551,571	(38,813)	(2.5%)
313,291	323,702	(10,411)	(3.2%)	MCE	1,944,087	1,989,057	(44,970)	(2.3%)
3,121	2,511	610	24.3%	LTC	17,796	15,071	2,725	18.1%
153,368	148,397	4,971	3.3%	SPD	912,511	886,693	25,818	2.9%
8,751	9,066	(315)	(3.5%)	WCM	53,458	54,554	(1,096)	(2.0%)
846,603	**867,319**	(20,716)	(2.4%)	**Medi-Cal Total**	**5,189,831**	**5,268,372**	(78,541)	(1.5%)
18,599	**17,893**	**706**	**3.9%**	**OneCare**	**109,183**	**106,763**	**2,420**	**2.3%**
544	**549**	(5)	(0.9%)	**PACE**	**3,209**	**3,234**	(25)	(0.8%)
582	**558**	**24**	**4.3%**	**MSSP***	**3,395**	**3,348**	**47**	**1.4%**
865,746	**885,761**	(20,015)	(2.3%)	**CalOptima Health Total**	**5,302,223**	**5,378,369**	(76,146)	(1.4%)

*MSSP enrollment is included in Medi-Cal total

Balance Sheet: As of December 2025

ASSETS	
Current Assets	
Operating Cash	$699,888,081
Short-term Investments	1,455,148,549
Capitation Receivable	594,182,687
Receivables - Other	26,047,615
Prepaid Expenses	21,516,068
Total Current Assets	**2,796,782,999**
Capital Assets	
Capital Assets	206,251,123
Less: Accumulated Depreciation	(94,496,205)
Capital Assets, Net of Depreciation	**111,754,918**
Other Assets	
Restricted Deposit & Other	300,000
Board Designated Reserves	1,623,582,266
Statutory Designated Reserves	135,762,594
Total Other Assets	**1,759,644,859**
TOTAL ASSETS	**4,668,182,777**
Deferred Outflows	**28,626,072**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$4,696,808,849**

LIABILITIES & NET POSITION	
Current Liabilities	
Accounts Payable	$230,661,312
Medical Claims Liability	1,256,727,990
Accrued Payroll Liabilities	22,200,338
Deferred Revenue	8,114,473
Other Current Liabilities	
Capitation and Withholds	115,299,999
Total Current Liabilities	**1,633,004,112**
Other Liabilities	
GASB 96 Subscription Liabilities	24,446,899
Community Reinvestment	91,720,979
Capital Lease Payable	221,504
Post-Employment Health Care Plan	17,354,991
Net Pension Liabilities	5,840,992
Total Other Liabilities	**139,585,366**
TOTAL LIABILITIES	**1,772,589,477**
Deferred Inflows	**4,309,519**
Net Position	
Required TNE	131,902,890
Funds in Excess of TNE	2,788,006,963
TOTAL NET POSITION	**2,919,909,853**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$4,696,808,849**

CalOptima Health

Board Designated Reserve and TNE Analysis: As of December 2025

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	811,629,873				
MetLife Tier One	811,952,393				
Board Designated Reserves	1,623,582,266	1,090,142,862	1,744,228,579	533,439,404	(120,646,313)
Current Reserve Level (X months of average monthly revenue) [1]	*3.72*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,985,173				
MetLife Tier Two	67,777,421				
Statutory Designated Reserves	135,762,594	131,902,890	145,093,179	3,859,704	(9,330,585)
Current Reserve Level (X min. TNE) [1]	*1.03*	*1.00*	*1.10*		

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

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Board of Directors Meeting
February 5, 2026

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

Report to the Board

The Member Advisory Committee (MAC) and the Provider Advisory Committee (PAC) held a regular joint meeting on December 11, 2025. MAC did not achieve a quorum in the meeting room.

Hannah Kim, Director of Case Management, presented on the growing interest in home and community-based programs and waivers. Ms. Kim reviewed the California Community Transitions (CCT) program, noting that although it was not technically a waiver, it worked closely with the Assisted Living Waiver (ALW) and the Home and Community-Based Alternatives (HCBA) waiver. These waivers are administered by the Department of Health Care Services (DHCS) through contracted community-based organizations. CCT's primary goal is to help members transition from institutional settings, such as hospitals or skilled nursing facilities and back into community-based care. To qualify, members need to have been institutionalized for at least 60 consecutive days, excluding Medicare rehabilitation or acute care days, and demonstrate both interest and the ability to return to the community. Transition Coordinators, similar to case managers, support members, their families, and providers throughout the process. The program has no age restrictions and offers physical and financial assistance to help individuals reintegrate into community living.

Ms. Kim's presentation also highlighted that transition plans often involve returning to a member's home, a family member's home, a boarding care facility, or an assisted living facility. She noted that these plans mirror many community support benefits because DHCS had modeled them after national programs and waivers, although California has applied its own naming conventions to them. There were many questions from the MAC and PAC members, and both committees have requested additional information on this subject to be shared at future meetings.

Carmen Katsarov, Executive Director, Behavioral Health Integration, introduced Lisa Burke, Vice President of Learning & Community Engagement for First 5 Orange County (First 5). Ms. Burke provided an overview of First 5, noting that it is a local public agency funded by tobacco taxes, and its mission is to help children from prenatal through age five get the best possible start in life.

Ms. Burke noted that one of First 5's key initiatives was called Detect and Connect, a collaborative that has been meeting for over five years. It was formed in 2019 from First 5's developmental screening work, which highlighted the importance of identifying developmental concerns early so that children can receive timely intervention and improve their outcomes. The collaborative recognized that to improve

these outcomes, it would need to happen in pediatric offices and healthcare settings, anywhere services were already available and sustainable. Ms. Burke noted that at the time, only one in four children were receiving a developmental screening by age three. She also said that they fund two facilitators who help set agendas, establish annual goals, and track progress so the collaborative stays on course. This shared vision is to ensure that every child in Orange County receives timely well-child visits and developmental screenings aligned with national, evidence-based guidelines, and is connected early to coordinated resources and interventions. This vision has evolved but remains central to every meeting, keeping the focus on screenings, well visits, and service linkage.

Ms. Burke discussed how Detect and Connect united organizations across multiple sectors to drive policy and practice changes and raise community awareness about developmental screening and access to these services. She noted that participants included major system players such as CalOptima Health, Kaiser, the County Social Services Agency, the Orange County Health Care Agency, federally qualified health centers, pediatricians, and the Children's Hospital of Orange County (CHOC). They also engaged organizations that implement policy and provide direct family services, including Help Me Grow and the Regional Center of Orange County (RCOC), to create systemic change while ensuring families receive the support they need.

Lena Perelman, Director of Medicare Programs, returned to address questions from the October 9, 2025, OneCare presentation. She confirmed that in 2026, OneCare will continue to offer a comprehensive package of Medicare-required benefits at no cost to dual-eligible members, including worldwide emergency coverage of up to $100,000, which is no longer offered by other health plans.

Beyond standard medical services, OneCare offers supplemental benefits, including a $500 vision allowance every two years, a $500 hearing allowance, unlimited non-emergency transportation, and access to a fitness network at no additional cost. Members also receive a flex debit card with $167 every three months for over-the-counter items, as well as healthy food and produce for most members. Additional benefits include companion care (up to 90 hours annually) and incentives of up to $190 for preventive health activities.

The Part D benefit remains competitive with two tiers: generics at $0 and most brand medications at $4.90. While the Centers for Medicare & Medicaid Services (CMS) benefit changes end previous $0 brand coverage, members benefit from a maximum out-of-pocket limit, three-month refills for one copay, and a new mail-order service through SortPak, which delivers medications in convenient daily packaging.

Richard Pitts, D.O., Ph.D., Chief Medical Officer, provided a brief update on a cancer screening initiative introduced a few years ago by CalOptima Health, focusing on breast, cervical, colon, and lung cancers. These were chosen because they were easier to detect at an early stage. Outreach efforts included social media videos and billboards, resulting in a significant increase in testing within the first year. Additionally, grants funded patient navigators who helped overcome cultural and fear-based barriers, ultimately leading to life-saving screenings. Examples include early detection of stage 2 colon cancer, intraductal carcinoma, and removal of multiple polyps, cases that might have gone undiagnosed without this extra support.

Dr. Pitts also discussed that, beginning in 2026, the focus would shift to diabetes care, noting that of the 38 million Americans with diabetes, most had Type 2, which costs approximately $500 billion annually.

GLP-1 medications have shown remarkable benefits beyond lowering blood sugar as they reduce cardiac events, strokes, liver fat, kidney failure, and heart failure. Once priced at $1,000 per month, costs have dropped to about $350 and may fall further with Federal action. Expanding access to GLP-1 drugs could significantly improve outcomes, reduce complications like amputations and blindness, and lower overall healthcare costs.

Yunkyung Kim, Chief Operating Officer, thanked the members on behalf of Michael Hunn and the management team for their guidance and support throughout the year. She noted that CalOptima Health anticipates 2026 will be challenging and will require more collaboration than ever, emphasizing that committee member feedback and assistance in prioritizing efforts would be critical as CalOptima Health navigates the year ahead. She reported that membership has been steadily declining since August and that staff had projected 867,000 members by the end of the fiscal year. However, as of December 11, enrollment had dropped to 847,000. She discussed how this trend is likely to necessitate reforecasting early next year. Additionally, Medi-Cal eligibility rules will change on January 1, 2026. Adults without satisfactory immigration status will remain eligible through December 2025 but will be unable to apply after January 2026.

Ms. Kim notified committee members that CalOptima Health had announced new Board leadership for 2026. Supervisor Sarmiento was elected as the new Board Chair, and Maura Byron, former MAC Chair, was elected as the new Board Vice Chair at the December 4, 2025, Board meeting. She added that this is the first time a member seat on the Board has held a leadership position. Ms. Kim again thanked the committee members for their contributions and wished them all a happy holiday season.

The next MAC/PAC joint meeting is scheduled for February 11, 2026. The members of the MAC and PAC appreciate the opportunity to update the Board on their current activities.

REGULAR MEETING
OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS

December 4, 2025

A Regular Meeting of the CalOptima Health Board of Directors (Board) was held on December 4, 2025, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person and via Zoom webinar, as allowed under Assembly Bill 2449, which took effect after Governor Newsom ended the COVID-19 state of emergency on February 28, 2023. The meeting recording is available on CalOptima Health's website under View Past Meeting Materials. Chair Isabel Becerra called the meeting to order at 2:02 p.m., and Director Blair Contratto led the Pledge of Allegiance.

ROLL CALL

Members Present: Isabel Becerra, Chair; Supervisor Vicente Sarmiento, Vice Chair; Maura Byron; Supervisor Doug Chaffee; Blair Contratto; Norma García Guillén; Catherine Green, R.N.; Brian Helleland; Veronica Kelley (non-voting) (left at 5:29 p.m.); Jose Mayorga, M.D. (left at 4:59 p.m.)

(All Board members participated in person)

Members Absent: None.

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

The Clerk noted for the record that staff would like to continue Agenda Items 11 and 20 to a future Board meeting.

PRESENTATIONS/INTRODUCTIONS

1. School Behavioral Health Incentive Program – 2022-2024 Final Report

Carmen Katsarov, Executive Director, Behavioral Health Integration, provided a brief overview of CalOptima Health's Student Behavioral Health Incentive Program for 2022-2024. Ms. Katsarov noted that through the California Health and Human Services Agency's Children and Youth Behavioral Health Initiative, there was a little over $388 million in funding from the Student Behavioral Health Incentive Program (SBHIP) for California. The state determined how much each county could earn based on factors such as the number of school districts and the student population in kindergarten through 12th-grade public schools. For Orange County, this amount was a little over $25 million. Ms. Katsarov noted that the SBHIP timeline was from January 2022 through December 2024.

The main goals of the SBHIP were to:

1. Increase access to mental health services provided by schools or school-affiliated providers.
2. Enhance infrastructure and capacity building within schools to prepare for state initiatives, including the implementation of the fee schedule.

Ms. Katsarov shared a few quick highlights.

Back to Agenda

One of the key tasks for schools was to review their staffing and use SBHIP funds to increase the number of behavioral health personnel serving students. Ms. Katsarov said she was proud to report that staffing in this area increased by over 38% during the program period. In addition to increasing behavioral health staffing, SBHIP also focused on expanding behavioral health training for school personnel. Hiring staff is essential. But schools face increasingly complex challenges, so ensuring core competencies and ongoing training remain a priority. All school districts in Orange County participated in SBHIP, which CalOptima Health is very proud of. Districts also reviewed their screening and referral processes from start to finish to identify areas for improvement.

Another primary goal of the state was to strengthen the IT infrastructure. Schools used SBHIP funds to upgrade electronic health records and administrative systems to better prepare for billing health insurance, including CalOptima Health, for school-based services. As of December, updated data shows that over $160,000 has been paid to Orange County schools by CalOptima Health under the new state fee schedule.

Next, CalOptima Health partnered with Hazel Health to address the shortage of licensed behavioral health professionals across Orange County. Despite efforts from CalOptima Health, the Orange County Health Care Agency (OCHCA), community-based organizations, and schools, there were not enough providers to meet student needs. Hazel Health successfully onboarded telehealth services for 20 of the 28 school districts, with Garden Grove Unified School District currently in progress. This means that over 260,000 students now have access to telehealth services, and, as of today, more than 11,000 visits have occurred.

CalOptima Health also collaborated with Children's Hospital of Orange County (CHOC), part of Rady Children's Health, and is honored to have Dr. Michael Weiss, Vice President of Population Health, here today. CHOC implemented 10 new wellness spaces as part of SBHIP, bringing the total to 78 in Orange County. CHOC also hired a psychologist to support the deaf and hard-of-hearing population, offering no-cost consultations to schools. CHOC launched an Autism Comprehensive Program for students aged 12–17 with autism and co-occurring mental health conditions – a highly specialized area requiring unique expertise. Additionally, CHOC expanded its School Reintegration Program, serving 526 additional children as of December, and increased the capacity of the Mental Health Crisis Clinic, serving 203 more students.

Finally, Western Youth Services (WYS) developed an on-demand behavioral health training program for Orange County school staff. Recognizing the complexity of student needs, WYS customized training on topics such as trauma-informed care and other areas identified by schools. The on-demand learning platform supports both current staff and future hires, ensuring ongoing professional development rather than one-time training. As of December, 68% of districts have used the platform, up from 65% previously. WYS has also been providing ongoing consultative support to school staff. While learning new evidence-based practices is essential, applying them correctly in real-world situations can be challenging. WYS offers expert consultation to help staff ensure they are implementing strategies effectively and providing the best possible support for students' needs.

CalOptima Health was also joined by Dr. Veronica Kelley, Director of the OCHCA and CalOptima Health Board member. One of the key initiatives from OCHCA was the selection of CHORUS, an external platform chosen by the county to enhance real-time data sharing for screenings conducted by CalOptima Health and County Behavioral Health. Both organizations are now collaborating on this shared data platform to improve coordination for members.

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Ms. Katsarov highlighted that a significant focus during the program was ensuring that, within the already complex behavioral health system, all stakeholders were engaged to prevent care duplication and avoid further complications. Appreciation was expressed to all Orange County partners for their collaboration in achieving this goal.

The SBHIP Final Report was presented to the Board and made available to the public on the CalOptima Health website. Special thanks were given to Deanne Thompson and the CalOptima Health Communications Team for creating the comprehensive and visually appealing report booklet. Attendees were encouraged to review the report at their convenience, as it contains extensive details beyond what could be covered in the meeting.

Ms. Katsarov noted that she was happy to provide an introduction to some of the SBHIP Partner Reflections, featuring three special guests. The first speaker invited to share experiences was Mayu Itawani, Senior Administrator for Mental Health and Wellness at the Orange County Department of Education.

Ms. Itawani thanked the Board and CalOptima Health for allowing her to share some experiences on behalf of the Orange County Superintendent of Schools, Dr. Stephan Bean. She expressed appreciation to CalOptima Health for its vision, leadership, and unwavering commitment to improving youth mental health in Orange County. This partnership has demonstrated what is possible when CalOptima Health and local educational agencies unite around a shared mission.

Ms. Itawani shared that Orange County was one of the few, possibly the only county, that partnered with all school districts for SBHIP. While the requirement was to engage three districts, Orange County significantly expanded participation. This decision fostered strong relationships over the years between SBHIP, CalOptima Health, and district mental health leaders. These leaders now have direct contacts at CalOptima Health to consult on challenging situations and collaborate on best practices.

Through this partnership, silos have been broken down, coordination has improved, and stronger systems of care for youth mental health have been built across the county. The collaboration evolved into an actual working relationship – one that required compromise, translation of terminology, and mutual understanding. Despite challenges, partners consistently approached conversations with openness, curiosity, and a willingness to hear new perspectives.

Special acknowledgment was given to Carmen Katsarov and her team for their honesty and collaborative approach in navigating challenges. The foundation built through SBHIP positions Orange County well for the next phase of work, including implementation of the statewide multi-payer fee schedule.

Although SBHIP is officially ending, this is viewed as the beginning of an ongoing partnership. The relationships and communication established will continue as Orange County and its partners work together to support youth mental health.

Ms. Katsarov thanked Ms. Itawani and introduced Natalie Hamilton, Director of Mental Health and Wellness from the Irvine Unified School District (IUSD).

Ms. Hamilton shared the IUSD's experience with Hazel Health. She reported that Hazel Health provides telehealth services for students, allowing access to mental health support online. In 2024, 158 students

received at least one appointment; 809 total visits were completed, and 25 students were referred for additional care beyond Hazel Health services. Ms. Hamilton noted that IUSD operates a little differently from other school districts, as it also allows families to self-refer to Hazel Health. IUSD strongly believes in this model, recognizing that some families prefer privacy and do not want the school to know what is happening at home. So far this year, 34% of the referrals to Hazel Health have come from the families themselves. Ms. Hamilton noted the top reasons for referrals were anxiety, depression, academic struggles, relationship issues, and difficulty expressing emotions.

Ms. Katsarov thanked Ms. Hamilton and introduced Bertha Benavidez, Principal of Willard Intermediate School in the Santa Ana Unified School District.

Ms. Benavidez expressed gratitude for the collaborative effort among CalOptima Health, the district, and partner organizations to create wellness spaces for students. She emphasized the critical need for such a resource, given the high levels of trauma and hardship faced by students in the Santa Ana community.

The wellness space provides a safe, calming environment with music, sound therapy, and comfortable furnishings, helping students regulate emotions and feel supported. Ms. Benavidez shared a recent example of a student coping with grief and family immigration challenges, highlighting how the wellness space enabled meaningful emotional support.

She noted that the middle school years are particularly challenging, and this initiative has been a significant blessing, fostering students' emotional growth and resilience. Ms. Benavidez highlighted the importance of the wellness space for students living in crowded, high-stress households. The space offers calming activities such as sand trays and sound therapy, helping students refocus and feel safe.

Ms. Benavidez also shared a recent parent engagement activity where families experienced the wellness space firsthand. Parents expressed deep appreciation, noting its positive impact and wishing they could replicate it at home. One parent remarked on the challenge of self-care and how the wellness space inspired ideas for creating calming environments at home. She emphasized that the benefits extend beyond students to families, fostering emotional well-being and community connection. She hopes similar spaces can be built in other schools, as they support not only trauma-affected students but all children and families.

Ms. Katsarov thanked Ms. Benavidez for sharing her experiences. She also thanked Chief Executive Officer Michael Hunn, Chief Operating Officer Yunkyung Kim, executive leadership, and the Board for their support of the SBHIP and overall youth wellness initiatives in Orange County. She added that looking ahead, the commitment remains strong to sustain and expand services established through SBHIP, addressing the ongoing need for youth wellness programs.

Ms. Katsarov acknowledged the dedication of all SBHIP partners and invited them to stand for recognition and applause. The presentation concluded with a group photo with the Board, CalOptima Health leadership, and the SBHIP partners.

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MANAGEMENT REPORTS

2. Chief Executive Officer (CEO) Report

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

Mr. Hunn expressed appreciation for the collaborative efforts behind the wellness space program. He highlighted a recent luncheon with school and behavioral health partners, noting the impact when programs, funding, and partnerships align. Key contributors include CalOptima Health, Orange County, Hazel Health, school districts, and CHOC.

He emphasized the importance of family engagement in behavioral health and praised physician leadership, clinical teams, and social workers for their roles. Drawing on his experience in behavioral health and substance use programs, he stressed the need for timely intervention to prevent adverse outcomes for young people.

Mr. Hunn shared a recent example of a principal stepping in to support a grieving student, illustrating the program's real-world impact. He thanked the Board for supporting the initiative and noted the potential future expansion of wellness spaces.

He concluded by reaffirming CalOptima Health's mission to treat members with dignity and respect, including those with behavioral health needs, and expressed gratitude for ongoing partnerships. Mr. Hunn thanked the Board for supporting these initiatives and noted that future opportunities to expand wellness spaces will be brought to the Board for consideration.

Mr. Hunn reviewed the latest Fast Facts and noted that the current enrollment is 877,802, down from 885,314 last month. Staff will continue monitoring trends throughout the year and coordinate closely with the Social Services Agency, which manages Medi-Cal eligibility files from the state. Once eligibility is confirmed, CalOptima Health ensures members receive ID cards, are assigned to a medical home and primary care provider, and can access services.

Mr. Hunn noted that the financial indicators remain positive. For members in the CalOptima Health Community Network, approximately 250,000 members, treatment authorization turnaround times are well ahead of benchmarks: Inpatient Concurrent Urgent, within 72 hours is the state requirement, CalOptima Health's average time to decision is 35.96 hours; Prior Authorization - Urgent, within 72 hours is the state requirement, CalOptima Health's average time to decision is 5.71 hours; and Prior Authorization – Routine, within 5 days is the state requirement, CalOptima Health's average time to decision is 0.69 days.

Mr. Hunn highlighted the critical role of CalOptima Health's medical leadership in treatment authorizations. These authorizations are managed by the Utilization Management team under Executive Director Kelly Giardina. Chief Medical Officer Dr. Richard Pitts, Deputy Chief Medical Officer Dr. Zeinab Dabbah, and other medical directors support them. He added that authorizations often require detailed, medically directed reviews to ensure appropriate care. CalOptima Health's medical directors, nurses, care managers, case managers, disease management team, complex case management team, and transplant team, led by Dr. Richard Lopez, all contribute to timely approvals. Mr. Hunn emphasized that faster authorizations lead to better patient outcomes and praised the team's performance, noting it rivals that of any other health plan.

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Mr. Hunn acknowledged the Quality Assurance Committee, led by Board member Dr. Jose Mayorga, for its focus on quality, timeliness, documentation, and compliance with payment requirements to providers.

Mr. Hunn noted that medical leadership and oversight are essential to maintaining high standards and announced that a 2025 look-back report will be presented at the February Board meeting.

Mr. Hunn reported that over 2,700 attendees participated in CalOptima Health's Open House and Thanksgiving food distribution event. Meals were provided to 1,100 families, with additional food boxes from Second Harvest Food Bank. Partnerships included Mercy Health (immunizations and naloxone distribution), the OCHCA, and Northgate Market, which provided logistical support. The event highlighted ongoing community needs and strengthened collaboration with local partners.

Mr. Hunn shared that CalOptima Health's OneCare (D-SNP) program continues to be recognized for best practices and added that the Department of Health Care Services invited CalOptima Health to present its approach statewide. He reported that CalOptima Health's marketing and outreach efforts are increasing awareness of coordinated Medicare and Medi-Cal benefits. Mr. Hunn added that CalOptima Health's enrollment campaigns and community engagement will continue into 2026–2027, with updates to the Board on planned initiatives.

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

PUBLIC COMMENTS

- America Bracho, Latino Health Access: Oral report regarding Notice of Funding Opportunities for Medi-Cal Enrollers Round Two.
- Georgina Maldonado, Children's Health Initiative of Orange County: Oral report regarding Notice of Funding Opportunities for Medi-Cal Enrollers Round Two.
- Claudia Keller, Second Harvest Food Bank: Oral report regarding Agenda Item 7.
- Berenice Constant, AltaMed Health Services and OC Coalition: Oral report regarding Agenda Item 14.
- Tricia Nguyen, Southland Integrated Services, Inc.: Oral report regarding Agenda Item 14.
- Dr. Minal Borsada, Family Health Matters Community Health Center: Oral report regarding Agenda Item 14.
- Carmen Namenek, Rady Children's Health/CHOC: Oral report regarding Agenda Item 14.
- Jina Lawler, Hurtt Family Health Clinic: Oral report regarding Agenda Item 14.

CONSENT CALENDAR

3. Minutes

a. Approve Minutes of the November 6, 2025, Regular Meeting of the CalOptima Health Board of Directors.
b. Receive and File Minutes of the September 18, 2025, Regular Meeting of the CalOptima Health Board of Directors' Finance and Audit Committee.

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

5. Approve the New CalOptima Health Policy GA.8064

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6. Authorize Amendments to CalOptima Health's Primary and Secondary Agreements with the California Department of Health Care Services Related to Calendar Year 2026 Final Draft Rate Update

7. Ratify Actions Related to Federal Shutdown Response Supplemental Food Support for CalOptima Health Members
This item was pulled for discussion.

8. Receive and File Closed and Open Board Ad Hoc Committees

9. Approve Actions Related to Requesting Additional Funds for the Member and Population Health Needs Assessment

10. Receive and File:
a. October 2025 Financial Summary
b. Compliance Report
c. Government Affairs Reports
d. CalOptima Health Community Outreach and Program Summary

Action: ***On motion of Vice Chair Sarmiento, seconded and carried, the Board of Directors approved the Consent Calendar Agenda Items 3 through 10, minus Agenda Item 7, as presented. (Motion carried 9-0-0)***

7. Ratify Actions Related to Federal Shutdown Response Supplemental Food Support for CalOptima Health Members
The Board heard public comment on this item as noted under the Public Comments section above.

Vice Chair Sarmiento requested clarification on administrative costs and the history of the proposed allocation. He added that, if he recalls correctly, the $1.5 million under discussion is residual funding from the November 6 allocation, which originally dedicated $5 million to $25 flex cards and $3 million to food bank grants. Due to the resolution of the government shutdown, $1.5 million remained unused.

The proposal would fund approximately 154,000 flex cards, with an administrative cost of $5.50 per card (about $847,000, or 13.2% of total cost). Vice Chair Sarmiento questioned whether this overhead represents good value compared to redirecting funds to food banks, given ongoing food insecurity and the demonstrated impact of prior pantry distributions. He emphasized the importance of maximizing direct benefits to members. He suggested reconsidering allocations to food banks, which may have a greater impact than flex cards with their high administrative costs.

Director Contratto thanked Vice Chair Sarmiento for seeking to clarify the cost analysis and asked staff to provide additional details on administrative costs associated with the flex cards.

Mr. Hunn clarified that flex cards differ from gift cards, as they include security features and require activation by members. Administrative fees are standard for such cards, similar to retail gift cards, and were discussed during prior Board approval. He noted that the cards have already been purchased and

distributed, with additional cards forthcoming. Flex cards will also be repurposed for future member incentives. Staff will continue seeking cost efficiencies and will return in February with recommendations for food programs, in collaboration with Community Action Partnership of Orange County (CAP OC) and Second Harvest Food Bank.

Director Contratto responded that, to make it clear to everyone listening, the administrative fee is about $847,000 and is not a CalOptima Health administrative fee; it is the card vendor's administrative fee.

Supervisor Chaffee noted that during a recent food distribution, 1,100 cards were provided without administrative fees and suggested exploring similar options, as the current flex card administrative costs appear excessive.

Mr. Hunn responded, explaining that the flex cards offer enhanced security compared to gift cards. They are member-specific, require activation, and can be reused for multiple health incentives. Lost or stolen cards can be replaced, and balances can be tracked. Flex cards are already used for OneCare members (approximately 18,000) and will be expanded for future incentive programs. Administrative costs are associated with these added protections.

Director Mayorga commented that as the physician on the Board, he acknowledged concerns about administrative costs but emphasized the value of flex cards for security, convenience, and reusability. Unlike one-time gift cards or checks, flex cards can be reloaded for future incentives tied to preventive care, such as screenings and chronic condition management. This approach provides members with immediate access to rewards and supports ongoing engagement in their health care.

Director Garcia Guillen requested clarification on the $1.30 maintenance fee for flex cards, asking whether it is a one-time or recurring monthly fee. She noted that if it is a one-time fee, the total would be approximately $260,000. Director Garcia Guillen emphasized the importance of understanding these costs to ensure funds are used effectively and provide the best benefit to CalOptima Health's members and the community.

Mr. Hunn asked Yunkyung Kim and Dr. Bruno-Nelson to provide details on administrative costs and maintenance fees, as they have more of the details.

Ms. Kim provided a breakdown of the $5.50 administrative cost per flex card: $3.50 for postage and fulfillment (mailing the card to members) and $2.00 for card administration. Additionally, there is a $0.50 monthly maintenance fee per card, currently budgeted for a four-month usage window. If cards are reloaded for future incentives, the maintenance fee would continue (*e.g.*, an additional $1.50 for three more months).

Dr. Bruno-Nelson added that, through CalOptima Health's partnership with the Social Services Agency, the number of cards was reduced by issuing one card per family rather than individual cards for each member, thereby lowering overall costs.

Vice Chair Sarmiento proposed a substitute motion to redirect the $1.5 million to food pantries, as initially considered in November, citing concerns about the administrative costs associated with flex cards. He acknowledged the differences between flex cards and gift cards but questioned the overall value given the postage and administrative fees. Vice Chair Sarmiento suggested deferring the flex card item to February, when food pantry recommendations are scheduled for discussion.

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Ms. Kim noted that, per last month's Board motion, gift cards have already been mailed to identified members. If the Board adopts a different motion today, newly identified members would not receive cards. Unused or unactivated cards could potentially be repurposed for other members, but some individuals may not receive a card under the revised approach.

Vice Chair Sarmiento withdrew his substitute motion to redirect funds to food pantries, acknowledging that gift cards have already been mailed and members should not be denied benefits. He noted challenges in understanding administrative costs, which differed from initial briefings, and expressed concern about the lack of cost comparisons or industry benchmarks. Vice Chair Sarmiento emphasized the Board's commitment to ensuring maximum value for members and suggested negotiating with vendors to reduce administrative and maintenance costs for future programs. He requested that the food pantry action item be added to the February Board agenda and that it include precise, straightforward details for the Board's consideration.

Director Helleland suggested that funds approved in the motion should be applied exclusively to the loadable amount for members, not administrative costs. He noted that administrative expenses have broader utility beyond this specific program and should be covered through the general budget rather than reducing the value provided to members.

Supervisor Chaffee noted that the original intent of the flex card program was to address uncertainty around food program continuity and provide immediate assistance. This is in contrast with prior gift card initiatives, which allowed for negotiated added value and returns on unused cards (*e.g.*, $10,000 refund and additional turkeys from vendors). Supervisor Chaffee expressed concern that administrative fees for flex cards reduce the overall value delivered to members compared to gift cards, which can offer better negotiated benefits. He suggested that the program's purpose should guide the selection of card type and questioned whether the current approach maximizes member benefits.

Chair Becerra noted that the item is a ratification of a decision made in November and that additional options will be presented in February for further discussion.

Director Garcia Guillen stated, for the record, that the original intent of last month's vote was to ensure the majority of funds supported feeding members and families, including significant allocations to food pantries during a time of uncertainty. Although the government shutdown ended, food insecurity persists and may worsen given current political realities. She emphasized that the $5.50 per card administrative fee is onerous and urged staff to negotiate these costs to maximize member benefits. Director Garcia Guillen expressed feeling conflicted about the item and reiterated the importance of cost efficiency, noting that ideally, both flex card distribution and pantry support could be funded.

Mr. Hunn committed to bringing an action to the Board at the February 5, 2026, Board meeting for additional funding for CAP OC and Second Harvest Food Banks. He also committed to providing a comparison of the various types of gift cards, flex cards, and reloadable cards, along with relevant fees for each, for the Board's review.

After considerable discussion, the Board took the following action:

Action: ***On motion of Chair Becerra, seconded and carried, the Board of Directors ratified a reallocation of up to $1.5 million from the***

grant agreements with two Orange County food bank distribution hubs to fully fund the initiative to provide one $25 non-monetary flex card to individual Medi-Cal members who are enrolled in the Supplemental Nutrition Assistance Program. (Motion carried 6-0-3; Supervisor Chaffee and Directors Garcia Guillen and Helleland abstained)

REPORTS/DISCUSSION ITEMS

11. Approve Actions Related to CalOptima Health's Hospital Services Contracts with Acute Care Hospitals for Medi-Cal, OneCare, Program of All-Inclusive Care for the Elderly, and Covered California Programs

This item was continued to a future Board meeting.

Chair Becerra noted for the record that she will not participate in Agenda Items 12, 13, and 14 due to her role as Chief Executive Officer of the Coalition of Orange County Community Health Centers and will leave the room during the discussion and vote. She passed the gavel to Vice Chair Sarmiento.

12. Approve Modifications to CalOptima Health Contracting Policy EE.1116, Contracted Provider Notification to CalOptima Health of Changes Affecting the Legal Status of the Contract

Chair Becerra did not participate in this item due to her role as Chief Executive Officer of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote. Director Helleland did not participate in this item due to his role as Chief Executive at Providence St. Joseph Hospital and Providence Orange County & High Desert Service Area and left the room during the discussion and vote. Director Mayorga did not participate in this item due to his role as Senior Vice President and Chief Quality Officer at AltaMed Health Services and left the room during the discussion and vote.

Action: ***On motion of Vice Chair Sarmiento, seconded and carried, the Board of Directors approved modifications to CalOptima Health Policy EE.1116, Contracted Provider Notification to CalOptima Health of Changes Affecting the Legal Status of the Contract (Motion carried 6-0-0; Chair Becerra and Directors Helleland and Mayorga recused)***

13. Approve the CalOptima Health Measurement Year 2026 Medi-Cal and OneCare Pay for Value Programs and Measurement Year 2027 Covered California Pay for Value Program

Chair Becerra did not participate in this item due to her role as Chief Executive Officer of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote. Director Helleland did not participate in this item due to his role as Chief Executive at Providence St. Joseph Hospital and Providence Orange County & High Desert Service Area and left the room during the discussion and vote. Director Mayorga did not participate in this item due to his role as Senior Vice President and Chief Quality Officer at AltaMed Health Services and left the room during the discussion and vote.

After Board discussion, Director Garcia Guillen amended the motion to exclude the one-time digital technology improvements, to encourage providers to implement electronic health records from recommended action 4. This portion of the action will be discussed at the next regular Quality Assurance Committee meeting in March.

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Action: ***On motion of Director Garcia Guillen, seconded and carried, the Board of Directors: 1.) Approved CalOptima Health Measurement Year 2026 Medi-Cal Delegated Health Network Pay for Value Performance Program effective January 1, 2026, through December 31, 2026; 2.) Approved CalOptima Health Measurement Year 2026 OneCare Delegated Health Network Pay for Value Performance Program effective January 1, 2026, through December 31, 2026; 3.) Approved CalOptima Health Measurement Year 2027 Covered California Health Network Pay for Value Performance Program effective January 1, 2027, through December 31, 2027; 4.) Approved Measurement Year 2026 Medi-Cal and OneCare Primary Care Provider Pay for Value Performance Programs, ~~one-time provider incentives for digital technology improvements~~ and utilization of physician incentive software to provide a real-time, point-of-care approach that rewards physicians for the completion of specific value-based care actions. (Motion carried 6-0-0; Chair Becerra and Directors Helleland and Mayorga recused)*** *Rev. 12/4/25*

14. Approve Material Change to Grant Award Agreement with Coalition of Orange County Community Health Centers for Population Health and Value-Based Care Transformation

Chair Becerra did not participate in this item due to her role as Chief Executive Officer of the Coalition of Orange County Community Health Centers and left the room during the discussion and vote. Director Contratto did not participate due to her role as Chief Strategy Officer at Be Well OC and left the room during the discussion and vote. Director Mayorga did not participate in this item due to his role as Senior Vice President and Chief Quality Officer at AltaMed Health Services and left the room during the discussion and vote.

Action: ***On motion of Supervisor Chaffee, seconded and carried, the Board of Directors approved a material change to the Population Health and Value-Based Care Transformation Grant with the Coalition of Orange County Community Health Centers to increase the Year Four budget. (Motion carried; 6-0-3; Chair Becerra and Directors Contratto and Mayorga recused)***

Vice Chair Sarmiento passed the gavel back to Chair Becerra.

15. Approve Actions Related to the Orange County Community Health Assessment and Community Health Improvement Plan

In an abundance of caution, Vice Chair Sarmiento did not participate in this item due to his role as Supervisor at the County of Orange and left the room during the discussion and vote.

Action: ***On motion of Director Contratto, seconded and carried, the Board of Directors: 1.) Authorized the Chief Executive Officer or designee to execute and administer a one-year grant agreement with the Orange***

County Health Care Agency and award payment of up to $990,678.46 to support the implementation of the Orange County Community Health Assessment and Community Health Improvement Plan; 2.) Approved allocation from unallocated Intergovernmental Transfer 8-10 funds in an amount not to exceed $990,678.46 to fund the one-year grant agreement; and 3.) Made a finding that such expenditures are for public purposes and in furtherance of CalOptima Health's mission and purpose. (Motion carried; 8-0-1; Vice Chair Sarmiento abstained)

16. Authorize the Submission of the Letter of Intent to Apply to Covered California for Plan Year 2027

Action: ***On motion of Director Green, seconded and carried, the Board of Directors authorized the Chief Executive Officer to submit a Letter of Intent to Apply as an interested Qualified Health Plan applicant to Covered California for plan year 2027. (Motion carried; 9-0-0)***

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

Action: ***On motion of Director Green, seconded and carried, the Board of Directors: 1.) Made an exception to CalOptima Health Policy GA.5002: Purchasing and authorized the Chief Executive Officer, or designees, to execute a contract amendment without competitive procurement with Health Management Associates, Inc. for Strategic Advice and Qualified Health Plan Application support to update the payment terms from a total contract amount of $250,000 to $1.0 million; and 2.) Appropriated and allocated up to $350,000 from existing reserves to fund the contract amendment with Health Management Associates, Inc. for the period of July 1, 2026, through December 31, 2026. (Motion carried; 9-0-0)***

18. Approve the Establishment of the Legislative Committee as an Additional Standing Board Committee

No motion and no action taken.

19. Adopt the Proposed CalOptima Health Board of Directors, Including the Finance and Audit, and Quality Assurance and Legislative Committees, Meeting Schedule Effective January 1, 2026, through December 31, 2026

The Board approved the meeting schedule effective January 1, 2026, through December 31, 2026, minus the Legislative Committee.

Action: ***On motion of Supervisor Chaffee, seconded and carried, the Board of Directors adopted the proposed meeting schedule of the CalOptima Health Board of Directors, the Finance and Audit Committee, and the Quality Assurance Committee~~, and the Legislative Committee~~ for Calendar Year 2026. (Motion carried; 9-0-0)***

Rev. 12/4/25

20. Consider a Request to Support a Proposed Amendment to CalOptima Health's Governing

Ordinance
This item was continued to a future meeting.

21. Election of Officers of the Board of Directors for Terms Beginning January 1, 2026
Chair Becerra turned the election over to CalOptima Health's Legal Counsel.

Troy R. Szabo, Outside General Counsel, Kennaday Leavitt, reported that today's attendance establishes the presence of seven directors, meeting the requirement to proceed with the nomination and election of new officers. He noted that CalOptima Health's nomination procedure allows for nominations to be made during the meeting and invited any additional nominations from the Board. Hearing none, he read the nominations received in advance of the meeting into the record:

Chair Nominations:
- Chair Becerra nominated Supervisor Sarmiento.
- Vice Chair Sarmiento nominated himself.
- Director Byron nominated Supervisor Sarmiento.
- Director Contratto nominated Supervisor Sarmiento.
- Director Green nominated Supervisor Sarmiento.
- Supervisor Chaffee nominated Supervisor Sarmiento.

Vice Chair Nominations:
- Chair Isabel Becerra nominated Director Byron.
- Vice Chair Sarmiento nominated Director Byron.
- Director Contratto nominated Director Mayorga.
- Director Green nominated Director Byron.
- Supervisor Chaffee nominated Director Mayorga.

The Clerk distributed voting ballots for Chair to Board members and read the votes for Chair into the record.
- Director Byron voted for Supervisor Sarmiento.
- Director Garcia Guillen voted for Supervisor Sarmiento.
- Director Mayorga voted for Supervisor Sarmiento.
- Director Helleland voted for Supervisor Sarmiento.

- Director Green voted for Supervisor Sarmiento.
- Director Sarmiento voted for himself.
- Director Contratto voted for Supervisor Sarmiento.
- Chair Becerra voted for Supervisor Sarmiento.
- Supervisor Chaffee voted for Supervisor Sarmiento.

Mr. Szabo reported that with all 9 votes tallied, Supervisor Sarmiento will be the next Board Chair.

The Clerk distributed voting ballots for Vice Chair to Board members and read the votes for Vice Chair into the record.

- Director Helleland voted for Director Byron.
- Director Green voted for Director Byron.
- Vice Chair Sarmiento voted for Director Byron.
- Chair Becerra voted for Director Byron.
- Director Byron voted for herself.
- Director Garcia Guillen voted for Director Byron.
- Director Mayorga voted for himself.
- Director Contratto voted for Director Mayorga.
- Supervisor Chaffee voted for Director Mayorga.

Mr. Szabo announced that with more than five votes, meeting the quorum requirement, the Board has elected Director Byron as Vice Chair for the next term. He also stated for the record that the newly elected officer positions will commence on the first day of the month following this meeting, January 1, 2026. He then turned the meeting back to the existing Chair.

Action: ***The Board of Directors elected Vicente Sarmiento as Chair and Maura Byron as Vice Chair of the Board of Directors for terms effective January 1, 2026, through the last day of the month of the next organizational meeting, or until the election of a successor(s), unless the Chair or Vice Chair shall sooner resign or be removed from office.***

Before the Chair adjourned to Closed Session, Vice Chair Sarmiento briefly interrupted to thank the Board and to express appreciation to outgoing Chair Isabel Becerra for her leadership, noting that she served a term and a half during a very challenging period. He acknowledged her seamless service and invited a round of applause in recognition.

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Vice Chair Sarmiento stated his commitment to working with the Board and executive team to advance member-centric, sustainable strategies. He emphasized the importance of accountability, transparency, and maintaining public trust in CalOptima Health. He noted that while other boards and commissions have struggled with integrity and leadership, this Board has demonstrated strong ethics and dedication to serving members effectively.

He outlined his priorities, including bringing forward programs that benefit members, ensuring efficient and effective meetings, and holding the Board accountable to high standards. He also expressed gratitude to CalOptima Health staff for their support and frontline work at resource fairs, food pantries, and other community events, noting their efforts reflect positively on the organization.

Vice Chair Sarmiento concluded by reaffirming his commitment to integrity, ethical decision-making, and ensuring public resources are used to serve members well. He thanked the Chair and Board for the opportunity to address them and stated he looks forward to serving in his new role.

Chair Becerra thanked the Board and stated that she will continue serving as a Board member with the same dedication, emphasizing that all Board members share equal responsibility for fiscal oversight and ensuring funds are used to benefit the community. She reiterated the Board's collective commitment to increasing access to health care and improving quality, noting that leadership roles such as Chair or Vice Chair are not required to fulfill these responsibilities. Chair Becerra emphasized that she will continue to actively contribute on the Board.

Chair Becerra noted that the Board will not meet the scheduled time of 5:00 p.m. for the Special Board of Directors meeting.

CLOSED SESSION
The Board adjourned to Closed Session at 4:59 p.m. Pursuant to Government Code section 54956.87, subdivision (b) HEALTH PLAN TRADE SECRETS: PACE; Pursuant to Government Code section 54956.9, subdivision (d)(1) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION: (7 Cases)

The Board returned to Open Session at 6:22 p.m., and the Clerk re-established a quorum.

ROLL CALL
Members Present: Isabel Becerra, Chair; Vicente Sarmiento, Vice Chair; Maura Byron; Supervisor Doug Chaffee; Blair Contratto; Norma Garcia Guillen; Catherine Green, R.N.; Brian Helleland

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

CLOSED SESSION
Chair Becerra turned the report out for Closed Session over to Mr. Szabo, Outside General Counsel, Kennaday Leavitt.

Mr. Szabo reported that, for Closed Session Item No. 1, the Board authorized the formation of an Ad Hoc Committee to oversee the selection, purchase, and development of a new PACE center. Additionally, the Board authorized staff to submit a complete application to the Department of Health

Care Services for the expansion of the CalOptima Health PACE program to include a new center location.

There were no reportable actions taken for Closed Session Item No. 2.

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

There were no Board member comments or Board committee reports.

ADJOURNMENT

Hearing no further business, Chair Becerra adjourned the meeting at 6:24 p.m.

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Sharon Dwiers
Clerk of the Board

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SPECIAL MEETING
OF THE
CALOPTIMA HEALTH BOARD OF DIRECTORS

December 4, 2025

A Special Meeting of the CalOptima Health Board of Directors (Board) was held on December 4, 2025, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person and via Zoom webinar, as allowed under Assembly Bill 2449, which took effect after Governor Newsom ended the COVID-19 state of emergency on February 28, 2023. The meeting recording is available on CalOptima Health's website under View Past Meeting Materials. Chair Isabel Becerra called the meeting to order at 6:27 p.m., and Chair Isabel Becerra led the Pledge of Allegiance.

ROLL CALL

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

(All Board members participated in person)

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

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

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

The Board adjourned to Closed Session at 6:31 p.m. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) (1 matter); CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) and (e)(1): up to 2 potential cases

The Board returned to Open Session at 6:58 p.m., and the Clerk re-established a quorum.

ROLL CALL

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

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

CLOSED SESSION

Chair Becerra noted that the Board met in Closed Session and that no reportable actions were taken.

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BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

Vice Chair Sarmiento wished everyone a happy holiday season and hoped everyone could enjoy quality time with their families and take the opportunity to rest.

Director Byron thanked her colleagues for entrusting her with the new position of Vice Chair. She emphasized that she will strive to do her absolute best and that she knows she can count on her fellow Board members in their expert capacities to assist when needed. She thanked everyone and wished happy holidays to all.

Director Contratto thanked Chair Becerra for her incredible service and leadership. She also gave a shout-out to Carmen Katsarov for the outstanding presentations during today's meeting. Director Contratto added that, as Chair Becerra mentioned, the Board and the public need to hear more boots-on-the-ground stories, which help the Board see how its actions affect CalOptima Health's members.

Director Garcia Guillen echoed her colleagues' remarks. She thanked Chair Becerra for her leadership throughout what has been a challenging yet significant year of work. Director Garcia Guillen emphasized that Chair Becerra's efforts have left a strong foundation for continued progress under the leadership of Supervisor Sarmiento and incoming Vice Chair Byron. She congratulated both. She also extended her appreciation to staff for their support. Director Garcia Guillen wished everyone a happy holiday season and noted that she looks forward to reconvening in 2026.

Director Green thanked Chair Becerra for her service, noting that she has done an outstanding job during a challenging time. She congratulated Supervisor Sarmiento and Director Byron on their election for the coming year. Director Green wished everyone a happy holiday season.

Chair Becerra expressed her gratitude to her colleagues for their kind words. She commented that this has been an unprecedented time for CalOptima Health and the world at large. She added that she genuinely feels fortunate to have spent this time working alongside everyone. Chair Becerra commended the Board, noting that it is making a meaningful difference, which is the ultimate goal of the Board's collective efforts. She said she looks forward to continuing this work in partnership with her fellow Board members and wished everyone a happy holiday season.

ADJOURNMENT

Hearing no further business, Chair Becerra adjourned the meeting at 7:03 p.m.

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Sharon Dwiers
Clerk of the Board

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CALOPTIMA HEALTH BOARD ACTION AGENDA REFERRAL

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

Consent Calendar

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

Contacts

Donna Laverdiere, Executive Director, Strategic Development, (714) 986-6981
Javier Sanchez, Executive Director, Operations Management, (657) 235-6851

Recommended Actions

To support the Department of Managed Health Care licensure filing process, authorize the Chief Executive Officer, or designee, to negotiate and execute contract amendments with Field Marketing Organizations (and update contract terms as necessary) to expand services to the Covered California line of business and to add payment terms and regulatory requirements with:

- Applied General Agency LLC;
- iPros Insurance Services;
- JAR Insurance Services; and
- South Bay Health Insurance Services.

Background

On June 5, 2025, the CalOptima Health Board of Directors (Board) authorized the Chief Executive Officer to initiate, submit, and complete a filing with the Department of Managed Health Care (DMHC) to expand CalOptima Health's current Knox-Keene Act license to operate a Covered California health plan. On June 16, 2025, CalOptima Health submitted the initial filing to DMHC.

The DMHC filing is a multi-phased process that CalOptima Health must complete by early 2026 to offer the Covered California product for benefit plan year 2027. The process requires the submission of many supporting exhibits that demonstrate compliance with the requirements of the Knox-Keene Act. Requirements include filing fully executed Administrative Service Agreements (ASAs) for vendors that will perform services for CalOptima Health's Covered California line of business. CalOptima Health plans to file several ASAs in February of 2026.

Discussion

As part of CalOptima Health's delivery of services in the Covered California line of business, CalOptima Health proposes using current vendors who provide administrative services to create continuity in service and streamline administrative operations. CalOptima Health must submit ASAs related to its proposed Covered California line of business to DMHC as part of the licensure review process. CalOptima Health must amend several ASAs before submitting them to DMHC to ensure their duration includes the launch of the Covered California product in 2027 and that the scope includes the performance of activities for the Covered California line of business and the applicable Covered California and DMHC regulatory requirements.

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CalOptima Health's contracts with field marketing organizations (FMOs) are considered ASAs and must be filed with the DMHC. An FMO is an organization that provides support and resources to independent insurance agents and brokers.

Adding Covered California to the Field Marketing Organization (FMO) Scope of Work

CalOptima Health currently contracts with four FMOs to facilitate sales through agents and brokers for the OneCare line of business. The FMO contracts were awarded based on the results of two separate requests for proposals (RFPs) issued on March 10, 2022, and September 8, 2022. iPros was awarded a contract as a result of the RFP issued on March 10, 2022. Applied General Agency, JAR Insurance Services, and South Bay Health Insurance Services were awarded contracts as a result of the RFP issued on September 8, 2022.

CalOptima Health requests Board approval to add the Covered California line of business and its associated DMHC regulatory requirements into the scope of work for the current contracts with FMOs to ensure that their independent brokers or agents can assist eligible members with enrolling into CalOptima Health's Covered California product. The contract amendments will also specify the compensation terms for all FMOs and their independent brokers and agents. The commission structure will follow industry standard for most carriers in the southern California market based on a per-member per month (PMPM) arrangement for the initial year of a new policy and annual renewals. The current FMO vendor contracts extend beyond the start of CalOptima Health's Covered California program launching in January 2027 and do not require extension if the existing option years are exercised by CalOptima Health.

Vendor	Administrative Service	Current Contract Term Date & Extensions Dates	Proposed Amendment
Applied General Agency, LLC	FMO for broker and insurance agent services.	12/31/2025 with two additional one-year extensions	Add Covered CA line of business to scope of work
iPros Insurance Services	FMO for broker and insurance agent services.	09/30/2026 with two additional one-year extensions	Add Covered CA line of business to scope of work
JAR Insurance Services, LLC	FMO for broker and insurance agent services.	12/31/2025 with two additional one-year extensions	Add Covered CA line of business to scope of work.
South Bay Health Insurance Services	FMO for broker and insurance agent services.	12/31/25 with two additional one-year extensions	Add Covered CA line of business to scope of work.

In the event an ASA included in this Board action is terminated prior to the effectuation of the provisions related to the addition of the Covered California line of business, staff will provide an update to the Board, which will include a contingency plan to meet required services.

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Fiscal Impact
The recommended action has no additional impact. Funding for the recommended action will be included in a future Covered California operating budget or through a separate Board action.

Rationale for Recommendation
The recommended action will support CalOptima Health's requirement to file all ASAs with the DMHC in a timely fashion and ensure continuity of services during implementation of the new Covered California product.

Concurrence
James Novello, Outside General Counsel, Kennaday Leavitt

Attachments
1. Covered CA FMO Draft Contract Amendment
2. Entities Covered by this Recommended Action

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Regulatory Amendment to Contract No. XX-XXXXX

This Regulatory Amendment to Contract No. XX-XXXXX ("**Amendment**") is effective as of [insert date] ("**Amendment Effective Date**"), by and between Orange County Health Authority, a public agency, dba CalOptima Health ("**CalOptima**"), and [insert legal name] ("**Contractor**"). CalOptima and Contractor may each be referred to herein as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. CalOptima and Contractor entered into Contract XX-XXXXX, originally effective [insert date] (the "**Contract**"), by which Contractor provides certain services to CalOptima.

B. Under Section 10 of the Contract, CalOptima may unilaterally amend the Contract at any time upon written notice to Contractor as required by the California Department of Managed Health Care ("**DMHC**"), applicable law, or regulation.

C. As part of CalOptima's participation in Covered California, the DMHC requires CalOptima to include certain provisions in every vendor contract that involves services related to CalOptima's Knox-Keene Act license with the DMHC.

D. The Contract involves services related to CalOptima's Knox-Keene Act license with the DMHC and must be amended to comply with DMHC and Knox-Keene Act requirements.

E. Under Section 10 of the Contract, CalOptima is amending the Contract, effective as the Amendment Effective Date, to add those DMHC and Knox-Keene Act-required provisions to the Contract as set forth herein.

AGREEMENT

NOW, THEREFORE, the Contract is amended as follows:

1. Delete the introductory paragraph to Exhibit C, *Regulatory Requirements*, in its entirety and replace it with the following new introductory paragraph to Exhibit C, *Regulatory Requirements*:

   CalOptima is a public agency and is licensed by the DMHC. CalOptima arranges for the provision of health care services to Medi-Cal, Medicare Advantage ("**MA**"), and Covered California beneficiaries under contracts with DHCS ("**DHCS Contract**"), CMS ("**CMS Contract**"), and Covered California, respectively. This Exhibit C sets forth the statutory, regulatory, and contractual requirements that CalOptima must incorporate into the Contract as a public agency and DMHC-licensed health care service plan with Medi-Cal, MA and Covered California products.

2. Add the following new Section 6 to Exhibit C, *Regulatory Requirements*, of the Contract:

   6. **DMHC Requirements**.

      6.1 Member Confidentiality. Contractor will not use or disclose medical information regarding a CalOptima member unless such use or disclosure complies with the requirements of the California Confidentiality of Medical Information Act ("**CMIA**"), including California Civil Code §§ 56.10, 56.104, and 56.107. [Health & Safety Code ("**HSC**") § 1348.5; 28 CCR §§ 1300.51(d) K.2., 1300.67.8(a)]

6.2 Books and Records.

6.2.1 Contractor will prepare and maintain on a current and accurate basis all records, books, and papers related to this Contract ("**Records**") possessed in any medium. Such Records shall be made available for inspection, including through electronic means, and copying by CalOptima and/or the DMHC, as may be necessary for CalOptima's compliance with the provisions of the Knox-Keene Act.

6.2.2 Contractor shall make all Records available in the State of California or furnish true and accurate copies of such Records upon request by CalOptima and/or the DMHC.

6.2.3 If CalOptima and/or DMHC requests to inspect Records, Contractor shall (i) furnish in electronic media Records that are possessed in electronic media, and (ii) conduct a diligent review of the Records and make every effort to furnish those responsive to the request for inspection.

6.2.4 To the greatest extent feasible, Records furnished for inspection shall be furnished in a digitally searchable format. Records must be maintained for at least five (5) years from the last date of service, except that if (i) DMHC requests, the Records must be preserved until furnished to DMHC, or (ii) other regulatory requirements require a longer retention period, that longer period will apply.

6.2.5 Contractor shall cooperate with CalOptima with respect to any DMHC examination of the fiscal and administrative affairs of CalOptima or CalOptima's subcontractors.

6.2.6 The obligations under this Section 6.2 shall survive termination of the Agreement for any reason.

[HSC §§ 1381, 1382, 1385; 1300.81, 1300.85, 1300.85.1]

6.3 Compliance with Laws. CalOptima is subject to Chapter 2.2 of Division 2 of HSC and Chapter 2 of Title 28 of the CCR. Any provision of the aforementioned statutes or regulations that is required to be in this Agreement shall bind the Parties whether or not expressly set forth in this Agreement. Contractor shall comply with Chapter 2.2 of Division 2 of the HSC and Chapter 2 of Title 28 CCR to the extent applicable to Contractor.

6.4 Liabilities. CalOptima and Contractor are each responsible for their own acts or omissions and are not liable for the acts or omissions of, or the costs of defending, others. Any provision to the contrary in the Contract is void and unenforceable. Nothing in this section shall preclude a finding of liability on the part CalOptima or Contractor based on the doctrines of equitable indemnity, comparative negligence, contribution, or other statutory or common law bases for liability. [HSC § 1371.25]

6.5 Licensure and Certification. As applicable, Contractor and its employed and contracted personnel shall be licensed and certified by their respective board or

agency, where licensure or certification is required by law to provide services under the Contract. As applicable, any equipment used by Contractor and/or its employed and contracted personnel under the Contract required to be licensed or registered by law shall be so licensed or registered, and the operating personnel for that equipment shall be licensed or certified as required by law, as well. [HSC § 1367(b)-(c)]

6.6 Reporting. Contractor agrees to submit all information or reports required under this Contract or requested by CalOptima or DMHC to comply with applicable laws in a form acceptable to CalOptima or DMHC.

3. Capitalized terms not otherwise defined in this Amendment shall have the same meanings ascribed to them in the Contract.

4. If there is any conflict or inconsistency between this Amendment and the Contract, the provisions of this Amendment shall control and govern. Except as otherwise amended by this Amendment, all the terms and conditions of the Contract will remain in full force and effect. After the Amendment Effective Date, any reference to the Contract shall mean the Contract as amended and supplemented by this Amendment. This Amendment is subject to approval by the DMHC.

CONTRACT NO. «Contract Number» ("**Contract**")
BETWEEN
ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY, dba
ORANGE PREVENTION & TREATMENT INTEGRATED MEDICAL ASSISTANCE, dba
CALOPTIMA ("**CalOptima**")
And
«Company Name»
("**CONTRACTOR**")

This Contract is made and entered into as of [insert date] ("**Effective Date**"), by and between the Orange County Health Authority, a public agency dba CalOptima, ("**CalOptima**") and «Company Name», a «Business Entity», hereinafter referred to as "**CONTRACTOR**." CalOptima and CONTRACTOR may be referred to herein collectively as the "**Parties**" or each individually as a "**Party**."

RECITALS

A. CalOptima desires to retain a contractor to provide «Description», as described in the Scope of Work in Exhibit A;

B. CONTRACTOR provides such services;

C. CONTRACTOR represents and warrants that it has the requisite personnel and experience and is capable of performing such services;

D. CONTRACTOR desires to perform these services for CalOptima; and

E. CalOptima and CONTRACTOR desire to enter into this Contract on the terms and conditions set forth herein below.

NOW, THEREFORE, in consideration of their mutual and respective promises, and subject to the terms and conditions hereinafter set forth, the Parties agree as follows:

1. Documents Constituting Contract. "**Contract Documents**" include the following documents in the order of descending precedence: (i) this Contract, inclusive of all its exhibits and addenda; (ii) CalOptima's Request for Proposal ("**RFP**"), if applicable, inclusive of any CalOptima revisions and addenda prior to the Effective Date; (iii) CONTRACTOR's best and final offer dated [Insert Date of Best and Final Offer], if applicable, and; (iv) CONTRACTOR's proposal dated [Insert Date CONTRACTOR's Response to RFP] ("**Proposal**"). Any new terms and conditions attached to CONTRACTOR's best and final offer, Proposal, invoices, or request for payment shall not be incorporated into the Contract Documents or be binding upon CalOptima unless expressly accepted by CalOptima in writing. All Contract Documents are incorporated into this Contract by this reference. Any changes to the Contract or the Contract Documents shall not be binding upon CalOptima except when specifically confirmed in writing by an authorized representative of CalOptima in accordance with Section 10, of this Contract. In the event of any conflict of provisions among the Contract and/or Contract Documents, the provisions shall prevail in the above-referenced descending order of precedence.

2. Scope of Work.

2.1 CONTRACTOR shall perform the work in accordance with (i) this Contract, including the Scope of Work in Exhibit A, (ii) the Contract Documents, (iii) the applicable standards and requirements of the Centers for Medicare and Medicaid Services ("**CMS**"), the California Department of Health Care Services ("**DHCS**"), and the California Department of Managed Health Care ("**DMHC**"), and (iv) all applicable laws.

3. Insurance.

3.1 At CONTRACTOR's sole expense and prior to undertaking performance of services under this Contract and at all times during performance hereunder, CONTRACTOR shall maintain insurance policies and amounts set forth in Exhibit A, which shall be full-coverage insurance not subject to self-insurance provisions, in accordance with applicable laws and industry standards. CONTRACTOR shall not of its own initiative cause such insurance to be canceled or materially changed during the Term.

3.2 Within five (5) days of the Effective Date and prior to commencing performance of any services or its receipt of any compensation under the Contract, CONTRACTOR shall furnish to CalOptima with additional insured endorsements broker-issued Certificate(s) of Insurance showing the required insurance coverages for CONTRACTOR. CONTRACTOR's Certificates of Insurance shall additionally comply with the following:

3.2.1 CalOptima's officers, officials, directors, employees, agents, and volunteers are to be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of CONTRACTOR, including materials, parts, or equipment furnished in connection with such work or operations. This provision applies to CONTRACTOR's General Liability and Auto Liability policies, as applicable, and must be on ISO form CG 20 10 or equivalent.

3.2.2 For any claims related to this Contract, the CONTRACTOR's insurance coverage shall be primary insurance with respect to CalOptima, its officers, officials, directors, employees, agents, and volunteers. This provision applies to the CONTRACTOR's General Liability, Auto Liability and Workers' Compensation and Employers' Liability policies, as applicable.

3.2.3 CONTRACTOR's insurance carrier agrees to waive all rights of subrogation against CalOptima and its elected or appointed officers, officials, directors, agents, and employees for losses paid under the terms of any policy which arise from work performed by the CONTRACTOR for CalOptima. This provision applies to the CONTRACTOR's General Liability, Auto Liability and Workers' Compensation and Employers Liability policies.

3.2.4 Insurance is to be placed with insurers with a current A.M. Best rating of no less than A-VII, unless otherwise acceptable to CalOptima.

3.2.5 CONTRACTOR shall furnish CalOptima with original certificates and amendatory endorsements affecting coverage required by this Section 3.2 and Exhibit A. CalOptima reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications, at any time.

3.2.6 Any deductibles or self-insured retentions must be declared to and approved by CalOptima. CalOptima may require the CONTRACTOR to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention or deductible.

3.2.7 All deductibles and retentions that the aforementioned policies contain are the responsibility of the CONTRACTOR and in no way shall CalOptima be responsible for payment of the deductibles/retentions.

3.2.8 If CONTRACTOR maintains higher limits than the minimums required in this Contract, CalOptima requires and shall be entitled to coverage for the higher limits maintained by CONTRACTOR. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to CalOptima.

3.2.9 Require the insurance carrier to provide thirty (30) days' prior written notice of cancellation to CalOptima.

3.3 If CONTRACTOR fails or refuses to maintain or produce proof of the insurance required by this Section 3 and Exhibit A, CalOptima may terminate this Contract upon written notice to CONTRACTOR. Such termination shall not affect CONTRACTOR'S right to be paid for its time and materials expended prior to notification of termination. CONTRACTOR waives the right to receive compensation and agrees to indemnify CalOptima for any work performed prior to approval of insurance by CalOptima.

3.4 The requirement for carrying the required insurance shall not derogate from the provisions for indemnification of CalOptima.

3.5 CONTRACTOR shall require each of its subcontractors who perform services related to this Contract, if any, to maintain insurance coverage that meets all of the requirements set forth in this Contract.

4. Indemnification.

4.1 To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify, and hold harmless CalOptima and its respective officers, directors, agents, volunteers, consultants and employees (individually and collectively referred to as "**Indemnified Parties**") against any and all [third-party] claims, losses, demands, damages, costs, expenses, or liability arising out CONTRACTOR's, or its officers, employees, subcontractors, agents, or representatives', breach of this Contract, negligence, recklessness, or intentional conduct, except to the extent any such loss was caused by the gross negligence, recklessness, or intentional misconduct of CalOptima. CONTRACTOR shall defend the Indemnified Parties in any claim or action based upon any such alleged acts or omissions at its sole expense, which shall include all costs and fees, including attorneys' fees, cost of investigation, defense, and settlement or awards. CalOptima may make all reasonable decisions with respect to its representation in any legal proceeding. CONTRACTOR's duty to defend herein is wholly independent of and separate from the duty to indemnify and such duty to defend shall exist regardless of any ultimate liability of CONTRACTOR, save and except claims arising through the sole negligence or sole willful misconduct of CalOptima.

[Mutual indemnity option]

Each Party (an "**Indemnifying Party**") shall defend, indemnify, and hold harmless the other Party and the other Party's respective officers, directors, agents, volunteers, consultants, and employees (individually and collectively referred to as "**Indemnified Parties**") from and against any third-party claims, losses, demands, damages, costs, expenses, or liability arising out of the Indemnifying Party's breach of this Contract, negligence, recklessness, or intentional conduct, except to the extent any such loss was caused by the negligence, recklessness, or intentional conduct of the Indemnified Parties. The Indemnifying Party shall defend the Indemnified Parties in any claim or action at its sole expense, which shall include all costs and fees, including attorneys' fees, cost of investigation, defense, and settlement or awards. The Indemnified Party may make all reasonable decisions with respect to its representation in any legal proceeding.

4.2 CONTRACTOR's obligation to indemnify hereunder is in addition to any liability CONTRACTOR may have to CalOptima for a breach by CONTRACTOR of any of the provisions of this Contract. Under no circumstances shall the insurance requirements and limits set

forth in this Contract be construed to limit CONTRACTOR's indemnification and duty to defend obligation or other liability hereunder

4.3 CONTRACTOR's indemnification and duty to defend obligations shall survive the expiration or earlier termination of this Contract until such time as any action against the Indemnified Parties for such a matter indemnified hereunder is fully and finally barred by the applicable statute of limitations, including those set forth under the California Government Claims Act (Cal. Gov. Code §900 *et seq*.).

4.4 In the event of any conflict between this Section 4 and the indemnification provisions set forth elsewhere in the Contract, including any business associate agreement ("**BAA**") between the Parties, the indemnification provision(s) in the BAA or elsewhere in the Contract shall be interpreted to relate only to matters within the scope of the BAA or those other Contract provisions.

4.5 The terms of this Section 4 shall survive the termination of this Contract.

5. Independent Contractor. CalOptima and CONTRACTOR agree that CONTRACTOR, which shall include for purposes of this Section 5 all subcontractors, agents, and employees of the CONTRACTOR, in performance of this Contract, shall act in an independent capacity, and not as officers or employees of CalOptima. CONTRACTOR's relationship with CalOptima in the performance of this Contract is that of an independent contractor and nothing in this Contract shall be construed as creating a partnership, joint venture, or agency. CONTRACTOR's personnel performing services under this Contract shall be at all times under CONTRACTOR's exclusive direction and control and shall be employees of CONTRACTOR and not employees of CalOptima. CONTRACTOR shall pay all wages, salaries and other amounts due its employees, agents, and/or subcontractors in connection with this Contract and shall be responsible for all reports and obligations respecting them, such as social security, state and federal income tax withholding, other payroll taxes, unemployment compensation, workers' compensation, and similar matters. CONTRACTOR shall file all required returns related to such taxes, contributions, and payroll deductions.

6. Personnel.

6.1 CONTRACTOR Staffing. CONTRACTOR shall ensure that only fully qualified CONTRACTOR personnel are assigned to perform the services under the Contract, and such CONTRACTOR personnel shall perform services diligently and in a timely manner, according to the applicable professional and technical standards.

6.2 CONTRACTOR Personnel Restrictions. When on CalOptima's premises, CONTRACTOR personnel shall comply with CalOptima policies and procedures, including CalOptima's identification requirements (e.g., name badges).

6.3 Any CalOptima property damaged by CONTRACTOR, its subcontractor(s), or by the personnel of either, will be subject to repair or replacement by CONTRACTOR at no cost to CalOptima.

[optional non-compete clause]

6.4 Neither Party shall actively solicit employees of the other Party for employment that directly or indirectly provided services under the Contract during the Term and for a period of one (1) year after termination.

7. Compensation.

7.1 CalOptima agrees to pay, and CONTRACTOR agrees to accept as full compensation for the faithful performance of this Contract, the rates, charges, and other payment terms identified in Exhibit B.

7.2 CalOptima will not reimburse CONTRACTOR any expenses incurred in connection with its performance of the services, unless such reimbursement is specifically authorized in Exhibit B. Each expense reimbursement request, when authorized in Exhibit B must include receipts or other suitable documentation.

7.3 CONTRACTOR's requests for payments and reimbursements must comply with the requirements set forth in Exhibit B. CalOptima will not make payment for work that fails to meet the standards of performance set forth in the Contract and Exhibit A. **CALOPTIMA SHALL NOT PAY ANY FEES, EXPENSES, OR COSTS WHATSOEVER INCURRED BY CONTRACTOR IN RENDERING ADDITIONAL SERVICES NOT AUTHORIZED IN WRITING BY CALOPTIMA UNDER THIS CONTRACT.**

7.4 In no event shall the total compensation payable to CONTRACTOR for the services performed under this Contract exceed the maximum cumulative payment obligation, as set forth in Exhibit B, without the express prior written authorization of CalOptima. **CONTRACTOR ACKNOWLEDGES AND AGREES THAT CALOPTIMA SHALL NOT BE LIABLE FOR ANY FEES, EXPENSES OR COMPENSATION IN EXCESS OF THE MAXIMUM CUMULATIVE PAYMENT OBLIGATION.**

7.5 The maximum cumulative payment obligation includes all applicable federal, state, and local taxes and duties, except sales tax, which is shown separately, if applicable. CONTRACTOR is responsible for submitting any withholding exemption forms (e.g., W-9) to CalOptima. Such forms and information should be furnished to CalOptima before payment is made. If taxes are required to be withheld on any amounts otherwise to be paid by CalOptima to CONTRACTOR due to CONTRACTOR'S failure to timely submit such forms, CalOptima will deduct such taxes from the amount otherwise owed and pay them to the appropriate taxing authority and shall have no liability for or any obligation to refund any payments withheld.

8. Confidential Material.

8.1 During the Term, either Party may have access to confidential material or information ("**Confidential Information**") belonging to the other Party or the other Party's customers, vendors, or partners. Confidential Information includes the disclosing Party's computer programs and codes, business plans, customer/member lists and information, financial records, partnership arrangements, projections, methodologies, data, reports, agreements, intellectual property, trade secrets, licensing plans, and other proprietary information, or other information, materials, records, writings or data that is marked confidential or that due to its character and nature, a reasonable person under like circumstances would treat as confidential. CalOptima's Confidential Information also includes all user information, patient information, and clinical data that comes into CalOptima's possession, custody or control. Confidential Information will be used only for the purposes of this Contract and related internal administrative purposes. Each Party agrees to protect the other's Confidential Information at all times and in the same manner as each protects the confidentiality of its own confidential materials, but in no event with less than a reasonable standard of care.

8.2 For the purposes of Section 8.1, Confidential Information does not include information which: (i) is already known to the other Party at the time of disclosure; (ii) is or becomes publicly known through no wrongful act or failure of the receiving Party; (iii) is independently developed without use or benefit of the other Party's Confidential Information or proprietary information; (iv) is lawfully received from a third party that is not under and does not thereby breach an obligation of confidentiality; or (v) is a public record, not exempt from disclosure, pursuant to California Public Records Act, Government Code Section 7920.000 *et seq*., applicable provisions of California Welfare and Institutions Code, or other state or federal laws, regardless of whether such information is marked as confidential or proprietary.

8.3 Disclosure of the Confidential Information will be restricted to the receiving Party's employees, consultants, suppliers, or agents, who are bound by confidentiality obligations no less stringent than those in this Section 8, on a "need to know" basis in connection with the services performed under this Contract. The receiving Party may disclose Confidential Information pursuant to legal, judicial, or administrative proceeding or otherwise as required by law; provided, however, that the receiving Party gives reasonable prior notice, if not prohibited by applicable law, to the disclosing Party and assists the disclosing Party, at the disclosing Party's expense, to obtain protective or other appropriate confidentiality orders, and further provided that a required disclosure of Confidential Information or proprietary information to an agency or court does not relieve the receiving Party of its confidentiality obligations with respect to the other Party.

8.4 CONTRACTOR shall establish and maintain environmental, safety, and facility procedures, data security procedures and other safeguards against the unauthorized access, destruction, loss, or alteration of CalOptima's Confidential Information in the possession, custody, or control of CONTRACTOR. Those security procedures and other safeguards shall be no less rigorous than those maintained by CONTRACTOR for its own information of a similar nature.

8.5 Upon written request of the disclosing Party, the receiving Party shall promptly return to the disclosing Party or destroy all documents, notes, and other tangible materials representing the disclosing Party's Confidential Information and all copies thereof. This obligation to return materials or copies thereof does not extend to automatically generated computer backup or archival copies generated in the ordinary course of the receiving Party's information systems procedures, provided that the receiving Party shall make no further use of such copies.

8.6 If a breach of the obligations under this Section 8 occurs, the injured Party may be entitled to such injunctive relief and any and all other remedies available at law or in equity. This Section 8 in no way limits the liability or damages that may be assessed against a Party if another Party breaches any of the provisions of this Section 8.

8.7 For the purposes of Section 8.6 only, Confidential Information does not include protected health information ("**PHI**") or individually identifiable information, as defined by the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") and other privacy statutes or regulations. The access use and disclosure of PHI shall be governed by a BAA, which is Exhibit H to this Contract.

[alternative provision if no PHI involved]

This Contract does not require or permit CONTRACTOR to create, receive, maintain, use, or transmit protected health information ("**PHI**"). As such, no BAA is required for this Contract; provided, however, that if CONTRACTOR or its employees, agents, or subcontractors access or receive, whether intentionally or unintentionally, PHI regarding CalOptima members during the Term, CONRACTOR and its employees, agents, and subcontractors shall immediately notify CalOptima, protect such PHI from any additional disclosure, not use or disclose that PHI in any way that would violate a federal or state privacy or security law, its implementing regulations, or any other state or federal law, and execute a BAA with CalOptima, as necessary and requested by CalOptima.

9. California Public Records Act. As a local public agency, CalOptima is subject to the California Public Records Act (California Government Code Sections 7920.000 *et seq*.) (the "**PRA**"). CONTRACTOR hereby acknowledges that any materials, documents, data, or similar items are subject to disclosure upon public request, unless exempt from disclosure under the provisions of the PRA. CalOptima may be required to reveal certain information pursuant to the PRA believed to be proprietary or confidential by CONTRACTOR. If CONTRACTOR discloses information that it believes to be proprietary or confidential to CalOptima, it shall mark such information as "Confidential," "Proprietary," or "Restricted" or other similar marking. Unless CONTRACTOR marks its materials as "Confidential," "Proprietary," or "Restricted," and also notifies CalOptima in writing that CONTRACTOR has so marked each piece of

material, then CalOptima will not be responsible to take any actions to protect any CONTRACTOR's materials under the PRA that are not so marked. If CalOptima receives a request under the PRA that potentially encompasses CONTRACTOR materials that have been properly marked, CalOptima will provide CONTRACTOR with notice thereof to allow CONTRACTOR to take actions it deems appropriate to prevent disclosure of the marked material. Within five (5) days from receipt of CalOptima's notice, CONTRACTOR shall notify CalOptima if it intends to object to production of CONTRACTOR's information; otherwise CalOptima will respond to the PRA request according to the requirements of the PRA. CONTRACTOR agrees to defend, indemnify, and hold harmless CalOptima, its officers, agents, employees, members, subsidiaries, joint venture partners, and predecessors and successors in interest from and against any claim, action, proceeding, liability, loss, damage, cost, or expense, including attorneys' fees, and any costs awarded to the person or entity that sought CONTRACTOR's marked material, arising out of or related to CalOptima's failure to produce or provide the CONTRACTOR-marked material (collectively referred to for purposes of this Section 9 as "**Public Records Act Claim(s)**"). CONTRACTOR shall pay to CalOptima any expenses or charges relating to or arising from any such Public Record Act Claim(s) as they are incurred by CalOptima.

10. Modifications. CalOptima may modify the Contract upon written notice to CONTRACTOR at any time should such modification be required by CMS, DHCS, the DMHC, or applicable law or regulation ("**Regulatory Amendment**"). Any other modifications of the Contract that are not Regulatory Amendments shall be executed only by a written amendment to the Contract, signed by CalOptima and CONTRACTOR. Execution of amendments shall be contingent upon CONTRACTOR's notification to CalOptima, and CalOptima's approval, of any increase or decrease in the price of this Contract or in the time required for CONTRACTOR's performance.

11. Assignments.

    11.1 CONTRACTOR may not assign, transfer, or delegate any interest herein, either in whole or in part, without the prior written consent of CalOptima, which consent may be withheld in its sole discretion. If CalOptima provides such prior written consent, CONTRACTOR acknowledges and agrees that such assignment, transfer, or delegation may additionally be subject to the prior written approval of DHCS. Any assignment, transfer, or delegation made without CalOptima's express written consent shall be void, including any Subcontractor's subsequent assignment of any CONTRACTOR obligation or right under this Contract. "**Subcontractor**" means any entities that have agreements downstream of CONTRACTOR related to the provision of services under this Contract, including any Subcontractor's Subcontractor.

    11.2 For purposes of this Section 11, an assignment is: (1) the change of more than fifty percent (50%) of the ownership or equity interest in CONTRACTOR (whether in a single transaction or in a series of transactions); (2) the change of more than fifty percent (50%) of the directors or trustees of CONTRACTOR (whether in a single transaction or in a series of transactions); (3) the merger, reorganization, or consolidation of CONTRACTOR with another entity with respect to which CONTRACTOR is not the surviving entity; and/or (4) a change in the management of CONTRACTOR from management by persons appointed, elected or otherwise selected by the governing body of CONTRACTOR (e.g., the Board of Directors) to a third-party management person, company, group, team or other entity.

12. Subcontracts. CONTRACTOR may not subcontract or delegate its obligations or the performance of services under this Contract without CalOptima's prior written consent, which CalOptima may exercise in its sole discretion. CalOptima-approved subcontractors are listed in Addendum 1 to Exhibit A.

13. Term. This Contract shall commence on the Effective Date and shall continue in full force and effect through «Current Expiration» ("**Initial Term**"), unless earlier terminated as provided in this Contract. At the end of the Initial Term, CalOptima may, at its option, extend this Contract for up to «Extended Term spelled» («Extended Term») additional consecutive one (1)-year terms ("**Extended Terms**"), provided that if CalOptima does not exercise its option to extend at the end of the Initial Term, or any Extended Term,

the remaining option(s) shall automatically lapse. The Initial Term together with any Extended Terms constitute the "**Term**" of this Contract.

[optional term for fixed term agreements]

Term. This Contract shall commence on the Effective Date and shall continue in full force and effect through «CurrentExpiration» ("**Term**"), unless earlier terminated, as provided in this Contract.

14. Termination.

14.1 Termination without Cause. CalOptima may terminate this Contract at any time, in whole or in part, for its convenience and without cause, by giving CONTRACTOR thirty (30) days' prior written notice. Upon termination, CalOptima shall pay CONTRACTOR all fees and other charges due and payable for services satisfactorily performed and accepted by CalOptima as of the termination date. Thereafter, CONTRACTOR shall have no further claims against CalOptima under this Contract.

[optional mutual without cause termination]

Termination without Cause. Either Party may terminate this Contract at any time, in whole or in part, for its convenience and without cause, by giving the other Party sixty (60) days' prior written notice. Upon termination, CalOptima shall pay CONTRACTOR all fees and other charges due and payable for services satisfactorily performed and accepted by CalOptima as of the termination date.

14.2 Termination for Unavailability of Funds. In recognition that CalOptima is a governmental entity and its operations and budgets are determined on an annual basis, CalOptima shall have the right to terminate this Contract as follows:

14.2.1 CalOptima may terminate this Contract if it does not receive funding from the State of California or the federal government, as applicable, for any fiscal year.

14.2.2 In the event of termination under Section 14.2.1, CalOptima agrees to promptly pay CONTRACTOR all fees and other charges due and payable for services satisfactorily performed and accepted by CalOptima as of the termination date. CONTRACTOR shall not be entitled to payment for any other items, including lost or anticipated profit on work not performed, administrative costs, attorneys' fees, or consultants' fees.

14.3 Termination for Default. CalOptima may immediately terminate this Contract upon notice to CONTRACTOR for (i) CONTRACTOR's default, (ii) if a federal or state proceeding for the relief of debtors is undertaken by or against CONTRACTOR; or (iii) if CONTRACTOR makes an assignment, as defined in Section 11, for the benefit of creditors ("**Termination for Default**").

14.4 Termination for Breach. Either Party may at its option, terminate this Contract by notice to the other Party if the other Party breaches one of its obligations under this Contract and fails to cure that breach or default within thirty (30) days after receiving notice identifying that breach, provided that the non-breaching Party may terminate the Contract immediately upon written notice if the non-breaching Party reasonably determines that cure of the default within thirty (30) days is impossible. The rights described in this Section 14.4 to terminate this Contract shall be in addition to any other remedy available to the non-breaching Party, whether under this Contract or in law or equity, on account of that breach.

14.5 Notwithstanding the foregoing, CalOptima may terminate this Contract immediately upon CONTRACTOR's breach of Section 3 (Insurance) or Section 8 (Confidential Material).

14.6 Effect of Termination. Upon expiration or receipt of a termination notice under this Section 14:

14.6.1 CONTRACTOR shall promptly discontinue all services (unless CalOptima's notice directs otherwise) and deliver or otherwise make available to CALOPTIMA all documents, reports, software programs, and any other products, data and such other materials, equipment, and information, including Confidential Information, or equipment provided by CalOptima, as may have been accumulated by CONTRACTOR in performing this Contract, whether completed or in process. If CONTRACTOR personnel were granted access to CalOptima's premises and issued a badge or access card, such badge or access card shall be returned prior to departure.

14.6.2 CalOptima may take over the services and may award another party a contract to complete the services under this Contract.

14.6.3 In the event of termination under Sections 14.3, 14.4, or 14.5, either Party shall be liable for any and all reasonable costs incurred by the non-breaching Party as a result of such a termination.

15. Dispute Resolution

15.1 Meet and Confer. If either Party has a dispute arising under or related to this Contract, the Parties shall informally meet and confer to try and resolve the dispute. The Parties shall meet and confer within thirty (30) days of a written request submitted by either Party in an effort to settle any dispute. At each meet-and-confer meeting, each Party shall be represented by persons with final authority to settle the dispute. If either Party fails to meet within the thirty (30)-day period, that Party shall be deemed to have waived the meet-and-confer requirement, and at the other Party's option, the dispute may proceed immediately to arbitration under Section 15.2.

15.2 Subject to the California Government Claims Act (Cal. Gov. Code §900 *et seq*.) governing claims against public entities, either Party may submit the dispute for resolution exclusively through confidential, binding arbitration, instead of through trial by court or jury, in Orange County, California. The Parties may agree in writing prior to commencing the arbitration on the dispute resolution rules and arbitration service that will be used to resolve the dispute. If the Parties cannot reach such an agreement, the arbitration will be conducted by Judicial Arbitration and Mediation Services ("**JAMS**") in accordance with the commercial dispute rules then in effect for JAMS; provided, however, that this Contract shall control in instances where it conflicts with JAMS's (or the applicable arbitration service's) rules. The arbitration shall be conducted on an expedited basis by a single arbitrator. The Parties prefer that the arbitrator be a retired judge of the California Superior, Appellate, or Supreme Court or of a United States court sitting in California. If no such retired judge is available, the arbitrator may be an attorney with at least fifteen (15) years of experience, including at least five (5) years in managed health care. If the Parties are unable to agree on the arbitrator within thirty (30) days of the date that the arbitration service accepts the arbitration, the arbitrator shall be selected by the arbitration service from a list of four potential arbitrators (all of whom shall be on arbitration services' panel of arbitrators) submitted by the Parties, two from each side; provided, however, that nothing stated in this section shall prevent a Party from disqualifying an arbitrator based on a conflict of interest. In making decisions about discovery and case management, it is the Parties' express agreement and intent that the arbitrator at all times promote efficiency without denying either Party the ability to present relevant evidence. In reaching and issuing decisions, the arbitrator shall have no jurisdiction to make errors of law and/or legal reasoning. The Parties shall share the costs of arbitration equally, and each Party shall bear its own attorneys' fees and costs.

15.3 Exclusive Remedy. With the exception of any dispute that under applicable laws may not be settled through arbitration, arbitration under Section 15.2 is the exclusive method to resolve a dispute between the Parties arising out of or relating to this Contract that is not resolved through the meet-and-confer processes.

15.4 Waiver. By agreeing to binding arbitration as set forth in Section 15.2, the Parties acknowledge that they are waiving certain substantial rights and protections which otherwise may be available if a dispute between them was determined by litigation in a court, including the right to a jury trial, attorneys' fees, and certain rights of appeal.

16. General Provisions.

16.1 Non-Exclusive Relationship. This is a non-exclusive relationship between CalOptima and CONTRACTOR. CalOptima shall have the right to have any of the services that are the subject of this Contract performed by CalOptima personnel or enter into contractual arrangements with one or more contractors who can provide CalOptima with similar or like services.

16.2 Compliance with Applicable Law and Policies. CONTRACTOR warrants that, in the performance of this Contract, it shall, at its own expense, observe and comply with all applicable federal, state, and local laws, and CalOptima vendor policies relating to services under the Contract that are in effect when this Contract is signed or that come into effect during the Term and are available to CONTRACTOR on CalOptima's website.

16.3 Names and Marks. Neither Party shall use the name, logo or other proprietary mark of the other Party in any press release, advertising, promotional, marketing or similar publicly disseminated material without obtaining the other Party's express written approval of the material and consent to such use.

16.4 Time is of the Essence. Time is of the essence in performance of this Contract.

16.5 Choice of Law. This Contract shall be governed by and construed in accordance with all laws of the State of California. If any Party institutes legal proceedings to enforce or interpret this Contract, venue and jurisdiction shall be in the County of Orange, California.

16.6 Force Majeure. When satisfactory evidence of a cause beyond a Party's control is presented to the other Party, and nonperformance is unforeseeable, beyond the control, and not due to the fault of the Party not performing, a Party shall be excused from performing its obligations under this Contract during the time and to the extent that it is prevented from performing by such cause, including any incidence of fire, flood, acts of God, commandeering of material, products, plants or facilities by the federal, state or local governments, or a material act or omission by the other Party. A Party invoking this clause shall provide the other Party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure. If the force majeure event continues for a period of XX (XX) days, the Party unaffected by the force majeure event may terminate this Contract upon notice to the other Party.

16.7 Notices. All notices required or permitted under this Contract shall be in writing and shall be sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. All notices shall be effective when first received at the following addresses set forth below. Any notice not related to termination of this Contract may be submitted electronically to the address set forth below. Any Party whose address changes shall notify the other Party in writing.

To CONTRACTOR:	**To CalOptima:**
	CalOptima
	505 City Parkway West
	Orange, CA 92868
	Attention:
	Email:

16.8 Notice of Labor Disputes. Whenever CONTRACTOR has knowledge that any actual or potential labor dispute may delay this Contract, CONTRACTOR shall immediately notify and submit all relevant information to CalOptima.

16.9 No Liability of County of Orange. As required under Ordinance No. 3896 of the County of Orange, State of California, as amended, the Parties agree that the obligations of CalOptima under this Contract are solely the obligations of CalOptima, and the County of Orange, State of California, shall have no obligation or liability related to this Contract. [County of Orange Ordinance No 3896, codified in Orange County Municipal Code Section 4-11-7(a)]

16.10 Entire Agreement. This Contract, including all exhibits, addenda, and Contract Documents, contains the entire agreement between CONTRACTOR and CalOptima with respect to the subject matter of this Contract, and it supersedes all prior written or oral and all or contemporaneous oral agreements, representations, understandings, discussions, negotiations, and commitments between CONTRACTOR and CalOptima, whether express or implied, with respect to the subject matter of this Contract.

16.11 Waiver. Any failure of a Party to insist upon strict compliance with any provision of this Contract shall not be deemed a waiver of such provision or any other provision of this Contract. To be effective, a waiver must be in a writing that is signed and dated by the Parties. A waiver by either of the Parties of a breach of any of the covenants, conditions, or agreements to be performed by the other Party shall not be construed to be a waiver of any succeeding breach of the Contract or of any other covenant or condition of the Contract. Any information delivered, exchanged, or otherwise provided hereunder shall be delivered, exchanged, or otherwise provided in a manner that does not constitute a waiver of immunity or privilege under applicable law.

16.12 Survival. The following provisions of this Contract shall survive termination or expiration of this Contract: Sections 4 (Indemnification), 5 (Independent Contractor), 8 (Confidential Material), 9 (California Public Records Act), 14.6 (Effect of Termination), 15 (Dispute Resolution), 16.3 (Names and Marks), 16.5 (Choice of Law), 16.9 (No Liability of County of Orange), this Section 16.12, 16.14 (Interpretation), 16.15 (Third-Party Beneficiaries), 16.16 (Successors and Assigns) and any other Contract provisions that by their nature are intended to survive termination or expiration of this Contract.

16.13 Severability. If any section, subsection or provision of this Contract, or the application of such section, subsection or provision, is held invalid or unenforceable by any court of competent jurisdiction, the remainder of this Contract, other than that to which it is held invalid, shall remain in effect.

16.14 Interpretation. The terms of this Contract are the result of negotiation between the Parties. Accordingly, any rule of construction of contracts (including California Civil Code Section 1654) that ambiguities are to be construed against the drafting party shall not be employed in the interpretation of this Contract.

16.15 Third Party Beneficiaries. There are no intended third-party beneficiaries of this Contract. Nothing in this Contract shall be construed as conferring any rights on any other persons.

16.16 Successors and Assigns. Except as otherwise expressly provided in this Contract, this Contract will be binding on, and will inure to the benefit of, the successors and permitted assigns of the Parties. Nothing in this Contract is intended to confer upon any party other than the Parties or their respective successors and permitted assigns any rights or obligations under or by reason of this Contract, except as expressly provided in this Contract.

16.17 Without Limitation. Any reference in the Contract to "include(s)" or "including" means inclusion without limitation, unless otherwise distinguished within the text.

16.18 Authority to Execute. The persons executing this Contract on behalf of the Parties warrant that they are duly authorized to execute this Contract and that by executing this Contract the Parties are formally bound.

16.19 Counterparts. This Contract may be executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

16.20 Recitals and Exhibits. The recitals, exhibits, and addenda attached to this Contract are made a part of the Contract by this reference.

IN WITNESS WHEREOF, these Parties have, by their duly authorized representatives, executed this Contract No. «Internal Number» on the day and year last shown below.

«Company Name»	CalOptima
By:	By:
Print Name:	Print Name:
Title: Date:	Title: Date:

By:	By:
Print Name:	Print Name:
Title: Date:	Title: Date:

EXHIBIT A
Scope of Work

1. **Description of Work**

   [add for each RFP]

2. **Standard of Performance; Warranties**.

   2.1 CONTRACTOR agrees to perform all work under this Contract with the requisite skill and diligence consistent with professional standards for the industry and type of work performed under this Contract, and pursuant to the governing rules and regulations of the industry.

   2.2 If CONTRACTOR may subcontract for services under this Contract, then CONTRACTOR represents and warrants that any individual or entity acting as a subcontractor to this Contract has the appropriate skill and expertise to perform the subcontracted work and will comply with all applicable provisions of this Contract.

   2.3 CONTRACTOR expressly warrants that all material and work will conform to applicable specifications, drawings, description and samples, including CalOptima's designs, drawings, and specifications, and will be merchantable, of good workmanship and material, and free from defect. CONTRACTOR further warrants that all material covered by this Contract, if any, which is the product of CONTRACTOR will be new and unused unless otherwise specified and shall be fit and sufficient for the purpose intended by CalOptima, as disclosed to CONTRACTOR. CONTRACTOR shall promptly make whatever adjustments or corrections that may be necessary to cure any defects, including repairs of any damage resulting from such defects. CalOptima shall give notice to CONTRACTOR of any observed defects. If CONTRACTOR fails to adjust, repair, correct, or perform other work made necessary by such defects, CalOptima may make such adjustments, repairs, and/or corrections and charge CONTRACTOR the costs incurred.

   2.4 CONTRACTOR's warranties, together with its service guarantees, must run to CalOptima and its customers or users of the material and services, and must not be deemed exclusive. CalOptima's inspection, approval, acceptance, use of and payment for all or any part of the material and services must in no way affect its warranty rights whether or not a breach of warranty had become evident in time.

   2.5 CONTRACTOR's obligations under this Section 2 are in addition to CONTRACTOR's other express or implied warranties and other obligations under this Contract or state law, and in no way diminish any other rights that CalOptima may have against CONTRACTOR for faulty materials, equipment or work. CalOptima rejects any disclaimer by CONTRACTOR of any warranty, standard, implied or express, unless specifically agreed to in writing by both Parties.

   2.6 Any CalOptima property damaged by CONTRACTOR, its subcontractor(s), or by the personnel of either, will be subject to repair or replacement by CONTRACTOR at no cost to CalOptima.

3. **Record Ownership and Retention**.

   3.1 The originals of all letters, documents, reports, and any other products and data prepared or generated for the purposes of this Contract shall be delivered to and become the property of CalOptima at no cost to CalOptima and in a form accessible for CalOptima's use. Copies may be made for CONTRACTOR's records but shall not be furnished to others without written authorization from CalOptima. Such deliverables shall become the sole property of CalOptima and all rights in copyright therein shall be retained by CalOptima. CalOptima's ownership of these documents includes use of, reproduction or reuse of, and all incidental rights. CONTRACTOR shall provide all deliverables within a reasonable amount of time upon CalOptima's request, but in no event shall such time exceed thirty (30) calendar days unless otherwise specified by CalOptima.

3.2 CONTRACTOR hereby assigns to CalOptima all of its rights in all materials prepared by or on behalf of CalOptima under this Contract ("**Works**"), and this Contract shall be deemed a transfer to CalOptima of the sole and exclusive copyright of any copyrightable subject matter CONTRACTOR created in these Works. CONTRACTOR agrees to cause its agents and employees to execute any documents necessary to secure or perfect CalOptima's legal rights and worldwide ownership in such materials, including documents relating to patent, trademark and copyright applications. Upon CalOptima's request, CONTRACTOR will return or transfer all property and materials, including the Works, in CONTRACTOR's possession or control belonging to CalOptima.

4. **Required Insurance**

4.1. Commercial General Liability, including contractual liability and coverage for independent contractors on an occurrence basis on an ISO form GC 00 01 or equivalent covering bodily injury and property damage with the following minimum liability limits:

4.1.1. Per occurrence: $1,000,000

4.1.2. Personal Advertising Injury: $1,000,000

4.1.3. Products Completed Operations: $2,000,000

4.1.4. General Aggregate: $2,000,000

4.2. If Contractor or subcontractors are on CalOptima's premises or transporting CalOptima members or employees, Commercial Automobile Liability covering any auto, whether owned, lease, hired, or rented, on an ISO form CA 0001 or equivalent in the amount of $1,000,000 combined single limit for bodily injury or property damage.

4.3. Worker's Compensation and Employer's Liability Policy written in accordance with applicable laws and providing coverage for all of CONTRACTOR's employees:

4.3.1. The policy must provide statutory coverage for Worker's Compensation.

4.3.2. The policy must also provide coverage for $1,000,000 Employers' Liability for each employee, each accident, and in the general aggregate.

4.4. Professional Liability insurance covering the CONTRACTOR's professional errors and omissions with $1,000,000 per Occurrence and $2,000,000 general aggregate. [Only applicable if the contract is for professional services]

4.5. Commercial crime policy covering employee theft and dishonesty, forgery and alteration, money orders and counterfeit currency, credit card fraud, wire transfer fraud, and them of client property with $1,000,000 limits per Occurrence.

4.6. Cyber and Privacy Liability insurance with the minimum limits of insurance listed below covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security. Such coverage is required only if any products and/or services related to information technology (including hardware and/or software) are provided to CalOptima and for claims involving any professional services for which CONTRACTOR is engaged with CalOptima for such length of time as necessary to cover any and all claims. [This can be removed if Contractor is not accessing or hosting any of CalOptima's information]

4.6.1. Privacy and Network Liability: $1,000,000

4.6.2. Internet Media Liability: $1,000,000

4.6.3. Business Interruption & Expense: $1,000,000

4.6.4. Data Extortion: $1,000,000

4.6.5. Regulatory Proceeding: $1,000,000

4.6.6. Data Breach Notification & Credit Monitoring: $1,000,000

4.7. "**Occurrence**" means any event or related exposure to conditions that result in bodily injury or property damage.

EXHIBIT A
Addendum 1

The following is a list of subcontractors approved to perform Services under this Contract:

Subcontractor Name	Functions

EXHIBIT B
Payment

1. For CONTRACTOR's full and complete performance of its obligations under this Contract, CalOptima shall pay CONTRACTOR for fees and expenses in accordance with the provisions of this Exhibit B and subject to the maximum cumulative payment obligations specified below.

2. CONTRACTOR shall invoice CalOptima on a monthly basis for actual labor hours expended. The hourly rates, as defined below, are acknowledged to include CONTRACTOR's base labor rates, overhead and profit. Work completed shall be documented in a monthly progress report prepared by CONTRACTOR, which report shall accompany each invoice submitted by CONTRACTOR. CONTRACTOR shall also furnish such other information as may be requested by CalOptima to substantiate the validity of an invoice. At its sole discretion, CalOptima may decline to make full payment for any work and direct costs until such time as CONTRACTOR has documented, to CalOptima's satisfaction, that CONTRACTOR has fully completed all work required under this Contract and CONTRACTOR's performance is accepted by CalOptima. CalOptima's payment in full for any work shall not constitute CalOptima's final acceptance of CONTRACTOR's work under this Contract.

3. CONTRACTOR shall submit to CalOptima, to the attention of Accounts Payable, accountspayable@caloptima.org, an invoice at the conclusion of every month for the Services performed during the prior thirty (30) days. Each invoice shall cite Contract No. «contract Number»; specify the number of hours worked; the specific dates the hours were worked; the description of work performed; the time period covered by the invoice and the amount of payment requested; and be accompanied by a progress report. CalOptima shall remit payment within thirty (30) days of receipt and approval of each invoice.

4. Notwithstanding any provisions of this Contract to the contrary, CalOptima and CONTRACTOR mutually agree that CalOptima's maximum cumulative payment obligation hereunder for work performed and/or products received on Exhibit A of this Contract shall not exceed [Insert Maximum Cumulative Payment Amount, Written] dollars ($[Insert Maximum Cumulative Payment Amount, Number]), including all amounts payable to CONTRACTOR for its direct labor and expenses, overhead costs, fixed fee, subcontracts, leases, materials, and costs arising from or due to termination of this Contract.

   [different compensation options]

5. CONTRACTOR's hourly billable rate shall be «Hourly billable spelled» dollars ($«Hourly Billable») per hour. This rate is fixed for the duration of the Contract. CONTRACTOR agrees to extend this rate to CalOptima for a period of one (1) year after Contract termination. CalOptima shall not pay CONTRACTOR for time spent traveling.

5. CONTRACTOR's fees for the goods and/or services provided under Exhibit A, Scope of Work, will be billed based upon completion of the milestones as set forth in the schedule(s) in Exhibit B-1. These fees are fixed for the duration of the Contract. CONTRACTOR agrees to extend these fees to CalOptima for a period of one (1) year after Contract termination. CalOptima shall not pay CONTRACTOR for time spent traveling.

5. CONTRACTOR's fees for the goods and/or services provided under Exhibit A, Scope of Work, will be billed on a time and materials basis. Each CONTRACTOR employee will have an associated hourly rate, which CONTRACTOR will extend by the hours of service performed in order to determine the amount of fees to invoice. The CONTRACTOR's employees who will participate in this Contract, their titles/labor category and the [hourly/daily] rates associated with this Contract are set forth in Exhibit B-1. These fees and rates are fixed for the duration of the Contract. CONTRACTOR agrees to extend these fees and rates to CalOptima for a period of one (1) year after Contract termination. CalOptima shall not pay CONTRACTOR for time spent traveling.

5. CONTRACTOR's fees for the goods and/or services provided under Exhibit A, Scope of Work, will be billed based upon completion of the milestones as set forth in the schedule(s) in Exhibit B-1. For any additional work beyond that specified in Exhibit A, Scope of Work, that is authorized by CalOptima in a written amendment or change order, CONTRACTOR shall be paid at the hourly billable rate of «Hourly Billable Spelled» Dollars

($«Hourly Rate») per hour. These fees and rates are fixed for the duration of the Contract. CONTRACTOR agrees to extend these fees and rates to CalOptima for a period of one (1) year after Contract termination. CalOptima shall not pay CONTRACTOR for time spent traveling.

5. CONTRACTOR's fees for the goods and/or services provided under Exhibit A, Scope of Work, will be billed at the rates set forth in Exhibit B-1. These fees are fixed for the duration of the Contract. CONTRACTOR agrees to extend these fees to CalOptima for a period of one (1) year after Contract termination. CalOptima shall not pay CONTRACTOR for time spent traveling.

6. If CONTRACTOR incurs travel-related expenses under this Contract, CalOptima will only reimburse such expenses if CalOptima provides prior written approval of such expenses and those expenses are incurred and submitted in accordance with CalOptima Travel Policy (G.A.5004), as amended, which is incorporated into this Contract by this reference. CalOptima will make CalOptima Travel Policy (G.A.5004) available to CONTRACTOR upon written request.

EXHIBIT B-1
Payment Schedule

Milestone	Completion Date	Fee
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL		

Name	Title/Labor Category	Rate
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C
Regulatory Requirements

CalOptima is a public agency and is licensed by the DMHC. In addition, CalOptima arranges for the provision of Medi-Cal services to Medi-Cal beneficiaries under a contract with DHCS ("**DHCS Contract**") and Medicare Advantage ("**MA**") services to Medicare beneficiaries under a contract CMS ("**CMS Contract**"). This Exhibit C sets forth the statutory, regulatory, and contractual requirements that CalOptima must incorporate into the Contract as a public agency and DMHC-licensed health care service plan with MA and Medi-Cal products.

1. **Medi-Cal Requirements**.

1.1. Compliance with Medi-Cal Standards. CONTRACTOR agrees that the Contract shall be governed by and construed in accordance with all laws and applicable regulations governing the DHCS Contract, including 42 CFR § 438.230; Health & Safety Code § 1340 *et seq*. (unless otherwise excluded under the DHCS Contract); 28 CFR § 1300.43 *et seq*.; Welfare & Institutions Code § 14000 *et seq*.; and 22 CCR §§ 53800 *et seq*., 22 CCR §§ 53900 *et seq*. CONTRACTOR and Subcontractors shall comply with all applicable requirements of the Medi-Cal program pertaining to its reporting requirements and other obligations under this Contract, including Medicaid and Medi-Cal laws and regulations, sub-regulatory guidance, DHCS all plan letters, and the DHCS Contract and comply with all monitoring of the DHCS Contract and any other monitoring requests by DHCS. [DHCS Contract, Exhibit A, Attachment III, § 3.1.6 subsections B.7-B.8, B.11, B.28; 42 CFR § 438.230]

1.2. Disclosure of Officers, Owners, Stockholders and Creditors. Pursuant to Exhibit A, Attachment III, Section 1.3.5 (a) of the DHCS Contract and 42 C.F.R. Section 455.104, upon the Effective Date, on an annual basis, and within thirty (30) days of any changes, CONTRACTOR shall identify the names of the following persons by listing them on Exhibit D of this Contract and submitting the form to CalOptima:

1.2.1. All officers and owners who own greater than five percent (5%) of the CONTRACTOR;

1.2.2. All stockholders owning greater than five percent (5%) of any stock issued by CONTRACTOR; and

1.2.3. All creditors of CONTRACTOR's business if such interest is over five percent (5%).

1.3. Compliance with Employment and Labor Laws. Each Party shall, at its own expense, comply with all applicable laws in performing their respective obligations under the Contract, including, but not limited to, the National Labor Relations Act, the Americans With Disabilities Act, all applicable employment discrimination laws, overtime laws, tax laws, immigration laws, workers' compensation laws, occupational safety and health laws, and unemployment insurance laws and any regulations related thereto. CONTRACTOR acknowledges and agrees that:

1.3.1. CONTRACTOR and its subcontractors will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. CONTRACTOR and its subcontractors will take affirmative action to ensure that qualified applicants are employed and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age, or status as a disabled veteran or veteran of the Vietnam era. Such action shall include the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. CONTRACTOR and its subcontractors agree to post in conspicuous places, available to employees and applicants for employment, notices provided by the federal government or DHCS, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973, and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212). Such notices shall state CONTRACTOR and its subcontractors' obligation to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin, physical or

mental handicap, disability, age, or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees. [DHCS Contract, Exhibit D(F), Provision 1, Section A]

1.3.2. CONTRACTOR and its subcontractors will, in all solicitations or advancements for employees placed by or on behalf of CONTRACTOR and its subcontractors, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical or mental handicap, disability, age, or status as a disabled veteran or veteran of the Vietnam era. [DHCS Contract, Exhibit D(F), Provision 1, Section B]

1.3.3. CONTRACTOR and its subcontractors will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the federal government or the State of California, advising the labor union or workers' representative of CONTRACTOR and its subcontractors' commitments under this Section 1.3 and shall post copies of the notice in conspicuous places available to employees and applicants for employment. [DHCS Contract, Exhibit D(F), Provision 1, Section C]

1.3.4. CONTRACTOR and its subcontractors will comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212), and of the Federal Executive Order No. 11246 as amended, including by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity", and as supplemented by regulation at 41 C.F.R. part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor", and of the rules, regulations, and relevant orders of the Secretary of Labor. [DHCS Contract, Exhibit D(F), Provision 1, Section D]

1.3.5. CONTRACTOR and its subcontractors will furnish all information and reports required by Federal Executive Order No. 11246, as amended, including by Executive Order 11375, "Amending Executive Order No. 11246, Relating to Equal Employment Opportunity", and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor", and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders. [DHCS Contract, Exhibit D(F), Provision 1, Section E]

1.3.6. If CONTRACTOR and its subcontractors' do not comply with the requirements of this Section 1.3 or with any federal rules, regulations, or orders referenced herein, this Contract may be cancelled, terminated, or suspended in whole or in part, and CONTRACTOR and its subcontractors may be declared ineligible for further federal and state contracts, in accordance with procedures authorized in Federal Executive Order No. 11246, as amended, and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246, as amended, including by Executive Order 11375, "Amending Executive Order No. 11246 Relating to Equal Employment Opportunity", and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor", or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law. [DHCS Contract, Exhibit D(F), Provision 1, Section F]

1.3.7. CONTRACTOR and its subcontractors will include the provisions of this Section 1.3 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor, issued pursuant to Federal Executive Order No. 11246, as amended, including by Executive Order 11375, "Amending Executive Order No. 11246 Relating to Equal Employment Opportunity", and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor", or Section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each subcontractor. CONTRACTOR and its subcontractors will take such action with respect to any subcontract or purchase order as the

Director of the Office of Federal Contract Compliance Programs or DHCS may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that if CONTRACTOR and its subcontractors become involved in, or are threatened with litigation by a subcontractor as a result of such direction by DHCS, CONTRACTOR and its subcontractors may request in writing to DHCS, which, in turn, may request the United States to enter into such litigation to protect the interests of the State of California and of the United States. [DHCS Contract, Exhibit D(F), Provision 1.G]

1.4. Debarment and Suspension Certification.

1.4.1. By signing this Contract, the CONTRACTOR agrees to comply with any and all applicable federal suspension and debarment regulations, including, as applicable, 7 C.F.R. 3017, 45 C.F.R. 76, 40 C.F.R. 32, or 34 C.F.R. 85. [DHCS Contract, Exhibit D(F), Provision 19, Section A]

1.4.2. By signing this Contract, the CONTRACTOR certifies to the best of its knowledge and belief, that it and its principals:

1.4.2.1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any state or federal department or agency; [DHCS Contract, Exhibit D(F), Provision 19, Section B.1]

1.4.2.2. Have not within a three (3)-year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state anti-trust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; [DHCS Contract, Exhibit D(F), Provision 19, Section B.2]

1.4.2.3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in Section 1.4.2.2 of this Exhibit C; [DHCS Contract, Exhibit D(F), Provision 19, Section B.3]

1.4.2.4. Have not within a three (3)-year period preceding the Effective Date of this Contract had one or more public transactions (federal, state or local) terminated for cause or default; [DHCS Contract, Exhibit D(F), Provision 19, Section B.4]

1.4.2.5. Have not and shall not knowingly enter into any lower-tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 C.F.R. 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State of California; and [DHCS Contract, Exhibit D(F), Provision 19, Section B.5]

1.4.2.6. Will include a clause entitled, "Debarment and Suspension Certification" that sets forth the provisions herein in all lower-tier covered transactions and in all solicitations for lower-tier covered transactions. [DHCS Contract, Exhibit D(F), Provision 19, Section B.6]

1.4.3. If the CONTRACTOR is unable to certify to any of the statements in this certification, the CONTRACTOR shall submit an explanation to CalOptima. [DHCS Contract, Exhibit D(F), Provision 19, Section C]

1.4.4. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549. [DHCS Contract, Exhibit D(F), Provision 19, Section D]

1.4.5. If the CONTRACTOR knowingly violates this certification, in addition to other remedies available to the federal government, CalOptima may terminate this Contract for cause or default. [DHCS Contract, Exhibit D(F), Provision 19, Section E]

1.5. Lobbying Restrictions and Disclosure Certification.

1.5.1. *Certification and Disclosure Requirements*.

1.5.1.1. If Contract is subject to 31 U.S.C. § 1352 and exceeds $100,000 at any tier, CONTRACTOR and its subcontractors, as applicable, shall file a certification (in the form set forth in Exhibit E, consisting of one page, entitled "Certification Regarding Lobbying") that CONTRACTOR and its subcontractors, as applicable, have not made, and will not make, any payment prohibited by Section 1.5.2 below. [DHCS Contract, Exhibit D(F), Provision 31, Section A.1; 31 U.S.C. § 1352]

1.5.1.2. CONTRACTOR and its subcontractors, as applicable, shall file a disclosure (in the form set forth in Exhibit E, entitled "Certification Regarding Lobbying") if CONTRACTOR and its subcontractors, as applicable, have made or agreed to make any payment using non-appropriated funds (to include profits from any covered federal action) in connection with the Contract or a subcontract thereunder that would be prohibited under Section 1.5.2 below if paid for with appropriated funds. [DHCS Contract, Exhibit D(F), Provision 31, Section A.2]

1.5.1.3. CONTRACTOR and its subcontractors, as applicable, shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed by CONTRACTOR and its subcontractors, as applicable, under this Section 1.5.1. An event that materially affects the accuracy of the information reported includes: [DHCS Contract, Exhibit D(F), Provision 31, Section A.3]

1.5.1.3.1. A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action; [DHCS Contract, Exhibit D(F), Provision 31, Section A.3.a]

1.5.1.3.2. A change in the person(s) or individuals(s) influencing or attempting to influence a covered federal action; or [DHCS Contract, Exhibit D(F), Provision 31, Section A.3.b]

1.5.1.3.3. A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action. [DHCS Contract, Exhibit D(F), Provision 31, Section A.3.c]

1.5.1.3.4. As applicable and required by this Section 1.5, CONTRACTOR's subcontractors shall file a certification and a disclosure form, if required, to the next tier above. [DHCS Contract, Exhibit D(F), Provision 31, Section A.4]

1.5.1.3.5. All disclosure forms (but not certifications) shall be forwarded from tier to tier until received by CONTRACTOR. CONTRACTOR shall forward all disclosure forms to CalOptima. [DHCS Contract, Exhibit D(F), Provision 31, Section A.5]

1.5.2. *Prohibition*. 31 U.S.C. § 1352 provides in part that no appropriated funds may be expended by the recipient of a federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any

federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. [DHCS Contract, Exhibit D(F), Provision 31, Section B]

1.6. Verification of CalOptima Costs by Government. Until the expiration of ten (10) years after the later of furnishing of any service pursuant to this Contract or completion of any audit, or longer as required by applicable regulations, CONTRACTOR will timely gather, preserve, and provide, upon written request of CalOptima, the Secretary of Health and Human Services Office of Inspector General, the Comptroller General of the United States, the U.S. Department of Justice, DHCS, the DMHC, the Bureau of Medical Fraud, or any of their duly authorized representatives, copies of this Contract and any financial statements, books, documents, records, patient care documentation, and other records or data of CONTRACTOR that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under this Contract, or as are otherwise necessary to certify the nature and extent of costs incurred by CalOptima for such services. CONTRACTOR and Subcontractors must maintain all books and records in accordance with good business practices and generally accepted accounting principles. This provision shall also apply to any agreement with a CONTRACTOR Subcontractor or an organization related to a CONTRACTOR Subcontractor by control or common ownership. CONTRACTOR further agrees that regulating entities have the right to inspect, evaluate and audit any pertinent information and to facilitate the review of the items referenced herein, to make available its premises, physical facilities and equipment, records and any additional relevant information that regulating entities may require. CONTRACTOR further agrees and acknowledges that this provision will be included in any and all agreements with Subcontractors. [Exhibit A, Attachment II, § 3.1.6, subsections B.12-B.15]

1.7. Confidentiality of Member Information.

1.7.1. If CONTRACTOR and its employees, agents, or subcontractors access or receive, whether intentionally or unintentionally, personally identifying information during the Term, CONTRACTOR and its employees, agents, and subcontractors shall protect from unauthorized disclosure, the names and other identifying information concerning persons either receiving services pursuant to this Contract, or persons whose names or identifying information become available or are disclosed to CONTRACTOR, its employees, agents, or subcontractors as a result of services performed under this Contract, except for statistical information not identifying any such person. CONTRACTOR and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the express terms of and CONTRACTOR's obligations under this Contract. CONTRACTOR and its employees, agents, or subcontractors shall promptly transmit to CalOptima all requests for disclosure of such identifying information, except requests for medical records in accordance with applicable law, not emanating from the CalOptima member. CONTRACTOR shall not disclose, except as otherwise specifically permitted by this Contract or authorized by the CalOptima member, any such identifying information to anyone other than DHCS or CalOptima without prior written authorization from CalOptima specifying that the information is releasable under Title 42 C.F.R. Section 431.300 *et seq*., Section 14100.2, Welfare and Institutions Code, and regulations adopted there under. For purposes of this Section 1.7, identity shall include name, identifying number, symbol, or other identifying detail assigned to the individual, such as finger or voice print or a photograph. [DHCS Contract, Exhibit D(F), Provision 142, Exhibit E, Section 1.23, Section B]

1.7.2. Names of persons receiving public social services are confidential and are to be protected from unauthorized disclosure in accordance with Title 42 C.F.R. Section 431.300 *et seq*., Section 14100.2, Welfare and Institutions Code, and regulations adopted thereunder. For the purpose of this Contract, all information, records, data, and data elements collected and maintained for the operation of the Contract and pertaining to CalOptima members shall be protected by CONTRACTOR from unauthorized disclosure. CONTRACTOR may release Medical Records in accordance with applicable law pertaining to the release of this type of information. CONTRACTOR is not required to report requests for Medical Records made in accordance with applicable law. With respect to any identifiable information concerning a CalOptima member under this Contract that is obtained by CONTRACTOR or its subcontractors, CONTRACTOR will, at the termination of this Contract,

return all such information to CalOptima or maintain such information according to written procedures sent to the CONTRACTOR by CalOptima for this purpose. [DHCS Contract, Exhibit E, Section 23]

1.8. Member Hold Harmless. To the extent CONTRACTOR provides services or supplies to CalOptima members, CONTRACTOR hereby agrees that in no event, including nonpayment by CalOptima, the insolvency of CalOptima, or breach of the Contract, shall CONTRACTOR bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against CalOptima members, persons acting on their behalf, or DHCS. CONTRACTOR further agrees that this hold harmless provision shall survive the termination of the Contract regardless of the cause giving rise to the termination, shall be construed to be for the benefit of CalOptima members, and that this provision supersedes any oral or written contrary agreement now existing or hereafter entered into between CalOptima or CONTRACTOR and a CalOptima member or persons acting on their behalf that relates to liability for payment for services under the Contract. [DHCS Contract, Exhibit A, Attachment III, § 3.1.6, subsections A.13 and B.18]; CMS Medicare Managed Care Manual Chapter 11, Section 100.4]

1.9. Member Grievances. CONTRACTOR shall cooperate with CalOptima's member grievances and appeals procedures as necessary for CalOptima to carry out its legal obligations. [DHCS Contract, Exhibit A, Attachment 14; 28 C.C.R. §§ 1300.68, 1300.68.01; 22 CCR § 53858; 43 C.F.R. § 438.402-424]

1.10. Air and Water Pollution Requirements. If this Contract or any subcontract thereunder is in excess of one hundred thousand dollars ($100,000), CONTRACTOR agrees to comply with all applicable standards, orders, or requirements issued under the Clean Air Act (42 USC § 7401 *et seq*.), as amended, and the Federal Water Pollution Control Act (33 USC § 1251 *et seq*.), as amended. [DHCS Contract, Exhibit D(F), Provision 11]

1.11. Effective Dates. This Contract and its amendments will become effective only as set forth in the DHCS Contract, which requires filing and approval by DHCS of template contracts and amendments. [DHCS Contract, Exhibit A, Attachment III, §§ 3.1.2, 3.1.6 subsection B.4]

1.12. Prospective Requirements. CalOptima will inform CONTRACTOR of prospective requirements added by the State, federal law, or DHCS to the DHCS Contract that would impact CONTRACTOR's obligations before the requirement becomes effective. CONTRACTOR agrees to comply with the new requirements within thirty (30) calendar days of the effective date, unless otherwise instructed by DHCS. CONTRACTOR will ensure Subcontractors are (i) informed of prospective requirements that would impact their obligations before the requirements become effective and (ii) agree to comply with new requirements within thirty (30) calendar days of the effective date, unless otherwise instructed by DHCS. [DHCS Contract, Exhibit A, Attachment III, § 3.1.6, subsections B.22 and B.23]

1.13. DHCS Beneficiary. CONTRACTOR expressly agrees and acknowledges that (i) DHCS is a direct beneficiary of the Contract and any Subcontractor agreement with respect to the obligations and functions undertaken under the Contract, and (ii) DHCS may directly enforce any and all provisions of the Contract or Subcontractor agreement. [DHCS Contract, Exhibit A, Attachment III, § 3.1.6, subsection B.29]

1.14. Termination. CONTRACTOR shall notify DHCS if this Contract or an agreement with a Subcontractor is amended or terminated for any reason. [DHCS Contract, Exhibit A, Attachment III, § 3.1.6 subsection B.17; APL 19-001, Attachment A, Requirement 13]

1.15. Cultural Competency. CONTRACTOR and Subcontractors must ensure that cultural competency, sensitivity, health equity, and diversity training is provided for CONTRACTOR's and Subcontractor's staff at key points of contact with CalOptima members, if applicable. [DHCS Contract, Exhibit A, Attachment II, § 3.1.6 subsection B.24]

1.16. Interpreter Services. CONTRACTOR and Subcontractors, to the extent they communicate with CalOptima members, will provide interpreter services for members and comply with language assistance

standards developed pursuant to Health and Safety Code § 1367.04 [DHCS Contract, Exhibit A, Attachment II, § 3.1.6 subsection B.25]

1.17. Fraud Reporting. CONTRACTOR and Subcontractors must notify CalOptima within ten (10) business days of any suspected fraud, waste, or abuse, and CalOptima may share such information with DHCS in accordance with Exhibit E, Attachment 2, Provision 27, Fraud and Abuse Reporting, of the DHCS Contract.

1.18. Overpayment Reporting. CONTRACTOR and all Subcontractors must report directly to CalOptima, or through CONTRACTOR or Subcontractor, as applicable, when it has received an overpayment; return the overpayment to CalOptima within sixty (60) calendar days after the date the overpayment was identified; and notify CalOptima in writing of the reason for the overpayment. [42 CFR § 438.608(d)(2); DHCS Contract, Exhibit A, Attachment II, § 3.1.6 subsection B.27]

2. **Medicare Requirements**.

2.1. CONTRACTOR expressly warrants that CONTRACTOR and CONTRACTOR's subcontractors, if any, shall comply with all applicable Medicare laws, regulations, and CMS instructions. CONTRACTOR further agrees and acknowledges that this provision will be included in all agreements with CONTRACTOR's subcontractors.

2.2. For any medical records or other health and enrollment information CONTRACTOR maintains with respect to Medicare enrollees, CONTRACTOR shall establish procedures to:

2.2.1. Abide by all federal and state laws regarding confidentiality and disclosure of medical records and other health and enrollment information. CONTRACTOR shall safeguard the privacy of any information that identifies a particular enrollee and shall have procedures that specify: (a) the purposes for which the information will be used within CONTRACTOR's organization; and (b) to whom and for what purposes CONTRACTOR will disclose the information.

2.2.2. Ensure that the medical information is used and released only in accordance with applicable federal or state law, or pursuant to court orders or subpoenas.

2.2.3. Maintain the records and information in an accurate and timely manner.

2.3. CONTRACTOR shall cooperate with CalOptima as necessary for CalOptima to comply with the reporting requirements provided in Title 42 of the Code of Federal Regulations, including Sections 422.516 and 422.310.

2.4. CONTRACTOR shall comply with the reporting requirements provided in 42 C.F.R. § 422.516, as well as the encounter data submission requirements in 42 C.F.R. § 422.257.

2.5. For all contracts in the amount of $100,000 or more, CONTRACTOR and CONTRACTOR's subcontractors, if any, shall comply with 41 C.F.R. 60-300.5(a) and 41 C.F.R. 60-741.5(a) as follows:

2.5.1. CONTRACTOR and its subcontractors shall abide by the requirements of 41 C.F.R. § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. [41 C.F.R. § 60-300.5(d)]

2.5.2. CONTRACTOR and its subcontractors shall abide by the requirements of 41 C.F.R. § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. [41 C.F.R. § 60-741.5(d)]

2.6. In addition to the termination provisions of Section 14 of the Contract, CalOptima may terminate the Contract if CMS or CalOptima determines that CONTRACTOR has not satisfactorily performed its obligations under the Contract. Under such circumstances, CalOptima may pay CONTRACTOR its allowable costs incurred to the date of termination. Thereafter, CONTRACTOR shall have no further claims against CalOptima for matters pertaining to this Contract.

2.7. While CalOptima maintains ultimate responsibility for adhering to and complying with all terms and conditions of the CMS Contract, CONTRACTOR shall comply with all such applicable requirements in the CMS Contract, at the direction of CalOptima.

2.8. CONTRACTOR shall ensure that the persons it employs or contracts with for the provision of services pursuant to the Contract are in good standing and not on the preclusion list, defined in 42 C.F.R. § 422.2. CONTRACTOR shall promptly disclose to CalOptima any exclusion or other event that makes a CONTRACTOR employee or subcontractor ineligible to perform work related to federal health care programs. CONTRACTOR agrees to be bound by the provisions set forth at 2 C.F.R. Part 376. [42 C.F.R. § 422.752(a)(8)]

2.9. FDR Compliance. Upon execution of this Contract, CONTRACTOR agrees to execute and abide by the terms of the "FDR Compliance Attestation" in Exhibit F and shall submit an executed FDR Compliance Attestation no less than annually thereafter. [Delete if CONTRACTOR is not a FDR.]

3. **Offshore Performance**.

3.1. Due to security and identity protection concerns, direct services under this Contract shall not be performed by offshore subcontractors, unless otherwise authorized in writing by CalOptima prior to the provision of those services.

3.2. CONTRACTOR shall complete, sign, and return Exhibit G, "Attestation Concerning the Use of Offshore Subcontractors" as of the Effective Date and shall submit an executed Offshore Subcontractor Attestation to CalOptima no less than annually thereafter. CONTRACTOR represents and warrants that it has disclosed in Exhibit G any and all such offshore subcontractors and that it has obtained CalOptima's written approval to use such offshore subcontractors prior to the Effective Date.

3.3. Any subcontract with an offshore entity under which the offshore entity will have access to any confidential CalOptima member or other protected health information must be approved in writing by CalOptima prior to execution of the subcontract. CONTRACTOR is required to submit future Offshore Contractor Attestations to CalOptima within thirty (30) calendar days after it has signed a contract with any subcontractor that may be using an offshore subcontractor to perform any related work.

3.4. Unless specifically stated otherwise in this Contract, the restrictions of this Section 3 do not apply to indirect or "overhead" services, or services that are incidental to the performance of the Contract.

3.5. The provisions of this Section 3 apply to work performed by subcontractors at all tiers.

4. **Prohibited Interest**.

4.1. CONTRACTOR shall comply with all applicable federal, state, and local laws and regulations pertaining to conflict-of-interest laws, including CalOptima's Conflict of Interest Code, the California Political Reform Act (California Government Code § 81000 *et seq*.) and California Government Code § 1090 *et seq*. (collectively, the "**Conflict of Interest Laws**").

4.2. CONTRACTOR covenants that, to the best of its knowledge during the Term, no director, officer, or employee of CalOptima during his or her tenure has any interest, direct or indirect, in this Contract or the proceeds thereof. [22 C.C.R. § 53600(d)]. CONTRACTOR further covenants that, for the Term, and consistent with the provisions of 22 C.C.R. § 53600(f), no state officer or state employee shall be employed

in a management or contractor position by CONTRACTOR within one (1) year after the state office or state employee has terminated state employment.

4.3. CONTRACTOR, and any person designated by CONTRACTOR to make or participate in making a governmental decision on behalf of CalOptima, is considered a "**Consultant**" pursuant to CalOptima's Conflict of Interest Code and shall be required to file a statement of economic interests (Fair Political Practices Commission Form 700) with CalOptima annually. [2 C.C.R. Section 18734]

4.4. CONTRACTOR understands that if this Contract is made in violation of California Government Code § 1090 *et seq*., the entire Contract is voidable, CONTRACTOR will not be entitled to any compensation for services performed pursuant to this Contract, and CONTRACTOR will be required to reimburse CalOptima any sums paid to CONTRACTOR. CONTRACTOR further understands that CONTRACTOR may be subject to criminal prosecution for a violation of California Government Code § 1090.

4.5. If CONTRACTOR becomes aware of any facts that might reasonably be expected to either create a conflict of interest under the Conflict of Interest Laws or violate the provisions of this Section 4, CONTRACTOR shall immediately make full written disclosure of such acts to CalOptima. Full written disclosure shall include identification of all persons, entities, and businesses implicated and a complete description of all relevant circumstances.

5. **State Auditor Audit Disclosure**. Pursuant to California Government Code § 8546.7, if this Contract is more than ten thousand dollars ($10,000), it is subject to examination and audit of the California State Auditor, at the request of CalOptima or as part of any audit of CalOptima for a period of three (3) years after final payment under this Contract. In addition to and notwithstanding any other right of access or inspection that may be otherwise set forth in this Contract, CONTRACTOR agrees that during the Term and for a period of three (3) years after its termination, CalOptima shall have access to and the right to examine any directly pertinent books, documents, invoices, and records of CONTRACTOR relating to services provided under this Contract. Where another right of access or inspection in this Contract provides for a period of greater than three (3) years, nothing herein shall be construed to shorten that time period. [Gov't Code § 8546.7]

EXHIBIT D
Medi-Cal Disclosure Form

Contractor Officer, Owner, Shareholder, and Creditor Information

Contractor's Business Name: _____

Business Entity Type: _____
(*Sole Proprietorship, Partnership, LLC, California Corporation, etc.*)

Business Address: _____

City:_____ State:_____ Zip:_____
Business Phone:_____ Email: :_____
President: _____ Contact Person:_____

Person(s) Signing Contract & Title: :_____

*Please provide names of owners, officers, stockholders, and creditors of Contractor's business if such interest is over 5%.

Name	Officer Title or Ownership/Creditorship %
_____	_____
_____	_____
_____	_____
_____	_____

BY SIGNING BELOW, THE UNDERSIGNED HEREBY CERTIFIES THAT THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF.

_____ _____
Authorized Signature Date

_____
Name and Title

EXHIBIT E

STATE OF CALIFORNIA
DEPARTMENT OF HEALTH CARE SERVICES
CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding or entering into of this federal contract, federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this federal contract, grant, or cooperative agreement.

(2) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities"' in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of $100,000 or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

_____	_____
Name of Contractor	Printed Name of Person Signing for Contractor
_____	_____
Contract/Grant Number	Signature of Person Signing for Contractor
_____	_____
Date	Title

After execution by or on behalf of Contractor, please return to:

Department of Health Care Services
Medi-Cal Managed Care Division
MS 4415, 1501 Capitol Avenue, Suite 71.4001
P.O. Box 997413
Sacramento, CA 95899-7413

CERTIFICATION REGARDING LOBBYING

Approved by OMB 0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

1. Type of Federal Action: ☐a. contract ☐b. grant ☐c. cooperative agreement ☐d. loan ☐e. loan guarantee ☐f. loan insurance	2. Status of Federal Action: ☐a. bid/offer/application ☐b. initial award ☐c. post-award	3. Report Type: ☐a. initial filing ☐b. material change **For Material Change Only:** Year _____ quarter_____ date of last report _____

4. Name and Address of Reporting Entity: ☐ Prime ☐ Subawardee Tier ____, *if known*: Congressional District, *if known*:	5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, *if known*:
6. Federal Department/Agency:	7. Federal Program Name/Description: CDFA Number, *if applicable*:
8. Federal Action Number, *if known*:	9. Award Amount, *if known*: $_____
10. a. Name and Address of Lobbying Entity (*If individual, last name, first name, MI*): (*attach Continuation Sheet(s) SF-LLLA, if necessary*)	b. Name and Address of Lobbying Entity (If individual, last name, first name, MI):
11. Amount of Payment (check all that apply): $_____ ☐actual ☐planned 12. Form of Payment (check all that apply): ☐ a. cash ☐ b. in-kind, specify: Nature _____ Value_____	13. Type of Payment ☐ a. retainer ☐ b. one-time fee ☐ c. commission ☐ d. contingent fee ☐ e. deferred ☐ f. other, specify: _____
14. Brief Description of Services Performed or to be Performed and Dates(s) of Service, including Officer(s), Employee(s), or Member(s) Contracted for Payment indicated in item 11: *(Attach Continuation Sheet(s) SF-LLL-A, If necessary)*	
15. Continuation Sheet(s) SF-LLL-A Attached: ☐Yes ☐No	
16. Information requested through this form is authorized by Title 31, U.S.C., Section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to Title 31, U.S.C., Section 1352. This information will be reported to the Congress semiannually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.	Signature: Print Name: Title: Telephone No.: Date:
Federal Use Only	Authorized for Local Reproduction Standard Form-LLL

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime federal recipients at the initiation or receipt of a covered federal action, or a material change to a previous filing, pursuant to Title 31, U.S.C., Section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered federal action. Use the SF - LLL- A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered federal action.

2. Identify the status of the covered federal action.

3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered federal action.

4. Enter the full name, address, city, state, and ZIP code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants, and contract awards under grants.

5. If the organization filing the report in Item 4 checks "Subawardee," then enter the full name, address, city, state, and ZIP code of the prime federal recipient. Include Congressional District, if known.

6. Enter the name of the federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation United States Coast Guard.

7. Enter the federal program name or description for the covered federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CDFA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate federal identifying number available for the federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract grant, or loan award number; the application/proposal control number assigned by the federal agency). Include prefixes, e.g., "RFP-DE-90401."

9. For a covered federal action where there has been an award or loan commitment by the federal agency, enter the federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.

10. (a) Enter the full name, address, city, state, and ZIP code of the lobbying entity engaged by the reporting entity identified in Item 4 to influence the covered federal action.

    (b) Enter the full names of the Individual(s) performing services and include full address if different from 10.(a). Enter last name, first name, and middle initial (MI).

11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (Item 4) to the lobbying entity (Item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.

12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.

13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.

14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with federal officials. Identify the federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.

15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.

16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

EXHIBIT F
FDR Attestation

FDR COMPLIANCE ATTESTATION

Please complete and execute this attestation and return it to CalOptima's Office of Compliance via email Compliance@caloptima.org , or mail: CalOptima, Office of Compliance, Attn: Annie Phillips 505 City Parkway West, Orange, CA 92868, within thirty (30) calendar days for (existing FDRs) or sixty (60) calendar days for (new FDRs) of this notice.

Which CalOptima program(s) does this form pertain to? Select all that apply:	☐OneCare Connect ☐OneCare HMO SNP	☐Medi Cal ☐PACE

I hereby attest that [_____ (the "Organization")], and all its downstream entities, if any, that are involved in the provision of health or administrative services for any of the CalOptima programs identified above:

I. **General and HIPAA Compliance and FWA Training.** Provide effective Fraud, Waste and Abuse training, General Compliance training, General HIPAA training to all Organization and downstream entity board members, officers, employees, temporary employees, and volunteers, within ninety (90) calendar days of appointment, hire or contracting, as applicable, and at least annually thereafter as a condition of appointment, employment or contracting. The Organization and its downstream entities currently use (Select all that apply):

☐ CMS's Fraud, Waste, and Abuse training, General Compliance training, and General HIPAA training module. (The Organization shall maintain records per CMS retention requirement)

☐ An internal training program that meets CMS's Fraud, Waste, and Abuse training, General Compliance training, and HIPAA training module requirements. (The Organization shall maintain records per CMS retention requirement)
Note: If selecting an internal training program that meets CMS's FWA, HIPAA, and General Compliance, please submit a copy of your organization's trainings to CalOptima's Office of Compliance for review, and to ensure they meet CMS's requirements.

II. Administer specialized compliance training to Organization and downstream entity board members, employees, temporary employees, and volunteers: (i) based on their job function within the first ninety (90) days of hire and at least annually thereafter as a condition of appointment, employment or contracting, (ii) when requirements change; (iii) when such persons work in an area previously found to be non- compliant with program requirements or implicated in past misconduct.

III. **Compliance Plan and Code of Conduct Requirements.** Have established and publicized compliance policies and procedures, standards of conduct, and compliance reference material that meet the requirements outlined in 42 CFR § 422.503(b)(4)(vi)(A) and 42 CFR § 423.504(b)(4)(vi)(A) which information, and any updates thereto, are distributed to all Organization and downstream entity board members, officers, employees, temporary employees, and volunteers within ninety (90) days of appointment, hire or contracting, as applicable, and at least annually thereafter. Evidence of receipt of such compliance by such persons is obtained and retained by the Organization. (Select which applies to your organization):

☐ Organization has adopted, implemented, and distributed CalOptima's Compliance Plan and Code of Conduct

☐ Organization has distributed a comparable Compliance Plan and Code of Conduct
Note: If selecting a comparable Compliance Plan and Code of Conduct, please submit a copy of your organization's Compliance Plan and Code of Conduct to CalOptima's Office of Compliance for review, and to ensure they meet CMS's requirements

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IV. **Exclusion Monitoring**. Review all Organization and downstream entity board members, officers, potential and actual employees, temporary employees, and volunteers against the (Suspended and Ineligible Provider List) S & I Medi-Cal, (Health and Human Services) HHS, (Office of Inspector General) OIG List of Excluded Individuals & Entities list, (System for Award Management) SAM/(General Services Administration) GSA Debarment list, Centers for Medicare & Medicaid Services (CMS) Preclusion List (as applicable), (here after "Lists") upon appointment, hire or contracting, as applicable, and monthly thereafter. Further, in the event that the Organization or downstream entity becomes aware that any of the foregoing persons or entities are included on these Lists, the Organization will notify CalOptima within five (5) calendar days, the relationship with the listed person/entity will be terminated as it relates to CalOptima, and appropriate corrective action will be taken.

V. **Conflict of Interest**. Screen the Organization and its subcontractors' governing bodies for conflicts of interest as defined in state and federal law and CalOptima policies and procedures upon hire or contracting and annually thereafter.

VI. **Reporting of FWA/Non-Compliance**. Will report suspected fraud, waste, and abuse, as well as all other forms of non- compliance, as it relates to CalOptima, confidentially and anonymously.

VII. **Disciplinary Action**. Understand that any violation of any laws, regulations, or CalOptima policies and procedures are grounds for disciplinary action, up to and including termination of Organization's contractual status.

VIII **Non-Retaliation**. Are aware that persons reporting suspected fraud, waste, and abuse, and other non- compliance are protected from retaliation under the False Claims Act and other applicable laws prohibiting retaliation.

IX. **Records Management**. Retain documented evidence of compliance with the above, including training and exclusion screening (i.e. sign-in sheets, certificates, attestations, OIG and GSA search results, etc.) for at least ten (10) years, and provide such documentation to CalOptima upon request.

The individual signing below is knowledgeable about and authorized to attest to the foregoing matters on behalf of the Organization.

_____	_____
Signature	Date
_____	_____
Name (Print)	Organization
_____	
Email (Print)	

EXHIBIT G

Attestation Concerning the Use of Offshore Subcontractors

If Organization offshores any protected health information (PHI) it must notify CalOptima prior to entering into or amending any agreement with an Offshore Subcontractor, and Contractor must complete the Offshore Subcontracting Attestation.

Which CalOptima program(s) does this form pertain to? Select all that apply.	☐ OneCare Connect ☐ PACE ☐ OneCare ☐ Medi-Cal

Please check one of the following:

☐ Our Organization does not offshore any protected health information.
Please skip to Part V below

☐ Our Organization does offshore protected health information.
Please complete Offshore Subcontractor Attestation (Part I through Part V) below

Part I — Offshore Subcontractor Information	
Attestation	**Response**
Our Organization uses an offshore subcontractor or offshore staff to perform functions that support our contract with CalOptima	☐ Yes ☐ No
Offshore Subcontractor name:	
Offshore Subcontractor country:	
Offshore Subcontractor address:	
Describe offshore subcontractor functions:	
Proposed or actual effective date for offshore subcontractor (MM/DD/Year):	

Part II — Precautions for Protected Health Information (PHI)	
Question	**Response**
1. Describe the PHI that will be provided to the offshore subcontractor	
2. Explain why providing PHI is necessary to accomplish the offshore subcontractor's objectives:	
3. Describe alternatives considered to avoid providing PHI, and why each alternative was rejected:	

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Part III — Attestation of Safeguards to Protect Beneficiary Information in the Offshore Subcontract	
Attestation	**Response**
A. Offshore subcontracting arrangement has policies and procedures in place to ensure that Medicare beneficiary protected health information (PHI) and other personal information remains secure.	☐ Yes ☐ No*
B. Offshore subcontracting arrangement prohibits subcontractor's access to Medicare data not associated with CalOptima's contract with the offshore subcontractor.	☐ Yes ☐ No*
C. Offshore subcontracting arrangement has policies and procedures in place that allow for immediate termination of the subcontract upon discovery of a significant security breach.	☐ Yes ☐ No*
D. Offshore subcontracting arrangement includes all required Medicare Part C and D language (e.g., record retention requirements, compliance with all Medicare Part C and D requirements, etc.)	☐ Yes ☐ No*

Part IV — Attestation of Audit Requirements to Ensure Protection of PHI	
Attestation	**Response**
A. Our Organization will conduct an annual audit of the offshore subcontractor/employee.	☐ Yes ☐ No*
B. Audit results will be used by our Organization to evaluate the continuation of its relationship with the offshore subcontractor/employee.	☐ Yes ☐ No*
C. Our Organization agrees to share offshore subcontractor's/employee's audit results with CalOptima or CMS upon request.	☐ Yes ☐ No*

***Explanation required for all "no" responses to Part III and Part IV above:**

Part V — Organization Information	
By signing below, I hereby attest that the information contained herein is true, correct and complete.	
Printed name of authorized person:	Title:
Email:	Phone #:
Signature:	Date:

Note: CalOptima's policies and procedures, CMS training module instructions for FWA, General Compliance, General HIPAA, CalOptima's Code of Conduct, CalOptima's Compliance Plan can be accessed at https://www.caloptima.org/en/About/GeneralCompliance.aspx

EXHIBIT H
Business Associate Contract

[insert CalOptima vendor BAA if applicable]

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Attachment #2 to the February 5, 2026, Board of Directors Meeting – Agenda Item 6

Amendments to CalOptima Health Contracts with Field Marketing Organizations

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Applied General Agency, LLC	770 The City Dr. South, Suite 5300	Orange	CA	92868
iPros Insurance Professionals Agency, Inc.	101 N. Orange Ave.	West Covina	CA	91790
JAR Insurance Services, LLC	17215 Studebaker Rd.	Cerritos	CA	90703
South Bay Health & Insurance Services	740 Bay Blvd.	Chula Vista	CA	91910

CalOptima Health Board Action Agenda Referral

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

Consent Calendar

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

Contacts

Richard Pitts, DO, PhD, Chief Medical Officer, Acting-Pharmacy Director, (714) 246-8491
Kendrix Nguyen, Pharm.D., MBA, Manager, Pharmacy, (714) 246-8646

Recommended Action

Approve New CalOptima Health Policy MA.6116. Medicare Prescription Payment Plan

Background

The Inflation Reduction Act of 2022 required that all Medicare prescription drug plans (Medicare Part D Plans) offer Part D enrollees the option to pay out-of-pocket prescription drug costs in the form of capped monthly payments, rather than paying all at once at the pharmacy. The Centers for Medicare & Medicaid Services (CMS) named this program the Medicare Prescription Payment Plan (M3P).

CMS released program instructions and guidance to establish critical operational, technical, and communication requirements to implement the M3P for 2025. CalOptima Health implemented the M3P on January 1, 2025. CMS codified program requirements for 2026 and subsequent years in the Contract Year 2026 Medicare Advantage and Part D Final Rule.

Since CMS has now codified requirements, CalOptima Health is following up with MA.6116 Medicare Prescription Payment Plan (M3P) to capture its program descriptions, consistent with best practice.

Discussion

Under M3P, program participants pay $0 to the pharmacy for covered Part D drugs, and CalOptima Health bills program participants monthly for any cost-sharing they incur while in the program. Pharmacies are paid in full by CalOptima Health in accordance with Part D prompt payment requirements.

This program is helpful for people with Medicare Part D who have high cost-sharing earlier in the plan year by spreading out those expenses over the course of the year. This program is available to anyone with Medicare Part D. However, given CalOptima Health's low copays, CalOptima Health did not have any members enrolled in M3P for 2025, and staff does not anticipate any enrollment in 2026.

Consistent with best practice, CalOptima Health staff proposes a new policy for the operation of the M3P, should it be needed.

CalOptima Health Policy MA.6116 is a new policy that will demonstrate compliance with CMS requirements regarding:

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- Calculation of the maximum monthly cap on cost-sharing payments;
- Eligibility and election criteria;
- Communication requirements;
- Targeted outreach;
- Termination of election, reinstatement, and preclusion criteria; and
- Billing rights.

This new policy demonstrates compliance with the following statutory requirements and CMS guidance:

- Social Security Act, Section 1860D-2(b)(2)(E) (42 USC 1395w-102(b)(2)(E)).
- Title 42, Code of Federal Regulations, § 423.137.
- Federal Register, Contract Year 2026 Medicare Advantage and Part D Final Rule (CMS-4208-F)

Staff requests the Board of Directors approve the new policy, effective January 1, 2025. The policy formalizes the M3P that CalOptima Health implemented on January 1, 2025 to comply with CMS requirements.

Fiscal Impact

The recommended action is operational in nature and has no additional fiscal impact beyond what was incorporated in the CalOptima Health Fiscal Year 2025-26 Operating Budget.

Rationale for Recommendation

Approval of the new policy will support CalOptima Health's compliance with Medicare Part D requirements.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Attachment 1: CalOptima Health Policy MA.6116. Medicare Prescription Payment Plan.

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Policy:	MA.6116
Title:	**Medicare Prescription Payment Plan (M3P)**
Department:	Medical Management
Section:	Pharmacy Management
CEO Approval:	*/s/*
Effective Date:	01/01/2025
Revised Date:	Not Applicable
Applicable to:	☐ Administrative ☐ Covered California [Effective 2027] ☐ Medi-Cal ☒ OneCare ☐ PACE

I. PURPOSE

This policy defines the criteria and process for the development and operation of the Medicare Prescription Payment Plan (M3P), offering Enrollees the option to elect to pay $0 cost sharing at the point of sale and to pay cost sharing under the plan in monthly amounts that are capped in accordance with this policy.

II. POLICY

A. For plan years beginning on or after January 1, 2025, CalOptima Health and its Pharmacy Benefit Manager (PBM) shall provide to all Members the option to elect to pay cost-sharing under the M3P in monthly amounts that are capped in accordance with this policy.

B. For each month in the plan year for which a Member has made an election pursuant to section II.A. of this policy (hereafter called Opt In), CalOptima Health and its PBM shall determine a maximum monthly cap (as defined in section II.D. of this policy) for such Member.

C. With respect to a Member who has Opted In, for each month described in section II.B. of this policy, CalOptima Health and its PBM shall bill such Member an amount, not to exceed the maximum monthly cap, for the out-of-pocket costs in such month.

D. The maximum monthly cap is calculated as follows:

1. For the first month for which the Enrollee has Opted In, the maximum monthly cap amount is determined by calculating:

    a. The annual out-of-pocket threshold minus the incurred costs of the Enrollee; divided by

    b. The number of months remaining in the plan year.

2. For a subsequent month, the maximum monthly cap amount is determined by calculating:

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a. The sum of any remaining out-of-pocket costs owed by the Enrollee from a previous month that have not yet been billed to the Enrollee and any additional out-of-pocket costs incurred by the Enrollee; divided by

b. The number of months remaining in the plan year.

E. CalOptima Health and its PBM shall apply the following requirements for Opt In:

1. Provide information to prospective Members on the option to Opt In through educational materials, including through the notices provided under section III.B.8.a. of this policy.

2. Accept Opt Ins from Members prior to the beginning of the plan year or in any month during the plan year.

3. May not limit the option to Opt In to certain Covered Part D Drugs.

4. Prior to the plan year, notify prospective Members of the option to Opt In through promotional materials.

5. Have in place a mechanism to notify a pharmacy during the plan year when a Member incurs out-of-pocket costs with respect to Covered Part D Drugs that make it likely the Member may benefit from Opting In.

6. Provide that a pharmacy, after receiving notification described in section III.C.3 with respect to a Member, informs the Member of such notification.

7. Ensure that a Member Opt In has no effect on the amount paid to pharmacies (or the timing of such payments) with respect to Covered Part D Drugs dispensed to the Member.

8. Have in place a financial reconciliation process to correct inaccuracies in payments made by a Member under this policy with respect to Covered Part D Drugs during the plan year.

F. If a Member fails to pay the amount billed for a month as required under this policy:

1. The Member Opt In shall be terminated and the Member shall pay the cost-sharing otherwise applicable for any Covered Part D Drugs subsequently dispensed to the Member up to the annual out-of-pocket threshold.

2. CalOptima Health may preclude the Member from Opting In during a subsequent plan year.

G. Nothing in this policy prohibits CalOptima Health from billing a Member for an amount owed under this policy.

H. Any unsettled balances with respect to amounts owed under this policy shall be treated as plan losses.

III. PROCEDURE

A. A Member is eligible for M3P if they are enrolled in a CalOptima Health Part D plan and have not been precluded from participation due to failure to pay, as described in sections III.D.2 and III.D.7. of this policy.

1. LIS-eligible Part D Members are eligible to Opt In.

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B. Election

1. CalOptima Health must allow any Part D Member, including those who are LIS-eligible, to Opt In prior to the beginning of the plan year, at any point during the plan year, or in advance of a new plan enrollment effective date.

2. A Member or a Member's Authorized Representative acting on behalf of the Member may Opt In using a paper election request form, an electronic election request form, or through a telephone call. CalOptima Health must process any election request regardless of format.

   a. A paper election request is considered received on the date and time CalOptima Health initially stamps a document received by regular mail or the date and time a delivery service delivers the document, if tracking is available.

   b. A telephonic election request is considered received on the date and time the verbal request is made with a customer service representative.

   c. An electronic election request is considered received on the date and time the request is received through CalOptima Health's website, regardless of when CalOptima Health retrieves the request.

3. For an election request to be considered complete, CalOptima Health must receive all the following:

   a. The name of the Member

   b. The Medicare ID number of the Member

   c. The Member's or the Member's Authorized Representative's agreement to CalOptima Health's terms and conditions for the Medicare Prescription Payment Plan (signature or verbal attestation).

4. Timeframe for Processing an Election Request

   a. Upon receipt of a complete election request as specified in section III.B.3 of this policy, CalOptima Health must process the request within:

      i. Ten (10) calendar days of receipt for an election request prior to a plan year, or

      ii. Twenty-four (24) hours of receipt for an election request during a plan year.

   b. Upon receipt of an incomplete election request as specified in section III.B.3, CalOptima Health must contact the Member or the Member's Authorized Representative to request the necessary information within:

      i. Ten (10) calendar days of receipt for an election request prior to a plan year; or

      ii. Twenty-four (24) hours of receipt for an election request during a plan year.

   c. If the necessary information as specified in section III.B.3 of this policy is not received within twenty-one (21) calendar days of the request for information, CalOptima Health may deny the request.

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d. In the event CalOptima Health fails to process a request for election during a plan year within twenty-four (24) hours of receipt due to no fault of the Member, CalOptima Health must:

i. Process a retroactive election effective date on the date on which the Member should have been admitted into M3P; and

ii. Reimburse the Member within forty-five (45) calendar days for any cost-sharing paid on or after the election effective date, and include those amounts, as appropriate, in the M3P calculations.

5. Retroactive Election

a. CalOptima Health must process retroactive election into M3P if both of the following conditions are met:

i. The Member believes that any delay in filling the prescription(s) due to the twenty-four (24)-hour timeframe required to process their request to Opt In may seriously jeopardize their life, health, or ability to regain maximum function.

ii. The Member requests retroactive election within seventy-two (72) hours of the date and time the claim(s) were adjudicated.

b. CalOptima Health must process the reimbursement within forty-five (45) calendar days for all cost sharing paid by the Member for any covered Part D prescriptions filled between the date of adjudication of the claim and the date the Member's Opt In is effectuated.

c. If CalOptima Health determines that the Member failed to request retroactive election within the required timeframe, it must promptly notify the Member of its determination and provide instructions on how the Member may file a grievance.

6. Mid-Year Plan Switching

a. When a Member switches Part D plans during the plan year, the Part D sponsor of the new plan is not permitted to automatically sign up the Member for M3P under the new plan, but must allow the Member to Opt Into M3P.

i. If CalOptima Health is the prior plan, it must offer the Member the option to repay the full outstanding amount in a lump sum. If the Member chooses to continue paying monthly, CalOptima Health must continue to bill the Member monthly based on the Member's accrued OOP costs for M3P while in the program under CalOptima Health's plan. CalOptima Health cannot require full immediate repayment.

ii. If CalOptima Health is the new plan, it may only preclude Members from Opting In to M3P if both of the following conditions are met:

a) Both the former and the new plans are offered by CalOptima Health; and

b) The Member was involuntarily terminated from M3P under the former plan, as described in section III.D.2. of this policy, for failure to pay and still owes an overdue balance.

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7. Automatic Renewal

   a. CalOptima Health is required to automatically renew a Member's participation in M3P for subsequent plan years.

   b. CalOptima Health must notify the Member of the renewal and remind Members that they may Opt Out of M3P at any time, in accordance with section III.D.1 of this policy.

8. Communications

   a. Election Request Form

      i. CalOptima Health must make the election request form available, in the formats specified in section III.B.2 of this policy, throughout the plan year and during Part D plan enrollment periods.

      ii. CalOptima Health must send a paper election request form by the later of:

         a) Within ten (10) calendar days from receipt of CMS confirmation of enrollment in a CalOptima Health Part D plan; or

         b) The last day of the month prior to the plan effective date.

      iii. The election request form may be sent with the membership ID card mailing or in a separate mailing.

      iv. The CMS-developed fact sheet shall accompany the election request form when provided in hard copy or on the web.

      v. CalOptima Health may include M3P terms and conditions on the election request form or may include them on a separate attachment.

   b. Notice of Election Approval

      i. Upon accepting an election request received prior to the plan year, CalOptima Health must send a notice of election approval within ten (10) calendar days of receipt of the election request.

      ii. Upon accepting an election request received during the plan year, CalOptima Health must send a notice of election approval within twenty-four (24) hours of receipt of the election request.

      iii. The initial notice must be delivered via telephone, followed by a written notice delivered to the Member within three (3) calendar days of delivering the initial telephone notice.

      iv. The CMS-developed fact sheet shall accompany the election request form when provided in hard copy or on the web.

   c. Notification of Denial

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i. Upon denial of an election request received prior to the plan year, CalOptima Health must send a notice of denial within ten (10) calendar days of receipt of the election request.

ii. Upon denial of an election request received during the plan year, CalOptima Health must send the a of denial within twenty-four (24) hours of receipt of the election request.

iii. Upon denial of an incomplete election request, CalOptima Health must send a notice of denial within ten (10) calendar days of the expiration of the timeframe for submission of additional information.

iv. The notice of denial must explain the reason for denial and a description of the grievance process available to the Member.

d. Renewal Notice.

i. CalOptima Health must send a notice alerting M3P participants that their participation in the program will automatically renew for the subsequent year.

ii. The notice must be sent after the end of the annual coordinate election period, but prior to the end of the plan year.

C. Outreach

1. CalOptima Health must undertake targeted outreach to Members who are likely to benefit from Opting In to M3P.

2. A Member is likely to benefit from Opting In to M3P if they meet any of the following criteria:

a. The Member incurs $600 or more in out-of-pocket costs for a single Covered Part D Drug.

b. The Member incurred $2,000 in out-of-pocket costs for Covered Part D Drugs in the first nine months of the year prior to the upcoming plan year.

3. CalOptima Health and its PBM shall notify a point of sale pharmacy when the criteria for likely to benefit have been satisfied, consistent with section III.C.3. of this policy.

a. The pharmacy shall provide the Member with a Likely to Benefit Notice when receiving the notification.

4. CalOptima Health must directly outreach to Members that are likely to benefit at the following times:

a. Prior to the plan year, CalOptima Health must notify current Members during the fourth quarter of the year, and no later than the end of the annual coordinated election period.

b. CalOptima Health must establish reasonable guidelines for ongoing identification and notification of Members that are likely to benefit.

5. Outreach notification requirements.

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a. When a Member is identified as likely to benefit, the notification may be done by mail or electronically (based on the Member's preferred communication method).

b. The outreach notification must include the "Medicare Prescription Payment Plan Likely to Benefit Notice," election request form, and CMS-developed fact sheet.

c. During the plan year, the initial notice may be provided via telephone, so long as the written notice is sent within three (3) calendar days of the telephone notification.

6. CalOptima Health may exclude Members from notification that they are likely to benefit in the following circumstances:

a. For the current year during the final month of the plan year (December).

b. When the Member is a current participant in M3P, for the current year and for the upcoming year.

c. When a Member is precluded from Opting In.

d. When CalOptima Health is not renewing its contract or individual plan benefit package.

D. Termination

1. CalOptima Health must allow participants who have Opted In to M3P to Opt Out during the plan year (voluntary termination) and complete the following actions:

a. Process the voluntary termination within three (3) calendar days of receipt of the request for termination.

b. Provide the Member with a notice of termination within ten (10) calendar days of receipt of the request for termination.

c. Offer the participant the option to repay the full outstanding amount in a lump sum. CalOptima Health is prohibited from requiring full immediate repayment from a participant who has been terminated from M3P.

d. If the participant opts not to repay the full outstanding amount in a lump sum, continue to bill amounts owed under the program in monthly amounts not to exceed the maximum monthly cap according to the statutory formula for the duration of the plan year after the Member has been terminated.

e. Maintain records of the termination once it is processed.

2. If a participant fails to pay their monthly billed amount under M3P, CalOptima Health is required to terminate that individual's M3P participation (involuntary termination).

a. A participant will be considered to have failed to pay their monthly billed amount only after the conclusion of the required Grace Period, defined in section III.D.5. of this policy.

b. CalOptima Health must complete all the following actions to process an involuntary termination:

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i. Provide the Member with a notice of termination within three (3) calendar days following the last day of the end of the Grace Period.

ii. Offer the participant the option to repay the full outstanding amount in a lump sum. CalOptima Health is prohibited from requiring full immediate repayment from a participant who has been terminated from M3P.

iii. If the participant opts not to repay the full outstanding amount in a lump sum, continue to bill amounts owed under the program in monthly amounts not to exceed the maximum monthly cap according to the statutory formula for the duration of the plan year after the Member has been terminated.

3. Failure to Pay

a. CalOptima Health must send the Member an initial notice explaining that the Member has failed to pay the billed amount.

b. The notice of failure to pay must be sent within fifteen (15) calendar days of the payment due date.

4. If any notice is returned to CalOptima Health as undeliverable, CalOptima Health must immediately implement procedures to research a potential change of address.

5. Grace Period

a. When an M3P participant fails to pay an M3P bill, CalOptima Health must provide the participant with a Grace Period of at least two months upon notifying the Member of the initial missed payment.

b. The M3P participant must be allowed to pay the overdue balance in full during the Grace Period to remain in M3P.

c. If an M3P participant fails to pay their monthly billed amount under M3P with fewer than two full months remaining in the calendar year, the Grace Period must carry over into the next calendar year.

i. If the M3P participant is within their Grace Period from the prior year, CalOptima Health must allow the participant to Opt Into M3P for the next year.

ii. If the M3P participant fails to pay the amount due from the prior year during the required Grace Period, CalOptima Health may terminate the Member's participation in M3P in the new year following the procedures outlined in section III.D.2. of this policy.

6. Reinstatement

a. If a Member who has been terminated from M3P demonstrates good cause for failure to pay the M3P billed amount within the Grace Period and pays all overdue amounts billed, CalOptima Health must reinstate the Member into M3P.

i. CalOptima Health shall reinstate the Member into M3P within a reasonable timeframe after the Member has repaid their past due M3P balance in full.

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ii. To demonstrate good cause, the Member must establish a credible statement that failure to pay the monthly amount billed within the grade period was due to circumstances for which the Member had no control, or which the Member could not reasonably have been expected to foresee.

b. If a Member who has been terminated from M3P pays all overdue amounts billed, CalOptima Health may reinstate the Member into M3P at their discretion and within a reasonable timeframe, even if the Member does not demonstrate good cause for failure to pay.

7. Preclusion

a. If a Member fails to pay the amount billed under M3P, CalOptima Health may preclude the Member from Opting Into the M3P in a subsequent year.

b. CalOptima Health may only preclude a Member from Opting Into M3P in a subsequent year if the Member owes an overdue balance to CalOptima Health.

c. If the Member enrolls in a Part D plan offered by a different Part D sponsor than the Part D sponsor to which the individual owes an overdue balance, the Member cannot be precluded from Opting Into the M3P in a subsequent year by that different Part D sponsor.

d. If the Member remains in a plan offered by CalOptima Health and continues to owe an overdue balance, Preclusion may extend beyond the immediately subsequent plan year.

e. If the Member pays off the outstanding balance under M3P during a subsequent plan year, CalOptima Health must promptly permit them to Opt Into M3P after the balance is paid.

8. Penalties

a. CalOptima Heath is prohibited from disenrolling a Member from a Part D plan for failure to pay any amount billed under M3P.

b. CalOptima Heath is prohibited from declining future enrollment into a Part D plan based on the beneficiary's failure to pay any amount billed under M3P.

9. If an M3P participant is disenrolled voluntarily or involuntarily from their Part D plan, the participant is also terminated from M3P in that plan.

a. If the participant enrolls in a different Part D plan, they may opt into M3P under their new plan.

E. Billing

1. CalOptima Health must calculate a monthly amount for each billing period after a Member has Opted Into M3P and incurred OOP costs.

2. The participant who is in M3P but has not yet incurred any OOP costs during the plan year must not be billed.

3. CalOptima Health must not charge late fees, interest payments, or other fees such as for different payment mechanisms, and must ensure than any third parties comply.

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4. CalOptima Health must send a bill for M3P that is separate from the bill for collection of premiums, if applicable.

5. Any unsettled balances with respect to amounts owed under M3P will be treated as plan losses.

    a. If CalOptima Health is compensated by or on behalf of the participant for an unsettled balance or sells an unsettled balance as a debt, CalOptima Health cannot treat the amount as a loss and cannot include it in its bid.

F. Disputes

1. CalOptima Health must apply Part D coverage determination and appeals procedures to any disputes concerning the cost sharing amount of a Covered Part D Drug.

2. CalOptima Health must apply the Part D grievance procedure to any dispute related to any aspect of M3P, in accordance with CalOptima Health Policy MA.6114: Medicare Part D Redeterminations.

IV. ATTACHMENT(S)

Not Applicable

V. REFERENCE(S)

A. Application from Medicare Advantage Prescription Drug Plans (MA-PD) Sponsors
B. CalOptima Health Contract with the Centers for Medicare & Medicaid Services (CMS) for Medicare Advantage
C. CalOptima Health Policy MA.6114: Medicare Part D Redeterminations
D. Federal Register, Contract Year 2026 Medicare Advantage and Part D Final Rule (CMS-4208-F)
E. Form - CMS-developed Fact Sheet
F. Form - Election Request Form
G. Form - Notice of Election Approval
H. Form - Notice of Election Denial
I. Form - Notice of Failure to Pay
J. Form - Notice of Likely to Benefit
K. Form - Notice of Voluntary Participation Termination
L. Form - Notice of Involuntary Participation Termination
M. Form - Request for Additional Information
N. Inflation Reduction Act (IRA) of 2022, Section 11202
O. Medicare Prescription Payment Plan - Final Parts One and Two Guidance
P. Social Security Act, Section 1860D-2(b)(2)(E) (42 USC 1395w-102(b)(2)(E))
Q. Title 42, Code of Federal Regulations (CFR), §423.137

VI. REGULATORY AGENCY APPROVAL(S)

None to Date

VII. BOARD ACTION(S)

Date	Meeting
02/05/2026	Regular Meeting of the CalOptima Health Board of Directors

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VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	01/01/2025	MA.6116	Medicare Prescription Payment Plan (M3P)	OneCare

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IX. GLOSSARY

Term	Definition
Centers for Medicare & Medicaid Services (CMS)	The federal agency under the United States Department of Health and Human Services responsible for administering the Medicare and Medicaid programs.
Covered Part D Drug	A Covered Part D Drug includes: 1. A drug that may be dispensed only upon a Prescription, approved by the Food and Drug Administration (FDA), used and sold in the United States, and used for a medically accepted indication as set forth in Section 1927(k)(2)(A) of the Social Security Act; 2. A biological product described in sections 1927(k)(2)(B)(i) through (iii) of the Social Security Act; 3. Insulin described in section 1927(k)(2)(C) of the Social Security Act; 4. Medical supplies associated with the delivery of insulin; and 5. A vaccine licensed under section 351 of the Public Health Service Act and its administration.
Enrollee	A Medicare-eligible individual that has successfully signed up for the federal insurance program and has coverage for medical and hospital services.
Grace Period	The extended amount of time allowed after the due date for payment of the calculated monthly amount due under the Medicare Prescription Payment Plan.
Member	A beneficiary enrolled in a CalOptima Health Part D program.
Opt In	To make an election to participate in the Medicare Prescription Payment Plan, allowing the option to pay $0 cost sharing at the point of sale and to instead pay cost sharing under the plan in monthly amounts, not to exceed the maximum monthly cap defined in the Inflation Reduction Act (IRA) of 2022, Section 11202.
Out of Pocket (OOP) Cost	The cost sharing amount that the Part D enrollee is directly responsible for paying.
Pharmacy Benefit Manager (PBM)	An entity that provides pharmacy benefit management services, including contracting with a network of pharmacies; establishing payment levels for network pharmacies; negotiating rebate arrangements; developing and managing formularies, preferred drug lists, and prior authorization programs; maintaining patient compliance programs; performing drug utilization review; and operating disease management programs.
Preclusion	Prevent a Member from electing to participate in the Medicare Prescription Payment Plan.

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CalOptima Health Board Action Agenda Referral

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

Consent Calendar

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

Contacts

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

Recommended Action

The CalOptima Health Member Advisory Committee's Nominations Ad Hoc Subcommittee recommends the appointment of the following individuals, effective February 5, 2026:

- Kristen Rogers as a Medi-Cal Beneficiary or Authorized Family Member Representative, with a term ending on June 30, 2027;
- Jila Nikkhah, D.D.S., as a Dental Provider Representative with a term ending June 30, 2028; and
- Janis Price as a Local Education Agency Representative with a term ending June 30, 2027.

Background

The CalOptima Health Board of Directors (Board) established the Member Advisory Committee (MAC) on February 14, 1995, to provide input to the Board. The MAC consists of 20 voting members: 19 serve three-year terms, and one permanent seat is held by a representative from the County of Orange Social Services Agency. All MAC members are appointed by the CalOptima Health Board.

In May 2025, the Department of Health Care Services (DHCS) issued All-Plan Letter (APL) 25-009, outlining the requirements for Community Advisory Committees, also known as the MAC at CalOptima Health. The APL emphasized member, family, and community engagement, providing guidance on implementing and maintaining this engagement. To comply with APL 25-009, the Board approved adding three seats to the MAC at the Board's October 2, 2025, meeting.

Discussion

Upon Board approval, the MAC undertook a recruitment effort to fill the three new seats: Medi-Cal Beneficiaries or Authorized Family Member, Dental Provider, and Local Education Agency Representative. Because these are new seats, the newly appointed members will be appointed for shorter terms to ensure staggered terms on the MAC and, if reappointed at a later date, will serve a full three-year term. The MAC Nominations Ad Hoc Subcommittee consisted of MAC Chair Christine Tolbert, MAC Vice Chair Meredith Chillemi, and Social Services Agency Representative Shirley Valencia. Since the MAC did not achieve a quorum at its meeting on December 11, 2025, and was therefore unable to approve a recommendation to the Board on the selected candidates, the MAC Nominations Ad Hoc Subcommittee requests that the Board appoint the selected candidates to comply with the terms of CalOptima Health's DHCS contract.

Medi-Cal Beneficiaries or Authorized Family Member Representative – New Appointment

Kristen Rogers

Ms. Rogers is the parent of a CalOptima Health member. She is an active volunteer at the Children's Hospital of Orange County (CHOC) and has served on the CalOptima Health Whole-Child Model

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Family Advisory Committee since 2018, where she also held the position of committee Chair. Ms. Rogers also served for many years as a representative on the DHCS California Children's Advisory Group on behalf of CalOptima Health.

Dental Provider Representative – New Appointment

Jila Nikkhah, D.D.S

Dr. Nikkhah serves as the Dental Director at Share Our Selves Community Clinic, an FQHC in Costa Mesa, California. She oversees operations for three dental clinics, managing approximately 20 providers, support staff, and volunteers. Dr. Nikkhah is committed to providing comprehensive dental care to underserved populations while upholding the highest standards of patient care and infection control. Dr. Nikkhah collaborates with county clinics through the Coalition of Community Clinics of Orange County, manages grants and contracts, and operates specialized programs for individuals with intellectual disabilities.

Local Education Representative – New Appointment

Janis Price

Janis Price is a certified educator with the Orange County Department of Education, serving as Coordinator of Family and Community Engagement, where she works directly with families who are Medi-Cal beneficiaries. She assists families by connecting them to community outreach services. She is committed to helping every family in Orange County become empowered to understand their rights and the opportunities available to partner with their schools in support of their child's overall success. Ms. Price currently participates in several advisory boards to help develop comprehensive plans for prevention, homelessness, and foster youth, as well as academic success and county-wide initiatives addressing adverse childhood experiences and equity. Ms. Price formerly served on the Whole-Child Model Family Advisory Committee representing the Orange County Department of Education as a Community-Based Organization Representative.

Fiscal Impact

Each beneficiary/member or family representative serving on the MAC may receive a stipend of up to $100 in the form of a check or gift card per committee meeting attended. Funding for the stipends is a budgeted item under the CalOptima Health Fiscal Year 2025-26 Operating Budget. Management will include funding for the stipends in future operating budgets. There is no additional fiscal impact from the recommended actions.

Rationale for Recommendation

As stated in policy AA.1219a, the MAC established a Nominations Ad Hoc Subcommittee to review the potential candidates for the new seats on the committee. The MAC Nominations Ad Hoc Subcommittee reviewed and scored each individual and is forwarding the recommended candidates to the Board of Directors for their consideration and appointment.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

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Attachments
None

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Financial Summary
November 30, 2025

Board of Directors Meeting

February 5, 2026

Nancy Huang, Chief Financial Officer

Our Mission

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

Our Vision

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

Financial Highlights Notes: November 2025

- Notable events/items in November 2025
  - Revenue reductions related to Unsatisfactory Immigration Status (UIS) risk corridor settlement estimates
    - Calendar Year (CY) 2024: $51.1 million
    - CY 2025: $16.7 million
  - Medical Expense release of $24.7 million for Medi-Cal (MC) Measurement Year (MY) 2024 Pay-For-Value (P4V)
  - Community Reinvestment obligation release
    - CY 2024: $26.6 million

CalOptima Health

Financial Highlights Notes: November 2025 (cont.)

- Notable events/items in November 2025
  - Grant distribution includes:
    - $1.5 million to the Orange County Food Bank Distribution Hubs
    - $1.9 million paid for Provider Workforce Development
    - $ 0.5 million paid for National Alliance for Mental Illness Orange County Peer Support Program
  - Other income and expense
    - $5.6 million paid for Supplemental Food Support program

Financial Highlights
November 2025

November 2025 Actual	November 2025 Budget	November 2025 $ Variance	November 2025 % Variance		July - November 2025 Actual	July - November 2025 Budget	July - November 2025 $ Variance	July - November 2025 % Variance
877,271	890,171	(12,900)	(1.4%)	Member Months	4,436,477	4,492,608	(56,131)	(1.2%)
323,088,729	391,292,525	(68,203,796)	(17.4%)	Revenues	2,135,134,209	1,976,655,876	158,478,333	8.0%
326,047,967	362,198,217	36,150,250	10.0%	Medical Expenses	1,989,776,389	1,835,907,774	(153,868,615)	(8.4%)
21,195,974	25,240,909	4,044,935	16.0%	Administrative Expenses	106,650,263	126,583,861	19,933,598	15.7%
(24,155,212)	**3,853,399**	(28,008,611)	(726.9%)	**Operating Margin**	**38,707,557**	**14,164,241**	**24,543,316**	**173.3%**
				Non-Operating Income (Loss)				
16,126,426	8,333,340	7,793,086	93.5%	Net Investment Income/Expense	75,573,809	41,666,700	33,907,109	81.4%
(3,902,473)	-	(3,902,473)	(100.0%)	Grant Expense	(5,362,240)	-	(5,362,240)	(100.0%)
25,338,627	-	25,338,627	100.0%	Community Reinvestment	7,501,252	-	7,501,252	100.0%
(5,720,089)	(138,610)	(5,581,479)	(4,026.8%)	Other Income/Expense	(5,985,850)	(693,050)	(5,292,800)	(763.7%)
31,842,491	**8,194,730**	**23,647,761**	**288.6%**	**Total Non-Operating Income (Loss)**	**71,726,971**	**40,973,650**	**30,753,321**	**75.1%**
7,687,279	**12,048,129**	(4,360,850)	(36.2%)	**Change in Net Assets**	**110,434,529**	**55,137,891**	**55,296,638**	**100.3%**
100.9%	*92.6%*	*8.4%*		*Medical Loss Ratio*	*93.2%*	*92.9%*	*0.3%*	
6.6%	*6.5%*	*(0.1%)*		*Administrative Loss Ratio*	*5.0%*	*6.4%*	*1.4%*	
(7.5%)	*1.0%*	*(8.5%)*		*Operating Margin Ratio*	*1.8%*	*0.7%*	*1.1%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
95.5%	*88.1%*	*7.4%*		**Adjusted MLR*	*87.8%*	*88.5%*	*(0.6%)*	
6.6%	*6.5%*	*(0.1%)*		**Adjusted ALR*	*5.6%*	*6.4%*	*0.8%*	

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

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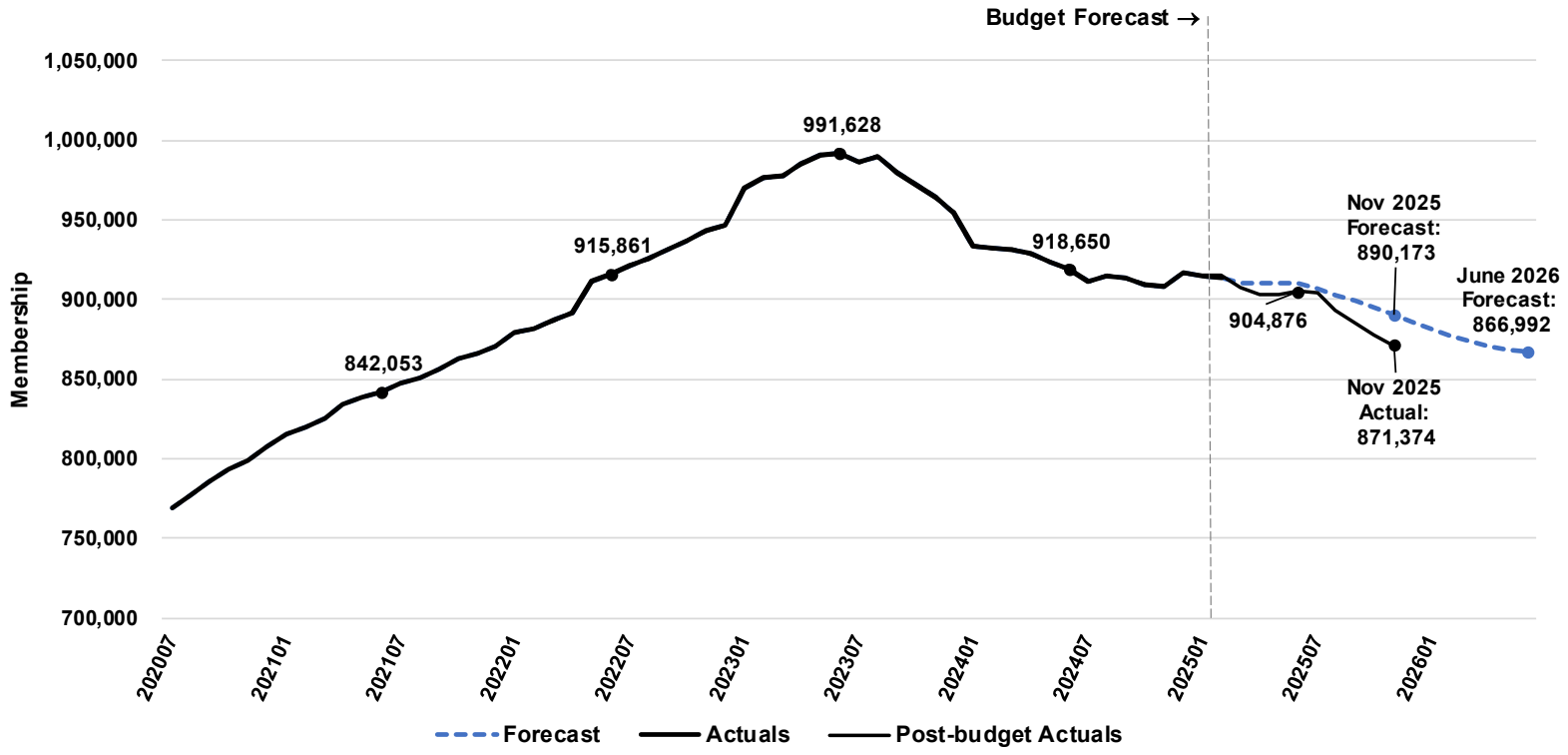
Actual v. Budget – Total Membership

CalOptima Health

Consolidated



Notes:

- Data included in this report are based on member eligibility months rather than booked enrollment (as used in the financials).

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FY 2025-26: Management Summary

- Change in Net Assets Surplus or (Deficit)
  - Month To Date (MTD) November 2025: $7.7 million, unfavorable to budget $4.4 million or 36.2%
    - Driven by the UIS risk corridor and Grant payments
    - Offset by favorable Community Reinvestment due to accrual release of $25.3 million and Net Investment Income
  - Year To Date (YTD) July – November 2025: $110.4 million, favorable to budget $55.3 million or 100.3% driven by Net Investment Income, member mix and lower than forecasted claims expenses

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Enrollment
  - MTD: 877,271 members, unfavorable to budget 12,900 or 1.4% due to higher than anticipated disenrollment
  - YTD: 4,436,477 member months, unfavorable to budget 56,131 or 1.2%

FY 2025-26: Management Summary (cont.)

- Revenue
  - MTD: $323.1 million, unfavorable to budget $68.2 million or 17.4% driven by MC Line of Business (LOB) due primarily to $51.1 million CY 2024 UIS risk corridor updated estimates
  - YTD: $2,135.1 million, favorable to budget $158.5 million or 8.0% due primarily to:
    - MC LOB due to CY 2023 Hospital Directed Payments (DP), CY 2024 Quality Incentive Program (QIP) and favorable member mix
    - Offset by OneCare (OC) LOB lower than anticipated Risk Adjustment Factor (RAF)

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - MTD: $326.0 million, favorable to budget $36.2 million or 10.0% driven by favorable variances in:
    - Incentive Payments expense of $27.9 million due to MC P4V accrual
    - Professional Claims expense of $3.7 million
    - Facilities Claims expense of $2.9 million
    - Medical Management expense of $2.7 million
    - Prescription Drugs expense of $1.1 million
    - Managed Long-Term Services and Supports (MLTSS) of $1.0 million
    - Offset by Provider Capitation expense unfavorable variance of $2.8 million

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - YTD: $1,989.8 million, unfavorable to budget $153.9 million or 8.4% due to:
    - $223.5 million in Other Medical Expenses primarily due to CY 2023 Hospital DP and CY 2024 QIP
    - $11.0 million in Facilities Claims
    - Offset by:
      - $22.1 million primarily due to release of accrual for MC MY 2024 P4V in Incentive Payments
      - Favorable variance to budget in all other expense categories of $58.5 million

FY 2025-26: Management Summary (cont.)

- Administrative Expenses
  - MTD: $21.2 million, favorable to budget $4.0 million or 16.0% due to the timing of administrative expense activities
  - YTD: $106.7 million, favorable to budget $19.9 million or 15.7% due to the timing of administrative expense activities

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - MTD: $31.8 million, favorable to budget $23.6 million or 288.6%
    - Due primarily to $25.3 million favorable Community Reinvestment expense and $7.8 million favorable Net Investment Income
    - Offset by unfavorable variances in Other Income/Expenses of $5.6 million (Supplemental Food Support program) and Grant Expenses of $3.9 million

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - YTD: $71.7 million, favorable to budget $30.8 million or 75.1%
    - Due primarily to $33.9 million favorable Net Investment Income and $7.5 million favorable Community Reinvestment expense
    - Offset by unfavorable variances in Other Income/Expenses of $5.6 million (Supplemental Food Support program) and Grant Expense of $5.4 million

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FY 2025-26: Key Financial Ratios

- Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	100.9%	92.6%	8.4%
	Adjusted MLR*	95.5%	88.1%	7.4%
YTD	MLR	93.2%	92.9%	0.3%
	Adjusted MLR*	87.8%	88.5%	(0.6%)

- Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	6.6%	6.5%	(0.1%)
	Adjusted ALR*	6.6%	6.5%	(0.1%)
YTD	ALR	5.0%	6.4%	1.4%
	Adjusted ALR*	5.6%	6.4%	0.8%

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

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

- Balance Sheet Ratios
  - Current ratio*: 1.7
  - Board Designated Reserve level: 3.70
  - Statutory Designated Reserve level: 1.03
  - Net-position: $2.9 billion, including required TNE of $131.9 million

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

CalOptima Health

Enrollment Summary: November 2025

November 2025					July - November 2025			
Actual	Budget	$ Variance	% Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	% Variance
124,455	127,423	(2,968)	(2.3%)	FAM	627,950	644,826	(16,876)	(2.6%)
250,419	257,663	(7,244)	(2.8%)	CHD	1,265,957	1,294,528	(28,571)	(2.2%)
320,053	326,950	(6,897)	(2.1%)	MCE	1,630,796	1,665,355	(34,559)	(2.1%)
3,192	2,511	681	27.1%	LTC	14,675	12,560	2,115	16.8%
151,499	148,150	3,349	2.3%	SPD	759,143	738,296	20,847	2.8%
8,823	9,076	(253)	(2.8%)	WCM	44,707	45,488	(781)	(1.7%)
858,441	**871,773**	(13,332)	(1.5%)	**Medi-Cal Total**	**4,343,228**	**4,401,053**	(57,825)	(1.3%)
18,287	**17,853**	**434**	**2.4%**	**OneCare**	**90,584**	**88,870**	**1,714**	**1.9%**
543	**545**	(2)	(0.4%)	**PACE**	**2,665**	**2,685**	(20)	(0.7%)
582	**558**	**24**	**4.3%**	**MSSP***	**2,813**	**2,790**	**23**	**0.8%**
877,271	**890,171**	(12,900)	(1.4%)	**CalOptima Health Total**	**4,436,477**	**4,492,608**	(56,131)	(1.2%)

*MSSP enrollment is included in Medi-Cal total

CalOptima Health

Consolidated Revenue & Expenses: November 2025 MTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	858,441	18,287	543	582		877,271
REVENUES						
Capitation Revenue	$ 280,813,760	$ 37,067,491	$ 4,946,403	$ 261,075	$ -	$ 323,088,729
Total Operating Revenue	**280,813,760**	**37,067,491**	**4,946,403**	**261,075**	**-**	**323,088,729**
MEDICAL EXPENSES						
Provider Capitation	115,356,724	15,040,603				130,397,327
Claims	133,261,980	6,233,767	2,428,129			141,923,875
MLTSS	47,937,068		42,026	37,541		48,016,635
Prescription Drugs		9,477,381	570,894			10,048,275
Case Mgmt & Other Medical	(6,325,419)	475,957	1,313,611	197,706		(4,338,145)
Total Medical Expenses	**290,230,352**	**31,227,707**	**4,354,660**	**235,248**	**-**	**326,047,967**
Medical Loss Ratio	*103.4%*	*84.2%*	*88.0%*	*90.1%*	*0.0%*	*100.9%*
GROSS MARGIN	(9,416,592)	**5,839,784**	**591,743**	**25,827**	**-**	(2,959,238)
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	10,687,419	921,676	164,251	85,691	64,534	11,923,571
Non-Salary Operating Expenses	3,760,093	632,254	56,471	1,459	328,251	4,778,528
Depreciation & Amortization	857,643		886			858,529
Other Operating Expenses	3,160,517	80,934	7,136	6,905		3,255,492
Indirect Cost Allocation, Occupancy	(567,935)	926,722	14,716	6,351		379,854
Total Administrative Expenses	**17,897,736**	**2,561,587**	**243,460**	**100,406**	**392,785**	**21,195,974**
Administrative Loss Ratio	*6.4%*	*6.9%*	*4.9%*	*38.5%*	*0.0%*	*6.6%*
Operating Income/(Loss)	(27,314,328)	**3,278,197**	**348,283**	(74,579)	(392,785)	(24,155,212)
Investments and Other Non-Operating	19,714,514					31,842,491
CHANGE IN NET ASSETS	$ (7,599,814)	**$ 3,278,197**	**$ 348,283**	$ (74,579)	$ (392,785)	**$ 7,687,279**
BUDGETED CHANGE IN NET ASSETS	6,385,174	(1,857,726)	362,839	(117,729)	(919,159)	12,048,129
Variance to Budget - Fav/(Unfav)	$ (13,984,988)	$ 5,135,923	$ (14,556)	$ 43,150	$ 526,374	$ (4,360,850)

CalOptima Health

Consolidated Revenue & Expenses: November 2025 YTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	4,343,228	90,584	2,665	2,813		4,436,477
REVENUES						
Capitation Revenue	$ 1,928,085,512	$ 181,481,480	$ 24,317,983	$ 1,249,234	$ -	$ 2,135,134,209
Total Operating Revenue	**1,928,085,512**	**181,481,480**	**24,317,983**	**1,249,234**	**-**	**2,135,134,209**
MEDICAL EXPENSES						
Provider Capitation	567,585,601	73,056,266				640,641,867
Claims	704,163,100	34,846,278	10,609,179			749,618,556
MLTSS	226,355,970		222,859	180,209		226,759,037
Prescription Drugs		51,489,813	2,957,914			54,447,727
Case Mgmt & Other Medical	300,502,296	9,776,221	7,039,811	990,873		318,309,201
Total Medical Expenses	**1,798,606,967**	**169,168,577**	**20,829,762**	**1,171,082**	**-**	**1,989,776,389**
Medical Loss Ratio	*93.3%*	*93.2%*	*85.7%*	*93.7%*	*0.0%*	*93.2%*
GROSS MARGIN	**129,478,545**	**12,312,902**	**3,488,221**	**78,152**	**-**	**145,357,821**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	57,695,133	5,020,892	903,809	468,010	329,849	64,417,693
Non-Salary Operating Expenses	16,069,100	2,596,287	426,670	7,311	1,650,760	20,750,128
Depreciation & Amortization	4,314,567		4,430			4,318,997
Other Operating Expenses	14,493,620	492,282	51,548	35,901		15,073,352
Indirect Cost Allocation, Occupancy	(2,648,853)	4,633,609	73,582	31,755		2,090,094
Total Administrative Expenses	**89,923,567**	**12,743,071**	**1,460,040**	**542,977**	**1,980,608**	**106,650,263**
Administrative Loss Ratio	*4.7%*	*7.0%*	*6.0%*	*43.5%*	*0.0%*	*5.0%*
Operating Income/(Loss)	**39,554,978**	(430,169)	**2,028,181**	(464,825)	(1,980,608)	**38,707,557**
Investments and Other Non-Operating	1,883,106					71,726,971
CHANGE IN NET ASSETS	**$ 41,438,084**	$ (430,169)	**$ 2,028,181**	$ (464,825)	$ (1,980,608)	**$ 110,434,529**
BUDGETED CHANGE IN NET ASSETS	26,993,078	(9,444,781)	1,456,809	(595,949)	(4,244,916)	55,137,891
Variance to Budget - Fav/(Unfav)	$ 14,445,006	$ 9,014,612	$ 571,372	$ 131,124	$ 2,264,308	$ 55,296,638

CalOptima Health

Balance Sheet: As of November 2025

ASSETS	
Current Assets	
Operating Cash	$309,864,105
Short-term Investments	1,581,140,299
Capitation Receivable	782,392,284
Receivables - Other	18,292,747
Prepaid Expenses	19,236,682
Total Current Assets	**2,710,926,116**
Capital Assets	
Capital Assets	202,990,122
Less: Accumulated Depreciation	(93,027,559)
Capital Assets, Net of Depreciation	**109,962,563**
Other Assets	
Restricted Deposit & Other	300,000
Board Designated Reserves	1,617,935,704
Statutory Designated Reserves	135,413,954
Total Other Assets	**1,753,649,658**
TOTAL ASSETS	**4,574,538,338**
Deferred Outflows	**28,626,072**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$4,603,164,410**

LIABILITIES & NET POSITION	
Current Liabilities	
Accounts Payable	$297,931,733
Medical Claims Liability	1,116,318,433
Accrued Payroll Liabilities	20,581,207
Deferred Revenue	8,114,473
Other Current Liabilities	
Capitation and Withholds	117,489,070
Total Current Liabilities	**1,560,434,916**
Other Liabilities	
GASB 96 Subscription Liabilities	23,372,197
Community Reinvestment	80,596,859
Capital Lease Payable	225,548
Post-Employment Health Care Plan	17,366,149
Net Pension Liabilities	5,840,992
Total Other Liabilities	**127,401,745**
TOTAL LIABILITIES	**1,687,836,661**
Deferred Inflows	**4,309,519**
Net Position	
Required TNE	131,871,097
Funds in Excess of TNE	2,779,147,133
TOTAL NET POSITION	**2,911,018,230**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$4,603,164,410**

CalOptima Health

Board Designated Reserve and TNE Analysis: As of November 2025

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	808,907,345				
MetLife Tier One	809,028,359				
Board Designated Reserves	1,617,935,704	1,092,635,634	1,748,217,015	525,300,069	(130,281,311)
Current Reserve Level (X months of average monthly revenue) [1]	*3.70*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,821,590				
MetLife Tier Two	67,592,364				
Statutory Designated Reserves	135,413,954	131,871,097	145,058,206	3,542,857	(9,644,252)
Current Reserve Level (X min. TNE) [1]	*1.03*	*1.00*	*1.10*		

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

CalOptima Health

Spending Plan: As of November 2025

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 11/30/2025	**$2,911.0**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,617.9**			**55.6%**
Statutory Designated Reserve[1]	**$135.4**			**4.7%**
Capital Assets, net of Depreciation	**$110.0**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.3	$65.8	$48.6	0.6%
Housing and Homelessness Incentive Program[2]	24.8	87.4	62.6	0.9%
Intergovernmental Transfers (IGT)[4]	39.7	52.1	12.3	1.4%
Digital Transformation and Workplace Modernization[3]	22.7	100.0	77.3	0.8%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	25.7	50.0	24.3	0.9%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.4	4.7	4.3	0.0%
Member Health Needs Assessment	0.5	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	115.3	153.5	38.2	4.0%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	41.4	50.0	8.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.8	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.7%
Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.1	6.8	5.8	0.0%
Quality Initiatives from unearned Pay for Value Program	18.0	23.3	5.3	0.6%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	228.0	526.2	298.2	7.8%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Subtotal:	**$612.4**	**$1,251.4**	**$639.0**	**21.0%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$435.3**			**15.0%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 187 days of CalOptima Health's current operations.

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

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

[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

CalOptima Health

Homeless Health Initiative and Allocated Funds: As of November 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,625,838	15,407,888	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,625,838**	**57,307,888**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,841,921	5,046,993	IGT's
Vaccination Intervention and Member Incentive Strategy[2]	54,649	54,649	-	IGT's
Street Medicine[1]	14,279,077	9,423,411	4,855,666	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[3]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,625,839**	**57,307,887**	
Transfer of funds to HHIP[3]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,625,839**	**17,207,887**	

[1]On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[2]On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

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

CalOptima Health

Housing and Homelessness Incentive Program: As of November 2025

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	39,935,654	$18,000,195
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,633,259	24,751,271	-
Total	**153,315,719**	**153,315,719**	**95,628,794**	**64,686,926**	**18,000,195**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	882,700	517,300	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,698,977	133,337	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,628,794**	**$64,686,926**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,628,794**	**$57,686,926**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive paments

*On October 7, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health

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UNAUDITED FINANCIAL STATEMENTS

November 30, 2025

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CalOptima Health - Consolidated
Financial Highlights
For the Five Months Ending November 30, 2025

Month-to-Date					Year-to-Date			
Actual	**Budget**	**$ Variance**	**% Variance**		**Actual**	**Budget**	**$ Variance**	**% Variance**
877,271	890,171	(12,900)	(1.4%)	Member Months	4,436,477	4,492,608	(56,131)	(1.2%)
323,088,729	391,292,525	(68,203,796)	(17.4%)	Revenues	2,135,134,209	1,976,655,876	158,478,333	8.0%
326,047,967	362,198,217	36,150,250	10.0%	Medical Expenses	1,989,776,389	1,835,907,774	(153,868,615)	(8.4%)
21,195,974	25,240,909	4,044,935	16.0%	Administrative Expenses	106,650,263	126,583,861	19,933,598	15.7%
(24,155,212)	**3,853,399**	(28,008,611)	(726.9%)	**Operating Margin**	**38,707,557**	**14,164,241**	**24,543,316**	**173.3%**
				Non-Operating Income (Loss)				
16,126,426	8,333,340	7,793,086	93.5%	Net Investment Income/Expense	75,573,809	41,666,700	33,907,109	81.4%
(3,902,473)	-	(3,902,473)	(100.0%)	Grant Expense	(5,362,240)	-	(5,362,240)	(100.0%)
25,338,627	-	25,338,627	100.0%	Community Reinvestment	7,501,252	-	7,501,252	100.0%
(5,720,089)	(138,610)	(5,581,479)	(4,026.8%)	Other Income/Expense	(5,985,850)	(693,050)	(5,292,800)	(763.7%)
31,842,491	**8,194,730**	**23,647,761**	**288.6%**	**Total Non-Operating Income (Loss)**	**71,726,971**	**40,973,650**	**30,753,321**	**75.1%**
7,687,279	**12,048,129**	(4,360,850)	(36.2%)	**Change in Net Assets**	**110,434,529**	**55,137,891**	**55,296,638**	**100.3%**
100.9%	*92.6%*	*8.4%*		*Medical Loss Ratio*	*93.2%*	*92.9%*	*0.3%*	
6.6%	*6.5%*	(0.1%)		*Administrative Loss Ratio*	*5.0%*	*6.4%*	*1.4%*	
(7.5%)	*1.0%*	(8.5%)		*Operating Margin Ratio*	*1.8%*	*0.7%*	*1.1%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
95.5%	*88.1%*	*7.4%*		**Adjusted MLR*	*87.8%*	*88.5%*	(0.6%)	
6.6%	*6.5%*	(0.1%)		**Adjusted ALR*	*5.6%*	*6.4%*	*0.8%*	

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

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CalOptima Health - Consolidated
Full Time Equivalent (FTE) Data
For the Five Months Ending November 30, 2025

Total FTE's MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	1,327	1,408	81
OneCare	164	182	18
PACE	111	119	8
CCA	3	19	16
MSSP	23	24	1
Total	1,627	1,752	125

Total FTE's YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	6,625	7,032	407
OneCare	830	907	77
PACE	558	595	37
CCA	14	71	57
MSSP	110	119	9
Total	8,137	8,724	587

MM per FTE MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	647	619	(28)
OneCare	111	98	(13)
PACE	5	5	(0)
CCA	0	0	0
MSSP	26	23	(3)
Consolidated	539	508	(31)

MM per FTE YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	656	626	(30)
OneCare	109	98	(11)
PACE	5	5	(0)
CCA	0	0	0
MSSP	26	23	(3)
Consolidated	545	515	(30)

Open FTE			
	Total	Medical	Admin
Medi-Cal	90	32	58
OneCare	13	5	8
PACE	7	6	1
CCA	17	1	16
MSSP	0	0	0
Total	127	44	83

CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses
For the One Month Ending November 30, 2025

MEMBER MONTHS		877,271		890,171		(12,900)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$280,813,760	$327.12	$349,262,913	$400.64	($68,449,153)	($73.52)
OneCare	37,067,491	2,026.99	36,914,121	2,067.67	153,370	(40.68)
PACE	4,946,403	9,109.40	4,866,437	8,929.24	79,966	180.16
MSSP	261,075	448.58	249,054	446.33	12,021	2.25
Covered CA	-	0.00	-	0.00	-	0.00
Total Operating Revenue	323,088,729	368.29	391,292,525	439.57	(68,203,796)	(71.28)
MEDICAL EXPENSES						
Medi-Cal	290,230,352	338.09	322,170,554	369.56	31,940,202	31.47
OneCare	31,227,707	1,707.65	35,569,600	1,992.36	4,341,893	284.71
PACE	4,354,660	8,019.63	4,185,987	7,680.71	(168,673)	(338.92)
MSSP	235,248	404.21	227,092	406.97	(8,156)	2.76
Covered CA		0.00	44,984	80.62	44,984	80.62
Total Medical Expenses	326,047,967	371.66	362,198,217	406.89	36,150,250	35.23
GROSS MARGIN	(2,959,238)	(3.37)	29,094,308	32.68	(32,053,546)	(36.05)
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	11,923,571	13.39	13,954,799	15.68	2,031,228	2.29
Professional Fees	1,896,251	2.13	1,939,806	2.18	43,555	0.05
Purchased Services	2,553,357	2.87	2,806,634	3.15	253,278	0.28
Printing & Postage	328,920	0.37	620,975	0.70	292,055	0.33
Depreciation & Amortization	858,529	0.96	949,334	1.07	90,805	0.11
Other Expenses	3,255,492	3.66	4,487,493	5.04	1,232,000	1.38
Indirect Cost Allocation, Occupancy	379,854	0.43	481,868	0.54	102,014	0.11
Total Administrative Expenses	21,195,974	24.16	25,240,909	28.36	4,044,935	4.20
NET INCOME (LOSS) FROM OPERATIONS	(24,155,212)	(27.53)	3,853,399	4.33	(28,008,611)	(31.86)
INVESTMENT INCOME						
Interest Income	13,176,017	15.02	8,557,470	9.61	4,618,547	5.41
Realized Gain/(Loss) on Investments	582,732	0.66	-	-	582,732	0.66
Unrealized Gain/(Loss) on Investments	2,557,844	2.92	-	-	2,557,844	2.92
Investment Fees	(190,166)	(0.22)	(224,130)	(0.25)	33,964	0.03
					0	-
Total Investment Income	16,126,426	18.38	8,333,340	9.36	7,793,086	9.02
NET RENTAL INCOME/EXPENSE	(95,976)	(0.11)	(138,610)	(0.16)	42,634	0.05
GRANT EXPENSE	(3,902,473)	(4.45)	-	-	(3,902,473)	(4.45)
COMMUNITY REINVESTMENT	25,338,627	28.88	-	-	25,338,627	28.88
OTHER INCOME/EXPENSE	(5,624,113)	(6.41)	-	-	(5,624,113)	(6.41)
CHANGE IN NET ASSETS	**7,687,279**	**8.76**	**12,048,129**	**13.53**	(4,360,850)	(4.77)
MEDICAL LOSS RATIO	**100.9%**		**92.6%**		**8.4%**	
ADMINISTRATIVE LOSS RATIO	**6.6%**		**6.5%**		(0.1%)	

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CalOptima Health - Consolidated - Year to Date
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

MEMBER MONTHS		4,436,477		4,492,608		(56,131)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$1,928,085,512	$443.93	$1,765,666,288	$401.19	$162,419,224	$42.74
OneCare	181,481,480	2,003.46	185,687,022	2,089.42	(4,205,542)	(85.96)
PACE	24,317,983	9,124.95	24,057,296	8,959.89	260,687	165.06
MSSP	1,249,234	444.09	1,245,270	446.33	3,964	(2.24)
Covered CA	-		-		-	
Total Operating Revenue	2,135,134,209	481.27	1,976,655,876	439.98	158,478,333	41.29
MEDICAL EXPENSES						
Medi-Cal	1,798,606,967	414.12	1,634,403,357	371.37	(164,203,610)	(42.75)
OneCare	169,168,577	1,867.53	179,143,926	2,015.80	9,975,349	148.27
PACE	20,829,762	7,816.05	21,000,111	7,821.27	170,349	5.22
MSSP	1,171,082	416.31	1,135,460	406.97	(35,622)	(9.34)
Covered CA			224,920		224,920	0.00
Total Medical Expenses	1,989,776,389	448.50	1,835,907,774	408.65	(153,868,615)	(39.85)
GROSS MARGIN	145,357,821	32.77	140,748,102	31.33	4,609,719	1.44
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	64,417,693	14.34	70,363,313	15.66	5,945,620	1.32
Professional Fees	7,268,866	1.62	9,624,264	2.14	2,355,398	0.52
Purchased Services	11,039,745	2.46	13,863,809	3.09	2,824,064	0.63
Printing & Postage	2,441,517	0.54	3,118,875	0.69	677,358	0.15
Depreciation & Amortization	4,318,997	0.96	4,746,670	1.06	427,673	0.10
Other Expenses	15,073,352	3.36	22,457,590	5.00	7,384,238	1.64
Indirect Cost Allocation, Occupancy	2,090,094	0.47	2,409,340	0.54	319,246	0.07
Total Administrative Expenses	106,650,263	24.04	126,583,861	28.18	19,933,598	4.14
NET INCOME (LOSS) FROM OPERATIONS	38,707,557	8.72	14,164,241	3.15	24,543,316	5.57
INVESTMENT INCOME						
Interest Income	69,428,765	15.65	42,787,350	9.52	26,641,415	6.13
Realized Gain/(Loss) on Investments	2,982,807	0.67	-	-	2,982,807	0.67
Unrealized Gain/(Loss) on Investments	4,098,928	0.92	-	-	4,098,928	0.92
Investment Fees	(936,691)	(0.21)	(1,120,650)	(0.25)	183,959	0.04
					0	-
Total Investment Income	75,573,809	17.03	41,666,700	9.27	33,907,109	7.76
NET RENTAL INCOME/EXPENSE	(367,703)	(0.08)	(693,050)	(0.15)	(198,640)	0.07
GRANT EXPENSE	(5,362,240)	(1.21)	-	-	(5,362,240)	(1.21)
COMMUNITY REINVESTMENT	7,501,252	1.69	-	-	7,501,252	1.69
OTHER INCOME/EXPENSE	(5,618,146)	(1.27)	-	-	(5,618,146)	(1.27)
CHANGE IN NET ASSETS	**110,434,529**	**24.89**	**55,137,891**	**12.27**	**55,296,638**	**12.62**
MEDICAL LOSS RATIO	**93.2%**		**92.9%**		**0.3%**	
ADMINISTRATIVE LOSS RATIO	**5.0%**		**6.4%**		**1.4%**	

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CalOptima Health - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ending November 30, 2025

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	858,441	18,287	543	582		877,271
REVENUES						
Capitation Revenue	$ 280,813,760	$ 37,067,491	$ 4,946,403	$ 261,075	$ -	$ 323,088,729
Total Operating Revenue	**280,813,760**	**37,067,491**	**4,946,403**	**261,075**	**-**	**323,088,729**
MEDICAL EXPENSES						
Provider Capitation	115,356,724	15,040,603				130,397,327
Claims	133,261,980	6,233,767	2,428,129			141,923,875
MLTSS	47,937,068		42,026	37,541		48,016,635
Prescription Drugs		9,477,381	570,894			10,048,275
Case Mgmt & Other Medical	(6,325,419)	475,957	1,313,611	197,706		(4,338,145)
Total Medical Expenses	**290,230,352**	**31,227,707**	**4,354,660**	**235,248**	**-**	**326,047,967**
Medical Loss Ratio	*103.4%*	*84.2%*	*88.0%*	*90.1%*	*0.0%*	*100.9%*
GROSS MARGIN	(9,416,592)	**5,839,784**	**591,743**	**25,827**	**-**	(2,959,238)
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	10,687,419	921,676	164,251	85,691	64,534	11,923,571
Non-Salary Operating Expenses	3,760,093	632,254	56,471	1,459	328,251	4,778,528
Depreciation & Amortization	857,643		886			858,529
Other Operating Expenses	3,160,517	80,934	7,136	6,905		3,255,492
Indirect Cost Allocation, Occupancy	(567,935)	926,722	14,716	6,351		379,854
Total Administrative Expenses	**17,897,736**	**2,561,587**	**243,460**	**100,406**	**392,785**	**21,195,974**
Administrative Loss Ratio	*6.4%*	*6.9%*	*4.9%*	*38.5%*	*0.0%*	*6.6%*
Operating Income/(Loss)	(27,314,328)	**3,278,197**	**348,283**	(74,579)	(392,785)	(24,155,212)
Investments and Other Non-Operating	19,714,514					31,842,491
CHANGE IN NET ASSETS	$ (7,599,814)	**$ 3,278,197**	**$ 348,283**	$ (74,579)	$ (392,785)	**$ 7,687,279**
BUDGETED CHANGE IN NET ASSETS	6,385,174	(1,857,726)	362,839	(117,729)	(919,159)	12,048,129
Variance to Budget - Fav/(Unfav)	$ (13,984,988)	$ 5,135,923	$ (14,556)	$ 43,150	$ 526,374	$ (4,360,850)

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CalOptima Health - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Five Months Ending November 30, 2025

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	4,343,228	90,584	2,665	2,813		4,436,477
REVENUES						
Capitation Revenue	$ 1,928,085,512	$ 181,481,480	$ 24,317,983	$ 1,249,234	$ -	$ 2,135,134,209
Total Operating Revenue	**1,928,085,512**	**181,481,480**	**24,317,983**	**1,249,234**	**-**	**2,135,134,209**
MEDICAL EXPENSES						
Provider Capitation	567,585,601	73,056,266				640,641,867
Claims	704,163,100	34,846,278	10,609,179			749,618,556
MLTSS	226,355,970		222,859	180,209		226,759,037
Prescription Drugs		51,489,813	2,957,914			54,447,727
Case Mgmt & Other Medical	300,502,296	9,776,221	7,039,811	990,873		318,309,201
Total Medical Expenses	**1,798,606,967**	**169,168,577**	**20,829,762**	**1,171,082**	**-**	**1,989,776,389**
Medical Loss Ratio	*93.3%*	*93.2%*	*85.7%*	*93.7%*	*0.0%*	*93.2%*
GROSS MARGIN	**129,478,545**	**12,312,902**	**3,488,221**	**78,152**	**-**	**145,357,821**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	57,695,133	5,020,892	903,809	468,010	329,849	64,417,693
Non-Salary Operating Expenses	16,069,100	2,596,287	426,670	7,311	1,650,760	20,750,128
Depreciation & Amortization	4,314,567		4,430			4,318,997
Other Operating Expenses	14,493,620	492,282	51,548	35,901		15,073,352
Indirect Cost Allocation, Occupancy	(2,648,853)	4,633,609	73,582	31,755		2,090,094
Total Administrative Expenses	**89,923,567**	**12,743,071**	**1,460,040**	**542,977**	**1,980,608**	**106,650,263**
Administrative Loss Ratio	*4.7%*	*7.0%*	*6.0%*	*43.5%*	*0.0%*	*5.0%*
Operating Income/(Loss)	**39,554,978**	(430,169)	**2,028,181**	(464,825)	(1,980,608)	**38,707,557**
Investments and Other Non-Operating	1,883,106					71,726,971
CHANGE IN NET ASSETS	**$ 41,438,084**	$ (430,169)	**$ 2,028,181**	$ (464,825)	$ (1,980,608)	**$ 110,434,529**
BUDGETED CHANGE IN NET ASSETS	26,993,078	(9,444,781)	1,456,809	(595,949)	(4,244,916)	55,137,891
Variance to Budget - Fav/(Unfav)	$ 14,445,006	$ 9,014,612	$ 571,372	$ 131,124	$ 2,264,308	$ 55,296,638

CalOptima Health

Highlights – Consolidated, for Five Months Ending November 30, 2025

MONTH TO DATE RESULTS:

- Change in Net Assets is $7.7 million, unfavorable to budget $4.4 million
- Operating deficit is $24.2 million, with a surplus in non-operating income of $31.8 million

YEAR TO DATE RESULTS:

- Change in Net Assets is $110.4 million, favorable to budget $55.3 million
- Operating surplus is $38.7 million, with a surplus in non-operating income of $71.7 million

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

November 2025				July - November 2025		
Actual	**Budget**	**Variance**	**Operating Income (Loss)**	**Actual**	**Budget**	**Variance**
(27.3)	6.4	(33.7)	Medi-Cal	39.6	27.0	12.6
3.3	(1.9)	5.1	OneCare	(0.4)	(9.4)	9.0
0.3	0.4	0.0	PACE	2.0	1.5	0.6
(0.1)	(0.1)	0.0	MSSP	(0.5)	(0.6)	0.1
(0.4)	(0.9)	0.5	Covered CA	(2.0)	(4.2)	2.3
(24.2)	**3.9**	**(28.0)**	**Total Operating Income (Loss)**	**38.7**	**14.2**	**24.5**
			Non-Operating Income (Loss)			
16.1	8.3	7.8	Net Investment Income/Expense	75.6	41.7	33.9
15.7	(0.1)	15.9	Other Income/Expense	(3.8)	(0.7)	(0.7)
31.8	**8.2**	**23.6**	**Total Non-Operating Income/(Loss)**	**71.7**	**41.0**	**30.8**
7.7	**12.0**	**(4.4)**	**TOTAL**	**110.4**	**55.1**	**55.3**

CalOptima Health - Consolidated
Enrollment Summary
For the Five Months Ending November 30, 2025

November 2025					July - November 2025			
Actual	Budget	$ Variance	%Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	%Variance
124,455	127,423	(2,968)	(2.3%)	Adult	627,950	644,826	(16,876)	(2.6%)
250,419	257,663	(7,244)	(2.8%)	Child	1,265,957	1,294,528	(28,571)	(2.2%)
320,053	326,950	(6,897)	(2.1%)	Expansion	1,630,796	1,665,355	(34,559)	(2.1%)
3,192	2,511	681	27.1%	LTC	14,675	12,560	2,115	16.8%
151,499	148,150	3,349	2.3%	SPD	759,143	738,296	20,847	2.8%
8,823	9,076	(253)	(2.8%)	Whole Child Model	44,707	45,488	(781)	(1.7%)
858,441	**871,773**	(13,332)	(1.5%)	**Medi-Cal Total**	**4,343,228**	**4,401,053**	(57,825)	(1.3%)
18,287	**17,853**	**434**	**2.4%**	**OneCare**	**90,584**	**88,870**	**1,714**	**1.9%**
543	**545**	(2)	(0.4%)	**PACE**	**2,665**	**2,685**	(20)	(0.7%)
582	**558**	**24**	**4.3%**	**MSSP**	**2,813**	**2,790**	**23**	**0.8%**
877,271	**890,171**	(12,900)	(1.4%)	**CalOptima Health Total**	**4,436,477**	**4,492,608**	(56,131)	(1.2%)
				Enrollment (by Network)				
342,501	343,758	(1,257)	(0.4%)	HMO	1,723,452	1,744,111	(20,659)	(1.2%)
160,853	162,186	(1,333)	(0.8%)	PHC	816,101	820,678	(4,577)	(0.6%)
75,890	66,896	8,994	13.4%	Shared Risk Group	340,253	336,966	3,287	1.0%
279,197	298,933	(19,736)	(6.6%)	Fee for Service	1,463,422	1,499,298	(35,876)	(2.4%)
858,441	**871,773**	(13,332)	(1.5%)	**Medi-Cal Total**	**4,343,228**	**4,401,053**	(57,825)	(1.3%)
18,287	**17,853**	**434**	**0**	**OneCare**	**90,584**	**88,870**	**1,714**	**0**
543	**545**	(2)	(0.4%)	**PACE**	**2,665**	**2,685**	(20)	(0.7%)
582	**558**	**24**	**4.3%**	**MSSP**	**2,813**	**2,790**	**23**	**0.8%**
877,271	**890,171**	(12,900)	(1.4%)	**CalOptima Health Total**	**4,436,477**	**4,492,608**	(56,131)	(1.2%)

Note:* Total membership does not include MSSP

CalOptima Health
Enrollment Trend by Network
Fiscal Year 2026

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	YTD Actual	YTD Budget	Variance
HMOs															
Adult	67,587	67,579	68,311	68,508	68,160								340,145	338,685	1,460
Child	73,203	72,978	72,855	72,899	72,345								364,280	383,258	(18,978)
Expansion	182,912	181,318	182,080	181,632	179,847								907,789	914,795	(7,006)
LTC	3	12	(1)										14	5	9
SPD	20,739	20,738	20,896	20,798	20,700								103,871	100,220	3,651
Whole Child Model	1,508	1,526	1,499	1,371	1,449								7,353	7,148	205
Total	345,952	344,151	345,640	345,208	342,501								1,723,452	1,744,111	(20,659)
PHCs															
Adult	3,936	3,870	3,761	3,668	3,632								18,867	19,242	(375)
Child	129,804	128,525	127,408	126,859	126,480								639,076	639,335	(259)
Expansion	21,807	21,373	20,988	20,479	20,259								104,906	108,765	(3,859)
SPD	4,775	4,791	4,754	4,517	4,510								23,347	23,026	321
Whole Child Model	6,119	5,909	5,992	5,913	5,972								29,905	30,310	(405)
Total	166,441	164,468	162,903	161,436	160,853								816,101	820,678	(4,577)
Shared Risk Groups															
Adult	11,382	11,126	10,872	10,652	13,363								57,395	56,876	519
Child	18,444	18,179	17,845	17,764	21,036								93,268	89,605	3,663
Expansion	34,473	33,658	33,030	32,525	37,053								170,739	172,896	(2,157)
LTC		1											1		1
SPD	3,418	3,327	3,355	3,268	4,042								17,410	15,708	1,702
Whole Child Model	226	252	301	265	396								1,440	1,881	(441)
Total	67,943	66,543	65,403	64,474	75,890								340,253	336,966	3,287
Fee for Service (Dual)															
Adult	876	859	867	846	861								4,309	5,617	(1,308)
Child		1											1		1
Expansion	3,187	3,126	3,065	3,171	3,382								15,931	24,780	(8,849)
LTC	2,311	2,446	2,667	2,763	2,833								13,020	11,130	1,890
SPD	107,827	107,645	108,097	108,113	108,327								540,009	517,955	22,054
Whole Child Model	15	26	15	13	23								92	71	21
Total	114,216	114,103	114,711	114,906	115,426								573,362	559,553	13,809
Fee for Service (Non-Dual - Total)															
Adult	44,785	43,246	41,276	39,488	38,439								207,234	224,406	(17,172)
Child	35,975	34,671	34,330	33,798	30,558								169,332	182,330	(12,998)
Expansion	93,242	89,170	85,738	83,769	79,512								431,431	444,119	(12,688)
LTC	286	305	350	340	359								1,640	1,425	215
SPD	15,643	15,501	14,961	14,481	13,920								74,506	81,387	(6,881)
Whole Child Model	1,296	1,252	1,231	1,155	983								5,917	6,078	(161)
Total	191,227	184,145	177,886	173,031	163,771								890,060	939,745	(49,685)
Grand Totals															
Total MediCal MM	**885,779**	**873,410**	**866,543**	**859,055**	**858,441**								**4,343,228**	**4,401,053**	(57,825)
OneCare	**17,971**	**17,873**	**18,242**	**18,211**	**18,287**								**90,584**	**88,870**	**1,714**
PACE	**528**	**529**	**529**	**536**	**543**								**2,665**	**2,685**	(20)
MSSP	**553**	**551**	**556**	**571**	**582**								**2,813**	**2,790**	**23**
Grand Total	**904,278**	**891,812**	**885,314**	**877,802**	**877,271**								**4,436,477**	**4,492,608**	(56,131)

Note:* Total membership does not include MSSP

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ENROLLMENT– NOVEMBER MONTH:

Overall, November enrollment was 877,271

- Unfavorable to budget 12,900 or 1.4%
- Decreased 531 or 0.1% from Prior Month (PM) (October 2025)
- Decreased 32,792 or 3.6% from Prior Year (PY) (November 2024)

Medi-Cal enrollment was 858,441

- Unfavorable to budget 13,332 or 1.5% due to higher than anticipated disenrollment
- Child (CHD) enrollment unfavorable to budget 7,244
- Medi-Cal Expansion (MCE) enrollment unfavorable to budget 6,897
- Adult (FAM) enrollment unfavorable to budget 2,968
- Whole Child Model (WCM) enrollment unfavorable to budget 253
- Seniors and Persons with Disabilities (SPD) enrollment favorable to budget 3,349
- Long-Term Care (LTC) enrollment favorable to budget 681
- Decreased 614 or 0.1% from PM

OneCare enrollment was 18,287

- Favorable to budget 434 or 2.4%
- Increased 76 or 0.4% from PM

PACE enrollment was 543

- Unfavorable to budget 2 or 0.4%
- Increased 7 or 1.3% from PM

MSSP enrollment was 582

- Favorable to budget 24 or 4.3%
- Increased 11 or 1.9% from PM

CalOptima Health
Medi-Cal
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
858,441	**871,773**	(13,332)	(1.5%)	**Member Months**	**4,343,228**	**4,401,053**	(57,825)	(1.3%)
				Revenues				
280,813,760	349,262,913	(68,449,153)	(19.6%)	Capitation Revenue	1,928,085,512	1,765,666,288	162,419,224	9.2%
280,813,760	**349,262,913**	(68,449,153)	(19.6%)	**Total Operating Revenue**	**1,928,085,512**	**1,765,666,288**	**162,419,224**	**9.2%**
				Medical Expenses				
115,356,724	111,620,047	(3,736,677)	(3.3%)	Provider Capitation	567,585,601	565,636,787	(1,948,814)	(0.3%)
62,973,765	65,490,746	2,516,981	3.8%	Facilities Claims	345,867,733	333,942,316	(11,925,417)	(3.6%)
70,288,214	74,011,331	3,723,117	5.0%	Professional Claims	358,295,366	374,344,267	16,048,901	4.3%
47,937,068	48,984,197	1,047,129	2.1%	MLTSS	226,355,970	248,522,230	22,166,260	8.9%
(17,036,338)	9,448,864	26,485,202	280.3%	Incentive Payments	26,590,605	47,651,848	21,061,243	44.2%
8,893,186	10,792,236	1,899,050	17.6%	Medical Management	43,375,298	55,088,480	11,713,182	21.3%
1,817,733	1,823,133	5,400	0.3%	Other Medical Expenses	230,536,393	9,217,429	(221,318,964)	(2401.1%)
290,230,352	**322,170,554**	**31,940,202**	**9.9%**	**Total Medical Expenses**	**1,798,606,967**	**1,634,403,357**	(164,203,610)	(10.0%)
(9,416,592)	**27,092,359**	(36,508,951)	(134.8%)	**Gross Margin**	**129,478,545**	**131,262,931**	(1,784,386)	(1.4%)
				Administrative Expenses				
10,687,419	12,096,637	1,409,219	11.6%	Salaries, Wages & Employee Benefits	57,695,133	61,377,115	3,681,982	6.0%
1,508,057	1,390,566	(117,491)	(8.4%)	Professional Fees	5,068,449	6,869,272	1,800,823	26.2%
2,047,437	2,225,649	178,212	8.0%	Purchased Services	9,181,667	11,022,520	1,840,853	16.7%
204,599	478,060	273,461	57.2%	Printing & Postage	1,818,984	2,404,300	585,316	24.3%
857,643	947,712	90,069	9.5%	Depreciation & Amortization	4,314,567	4,738,560	423,993	8.9%
3,160,517	4,309,937	1,149,419	26.7%	Other Operating Expenses	14,493,620	21,564,966	7,071,346	32.8%
(567,935)	(741,376)	(173,441)	(23.4%)	Indirect Cost Allocation, Occupancy	(2,648,853)	(3,706,880)	(1,058,027)	(28.5%)
17,897,736	**20,707,185**	**2,809,449**	**13.6%**	**Total Administrative Expenses**	**89,923,567**	**104,269,853**	**14,346,286**	**13.8%**
(27,314,328)	**6,385,174**	(33,699,502)	(527.8%)	**Income (Loss) From Operations**	**39,554,978**	**26,993,078**	**12,561,900**	**46.5%**
				Non-Operating Income (Loss)				
25,338,627	-	25,338,627	0.0%	Community Reinvestment	7,501,252	-	7,501,252	100.0%
(5,624,113)	-	(5,624,113)	0.0%	Other Income /Expense	(5,618,146)	-	(5,618,146)	(100.0%)
19,714,514	**-**	**19,714,514**	**100.0%**	**Total Non-Operating Income/(Loss)**	**1,883,106**	**-**	**1,883,106**	**100.0%**
(7,599,814)	**6,385,174**	(13,984,988)	(219.0%)	**Change in Net Assets**	**41,438,084**	**26,993,078**	**14,445,006**	**53.5%**
103.4%	***92.2%***	***11.1%***		***Medical Loss Ratio***	***93.3%***	***92.6%***	***0.7%***	
6.4%	***5.9%***	(0.4%)		***Admin Loss Ratio***	***4.7%***	***5.9%***	***1.2%***	

MEDI-CAL INCOME STATEMENT– NOVEMBER MONTH:

REVENUES are $280.8 million, unfavorable to budget $68.4 million:

- Unfavorable volume variance of $5.3 million
- Unfavorable price related variance of $63.1 million
  - $51.1 million due to Calendar Year (CY) 2024 Unsatisfactory Immigration Status (UIS) risk corridors updated estimate
  - $12.0 million due to favorable member mix offset by Proposition 56, Enhanced Care Management (ECM) and UIS risk corridors

MEDICAL EXPENSES are $290.2 million, favorable to budget $31.9 million:

- Favorable volume variance of $4.9 million
- Favorable price related variance of $27.0 million:
  - Incentive Payments expense favorable variance of $26.3 million due primarily to release of Measurement Year (MY) 2024 Pay-For-Value (P4V) accrual
  - Professional Claims expense favorable variance of $2.6 million
  - Medical Management expense favorable variance of $1.7 million
  - Facilities Claims expense favorable variance of $1.5 million
  - Managed Long-Term Services and Supports (MLTSS) favorable variance of $0.3 million
  - Offset by Provider Capitation expense unfavorable variance of $5.4 million

ADMINISTRATIVE EXPENSES are $17.9 million, favorable to budget $2.8 million:

- Salaries, Wages & Employee Benefits expense favorable to budget $1.4 million
- Non-Salary expense favorable to budget $1.4 million

NON-OPERATING EXPENSES are $19.7 million, favorable to budget $19.7 million due to CY 2024 Community Reinvestment estimates

CHANGE IN NET ASSETS is ($7.6) million, unfavorable to budget $14.0 million

CalOptima Health
OneCare
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
18,287	**17,853**	**434**	**2.4%**	**Member Months**	**90,584**	**88,870**	**1,714**	**1.9%**
				Revenues				
26,534,030	27,348,252	(814,222)	(3.0%)	Medicare Part C	128,541,451	137,900,511	(9,359,060)	(6.8%)
10,533,461	9,565,869	(967,592)	(10.1%)	Medicare Part D	52,940,029	47,786,511	(5,153,518)	(10.8%)
37,067,491	**36,914,121**	**153,370**	**0.4%**	**Total Operating Revenue**	**181,481,480**	**185,687,022**	(4,205,542)	(2.3%)
				Medical Expenses				
15,040,603	15,936,766	896,163	5.6%	Provider Capitation	73,056,266	80,341,280	7,285,014	9.1%
4,223,380	5,086,488	863,108	17.0%	Facilities Claims	23,537,453	25,428,044	1,890,591	7.4%
2,010,387	1,973,630	(36,757)	(1.9%)	Professional Claims	11,308,825	9,964,849	(1,343,976)	(13.5%)
9,477,381	10,385,473	908,092	8.7%	Prescription Drugs	51,489,813	52,268,470	778,657	1.5%
(843,764)	607,636	1,451,400	238.9%	Incentive Payments	2,003,536	3,079,968	1,076,432	34.9%
926,755	1,466,817	540,062	36.8%	Medical Management	5,025,094	7,499,866	2,474,772	33.0%
392,966	112,790	(280,176)	(248.4%)	Other Medical Expenses	2,747,590	561,449	(2,186,141)	(389.4%)
31,227,707	**35,569,600**	**4,341,893**	**12.2%**	**Total Medical Expenses**	**169,168,577**	**179,143,926**	**9,975,349**	**5.6%**
5,839,784	**1,344,521**	**4,495,263**	**334.3%**	**Gross Margin**	**12,312,902**	**6,543,096**	**5,769,806**	**88.2%**
				Administrative Expenses				
921,676	1,193,481	271,805	22.8%	Salaries, Wages & Employee Benefits	5,020,892	5,994,047	973,155	16.2%
44,759	115,466	70,707	61.2%	Professional Fees	496,414	586,330	89,917	15.3%
463,349	459,323	(4,026)	(0.9%)	Purchased Services	1,529,610	2,232,979	703,369	31.5%
124,146	121,107	(3,039)	(2.5%)	Printing & Postage	570,264	605,535	35,271	5.8%
80,934	114,703	33,769	29.4%	Other Operating Expenses	492,282	578,151	85,869	14.9%
926,722	1,198,167	271,445	22.7%	Indirect Cost Allocation, Occupancy	4,633,609	5,990,835	1,357,226	22.7%
2,561,587	**3,202,247**	**640,660**	**20.0%**	**Total Administrative Expenses**	**12,743,071**	**15,987,877**	**3,244,806**	**20.3%**
3,278,197	(1,857,726)	**5,135,923**	**276.5%**	**Change in Net Assets**	(430,169)	(9,444,781)	**9,014,612**	**95.4%**
84.2%	***96.4%***	(12.1%)		***Medical Loss Ratio***	***93.2%***	***96.5%***	(3.3%)	
6.9%	***8.7%***	***1.8%***		***Admin Loss Ratio***	***7.0%***	***8.6%***	***1.6%***	

ONECARE INCOME STATEMENT– NOVEMBER MONTH:

REVENUES are $37.1 million, favorable to budget $0.2 million:

- Favorable volume related variance of $0.9 million
- Unfavorable price related variance of $0.7 million

MEDICAL EXPENSES are $31.2 million, favorable to budget $4.3 million:

- Unfavorable volume related variance of $0.9 million
- Favorable price related variance of $5.2 million
  - Incentive Payments expense favorable variance of $1.5 million
  - Provider Capitation expense favorable variance of $1.3 million
  - Prescription Drugs expense favorable variance of $1.2 million
  - Facilities Claims expense favorable variance of $1.0 million
  - Medical Management expense favorable variance of $0.6 million
  - Offset by Other Medical Expenses unfavorable variance of $0.3 million

ADMINISTRATIVE EXPENSES are $2.6 million, favorable to budget $0.6 million

- Non-Salary expense favorable to budget $0.4 million
- Salaries, Wages & Employee Benefits expense favorable to budget $0.3 million

CHANGE IN NET ASSETS is $3.3 million, favorable to budget $5.1 million

CalOptima Health
PACE
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
543	**545**	(2)	(0.4%)	**Member Months**	**2,665**	**2,685**	(20)	(0.7%)
				Revenues				
3,696,669	3,723,436	(26,767)	(0.7%)	Medi-Cal Capitation Revenue	18,233,633	18,343,900	(110,267)	(0.6%)
922,828	816,692	106,136	13.0%	Medicare Part C Revenue	4,219,879	4,093,741	126,138	3.1%
326,906	326,309	597	0.2%	Medicare Part D Revenue	1,864,471	1,619,655	244,816	15.1%
4,946,403	**4,866,437**	**79,966**	**1.6%**	**Total Operating Revenue**	**24,317,983**	**24,057,296**	**260,687**	**1.1%**
				Medical Expenses				
1,313,611	1,542,996	229,385	14.9%	Medical Management	7,039,811	7,889,261	849,450	10.8%
1,347,619	825,244	(522,375)	(63.3%)	Facilities Claims	5,024,070	4,102,784	(921,286)	(22.5%)
777,170	779,436	2,266	0.3%	Professional Claims	4,072,628	3,872,997	(199,631)	(5.2%)
570,894	715,831	144,937	20.2%	Prescription Drugs	2,957,914	3,558,569	600,655	16.9%
42,026	40,660	(1,366)	(3.4%)	MLTSS	222,859	188,490	(34,369)	(18.2%)
303,340	281,820	(21,520)	(7.6%)	Patient Transportation	1,512,481	1,388,010	(124,471)	(9.0%)
4,354,660	**4,185,987**	(168,673)	(4.0%)	**Total Medical Expenses**	**20,829,762**	**21,000,111**	**170,349**	**0.8%**
591,743	**680,450**	(88,707)	(13.0%)	**Gross Margin**	**3,488,221**	**3,057,185**	**431,036**	**14.1%**
				Administrative Expenses				
164,251	181,993	17,742	9.7%	Salaries, Wages & Employee Benefits	903,809	922,286	18,477	2.0%
13,727	13,941	214	1.5%	Professional Fees	45,959	69,497	23,538	33.9%
42,568	69,662	27,094	38.9%	Purchased Services	328,442	348,310	19,868	5.7%
176	21,787	21,611	99.2%	Printing & Postage	52,269	108,935	56,666	52.0%
886	1,622	736	45.4%	Depreciation & Amortization	4,430	8,110	3,680	45.4%
7,136	11,112	3,976	35.8%	Other Operating Expenses	51,548	55,768	4,220	7.6%
14,716	17,494	2,778	15.9%	Indirect Cost Allocation, Occupancy	73,582	87,470	13,888	15.9%
243,460	**317,611**	**74,151**	**23.3%**	**Total Administrative Expenses**	**1,460,040**	**1,600,376**	**140,336**	**8.8%**
348,283	**362,839**	(14,556)	(4.0%)	**Change in Net Assets**	**2,028,181**	**1,456,809**	**571,372**	**39.2%**
88.0%	***86.0%***	***2.0%***		***Medical Loss Ratio***	***85.7%***	***87.3%***	(1.6%)	
4.9%	***6.5%***	***1.6%***		***Admin Loss Ratio***	***6.0%***	***6.7%***	***0.6%***	

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CalOptima Health
MSSP
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
582	**558**	24	4.3%	**Member Months**	**2,813**	**2,790**	**23**	**0.8%**
				Revenues				
261,075	249,054	12,021	4.8%	Medi-Cal Capitation Revenue	1,249,234	1,245,270	3,964	0.3%
261,075	**249,054**	**12,021**	**4.8%**	**Total Operating Revenue**	**1,249,234**	**1,245,270**	**3,964**	**0.3%**
				Medical Expenses				
197,706	194,133	(3,573)	(1.8%)	Medical Management	990,873	970,665	(20,208)	(2.1%)
37,541	32,959	(4,582)	(13.9%)	Waiver Services	180,209	164,795	(15,414)	(9.4%)
235,248	**227,092**	(8,156)	(3.6%)	**Total Program Expenses**	**1,171,082**	**1,135,460**	(35,622)	(3.1%)
25,827	**21,962**	**3,865**	**17.6%**	**Gross Margin**	**78,152**	**109,810**	(31,658)	(28.8%)
				Administrative Expenses				
85,691	122,088	36,397	29.8%	Salaries, Wages & Employee Benefits	468,010	617,744	149,734	24.2%
1,457	1,500	43	2.9%	Professional Fees	7,285	7,500	215	2.9%
2	-	(2)	(100.0%)	Purchased Services	26	-	(26)	(100.0%)
6,905	8,520	1,615	19.0%	Other Operating Expenses	35,901	42,600	6,699	15.7%
6,351	7,583	1,232	16.2%	Indirect Cost Allocation, Occupancy	31,755	37,915	6,160	16.2%
100,406	**139,691**	**39,285**	**28.1%**	**Total Administrative Expenses**	**542,977**	**705,759**	**162,782**	**23.1%**
(74,579)	(117,729)	**43,150**	**36.7%**	**Change in Net Assets**	(464,825)	(595,949)	**131,124**	**22.0%**
90.1%	***91.2%***	(1.1%)		***Medical Loss Ratio***	***93.7%***	***91.2%***	***2.6%***	
38.5%	***56.1%***	***17.6%***		***Admin Loss Ratio***	***43.5%***	***56.7%***	***13.2%***	

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CalOptima Health
Covered California
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
-	-	-	**0.0%**	**Member Months**	-	-	-	**0.0%**
				Revenues				
-	-	-	0.0%	Capitation Revenue	-	-	-	0.0%
-	-	-	**0.0%**	**Total Operating Revenue**	-	-	-	**0.0%**
				Medical Expenses				
-	44,984	44,984	100.0%	Medical Management	-	224,920	224,920	100.0%
-	**44,984**	**44,984**	**100.0%**	**Total Medical Expenses**	**-**	**224,920**	**224,920**	**100.0%**
-	(44,984)	**44,984**	(100.0%)	**Gross Margin**	**-**	(224,920)	**224,920**	(100.0%)
				Administrative Expenses				
64,534	360,600	296,066	82.1%	Salaries, Wages & Employee Benefits	329,849	1,452,121	1,122,272	77.3%
328,251	418,333	90,082	21.5%	Professional Fees	1,650,760	2,091,665	440,905	21.1%
-	52,000	52,000	100.0%	Purchased Services	-	260,000	260,000	100.0%
-	21	21	100.0%	Printing & Postage	-	105	105	100.0%
-	43,221	43,221	100.0%	Other Operating Expenses	-	216,105	216,105	100.0%
392,785	**874,175**	**481,390**	**55.1%**	**Total Administrative Expenses**	**1,980,608**	**4,019,996**	**2,039,388**	**50.7%**
(392,785)	(919,159)	**526,374**	**57.3%**	**Income (Loss) From Operations**	(1,980,608)	(4,244,916)	**2,264,308**	**53.3%**
(392,785)	(919,159)	**526,374**	**57.3%**	**Change in Net Assets**	(1,980,608)	(4,244,916)	**2,264,308**	**53.3%**
0.0%	***0.0%***	***0.0%***		***Medical Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	
0.0%	***0.0%***	***0.0%***		***Admin Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	

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CalOptima Health
Building 505 - City Parkway
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
52,444	29,708	(22,736)	(76.5%)	Purchased Services	321,199	148,540	(172,659)	(116.2%)
185,484	191,643	6,159	3.2%	Depreciation & Amortization	926,898	958,215	31,317	3.3%
23,371	25,124	1,753	7.0%	Insurance Expense	116,860	125,620	8,760	7.0%
146,603	219,809	73,206	33.3%	Repair & Maintenance	747,569	1,099,045	351,476	32.0%
17,085	59,093	42,008	71.1%	Other Operating Expenses	312,158	295,465	(16,693)	(5.6%)
(424,986)	(525,376)	(100,390)	(19.1%)	Indirect Cost Allocation, Occupancy	(2,424,685)	(2,626,880)	(202,195)	(7.7%)
-	**1**	**1**	**100.0%**	**Total Administrative Expenses**	**-**	**5**	**5**	**100.0%**
-	(1)	**1**	(100.0%)	**Change in Net Assets**	**-**	(5)	**5**	(100.0%)

CalOptima Health
Building 500 - City Parkway
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
130,882	118,206	12,676	10.7%	Rental Income	654,383	591,030	63,353	10.7%
130,882	**118,206**	**12,676**	**10.7%**	**Total Operating Revenue**	**654,383**	**591,030**	**63,353**	**10.7%**
				Administrative Expenses				
33,700	19,131	(14,569)	(76.2%)	Purchased Services	210,812	95,655	(115,157)	(120.4%)
58,871	75,663	16,792	22.2%	Depreciation & Amortization	295,185	378,315	83,130	22.0%
8,600	9,245	645	7.0%	Insurance Expense	42,998	46,225	3,227	7.0%
78,010	104,657	26,647	25.5%	Repair & Maintenance	202,411	523,285	320,874	61.3%
16,404	31,298	14,894	47.6%	Other Operating Expenses	125,382	156,490	31,108	19.9%
(16,790)	(25,416)	(8,626)	(33.9%)	Indirect Cost Allocation, Occupancy	(92,853)	(127,080)	(34,227)	(26.9%)
178,795	**214,578**	**35,783**	**16.7%**	**Total Administrative Expenses**	**783,935**	**1,072,890**	**288,955**	**26.9%**
(47,913)	(96,372)	**48,459**	**50.3%**	**Change in Net Assets**	(129,552)	(481,860)	**352,308**	**73.1%**

CalOptima Health
Building 7900 Garden Grove Blvd
Statement of Revenues and Expenses
For the Five Months Ending November 30, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
33,252	3,333	(29,919)	(897.7%)	Purchased Services	169,780	16,665	(153,115)	(918.8%)
9,397	9,651	254	2.6%	Depreciation & Amortization	46,987	48,255	1,268	2.6%
4,740	-	(4,740)	(100.0%)	Insurance Expense	23,732	-	(23,732)	(100.0%)
(1,976)	28,533	30,509	106.9%	Repair & Maintenance	(1,785)	142,665	144,450	101.3%
2,650	720	(1,930)	(268.0%)	Other Operating Expenses	(562)	3,600	4,162	115.6%
48,063	**42,237**	(5,826)	(13.8%)	**Total Administrative Expenses**	**238,152**	**211,185**	(26,967)	(12.8%)
(48,063)	(42,237)	(5,826)	(13.8%)	**Change in Net Assets**	(238,152)	(211,185)	(26,967)	(12.8%)

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OTHER PROGRAM INCOME STATEMENTS – NOVEMBER MONTH:

PACE

- **CHANGE IN NET ASSETS** is $0.3 million, unfavorable to budget $14,556

MSSP

- **CHANGE IN NET ASSETS** is ($74,579), favorable to budget $43,150

Covered CA

- **CHANGE IN NET ASSETS** is ($0.4) million, favorable to budget $0.5 million

NON-OPERATING INCOME STATEMENTS – NOVEMBER MONTH:

BUILDING 500 City Parkway

- **CHANGE IN NET ASSETS** is ($47,913), favorable to budget $48,459
  - Net of $130,882 in rental income and $178,795 in expenses

BUILDING 7900 Garden Grove Blvd

- **CHANGE IN NET ASSETS** is ($48,063), unfavorable to budget $5,826

COMMUNITY REINVESTMENT

- Favorable variance of $25.3 million compared to budget due to updated CY 2024 estimates

INVESTMENT INCOME

- Favorable variance of $7.8 million compared to budget. Driven by favorable investment income and services fees of $4.7 million and net realized and unrealized gains of $3.1 million

OTHER INCOME/EXPENSE

- Unfavorable variance of $5.6 million due to Supplemental Food Support program

CalOptima Health
Balance Sheet
November 30, 2025

			November-25	October-25	$ Change	% Change
ASSETS						
	Current Assets					
		Operating Cash	309,864,105	324,574,430	(14,710,325)	(4.5%)
		Short-term Investments	1,581,140,299	1,571,247,770	9,892,528	0.6%
		Receivables - Other	18,292,747	18,205,087	87,660	0.5%
		Prepaid Expenses	19,236,682	20,892,777	(1,656,095)	(7.9%)
		Capitation Receivables	782,392,284	718,128,931	64,263,353	8.9%
		Total Current Assets	**2,710,926,116**	**2,653,048,995**	**57,877,121**	**2.2%**
		Total Capital Assets, Net	**109,962,563**	**110,981,980**	(1,019,416)	(0.9%)
		Restricted Deposit & Other	**300,000**	**300,000**	**-**	**0.0%**
	Board Designated Assets					
		Board Designated Reserves	1,617,935,704	1,609,893,771	8,041,933	0.5%
		Statutory Designated Reserves	135,413,954	134,630,744	783,210	0.6%
		Total Designated Assets	**1,753,349,658**	**1,744,524,515**	**8,825,144**	**0.5%**
TOTAL ASSETS			**4,574,538,338**	**4,508,855,489**	**65,682,849**	**1.5%**
	Deferred Outflows	GASB 68 - PERS - Contributions	94,666	94,666	-	0.0%
		GASB 68 - PERS - Difference in Experience	20,669,960	20,669,960	-	0.0%
		GASB 68 - PERS - Changes in Assumptions	4,311,207	4,311,207	-	0.0%
		GASB 68 - PERS - Difference in Earnings	2,361,239	2,361,239	-	0.0%
		GASB 75 - OPEB - Contributions	637,000	637,000	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	552,000	552,000	-	0.0%
		Advance Discretionary Payment			-	0.0%
TOTAL ASSETS & DEFERRED OUTFLOWS			**4,603,164,410**	**4,537,481,561**	**65,682,849**	**1.4%**
LIABILITIES						
	Current Liabilities	Accounts Payable	297,931,733	228,406,051	69,525,682	30.4%
		Accrued Payroll Liabilities	20,581,207	22,127,423	(1,546,216)	(7.0%)
		Deferred Revenue	8,114,473	40,674,227	(32,559,754)	(80.1%)
		Medical Claims Liabilities	1,116,318,433	1,034,872,329	81,446,104	7.9%
		Capitation and Withholds	117,489,070	150,999,429	(33,510,359)	(22.2%)
		Total Current Liabilities	**1,560,434,916**	**1,477,079,459**	**83,355,457**	**5.6%**
		GASB 96 Subscription Liabilities	23,372,197	23,418,743	(46,547)	(0.2%)
		Capital Lease Payable	225,548	229,567	(4,019)	(1.8%)
		Community Reinvestment, Capital Lease Payable	80,596,859	105,935,486	(25,338,627)	(23.9%)
		Employment Benefits Liability	17,366,149	17,336,844	29,305	0.2%
		Net Pension Liabilities	5,840,992	5,840,992	-	0.0%
		Bldg 505 Development Rights	-	-	-	0.0%
TOTAL LIABILITIES			**1,687,836,661**	**1,629,841,091**	**57,995,570**	**3.6%**
	Deferred Inflows					
		GASB 68 - PERS - Difference in Experience	1,321,519	1,321,519	-	0.0%
		GASB 68 - PERS - Changes in Assumptions	-	-	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	1,322,000	1,322,000	-	0.0%
		GASB 75 - OPEB - Difference in Experience	1,666,000	1,666,000	-	0.0%
	Required TNE		131,871,097	132,360,378	(489,281)	(0.4%)
	Funds in excess of TNE		2,779,147,133	2,770,970,573	8,176,560	0.3%
	Net Assets		2,911,018,230	2,903,330,951	7,687,279	0.3%
TOTAL LIABILITIES & DEFERRED INFLOWS & NET POSITION			**4,603,164,410**	**4,537,481,561**	**65,682,849**	**1.4%**

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BALANCE SHEET – NOVEMBER MONTH:

ASSETS of $4.6 billion increased $65.7 million from October or 1.4%

- Capitation Receivables increased $64.3 million due primarily to Managed Care Organization (MCO) tax accruals
- Total Designated Assets increased $8.8 million due to interest income
- Operating Cash and Short-term Investments decreased $4.8 million due to payments of $5.6 million for Supplemental Food Support program and $6.8 million for the annual shared risk pool payout, both offset by Investment Income of $8.8 million
- Prepaid Expenses decreased $1.7 million due to the routine variability for payment timing of maintenance contracts and the related amortization.
- Total Capital Assets decreased $1.0 million due to routine depreciation expense

LIABILITIES of $1.7 billion increased $58.0 million from October or 3.6%

- Medical Claims Liabilities increased $81.4 million due primarily to $51.1 million CY 2024 UIS risk corridor estimates and variability in claims experience
- Capitation & Withholds decreased $33.5 million due to release of $24.7 million MY 2024 P4V accrual and Fiscal Year (FY) 2025 shared risk provider payout
- Accounts Payable increased $69.5 million due to timing of MCO tax accruals
- Deferred Revenue decreased $32.6 million due to the recognition of $32.4 million in revenue for November from the Centers for Medicare & Medicaid Services (CMS) received in October
- Community Reinvestment decreased $25.3 million due to updated CY 2024 estimates

NET ASSETS of $2.9 billion, increased $7.7 million from October or 0.3%

CalOptima Health
Board Designated Reserve and TNE Analysis
as of November 30, 2025

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	808,907,345				
MetLife Tier One	809,028,359				
Board Designated Reserves	1,617,935,704	1,092,635,634	1,748,217,015	525,300,069	(130,281,311)
Current Reserve Level (X months of average monthly revenue) [1]	*3.70*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,821,590				
MetLife Tier Two	67,592,364				
Statutory Designated Reserves	135,413,954	131,871,097	145,058,206	3,542,857	(9,644,252)
Current Reserve Level (X min. TNE) [1]	*1.03*	*1.00*	*1.10*		

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

CalOptima Health
Statement of Cash Flow
November 30, 2025

	November 2025	July - November 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	7,687,279	110,434,529
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation & Amortization	1,112,282	6,015,740
Changes in assets and liabilities:		
Prepaid expenses and other	1,656,095	(8,053,620)
Capitation receivable	(64,351,013)	(51,573,295)
Medical claims liability	81,446,104	68,581,094
Deferred revenue	(32,559,754)	(13,940,090)
Payable to health networks	(33,510,359)	(36,504,295)
Accounts payable	69,525,682	63,945,226
Accrued payroll	(1,516,911)	(9,147,432)
Other accrued liabilities	(25,389,192)	(986,260)
Net cash provided by/(used in) operating activities	4,100,213	128,771,596
GASB 68, GASB 75 and Advance Discretionary Payment Adjustments	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Asset transfer from Foundation	-	-
Net cash provided by (used in) in capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments	(9,892,528)	(240,213,698)
Change in Property and Equipment	(92,865)	(17,355,599)
Change in Restricted Deposit & Other	-	-
Change in Board Designated Reserve	(8,825,144)	(36,542,150)
Change in Homeless Health Reserve	-	-
Net cash provided by/(used in) investing activities	(18,810,537)	(294,111,446)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(14,710,325)	(165,339,850)
CASH AND CASH EQUIVALENTS, beginning of period	324,574,430	475,203,955
CASH AND CASH EQUIVALENTS, end of period	**309,864,105**	**309,864,105**

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CalOptima Health
Spending Plan
For the Five Months Ending November 30, 2025

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 11/30/2025	**$2,911.0**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,617.9**			**55.6%**
Statutory Designated Reserve[1]	**$135.4**			**4.7%**
Capital Assets, net of Depreciation	**$110.0**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.3	$65.8	$48.6	0.6%
Housing and Homelessness Incentive Program[2]	24.8	87.4	62.6	0.9%
Intergovernmental Transfers (IGT)[4]	39.7	52.1	12.3	1.4%
Digital Transformation and Workplace Modernization[3]	22.7	100.0	77.3	0.8%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	25.7	50.0	24.3	0.9%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.4	4.7	4.3	0.0%
Member Health Needs Assessment	0.5	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	115.3	153.5	38.2	4.0%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	41.4	50.0	8.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.8	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.7%
Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.1	6.8	5.8	0.0%
Quality Initiatives from unearned Pay for Value Program	18.0	23.3	5.3	0.6%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	228.0	526.2	298.2	7.8%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Subtotal:	**$612.4**	**$1,251.4**	**$639.0**	**21.0%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$435.3**			**15.0%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 187 days of CalOptima Health's current operations.

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

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

[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

CalOptima Health
Key Financial Indicators
As of November 30, 2025

	Item Name	November 2025				July -November 2025			
		Actual	Budget	Variance	%	Actual	Budget	Variance	%
Income Statement	Member Months	877,271	890,171	(12,900)	(1.4%)	4,436,477	4,492,608	(56,131)	(1.2%)
	Operating Revenue	323,088,729	391,292,525	(68,203,796)	(17.4%)	2,135,134,209	1,976,655,876	158,478,333	8.0%
	Medical Expenses	326,047,967	362,198,217	36,150,250	10.0%	1,989,776,389	1,835,907,774	(153,868,615)	(8.4%)
	General and Administrative Expense	21,195,974	25,240,909	4,044,935	16.0%	106,650,263	126,583,861	19,933,598	15.7%
	Non-Operating Income/(Loss)	31,842,491	8,194,730	23,647,761	288.6%	71,726,971	40,973,650	30,753,321	75.1%
	Summary of Income & Expenses	7,687,279	12,048,129	(4,360,850)	(36.2%)	110,434,529	55,137,891	55,296,638	100.3%
Ratios	Medical Loss Ratio (MLR)	Actual	Budget	Variance		Actual	Budget	Variance	
	Consolidated	100.9%	92.6%	8.4%		93.2%	92.9%	0.3%	
	Administrative Loss Ratio (ALR)	Actual	Budget	Variance		Actual	Budget	Variance	
	Consolidated	6.6%	6.5%	(0.1%)		5.0%	6.4%	1.4%	

Key:

> 0%	
> -20%, < 0%	
< -20%	

Investment	Investment Balance (excluding CCE)	Current Month	Prior Month	Change	%
	@11/30/2025	3,305,818,257	3,288,172,931	17,645,325	0.5%
	Unallocated/Unassigned Reserve Balance	Current Month @ November 2025	Fiscal Year Ending June 2025	Change	%
	Consolidated	435,335,930	264,975,684	170,360,246	64.3%
	*Days Cash On Hand**	187			

*Total Designated Reserves and unallocated reserve amount can support approximately 187 days of CalOptima Health's current operations.

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CalOptima Health
Digital Transformation Strategy ($100 million total reserve)
Funding Balance Tracking Summary
For the Five Months Ending November 30, 2025

	November 2025				July 2025 - November 2025				All Time to Date			
	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %
Capital Assets (Cost, Information Only):												
Total Capital Assets	**254,190**	**417,137**	**162,947**	**39.1%**	**3,410,040**	**1,066,045**	**(2,343,995)**	**(219.9%)**	**19,020,992**	**27,836,161**	**8,815,169**	**31.7%**
Operating Expenses:												
Salaries, Wages & Benefits	-	-	-	0.0%	-	-	-	0.0%	17,826,058	17,826,058	-	0.0%
Professional Fees	456,274	250,000	(206,274)	(82.5%)	885,643	1,250,000	364,357	29.1%	7,686,454	8,050,811	364,357	4.5%
Purchased Services	-	-	0	0.0%	(118,906)	-	118,906	0.0%	1,213,763	1,332,669	118,906	8.9%
GASB 96 Amortization Expenses	-	-	-	0.0%	-	-	-	0.0%	2,563,169	2,563,169	-	0.0%
Other Expenses	487,367	182,292	(305,075)	(167.4%)	2,369,408	911,460	(1,457,948)	(160.0%)	23,465,149	22,007,201	(1,457,948)	(6.6%)
Medical Management	0	-	0	0.0%	-	-	-	0.0%	5,502,156	5,502,156	-	0.0%
Total Operating Expenses	**943,641**	**432,292**	**(511,349)**	**(118.3%)**	**3,136,145**	**2,161,460**	**(974,685)**	**(45.1%)**	**58,256,750**	**57,282,066**	**(974,685)**	**(1.7%)**

Funding Balance Tracking:	Approved Budget	Actual Spend	Variance
Beginning Funding Balance	100,000,000	100,000,000	-
Less:			
Capital Assets[1]	38,931,116	19,020,992	19,910,124
FY2023 Operating Budget[2]	8,381,011	8,381,011	-
FY2024 Operating Budget	22,788,092	22,788,092	-
FY2025 Operating Budget	24,289,000	23,951,502	337,498
FY2026 Operating Budget	5,187,500	3,136,145	2,051,355
Ending Funding Balance	**423,281**	**22,722,258**	**22,298,977**
Add: Prior year unspent Operating Budget	**337,498**		
Total Available Funding	**760,779**		

[1] Staff will continue to monitor the project status of DTS' Capital Assets.
[2] Unspent budget from this period is added back to available DTS funding.
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

Note: Report includes applicable transactions for GASB 96, Subscriptions - Based Information Technology Arrangements.

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CalOptima Health
Summary of Homeless Health Initiatives (HHI) and Allocated Funds
As of November 30, 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,625,838	15,407,888	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,625,838**	**57,307,888**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,841,921	5,046,993	IGT's
Vaccination Intervention and Member Incentive Strategy[2]	54,649	54,649	-	IGT's
Street Medicine[1]	14,279,077	9,423,411	4,855,666	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[3]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,625,839**	**57,307,887**	
Transfer of funds to HHIP[3]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,625,839**	**17,207,887**	

[1]On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[2]On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

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

CalOptima Health
Summary of Housing and Homelessness Incentive Program (HHIP) and Allocated Funds
As of November 30, 2025

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	39,935,654	$18,000,195
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,633,259	24,751,271	-
Total	**153,315,719**	**153,315,719**	**95,628,794**	**64,686,926**	**18,000,195**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	882,700	517,300	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,698,977	133,337	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,628,794**	**$64,686,926**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,628,794**	**$57,686,926**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive pements

*On October 7, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health
Fiscal Year 2025-26 Budget Allocation Changes
Reporting Changes as of November 30, 2025

Transfer Month	Line of Business	From	To	Amount	Reason to Re-Allocate Funds
July	Medi-Cal	Human Resources - Training & Seminar - New: 7 Habits of Highly Effective People	Human Resources - Cert./Cont. Education - Educational Reimbursement	$90,000	For Educational Reimbursement
July	Medi-Cal	Human Resources - Professional Fees - Executive Recruiters, Direct Hire & Conversion Fees	Human Resources - Advertising - Combined: Recruitment & Job Postings Network	$90,000	For LinkedIn Advertising
July	Medi-Cal	IS - Infrastructure - Maintenance HW/SW - Oracle Software License	IS - Infrastructure - Maintenance HW/SW - Server - HP Server Maintenance	$28,150	For HP Maintenance Coverage
July	Medi-Cal	IS - Application Development - Prof Fees - Development and QA Professional Services	IS - Application Development - Purch Svcs - General - Managed Services for Website Support	$120,250	For American Eagle maintenance support
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Oracle Software License	ITS - Infrastructure - Other Operating Expenses - Server - VMWare	$140,238	For VMWare
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Palo Alto Firewall	ITS - Infrastructure - Professional Fees - IT Advisory Subscription	$162,890	For Professional Services
August	Medi-Cal	ITS - Application Development - Automation Application for the Board and Committee Material Preparation	ITS - Application Development - Policies and Regulation Compliance Identification - Readily Compliance Project	$65,000	For Readily Compliance Project
September	Medi-Cal	ITS - Infrastructure - Maintenance HW/SW Network Connectivity Maintenance and Support	ITS - Infrastructure - Maintenance HW/SW Maintenance of Operations and Desktop	$52,420	For Right Fax.
September	Medi-Cal	Customer Service - Member Communication	Human Resources - Consulting / Professional Fees	$70,000	For leadership development
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Network - Solar Winds	$34,415	For On-Premise and cloud database monitoring maintenance
October	Medi-Cal	ITS - Infrastructure - Other Operating Expense - Microsoft Enterprise License Agreement (EA)	ITS - Applications Management - GASB 96 - Interest - Dell	$41,558	For Microsoft Enterprise License Agreement Renewal
October	Medi-Cal	ITS - Applications Management - GASB 96 - Interest - Dell	ITS - Applications Management - Other Operating Expenses - Flexera	$41,558	For increase against original contract
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Applications Management - Other Operating Expenses - TeamDynamix	$26,780	For TeamDynamix Solutions
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft Enterprise License Agreement (EA)	ITS - Infrastructure - Other Operating Expenses - Network - Palo Alto Firewall	$73,100	For CalOptima Health Sites for Palo Alto
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Cohesity	$249,999	For Fortknox and Data Protection
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - DNS	ITS - Infrastructure - Other Operating Expenses - Cohesity	$29,472	For Fortknox and Data Protection

This report summarizes budget transfers between general ledger classes that are greater than $10,000 and less than $250,000.
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.

Financial Summary December 31, 2025

Board of Directors Meeting

February 5, 2026

Nancy Huang, Chief Financial Officer

Our Mission

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

Our Vision

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

Financial Highlights Notes: December 2025

- Notable events/items in December 2025
  - $175.4 million of Intergovernmental Transfers (IGT) were received in December 2025 for Calendar Year (CY) 2024
    - $173.3 million disbursed to qualifying funding partners in January 2026
  - $15.1 million was issued for the Population Health and Value-Based Care Transformation grant
  - Community Reinvestment obligation accrual of $11.1 million

CalOptima Health

Financial Highlights
December 2025

December 2025 Actual	December 2025 Budget	December 2025 $ Variance	December 2025 % Variance		July - December 2025 Actual	July - December 2025 Budget	July - December 2025 $ Variance	July - December 2025 % Variance
865,746	885,761	(20,015)	(2.3%)	Member Months	5,302,223	5,378,369	(76,146)	(1.4%)
380,824,669	389,203,701	(8,379,032)	(2.2%)	Revenues	2,515,958,878	2,365,859,577	150,099,301	6.3%
337,631,019	369,227,862	31,596,843	8.6%	Medical Expenses	2,327,407,408	2,205,135,636	(122,271,772)	(5.5%)
21,756,097	25,738,707	3,982,611	15.5%	Administrative Expenses	128,406,360	152,322,568	23,916,208	15.7%
21,437,553	(5,762,868)	**27,200,421**	**472.0%**	**Operating Margin**	**60,145,110**	**8,401,373**	**51,743,738**	**615.9%**
				Non-Operating Income (Loss)				
13,753,247	8,333,341	5,419,906	65.0%	Net Investment Income/Expense	89,327,057	50,000,041	39,327,015	78.7%
(15,093,756)	-	(15,093,756)	(100.0%)	Grant Expense	(20,455,996)	-	(20,455,996)	(100.0%)
(11,124,120)	-	(11,124,120)	(100.0%)	Community Reinvestment	(3,622,868)	-	(3,622,868)	(100.0%)
(81,302)	(138,610)	57,308	41.3%	Other Income/Expense	(6,067,152)	(831,660)	(5,235,492)	(629.5%)
(12,545,930)	**8,194,731**	(20,740,662)	(253.1%)	**Total Non-Operating Income (Loss)**	**59,181,041**	**49,168,381**	**10,012,660**	**20.4%**
8,891,623	**2,431,863**	**6,459,760**	**265.6%**	**Change in Net Assets**	**119,326,151**	**57,569,754**	**61,756,397**	**107.3%**
88.7%	*94.9%*	*(6.2%)*		*Medical Loss Ratio*	*92.5%*	*93.2%*	*(0.7%)*	
5.7%	*6.6%*	*0.9%*		*Administrative Loss Ratio*	*5.1%*	*6.4%*	*1.3%*	
5.6%	*(1.5%)*	*7.1%*		*Operating Margin Ratio*	*2.4%*	*0.4%*	*2.0%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
84.1%	*90.4%*	*(6.3%)*		**Adjusted MLR*	*87.2%*	*88.8%*	*(1.6%)*	
5.7%	*6.6%*	*0.9%*		**Adjusted ALR*	*5.6%*	*6.4%*	*0.8%*	

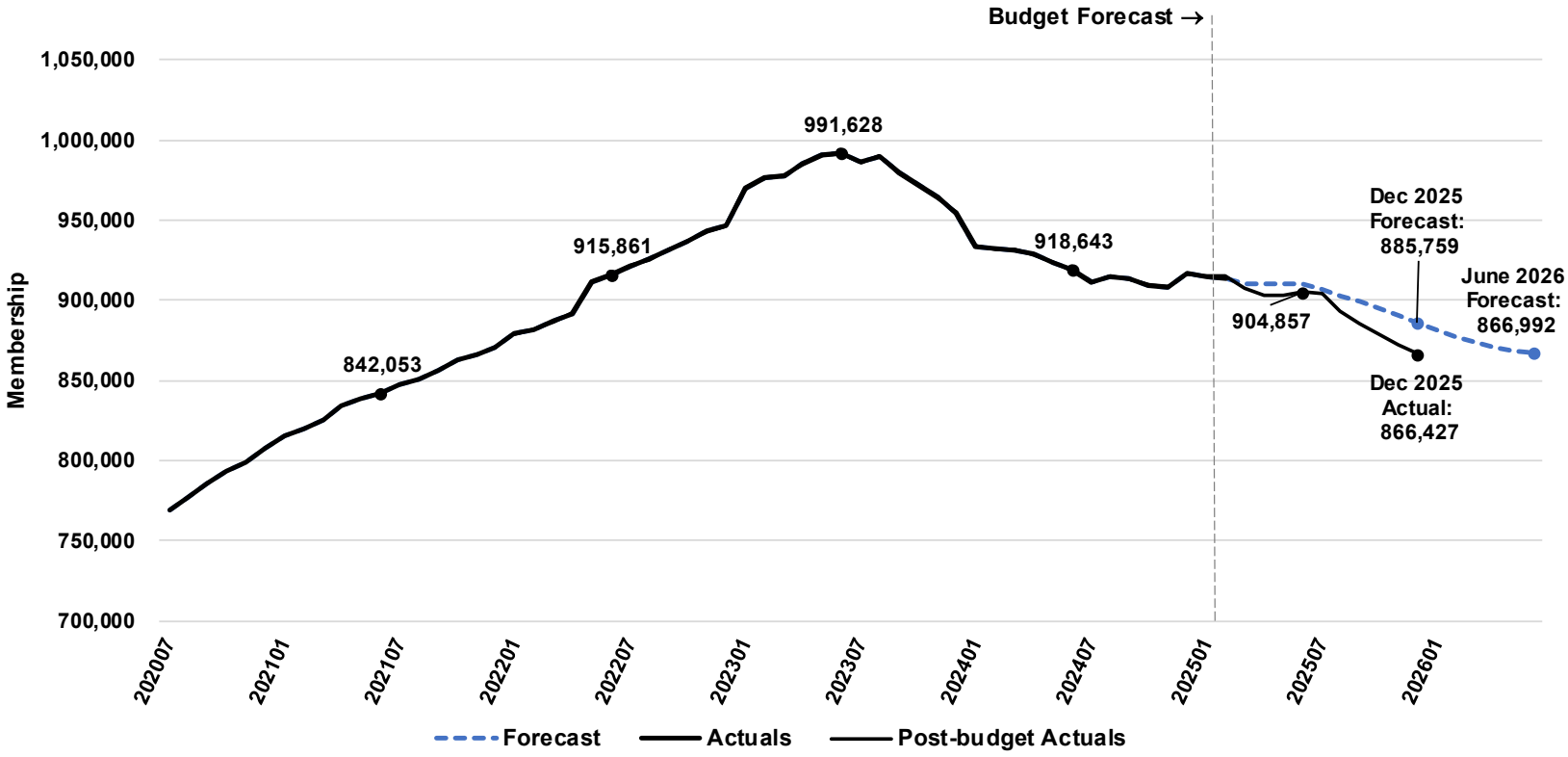
*Adjusted MLR/ALR excludes estimated Board-approved Provider Rate increases and Directed Payments, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget

CalOptima Health

Actuals v. Budget – Total Membership

CalOptima Health

Consolidated



Notes:

- Data included in this report are based on member eligibility months rather than booked enrollment (as used in the financials).

CalOptima Health

FY 2025-26: Management Summary

- Change in Net Assets Surplus or (Deficit)
  - Month To Date (MTD) December 2025: $8.9 million, favorable to budget $6.5 million or 265.6%
    - Driven by release of Applied Behavior Analysis (ABA) and Non-ABA Pay-For-Value (P4V) accrual and lower than forecasted claims expenses
    - Offset by unfavorable Community Reinvestment expense and Grant Expense
  - Year To Date (YTD) July – December 2025: $119.3 million, favorable to budget $61.8 million or 107.3% driven by Net Investment Income, member mix, release of P4V incentives and lower than forecasted claims expenses

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Enrollment
  - MTD: 865,746 members, unfavorable to budget 20,015 or 2.3% due to higher than anticipated disenrollment
  - YTD: 5,302,223 member months, unfavorable to budget 76,146 or 1.4%

FY 2025-26: Management Summary (cont.)

- Revenue
  - MTD: $380.8 million, unfavorable to budget $8.4 million or 2.2% driven by Medi-Cal (MC) Line of Business (LOB) due primarily to unfavorable volume variance
  - YTD: $2,516.0 million, favorable to budget $150.1 million or 6.3% due primarily to:
    - MC LOB due to CY 2023 Hospital Directed Payments (DP), CY 2024 Quality Incentive Program (QIP) and favorable member mix
    - Offset by OneCare (OC) LOB lower than anticipated Risk Adjustment Factor (RAF)

CalOptima Health

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - MTD: $337.6 million, favorable to budget $31.6 million or 8.6% driven by favorable variances in:
    - Incentive Payments expense of $22.0 million due to release of MC ABA and Non-ABA P4V accrual
    - Professional Claims expense of $8.1 million
    - Managed Long-Term Services and Supports (MLTSS) expense of $4.7 million
    - Medical Management expense of $1.7 million
    - Offset by net unfavorable expenses of $4.9 million in all other categories

FY 2025-26: Management Summary (cont.)

- Medical Expenses
  - YTD: $2,327.4 million, unfavorable to budget $122.3 million or 5.5% due to:
    - $223.9 million in Other Medical Expenses primarily due to CY 2023 Hospital DP and CY 2024 QIP
    - $13.4 million in Facilities Claims
    - Offset by:
      - $44.1 million in Incentive Payments primarily due to release of accrual for MC P4V Incentive Payments
      - Favorable variance to budget in all other expense categories of $70.8 million

FY 2025-26: Management Summary (cont.)

- Administrative Expenses
  - MTD: $21.8 million, favorable to budget $4.0 million or 15.5% due to the timing of administrative expense activities
  - YTD: $128.4 million, favorable to budget $23.9 million or 15.7% due to the timing of administrative expense activities

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - MTD: ($12.5) million, unfavorable to budget $20.7 million or 253.1% due to:
    - $15.1 million unfavorable variance in Grant Expense
    - $11.1 million unfavorable variance in Community Reinvestment expense
    - Offset by favorable variance in Net Investment Income of $5.4 million

FY 2025-26: Management Summary (cont.)

- Non-Operating Income (Loss)
  - YTD: $59.2 million, favorable to budget $10.0 million or 20.4%
    - Due primarily to $39.3 million favorable Net Investment Income
    - Offset by:
      - $20.5 million unfavorable variance in Grant Expense
      - $5.6 million unfavorable variance on Other Income/Expense
      - $3.6 million unfavorable variance in Community Reinvestment

CalOptima Health

FY 2025-26: Key Financial Ratios

- Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	88.7%	94.9%	(6.2%)
	Adjusted MLR*	84.1%	90.4%	(6.3%)
YTD	MLR	92.5%	93.2%	(0.7%)
	Adjusted MLR*	87.2%	88.8%	(1.6%)

- Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	5.7%	6.6%	0.9%
	Adjusted ALR*	5.7%	6.6%	0.9%
YTD	ALR	5.1%	6.4%	1.3%
	Adjusted ALR*	5.6%	6.4%	0.8%

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

CalOptima Health

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

- Balance Sheet Ratios
  - Current ratio*: 1.7
  - Board Designated Reserve level: 3.72
  - Statutory Designated Reserve level: 1.03
  - Net-position: $2.9 billion, including required TNE of $131.9 million

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

CalOptima Health

Enrollment Summary: December 2025

December 2025					July - December 2025			
Actual	Budget	$ Variance	% Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	% Variance
121,271	126,600	(5,329)	(4.2%)	FAM	749,221	771,426	(22,205)	(2.9%)
246,801	257,043	(10,242)	(4.0%)	CHD	1,512,758	1,551,571	(38,813)	(2.5%)
313,291	323,702	(10,411)	(3.2%)	MCE	1,944,087	1,989,057	(44,970)	(2.3%)
3,121	2,511	610	24.3%	LTC	17,796	15,071	2,725	18.1%
153,368	148,397	4,971	3.3%	SPD	912,511	886,693	25,818	2.9%
8,751	9,066	(315)	(3.5%)	WCM	53,458	54,554	(1,096)	(2.0%)
846,603	**867,319**	(20,716)	(2.4%)	**Medi-Cal Total**	**5,189,831**	**5,268,372**	(78,541)	(1.5%)
18,599	**17,893**	**706**	**3.9%**	**OneCare**	**109,183**	**106,763**	**2,420**	**2.3%**
544	**549**	(5)	(0.9%)	**PACE**	**3,209**	**3,234**	(25)	(0.8%)
582	**558**	**24**	**4.3%**	**MSSP***	**3,395**	**3,348**	**47**	**1.4%**
865,746	**885,761**	(20,015)	(2.3%)	**CalOptima Health Total**	**5,302,223**	**5,378,369**	(76,146)	(1.4%)

*MSSP enrollment is included in Medi-Cal total

Consolidated Revenue & Expenses: December 2025 MTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	846,603	18,599	544	582		865,746
REVENUES						
Capitation Revenue	$ 338,557,758	$ 37,094,798	$ 4,919,519	$ 252,594	$ -	$ 380,824,669
Total Operating Revenue	**338,557,758**	**37,094,798**	**4,919,519**	**252,594**	**-**	**380,824,669**
MEDICAL EXPENSES						
Provider Capitation	115,579,435	14,164,227				129,743,661
Claims	137,394,516	7,676,827	2,731,764			147,803,108
MLTSS	45,975,927		104,402	39,715		46,120,043
Prescription Drugs		10,289,292	550,789			10,840,081
Case Mgmt & Other Medical	(1,136,340)	2,280,092	1,777,965	202,407		3,124,126
Total Medical Expenses	**297,813,538**	**34,410,438**	**5,164,921**	**242,122**	**-**	**337,631,019**
Medical Loss Ratio	*88.0%*	*92.8%*	*105.0%*	*95.9%*	*0.0%*	*88.7%*
GROSS MARGIN	**40,744,219**	**2,684,360**	(245,402)	**10,472**	**-**	**43,193,650**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	11,945,362	1,054,965	188,261	95,632	70,997	13,355,217
Non-Salary Operating Expenses	2,519,704	577,898	105,729	1,460	203,440	3,408,231
Depreciation & Amortization	1,070,650		882			1,071,533
Other Operating Expenses	3,343,496	236,834	12,528	11,841		3,604,699
Indirect Cost Allocation, Occupancy	(1,542,723)	1,818,039	28,527	12,574		316,417
Total Administrative Expenses	**17,336,489**	**3,687,736**	**335,928**	**121,507**	**274,437**	**21,756,097**
Administrative Loss Ratio	*5.1%*	*9.9%*	*6.8%*	*48.1%*	*0.0%*	*5.7%*
Operating Income/(Loss)	**23,407,730**	(1,003,375)	(581,330)	(111,035)	(274,437)	**21,437,553**
Investments and Other Non-Operating	(11,134,504)					(12,545,930)
CHANGE IN NET ASSETS	**$ 12,273,226**	$ (1,003,375)	$ (581,330)	$ (111,035)	$ (274,437)	**$ 8,891,623**
BUDGETED CHANGE IN NET ASSETS	(2,156,265)	(2,737,132)	190,600	(121,770)	(938,301)	2,431,863
Variance to Budget - Fav/(Unfav)	$ 14,429,492	$ 1,733,757	$ (771,930)	$ 10,735	$ 663,864	$ 6,459,760

CalOptima Health

Consolidated Revenue & Expenses: December 2025 YTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	5,189,831	109,183	3,209	3,395		5,302,223
REVENUES						
Capitation Revenue	$ 2,266,643,270	$ 218,576,278	$ 29,237,502	$ 1,501,828	$ -	$ 2,515,958,878
Total Operating Revenue	**2,266,643,270**	**218,576,278**	**29,237,502**	**1,501,828**	**-**	**2,515,958,878**
MEDICAL EXPENSES						
Provider Capitation	683,165,036	87,220,492				770,385,528
Claims	841,557,616	42,523,106	13,340,943			897,421,664
MLTSS	272,331,897		327,260	219,924		272,879,081
Prescription Drugs		61,779,105	3,508,703			65,287,808
Case Mgmt & Other Medical	299,365,957	12,056,313	8,817,776	1,193,280		321,433,327
Total Medical Expenses	**2,096,420,505**	**203,579,015**	**25,994,683**	**1,413,204**	**-**	**2,327,407,408**
Medical Loss Ratio	*92.5%*	*93.1%*	*88.9%*	*94.1%*	*0.0%*	*92.5%*
GROSS MARGIN	**170,222,765**	**14,997,263**	**3,242,820**	**88,624**	**-**	**188,551,470**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	69,640,494	6,075,857	1,092,070	563,643	400,845	77,772,909
Non-Salary Operating Expenses	18,588,804	3,174,185	532,399	8,771	1,854,200	24,158,359
Depreciation & Amortization	5,385,217		5,313			5,390,530
Other Operating Expenses	17,837,116	729,117	64,076	47,742		18,678,051
Indirect Cost Allocation, Occupancy	(4,191,576)	6,451,649	102,109	44,329		2,406,511
Total Administrative Expenses	**107,260,056**	**16,430,807**	**1,795,968**	**664,484**	**2,255,045**	**128,406,360**
Administrative Loss Ratio	*4.7%*	*7.5%*	*6.1%*	*44.2%*	*0.0%*	*5.1%*
Operating Income/(Loss)	**62,962,708**	(1,433,544)	**1,446,852**	(575,860)	(2,255,045)	**60,145,110**
Investments and Other Non-Operating	(9,251,398)					59,181,041
CHANGE IN NET ASSETS	**$ 53,711,310**	$ (1,433,544)	**$ 1,446,852**	$ (575,860)	$ (2,255,045)	**$ 119,326,151**
BUDGETED CHANGE IN NET ASSETS	24,836,813	(12,181,913)	1,647,409	(717,719)	(5,183,217)	57,569,754
Variance to Budget - Fav/(Unfav)	$ 28,874,498	$ 10,748,369	$ (200,557)	$ 141,859	$ 2,928,172	$ 61,756,397

CalOptima Health

Balance Sheet: As of December 2025

ASSETS	
Current Assets	
Operating Cash	$699,888,081
Short-term Investments	1,455,148,549
Capitation Receivable	594,182,687
Receivables - Other	26,047,615
Prepaid Expenses	21,516,068
Total Current Assets	**2,796,782,999**
Capital Assets	
Capital Assets	206,251,123
Less: Accumulated Depreciation	(94,496,205)
Capital Assets, Net of Depreciation	**111,754,918**
Other Assets	
Restricted Deposit & Other	300,000
Board Designated Reserves	1,623,582,266
Statutory Designated Reserves	135,762,594
Total Other Assets	**1,759,644,859**
TOTAL ASSETS	**4,668,182,777**
Deferred Outflows	**28,626,072**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$4,696,808,849**

LIABILITIES & NET POSITION	
Current Liabilities	
Accounts Payable	$230,661,312
Medical Claims Liability	1,256,727,990
Accrued Payroll Liabilities	22,200,338
Deferred Revenue	8,114,473
Other Current Liabilities	
Capitation and Withholds	115,299,999
Total Current Liabilities	**1,633,004,112**
Other Liabilities	
GASB 96 Subscription Liabilities	24,446,899
Community Reinvestment	91,720,979
Capital Lease Payable	221,504
Post-Employment Health Care Plan	17,354,991
Net Pension Liabilities	5,840,992
Total Other Liabilities	**139,585,366**
TOTAL LIABILITIES	**1,772,589,477**
Deferred Inflows	**4,309,519**
Net Position	
Required TNE	131,902,890
Funds in Excess of TNE	2,788,006,963
TOTAL NET POSITION	**2,919,909,853**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$4,696,808,849**

CalOptima Health

Board Designated Reserve and TNE Analysis: As of December 2025

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	811,629,873				
MetLife Tier One	811,952,393				
Board Designated Reserves	1,623,582,266	1,090,142,862	1,744,228,579	533,439,404	(120,646,313)
Current Reserve Level (X months of average monthly revenue) [1]	*3.72*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,985,173				
MetLife Tier Two	67,777,421				
Statutory Designated Reserves	135,762,594	131,902,890	145,093,179	3,859,704	(9,330,585)
Current Reserve Level (X min. TNE) [1]	*1.03*	*1.00*	*1.10*		

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

CalOptima Health

Spending Plan: As of December 2025

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 12/31/2025	**$2,919.9**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,623.6**			**55.6%**
Statutory Designated Reserve[1]	**$135.8**			**4.6%**
Capital Assets, net of Depreciation	**$111.8**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.2	$65.8	$48.6	0.6%
Housing and Homelessness Incentive Program[2]	24.7	87.4	62.7	0.8%
Intergovernmental Transfers (IGT)[4]	39.1	52.1	13.0	1.3%
Digital Transformation and Workplace Modernization[3]	22.0	100.0	78.0	0.8%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	10.7	50.0	39.3	0.4%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.3	4.7	4.4	0.0%
Member Health Needs Assessment	0.6	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	114.1	153.5	39.4	3.9%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	41.4	50.0	8.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.9	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.7%
Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.1	6.8	5.8	0.0%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	210.5	526.2	315.7	7.2%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.2	0.3	0.1	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Orange County Community Health Assessment and Improvement Plan	1.0	1.0	0.0	0.0%
Subtotal:	**$559.9**	**$1,229.1**	**$669.1**	**19.2%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$488.9**			**16.7%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 194 days of CalOptima Health's current operations.
[2] See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.
[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

CalOptima Health

Homeless Health Initiative and Allocated Funds: As of December 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,646,416	15,387,310	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,646,416**	**57,287,310**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,841,921	5,046,993	IGT's
Vaccination Intervention and Member Incentive Strategy[2]	54,649	54,649	-	IGT's
Street Medicine[1]	14,279,077	9,443,988	4,835,089	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[3]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,646,416**	**57,287,310**	
Transfer of funds to HHIP[3]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,646,416**	**17,187,310**	

[1]On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[2]On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

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

CalOptima Health

Housing and Homelessness Incentive Program: As of December 2025

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	39,935,654	-
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,707,625	24,676,905	-
Street Medicine Support Center - GGG Building	7,000,000	7,000,000	-	-	-
Total	**160,315,719**	**160,315,719**	**95,703,160**	**64,612,559**	-

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	890,400	509,600	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,765,644	66,670	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,703,160**	**$64,612,559**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,703,160**	**$57,612,559**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive pamments

*On October 7, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health

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UNAUDITED FINANCIAL STATEMENTS

December 31, 2025

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CalOptima Health - Consolidated
Financial Highlights
For the Six Months Ending December 31, 2025

December 2025					July - December 2025			
Actual	**Budget**	**$ Variance**	**% Variance**		**Actual**	**Budget**	**$ Variance**	**% Variance**
865,746	885,761	(20,015)	(2.3%)	Member Months	5,302,223	5,378,369	(76,146)	(1.4%)
380,824,669	389,203,701	(8,379,032)	(2.2%)	Revenues	2,515,958,878	2,365,859,577	150,099,301	6.3%
337,631,019	369,227,862	31,596,843	8.6%	Medical Expenses	2,327,407,408	2,205,135,636	(122,271,772)	(5.5%)
21,756,097	25,738,707	3,982,611	15.5%	Administrative Expenses	128,406,360	152,322,568	23,916,208	15.7%
21,437,553	(5,762,868)	**27,200,421**	**472.0%**	**Operating Margin**	**60,145,110**	**8,401,373**	**51,743,738**	**615.9%**
				Non-Operating Income (Loss)				
13,753,247	8,333,341	5,419,906	65.0%	Net Investment Income/Expense	89,327,057	50,000,041	39,327,015	78.7%
(15,093,756)	-	(15,093,756)	(100.0%)	Grant Expense	(20,455,996)	-	(20,455,996)	(100.0%)
(11,124,120)	-	(11,124,120)	(100.0%)	Community Reinvestment	(3,622,868)	-	(3,622,868)	(100.0%)
(81,302)	(138,610)	57,308	41.3%	Other Income/Expense	(6,067,152)	(831,660)	(5,235,492)	(629.5%)
(12,545,930)	**8,194,731**	(20,740,662)	(253.1%)	**Total Non-Operating Income (Loss)**	**59,181,041**	**49,168,381**	**10,012,660**	**20.4%**
8,891,623	**2,431,863**	**6,459,760**	**265.6%**	**Change in Net Assets**	**119,326,151**	**57,569,754**	**61,756,397**	**107.3%**
88.7%	*94.9%*	*(6.2%)*		*Medical Loss Ratio*	*92.5%*	*93.2%*	*(0.7%)*	
5.7%	*6.6%*	*0.9%*		*Administrative Loss Ratio*	*5.1%*	*6.4%*	*1.3%*	
5.6%	*(1.5%)*	*7.1%*		*Operating Margin Ratio*	*2.4%*	*0.4%*	*2.0%*	
100.0%	*100.0%*			*Total Operating*	*100.0%*	*100.0%*		
84.1%	*90.4%*	*(6.3%)*		**Adjusted MLR*	*87.2%*	*88.8%*	*(1.6%)*	
5.7%	*6.6%*	*0.9%*		**Adjusted ALR*	*5.6%*	*6.4%*	*0.8%*	

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

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CalOptima Health - Consolidated
Full Time Equivalent (FTE) Data
For the Six Months Ending December 31, 2025

Total FTE's MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	1,321	1,408	87
OneCare	165	182	17
PACE	114	119	5
CCA	3	19	16
MSSP	22	24	2
Total	1,625	1,752	127

Total FTE's YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	7,946	8,440	494
OneCare	995	1,090	95
PACE	672	714	42
CCA	17	90	73
MSSP	132	143	11
Total	9,762	10,476	714

MM per FTE MTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	641	616	(25)
OneCare	113	98	(15)
PACE	5	5	(0)
CCA	0	0	0
MSSP	26	23	(3)
Consolidated	533	506	(27)

MM per FTE YTD			
	Actual	Budget	Fav/Unfav
Medi-Cal	653	624	(29)
OneCare	110	98	(12)
PACE	5	5	(0)
CCA	0	0	0
MSSP	26	23	(3)
Consolidated	543	513	(30)

Open FTE			
	Total	Medical	Admin
Medi-Cal	90	32	58
OneCare	17	8	9
PACE	6	6	0
CCA	17	1	16
MSSP	0	0	0
Total	130	47	83

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

MEMBER MONTHS		865,746		885,761		(20,015)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$338,557,758	$399.90	$347,257,591	$400.38	($8,699,833)	($0.48)
OneCare	37,094,798	1,994.45	36,803,236	2,056.85	291,562	(62.40)
PACE	4,919,519	9,043.23	4,893,820	8,914.06	25,699	129.17
MSSP	252,594	434.01	249,054	446.33	3,540	(12.32)
Covered CA	-	0.00	-	0.00	-	0.00
Total Operating Revenue	380,824,669	439.88	389,203,701	439.40	(8,379,032)	0.48
MEDICAL EXPENSES						
Medi-Cal	297,813,538	351.77	328,273,940	378.49	30,460,402	26.72
OneCare	34,410,438	1,850.12	36,303,108	2,028.90	1,892,670	178.78
PACE	5,164,921	9,494.34	4,378,738	7,975.84	(786,183)	(1,518.50)
MSSP	242,122	416.02	227,092	406.97	(15,030)	(9.05)
Covered CA		0.00	44,984	80.62	44,984	80.62
Total Medical Expenses	337,631,019	389.99	369,227,862	416.85	31,596,843	26.86
GROSS MARGIN	43,193,650	49.89	19,975,839	22.55	23,217,811	27.34
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	13,355,217	15.08	14,517,816	16.39	1,162,600	1.31
Professional Fees	1,540,409	1.74	1,939,806	2.19	399,397	0.45
Purchased Services	1,281,127	1.45	2,730,706	3.08	1,449,578	1.63
Printing & Postage	586,695	0.66	631,685	0.71	44,990	0.05
Depreciation & Amortization	1,071,533	1.21	949,334	1.07	(122,199)	(0.14)
Other Expenses	3,604,699	4.07	4,487,493	5.07	882,793	1.00
Indirect Cost Allocation, Occupancy	316,417	0.36	481,868	0.54	165,451	0.18
Total Administrative Expenses	21,756,097	25.13	25,738,707	29.06	3,982,611	3.93
NET INCOME (LOSS) FROM OPERATIONS	21,437,553	24.76	(5,762,868)	(6.51)	27,200,421	31.27
INVESTMENT INCOME						
Interest Income	13,853,868	16.00	8,735,956	9.86	5,117,912	6.14
Realized Gain/(Loss) on Investments	1,141,678	1.32	-	-	1,141,678	1.32
Unrealized Gain/(Loss) on Investments	(1,044,386)	(1.21)	-	-	(1,044,386)	(1.21)
Investment Fees	(197,913)	(0.23)	(402,615)	(0.45)	204,702	0.22
					0	-
Total Investment Income	13,753,247	15.89	8,333,341	9.41	5,419,906	6.48
NET RENTAL INCOME/EXPENSE	(70,918)	(0.08)	(138,610)	(0.16)	67,692	0.08
GRANT EXPENSE	(15,093,756)	(17.43)	-	-	(15,093,756)	(17.43)
COMMUNITY REINVESTMENT	(11,124,120)	(12.85)	-	-	(11,124,120)	(12.85)
OTHER INCOME/EXPENSE	(10,384)	(0.01)	-	-	(10,384)	(0.01)
CHANGE IN NET ASSETS	**8,891,623**	**10.27**	**2,431,863**	**2.75**	**6,459,760**	**7.52**
MEDICAL LOSS RATIO	**88.7%**		**94.9%**		(6.2%)	
ADMINISTRATIVE LOSS RATIO	**5.7%**		**6.6%**		**0.9%**	

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

MEMBER MONTHS		5,302,223		5,378,369		(76,146)
	Actual		**Budget**		**Variance**	
REVENUE	**$**	**PMPM**	**$**	**PMPM**	**$**	**PMPM**
Medi-Cal	$2,266,643,270	$436.75	$2,112,923,879	$401.06	$153,719,391	$35.69
OneCare	218,576,278	2,001.93	222,490,258	2,083.96	(3,913,980)	(82.03)
PACE	29,237,502	9,111.09	28,951,116	8,952.11	286,386	158.98
MSSP	1,501,828	442.36	1,494,324	446.33	7,504	(3.97)
Covered CA	-		-		-	
Total Operating Revenue	2,515,958,878	474.51	2,365,859,577	439.88	150,099,301	34.63
MEDICAL EXPENSES						
Medi-Cal	2,096,420,505	403.95	1,962,677,297	372.54	(133,743,208)	(31.41)
OneCare	203,579,015	1,864.57	215,447,034	2,017.99	11,868,019	153.42
PACE	25,994,683	8,100.56	25,378,849	7,847.51	(615,834)	(253.05)
MSSP	1,413,204	416.26	1,362,552	406.97	(50,652)	(9.29)
Covered CA			269,904		269,904	0.00
Total Medical Expenses	2,327,407,408	438.95	2,205,135,636	410.00	(122,271,772)	(28.95)
GROSS MARGIN	188,551,470	35.56	160,723,941	29.88	27,827,529	5.68
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	77,772,909	14.46	84,881,129	15.78	7,108,220	1.32
Professional Fees	8,809,275	1.64	11,564,070	2.15	2,754,795	0.51
Purchased Services	12,320,872	2.29	16,594,515	3.09	4,273,642	0.80
Printing & Postage	3,028,212	0.56	3,750,560	0.70	722,348	0.14
Depreciation & Amortization	5,390,530	1.00	5,696,004	1.06	305,474	0.06
Other Expenses	18,678,051	3.47	26,945,082	5.01	8,267,032	1.54
Indirect Cost Allocation, Occupancy	2,406,511	0.45	2,891,208	0.54	484,697	0.09
Total Administrative Expenses	128,406,360	24.22	152,322,568	28.32	23,916,208	4.10
NET INCOME (LOSS) FROM OPERATIONS	60,145,110	11.34	8,401,373	1.56	51,743,738	9.78
INVESTMENT INCOME						
Interest Income	83,282,633	15.71	51,523,306	9.58	31,759,327	6.13
Realized Gain/(Loss) on Investments	4,124,485	0.78	-	-	4,124,485	0.78
Unrealized Gain/(Loss) on Investments	3,054,542	0.58	-	-	3,054,542	0.58
Investment Fees	(1,134,603)	(0.21)	(1,523,265)	(0.28)	388,662	0.07
					0	-
Total Investment Income	89,327,057	16.85	50,000,041	9.30	39,327,015	7.55
NET RENTAL INCOME/EXPENSE	(438,621)	(0.08)	(831,660)	(0.15)	(240,993)	0.07
GRANT EXPENSE	(20,455,996)	(3.86)	-	-	(20,455,996)	(3.86)
COMMUNITY REINVESTMENT	(3,622,868)	(0.68)	-	-	(3,622,868)	(0.68)
OTHER INCOME/EXPENSE	(5,628,531)	(1.06)	-	-	(5,628,531)	(1.06)
CHANGE IN NET ASSETS	**119,326,151**	**22.50**	**57,569,754**	**10.70**	**61,756,397**	**11.80**
MEDICAL LOSS RATIO	**92.5%**		**93.2%**		(0.7%)	
ADMINISTRATIVE LOSS RATIO	**5.1%**		**6.4%**		**1.3%**	

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

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	846,603	18,599	544	582		865,746
REVENUES						
Capitation Revenue	$ 338,557,758	$ 37,094,798	$ 4,919,519	$ 252,594	$ -	$ 380,824,669
Total Operating Revenue	**338,557,758**	**37,094,798**	**4,919,519**	**252,594**	**-**	**380,824,669**
MEDICAL EXPENSES						
Provider Capitation	115,579,435	14,164,227				129,743,661
Claims	137,394,516	7,676,827	2,731,764			147,803,108
MLTSS	45,975,927		104,402	39,715		46,120,043
Prescription Drugs		10,289,292	550,789			10,840,081
Case Mgmt & Other Medical	(1,136,340)	2,280,092	1,777,965	202,407		3,124,126
Total Medical Expenses	**297,813,538**	**34,410,438**	**5,164,921**	**242,122**	**-**	**337,631,019**
Medical Loss Ratio	*88.0%*	*92.8%*	*105.0%*	*95.9%*	*0.0%*	*88.7%*
GROSS MARGIN	**40,744,219**	**2,684,360**	(245,402)	**10,472**	**-**	**43,193,650**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	11,945,362	1,054,965	188,261	95,632	70,997	13,355,217
Non-Salary Operating Expenses	2,519,704	577,898	105,729	1,460	203,440	3,408,231
Depreciation & Amortization	1,070,650		882			1,071,533
Other Operating Expenses	3,343,496	236,834	12,528	11,841		3,604,699
Indirect Cost Allocation, Occupancy	(1,542,723)	1,818,039	28,527	12,574		316,417
Total Administrative Expenses	**17,336,489**	**3,687,736**	**335,928**	**121,507**	**274,437**	**21,756,097**
Administrative Loss Ratio	*5.1%*	*9.9%*	*6.8%*	*48.1%*	*0.0%*	*5.7%*
Operating Income/(Loss)	**23,407,730**	(1,003,375)	(581,330)	(111,035)	(274,437)	**21,437,553**
Investments and Other Non-Operating	(11,134,504)					(12,545,930)
CHANGE IN NET ASSETS	**$ 12,273,226**	$ (1,003,375)	$ (581,330)	$ (111,035)	$ (274,437)	**$ 8,891,623**
BUDGETED CHANGE IN NET ASSETS	(2,156,265)	(2,737,132)	190,600	(121,770)	(938,301)	2,431,863
Variance to Budget - Fav/(Unfav)	$ 14,429,492	$ 1,733,757	$ (771,930)	$ 10,735	$ 663,864	$ 6,459,760

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

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	5,189,831	109,183	3,209	3,395		5,302,223
REVENUES						
Capitation Revenue	$ 2,266,643,270	$ 218,576,278	$ 29,237,502	$ 1,501,828	$ -	$ 2,515,958,878
Total Operating Revenue	**2,266,643,270**	**218,576,278**	**29,237,502**	**1,501,828**	**-**	**2,515,958,878**
MEDICAL EXPENSES						
Provider Capitation	683,165,036	87,220,492				770,385,528
Claims	841,557,616	42,523,106	13,340,943			897,421,664
MLTSS	272,331,897		327,260	219,924		272,879,081
Prescription Drugs		61,779,105	3,508,703			65,287,808
Case Mgmt & Other Medical	299,365,957	12,056,313	8,817,776	1,193,280		321,433,327
Total Medical Expenses	**2,096,420,505**	**203,579,015**	**25,994,683**	**1,413,204**	**-**	**2,327,407,408**
Medical Loss Ratio	*92.5%*	*93.1%*	*88.9%*	*94.1%*	*0.0%*	*92.5%*
GROSS MARGIN	**170,222,765**	**14,997,263**	**3,242,820**	**88,624**	**-**	**188,551,470**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	69,640,494	6,075,857	1,092,070	563,643	400,845	77,772,909
Non-Salary Operating Expenses	18,588,804	3,174,185	532,399	8,771	1,854,200	24,158,359
Depreciation & Amortization	5,385,217		5,313			5,390,530
Other Operating Expenses	17,837,116	729,117	64,076	47,742		18,678,051
Indirect Cost Allocation, Occupancy	(4,191,576)	6,451,649	102,109	44,329		2,406,511
Total Administrative Expenses	**107,260,056**	**16,430,807**	**1,795,968**	**664,484**	**2,255,045**	**128,406,360**
Administrative Loss Ratio	*4.7%*	*7.5%*	*6.1%*	*44.2%*	*0.0%*	*5.1%*
Operating Income/(Loss)	**62,962,708**	(1,433,544)	**1,446,852**	(575,860)	(2,255,045)	**60,145,110**
Investments and Other Non-Operating	(9,251,398)					59,181,041
CHANGE IN NET ASSETS	**$ 53,711,310**	$ (1,433,544)	**$ 1,446,852**	$ (575,860)	$ (2,255,045)	**$ 119,326,151**
BUDGETED CHANGE IN NET ASSETS	24,836,813	(12,181,913)	1,647,409	(717,719)	(5,183,217)	57,569,754
Variance to Budget - Fav/(Unfav)	$ 28,874,498	$ 10,748,369	$ (200,557)	$ 141,859	$ 2,928,172	$ 61,756,397

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CalOptima Health

Highlights – Consolidated, for Six Months Ending December 31, 2025

MONTH TO DATE RESULTS:

- Change in Net Assets is $8.9 million, favorable to budget $6.5 million
- Operating surplus is $21.4 million, with a deficit in non-operating income of $12.5 million

YEAR TO DATE RESULTS:

- Change in Net Assets is $119.3 million, favorable to budget $61.8 million
- Operating surplus is $60.1 million, with a surplus in non-operating income of $59.2 million

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

December 2025				July - December 2025		
Actual	**Budget**	**Variance**	**Operating Income (Loss)**	**Actual**	**Budget**	**Variance**
23.4	(2.2)	25.6	Medi-Cal	63.0	24.8	38.1
(1.0)	(2.7)	1.7	OneCare	(1.4)	(12.2)	10.7
(0.6)	0.2	(0.8)	PACE	1.4	1.6	(0.2)
(0.1)	(0.1)	0.0	MSSP	(0.6)	(0.7)	0.1
(0.3)	(0.9)	0.7	Covered CA	(2.3)	(5.2)	2.9
21.4	**(5.8)**	**27.2**	**Total Operating Income (Loss)**	**60.1**	**8.4**	**51.7**
			Non-Operating Income (Loss)			
13.8	8.3	5.4	Net Investment Income/Expense	89.3	50.0	39.3
(26.3)	(0.1)	(26.2)	Other Income/Expense	0.0	(30.1)	(0.8)
(12.5)	**8.2**	**(20.7)**	**Total Non-Operating Income/(Loss)**	**59.2**	**49.2**	**10.0**
8.9	**2.4**	**6.5**	**TOTAL**	**119.3**	**57.6**	**61.8**

CalOptima Health - Consolidated
Enrollment Summary
For the Six Months Ending December 31, 2025

December 2025					July - December 2025			
Actual	Budget	$ Variance	%Variance	Enrollment (by Aid Category)	Actual	Budget	$ Variance	%Variance
121,271	126,600	(5,329)	(4.2%)	Adult	749,221	771,426	(22,205)	(2.9%)
246,801	257,043	(10,242)	(4.0%)	Child	1,512,758	1,551,571	(38,813)	(2.5%)
313,291	323,702	(10,411)	(3.2%)	Expansion	1,944,087	1,989,057	(44,970)	(2.3%)
3,121	2,511	610	24.3%	LTC	17,796	15,071	2,725	18.1%
153,368	148,397	4,971	3.3%	SPD	912,511	886,693	25,818	2.9%
8,751	9,066	(315)	(3.5%)	Whole Child Model	53,458	54,554	(1,096)	(2.0%)
846,603	**867,319**	(20,716)	(2.4%)	**Medi-Cal Total**	**5,189,831**	**5,268,372**	(78,541)	(1.5%)
18,599	**17,893**	**706**	**3.9%**	**OneCare**	**109,183**	**106,763**	**2,420**	**2.3%**
544	**549**	(5)	(0.9%)	**PACE**	**3,209**	**3,234**	(25)	(0.8%)
582	**558**	**24**	**4.3%**	**MSSP**	**3,395**	**3,348**	**47**	**1.4%**
865,746	**885,761**	(20,015)	(2.3%)	**CalOptima Health Total**	**5,302,223**	**5,378,369**	(76,146)	(1.4%)
				Enrollment (by Network)				
335,435	341,092	(5,657)	(1.7%)	HMO	2,058,887	2,085,203	(26,316)	(1.3%)
158,922	161,200	(2,278)	(1.4%)	PHC	975,023	981,878	(6,855)	(0.7%)
74,954	66,634	8,320	12.5%	Shared Risk Group	415,207	403,600	11,607	2.9%
277,292	298,393	(21,101)	(7.1%)	Fee for Service	1,740,714	1,797,691	(56,977)	(3.2%)
846,603	**867,319**	(20,716)	(2.4%)	**Medi-Cal Total**	**5,189,831**	**5,268,372**	(78,541)	(1.5%)
18,599	**17,893**	**706**	**3.9%**	**OneCare**	**109,183**	**106,763**	**2,420**	**2.3%**
544	**549**	(5)	(0.9%)	**PACE**	**3,209**	**3,234**	(25)	(0.8%)
582	**558**	**24**	**4.3%**	**MSSP**	**3,395**	**3,348**	**47**	**1.4%**
865,746	**885,761**	(20,015)	(2.3%)	**CalOptima Health Total**	**5,302,223**	**5,378,369**	(76,146)	(1.4%)

Note:* Total membership does not include MSSP

CalOptima Health
Enrollment Trend by Network
Fiscal Year 2026

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	YTD Actual	YTD Budget	Variance
HMOs															
Adult	67,587	67,579	68,311	68,508	68,160	66,645							406,790	404,945	1,845
Child	73,203	72,978	72,855	72,899	72,345	70,973							435,253	459,828	(24,575)
Expansion	182,912	181,318	182,080	181,632	179,847	175,204							1,082,993	1,091,629	(8,636)
LTC	3	12	(1)			1							15	6	9
SPD	20,739	20,738	20,896	20,798	20,700	21,213							125,084	120,219	4,865
Whole Child Model	1,508	1,526	1,499	1,371	1,449	1,399							8,752	8,576	176
Total	345,952	344,151	345,640	345,208	342,501	335,435							2,058,887	2,085,203	(26,316)
PHCs															
Adult	3,936	3,870	3,761	3,668	3,632	3,526							22,393	22,805	(412)
Child	129,804	128,525	127,408	126,859	126,480	124,703							763,779	764,973	(1,194)
Expansion	21,807	21,373	20,988	20,479	20,259	20,012							124,918	130,152	(5,234)
SPD	4,775	4,791	4,754	4,517	4,510	4,699							28,046	27,630	416
Whole Child Model	6,119	5,909	5,992	5,913	5,972	5,982							35,887	36,318	(431)
Total	166,441	164,468	162,903	161,436	160,853	158,922							975,023	981,878	(6,855)
Shared Risk Groups															
Adult	11,382	11,126	10,872	10,652	13,363	13,277							70,672	68,154	2,518
Child	18,444	18,179	17,845	17,764	21,036	20,822							114,090	107,391	6,699
Expansion	34,473	33,658	33,030	32,525	37,053	36,360							207,099	207,027	72
LTC		1				1							2		2
SPD	3,418	3,327	3,355	3,268	4,042	4,109							21,519	18,771	2,748
Whole Child Model	226	252	301	265	396	385							1,825	2,257	(432)
Total	67,943	66,543	65,403	64,474	75,890	74,954							415,207	403,600	11,607
Fee for Service (Dual)															
Adult	876	859	867	846	861	758							5,067	6,747	(1,680)
Child		1											1		1
Expansion	3,187	3,126	3,065	3,171	3,382	2,453							18,384	29,298	(10,914)
LTC	2,311	2,446	2,667	2,763	2,833	2,793							15,813	13,353	2,460
SPD	107,827	107,645	108,097	108,113	108,327	108,940							648,949	622,220	26,729
Whole Child Model	15	26	15	13	23	11							103	85	18
Total	114,216	114,103	114,711	114,906	115,426	114,955							688,317	671,703	16,614
Fee for Service (Non-Dual - Total)															
Adult	44,785	43,246	41,276	39,488	38,439	37,065							244,299	268,775	(24,476)
Child	35,975	34,671	34,330	33,798	30,558	30,303							199,635	219,379	(19,744)
Expansion	93,242	89,170	85,738	83,769	79,512	79,262							510,693	530,951	(20,258)
LTC	286	305	350	340	359	326							1,966	1,712	254
SPD	15,643	15,501	14,961	14,481	13,920	14,407							88,913	97,853	(8,940)
Whole Child Model	1,296	1,252	1,231	1,155	983	974							6,891	7,318	(427)
Total	191,227	184,145	177,886	173,031	163,771	162,337							1,052,397	1,125,988	(73,591)
Grand Totals															
Total MediCal MM	**885,779**	**873,410**	**866,543**	**859,055**	**858,441**	**846,603**							**5,189,831**	**5,268,372**	(78,541)
OneCare	**17,971**	**17,873**	**18,242**	**18,211**	**18,287**	**18,599**							**109,183**	**106,763**	**2,420**
PACE	**528**	**529**	**529**	**536**	**543**	**544**							**3,209**	**3,234**	(25)
MSSP	**553**	**551**	**556**	**571**	**582**	**582**							**3,395**	**3,348**	**47**
Grand Total	**904,278**	**891,812**	**885,314**	**877,802**	**877,271**	**865,746**							**5,302,223**	**5,378,369**	(76,146)

Note:* Total membership does not include MSSP

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ENROLLMENT– DECEMBER MONTH:

Overall, December enrollment was 865,746

- Unfavorable to budget 20,015 or 2.3%
- Decreased 11,525 or 1.3% from Prior Month (PM) (November 2025)
- Decreased 51,923 or 5.7% from Prior Year (PY) (December 2024)

Medi-Cal enrollment was 846,603

- Unfavorable to budget 20,716 or 2.4% due to higher than anticipated disenrollment
- Medi-Cal Expansion (MCE) enrollment unfavorable to budget 10,411
- Child (CHD) enrollment unfavorable to budget 10,242
- Adult (FAM) enrollment unfavorable to budget 5,329
- Whole Child Model (WCM) enrollment unfavorable to budget 315
- Seniors and Persons with Disabilities (SPD) enrollment favorable to budget 4,971
- Long-Term Care (LTC) enrollment favorable to budget 610
- Decreased 11,838 or 1.4% from PM

OneCare enrollment was 18,599

- Favorable to budget 706 or 3.9%
- Increased 312 or 1.7% from PM

PACE enrollment was 544

- Unfavorable to budget 5 or 0.9%
- Increased 1 or 0.2% from PM

MSSP enrollment was 582

- Favorable to budget 24 or 4.3%
- No change from PM

CalOptima Health
Medi-Cal
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
846,603	**867,319**	(20,716)	(2.4%)	**Member Months**	**5,189,831**	**5,268,372**	(78,541)	(1.5%)
				Revenues				
338,557,758	347,257,591	(8,699,833)	(2.5%)	Capitation Revenue	2,266,643,270	2,112,923,879	153,719,391	7.3%
338,557,758	**347,257,591**	(8,699,833)	(2.5%)	**Total Operating Revenue**	**2,266,643,270**	**2,112,923,879**	**153,719,391**	**7.3%**
				Medical Expenses				
115,579,435	110,894,466	(4,684,969)	(4.2%)	Provider Capitation	683,165,036	676,531,253	(6,633,783)	(1.0%)
68,795,935	67,650,015	(1,145,920)	(1.7%)	Facilities Claims	414,663,668	401,592,331	(13,071,337)	(3.3%)
68,598,581	76,536,730	7,938,149	10.4%	Professional Claims	426,893,948	450,880,997	23,987,049	5.3%
45,975,927	50,740,692	4,764,765	9.4%	MLTSS	272,331,897	299,262,922	26,931,025	9.0%
(11,639,846)	9,405,855	21,045,701	223.8%	Incentive Payments	14,950,760	57,057,703	42,106,943	73.8%
8,641,928	11,233,762	2,591,834	23.1%	Medical Management	52,017,226	66,322,242	14,305,016	21.6%
1,861,578	1,812,420	(49,158)	(2.7%)	Other Medical Expenses	232,397,971	11,029,849	(221,368,122)	(2007.0%)
297,813,538	**328,273,940**	**30,460,402**	**9.3%**	**Total Medical Expenses**	**2,096,420,505**	**1,962,677,297**	(133,743,208)	(6.8%)
40,744,219	**18,983,651**	**21,760,568**	**114.6%**	**Gross Margin**	**170,222,765**	**150,246,582**	**19,976,183**	**13.3%**
				Administrative Expenses				
11,945,362	12,594,587	649,226	5.2%	Salaries, Wages & Employee Benefits	69,640,494	73,971,702	4,331,208	5.9%
1,252,554	1,390,566	138,012	9.9%	Professional Fees	6,321,003	8,259,838	1,938,835	23.5%
830,988	2,160,431	1,329,442	61.5%	Purchased Services	10,012,656	13,182,951	3,170,295	24.0%
436,162	478,060	41,898	8.8%	Printing & Postage	2,255,146	2,882,360	627,214	21.8%
1,070,650	947,712	(122,938)	(13.0%)	Depreciation & Amortization	5,385,217	5,686,272	301,055	5.3%
3,343,496	4,309,937	966,441	22.4%	Other Operating Expenses	17,837,116	25,874,902	8,037,786	31.1%
(1,542,723)	(741,376)	801,347	108.1%	Indirect Cost Allocation, Occupancy	(4,191,576)	(4,448,256)	(256,680)	(5.8%)
17,336,489	**21,139,916**	**3,803,428**	**18.0%**	**Total Administrative Expenses**	**107,260,056**	**125,409,769**	**18,149,713**	**14.5%**
23,407,730	(2,156,265)	**25,563,996**	**1185.6%**	**Income (Loss) From Operations**	**62,962,709**	**24,836,813**	**38,125,896**	**153.5%**
				Non-Operating Income (Loss)				
(11,124,120)	-	(11,124,120)	0.0%	Community Reinvestment	(3,622,868)	-	(3,622,868)	(100.0%)
(10,384)	-	(10,384)	0.0%	Other Income /Expense	(5,628,531)	-	(5,628,531)	(100.0%)
(11,134,504)	-	(11,134,504)	(100.0%)	**Total Non-Operating Income/(Loss)**	(9,251,398)	-	(9,251,398)	(100.0%)
12,273,226	(2,156,265)	**14,429,492**	**669.2%**	**Change in Net Assets**	**53,711,310**	**24,836,813**	**28,874,498**	**116.3%**
88.0%	***94.5%***	(6.6%)		***Medical Loss Ratio***	***92.5%***	***92.9%***	(0.4%)	
5.1%	***6.1%***	***1.0%***		***Admin Loss Ratio***	***4.7%***	***5.9%***	***1.2%***	

MEDI-CAL INCOME STATEMENT– DECEMBER MONTH:

REVENUES are $338.6 million, unfavorable to budget $8.7 million:

- Unfavorable volume variance of $8.3 million
- Unfavorable price related variance of $0.4 million

MEDICAL EXPENSES are $297.8 million, favorable to budget $30.5 million:

- Favorable volume variance of $7.8 million
- Favorable price related variance of $22.6 million:
  - Incentive Payments expense favorable variance of $20.8 million due primarily to release of Measurement Year (MY) 2025 Applied Behavior Analysis (ABA) and Non-ABA Pay-For-Value (P4V) accrual
  - Professional Claims expense favorable variance of $6.1 million due to lower utilization
  - Managed Long-Term Services and Supports (MLTSS) expense favorable variance of $3.6 million
  - Medical Management expense favorable variance of $2.3 million
  - Offset by:
    - Provider Capitation expense unfavorable variance of $7.3 million
    - Facilities Claims expense unfavorable variance of $2.8 million

ADMINISTRATIVE EXPENSES are $17.3 million, favorable to budget $3.8 million:

- Non-Salary expense favorable to budget $3.2 million
- Salaries, Wages & Employee Benefits expense favorable to budget $0.6 million

NON-OPERATING EXPENSES are ($11.1) million, unfavorable to budget $11.1 million due to CY 2024 and CY 2025 Community Reinvestment estimates

CHANGE IN NET ASSETS is $12.3 million, favorable to budget $14.4 million

CalOptima Health
OneCare
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
18,599	**17,893**	**706**	**3.9%**	**Member Months**	**109,183**	**106,763**	**2,420**	**2.3%**
				Revenues				
26,892,536	27,233,135	(340,599)	(1.3%)	Medicare Part C	155,433,987	165,133,646	(9,699,659)	(5.9%)
10,202,263	9,570,101	632,162	(6.6%)	Medicare Part D	63,142,292	57,356,612	5,785,680	(10.1%)
37,094,798	**36,803,236**	**291,562**	**0.8%**	**Total Operating Revenue**	**218,576,278**	**222,490,258**	(3,913,980)	(1.8%)
				Medical Expenses				
14,164,227	15,871,484	1,707,257	10.8%	Provider Capitation	87,220,492	96,212,764	8,992,272	9.3%
5,917,482	5,277,683	(639,799)	(12.1%)	Facilities Claims	29,454,935	30,705,727	1,250,792	4.1%
1,759,345	2,045,276	285,931	14.0%	Professional Claims	13,068,171	12,010,125	(1,058,046)	(8.8%)
10,289,292	10,900,517	611,225	5.6%	Prescription Drugs	61,779,105	63,168,987	1,389,882	2.2%
(379,835)	563,626	943,461	167.4%	Incentive Payments	1,623,701	3,643,594	2,019,893	55.4%
2,246,950	1,531,482	(715,468)	(46.7%)	Medical Management	7,272,044	9,031,348	1,759,304	19.5%
412,978	113,040	(299,938)	(265.3%)	Other Medical Expenses	3,160,568	674,489	(2,486,079)	(368.6%)
34,410,438	**36,303,108**	**1,892,670**	**5.2%**	**Total Medical Expenses**	**203,579,015**	**215,447,034**	**11,868,019**	**5.5%**
2,684,360	**500,128**	**2,184,232**	**436.7%**	**Gross Margin**	**14,997,263**	**7,043,224**	**7,954,039**	**112.9%**
				Administrative Expenses				
1,054,965	1,228,494	173,529	14.1%	Salaries, Wages & Employee Benefits	6,075,857	7,222,541	1,146,684	15.9%
69,231	115,466	46,235	40.0%	Professional Fees	565,644	701,796	136,152	19.4%
409,962	448,613	38,651	8.6%	Purchased Services	1,939,572	2,681,592	742,020	27.7%
98,705	131,817	33,112	25.1%	Printing & Postage	668,968	737,352	68,384	9.3%
236,834	114,703	(122,131)	(106.5%)	Other Operating Expenses	729,117	692,854	(36,263)	(5.2%)
1,818,039	1,198,167	(619,872)	(51.7%)	Indirect Cost Allocation, Occupancy	6,451,649	7,189,002	737,354	10.3%
3,687,736	**3,237,260**	(450,476)	(13.9%)	**Total Administrative Expenses**	**16,430,807**	**19,225,137**	**2,794,330**	**14.5%**
(1,003,375)	(2,737,132)	**1,733,757**	**63.3%**	**Change in Net Assets**	(1,433,544)	(12,181,913)	**10,748,369**	**88.2%**
92.8%	***98.6%***	(5.9%)		***Medical Loss Ratio***	***93.1%***	***96.8%***	(3.7%)	
9.9%	***8.8%***	(1.1%)		***Admin Loss Ratio***	***7.5%***	***8.6%***	***1.1%***	

ONECARE INCOME STATEMENT– DECEMBER MONTH:

REVENUES are $37.1 million, favorable to budget $0.3 million:

- Favorable volume related variance of $1.5 million
- Unfavorable price related variance of $1.2 million

MEDICAL EXPENSES are $34.4 million, favorable to budget $1.9 million:

- Unfavorable volume related variance of $1.4 million
- Favorable price related variance of $3.3 million
  - Provider Capitation expense favorable variance of $2.3 million
  - Prescription Drugs expense favorable variance of $1.0 million
  - Incentive Payments expense favorable variance of $1.0 million
  - Professional Claims expense favorable variance of $0.4 million
  - Offset by:
    - Medical Management expense unfavorable variance of $0.7 million
    - Facilities Claims expense unfavorable variance of $0.4 million
    - Other Medical Expenses unfavorable variance of $0.3 million

ADMINISTRATIVE EXPENSES are $3.7 million, unfavorable to budget $0.5 million

- Non-Salary expense unfavorable to budget $0.6 million
- Salaries, Wages & Employee Benefits expense favorable to budget $0.2 million

CHANGE IN NET ASSETS is ($1.0) million, favorable to budget $1.7 million

CalOptima Health
PACE
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
544	**549**	(5)	(0.9%)	**Member Months**	**3,209**	**3,234**	(25)	(0.8%)
				Revenues				
3,721,009	3,750,764	(29,755)	(0.8%)	Medi-Cal Capitation Revenue	21,954,643	22,094,664	(140,021)	(0.6%)
863,661	815,581	48,080	5.9%	Medicare Part C Revenue	5,083,540	4,909,322	174,218	3.5%
334,848	327,475	7,373	2.3%	Medicare Part D Revenue	2,199,319	1,947,130	252,189	13.0%
4,919,519	**4,893,820**	**25,699**	**0.5%**	**Total Operating Revenue**	**29,237,502**	**28,951,116**	**286,386**	**1.0%**
				Medical Expenses				
1,777,965	1,610,531	(167,434)	(10.4%)	Medical Management	8,817,776	9,499,792	682,016	7.2%
1,495,937	863,494	(632,443)	(73.2%)	Facilities Claims	6,520,008	4,966,278	(1,553,730)	(31.3%)
1,001,463	815,545	(185,918)	(22.8%)	Professional Claims	5,074,091	4,688,542	(385,549)	(8.2%)
550,789	748,993	198,204	26.5%	Prescription Drugs	3,508,703	4,307,562	798,859	18.5%
104,402	43,916	(60,486)	(137.7%)	MLTSS	327,260	232,406	(94,854)	(40.8%)
234,364	296,259	61,895	20.9%	Patient Transportation	1,746,844	1,684,269	(62,575)	(3.7%)
5,164,921	**4,378,738**	(786,182)	(18.0%)	**Total Medical Expenses**	**25,994,683**	**25,378,849**	(615,834)	(2.4%)
(245,402)	**515,082**	(760,484)	(147.6%)	**Gross Margin**	**3,242,820**	**3,572,267**	(329,447)	(9.2%)
				Administrative Expenses				
188,261	188,864	603	0.3%	Salaries, Wages & Employee Benefits	1,092,070	1,111,150	19,080	1.7%
13,727	13,941	214	1.5%	Professional Fees	59,686	83,438	23,752	28.5%
40,174	69,662	29,488	42.3%	Purchased Services	368,616	417,972	49,356	11.8%
51,828	21,787	(30,041)	(137.9%)	Printing & Postage	104,097	130,722	26,625	20.4%
882	1,622	740	45.6%	Depreciation & Amortization	5,313	9,732	4,419	45.4%
12,528	11,112	(1,416)	(12.7%)	Other Operating Expenses	64,076	66,880	2,804	4.2%
28,527	17,494	(11,033)	(63.1%)	Indirect Cost Allocation, Occupancy	102,109	104,964	2,855	2.7%
335,928	**324,482**	(11,446)	(3.5%)	**Total Administrative Expenses**	**1,795,968**	**1,924,858**	**128,890**	**6.7%**
(581,330)	**190,600**	(771,930)	(405.0%)	**Change in Net Assets**	**1,446,852**	**1,647,409**	(200,557)	(12.2%)
105.0%	***89.5%***	***15.5%***		***Medical Loss Ratio***	***88.9%***	***87.7%***	***1.2%***	
6.8%	***6.6%***	(0.2%)		***Admin Loss Ratio***	***6.1%***	***6.6%***	***0.5%***	

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CalOptima Health
MSSP
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
582	**558**	24	4.3%	**Member Months**	**3,395**	**3,348**	**47**	**1.4%**
				Revenues				
252,594	249,054	3,540	1.4%	Medi-Cal Capitation Revenue	1,501,828	1,494,324	7,504	0.5%
252,594	**249,054**	**3,540**	**1.4%**	**Total Operating Revenue**	**1,501,828**	**1,494,324**	**7,504**	**0.5%**
				Medical Expenses				
202,407	194,133	(8,274)	(4.3%)	Medical Management	1,193,280	1,164,798	(28,482)	(2.4%)
39,715	32,959	(6,756)	(20.5%)	Waiver Services	219,924	197,754	(22,170)	(11.2%)
242,122	**227,092**	(15,030)	(6.6%)	**Total Program Expenses**	**1,413,204**	**1,362,552**	(50,652)	(3.7%)
10,472	**21,962**	(11,490)	(52.3%)	**Gross Margin**	**88,624**	**131,772**	(43,148)	(32.7%)
				Administrative Expenses				
95,632	126,129	30,497	24.2%	Salaries, Wages & Employee Benefits	563,643	743,873	180,230	24.2%
1,457	1,500	43	2.9%	Professional Fees	8,742	9,000	258	2.9%
3	-	(3)	(100.0%)	Purchased Services	29	-	(29)	(100.0%)
11,841	8,520	(3,321)	(39.0%)	Other Operating Expenses	47,742	51,120	3,379	6.6%
12,574	7,583	(4,991)	(65.8%)	Indirect Cost Allocation, Occupancy	44,329	45,498	1,169	2.6%
121,507	**143,732**	**22,225**	**15.5%**	**Total Administrative Expenses**	**664,484**	**849,491**	**185,007**	**21.8%**
(111,035)	(121,770)	**10,735**	**8.8%**	**Change in Net Assets**	(575,860)	(717,719)	**141,859**	**19.8%**
95.9%	***91.2%***	***4.7%***		***Medical Loss Ratio***	***94.1%***	***91.2%***	***2.9%***	
48.1%	***57.7%***	***9.6%***		***Admin Loss Ratio***	***44.2%***	***56.8%***	***12.6%***	

CalOptima Health
Covered California
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
-	-	-	**0.0%**	**Member Months**	-	-	-	**0.0%**
				Revenues				
-	-	-	0.0%	Capitation Revenue	-	-	-	0.0%
-	-	-	**0.0%**	**Total Operating Revenue**	-	-	-	**0.0%**
				Medical Expenses				
-	44,984	44,984	100.0%	Medical Management	-	269,904	269,904	100.0%
-	**44,984**	**44,984**	**100.0%**	**Total Medical Expenses**	**-**	**269,904**	**269,904**	**100.0%**
-	(44,984)	**44,984**	(100.0%)	**Gross Margin**	**-**	(269,904)	**269,904**	(100.0%)
				Administrative Expenses				
70,997	379,742	308,745	81.3%	Salaries, Wages & Employee Benefits	400,845	1,831,863	1,431,018	78.1%
203,440	418,333	214,893	51.4%	Professional Fees	1,854,200	2,509,998	655,798	26.1%
-	52,000	52,000	100.0%	Purchased Services	-	312,000	312,000	100.0%
-	21	21	100.0%	Printing & Postage	-	126	126	100.0%
-	43,221	43,221	100.0%	Other Operating Expenses	-	259,326	259,326	100.0%
274,437	**893,317**	**618,880**	**69.3%**	**Total Administrative Expenses**	**2,255,045**	**4,913,313**	**2,658,268**	**54.1%**
(274,437)	(938,301)	**663,864**	**70.8%**	**Income (Loss) From Operations**	(2,255,045)	(5,183,217)	**2,928,172**	**56.5%**
(274,437)	(938,301)	**663,864**	**70.8%**	**Change in Net Assets**	(2,255,045)	(5,183,217)	**2,928,172**	**56.5%**
0.0%	***0.0%***	***0.0%***		***Medical Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	
0.0%	***0.0%***	***0.0%***		***Admin Loss Ratio***	***0.0%***	***0.0%***	***0.0%***	

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

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
87,291	29,708	(57,583)	(193.8%)	Purchased Services	408,490	178,248	(230,242)	(129.2%)
185,380	191,643	6,263	3.3%	Depreciation & Amortization	1,112,278	1,149,858	37,580	3.3%
23,371	25,124	1,753	7.0%	Insurance Expense	140,231	150,744	10,513	7.0%
183,258	219,809	36,551	16.6%	Repair & Maintenance	930,827	1,318,854	388,027	29.4%
46,962	59,093	12,131	20.5%	Other Operating Expenses	359,120	354,558	(4,562)	(1.3%)
(526,261)	(525,376)	885	0.2%	Indirect Cost Allocation, Occupancy	(2,950,946)	(3,152,256)	(201,310)	(6.4%)
-	**1**	**1**	**100.0%**	**Total Administrative Expenses**	**-**	**6**	**6**	**100.0%**
-	(1)	**1**	(100.0%)	**Change in Net Assets**	**-**	(6)	**6**	(100.0%)

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

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
130,875	118,206	12,669	10.7%	Rental Income	785,259	709,236	76,023	10.7%
130,875	**118,206**	**12,669**	**10.7%**	**Total Operating Revenue**	**785,259**	**709,236**	**76,023**	**10.7%**
				Administrative Expenses				
60,544	19,131	(41,413)	(216.5%)	Purchased Services	271,357	114,786	(156,571)	(136.4%)
58,871	75,663	16,792	22.2%	Depreciation & Amortization	354,056	453,978	99,922	22.0%
8,600	9,245	645	7.0%	Insurance Expense	51,597	55,470	3,873	7.0%
19,820	104,657	84,837	81.1%	Repair & Maintenance	222,231	627,942	405,711	64.6%
20,357	31,298	10,941	35.0%	Other Operating Expenses	145,739	187,788	42,049	22.4%
(17,812)	(25,416)	(7,604)	(29.9%)	Indirect Cost Allocation, Occupancy	(110,665)	(152,496)	(41,831)	(27.4%)
150,380	**214,578**	**64,198**	**29.9%**	**Total Administrative Expenses**	**934,315**	**1,287,468**	**353,153**	**27.4%**
(19,505)	(96,372)	**76,867**	**79.8%**	**Change in Net Assets**	(149,057)	(578,232)	**429,176**	**74.2%**

CalOptima Health
Building 7900 Garden Grove Blvd
Statement of Revenues and Expenses
For the Six Months Ending December 31, 2025

Month					Year to Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
				Revenues				
-	-	-	0.0%	Rental Income	-	-	-	0.0%
-	**-**	**-**	**0.0%**	**Total Operating Revenue**	**-**	**-**	**-**	**0.0%**
				Administrative Expenses				
35,087	3,333	(31,754)	(952.7%)	Purchased Services	204,867	19,998	(184,869)	(924.4%)
9,397	9,651	254	2.6%	Depreciation & Amortization	56,385	57,906	1,521	2.6%
4,740	-	(4,740)	(100.0%)	Insurance Expense	28,472	-	(28,472)	(100.0%)
1,498	28,533	27,035	94.8%	Repair & Maintenance	(288)	171,198	171,486	100.2%
691	720	29	4.0%	Other Operating Expenses	129	4,320	4,191	97.0%
51,413	**42,237**	(9,176)	(21.7%)	**Total Administrative Expenses**	**289,565**	**253,422**	(36,143)	(14.3%)
(51,413)	(42,237)	(9,176)	(21.7%)	**Change in Net Assets**	(289,565)	(253,422)	(36,143)	(14.3%)

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OTHER PROGRAM INCOME STATEMENTS – DECEMBER MONTH:

PACE

- **CHANGE IN NET ASSETS** is ($0.6) million, unfavorable to budget $0.8 million

MSSP

- **CHANGE IN NET ASSETS** is ($111,035), favorable to budget $10,735

Covered CA

- **CHANGE IN NET ASSETS** is ($0.3) million, favorable to budget $0.7 million

NON-OPERATING INCOME STATEMENTS – DECEMBER MONTH:

BUILDING 500 City Parkway

- **CHANGE IN NET ASSETS** is ($19,505), favorable to budget $76,867
  - Net of $130,875 in rental income and $150,380 in expenses

BUILDING 7900 Garden Grove Blvd

- **CHANGE IN NET ASSETS** is ($51,413), unfavorable to budget $9,176

GRANT EXPENSE

- Unfavorable variance of $15.1 million due to payment to the Coalition of Orange County Community Health Centers

COMMUNITY REINVESTMENT

- Unfavorable variance of $11.1 million compared to budget due to updated CY 2024 and 2025 estimates

INVESTMENT INCOME

- Favorable variance of $5.4 million compared to budget due primarily to interest income.

CalOptima Health
Balance Sheet
December 31, 2025

			December-25	November-25	$ Change	% Change
ASSETS						
	Current Assets					
		Operating Cash	699,888,081	309,864,105	390,023,975	125.9%
		Short-term Investments	1,455,148,549	1,581,140,299	(125,991,750)	(8.0%)
		Receivables - Other	26,047,615	18,292,747	7,754,868	42.4%
		Prepaid Expenses	21,516,068	19,236,682	2,279,386	11.8%
		Capitation Receivables	594,182,687	782,392,284	(188,209,597)	(24.1%)
		Total Current Assets	**2,796,782,999**	**2,710,926,116**	**85,856,883**	**3.2%**
		Total Capital Assets, Net	**111,754,918**	**109,962,563**	**1,792,355**	**1.6%**
		Restricted Deposit & Other	**300,000**	**300,000**	**-**	**0.0%**
	Board Designated Assets					
		Board Designated Reserves	1,623,582,266	1,617,935,704	5,646,562	0.3%
		Statutory Designated Reserves	135,762,594	135,413,954	348,640	0.3%
		Total Designated Assets	**1,759,344,859**	**1,753,349,658**	**5,995,201**	**0.3%**
TOTAL ASSETS			**4,668,182,777**	**4,574,538,338**	**93,644,439**	**2.0%**
	Deferred Outflows	GASB 68 - PERS - Contributions	94,666	94,666	-	0.0%
		GASB 68 - PERS - Difference in Experience	20,669,960	20,669,960	-	0.0%
		GASB 68 - PERS - Changes in Assumptions	4,311,207	4,311,207	-	0.0%
		GASB 68 - PERS - Difference in Earnings	2,361,239	2,361,239	-	0.0%
		GASB 75 - OPEB - Contributions	637,000	637,000	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	552,000	552,000	-	0.0%
		Advance Discretionary Payment			-	0.0%
TOTAL ASSETS & DEFERRED OUTFLOWS			**4,696,808,849**	**4,603,164,410**	**93,644,439**	**2.0%**
LIABILITIES						
	Current Liabilities	Accounts Payable	230,661,312	297,931,733	(67,270,421)	(22.6%)
		Accrued Payroll Liabilities	22,200,338	20,581,207	1,619,131	7.9%
		Deferred Revenue	8,114,473	8,114,473	-	0.0%
		Medical Claims Liabilities	1,256,727,990	1,116,318,433	140,409,557	12.6%
		Capitation and Withholds	115,299,999	117,489,070	(2,189,071)	(1.9%)
		Total Current Liabilities	**1,633,004,112**	**1,560,434,916**	**72,569,196**	**4.7%**
		GASB 96 Subscription Liabilities	24,446,899	23,372,197	1,074,703	4.6%
		Capital Lease Payable	221,504	225,548	(4,044)	(1.8%)
		Community Reinvestment, Capital Lease Payable	91,720,979	80,596,859	11,124,120	13.8%
		Employment Benefits Liability	17,354,991	17,366,149	(11,157)	(0.1%)
		Net Pension Liabilities	5,840,992	5,840,992	-	0.0%
		Bldg 505 Development Rights	-	-	-	0.0%
TOTAL LIABILITIES			**1,772,589,477**	**1,687,836,661**	**84,752,817**	**5.0%**
	Deferred Inflows					
		GASB 68 - PERS - Difference in Experience	1,321,519	1,321,519	-	0.0%
		GASB 68 - PERS - Changes in Assumptions	-	-	-	0.0%
		GASB 75 - OPEB - Changes in Assumptions	1,322,000	1,322,000	-	0.0%
		GASB 75 - OPEB - Difference in Experience	1,666,000	1,666,000	-	0.0%
	Required TNE		131,902,890	131,871,097	31,793	0.0%
	Funds in excess of TNE		2,788,006,963	2,779,147,133	8,859,830	0.3%
	Net Assets		2,919,909,853	2,911,018,230	8,891,623	0.3%
TOTAL LIABILITIES & DEFERRED INFLOWS & NET POSITION			**4,696,808,849**	**4,603,164,410**	**93,644,439**	**2.0%**

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BALANCE SHEET – DECEMBER MONTH:

ASSETS of $4.7 billion increased $93.6 million from November or 2.0%

- Operating Cash and Short-term Investments increased $264.0 million due to inflows of $251.0 million for the Managed Care Organization (MCO) tax revenue for August through November, CY 2024 Intergovernmental Transfer (IGT) of $175.4 million, offset by $125.6 million for MCO tax expense, $15.1 million paid to the Coalition of Orange County Community Health Centers and Reinsurance payments of $9.2 million
- Capitation Receivables decreased $188.2 million due primarily to MCO tax revenue received for August through November
- Receivables – Other increased $7.8 million
- Total Designated Assets increased $6.0 million due to interest income
- Prepaid Expenses increased $2.3 million
- Total Capital Assets increased $1.8 million due to routine depreciation expense

LIABILITIES of $1.8 billion increased $84.8 million from November or 5.0%

- Medical Claims Liabilities increased $140.4 million due primarily to CY 2024 IGT of $175.4 million and variability in claims experience
- Community Reinvestment increased $11.1 million due to updated CY 2024 estimates and the current month accrual
- Accounts Payable decreased $67.3 million due to timing of MCO tax accruals

NET ASSETS of $2.9 billion, increased $8.9 million from November or 0.3%

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

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	811,629,873				
MetLife Tier One	811,952,393				
Board Designated Reserves	1,623,582,266	1,090,142,862	1,744,228,579	533,439,404	(120,646,313)
Current Reserve Level (X months of average monthly revenue) [1]	*3.72*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,985,173				
MetLife Tier Two	67,777,421				
Statutory Designated Reserves	135,762,594	131,902,890	145,093,179	3,859,704	(9,330,585)
Current Reserve Level (X min. TNE) [1]	*1.03*	*1.00*	*1.10*		

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

CalOptima Health
Statement of Cash Flow
December 31, 2025

	December 2025	July - December 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	8,891,623	119,326,151
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation & Amortization	1,325,181	6,913,248
Changes in assets and liabilities:		
Prepaid expenses and other	(2,279,386)	(10,333,006)
Capitation receivable	180,454,729	128,881,433
Medical claims liability	140,409,557	208,990,651
Deferred revenue	-	(13,940,090)
Payable to health networks	(2,189,071)	(38,693,366)
Accounts payable	(67,270,421)	(3,325,195)
Accrued payroll	1,607,974	(7,539,458)
Other accrued liabilities	12,194,778	11,208,519
Net cash provided by/(used in) operating activities	273,144,963	401,488,887
GASB 68, GASB 75 and Advance Discretionary Payment Adjustments	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Asset transfer from Foundation	-	-
Net cash provided by (used in) in capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments	125,991,750	(114,221,948)
Change in Property and Equipment	(3,117,536)	(20,045,462)
Change in Restricted Deposit & Other	-	-
Change in Board Designated Reserve	(5,995,201)	(42,537,351)
Change in Homeless Health Reserve	-	-
Net cash provided by/(used in) investing activities	116,879,012	(176,804,761)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	390,023,975	224,684,125
CASH AND CASH EQUIVALENTS, beginning of period	309,864,105	475,203,955
CASH AND CASH EQUIVALENTS, end of period	**699,888,081**	**699,888,081**

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CalOptima Health
Spending Plan
For the Six Months Ending December 31, 2025

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 12/31/2025	**$2,919.9**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,623.6**			**55.6%**
Statutory Designated Reserve[1]	**$135.8**			**4.6%**
Capital Assets, net of Depreciation	**$111.8**			**3.8%**
Resources Allocated[3]				
Homeless Health Initiative[2]	$17.2	$65.8	$48.6	0.6%
Housing and Homelessness Incentive Program[2]	24.7	87.4	62.7	0.8%
Intergovernmental Transfers (IGT)[4]	39.1	52.1	13.0	1.3%
Digital Transformation and Workplace Modernization[3]	22.0	100.0	78.0	0.8%
CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
CalFresh and Redetermination Outreach Strategy	1.8	6.0	4.2	0.1%
Coalition of Orange County Community Health Centers Grant	10.7	50.0	39.3	0.4%
Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
General Awareness Campaign	0.3	4.7	4.4	0.0%
Member Health Needs Assessment	0.6	1.3	0.7	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	114.1	153.5	39.4	3.9%
Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.3%
In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.5	5.0	2.5	0.1%
Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.3	2.7	1.4	0.0%
CalOptima Health Provider Workforce Development Fund Grant	41.4	50.0	8.6	1.4%
Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
Garden Grove Bldg. Improvement	16.7	17.5	0.9	0.6%
CalOptima Health Community Reinvestment Program	19.0	19.0	0.0	0.7%
Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
Outreach Strategy for newly eligible Adult Expansion members	1.1	6.8	5.8	0.0%
Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.0	1.0	1.0	0.0%
Medi-Cal Provider Rate Increases	210.5	526.2	315.7	7.2%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.2	0.3	0.1	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	19.8	0.0	0.7%
Supplemental Food Support due to Gov't shutdown	0.9	8.0	7.1	0.0%
Orange County Community Health Assessment and Improvement Plan	1.0	1.0	0.0	0.0%
Subtotal:	**$559.9**	**$1,229.1**	**$669.1**	**19.2%**
Resources Available for New Initiatives				
Unallocated/Unassigned[1]	**$488.9**			**16.7%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 194 days of CalOptima Health's current operations.

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

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

[4] On June 5, 2025, the Board of Directors approved the close out of Board-approved initiatives and transfer of remaining funds back to unallocated reserves.

CalOptima Health
Key Financial Indicators
As of December 31, 2025

Income Statement

Item Name	December 2025				July -December 2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Member Months	865,746	885,761	(20,015)	(2.3%)	5,302,223	5,378,369	(76,146)	(1.4%)
Operating Revenue	380,824,669	389,203,701	(8,379,032)	(2.2%)	2,515,958,878	2,365,859,577	150,099,301	6.3%
Medical Expenses	337,631,019	369,227,862	31,596,843	8.6%	2,327,407,408	2,205,135,636	(122,271,772)	(5.5%)
General and Administrative Expense	21,756,097	25,738,707	3,982,611	15.5%	128,406,360	152,322,568	23,916,208	15.7%
Non-Operating Income/(Loss)	(12,545,930)	8,194,731	(20,740,662)	(253.1%)	59,181,041	49,168,381	10,012,660	20.4%
Summary of Income & Expenses	8,891,623	2,431,863	6,459,760	265.6%	119,326,151	57,569,754	61,756,397	107.3%

Ratios

Medical Loss Ratio (MLR)	Actual	Budget	Variance		Actual	Budget	Variance	
Consolidated	88.7%	94.9%	(6.2%)		92.5%	93.2%	(0.7%)	

Administrative Loss Ratio (ALR)	Actual	Budget	Variance		Actual	Budget	Variance	
Consolidated	5.7%	6.6%	0.9%		5.1%	6.4%	1.3%	

Key:

> 0%	
> -20%, < 0%	
< -20%	

Investment

Investment Balance (excluding CCE)	Current Month	Prior Month	Change	%
@12/31/2025	3,178,432,320	3,305,818,257	(127,385,937)	(3.9%)

Unallocated/Unassigned Reserve Balance	Current Month @ December 2025	Fiscal Year Ending June 2025	Change	%
Consolidated	488,903,988	264,975,684	223,928,304	84.5%
*Days Cash On Hand**	194			

*Total Designated Reserves and unallocated reserve amount can support approximately 194 days of CalOptima Health's current operations.

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

	December 2025				July - December 2025				All Time to Date			
	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %	Actual Spend	Approved Budget	Variance $	Variance %
Capital Assets (Cost, Information Only):												
Total Capital Assets	**106,012**	**436,423**	**330,411**	**75.7%**	**3,516,052**	**1,502,468**	**(2,013,584)**	**-134.0%**	**19,127,004**	**28,272,584**	**9,145,580**	**32.3%**
Operating Expenses:												
Salaries, Wages & Benefits	-	-	-	0.0%	-	-	-	0.0%	17,826,058	17,826,058	-	0.0%
Professional Fees	480,000	250,000	(230,000)	-92.0%	1,365,643	1,500,000	134,357	9.0%	8,166,454	8,300,811	134,357	1.6%
Purchased Services	(22,848)	-	22,848	0.0%	(141,754)	-	141,754	0.0%	1,190,915	1,332,669	141,754	10.6%
GASB 96 Amortization Expenses	-	-	-	0.0%	-	-	-	0.0%	2,563,169	2,563,169	-	0.0%
Other Expenses	468,893	182,292	(286,601)	-157.2%	2,838,301	1,093,752	(1,744,549)	-159.5%	23,934,042	22,189,493	(1,744,549)	-7.9%
Medical Management	-	-	-	0.0%	-	-	-	0.0%	5,502,156	5,502,156	-	0.0%
Total Operating Expenses	**926,045**	**432,292**	**(493,753)**	**-114.2%**	**4,062,190**	**2,593,752**	**(1,468,438)**	**-56.6%**	**59,182,796**	**57,714,358**	**(1,468,438)**	**-2.5%**

Funding Balance Tracking: July 2025	**Approved Budget**	**Actual Spend**	**Variance**
Beginning Funding Balance	100,000,000	100,000,000	-
Less:			
Capital Assets[1]	38,931,116	19,127,004	19,804,112
FY2023 Operating Budget[2]	8,381,011	8,381,011	-
FY2024 Operating Budget	22,788,092	22,788,092	-
FY2025 Operating Budget	24,289,000	23,951,502	337,498
FY2026 Operating Budget	5,187,500	4,062,190	1,125,310
Ending Funding Balance	**423,281**	**21,690,201**	**21,266,920**
Add: Prior year unspent Operating Budget	**337,498**		
Total available Funding	**760,779**		

[1] Staff will continue to monitor the project status of DTS' Capital Assets
[2] Unspent budget from this period is added back to available DTS funding
[3] On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

Note: Report includes applicable transactions for GASB 96, Subscriptions - Based Information Technology Arrangements.

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

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	64,033,726	64,033,726	48,646,416	15,387,310	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**105,933,726**	**105,933,726**	**48,646,416**	**57,287,310**	**-**

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)	2,500,000	-	2,500,000	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	925,540	37,721	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	4,841,921	5,046,993	IGT's
Vaccination Intervention and Member Incentive Strategy[2]	54,649	54,649	-	IGT's
Street Medicine[1]	14,279,077	9,443,988	4,835,089	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[3]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**105,933,726**	**48,646,416**	**57,287,310**	
Transfer of funds to HHIP[3]	(40,100,000)	-	(40,100,000)	
Program Total	**65,833,726**	**48,646,416**	**17,187,310**	

[1]On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program - $3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board of of Director action, to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[2]On June 5, 2025 the Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

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

CalOptima Health
Summary of Housing and Homelessness Incentive Program (HHIP) and Allocated Funds
As of December 31, 2025

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	32,995,535	39,935,654	-
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,707,625	24,676,905	-
Street Medicine Support Center - GGG Building	7,000,000	7,000,000	-	-	-
Total	**160,315,719**	**160,315,719**	**95,703,160**	**64,612,559**	-

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	890,400	509,600	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,871,311	3,721,311	1,150,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,765,644	66,670	HHI
Capital Projects	123,497,564	74,146,735	49,350,829	HHI, DHCS & Existing Reserves
System Change Projects	21,814,530	8,323,680	13,490,850	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**$160,315,719[1]**	**$95,703,160**	**$64,612,559**	
***Transfer of funds to Street Medicine Support Center-GG Building**	**($7,000,000)**	**$0**	**($7,000,000)**	
Program Total	**$153,315,719**	**$95,703,160**	**$57,612,559**	

[1]Total funding $160.3 million: $40.1 million Board-approved reallocation from HHI, $47.2 million from CalOptima Health existing reserves and $73.0 million from DHCS HHIP incentive pements

*On October 7, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for Street Medicine Support Center 7900 Garden Grove Blvd, Garden Grove, CA.

CalOptima Health
Fiscal Year 2025-26 Budget Allocation Changes
Reporting Changes as of December 31, 2025

Transfer Month	Line of Business	From	To	Amount	Reason to Re-Allocate Funds
July	Medi-Cal	Human Resources - Training & Seminar - New: 7 Habits of Highly Effective People	Human Resources - Cert./Cont. Education - Educational Reimbursement	$90,000	For Educational Reimbursement
July	Medi-Cal	Human Resources - Professional Fees - Executive Recruiters, Direct Hire & Conversion Fees	Human Resources - Advertising - Combined: Recruitment & Job Postings Network	$90,000	For LinkedIn Advertising
July	Medi-Cal	IS - Infrastructure - Maintenance HW/SW - Oracle Software License	IS - Infrastructure - Maintenance HW/SW - Server - HP Server Maintenance	$28,150	For HP Maintenance Coverage
July	Medi-Cal	IS - Application Development - Prof Fees - Development and QA Professional Services	IS - Application Development - Purch Svcs - General - Managed Services for Website Support	$120,250	For American Eagle maintenance support
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Oracle Software License	ITS - Infrastructure - Other Operating Expenses - Server - VMWare	$140,238	For VMWare
August	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Palo Alto Firewall	ITS - Infrastructure - Professional Fees - IT Advisory Subscription	$162,890	For Professional Services
August	Medi-Cal	ITS - Application Development - Automation Application for the Board and Committee Material Preparation	ITS - Application Development - Policies and Regulation Compliance Identification - Readily Compliance Project	$65,000	For Readily Compliance Project
September	Medi-Cal	ITS - Infrastructure - Maintenance HW/SW Network Connectivity Maintenance and Support	ITS - Infrastructure - Maintenance HW/SW Maintenance of Operations and Desktop Application Software and Hardware	$52,420	For Right Fax.
September	Medi-Cal	Customer Service - Member Communication	Human Resources - Consulting / Professional Fees	$70,000	For leadership development
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Network - Solar Winds	$34,415	For On-Premise and cloud database monitoring maintenance
October	Medi-Cal	ITS - Infrastructure - Other Operating Expense - Microsoft Enterprise License Agreement (EA)	ITS - Applications Management - GASB 96 - Interest - Dell	$41,558	For Microsoft Enterprise License Agreement Renewal
October	Medi-Cal	ITS - Applications Management - GASB 96 - Interest - Dell	ITS - Applications Management - Other Operating Expenses - Flexera	$41,558	For increase against original contract
October	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Applications Management - Other Operating Expenses - TeamDynamix	$26,780	For TeamDynamix Solutions
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft Enterprise License Agreement (EA)	ITS - Infrastructure - Other Operating Expenses - Network - Palo Alto Firewall	$73,100	For CalOptima Health Sites for Palo Alto
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Microsoft True-Up	ITS - Infrastructure - Other Operating Expenses - Cohesity	$249,999	For Fortknox and Data Protection
November	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - DNS	ITS - Infrastructure - Other Operating Expenses - Cohesity	$29,472	For Fortknox and Data Protection
December	Medi-Cal	ITS - Infrastructure - Other Operating Expenses - Network Firewall Upgrade & Enhancement	ITS - Infrastructure - Other Operating Expenses - ZeOmega UAT 3	$15,000	For Capital Software ZeOmega
December	OneCare	Operations Management - Professional Fees - OneCare Consulting Services	ITS - Applications Management - Other Operating Expenses - USHUR	$18,000	For Application Development for Ushur
December	OneCare	Communications - Purchased Services - Printing Advertising & Outdoor Advertising	Communications - Printing and Postage - Direct mail to prospective members	$75,000	For OneCare Direct Mail
December	Medi-Cal	ITS - Applications Management - Other Operating Expenses - Corporate Application SW	ITS - Applications Management - Other Operating Expenses - Grammarly	$54,800	For Grammarly
December	Medi-Cal	Accounting - Professional Fees - Investment Advisory Services	Accounting - Professional Fees - OPEB Valuation	$15,000	For Actuarial Services

This report summarizes budget transfers between general ledger classes that are greater than $10,000 and less than $250,000.
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.

Board of Directors Meeting
February 5, 2026

Monthly Compliance Report

The purpose of this report is to provide compliance updates to CalOptima Health's Board of Directors including, but not limited to, updates on internal and health network monitoring and audits conducted by CalOptima Health's Delegation Oversight and Internal Audit departments, regulatory audits, privacy updates, fraud, waste, and abuse (FWA) updates, and any notices of non-compliance or enforcement action issued by regulators.

A. UPDATES ON REGULATORY AUDITS

1. Medicare

a. Calendar Year (CY) 2019 Part C Risk Adjustment Data Validation (RADV) Audit (CON19 RADV) *(applicable to OneCare)*

Update

- No New Updates since the last report.

Previously Reported

- June 12, 2025 - CMS notified CalOptima Health its OneCare contract (H5433) had been selected for a Payment Year (PY) 2019 Contract-Level Risk Adjustment Data Validation (CON19 RADV) audit.
- CMS will be conducting a medical record review to validate the accuracy of a subset of PY 2019 risk adjustment data and payments associated with encounters with dates of service from January 1, 2018, through December 31, 2018.
- Medical record submission window extended to November 10, 2025. Previous due date September 15, 2025.
- Medical records have been reviewed, validated and submitted to Centers for Medicare & Medicaid (CMS). Awaiting review from CMS and next steps.

Background

- The PY 2019 RADV audit will focus on risk adjusted payments made to Medicare Advantage Organizations (MAO) for the 2019 coverage year that CMS believes may be at higher risk for overpayments.

b. Annual Compliance Program Effectiveness (CPE) Audit (*applicable to OneCare)*

Update

- November 10, 2025 – Final Audit Report issued. There were no observations or findings noted. Nothing further is required.

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Previously Reported

- Kick off meeting conducted 8/6/25.
- Audit Webinar Week 10/6/25 – 10/10/25.
- October 1, 2025 – Cases selected by the auditor for presentation of the process flow for management of specific compliance issues (tracers) presentation and associated attachments were submitted to the auditor.
- October 24, 2025 – Draft Audit Report received. There was one observation noted, and no findings.
- November 3, 2025 – Comments to the draft audit report including a rebuttal to the observation were submitted to the auditor.
- Final audit report due by November 10, 2025.

Background

- CalOptima Health is required to conduct an independent audit on the effectiveness of its Compliance program on an annual basis, and to share the results with the governing body.
- CalOptima Health engaged an independent consultant to conduct the audit to ensure that its Compliance Program is administering the elements of an effective compliance program as outlines in the CMS Medicare Part C and D Program Audit Protocols.
- The audit will start in early August, 2025 and continue through November, 2025.
- The audit review period will be from 2/3/25 through 8/1/25.

c. Calendar Year (CY) 2024 Centers for Medicare & Medicaid (CMS) Financial Audit *(applicable to PACE (Program of All-inclusive Care for the Elderly))*

Update

- 30-day and 60-day audit deliverables submitted timely.
- Fraud, Waste and Abuse (FWA) interviews were conducted that focused on FWA oversight, prevention and detection.
- December 3, 2025 - Prescription Drug Event (PDE) samples received. Documentation supporting 282 samples has been requested across the following categories: PDE Random, Transfers, Medicare Secondary Payer (MSP), PDE Non-Standard, New Enrollee and Point of Sale (POS) Drug Pricing. Below are the internal deadlines:
  - PDE Sample Documentation – 1/7/26
  - Prescriptions that are requested to support the PDE samples - 1/23/26

Previously Reported

- 9/24/25 - Contract selection received.
- 9/30/25 – Certified Public Accounting (CPA) firm selected by CMS.
- 10/1/25 – Document Request List received from CPA firm to begin the audit process.
- 10/2/25 – Audit workplan and documents request distributed to impacted departments.
- 10/25/25 – Entrance conference with CPA firm to kick-off the audit.
- 30-day audit deliverables are currently being reviewed for submission. Due to the auditor by November 7, 2025. 60-day audit deliverables are due by December 1, 2025.

Background

- At least one-third of Medicare Advantage Organizations (MAOs) are selected for the annual audit of financial records, which will include data relating to Medicare utilization, costs, and computation of the bid. CMS will audit and inspect any books and

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records of the MAO that pertain to 1) the ability of the organization to bear the risk of potential financial losses, or 2) services performed or determinations of amounts payable under the contract. The Pharmacy Benefit Management (PBM) company will also be required to provide CMS with all requested supporting documentation for this audit.

- CMS contracted with Myers and Stauffer to conduct the audit. Myers and Stauffer will act in the capacity of CMS agents and request records and supporting documentation for, but not limited to, the following items:
  - Claims data
  - Solvency
  - Enrollment
  - Base year entries on the bids
  - Medical and/or drug expenses
  - Related party transactions
  - General administrative expenses
  - Direct and Indirect Remuneration (DIR)

d. 2026 Medicare Part C and Part D Data Validation Audit (MDVA) *(applicable to OneCare)*

Update

- CalOptima Health has contracted with an independent consulting firm to conduct its annual MDVA audit.
- The consulting firm has started training sessions to prepare the plan for the upcoming 2026 MDVA audit season.
- December 3, 2025 – Regulatory Affairs & Compliance (RAC), requested the collection of the universes.
- The regulatory submission deadlines are February 2, 2026 and February 23, 2026.

Background

- Centers for Medicare & Medicaid (CMS) requires Medicare Advantage Organizations (MAOs) to contract with an independent consulting firm annually to conduct an independent review to validate data reported to CMS by CalOptima Health per the Medicare Part C and Part D Reporting Requirements.

e. 2026 Centers for Medicare & Medicaid (CMS) Readiness Checklist *(applicable to OneCare)*

Update

- Regulatory Affairs & Compliance (RAC) Medicare is leading the 2026 Readiness Checklist activities with all applicable departments to ensure compliance for requirements impacting their respective operational area(s).
- The validation audit activities are expected to conclude by the end of January 2026.

Background

- The 2026 CMS Readiness Checklist summarizes a subset of key operational requirements solely for the purpose of providing a tool to be used in preparation for the upcoming year. It does not supersede requirements established in statutes or regulations as they related to Medicare Advantage Organizations (MAOs), Prescription Drug Plans

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(PDPs), 1876 Cost Plans and PACE. CMS recommends that organizations review this checklist and take necessary steps to fulfill requirements for Calendar Year (CY) 2026.

2. Medi-Cal

a. 2026 Department of Health Care Services (DHCS) Annual Routine Medical Audit

- November 11, 2025 – DHCS engaged CalOptima Health in its annual, routine medical audit.
  - Key Information:
    - Frequency: Annual, Routine Audit
    - Impacted Program: Medi-Cal
    - Look-back period: 1/1/25 – 12/31/25 (universes requested are for 1/1/25 – 10/31/25)
    - DHCS to host onsite Entrance Conference: 2/9/26
    - Audit Interviews: 2/9/26-2/20/26 (week 1: DHCS onsite; week 2: DHCS conduct virtually)
    - Pre-Audit Deliverables due: 1/5/26
      - **Pre-audit deliverables were submitted to DHCS on 12/29/25; one week ahead of the due date.**
    - Health Network Selected to Participate: Optum (UM-related requests only)
  - This year's audit is considered a **full-scope audit**. As such, the audit will be an evaluation of CalOptima Health's compliance with its contract and regulations across six (6) categories:
    - Category 1 - Utilization Management (UM)
    - Category 2 - Case Management and Coordination of Care
    - Category 3 - Access and Availability
    - Category 4 – Member Rights
    - Category 5 – Quality Improvement
    - Category 6 – Administrative and Organizational Capacity
  - **New Areas** to be audited under Categories 2 and 6 include:
    - Category 2
      - Community Supports
      - Pregnant and Postpartum Members
    - Category 6
      - Compliance Program
      - Provider Screening, Enrolling, Credentialing, and Recredentialing
      - Obligations Regarding Suspended, Excluded, and Ineligible Providers
      - Federal False Claims Act Compliance and Support
  - Onsite and virtual interviews will be conducted with CalOptima Health staff, including Medical Director, Director of Quality Management, Director of Utilization Management, Member Services Manager, Provider Relations Manager, Health Education Coordinator, Grievance Coordinator, and other staff as necessary.
  - The audit will involve a review of pre-onsite documents, staff interviews and medical record review.
- The Regulatory Affairs & Compliance team will remain the primary liaison and resource lead, responding to DHCS requests and continuing to support a successful audit.

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

***Update*:**

- **Audit Closed.**
- On November 19, 2025, DHCS communicated its 2025 audit corrective action plan (CAP) closeout notice, indicating that no further action is required.

Previously reported

- 10/1/25: **DHCS has accepted 2 of the 4 Final Corrective Action Plans (CAPs)**.
- The status of the remaining 2 open CAPs is as follows:
  - 1 CAP is Partially Accepted: DHCS requested additional information that was submitted on 10/1/25.
  - 1 CAP is under DHCS review: No additional information has been requested, and no outstanding deliverables are due.
- **At this time, no additional deliverables are due to DHCS.**

Audit Details and Background – previously reported

- 8/1/25: Final CAP updates & deliverables submitted to DHCS
- 6/26/25: CalOptima Health submitted its timely CAP response to DHCS.
  - DHCS accepted 1 of the 4 CAPs; 3 CAPs remained open until additional information and future deliverables were provided.
- The DHCS Routine Medical Audit consisted of DHCS's review of both the Primary (aka "Main Contract") and Secondary contracts (aka "State Supported Services"). The report findings are as follows:
  - **Primary/Main Contract**
    - **4 Findings** across 3 audit categories.

Category #	Audit Area	# of Findings
1	Utilization Management	1
2	Case Management and Coordination of Care	2
3	Network and Access to Care	0
4	Member's Rights	0
5	Quality Management	0
6	Administrative and Organizational Capacity	1

  - **Secondary Contract - State Supported Services (SSS)**
    - **No Findings**

- October 23, 2024 – DHCS engaged CalOptima Health in its annual, routine medical audit.
  - The audit consisted of an evaluation of CalOptima Health's compliance with its contract and regulations in six (6) categories:
    - Utilization Management (UM)
    - Case management and coordination of care
      - New area audited in this category:
        - Enhanced Care Management (ECM)
    - Availability and accessibility

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- Member's rights
- Quality management
- Administrative and organizational capacity
  - New area audited in this category:
    - Encounters

- New areas audited
  - Enhanced Care Management (ECM)
  - Encounters
- The audit was considered a limited-scope audit and required the participation of two (2) CalOptima Health Networks: Children's Hospital of Orange County Health Alliance (CHOC) and Optum for UM only
- Onsite interviews were conducted with CalOptima Health staff, including Medical Director, Director of Quality Management, Director of Utilization Management, Member Services Manager, Provider Relations Manager, Health Education Coordinator, Grievance Coordinator, and other staff as necessary.
- The audit involved a review of pre-onsite documents, staff interviews and medical record review.

➢ January 27, 2025 through January 29, 2025 – DHCS conducted the onsite visit with an Entrance Conference and conducted staff interviews throughout the rest of the onsite visit.

➢ 5/27/25: DHCS finalized its draft report and CalOptima Health received its formal CAP Request from DHCS.
- The report was consistent with the draft report with four findings.

B. REGULATORY NOTICES OF NON-COMPLIANCE

➢ CalOptima Health did not receive any notices of non-compliance from its regulators for the months of November and December 2025.

C. UPDATES ON HEALTH NETWORK MONITORING AND AUDITS

➢ Delegation Oversight Annual Audit
- AltaMed Health Network, Incorporated, AltaMed Health Services, Corporation, & Altura MSO – Lookback period September 1, 2024, to August 31, 2025. (Annual Audit webinar week November 10 – November 13, 2025)

➢ MSO Readiness Change Audit, Part 2
- Family Choice Medical Group, Family Choice Health Services, Family Choice Management Services, & Altura MSO – Lookback period March 1, 2025, to August 31, 2025 (Readiness Change Audit webinar week November 10 – November 13, 2025)

D. INTERNAL AUDIT DEPARTMENT (IAD)

a. Internal Annual Audits in Process

➢ 2025 Claims Administration (Medi-Cal)
➢ 2025 Claims Administration (OneCare)
➢ 2025 Utilization Management (Medi-Cal)
➢ 2025 Utilization Management (OneCare)

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- 2025 Grievance and Appeals (OneCare)
- 2025 Grievance and Appeals (Medi-Cal)
- 2025 Credentialing (Medi-Cal & OneCare)

b. Ad Hoc Internal Audits in Process

- CalAIM Community Supports Housing Transition Navigation Services

c. Internal Annual & Ad Hoc Audits Completed

- 2025 Pharmacy ODAG Part B (OneCare)

d. Board-Approved Grants Review

Grants currently under review include:

- Coalition of Orange County Community Health Centers, Medication Assisted Treatment (MAT) Connect
- 2022 CalAIM Enhanced Care Management (ECM) Incentive Payment Program (IPP) Payment Grants
- 2023 Enhanced Care Management (ECM) Academy Cohort 2 Grants

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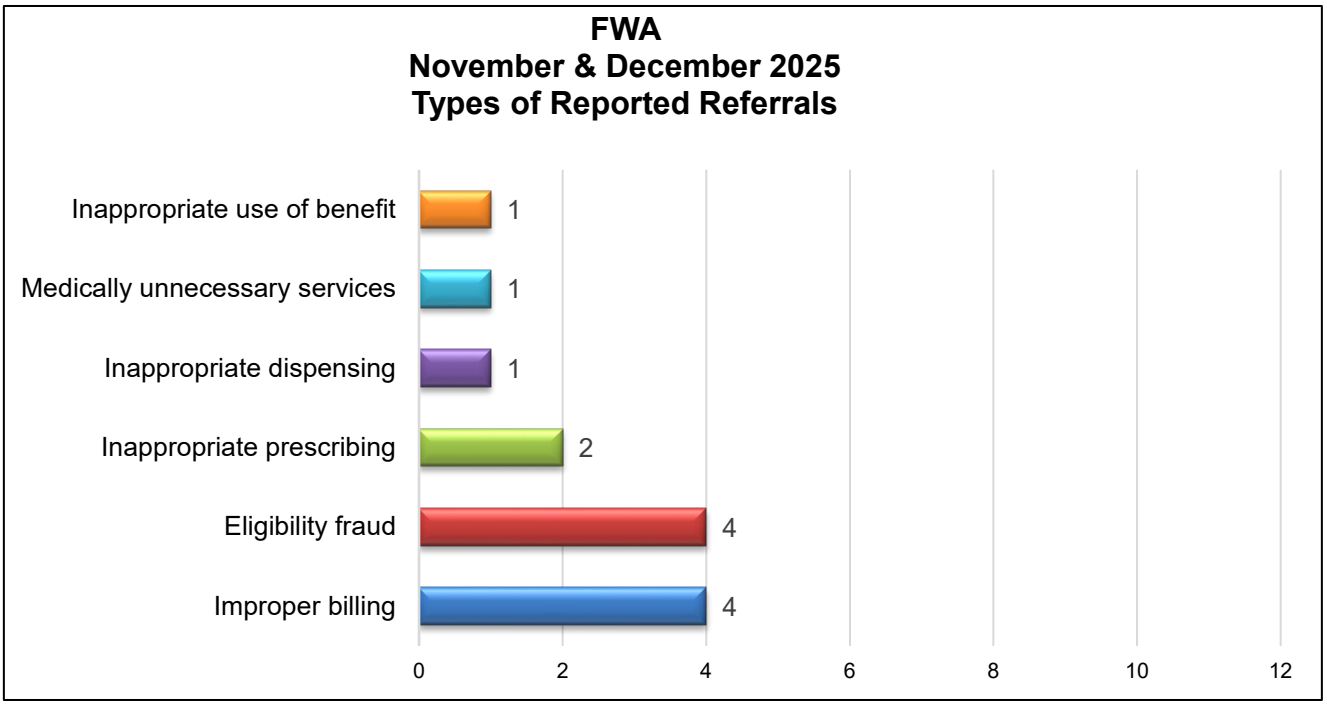
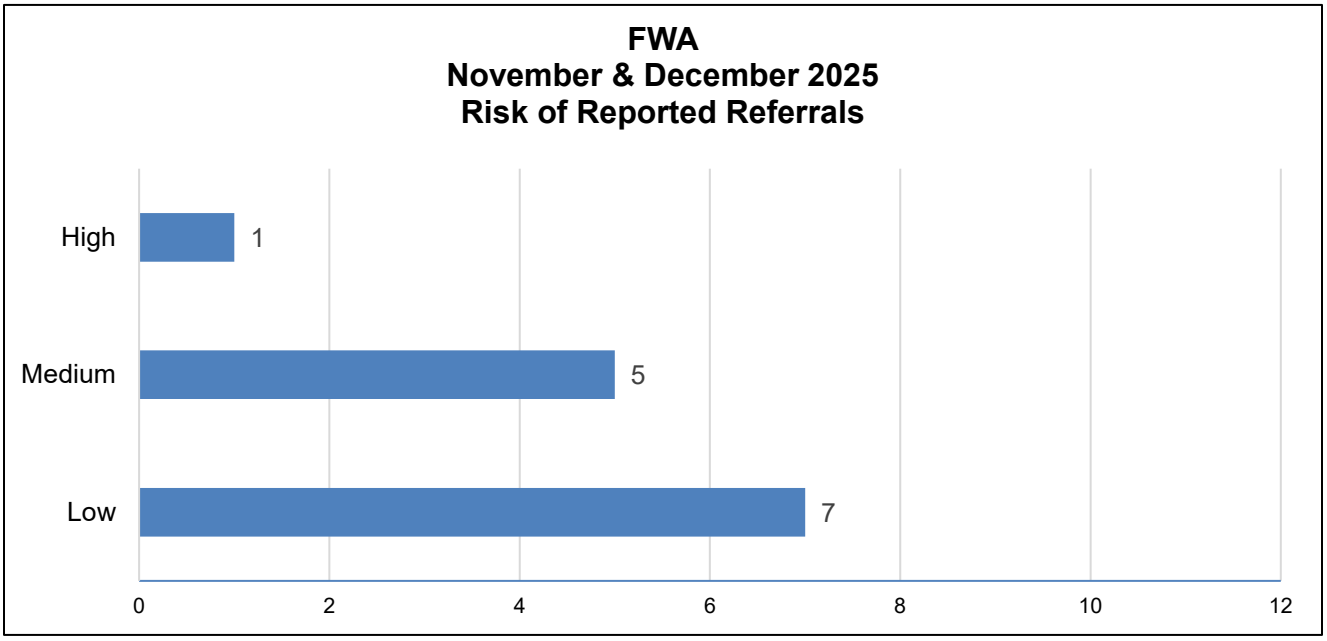
E. FRAUD, WASTE & ABUSE (FWA) INVESTIGATIONS





Total Number of New Cases Referred to DHCS (State)	13
Total Number of New Cases Referred to DHCS and CMS	7
Total Number of Referrals Reported	**13**

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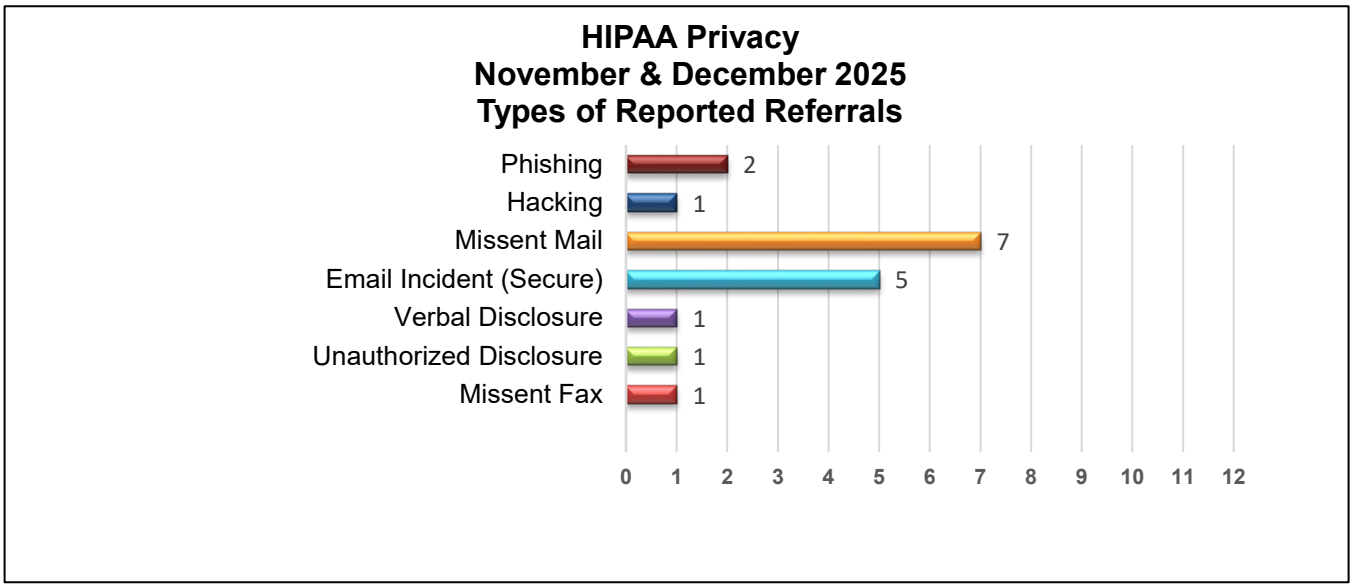
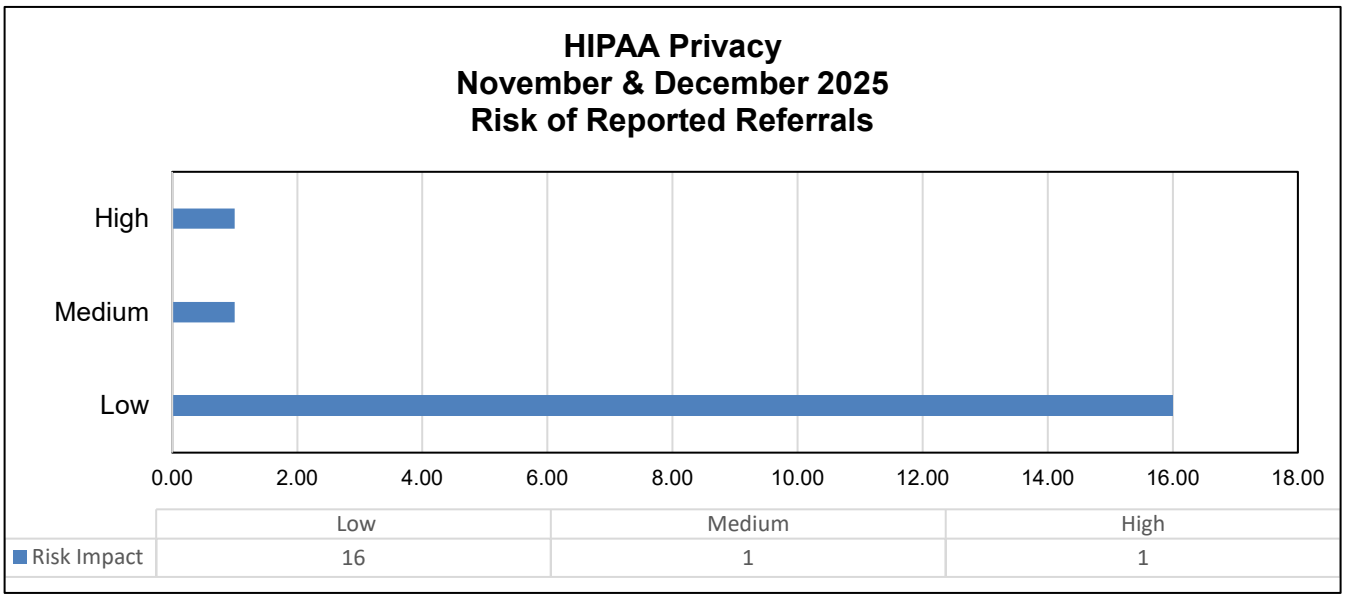
F. PRIVACY UPDATE





Total Number of Referrals Reported to DHCS (State)	18
Total Number of Referrals / Breaches Reported to DHCS and Office for Civil Rights (OCR)	0

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CALOPTIMA HEALTH - STATE LEGISLATIVE REPORT
January 27, 2026

General Update

The Legislature returned to Sacramento on Monday, January 5, marking the start of the final year of the two-year legislative session. Senator Monique Limón was formally sworn in as President pro Tempore of the Senate, becoming the first Latina, the first woman of color, and the first mother to hold the post. As part of her leadership transition, she established two new standing committees—the Senate Committee on Emergency Management, and the Senate Committee on Privacy, Digital Technologies, and Consumer Protection, the former chaired by Senator Henry Stern-D (Los Angeles) and the latter chaired by Senator Christopher Cabaldon-D (Davis). These committees signal a deliberate consolidation of influence over policy areas expected to drive some of the session's most consequential debates.

Senate leadership and "plum" committee assignments and transition dates have also been announced. While Limón's leadership and budget teams took the helm right away, most committee leadership will formally changeover on February 1. Key chair appointments include: Senator John Laird (D-Santa Cruz) for Budget; Senator Caroline Menjivar-D (San Fernando Valley) for Budget Subcommittee on Health; Senator Sabrina Cervantes-D (Riverside) for Appropriations; and Senator Akilah Weber Pearson-D (San Diego) for Health.

The legislature is also moving through a series of early-session deadlines, including the January 16 cutoff for two-year bills to advance out of policy committees; the January 23 Legislative Counsel submission deadline for new bill language; and the January 31 house-of-origin deadline for two-year bills.

Budget Update

Governor Newsom was required to present his proposed budget by January 10; however, for the first time during his tenure, the Governor did not personally deliver the budget and instead delegated the presentation to the Department of Finance. However, he delivered his final State of the State address to the Legislature the day prior.

The administration released a $350 billion spending plan characterized as a "workload budget," intentionally deferring many programmatic and fiscal details until the May Revision. The Governor's budget projects a relatively modest $2.9 billion shortfall, sharply contrasting with the Legislative Analyst's Office (LAO) estimate of an $18 billion gap.

The LAO issued a critical assessment (HERE), arguing: 1) the administration's revenue assumptions are overly optimistic; 2) there is a serious risk to revenues because of an anticipated stock market adjustment; 3) multi-year deficits are now structural which require more than a one-time fix; and 4) the Governor's budget does not materially address these serious concerns. While there is broad agreement that the state faces significant and growing structural budget challenges in the out-years—somewhere in the range of $20-$35 billion—the budget presentation notably avoided any discussion of revenue enhancements or the politically popular Billionaire's Tax, reflecting the Governor's continued opposition.

Legislative movement has been limited thus far, with initial Senate and Assembly hearings held last week and more detailed health care subcommittee informational hearings scheduled this week. A major concern within the Health and Human Services budget is the administration's assumption of a second federal approval of the Managed Care Organization (MCO) tax. The Administration's budget assumes approval of the MCO Tax through December 2026, despite widespread expectations that it will expire on June 30, 2026. This can potentially create an additional funding gap estimated between $2.5 billion and $6 billion.

Key Legislation Updates

PACE Transparency Bill – CalPACE is sponsoring legislation to require greater transparency in DHCS's rate-setting process. Assemblymember José Solache-D (Paramount) has agreed to author the bill. The proposal would require DHCS to apply standardized principles specific to the high cost of drugs within the PACE program and to improve communication with plans of service (POS) regarding the data used in rate development.

The measure would not reverse last year's budget decision to set PACE rates at the midpoint of the actuarial range starting on January 1, 2027, an approach some stakeholders had hoped to revisit; the author determined that strategy was not viable. While the bill is expected to advance through the Legislature, securing the Governor's approval may prove challenging, as it would impose additional accountability requirements on his administration.

CalOptima Health Governance Bill – The County of Orange, as part of their overall legislative package, is pursuing two bills that would change the governance of CalOptima Health. The first is the staggering of terms for CalOptima Health Board members so there is not a wholesale turnover of the Board. The second is to allow the alternate member of the CalOptima Health Board to have access to closed session and confidential materials. The County's lobbyists have indicated that Assemblymember Avelino Valencia-D (Anaheim) has agreed to author a single bill dealing with both issues.

Initiative & Proposition Update

Election Rigging Response Act (Proposition 50) – Approved by 64.4% of voters on November 4, 2025, Proposition 50's future now depends on whether the U.S. Supreme Court agrees to hear a pending appeal. Under the measure, Legislature-drawn congressional maps will govern U.S. House elections in 2026, 2028, and 2030, after which redistricting authority is scheduled to revert to the California Citizens Redistricting Commission. A federal legal challenge to the Proposition 50 maps was rejected in a 2–1 decision on January 14, 2026, with the court dismissing claims advanced by the California Republican Party and the U.S. Department of Justice. That ruling has since been appealed to the U.S. Supreme Court.

Repeal of Proposition 50 Maps – This proposed initiative would amend the state constitution to restore congressional district maps in place prior to Proposition 50. On January 12, 2026, the California Attorney General issued the official title and summary, triggering the 180-day period for signature collection to qualify the measure for the November 5, 2026, general election ballot.

2026 Billionaire Tax Act – This proposed initiative would impose a one-time 5% tax on the net worth of individuals with assets exceeding $1 billion, generating an estimated $100 billion in revenue. 90% of the proceeds would be dedicated to Medi-Cal and other public health services facing significant funding reductions, with the remaining 10% allocated to public education and state food assistance programs.

The California Attorney General issued the official title and summary on December 26, 2025, clearing the measure to begin signature collection for potential placement on the November 5, 2026, general election ballot. Proponents must gather approximately one million signatures by June 23, 2026, to qualify. The initiative is being led by SEIU–United Healthcare Workers West (SEIU-UHW) in partnership with St. John's Community Health in Los Angeles.

2025–26 Legislative Tracking Matrix

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Behavioral Health			
SB 483 Stern	**Mental Health Diversion:** Would require that a court be satisfied that a recommended mental health treatment program is consistent with the underlying purpose of mental health diversion and meets the specialized treatment needs of the defendant. ***Potential CalOptima Health Impact*:** Increased oversight of behavioral health treatment for members.	**07/16/2025** Passed Assembly Public Safety Committee; referred to Assembly Appropriations Committee **06/04/2025** Passed Senate floor	CalOptima Health: Watch
SB 490 Umberg	**Alcohol and Drug Programs:** Would implement specific timelines for DHCS to investigate unlicensed treatment facilities (i.e., sober living homes) that were unlawfully advertising or providing services. ***Potential CalOptima Health Impact*:** Increased oversight of treatment facilities that serve CalOptima Health members.	**01/05/2026** Introduced	CalOptima Health: Watch
SB 626 Smallwood-Cuevas	**Maternal Mental Health Screenings and Treatment:** Would require a licensed health care practitioner who provides perinatal care for a patient to screen, diagnose and treat the patient for a maternal mental health condition. ***Potential CalOptima Health Impact:*** Increased access to behavioral health services for eligible members.	**07/15/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **06/02/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Oppose
SB 812 Allen	**Qualified Youth Drop-In Center Health Care Coverage:** Would require a health plan to provide coverage for mental health and substance use disorders at a qualified youth drop-in center, defined as a center providing behavioral or primary health and wellness services to youth 12 to 25 years of age with the capacity to provide services before and after school hours and that has been designated by or embedded with a local educational agency or institution of higher education. ***Potential CalOptima Health Impact*:** Increased access to behavioral health services for CalOptima Health Medi-Cal youth members.	**07/16/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/28/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Concerns

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 37 Elhawary	**Behavioral Health Workforce:** Would require the California Workforce Development Board to study how to expand the workforce of mental health service providers providing services to homeless persons. ***Potential CalOptima Health Impact*:** Increased access to behavioral health services for members experiencing homelessness.	**03/13/2025** Referred to Assembly Labor and Employment Committee	CalOptima Health: Watch
AB 348 Krell	**Full-Service Partnership:** Establishes presumptive eligibility for Full-Service Partnership programs contingent upon meeting criteria and receiving recommendation for enrollment by a licensed behavioral health clinician. ***Potential CalOptima Health Impact*:** Increased continuity of care for members with serious mental illness.	**10/13/2025** Signed into law	CalOptima Health: Watch
AB 384 Connolly	**Inpatient Prior Admission Authorization:** Would prohibit a health plan from requiring prior authorization for admission to medically necessary 24-hour care in inpatient settings, including general acute care hospitals and psychiatric hospitals, for mental health and substance use disorders (SUDs) as well as for any medically necessary services provided to a beneficiary while admitted for that care. ***Potential CalOptima Health Impact*:** Modified utilization management (UM) procedures for covered Medi-Cal benefits.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
AB 423 Davies	**Disclosures for Alcoholism, Drug Abuse Recovery or Treatment Programs and Facilities:** Would mandate a business-operated recovery residence to register its location with the California Department of Health Care Services (DHCS). ***Potential CalOptima Health Impact*:** Increased oversight for members who have received SUD treatment.	**02/18/2025** Referred to Assembly Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 618 Krell	**Behavioral Health Data Sharing:** Would require each Medi-Cal managed care plan (MCP), county specialty mental health plan (MHP) and Drug Medi-Cal program to electronically share data for its members to support coordination of behavioral health services. Would also require DHCS to determine minimum data elements and the frequency and format of data sharing through a stakeholder process and guidance, with final guidance to be published by January 1, 2027. ***Potential CalOptima Health Impact*:** Increased coordination between Medi-Cal delivery systems regarding behavioral health services.	**07/07/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **06/03/2025** Passed Assembly floor	**05/07/2025** CalOptima Health: SUPPORT LHPC: Sponsor
AB 877 Dixon	**Nonmedical SUD Treatment:** Would require DHCS and the California Department of Managed Health Care (DMHC) to send a letter to the chief financial officer of every health plan (including a Medi-Cal MCP) that provides SUD coverage in residential facilities. The letter must inform the plan that SUD treatment in licensed or unlicensed facilities is almost exclusively nonmedical, with rare exceptions, including for billing purposes. These provisions would be repealed on January 1, 2027. ***Potential CalOptima Health Impact*:** Enhanced transparency and clarity around nonmedical treatment provided for SUDs.	**03/03/2025** Referred to Assembly Health Committee	CalOptima Health: Watch
AB 951 Ta	**Autism Diagnosis:** Prohibits a health plan from requiring an enrollee previously diagnosed with pervasive developmental disorder or autism to receive a diagnosis to maintain coverage for behavioral health treatment for their condition. ***Potential CalOptima Health Impact*:** Increased access to care for specific behavioral health treatments.	**07/30/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Budget			
H.R. 1 Arrington (TX)	**One Big Beautiful Bill Act:** Makes substantial changes to Medicaid program funding and policies, including but not limited to the following: • Work, community service and/or education requirement of 80 hours per month for able-bodied adults without dependents (with exceptions for pregnant women, foster youth, medically frail, caregivers and others), effective December 31, 2026, or no later than December 31, 2028 • Increased frequency of eligibility redeterminations for Medicaid Expansion (MCE) enrollees from annually to every six months, effective December 31, 2026 • Emergency Medicaid services provided to all undocumented beneficiaries subject to the traditional Federal Medical Assistance Percentage (FMAP) — 50% in California — regardless of the FMAP for which those would otherwise be eligible, effective October 1, 2026 Cost-sharing for MCE enrollees with incomes of 100–138% Federal Poverty Level (FPL), not to exceed $35 per service and 5% of total income, and not to be applied to primary, prenatal, pediatric, or emergency care, effective October 1, 2028 • Prohibition on any new or increased provider taxes, effective immediately • Significant restrictions on current Managed Care Organization (MCO) taxes, which could effectively repeal California's MCO tax that was recently made permanent by Proposition 35 (2024), with a potential winddown period of up to three fiscal years (FYs) ***Potential CalOptima Health Impact*:** Reduced funding to CalOptima Health and contracted providers; decreased number of members; increased administrative costs; implementation of co-pay systems; increased financial and administrative burdens for some existing members; decreased health care utilization by some existing members; reduced benefits for some existing members. A separate overview is also enclosed.	**07/04/2025** Signed into law	**05/20/2025** CalOptima Health: OPPOSE

Bill Number Author	Bill Summary	Bill Status	Position/Notes
H.R. 7148 Cole (OK)	**Consolidated Appropriations Act, 2026:** Would provide FY 2026 appropriations for several federal departments and agencies, including the U.S. Department of Health and Human Services, as well as extend several expiring health care programs and increase health care oversight. Specifically, the bill would strengthen compliance among pharmacy benefit managers (PBMs), extend Medicare telehealth flexibilities through December 31, 2027, extend the hospital-at-home waiver for five years, and delay Medicaid disproportionate share hospital (DSH) cuts until FY 2028. ***Potential CalOptima Health Impact:*** Continued access to Medicare telehealth flexibilities for dual-eligible CalOptima Health members and delayed cuts to certain contracted hospitals.	**01/22/2026** Passed House floor; referred to Senate floor	CalOptima Health: Watch
SB 101 Wiener **AB 102** Gabriel	**Budget Act of 2025:** Makes appropriations for the government of the State of California for FY 2025–26. Total spending is $321 billion, of which $228.4 billion is from the General Fund. ***Potential CalOptima Health Impact:*** An overview of the FY 2025–26 Enacted State Budget is enclosed.	**06/30/2025** Signed into law	CalOptima Health: Watch
AB 100 Gabriel	**Budget Acts of 2023 and 2024:** Increases Medi-Cal's current FY 2024–25 General Fund appropriation by $2.8 billion and federal funds appropriation by $8.25 billion in order to solve a deficiency in the Medi-Cal budget. ***Potential CalOptima Health Impact:*** Continued funding for current Medi-Cal rates and initiatives through June 30, 2025.	**04/14/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 116 Committee on Budget	**Health Omnibus Trailer Bill:** Consolidates and enacts certain budget trailer bill language containing policy changes needed to implement health-related budget expenditures. Provisions related to the Medi-Cal program include but are not limited to the following: • Enrollment freeze for undocumented individuals 19 years or older, effective no sooner than January 1, 2026, with exceptions for pregnant individuals • Implementation of $30 monthly premiums for undocumented individuals ages 19-59, effective no sooner than July 1, 2027 • Reinstatement of the asset limit at $130,000 for individuals, adding $65,000 for each additional household member, capping at 10 members, effective January 1, 2026 • Enacts PACE provider sanctions, effective immediately ***Potential CalOptima Health Impact:*** An overview of the FY 2025–26 Enacted State Budget is enclosed.	**06/30/2025** Signed into law	CalOptima Health: Watch
California Advancing and Innovating Medi-Cal (CalAIM)			
SB 324 Menjivar	**Enhanced Care Management (ECM) and Community Supports Contracting:** Would require a Medi-Cal MCP to give preference to contracting with community providers that demonstrate capability of providing access and meeting quality requirements when covering the ECM benefit and/or Community Supports. In addition, would require DHCS to develop standardized templates to be used by MCPs. Would also require DHCS to develop guidance to allow community providers to subcontract with other community providers. ***Potential CalOptima Health Impact*:** Increased collaboration with community providers and standardized contracts.	**07/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/27/2025** Passed Senate floor	CalOptima Health: Watch CAHP: Watch LHPC: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 543 Gonzalez	**Street Medicine:** Authorizes a Medi-Cal MCP to elect to offer Medi-Cal covered services through a street medicine provider. MCPs that elect to do so would be required to allow a Medi-Cal beneficiary who is experiencing homelessness to receive those services directly from a contracted street medicine provider, regardless of the beneficiary's network assignment. Additionally, requires the MCP to allow a contracted street medicine provider enrolled in Medi-Cal to directly refer the beneficiary for covered services within the appropriate network and share that information with the relevant county for inclusion in CalSAWS. ***Potential CalOptima Health Impact*:** Continued access to street medicine services for members experiencing homelessness.	**10/06/2025** Signed into law	CalOptima Health: Watch CAHP: Watch
Covered Benefits			
SB 40 Wiener	**Insulin Coverage:** Prohibits a health plan, effective January 1, 2026 (or a policy offered in the individual or small group market, effective January 1, 2027), from imposing a copayment or other cost sharing of more than $35 for a 30-day supply of an insulin prescription drug or imposing a deductible, coinsurance, or any other cost sharing on an insulin prescription drug. Additionally, requires a health plan to cover all types of insulin without step therapy on and after January 1, 2026. ***Potential CalOptima Health Impact:*** Decreased out-of-pocket costs for future members enrolled in Covered California line of business; new UM procedures.	**10/13/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose
SB 62 Menjivar **AB 224** Bonta	**Essential Health Benefits (EHBs):** Expresses the intent of the Legislature to review California's EHB benchmark plan and establish a new benchmark plan for the 2027 plan year. Additionally, upon approval from the United States Department of Health and Human Services and by January 1, 2027, requires the new benchmark plan include certain additional benefits, including coverage for fertility services, hearing aids and exams, and durable medical equipment. ***Potential CalOptima Health Impact:*** New covered benefits for future members enrolled in Covered California line of business.	**10/13/2025** SB 62 signed into law **10/13/2025** AB 224 signed into law	CalOptima Health: Watch CAHP: Concerns

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 535 Richardson **AB 575** Arambula	**Obesity Care Access Act:** Would require an individual or group health care plan that provides coverage for outpatient prescription drug benefits to cover at least one specified anti-obesity medication and bariatric surgery for the treatment of obesity. ***Potential CalOptima Health Impact:*** Expanded covered benefits for future members enrolled in Covered California line of business.	**07/15/2025** SB 535 passed Assembly Health Committee; referred to Assembly Appropriations Committee **05/28/2025** SB 535 passed Senate floor **02/24/2025** AB 575 referred to Assembly Health Committee	CalOptima Health: Watch CAHP: Oppose
AB 242 Boerner	**Genetic Disease Screening:** Would expand statewide newborn screenings to include Duchenne muscular dystrophy by January 1, 2027. ***Potential CalOptima Health Impact:*** Expanded covered benefits for members.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 298 Bonta	**Cost-Sharing Under Age 21:** Effective January 1, 2026, would prohibit a health plan from imposing a deductible, coinsurance, copayment, or other cost-sharing requirement for in-network health care services provided to an individual under 21 years of age, with certain exceptions for high deductible health plans that are combined with a health savings account. ***Potential CalOptima Health Impact:*** Increased costs for CalOptima Health; decreased costs for future members enrolled in Covered California line of business under 21 years of age.	**02/10/2025** Referred to Assembly Health Committee	CalOptima Health: Watch
AB 350 Bonta	**Fluoride Treatments:** Would require a health plan to provide coverage for fluoride varnish in the primary care setting for children under 21 years of age by January 1, 2026. ***Potential CalOptima Health Impact:*** New covered benefit for pediatric members.	**08/29/2025** Passed Senate Appropriations Committee; referred to Senate floor **07/02/2025** Passed Senate Health Committee **06/02/2025** Passed Assembly floor	CalOptima Health: Watch CAHP: Oppose

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 432 Bauer-Kahan	**Menopause:** Would have required a health plan that covers outpatient prescription drugs to provide coverage for evaluation and treatment options for symptoms of perimenopause and menopause. Would also have required a health plan to annually provide clinical care recommendations for hormone therapy to all contracted primary care providers who treat individuals with perimenopause and menopause. ***Potential CalOptima Health Impact:*** New covered benefits for members; increased communications to providers.	**10/13/2025** Vetoed	CalOptima Health: Watch CAHP: Oppose
AB 636 Ortega	**Diapers:** Would add diapers as a covered Medi-Cal benefit for the following individuals, contingent upon an appropriation by the Legislature: • Children greater than three years of age diagnosed with a condition that contributes to incontinence • Other individuals under 21 years of age to address a condition pursuant to Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) standards ***Potential CalOptima Health Impact:*** New covered benefit for pediatric members.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
Medi-Cal Eligibility and Enrollment			
AB 315 Bonta	**Home and Community-Based Alternatives (HCBA) Waiver:** Would remove the cap on the number of HCBA Waiver slots and instead require DHCS to enroll all eligible individuals who apply for HCBA Waiver services. By March 1, 2026, would require DHCS to seek any necessary waiver amendments to ensure there is sufficient capacity to enroll all individuals currently on a waiting list. Would also require DHCS by March 1, 2026, to submit a rate study to the Legislature addressing the sustainability, quality and transparency of rates for the HCBA Waiver. ***Potential CalOptima Health Impact*:** Expanded member access to HCBA Waiver services.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 974 Patterson	**Managed Care Enrollment Exemption:** Would exempt any dual-eligible and non-dual-eligible beneficiaries who receive services from a regional center and who use the Medi-Cal fee-for-service delivery system as a secondary form of health care coverage from mandatory enrollment in a Medi-Cal MCP. ***Potential CalOptima Health Impact:*** Decreased number of members.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 1012 Essayli	**Unsatisfactory Immigration Status:** Would make an individual who does not have satisfactory immigrant status ineligible for Medi-Cal benefits. In addition, would transfer funds previously appropriated for such eligibility to a newly created Serving our Seniors Fund to restore and maintain payments for Medicare Part B premiums for eligible individuals. ***Potential CalOptima Health Impact:*** Decreased number of members.	**02/21/2025** Introduced	CalOptima Health: Watch
AB 1161 Harabedian	**State of Emergency Continuous Eligibility:** Would require DHCS and the California Department of Social Services to provide continuous eligibility for its applicable programs (including Medi-Cal and CalFresh) to all beneficiaries within a geographic region who have been affected by a state of emergency or a health emergency. ***Potential CalOptima Health Impact*:** Extended Medi-Cal eligibility for certain members.	**04/29/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **04/08/2025** Passed Assembly Human Services Committee	CalOptima Health: Watch
Medi-Cal Operations and Administration			
SB 278 Cabaldon	**Health Data HIV Test Results:** Authorizes disclosures of HIV test results that identify or include identifying characteristics of a Medi-Cal beneficiary without written authorization of the member or their representative to the MCP for quality improvement efforts such as value-based payment and incentive programs. ***Potential CalOptima Health Impact:*** Increased quality oversight of HIV program development.	**10/13/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 497 Wiener	**Legally Protected Health Care Activity:** Prohibits a health care provider, health plan, or contractor from releasing medical information related to a person seeking or obtaining gender-affirming health care or mental health care in response to a criminal or civil action. Also prohibits these entities from cooperating with or providing medical information to an individual, agency, or department from another state or to a federal law enforcement agency or in response to a foreign subpoena. ***Potential CalOptima Health Impact:*** Increased protection of medical information related to gender-affirming care; increased staff training regarding disclosure processes.	**10/13/2025** Signed into law	CalOptima Health: Watch
SB 530 Richardson	**Medi-Cal Time and Distance Standards:** Extends current Medi-Cal time and distance standards until January 1, 2029. In addition, requires a Medi-Cal MCP to ensure that each subcontractor network complies with certain appointment time standards and incorporate into reporting to DHCS, unless already required to do so. Additionally, the use of telehealth providers to meet time or distance standards does not absolve the MCP of responsibility to provide a beneficiary with access, including transportation, to in-person services if the beneficiary prefers. ***Potential CalOptima Health Impact:*** Increased oversight of contracted providers; increased reporting to DHCS.	**10/06/2025** Signed into law	CalOptima Health: Watch
SB 660 Menjivar	**California Health and Human Services Data Exchange Framework (DxF):** Requires the Center for Data Insights and Innovation within California Health and Human Services Agency (CalHHS) to absorb all functions related to the DxF initiative, including the data sharing agreement and policies and procedures, by January 1, 2026. Additionally, expands DxF to include social services information. ***Potential CalOptima Health Impact:*** Increased care coordination with social service providers.	**10/03/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 45 Bauer-Kahan	**Reproductive Data Privacy:** Prohibits the collection, use, disclosure, sale, sharing, or retention of the information of a person who is physically located at, or within a precise geolocation of, a family planning center, except any collection or use necessary to perform services or provide goods that have been requested. Also authorizes an aggrieved person to institute and prosecute a civil action against any person or organization in violation of these provisions. ***Potential CalOptima Health Impact:*** Increased safeguards regarding reproductive health information.	**09/26/2025** Signed into law	CalOptima Health: Watch
AB 257 Flora	**Specialty Telehealth Network Demonstration:** Would require the establishment of a demonstration project or grant program for a telehealth and other virtual services specialty care network designed to serve patients of safety-net providers. ***Potential CalOptima Health Impact:*** Expanded member access to telehealth specialists.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
AB 316 Krell	**Artificial Intelligence Defenses:** Prohibits a defendant that developed or used artificial intelligence from asserting a defense that artificial intelligence autonomously caused the alleged harm to the plaintiff. ***Potential CalOptima Health Impact:*** Increased liability related to UM procedures.	**10/13/2025** Signed into law	CalOptima Health: Watch
AB 403 Ortega	**Medi-Cal Community Health Service Workers:** Would require DHCS to annually review the Community Health Worker (CHW) benefit and present an analysis to the Legislature beginning July 1, 2027. The analyses would include an assessment of Medi-Cal MCP outreach and education efforts, CHW utilization and services, demographic disaggregation of the CHWs and beneficiaries receiving services, and fee-for-service reimbursement data. ***Potential CalOptima Health Impact:*** New reporting requirements to DHCS.	**03/25/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 577 Wilson	**Prescription Drug Antisteering:** Would prohibit a health plan or pharmacy benefit manager (PBM) from engaging in specified steering practices, including requiring an enrollee to use a retail pharmacy for dispensing prescription oral medications and imposing any requirements, conditions or exclusions that discriminate against a physician in connection with dispensing prescription oral medications. Additionally, would require a health care provider, physician's office, clinic or infusion center to obtain consent from an enrollee and disclose a good faith estimate of the applicable cost-sharing amount before supplying or administering an injected or infused medication. ***Potential CalOptima Health Impact:*** Increased oversight of contracted PBM and referral processes.	**04/29/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 688 Gonzalez	**Telehealth for All Act of 2025:** Beginning in 2028 and every two years thereafter, requires DHCS to use Medi-Cal data and other data sources to produce analyses in a publicly available Medi-Cal telehealth utilization report. ***Potential CalOptima Health Impact:*** New reporting requirements to DHCS.	**10/07/2025** Signed into law	CalOptima Health: Watch
AB 980 Arambula	**Health Plan Duty of Care:** As it pertains to the required "duty of ordinary care" by a health plan, would define "medically necessary health care service" to mean legally prescribed medical care that is reasonable and comports with the medical community standard. ***Potential CalOptima Health Impact:*** Modified UM procedures.	**04/22/2025** Re-referred to Assembly Health Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Older Adult Services			
SB 242 Blakespear	**Medicare Supplemental Coverage Open Enrollment Periods:** Would make Medicare supplemental benefit plans available to qualified applicants with end stage renal disease under the age of 64 years. Would also create an annual open enrollment period for Medicare supplemental benefit plans and prohibit such plans from denying an application or adjusting premium pricing due to a preexisting condition. Additionally, would authorize premium rates offered to applicants during the open enrollment period to vary based on the applicant's age at the time of issue, but would prohibit premiums from varying based on age after the contract is issued. ***Potential CalOptima Health Impact:*** Expanded Medicare coverage options for dual-eligible members.	**04/30/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee	CalOptima Health: Watch CAHP: Oppose
SB 412 Limón	**Home Care Aides:** Requires a home care organization to ensure that a home care aide completes training related to the special care needs of clients with dementia prior to providing care and annually thereafter. ***Potential CalOptima Health Impact:*** New training requirements for PACE staff.	**10/06/2025** Signed into law	CalOptima Health: Watch
Providers			
SB 32 Weber Pierson	**Timely Access to Care:** Would require DHCS, DMHC and the California Department of Insurance to consult stakeholders for the development and adoption of geographic accessibility standards of perinatal units to ensure timely access for enrollees by July 1, 2027. ***Potential CalOptima Health Impact:*** Additional timely access standards; increased contracting with perinatal units.	**07/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee **06/02/2025** Passed Senate floor	CalOptima Health: Watch LHPC: Oppose
SB 250 Ochoa Bogh	**Medi-Cal Provider Directory — Skilled Nursing Facilities:** Requires an annually updated provider directory issued by a Medi-Cal MCP to include skilled nursing facilities as a searchable provider type. ***Potential CalOptima Health Impact:*** Modifications to CalOptima Health's online provider directory.	**10/03/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
SB 306 Becker	**Prior Authorization Exemption:** No later than January 1, 2028, requires health plans — except Medi-Cal MCPs — to eliminate prior authorization for the most frequently approved health care services, except in cases of fraudulent provider activity or clinically inappropriate care. ***Potential CalOptima Health Impact:*** In future Covered California line of business, implementation of new UM procedures to assess prior authorization approval rates; decreased number of prior authorizations; decreased care coordination for members.	**10/06/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
SB 504 Laird	**HIV Reporting:** Authorizes a health care provider for a patient with an HIV infection that has already been reported to a local health officer to communicate with a local health officer or the California Department of Public Health (CDPH) to obtain public health recommendations on care and treatment or to refer the patient to services provided by CDPH. ***Potential CalOptima Health Impact:*** Increased coordination of care for HIV-positive members.	**10/13/2025** Signed into law	CalOptima Health: Watch
AB 29 Arambula	**Adverse Childhood Experiences (ACEs) Screening Providers:** Would require DHCS to include community-based organizations, local health jurisdictions and doulas as qualified providers for ACEs trauma screenings and require clinical or other appropriate referrals as a condition of Medi-Cal payment for conducting such screenings. ***Potential CalOptima Health Impact:*** Increased access to care for pediatric members with ACEs.	**04/01/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 50 Bonta	**Over-the-Counter Contraceptives:** Allows pharmacists to provide over-the-counter hormonal contraceptives without following certain procedures and protocols, such as requiring patients to complete a self-screening tool. As such, these requirements are limited to prescription-only hormonal contraceptives. ***Potential CalOptima Health Impact:*** Increased member access to hormonal contraceptives.	**09/26/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 55 Bonta	**Alternative Birth Centers Licensing:** Removes the requirement for alternative birth centers to provide comprehensive perinatal services as a condition of CDPH licensing and Medi-Cal reimbursement. ***Potential CalOptima Health Impact:*** Decreased member access to comprehensive perinatal services; reduced operating requirements for alternative birth centers.	**10/11/2025** Signed into law	CalOptima Health: Watch LHPC: Support
AB 220 Jackson	**Medi-Cal Subacute Care Authorization:** Would require a provider seeking prior authorization for pediatric subacute or adult subacute care services under the Medi-Cal program to submit a specified form. Additionally, would prohibit a Medi-Cal MCP from developing or using its own criteria for medical necessity and from requiring a subsequent treatment authorization request upon a patient's return from a bed hold for acute hospitalization. ***Potential CalOptima Health Impact:*** Modified UM procedures and forms.	**09/04/2025** Passed Senate floor; referred to Assembly for concurrence in amendments **05/29/2025** Passed Assembly floor	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 280 Aguiar-Curry	**Provider Directory Accuracy:** Would require health plans — except Medi-Cal MCPs — to maintain accurate provider directories, starting with minimum 60% accuracy by July 1, 2026, and increasing to 95% by July 1, 2029, or otherwise receive administrative penalties. If a patient relies on inaccurate directory information, would require the provider to be reimbursed at the out-of-network rate without the patient incurring charges beyond in-network cost-sharing amounts. Would also allow DMHC to update standardized formats to collect directory information as well as establish methodologies to ensure accuracy, such as use of a central utility, by January 1, 2026. Additionally, would require a health plan to provide information about in-network providers to enrollees upon request, including whether the provider is accepting new patients at the time, and would limit the cost-sharing amounts an enrollee is required to pay for services from those providers under specified circumstances. Would also require that, within 30 days of receiving a request from a health plan, a provider must confirm that its information is current and accurate or update the required information. ***Potential CalOptima Health Impact:*** In future Covered California line of business, increased oversight of provider directory; increased coordination with contracted providers; increased penalty payments to DMHC.	**07/09/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **06/02/2025** Passed Assembly floor	CalOptima Health: Watch CAHP: Oppose LHPC: Oppose
AB 375 Nguyen	**Qualified Autism Service Paraprofessional:** Would expand the definition of "health care provider" to also include a qualified autism service paraprofessional. ***Potential CalOptima Health Impact:*** Increased access to autism services for eligible members; additional provider contracting and credentialing.	**04/08/2025** Passed Assembly Business and Professions Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch
AB 416 Krell	**Involuntary Commitment:** Authorizes a person to be taken into custody by an emergency physician under the Lanterman-Petris-Short Act and exempts the emergency physician from criminal and civil liability. ***Potential CalOptima Health Impact:*** New legal standards for certain CalOptima Health providers.	**10/13/2025** Signed into law	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 510 Addis	**Utilization Review Peer-to-Peer Review:** Would allow a provider to request review of a decision to delay, deny or modify health services by another physician or peer health care professional matching the specialty of the service within two business days. In urgent cases, responses must match the urgency of the patient's condition. If these deadlines are not met, the authorization request would be automatically approved. ***Potential CalOptima Health Impact***: Expedited and modified UM, grievance and appeals procedures for covered Medi-Cal benefits; increased hiring of specialists to review grievances and appeals.	**04/22/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 512 Harabedian	**Prior Authorization Timelines:** Would have shortened the timeline for prior or concurrent authorization requests to no more than 24 hours via electronic submission or 48 hours via non-electronic submission for *urgent* requests and three business days via electronic submission or five business days via non-electronic submission for *standard* requests, starting from plan receipt of the information reasonably necessary and requested by the plan to make the determination. ***Potential CalOptima Health Impact***: Expedited and modified UM procedures for covered Medi-Cal benefits.	**10/06/2025** Vetoed	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 517 Krell	**Wheelchair Prior Authorization:** Would prohibit a Medi-Cal MCP from requiring prior authorization for the repair of a Complex Rehabilitation Technology (CRT)-powered wheelchair, if the cost of repair does not exceed $1,250. Would also no longer require a prescription or documentation of medical necessity, if the wheelchair has already been approved for use by the patient. Additionally, would require supplier documentation of the repair. ***Potential CalOptima Health Impact:*** Modified UM procedures for a covered Medi-Cal benefit.	**04/08/2025** Passed Assembly Health Committee; referred to Assembly Appropriations Committee	CalOptima Health: Watch

Bill Number Author	Bill Summary	Bill Status	Position/Notes
AB 539 Schiavo	**One-Year Prior Authorization Approval:** Would require a prior authorization for a health care service to remain valid for a period of at least one year, or throughout the course of prescribed treatment if less than one year, from the date of approval. ***Potential CalOptima Health Impact:*** Modified UM procedures for covered Medi-Cal benefits; decreased number of prior authorizations; increased costs.	**05/12/2025** Passed Assembly floor; referred to Senate	CalOptima Health: Watch CAHP: Oppose Unless Amended LHPC: Oppose Unless Amended
AB 787 Papan	**Provider Directory Disclosures:** Would require a health plan to include in its provider directory a statement advising an enrollee to contact the plan for assistance in finding an in-network provider. Would also require the plan to respond within one business day if contacted for such assistance and to provide a list of in-network providers confirmed to be accepting new patients within two business days for urgent requests and five business days for nonurgent requests. Medi-Cal MCPs would not be required to distribute a printed provider directory. ***Potential CalOptima Health Impact:*** Expanded customer service support and staff training; technical changes to CalOptima Health's provider directory.	**06/18/2025** Passed Senate Health Committee; referred to Senate Appropriations Committee **05/05/2025** Passed Assembly floor	CalOptima Health: Watch
AB 1041 Bennett	**Provider Credentialing:** Requires a health plan — except a Medi-Cal MCP — to credential a provider within 90 days from the receipt of a completed application, or otherwise conditionally approve the credential. A plan is required to notify the provider whether the application is complete within 10 days of receipt. Additionally, requires a health plan to subscribe to and use the Council for Affordable Quality Healthcare credentialing form on and after January 1, 2028. ***Potential CalOptima Health Impact:*** Expedited and modified credentialing procedures for interested providers in future Covered California line of business.	**10/11/2025** Signed into law	CalOptima Health: Watch CAHP: Oppose LHPC: Oppose Unless Amended

Bill Number Author	Bill Summary	Bill Status	Position/Notes
Rates & Financing			
SB 339 Cabaldon	**Medi-Cal Laboratory Rates:** Would require Medi-Cal reimbursement rates for clinical laboratory or laboratory services to *equal* the lowest of the following metrics: 1. the amount billed; 2. the charge to the general public; 3. 100% of the lowest maximum allowance established by Medicare; or 4. a reimbursement rate based on an average of the lowest amount that other payers and state Medicaid programs are paying. For any such services related to the diagnosis and treatment of sexually transmitted infections on or after July 1, 2027, the Medi-Cal reimbursement rates shall not consider the rates described in clause (4) listed above. ***Potential CalOptima Health Impact*:** Increased payments to contracted clinical laboratories.	**04/29/2025** Passed Senate Judiciary Committee; referred to Senate Appropriations Committee **04/23/2025** Passed Senate Health Committee	CalOptima Health: Watch

Information in this document is subject to change as bills proceed through the legislative process.

CAHP: California Association of Health Plans
LHPC: Local Health Plans of California

Last Updated: January 23, 2026

2026 Federal Legislative Dates

January 5	119th Congress, 1st Session convenes
July 24–August 30	Summer recess for House
August 8–September 13	Summer recess for Senate
December 18	2nd session adjourns

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

2026 State Legislative Dates

January 5	Legislature reconvenes
January 10	Proposed budget must be submitted by Governor
February 20	Last day for legislation to be introduced
March 27–April 5	Spring recess
April 24	Last day for policy committees to hear and report to fiscal committees any fiscal bills introduced in that house
May 1	Last day for policy committees to hear and report to the Floor any non-fiscal bills introduced in that house
May 15	Last day for fiscal committees to hear and report to the Floor any bills introduced in that house
May 26–29	Floor session only
May 29	Last day for each house to pass bills introduced in that house
June 15	Budget bill must be passed by midnight
July 2	Last day for policy committees to hear and report bills in their second house to fiscal committees or the Floor
July 3–August 2	Summer recess
August 14	Last day for fiscal committees to report bills in their second house to the Floor
August 17–31	Floor session only
August 21	Last day to amend bills on the Floor
August 31	Last day for each house to pass bills; interim recess begins upon adjournment
September 30	Last day for Governor to sign or veto bills passed by the Legislature

Source: Legislative Deadlines, California State Senate: https://www.senate.ca.gov/legislative-deadlines-calendar

About CalOptima Health

CalOptima Health is a county organized health system that administers health insurance programs for low-income children, adults, seniors and people with disabilities. As Orange County's community health plan, our mission is to serve member health with excellence and dignity, respecting the value and needs of each person. We provide coverage through three major programs: Medi-Cal, OneCare (HMO D-SNP) and the Program of All-Inclusive Care for the Elderly (PACE).

H.R. 1: One Big Beautiful Bill Act

Fiscal Year 2025 Federal Budget Reconciliation

As signed into law on July 4, 2025

Please note that H.R. 1 includes several distinct implementation dates over the coming years, but there are no major immediate impacts to Medicaid beneficiaries until 2026.

In addition, most Medicaid provisions of H.R. 1 still require federal rulemaking by the U.S. Centers for Medicare and Medicaid Services (CMS) and subsequent state implementation by the California State Legislature and/or the California Department of Health Care Services (DHCS).

MEDICAID HIGHLIGHTS
Eligibility
Work, community service and/or education requirement of **80 hours per month** for able-bodied adults ages 19–64 (with exceptions for short-term hardship, parents with dependents under age 14, pregnant women, medically frail, caregivers and others), effective **December 31, 2026** (or no later than **December 31, 2028**, at the discretion of the U.S. Secretary of Health and Human Services [HHS])
Increased frequency of eligibility redeterminations for Medicaid Expansion (MCE) enrollees from annually to **every six months**, effective **December 31, 2026**
Financing
Prohibition on any new or increased provider taxes, effective **immediately**
Existing provider taxes (except those related to nursing or intermediate care facilities) would be gradually reduced from the current maximum **6.0%** hold harmless threshold to a new **3.5%** hold harmless threshold by **0.5% annually** from **October 1, 2027, through October 1, 2031**
Significant restrictions on current Managed Care Organization (MCO) taxes, which could effectively **repeal** California's MCO tax that was recently made permanent by Proposition 35 (2024), with a potential winddown period of up to **three fiscal years** at the discretion of the HHS Secretary
Cap on new state-directed payments (SDPs) at **100%** of the Medicare payment rate, effective **immediately**; gradually reduces existing SDPs to that cap by **10% annually**, starting **January 1, 2028**
Emergency Medicaid services provided to all undocumented beneficiaries would be subject to the traditional Federal Medical Assistance Percentage (FMAP) — **50%** in California — regardless of the FMAP for which those would otherwise be eligible, effective **October 1, 2026**
Access
Cost-sharing for MCE enrollees with incomes of **100–138%** Federal Poverty Level (FPL), not to exceed **$35** per service and **5.0%** of total income, and not to be applied to primary, prenatal, pediatric, behavioral or emergency care, effective **October 1, 2028**
Temporary **one-year** prohibition on all Medicaid funding to Planned Parenthood, effective **immediately**

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Fiscal Year 2025–26 Enacted State Budget

On May 14, Governor Gavin Newsom released a Fiscal Year (FY) 2025–26 Revised State Budget Proposal, known as the May Revision. On June 13, the State Senate and State Assembly both passed a counterproposal — Senate Bill (SB) 101 — as a placeholder budget to meet the June 15 constitutional deadline while negotiations with the governor on a final budget remained ongoing.

On June 24, Gov. Newsom and legislative leaders announced a final budget agreement. After both houses of the Legislature passed the agreed-upon revisions as Assembly Bill (AB) 102 on June 27, Gov. Newsom signed both SB 101 and AB 102 into law. Additionally, the Legislature passed and the governor signed the consolidated Health Trailer Bill (AB 116) containing policy changes needed to implement health-related budget expenditures. Together, these bills represent the FY 2025-26 Enacted State Budget.

MEDI-CAL HIGHLIGHTS
Unsatisfactory Immigration Status (UIS)-Member Impacts
Freeze on *new* enrollment of UIS individuals ages 19+ (except those who are pregnant or one-year postpartum), effective **January 1, 2026**, including a three-month grace/cure period for re-enrollment following payment of outstanding premium balances; *currently enrolled* individuals are not affected
Implementation of $30/month premiums for UIS individuals ages 19–59, effectively **July 1, 2027**
Elimination of dental coverage for UIS individuals ages 19+, effective **July 1, 2026**
Elimination of Prospective Payment System rates to Federally Qualified Health Centers for state-only-funded services provided to UIS individuals, effective **July 1, 2026**
All-Member Impacts
Reinstatement of asset limit at $130,000 for individuals (plus $65,000 for each additional household member) in non-Modified Adjusted Gross Income eligibility categories, effective **January 1, 2026**
Elimination of pharmacy coverage for GLP-1 agonists for weight loss; coverage for diabetes and on a case-by-case basis will continue, effective **January 1, 2026**
Elimination of pharmacy coverage of some over-the-counter drugs, including COVID-19 antigen tests, vitamins and certain antihistamines, such as dry eye products, effective **January 1, 2026**
Implementation of prior authorization for hospice services, effective **July 1, 2026**
Limitation on capitation payments to Program of All-Inclusive Care for the Elderly (PACE) organizations at the midpoint of the actuarial rate ranges, effective **January 1, 2027**
Elimination of the Workforce and Quality Incentive Program (WQIP) for skilled nursing facilities, effective **December 31, 2025**, with all close-out activities to be completed by January 1, 2027

State agencies, including the California Department of Health Care Services, will begin implementing the policies included in the enacted budget. Staff will continue to monitor these policies and provide updates regarding issues that have a significant CalOptima Health impact. In addition, the Legislature will continue to advance policy bills through the legislative process. Bills with funding allocated in the enacted budget are more likely to be passed and signed into law. The Legislature has until September 12 to pass legislation, and Gov. Newsom has until October 12 to either sign or veto that passed legislation.

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CalOptima Health Community Outreach Summary —January and February 2026

Background

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

CalOptima Health's participation in public activities promotes:

- Member interaction/enrollment in a CalOptima Health program
- Community awareness of CalOptima Health
- Partnerships that increase positive visibility and relationships with community organizations

Community Outreach Highlight

In 2025, CalOptima Health reinforced our commitment to community engagement and member support through a series of impactful outreach efforts and sponsorships. This past year, CalOptima Health participated in 336 community events, sponsoring 90 of these events with $338,460 in funding and engaging with approximately 72,595 members and community members. In addition to attending community stakeholders' events, CalOptima Health hosted 13 community events to support the needs of 14,346 members and community members. These events included three Community Resource Fairs focused on Medi-Cal Expansion, a Naloxone Distribution Event for providers, a No-Cost Breast Cancer Screening Mammogram Event for members, a Back-to-School Health and Wellness Fair, a Community Diaper Distribution, a Senior Summit focused on serving older adults, our 30th Anniversary Health and Wellness Fair, our second annual Thanksgiving Open House and Food Distribution Event, two Holiday Events and an inaugural Holiday Toy Distribution and Resource Event. Beyond event participation, the Community Relations team has worked closely with 152 community partners, sharing CalOptima Health's benefits and support services through 109 presentations and 186 meetings to members and community partners. Looking ahead, CalOptima Health remains committed to enhancing these efforts in 2026, with a focus on ensuring timely access to care and other initiatives that improve the health and well-being of our members and communities.

Summary of Public Activities

As of January 12, CalOptima Health plans to participate in, organize or convene 70 public activities in January and February. There were 35 public activities in January, including 16 community/collaborative meetings, 14 community events, four community-based presentations and one Health Network Forum. In February, there will be 35 public activities, including 14 community/collaborative meetings, 18 community events, one community-based presentation, one Community Connections Meeting and one Health Network Forum. A summary of the agency's participation in community events throughout Orange County is attached.

Endorsements

CalOptima Health provided one endorsement since the last reporting period (i.e., letters of support, program/public activity events with support or use of name/logo). Endorsement requests must meet the requirements of CalOptima Health's Policy AA.1214: Guidelines for Endorsements by CalOptima Health, for Letters of Support and Use of CalOptima Health's Name and Logo. For more information on policy requirements, please visit: https://www.caloptima.org/en/About/CommunityRelations/CommunityOutreach.aspx.

1. Letter of support for the proposed research project, "Consumer-Centered Evaluation of Applied Behavior Analysis Quality in California," being conducted by the Thompson Autism and Neurodevelopmental Center at Children's Hospital of Orange County (CHOC).

For additional information or questions, contact CalOptima Health Executive Director Deanne Thompson at 714-954-2141 or deanne.thompson@caloptima.org.

Attachment to the February 5, 2026, CalOptima Health Outreach Summary

Community events hosted by CalOptima Health and community partners in January and February 2026:

January 2026

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

Anaheim Neighborhood

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

January 8, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 13, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 15, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 16, 10:30–11:30 a.m., CalOptima Health Medi-Cal Overview in English

Western High School, 501 S. Western Ave., Anaheim

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

January 20, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

CalOptima Health-hosted | CalFresh Outreach (e.g., colleges, food banks) | Community Presentation | Exhibitor/Attendee

January 21, 9:30–11:30 a.m., CalOptima Health Medi-Cal Overview in English

H. Louis Lake Senior Center, 11300 Stanford Ave., Garden Grove

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

January 22, 10:30–11:30 a.m., CalOptima Health Medi-Cal Overview in English

The Cambodian Family Community Center, 1626 E. 4th St., Santa Ana

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

January 22, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 23, 8 a.m.–3:30 p.m., Getting Ahead of Brain Health, hosted by Alzheimer's Orange County

Hilton Orange County Costa Mesa, 3050 Bristol St., Costa Mesa

- Sponsorship fee: $10,000; included a resource table, logo on all event signage, emails and website. Sponsor recognition on website and e-blasts, acknowledgment during welcome and closing remarks, exclusive social media post with paid promotion to maximize visibility. Full page ad in brain health-themed magazine published prior to the event, and two sponsor table seats and eight general audience seats.
- At least one staff member attended (in person)
- Health/Resource Fair, open to the public

January 23, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 24, 9 a.m.–1 p.m., Kapwa Connect Filipino Resource Fair, hosted by SoSal Filipinos and the County of Orange Social Service Agency in partnership with CalOptima Health

Poong Nazareno Filipino Catholic Center, 3700 W. Orange Ave., Anaheim

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

January 24, 9 a.m.–Noon, Community Resource Fair, hosted by Katella High School

Katella High School, 2200 E. Wagner Ave., Anaheim

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

CalOptima Health-hosted | CalFresh Outreach (e.g., colleges, food banks) | Community Presentation | Exhibitor/Attendee

January 27, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 28, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 29, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

January 29, 6–7 p.m., CalOptima Health Medi-Cal Overview in English and Spanish

Big Brothers Big Sisters of Orange County, Virtual

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

January 30, 3–5 p.m., Preschool Enrollment Fair, hosted by Centralia Elementary School District

Walter Knott Education Center, 7300 La Palma Ave., Buena Park

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

February 2025

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

Anaheim Neighborhood

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

February 5, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

CalOptima Health-hosted CalFresh Outreach (e.g., colleges, food banks) Community Presentation Exhibitor/Attendee

February 6, 10 a.m.–3 p.m., Annual Veteran Art and Resource Fair Expo, hosted by Tierney Center

Coastline Community College, 1515 Monrovia Ave., Newport Beach

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

February 7, 9 a.m.–4 p.m., Orange County Black History Parade, hosted by Orange County Heritage Council

Anaheim Promenade. 250 W. Center St. Promenade, Anaheim

- Sponsorship fee: $25,000; includes a resource booth, a speaking opportunity during the Unity Festival program. Prominent branding and recognition across all event marketing, including flyers, banners, digital promotions, social media, and onsite signage throughout the parade route and Unity Festival grounds. Visibility in live entertainment programming, including verbal acknowledgments from the stage during performances and cultural presentations. Recognition through radio and media promotion, including mentions in event-related radio promotions, interviews, and community media outreach.
- At least two staff members to attend (in person)
- Health/Resource Fair, open to the public

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

Anaheim Neighborhood

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

February 11, 4–6 p.m., The Pulse of Orange County, hosted by Orange County United Way

Norma Hertzog Community Center, 1845 Park Ave., Costa Mesa

- Sponsorship fee: $5,000; includes a resource booth and name recognition on event invitation and materials.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

February 11, 5–6:30 p.m., Open House, hosted by Dale Junior High School

Dale Junior High School, 900 Dale Ave., Anaheim

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

February 12, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 13 through 15, 10 a.m.–9 p.m., 44th Annual UVSA Tet Festival, hosted by Union of Vietnamese Student Associations Southern California

Golden West College, 15744 Goldenwest St., Huntington Beach

- Sponsorship fee: $9,000; includes pre-event logo on promotional flyers, logo and link on website for one year, and social media appreciation post. On-site logo on back of volunteer shirts, a resource booth, 60 admission tickets, a banner display near the main entrance and stage, and a speaking opportunity. Following the event, a video montage and recognition plaque will be provided.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

February 17, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 19, 8 a.m.–5 p.m., 35th Annual Health Care Forecast Conference, hosted by UC Irvine

The Beckman Center, 100 Academy Wy., Irvine

- Sponsorship fee: $5,000; includes a resource booth, social media marketing toolkit and sponsor announcement. Logo recognition in pre-conference emails and all marketing materials. Complementary conference registration for three guests.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

February 19, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 21, 9 a.m.–3 p.m., Love Shouldn't Hurt Teen Conference, hosted by Human Options

Santa Ana High School, 520 W. Walnut St., Santa Ana

- Sponsorship fee: $2,500; includes a resource table and featured as sponsor throughout the event program.
- At least one staff member to attend (in person)
- Health/Resource Fair, open to the public

February 24, 9–10:30 a.m., CalOptima Health Community Connections Meeting, hosted by CalOptima Health

CalOptima Health, Virtual

- At least four staff members to attend
- Steering committee meeting, open to collaborative members

CalOptima Health-hosted CalFresh Outreach (e.g., colleges, food banks) Community Presentation Exhibitor/Attendee

February 24, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 25, 9–11:30 a.m., OC Day of History, hosted by Children's Education Foundation of Orange County

The Richard Nixon Presidential Library and Museum, 18001 Yorba Linda Blvd.., Yorba Linda

- Sponsorship fee: $4,500; includes full-page ad in the Nothing Rhymes with Orange curriculum book, distributed to every third-grade public school student in Orange County. Name recognition on the front-page sponsorship section of the book. Logo placement at the beginning of the Gift of History virtual field trip program. Logo inclusion on the Gift of History website and all related promotional materials.
- Health/Resource Fair, open to the public

February 25, 11:30 a.m.–3 p.m., Mental Health Resource Fair, hosted by Partners 4 Wellness

UCI Student Center Pacific Ballrooms, 311 W. Peltason Dr., Irvine

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

February 25, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 26, 4–6 p.m., Anaheim Mobile Family Resource Center, hosted by the City of Anaheim Neighborhood Services

Anaheim Neighborhood

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

February 27, 8:30–10 a.m., CalOptima Health Medi-Cal Overview in English

Juliette Low School of Arts, 215 N. St., Anaheim

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

These sponsorship request(s) and community event(s) met the requirements of CalOptima Health Policy AA.1223: Participation in Community Events Involving External Entities. More information about policy requirements can be found at:
https://www.caloptima.org/en/About/CommunityRelations/CommunityOutreach.aspx

CalOptima Health-hosted | CalFresh Outreach (e.g., colleges, food banks) | Community Presentation | Exhibitor/Attendee

FY2025-2027 Strategic Plan
Organization Goals and Performance Metrics
Executive Status Report

Performance Year: FY 2026
Reporting Period: OCTOBER - DECEMBER
Reporting Date: 1/31/2026

● = Actual ● = Target

Strategic Priority	1.0 Equity and Population Health
CalOptima Health will infuse the pursuit of health equity throughout our work and will continue to innovate and develop tools and interventions that advance the physical, behavioral, and social health of our members.	

Organization Goal	3-Year Performance Metrics	Owner	Key Highlights To-Date	Actual	3-Year Target	Performance Indicators
1.1 Utilize technology and innovation to strengthen equity and population health management programs.	Glycemic Status Assessment for Patients With Diabetes (GSD) - Medi-Cal	Kelly Giardina	•Diabetes Prevention Program: Credentialing complete; pending contracting and program setup. •Diabetes Self-Management Program -Program integration and process enhancements to improve member outcomes. •Remote Patient Monitoring (RPM): Gojji implementation underway to engage providers for adoption of RPM	37%	28%	0% 25% 50% 75% 100% *New Measure - no data available at this time*
	Glycemic Status Assessment for Patients With Diabetes (GSD) - OneCare	Kelly Giardina	•Diabetes Prevention Program: Credentialing complete; pending contracting and program setup. •Diabetes Self-Management Program -Program integration and process enhancements to improve member outcomes. •Remote Patient Monitoring (RPM): Gojji implementation underway to engage providers for adoption of RPM.	87%	90%	0% 25% 50% 75% 100% *New Measure - no data available at this time*
1.2 Implement a consistent model of care for population health/care management, including delegated networks.	Percentage of members successfully enrolled in Complex Case Management	Kelly Giardina	•Member Satisfaction Survey insights for improvement shared quarterly in Health Network clinical forum. •Review and oversight of current CCM enrollment numbers in Health Network JOMs.	0.03%	0.05%	0.00% 0.01% 0.02% 0.03% 0.04% 0.05%
1.3 Annually assess members' health and social needs and utilize data to develop targeted interventions.	Initial Health Appointment (IHA) Completion Rate - Medi-Cal	Kelly Giardina	•Meet monthly with all Health Networks to provide updated rates and strategies for increasing IHA rates. •Implement IHA custom measure in Cozeva, targeting Q4 2026. •Reduce Health Network auto-assignment timeframe, targeting end of Q2 2026.	35%	TBD	0% 25% 50% 75% 100% *New Measure - no data available at this time*
	Annual Wellness Visit (AWV) Completion Rate - OneCare	Kelly Giardina	•Implementing at-home Comprehensive Annual Wellness Visits (AWVs) and routine preventive screenings for CHCN members in Q4 2025.	43%	TBD	0% 25% 50% 75% 100% *New Measure - no data available at this time*
1.4 Increase access to preventive services for vulnerable populations in pursuit of health equity.	Number of CBOs participating in prevention campaigns and quality care gap closures	Marie Jeannis	•Identified focus of prevention campaign to support retention of medical coverage and other supplemental benefits. •Co-created presentation to inform community partners of federal and state regulatory changes to support retention of insurance of Medi-Cal members. •Coordinated and hosted December PHC Committee meeting that focused on HR1 impacts to public charge. •Created flu awareness and prevention campaign flyers, and distributed them through three community partners: MOMS Orange County, Casa de la Familia, and Boys & Girls Club of Garden Grove.	30	10	0 10 20 30 40 50

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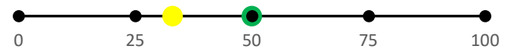
● = Actual ● = Target

Strategic Priority	2.0 Quality and Value
CalOptima Health is committed to providing the highest quality physical, behavioral, and social health care to our members and to ensuring sound stewardship of public dollars by achieving greater value.	

Organization Goal	3-Year Performance Metrics	Owner	Key Highlights To-Date	Actual	3-Year Target	Performance Indicators
2.1 Achieve NCQA rating of 4-stars for Medi-Cal. Achieve CMS rating of 3.5-stars for Medicare.	Medi-Cal Star Rating	Linda Lee	•Monitored interventions to improve quality measures used in Health Plan Star rating. •Evaluated impact of actions implemented in 2025 for effectiveness. •Identified focus areas and actions to carry over to 2026.	3.5	4	
	Medicare Star Rating	Linda Lee	•Monitoring and forecasting star rating for display year 2027/measurement year 2025. •Implemented at-home visit program for targeted members.	3	3.5	
2.2 Improve access to care by strengthening the delivery system through provider support and workforce initiatives.	Quarterly count of grievances related to Access and Availability	Michael Gomez	•Met with Grievance to understand Access Grievance Categories. •Identifying opportunities to address access gaps through the Provider Workforce Initiative.	854	640	
2.3 Increase provider engagement through improved provider tools, data exchange, and collaboration.	Overall provider satisfaction score*	Michael Gomez	•QMetrics Completed the 2025 Provider Satisfaction Survey. •Results pending first payment installment. •QIP Data Shared with UCI Health. •Annual Training added to the Provider Portal.	TBD	70%	 *New Measure - no data available at this time*
2.4 Expand the delivery of BH services, invest in the workforce, and drive quality improvement through innovation.	Percentage of Follow-Up After Emergency Department Visit for Mental Illness (FUM) within 30 days	Carmen Katsarov	•TELEMED2U completed over 25,000 visits from April 2025 through Nov 2025 (year 2 of contract). •FUM 30 Day prospective rate had a 14% increase from 39.33% (September) to 53.02%. •Over $170,000 claims paid out to school districts for MH services through new DHCS school fee schedule.	33th	50th	 *Percentile based HEDIS benchmarks*

**New Measure - no data available; ** Percentile based on HEDIS benchmarks*

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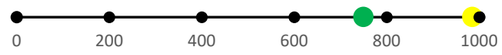
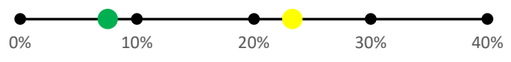
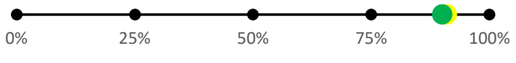
Strategic Priority	3.0 Community Partnerships and Investments
CalOptima Health will continue to demonstrate our partnership with Orange County members, providers, county agencies, and community organizations through Medi-Cal Transformation programs and robust community investments and partnerships to advance health equity.	

Organization Goal	3-Year Performance Metrics	Owner	Key Highlights To-Date	Actual	3-Year Target	Performance Indicators
3.1 Expand social support services through Medi-Cal Transformation and other social health initiatives.	Number of members served through Street Medicine	Dr. Kelly Bruno-Nelson	•41 Members have been permanently housed by the program. •Ongoing program monitoring. •Preparing for program expansion into Santa Ana in Q1 2026.	985	750	
3.2 Expand community involvement in co-creation of solutions that best serve members.	Number of individuals who attend or participate in community listening sessions, focus groups, or stakeholder engagement sessions*	Marie Jeannis	•MPHNA stakeholder engagements complete for, OCHCA/CBOs, MAC/PAC, Whole Child Model Family Advisory Committee, Health Network Forum, and Community Clinic Forum. •Focus Group: MPHNA vendor completed 6 focus groups and conducted 4 focus interviews with members. •Cultural and Health Conversations: Engaged 264 particpants through in-person cultural and health conversation sessions where we partnered with 4 community-based organizations (CBOs) to present co-created content and proposed solutions to participants. •PHC Committee and Community Stakeholder Meeting: Partnered with key stakeholders to share information, resources and brainstorm solutions to retain medical coverage and other benefits affected by regulatory changes (213 participants).	733	250	
3.3 Prioritize community investments that advance health equity, drive prevention, and improve access to care.	Percentage of net income allocated to community investments in health equity, prevention, and access to care	Donna Laverdiere	•Ongoing review of new funding proposals by the Community Investment Oversight Committee. •Ongoing monitoring of voluntary investments in CY2024 for Community Reinvestment requirement. •Convening a workgroup to plan giving strategy and make recommendations on a set of funding priorities for 2026. •In process of finalizing Member and Population Health Needs Assessment member survey (received 1,784 responses to-date) to inform community investments planning in 2026.	23.3%	7.5%	
3.4 Ensure that all community investment programs include clear accountability metrics and regular performance monitoring requirements.	Percentage of grant agreements on track and in compliance with program objectives and budget expenditures	Dr. Kelly Bruno-Nelson	•162 Total Active Grants: Grants On Track/In Compliance: 91% (148); Grants Adjustments in Progress: 9% (14); Watch list: 0% (0)	91%	90%	

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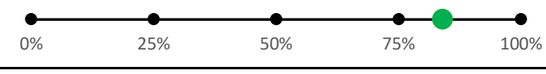
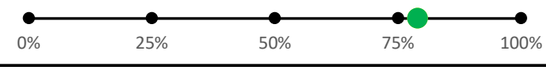
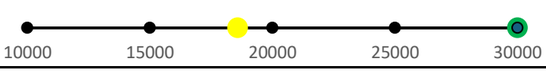
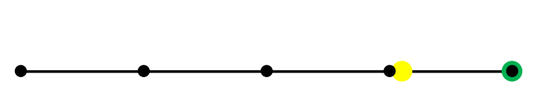
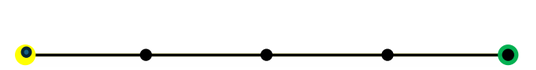
Strategic Priority	4.0 Operations, Finance and People
CalOptima Health's continued investment in our performance and people are vital to ensuring the highest level of care and service to our members across their lifespan.	

Organization Goal	3-Year Performance Metrics	Owner	Key Highlights To-Date	Actual	3-Year Target	Performance Indicators
4.1 Improve the turnaround time for treatment authorization for direct and delegated networks.	Treatment authorization processing time (business days) for all providers (Routine)	Kelly Giardina	•Created Open Inventory Dashboard to allow real-time visibility to pended referral volume. •Developed Clinical Review Rules to support staff in expediting review process/reducing volume of referrals requiring Medical Director review.	1.12	1.63	
	Treatment authorization processing time (calendar) for all providers (Urgent)	Kelly Giardina	•ATTAC Consulting delivered revised PA program roadmap and codified list of changes; Clinical team reviewing proposed changes to finalize enterprise PA list. •Leadership teams added codes with clinical rules to automate provider portal intelligence, enabling real-time notifications at the point of submission (Medi-Cal). •Initiated collaboration with IT and Accenture to streamline reporting and configuration for faster turnaround and inventory management.	0.46	0.61	
4.2 Improve the turnaround time for claims payment for direct and delegated networks.	Claims auto-adjudication rate - Medi-Cal	Ladan Khamseh	•Rate remains consistent at 84% as Claims and IT teams continue to automate manual processes using logic enhancements in Facets.	84%	84%	
	Claims auto-adjudication rate - OneCare	Ladan Khamseh	•Rate remains consistent at 79% as Claims and IT teams continue to automate manual processes using logic enhancements in Facets.	79%	79%	
4.3 Launch and grow programs that take care of our members and their families across their lifespan.	Membership growth by Line of Business - OneCare	Javier Sanchez	•Started the quarter with 18, 239 and ended the year with 18, 576. •Net growth is 1,317 for 2025.	18,576	30,000	
	Membership growth by Line of Business - PACE	Javier Sanchez	•PACE Garden Grove: Enrollment reached 537 members as of November 1 (max capacity: 625); 88 spots remain, with capacity expected to be reached in ~7 months at the current growth rate. •Expansion Planning: Staff are actively searching for additional PACE sites to accommodate continued growth.	543	700	
	Membership growth by Line of Business - Covered CA*	Donna Laverdiere	•QHP application responses underway, currently responding to DMHC comments, and business requirements developed for 21 domains. •CalOptima Health plans to submit the QHP Letter of Intent to Covered CA in February and the QHP Application in April.	TBD	10,000	 *New Measure - no data available at this time*

**New Measure - no data available*

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Strategic Priority	**4.0 Operations, Finance and People**
CalOptima Health's continued investment in our performance and people are vital to ensuring the highest level of care and service to our members across their lifespan.	

Organization Goal	3-Year Performance Metrics	Owner	Key Highlights To-Date	Actual	3-Year Target	Performance Indicators
4.4 Optimize the Medicare line of business to improve the member retention rate and support growth.	Voluntary Disenrollment rate	Javier Sanchez	•Vendor member engagement ahead of expectations; will likely meet full enrollment of 500 members by end of year. •SDOH needs and care gaps actively being identified; follow through for appointment scheduling and community needs tracked. Community and virtual events taking place.	9.41%	5%	2% 4% 6% 8% 10% *-Inverse measure (lower is better)* *-Overall target is <5% for each calendar year end*
4.5 Implement the comprehensive Digital Transformation strategic roadmap to improve member experience and efficiency.	Percentage of Digital Transformation projects completed on time and within budget	Kathleen Linder	•The new PACE EMR went live in December. The new EMR improves operations and patient care quality and replaces an EMR that was sunset. •Migration to a new reporting platform (Microsoft Power BI) was completed. This new tool provides more contemporary reporting capabilities and replaces a platform that was sunset.	74%	95%	0% 25% 50% 75% 100% *Rolling data based on project completion*
4.6 Optimize member engagement functions to improve member retention, satisfaction, and outcomes.	CAHPS Rating of Health Plan	Ladan Khamseh	•Outreach to members in the process of disenrolling from OneCare. 163 completed surveys. 15 members decided not to disenroll after outreach. •After call survey: Oct-Dec 2025: Overall satisfaction with customer service: 93.3% (Surveys completed: 654, Response rate: 35%). •Health Network Engagement: Established monthly meetings with Health Network's customer service. •PCP/Specialist visit follow-up outreach: Oct-Dec 2025: 67 members reached. Obtain feedback on their visit, assisted with PCP changes, scheduling appointments, authorizations, and education on benefits. •Outreach to members who lost the extra help benefit: October-December 2025: Reached 72. Educated members on the process of regaining extra help eligibility. 78 members remain eligible.	3	4	1 2 3 4 5
4.7 Ensure fiscal accountability and stewardship, including a balanced operating budget, quarterly budget reconciliation, and vendor and provider contracting.	Quarterly ALR measure	Nancy Huang	•As of December 2025, CalOptima Health's YTD (Jul-Dec 2025) Administrative Loss Ratio was at 5.1%. It was lower than budgeted ALR 6.4%. The savings were from both salary and non-salary categories.	5.1%	7.0%	0% 3% 5% 8% 10%
4.8 Launch expanded employee development and retention efforts to drive employee engagement and advancement	Percentage of open positions filled by qualified internal candidates	Steve Eckberg	•HR Strategic plan for FY27 has nine initiatives with two focus areas - Development and Retention - to enlarge the pool of internal qualified candidates. Initiatives include: •Building employee development programs (CalOptima University, Mentoring, Career Pathways, etc.) to equip current staff with skills needed for future roles or advancement. •Increasing awareness of the true value of CalOptima employment (Total Rewards, Employee Engagement, Compelling mission, etc.) to minimize voluntary turnover.	40%	50%	0% 25% 50% 75% 100%

CY2025 Q4 Strategic Plan Update: Ownership of organizational goal 4.5 has been reassigned to reflect department alignment.

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CalOptima Health Board Action Agenda Referral

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

Report Item

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

Contacts

Kelly Bruno Nelson, Executive Director, Medi-Cal and CalAIM, (657) 550-4741
Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Recommended Actions

1. Approve the allocation of $25.0 million from the CalAIM Incentive Payment Program funds for the Delivery System Infrastructure funding priority area to support capital grants for affordable and transitional housing development.
2. Authorize CalOptima Health staff to solicit grant proposals for $25.0 million in CalAIM Incentive Payment Program funds as part of the Housing and Homelessness Incentive Program Notice of Funding Opportunity Round 6.
3. Make a finding that such expenditures are for a public purpose and in furtherance of CalOptima Health's mission and purpose.

Background

In preparation for the start of CalAIM's Enhanced Care Management (ECM) and Community Supports (CS) programs on January 1, 2022, the California Department of Health Care Services (DHCS) provided managed care plans with performance incentives through a three-year Incentive Payment Program (IPP) to promote provider participation and capacity building. CalOptima Health has earned $95.0 million to be invested to further CalAIM objectives.

The funding priority areas included:

- Delivery System Infrastructure;
- ECM Provider Capacity Building;
- CS Provider Capacity Building and managed care plan take-up; and
- Quality "Pay for Reporting" measures included in the IPP reporting structure.

CalOptima Health has applied some of the IPP funds to support Health Networks, and community-based ECM and CS providers in building internal capacity to offer these services, as approved in a December 20, 2021, Board of Directors (Board) action. In addition, these funds have supported the launch of the Justice-Involved Learning Collaborative, also supporting capacity building for Justice-Involved ECM and CS providers, as approved in an August 1, 2024, Board action.

With CalAIM services of ECM and CS focused on addressing the social drivers of health, and an enhanced focus on the implications of homelessness on health outcomes, CalOptima Health continues to invest in related services and system and community infrastructure. Past Housing and Homelessness Incentive Program (HHIP) investments into affordable and transitional housing have proven successful. These investments have contributed to the development, refurbishment, and completion of more than

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1,200 transitional, affordable and permanent housing units that support CalOptima Health members experiencing homelessness. With 476 of the 1200 units already online, staff estimate that at least 530 members of all ages have been housed for some period of time in those units.

On December 5, 2024, the Board authorized staff to develop a Notice of Funding Opportunity (NOFO) for the HHIP. Staff plans to release the HHIP NOFO Round 6 in Quarter 2 of 2026 to solicit proposals for $0.5 million in equity grants to address infrastructure to coordinate and meet member housing needs (Priority 2) and $4.1 million in system change grants (Priority 4). The requested actions would provide additional funding for the HHIP NOFO Round 6, as described below.

Discussion

Given the positive impact of investments in Orange County-based capital housing projects, CalOptima Health requests the Board allocate $25.0 million in IPP-earned incentive funds to the development of transitional, affordable and permanent supportive housing. These investments will continue to support CalAIM housing services providers and CalOptima Health members by providing the necessary housing resources needed to resolve housing-related social needs. In addition, staff proposes that the Board approve distribution of these funds through the already planned HHIP NOFO Round 6 scheduled for Quarter 2 of 2026. CalOptima Health staff will ensure consistency in the distribution of capital dollars by utilizing the same NOFO format and guidelines as previous capital funding opportunities. By aligning the IPP and HHIP capital funding opportunities in the HHIP NOFO Round 6, staff will consistently apply program requirements, grant application evaluation criteria and maximum grant award ceilings to ensure there are no advantages to applying for one opportunity over another. Staff will return to the Board for its approval of selected grant recipients at a future meeting. Investing in the development of affordable housing continues to advance CalAIM objectives to address the social determinants of health of CalOptima Health members and connect them to supportive services.

Upon Board approval of the proposed allocation, there will be $27.6 million remaining in unallocated IPP funds as shown in the table below. Staff will return to the Board at a future meeting with additional recommendations.

	Total Amount (in millions)
Total CalAIM IPP Program Funding from DHCS (Received for Calendar Years 2022-24)	$95.0
Amount Committed (as of 12/31/25)	-$42.4
Proposed Allocation under Recommended Action #1	-$25.0
Remaining Resources Available	**$27.6**

Fiscal Impact

The recommended action has no net fiscal impact on the CalOptima Health Fiscal Year 2025-26 Operating Budget. The allocation of $25.0 million from the CalAIM IPP balance will support capital grants for affordable and transitional housing development.

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Rationale for Recommendation

Allocating these funds will increase the number of housing units being developed and completed in a timely manner to ensure affordable housing is available to all CalOptima Health members.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

None.

Board Actions

Board Meeting Dates	Action	Term	Not to Exceed Amount
December 20, 2021	Consider Approval of Program Year 1 CalAIM Performance Incentive Payment Methodology for AltaMed Health Services Corporation Arta Western California, Inc., Monarch Health Plan, Inc., and Talbert Medical Group, P.C.	-	$45,000,000 (in aggregate)
August 4, 2024	Approve Actions Related to the Incentive Payment Program for Justice-Involved Services Learning Collaborative	-	$200,000
November 7, 2025	Approve Actions Related to the Housing and Homelessness Incentive Program	-	$49.5 million

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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CalOptima Health Board Action Agenda Referral

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

Report Item

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

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834
Kelly Bruno Nelson, Executive Director, Medi-Cal and CalAIM, (657) 550-4741

Recommended Actions

1. Approve CalOptima Health staff's recommendations to administer grant agreements and award payments totaling $3,500,000 to selected grant recipients (listed in Attachment 1) from Round 2 of the Community Engagement and Enrollers Notice of Funding Opportunity.
2. Appropriate and allocate up to $1.0 million from the Community Reinvestment Program commitment for Round 3 of the Community Engagement and Enrollers Notice of Funding Opportunity.
3. Make a finding that such expenditures are for public purposes and in furtherance of CalOptima Health's mission and purpose.

Background

Recent federal and state legislative changes to Medi-Cal eligibility requirements will result in dramatic impacts to Medi-Cal managed care plans and county agencies. Changes include the future implementation of work requirements and more frequent redetermination for certain adult members. This will require a broad, multifaceted outreach and education campaign throughout Orange County to help members retain their Medi-Cal coverage. As a part of CalOptima Health's outreach strategy, on October 2, 2025, the Board of Directors (Board) appropriated a total of $19.0 million in aggregate from the existing $38.0 million Community Reinvestment Program commitment to fund the expanded Medi-Cal Eligibility Outreach Strategy through December 31, 2028. Included in this action was an allocation of up to $5.0 million for a Community Engagement and Enrollers Notice of Funding Opportunity (NOFO).

CalOptima Health staff planned a two-phased NOFO (NOFOs Rounds 2 and 3) approach to distribute this funding. The first phase, NOFO Round 2, builds on the work of the Round 1 cohort of grantees established by the Board on August 1, 2024, and September 5, 2024. The second phase, NOFO Round 3, will be a competitive NOFO open to the community, launching March 2, 2026.

For Community Enrollers NOFO Round 1, the NOFO was released to the public on May 6, 2024, and closed on June 14, 2024. In total, CalOptima Health received and reviewed 26 completed proposals from 26 organizations. The CalOptima Health Board approved an initial seven grantees, awarded payments totaling nearly $2.0 million on August 1, 2024, and requested CalOptima Health staff bring to the Board for consideration a request to expand support of this NOFO.

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Staff returned to the Board on October 3, 2024, with a request to allocate up to $2.58 million in existing reserves and approved an additional six grantees to conduct this work (one of which declined to participate due to an identified conflict of interest). While four of these grantees terminated prior to achieving their set objectives, the remaining eight grantees have been working toward achieving their measurable grant objectives and have submitted reports in accordance with CalOptima Health policy. A resulting performance summary can be found in Attachment 1.

Discussion

To distribute the $5.0 million allocated on October 2, 2025, for community enrollment work, the Board requested that staff continue supporting the active, initial Round 1 cohort of grantees. Of the 12 Round 1 grantees, four had grant agreements terminated before objectives could be fully completed, rendering them ineligible to execute a continuation request. The remaining eight grantees were offered the opportunity to submit a request for $500,000 in support of a two-year proposal to begin on March 1, 2026, which included an implementation plan and budget – both designed to achieve a set of measurable objectives inclusive of community enrollment work and outreach and education. Seven of the eight grantees elected to apply for this continued funding. These new grant awards will begin March 1, 2026, after grantees' current grant-funded activities are complete but before their grant agreements can be reviewed and formally closed out by the Grant Management Department. While the new grant awards have similar grant-funded activities, the related budgets and scopes of work are distinct and separate from the initial grant awards.

With Board approval, staff would like to proceed with the prompt development and execution of grant agreements with the seven organizations listed in Attachment 2. Staff will provide grant oversight pursuant to CalOptima Health Policy AA.1400: Grants Management and will return to the Board to provide updates on the status of these grants at future meetings.

After executing the above grants, there will remain $1.5 million in unused grant funds from the allocated $5.0 million on October 2, 2025, and an additional $1,072,399 from approved grants in Round 1 that were not remitted due to early terminations and one declined award. CalOptima Health staff is requesting an additional $1.0 million allocation from the Community Reinvestment Program commitment to fund the Community Enrollers Round 3 NOFO, a competitive opportunity open to the community, with a total of nearly $3.6 million available for distribution.

Summary of Community Enrollers NOFOs

Community Enrollers NOFO	Board Allocated	Grant	Total Award Amount	Allocated but Not Awarded
Round 1	$2,000,000*	7 grants	$1,993,486	--
	$2,579,819	6 grants	$2,579,819	--
Round 2 (Phase I)	$5,000,000**	7 grants	$3,500,000 (Recommended Action #1)	$1,500,000

Notes:
* 8/1/24: Round 1 was part of the larger Adult Expansion Outreach Strategy; balance was subsumed under the larger strategy budget
** 10/2/25: Approved as part of Medi-Cal Eligibility Outreach Strategy

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Proposed Round 3 Community Enrollers NOFO

	Proposed Board Allocation	Total Amount
Round 3 (Phase II)	$1,000,000 (Recommended Action #2)	$1,000,000
Round 2: Allocated but Not Awarded Amount	--	$1,500,000
Round 1: Unused grant funds (Early termination, declined award)	--	$1,072,399
Total		**$3,572,399**

Fiscal Impact

Funding for the recommended actions will be supported through previous Board actions.

Recommended Action #1: The $3.5 million for Round 2 of the Community Engagement and Enrollers grants will be funded by previously approved Board allocations. There is no additional fiscal impact.

Recommended Action #2: The $1.0 million will be funded from the remaining balance of the $38.0 million Community Reinvestment Program commitment that was approved on October 5, 2023. After this Board action, the remaining unallocated balance will be $18.0 million within the Community Reinvestment Program commitment.

Rationale for Recommendation

Funding these community grants will aid CalOptima Health in efforts to conduct robust regional outreach and education campaigns, provide and promote countywide enrollment activities, and increase access to care for CalOptima Health members.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Round 1 Grantee Performance Summary
2. Entities Covered by this Recommended Board Actions

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Board Actions

Board Meeting Dates	Action	Term	Not to Exceed Amount
December 7, 2023	Authorize Adult Expansion Outreach Strategy to Make Eligible Adults Ages 26 Through 49 Aware of the Opportunity to Apply for Full-Scope Medi-Cal Regardless of Immigration Status	-	$5,000,000
August 1, 2024	Approve Actions Related to the Community Enrollers for Medi-Cal Notice of Funding Opportunity	-	$1,993,486
October 3, 2024	Approve Actions Related to the Community Enrollers for Medi-Cal Notice of Funding Opportunity	-	$2,579,819
October 2, 2025	Approve Actions Related to the Medi-Cal Outreach Strategy	-	$5,000,000

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Attachment #1 to the February 5, 2026 Board of Directors Meeting – Agenda Item 11

ROUND 1 GRANTEE PERFORMANCE SUMMARY

Quarter 1 Reporting: Anticipated Meeting **20%** of Proposed Objectives, Actuals Reported Below

Organization	New Enrollment	Renewals	CalFresh
Camino Health Center	15%	1%	3%
Community Health Initiative of Orange County	17%	6%	**30%**
Give for a Smile	2%	12%	7%
Latino Health Access	0%	0%	0%
Orange County United Way	2%	0%	0%
Serve the People	14%	2%	11%
Southland Integrated Services/Korean Community Services	5%	11%	15%

Quarter 2 Reporting: Anticipated Meeting **40%** of Proposed Objectives, Actuals Reported Below

Organization	New Enrollment	Renewals	CalFresh
Camino Health Center	28%	15%	22%
Community Health Initiative of Orange County	35%	16%	**66%**
Give for a Smile	7%	38%	16%
Latino Health Access	20%	7%	35%
Orange County United Way	15%	3%	**72%**
Serve the People	27%	13%	23%
Southland Integrated Services/Korean Community Services	14%	20%	**55%**

Quarter 3 Reporting: Anticipated Meeting **60%** of Proposed Objectives, Actuals Reported Below

Organization	New Enrollment	Renewals	CalFresh
Camino Health Center	40%	18%	44%
Community Health Initiative of Orange County	47%	39%	**98%**
Give for a Smile	11%	**76%**	33%
Latino Health Access	39%	26%	**75%**
Orange County United Way	33%	9%	**164%**
Serve the People	49%	43%	54%
Southland Integrated Services/Korean Community Services	32%	39%	**88%**

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Quarter 4 Reporting: Anticipated Meeting **80%** of Proposed Objectives, Actuals Reported Below

Organization	New Enrollment	Renewals	CalFresh
Camino Health Center	56%	28%	60%
Community Health Initiative of Orange County	66%	69%	**131%**
Give for a Smile	14%	**113%**	50%
Latino Health Access	61%	74%	**111%**
Orange County United Way	54%	13%	**308%**
Serve the People	63%	71%	76%
Southland Integrated Services/Korean Community Services	51%	56%	**122%**

Quarter 5 reporting is underway; expectation is achieving **100%** of proposed objectives.

Attachment #2 to the February 5, 2026 Board of Directors Meeting – Agenda Item 11

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Camino Health Center	31351 Rancho Viejo Rd Suite# 201	San Juan Capistrano	US-CA	92675
Community Health Initiative of Orange County	1505 E. 17th Street, Suite 108	Santa Ana	CA	92705
Give For A Smile	10861 Acacia Parkway	Garden Grove	US-CA	92840
Latino Center for Prevention and Action in Health and Welfare dba Latino Health Access	450 W 4th Street, Suite 130	Santa Ana	CA	92701
Orange County United Way	18012 Mitchell South	Irvine	US-CA	92614
Serve the People Community Health Center	1206 E. 17th Street, Suite 101	Santa Ana	US-CA	92604
Southland Integrated Services, Inc.	9862 Chapman Avenue	Garden Grove	CA	92841

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CalOptima Health Board Action Agenda Referral

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

Report Item
12. Authorize Closing Intergovernmental Transfer-Funded Initiatives

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

Recommended Actions
1. Authorize closing Board-approved Intergovernmental Transfer 6 and 7 initiatives, Homekey Program and Increase Access to Medication-Assisted Treatment; and
2. Designate the remaining balance from those programs of $5,516,709 as available for allocation to deliver enhanced services for Medi-Cal members.

Background
Since Fiscal Year (FY) 2010-11, CalOptima Health has participated in the Voluntary Rate Range Intergovernmental Transfer (IGT) program. At the beginning of the program, CalOptima Health retained fifty percent (50%) of net proceeds to support an increase in new Medi-Cal members through enhanced benefits. In 2022, CalOptima Health reduced the amount of retained funds to an administrative fee of two percent (2%) of net proceeds to administer the program.

CalOptima Health's expenditure of IGT funds is for restricted, one-time purposes for the benefit of Medi-Cal members. For funding rounds IGT 1 through IGT 7, funds were used to deliver enhanced services to Medi-Cal members (*i.e.*, services that are not included in CalOptima Health's contract with the Department of Health Care Services). Funding rounds for IGT 6 and 7 were conducted in 2017 and 2018 respectively.

Discussion
Staff reviewed the status of Board-approved initiatives to identify previously approved programs and initiatives funded through IGT 1-7 that are completed, closed, or no longer needed. Staff recommends the following two initiatives for closure:

Homekey Program
These funds were originally granted to the Orange County Health Care Agency, and this program was intended to provide enhanced service to CalOptima Health members residing at Homekey sites. By the time enhanced services were needed for residents, CalOptima Health's CalAIM program was operational and provided funding to pay for these enhanced services. Therefore, this grant-funded project was never undertaken by the grantee, and the funds were returned in full to CalOptima Health.

Increase Access to Medication-Assisted Treatment (MAT Connect)
CalOptima Health provided the Coalition of Orange County Community Health Centers with a $6.0 million grant award to increase access to medication-assisted treatment. This grant-funded project

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achieved all proposed objectives and was completed under budget. The remaining funds were returned to CalOptima Health.

IGTs 1-7	Project	Project Status	Balance Remaining
IGT 6	Homekey Program	No longer needed	$2,500,000
IGT 7	Increase Access to Medication-Assisted Treatment (MAT Connect)	Completed	$3,016,709
Total			$5,516,709

Fiscal Impact
The recommended action will make $5,516,709 in IGT funds available toward future IGT initiatives to deliver enhanced services for Medi-Cal members.

Rationale for Recommendation
The closure of previously approved IGT-funded initiatives provides the Board with an accurate assessment of available funds for allocation to future IGT-funded initiatives.

Concurrence
James Novello, Outside General Counsel, Kennaday Leavitt

Attachments
1. Entities Covered by Recommended Action

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Attachment #1 to the February 5, 2026, Board of Directors Meeting – Agenda Item 12

Closure of IGT Funded Initiatives

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
The Coalition of Orange County Community Health Centers	600 City Parkway West, Suite 200	Orange	CA	92868
Orange County Healthcare Agency	405 W. 5th Street	Santa Ana	CA	92701

CalOptima Health Board Action Agenda Referral

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

Report Item

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

Contacts

Kelly Bruno Nelson, Executive Director, Medi-Cal and CalAIM, (657) 550-4741
Yunkyung Kim, Chief Operating Officer, (714) 923-8834

Recommended Actions

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

Background

On November 6, 2025, in response to the winter 2025 federal shutdown and withholding of supplemental nutrition benefits to Orange County residents, the CalOptima Health Board of Directors (Board) approved emergency grants to the two primary distributors to food pantries and food banks across Orange County: Second Harvest Food Bank of Orange County (Second Harvest) and Community Action Partnership Orange County (CAPOC).

Through this support, Second Harvest and CAPOC were able to deliver emergency food assistance to thousands of residents and sustain nutrient-dense food distributions across their network of partner agencies. However, these emergency grants termed upon the re-opening of the federal government, and each of the grantees received $750,000 of the up to $1.5 million award. As those original grants are expended and closed, these food banks continue to face hardship. While the immediate disruption has passed, significant food access challenges remain in the weeks and months ahead due to the effects of the federal shutdown disruptions. Many CalOptima Health households experienced missed meals, depleted savings, and increased reliance on emergency food assistance, and recovery from this instability takes time. Rising food prices, a high cost of living, inflation, and the expiration of pandemic-era support have continued to drive increased demand for food assistance.

At the same time, during the shutdown, federal food programs such as The Emergency Food Assistance Program experienced operational disruptions that interrupted critical food supply channels relied upon by food banks. In addition, other federal programs (such as the Emergency Food and Shelter Program and the Local Food Purchase Assistance Cooperative Agreement that previously supported charitable food efforts) have been eliminated. As a collective result, food sourcing options are limited, and availability is expected to remain constrained into early 2026, placing additional pressure on food banks that depend on these supply chains to procure and distribute food throughout Orange County.

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Discussion

To address this combination of increased demand and reduced emergency food supply, CalOptima Health recommends continued support for Second Harvest and CAPOC for an additional twelve months through new grant awards to each entity. CalOptima staff are recommending a grant award of up to $600,000 to each organization (totaling $1.2 million) for continued food provision to CalOptima Health members. These funds would support the organizations in nutrient-dense food acquisition and distribution through their network of county-wide food pantries during the months of March 2026 through February 2027.

Under a separate Board action, staff has requested the Board to close two Board-approved Intergovernmental Transfer (IGT) 6 and 7 initiatives and designate the remaining balance of $5,516,709 as available for allocation to future IGT-funded initiatives. If approved, the balance in unallocated IGT 1-7 funds will be approximately $6.4 million. Staff recommends that the Board allocate an amount up to $1.2 million from this balance to support the two grant agreements.

With Board approval, staff would like to proceed with prompt development and execution of grant agreements, including scopes of work, with Second Harvest and CAPOC. Staff will provide grant oversight pursuant to CalOptima Health Policy AA.1400: Grants Management and will return to the Board to provide updates on the status of these grants at future meetings.

Fiscal Impact

The recommended action to approve an allocation of $1.2 million from the unallocated IGT 1-7 balance has no additional fiscal impact. Upon approval, the estimated remaining balance in unallocated IGT 1-7 funds will be approximately $5.2 million.

Rationale for Recommendation

CalOptima Health is seeking to support its membership at risk of hunger and malnutrition by supporting increased food availability across Orange County. During this continued crisis, CalOptima Health is seeking to act quickly through this action in support of its members.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Action

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Board Actions

Board Meeting Dates	Action	Term	Not to Exceed Amount
June 5, 2025	Authorize Actions Related to the Board Approved Initiatives Reserve Fund and Intergovernmental Transfer-Funded Initiatives	-	$848,924
November 6, 2025	Approve Actions Related to Federal Shutdown Response Supplemental Food Support For CalOptima Health Members	-	$2.0 million

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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Attachment to the February 5, 2026, Board of Directors Meeting – Agenda Item 13

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Community Action Partnership of Orange County	11870 Monarch Street	Garden Grove	CA	92841
Second Harvest Food Bank of Orange County, Inc.	8014 Marine Way	Irvine	CA	92618

CalOptima Health Board Action Agenda Referral

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

Report Item

14. Approve Actions Related to the Incentive Payment Program for Equity and Practice Transformation Practices

Contact

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

Recommended Actions

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

Background

The EPT Planning Inventive payment program is a three-year, $140 million directed payment program funded jointly by the California Department of Health Care Services (DHCS) and the Centers for Medicare & Medicaid Services. The EPT Planning Incentive payment program aims to improve access for Medi-Cal enrollees, advance equity, reduce disparities, and invest in the foundation of patient-centered population health models that align with future value-based payments. The program began in January 2024 with a cohort of 205 primary care practices across 52 counties selected to participate.

Managed care plans received an initial provider planning incentive payment to help support the participating practices as they developed and implemented plans to transform their practice and meet the program goals. CalOptima Health's share of the planning incentive payments was $2.266 million.

On March 6, 2025, the CalOptima Health Board of Directors (Board) authorized allocation of $1.44 million of the available $2.266 million Medi-Cal Managed Care Plan EPT Planning Incentive payment program dollars. Specifically, the Board authorized the allocation of up to $800,000 for a contract to provide coaching and support to participating practice sites and up to $640,000 in program support costs.

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Discussion

In 2025, CalOptima Health collaborated with practices through onsite and telephonic visits. Based on the continuous efforts of the EPT team and CalOptima Health's consultant, CalOptima Health received meaningful feedback from the practices, underscoring their need for financial support in areas such as technology and other essential needs. The EPT Planning Incentive payment program is designed to help small to medium-sized practices meet all twenty-five DHCS-defined milestones, focusing on creating plans to achieve incremental improvement. The practices receive payments based on the successful completion of their plans and the improvements they make.

The EPT practices identified several key areas of financial support that would help them achieve the goals of the EPT Planning Incentive payment program. Some examples of the types of support being sought are: the cost to secure a contract with a Qualified Health Information Organization (QHIO); upgrading or implementing a new electronic health record (EHR) system; acquiring a population health management tool; utilizing patient communication technology through text or email services such as Phreesia; and the implementation of Cozeva, which enables practices to access real-time quality metrics and care gap information for their CalOptima Health patients. This support will integrate the practices with other trading partners, a QHIO, and CalOptima Health.

Therefore, CalOptima Health proposes to distribute $1.275 million in EPT incentive dollars through a by-invitation-only notice of funding opportunity (NOFO) for practices currently engaged in the EPT cohort. Engaged practices will be invited to apply to this funding opportunity to subsidize the cost of their EPT-related expenses, further enabling them to meet the requirements of the EPT Planning Incentive payment program. Staff anticipates that the NOFO will be live in March 2026, with grant decisions in April, and funds awarded by June 1, 2026. These grants will support practices in fully achieving their EPT plans by December 2026, with continued implementation into 2027.

Staff will provide grant oversight pursuant to CalOptima Health Policy AA.1400: Grants Management and will return to the Board to provide updates on the status of these grants at future meetings.

To fund the proposed grant agreements, staff requests the Board authorize the following:

- Reallocate $250,000 previously approved to fund a contract to provide coaching and support to participating practice sites. This funding is available because staff have executed a vendor contract for coaching and support services with a maximum cumulative payment obligation of $599,640.
- Reallocate $275,000 previously approved to fund program support costs. Staff has reviewed updated staffing costs through the end of the project period and determined this amount is available for reallocation.
- Allocate $750,000 in unallocated Medi-Cal Managed Care Plan EPT Planning Incentive payment program funds. If approved, the remaining unallocated funds will be approximately $27,000.

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Proposed Reallocation under Recommended Action 2.a. and 2.b.

	Initial Program Spending	3/6/2025 Board Action	Estimated Committed Amount	Estimated Remaining Amount	Proposed Reallocation
Coaching and Support Contract	$50,000	$800,000	$599,640	$250,360	$250,000
Program Support	$0	$640,000	$365,000	$275,000	$275,000
Total	**$50,000**	**$1,440,000**	**$964,640**	**$525,360**	**$525,000**

Proposed Allocation under Recommended Action 2.c.

	Total Amount
Total EPT Planning Incentive Funds from DHCS	$2,266,968
Amount Committed (as of 12/31/2025)	-$1,490,000
Proposed Allocation	-$750,000
Remaining Resources Available	**$26,968**

The figures provided on the table are estimated and rounded. Staff has reserved some funds to ensure adequate resources for the remaining duration of the program and any close-out activities.

Fiscal Impact

There is no additional net fiscal impact. The recommended action will be funded by a reallocation of $525,000 from a previous Board action on March 6, 2025, and an allocation of $750,000 from the balance of the Medi-Cal Managed Care Plan EPT Planning Incentive program funds.

Rationale for Recommendation

The proposed action enables CalOptima Health to achieve the objective of the EPT Planning Incentive payment program. This support is designed to help the 14 participating Orange County practices meet the EPT program goals by December 31, 2026. Funding these grants will help CalOptima Health improve quality metrics and secure additional funding for future investments in the provider network.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Board Action
2. Previous Board Action dated March 6, 2025, "Approve Actions Related to the Equity and Practice Transformation Payment Program"

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Board Actions

Board Meeting Dates	Action	Term	Not to Exceed Amount
March 6, 2025	Authorize allocation of $1.44 million to fund a) $800,000 for a contract to provide coaching and support to EPT practices b) $640,000 in program support costs.	-	$1.44 million

/s/ Michael Hunn *01/30/2026*
Authorized Signature **Date**

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Attachment to the December 4, 2025, Board of Directors Meeting – Agenda Item 14

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Camino Health Center	30300 Camino Capistrano	San Juan Capistrano	CA	92675
Celebrating Life Community Health Center	27800 Medical Center Road, Suite 109/110	Mission Viejo	CA	92691
Families Together of Orange County	9918 Katella Ave., Suites A-C	Anaheim	CA	92804
Korean Community Services, Inc.dba: KCS	7212 Orangethorpe Ave., Suite 9-A	Buena Park	CA	90621
North Orange County Reg Health Foundation dba Family Health Matters	1182 N Euclid Street	Anaheim	CA	92801
Saint Youstina	809 S Main St., Suite A	Santa Ana	CA	92701
Serve the People Community Health Center	1206 E 17th St., Suite 101	Santa Ana	CA	92701
S A Medical Center Inc. dba: San Antonio Medical Center	610 W 17th	Santa Ana	CA	92706
Latino Health Services Medical Group dba Clinica Medica Familiar De Santa Ana	517 N Main Street	Santa Ana	CA	92701
Mohan Kumaratne, MD, Inc	17692 Beach Blvd., Suite 200	Huntington Beach	CA	92647
Cedars Family Medicine Inc.	18021 Sky Park Circle, Suite G	Irvine	CA	92614
Children's Hospital of Orange County (CHOC Children's)	1201 W La Veta Ave. Attn: Primary Care Administration	Orange	CA	92868
Sangeeta Patel dba Docs For Kids	13372 Newport Ave., Suite B	Tustin	CA	92780
CHOICE Health Network	408 S Beach Blvd., Suite 111	Anaheim	CA	92804

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CalOptima Health Board Action Agenda Referral

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

Consent Calendar

15. Approve Actions Related to the Equity and Practice Transformation Payment Program

Contacts

Yunkyung Kim, Chief Operating Officer, (714) 923-8834
Michael Gomez, Executive Director of Network Operations, (714) 347-3292

Recommended Action

1. Authorize allocation of $1.44 million in Medi-Cal Managed Care Plan Equity and Practice Transformation Program Planning Incentives to fund:
    a. Up to $800,000 for a contract to provide coaching and support to Equity and Practice Transformation Program practice sites; and
    b. Up to $640,000 in program support costs.
2. Authorize the Chief Executive Officer to release a request for proposals, select a vendor, and negotiate and execute a contract for coaching and support services to practice sites through a formal procurement in accordance with CalOptima Health's Board-approved Purchasing Policy.
3. Make a finding that such expenditures are for a public purpose and in furtherance of CalOptima Health's mission and purpose.

Background and Discussion

The Equity and Practice Transformation (EPT) Program is a three-year, $140 million directed payment program funded jointly by the California Department of Health Care Services (DHCS) and the Centers for Medicare & Medicaid Services. The EPT Program aims to improve access for Medi-Cal enrollees to advance equity, reduce disparities, and invest in building the foundation of patient-centered population health models that align with future value-based payments. The program began in January 2024 with a cohort of 205 primary care practices across 52 counties selected to participate. There are three components to the EPT Program:

1. $25 million for Medi-Cal Managed Care Plan (MCP) initial provider planning incentive payments to encourage MCPs to support EPT practices in assessing the ability to transform their practices and meet program goals;
2. $97 million for EPT provider directed payments: $250,000 base payments for each participating practice plus a $20 per assigned member payment for achieving milestones; and
3. $18 million for a statewide learning collaborative to ensure successful implementation of the program.

Seventeen primary care practices in Orange County currently participate in the program; of those, 14 practices have designated CalOptima Health as their Medi-Cal MCP. Together, these practice sites are eligible for up to $5,362,020 in EPT provider directed payments. Practices must submit up to 8 comprehensive reports to DHCS for deliverables that include milestones, key performance indicators, and data reports. The reports are submitted on a semiannual basis. If the practices meet the metrics and are approved by DHCS, they will receive their payment. Without considerable individualized coaching and training, the practices will be at a disadvantage in developing policies, workflows, and protocols for

the practice to support the deliverables. Metrics for the upcoming May deliverables include the completion of annual assessments, HEDIS-like reporting for their population of focus, and key performance indicator reports, including a data implementation plan.

CalOptima Health received $2.266 million in incentive payments from DHCS to support the success of its participating practices. To date, CalOptima Health has used $50,000 of the incentive payments to support training for the 14 practice sites to help them meet their first milestone.

Staff requests the Board allocate up to $1.44 million of the $2.216 million in unallocated funds as follows:

- Up to $800,000 to contract with a qualified vendor to provide continued coaching and support for the 14 practice sites, including providing a site-specific assessment of performance gaps; site-specific training and coaching to achieve quality performance metrics and other key performance indicators; implementation of data exchanges at each site with two new trading partners; and support the site with completing all required submissions to earn the directed payments.
- Up to $640,000 to fund short-term CalOptima Health staff for a 3-year period. This will ensure CalOptima Health's compliance with program close-out activities and supplemental reporting after the program's conclusion. Staff will include a project manager to drive the project across CalOptima Health's internal departments, the 14 practice sites, the statewide learning collaborative partner, and DHCS; and staff in Quality Improvement to align the EPT Program goals and quality performance targets with existing CalOptima Health quality initiatives to eliminate duplication and export best practices to additional practices.

Staff will return to the Board at a future meeting with requests to allocate the remaining $776,000 in unallocated funds toward additional investments to support new or revised DHCS EPT requirements.

Fiscal Impact
The recommended action is fully funded from the Medi-Cal MCP EPT Program Planning Incentives that CalOptima Health has received from DHCS and has no additional net fiscal impact to CalOptima Health.

Rationale for Recommendation
The recommended action allows CalOptima Health to meet the intent of the MCP provider planning incentive payments to support the 14 Orange County practices participating in the EPT Program to meet program goals.

Concurrence
James Novello, Outside General Counsel, Kennaday Leavitt

Attachments
1. Entities Covered by this Recommended Board Action

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

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Attachment to the March 6, 2025, Board of Directors Meeting – Agenda Item 15

CONTRACTED/ IMPACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Camino Health Center	30300 Camino Capistrano	San Juan Capistrano	CA	92675
Celebrating Life Community Health Center	27800 Medical Center Road, Suite 109/110	Mission Viejo	CA	92691
Families Together of Orange County	9918 Katella Ave., Suites A-C	Anaheim	CA	92804
Korean Community Services, Inc.dba: KCS	7212 Orangethorpe Ave., Suite 9-A	Buena Park	CA	90621
North Orange County Reg Health Foundation dba Family Health Matters	1182 N Euclid Street	Anaheim	CA	92801
Saint Youstina	809 S Main St., Suite A	Santa Ana	CA	92701
Serve the People Community Health Center	1206 E 17th St., Suite 101	Santa Ana	CA	92701
S A Medical Center Inc. dba: San Antonio Medical Center	610 W 17th	Santa Ana	CA	92706
Latino Health Services Medical Group dba Clinica Medica Familiar De Santa Ana	517 N Main Street	Santa Ana	CA	92701
Mohan Kumaratne, MD, Inc	17692 Beach Blvd., Suite 200	Huntington Beach	CA	92647
Cedars Family Medicine Inc.	18021 Sky Park Circle, Suite G	Irvine	CA	92614
Children's Hospital of Orange County (CHOC Children's)	1201 W La Veta Ave. Attn: Primary Care Administration	Orange	CA	92868
Sangeeta Patel dba Docs For Kids	13372 Newport Ave., Suite B	Tustin	CA	92780
CHOICE Health Network	408 S Beach Blvd., Suite 111	Anaheim	CA	92804

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CalOptima Health Board Action Agenda Referral

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

Report Item
15. Approve Actions Related to Legal Services

Contacts
John Tanner, Chief Compliance Officer, (714) 867-9654
Steve Eckberg, Chief Human Resources Officer, (657) 328-9053

Recommended Actions
1. Ratify an amendment to the contract with Bird Marella Rhow Lincenberg Drooks Nessim, LLP for legal services to extend the contract through June 30, 2026, and authorize unbudgeted operating expenditures and appropriate funds in an amount up to $125,000 from existing reserves;
2. Ratify an amendment to the contract with Liebert Cassidy Whitmore, PC, for legal services to extend the contract through June 30, 2026, and authorize unbudgeted operating expenditures and appropriate funds in an amount up to $125,000 from existing reserves; and
3. Authorize unbudgeted operating expenditures and appropriate funds in an amount up to $250,000 from existing reserves to fund legal services through June 30, 2026, to be provided by Procopio, Cory, Hargreaves & Savitch LLP under the existing agreement.

Background and Discussion
CalOptima Health operates under a full external legal services model and does not employ in-house legal staff. In alignment with CalOptima Health Policy GA.5002: Purchasing, and consistent with industry practice, CalOptima Health engages legal services through direct contracting rather than utilizing a competitive procurement process due to the specialized nature of these services.

CalOptima Health contracted with Bird Marella Rhow Lincenberg Drooks Nessim, LLP (Bird Marella), for special legal services effective September 16, 2024, through December 31, 2025. CalOptima Health contracted with Liebert Cassidy Whitmore, PC (LCW), for legal services pertaining to employment relations matters and personnel matters effective May 12, 2025, through December 31, 2025. The Legal Ad Hoc Committee of the Board extended the terms of both contracts through June 30, 2026, and asks the Board to ratify the amendments. The cost of these extensions is estimated to be no more than $125,000 for each firm.

On October 2, 2025, CalOptima Health engaged Procopio, Cory, Hargreaves & Savitch LLP (Procopio) to perform additional legal services that were unbudgeted. The estimated cost of this additional engagement is no more than $250,000. Procopio was engaged by CalOptima staff due to KL being conflicted from participating.

Fiscal Impact
The recommended action is unbudgeted. An appropriation of up to $500,000 from existing reserves will fund continuation of legal services to support the Board.

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Rationale for Recommendation

This action is recommended by the Legal Ad Hoc Committee of the Board. The action will enable CalOptima Health to access necessary legal services and cover the costs of legal services that were not planned or anticipated at the time the Board approved the Fiscal Year 2025-26 Operating Budget.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

Attachments

1. Entities Covered by this Recommended Action
2. Bird Marella Rhow Lincenberg Drooks Nessim, LLP Contract Amendment
3. Liebert Cassidy Whitmore, PC Contract Amendment Ratification

/s/ Michael Hunn *01/29/2026*
Authorized Signature **Date**

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CONTRACTED ENTITIES COVERED BY THIS RECOMMENDED BOARD ACTION

Name	Address	City	State	Zip Code
Bird, Marella, Rhow, Lincenberg, Drooks & Nessim. LLP	1875 Century Park East, 23rd Floor	Los Angeles	CA	90067
Liebert Cassidy Whitmore	6033 West Century Boulevard, 5th Floor	Los Angeles	CA	90045
Procopio, Cory, Hargreaves & Savitch LLP	200 Spectrum Center Dr., Suite #1650	Irvine	CA	92618

BIRD MARELLA LLP
BIRD • MARELLA • RHOW • LINCENBERG • DROOKS • NESSIM

Benjamin N. Gluck

(310) 201-2100
bgluck@birdmarella.com
www.birdmarella.com

December 29, 2025

Yunkyung Kim
Chief Operating Officer
CalOptima Health
505 City Parkway
West Orange, CA 92868

E-Mail: yunkyung.kim@caloptima.org

Re: Engagement Letter

Dear Ms. Kim:

This letter amends the scope of the May 30, 2025, Agreement between CalOptima and this Firm, and extends the termination date of that Agreement until June 30, 2026. All other terms of that Agreement remain the same.

Sincerely,

Benjamin N. Gluck

AGREED

Date: 12/29/2025

CalOptima Health

By: _____

Its: Isabel Becerra, Board Chair

AMENDMENT NO.1 TO
AGREEMENT FOR SPECIAL SERVICES
BY AND BETWEEN
CalOptima Health
AND
LIEBERT CASSIDY WHITMORE,
A PROFESSIONAL CORPORATION

THIS AMENDMENT is executed by and between Liebert Cassidy Whitmore, a professional corporation ("Attorney") and CalOptima Health ("Client"), and will amend the prior agreement between the parties entitled Agreement for Special Services which was entered into May 12, 2025.

WHEREAS, the parties desire to amend their agreement to allow or provide for the continued consulting, representational, negotiations and legal services and couseling on various Client employment relations matters.

WHEREAS, the Agreement provides for amendments; and

WHEREAS, the Client and Attorney are desirous of amending the Agreement for the purpose of extending the terms of the agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. This amendment shall be effective as of January 1, 2026 through June 30, 2026.

2. That in all other respects the prior agreement of the parties shall remain in full force and effect except as amended herein.

LIEBERT CASSIDY WHITMORE,
A Professional Corporation

By _____
Name Melanie L. Chang
Title Managing Partner
Date 1-6-2026

CalOptima Health

By _____
Name Isabel Becerra
Title Board Chair
Date 12/29/2025

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CalOptima Health Board Action Agenda Referral

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

Report Item
16. Approve Actions Related to the Street Medicine Program Expansion

Contacts
Yunkyung Kim, Chief Operating Officer, (714) 923-8834
Kelly Bruno-Nelson, Executive Director, Medi-Cal/CalAIM, (714) 954-2140

Recommended Action
1. Approve a notice of interest opportunity to identify a city collaborative for the expansion of CalOptima Health's Street Medicine Program.

Background
On March 17, 2022, CalOptima Health's Board of Directors (Board) committed $8 million from the Homeless Health Initiatives Reserve for purposes of street medicine. On May 5, 2022, the Board approved the street medicine scope of work. On November 3, 2022, the Board authorized the Chief Executive Officer to execute a contract with Healthcare in Action to provide street medicine services. The pilot launched in Garden Grove on April 1, 2023.

In accordance with CalOptima Health's Strategic Priority, Overcoming Health Disparities, and due to the success of the pilot, on October 5, 2023, the Board unanimously voted to:
1. Authorize CalOptima Health staff to expand CalOptima Health's Street Medicine Program into two additional cities;
2. Approve the notice of interest opportunity that CalOptima Health would release to cities, including commitments from CalOptima Health and evaluation criteria; and
3. Approve the scope of work for the request of qualifications (RFQu) to identify providers capable of implementing the Program.

CalOptima Health launched the RFQu for street medicine providers on November 9, 2023. On December 7, 2023, the Board authorized CalOptima Health to expand its Street Medicine Program to the cities of Anaheim and Costa Mesa. On March 7, 2024, the Board approved Celebrating Life Community Health Center to provide street medicine services in Costa Mesa and Healthcare in Action to provide street medicine services in Anaheim. The programs launched on August 12, 2024, and September 3, 2024, respectively.

In accordance with CalOptima Health's strategic priority of overcoming health disparities and based on the success of the Street Medicine Program, on December 5, 2024, the Board unanimously voted to approve a notice of interest opportunity to identify one additional host-city for the expansion of CalOptima Health's Street Medicine Program. On March 6, 2025, the Board authorized CalOptima Health to expand its Street Medicine Program to the city of Santa Ana and approved the scope of work for the request for proposals to identify providers capable of implementing the program. On June 5,

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2025, the Board approved AltaMed to provide street medicine services in Santa Ana. The program will launch in March 2026.

Discussion

Street medicine includes health and social services developed specifically to address the unique needs and circumstances of unsheltered individuals. The fundamental approach of street medicine is to engage people experiencing homelessness where they are and on their own terms to maximally reduce or eliminate barriers to care access and follow-through services. Working in collaboration with various county, city, and community organizations, street medicine's ultimate goal is to address and improve the overall health outcomes of the unsheltered, unhoused individuals served.

Since the April 1, 2023, launch of CalOptima Health's Street Medicine Program, over 1,000 individuals experiencing homelessness have been enrolled, and 100% of them are receiving primary medical care, including ongoing medical care, ordering and reading labs, prescribed medications, referrals to specialists as needed, and urgent care. In addition, 97% have voluntarily enrolled in California Advancing and Innovating Medi-Cal (CalAIM) Enhanced Care Management and/or Community Support Services. Given the success of CalOptima Health's Street Medicine Program, CalOptima Health staff is requesting the Board's approval to expand the Street Medicine Program to a city collaborative. A city collaborative is a partnership of multiple cities that agree to host the program. To select a city collaborative in an equitable and transparent manner, CalOptima Health staff will release a notice of interest opportunity. The notice of interest opportunity will include a series of attestations and questions and require a signed letter of support from each participating City Manager. With the Board's approval, CalOptima Health shall launch the notice of interest opportunity no sooner than April 2026. Once the notice of interest opportunity closes, a committee of evaluators from CalOptima Health will review and score the submissions. CalOptima Health staff will then return to the Board to request approval of the selected city collaborative and approval to release a solicitation process to identify a provider.

Fiscal Impact

The recommended action has no immediate fiscal impact. Staff will return to the Board to request a funding allocation at a future meeting.

Rationale for Recommendation

To engage CalOptima Health members experiencing homelessness where they are and on their own terms, to reduce or eliminate barriers to medical and social care, and with the success of CalOptima Health's Street Medicine Program operating in Anaheim, Costa Mesa, and Garden Grove, CalOptima Health staff would like to expand the Street Medicine Program to a city collaborative.

Concurrence

James Novello, Outside General Counsel, Kennaday Leavitt

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Attachments
None.

/s/ Michael Hunn *01/30/2026*
Authorized Signature **Date**

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