



CalOptima Health

Financial Summary

February 28, 2025

Board of Director's Meeting

April 3, 2025

Nancy Huang, Chief Financial Officer

Our Mission

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

Our Vision

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

Financial Highlights: February 2025

February 2025				July 2024 - February 2025				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
915,201	900,877	14,324	1.6%	Member Months	7,307,781	7,204,815	102,966	1.4%
404,370,448	359,579,579	44,790,869	12.5%	Revenues	3,226,637,951	2,852,425,304	374,212,647	13.1%
348,372,956	335,719,673	(12,653,283)	(3.8%)	Medical Expenses	2,977,380,617	2,838,113,466	(139,267,151)	(4.9%)
20,185,499	24,916,532	4,731,033	19.0%	Administrative Expenses	165,431,075	196,225,767	30,794,692	15.7%
35,811,992	(1,056,626)	36,868,618	3,489.3%	Operating Margin	83,826,259	(181,913,929)	265,740,188	146.1%
				Non-Operating Income (Loss)				
18,750,298	6,666,660	12,083,638	181.3%	Net Investment Income/Expense	134,694,484	53,333,280	81,361,204	152.6%
16,696	(117,280)	133,976	114.2%	Net Rental Income/Expense	(339,253)	(938,240)	598,987	63.8%
(4,662)	-	(4,662)	(100.0%)	Net MCO Tax	(6,361)	-	(6,361)	(100.0%)
(261,166)	(1,178,825)	917,659	77.8%	Grant Expense	(13,617,529)	(9,339,691)	(4,277,838)	(45.8%)
(48,431)	-	(48,431)	(100.0%)	Other Income/Expense	22,419	-	22,419	100.0%
18,452,735	5,370,555	13,082,180	243.6%	Total Non-Operating Income (Loss)	120,753,760	43,055,349	77,698,411	180.5%
54,264,727	4,313,929	49,950,798	1,157.9%	Change in Net Assets	204,580,019	(138,858,580)	343,438,599	247.3%
86.2%	93.4%	(7.2%)		Medical Loss Ratio	92.3%	99.5%	(7.2%)	
5.0%	6.9%	1.9%		Administrative Loss Ratio	5.1%	6.9%	1.8%	
8.9%	(0.3%)	9.2%		Operating Margin Ratio	2.6%	(6.4%)	9.0%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
79.6%	88.5%	(8.9%)		*Adjusted MLR	86.3%	94.6%	(8.2%)	
5.0%	6.9%	1.9%		*Adjusted ALR	5.4%	6.9%	1.5%	

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

Financial Highlights Notes: February 2025

- Notable events/items in February 2025
 - Lower claims volumes in February due to less days in the month
 - Staff anticipates volume to normalize in March 2025
 - Favorable revenue due primarily to:
 - The revised Calendar Year (CY) 2025 draft rates received in December were favorable compared to budget assumptions. Staff anticipates additional rate amendments are forthcoming from the Department of Health Care Services (DHCS) due to program and member acuity changes.

FY 2024-25: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) February 2025: \$54.3 million, favorable to budget \$50.0 million or 1,157.9% primarily due to:
 - Favorable net investment income, enrollment and CY 2025 premium capitation rates
 - Year To Date (YTD) July 2024 – February 2025: \$204.6 million, favorable to budget \$343.4 million or 247.3% primarily due to:
 - Favorable net investment income, premium capitation rates and enrollment in the Medi-Cal (MC) Line of Business (LOB)

FY 2024-25: Management Summary (cont.)

○ Enrollment

- MTD: 915,201 members, favorable to budget 14,324 or 1.6%
- YTD: 7,307,781 member months, favorable to budget 102,966 or 1.4%

○ Revenue

- MTD: \$404.4 million, favorable to budget \$44.8 million or 12.5% due to favorable enrollment and CY 2025 premium capitation rates
- YTD: \$3.226.6 million, favorable to budget \$374.2 million or 13.1% driven by MC LOB due to CY 2022 Hospital Directed Payments (DP), favorable enrollment and premium capitation rates

FY 2024-25: Management Summary (cont.)

○ Medical Expenses

- MTD: \$348.4 million, unfavorable to budget \$12.7 million or 3.8% driven by:
 - \$8.6 million in MC Other Medical Expenses primarily due to CY 2025 Community Reinvestment and Quality Achievement accruals
 - \$3.8 million in MC Professional and Managed Long-Term Services and Supports (MLTSS) expenses due to increase in utilization
 - \$2.7 million in MC Incentive Payments expenses

FY 2024-25: Management Summary (cont.)

- Medical Expenses (cont.)
 - YTD: \$2,977.4 million, unfavorable to budget \$139.3 million or 4.9% driven by:
 - \$173.4 million in MC Other Medical Expenses due primarily to CY 2022 Hospital DP and CY 2025 Community Reinvestment and Quality Achievement accruals
 - Offset by \$13.7 million in MC Incentive Payments expenses due to the timing of Hospital Quality Program (HQP) accruals

FY 2024-25: Management Summary (cont.)

○ Administrative Expenses

- MTD: \$20.2 million, favorable to budget \$4.7 million or 19.0%
- YTD: \$165.4 million, favorable to budget \$30.8 million or 15.7%

○ Non-Operating Income (Loss)

- MTD: \$18.5 million, favorable to budget \$13.1 million or 243.6% primarily due to net investment income of \$18.8 million
- YTD: \$120.8 million, favorable to budget \$77.7 million or 180.5% primarily due to net investment income of \$134.7 million, offset by grant expense of \$13.6 million

FY 2024-25: Key Financial Ratios

○ Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	86.2%	93.4%	(7.2%)
	Adjusted MLR*	79.6%	88.5%	(8.9%)
YTD	MLR	92.3%	99.5%	(7.2%)
	Adjusted MLR*	86.3%	94.6%	(8.2%)

○ Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	5.0%	6.9%	1.9%
	Adjusted ALR*	5.0%	6.9%	1.9%
YTD	ALR	5.1%	6.9%	1.8%
	Adjusted ALR*	5.4%	6.9%	1.5%

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

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

○ Balance Sheet Ratios

- Current ratio*: 1.9
- Board Designated Reserve level: 2.92
- Statutory Designated Reserve level: 1.11
 - During the monthly review, upon discovery that the reserve level exceeded the Board-approved limits of 100% to 110% of the minimum required Tangible Net Equity (TNE), Staff completed a transfer in March to bring the ratio back in compliance with the Board-approved policy
- Net-position: \$2.6 billion, including required TNE of \$123.6 million

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

Enrollment Summary: February 2025

February 2025				Enrollment (by Aid Category)	July 2024 - February 2025			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
148,457	138,187	10,270	7.4%	SPD	1,168,485	1,096,405	72,080	6.6%
264,926	271,981	(7,055)	(2.6%)	TANF Child	2,145,220	2,178,493	(33,273)	(1.5%)
131,244	138,300	(7,056)	(5.1%)	TANF Adult	1,049,245	1,103,765	(54,520)	(4.9%)
2,495	2,599	(104)	(4.0%)	LTC	19,924	20,844	(920)	(4.4%)
340,899	322,408	18,491	5.7%	MCE	2,705,836	2,585,674	120,162	4.6%
9,439	9,543	(104)	(1.1%)	WCM	77,449	76,456	993	1.3%
897,460	883,018	14,442	1.6%	Medi-Cal Total	7,166,159	7,061,637	104,522	1.5%
17,238	17,374	(136)	(0.8%)	OneCare	137,594	139,366	(1,772)	(1.3%)
503	485	18	3.7%	PACE	4,028	3,812	216	5.7%
538	568	(30)	(5.3%)	MSSP	4,060	4,544	(484)	(10.7%)
915,201	900,877	14,324	1.6%	CalOptima Health Total	7,307,781	7,204,815	102,966	1.4%

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



Consolidated Revenue & Expenses: February 2025 MTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	897,460	17,238		503	538		915,201
REVENUES							
Capitation Revenue	\$ 361,120,473	\$ 38,121,203	\$ -	\$ 4,882,368	\$ 246,404	\$ -	\$ 404,370,448
Total Operating Revenue	361,120,473	38,121,203	-	4,882,368	246,404	-	404,370,448
MEDICAL EXPENSES							
Provider Capitation	114,493,573	17,124,851					131,618,424
Claims	119,474,324	5,632,347		1,519,760			126,626,431
MLTSS	46,578,186			6,027	38,645		46,622,858
Prescription Drugs		8,231,231		551,389			8,782,620
Case Mgmt & Other Medical	30,830,492	2,461,612		1,250,086	180,433		34,722,623
Total Medical Expenses	311,376,575	33,450,041	-	3,327,262	219,078	-	348,372,956
Medical Loss Ratio	86.2%	87.7%	0.0%	68.1%	88.9%	0.0%	86.2%
GROSS MARGIN	49,743,897	4,671,163	-	1,555,105	27,326	-	55,997,492
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	11,051,703	985,293		168,934	103,063		12,308,992
Non-Salary Operating Expenses	3,062,220	839,708		93,860	1,426	10,516	4,007,729
Depreciation & Amortization	734,422			991			735,413
Other Operating Expenses	2,428,878	328,305		4,275	7,754		2,769,212
Indirect Cost Allocation, Occupancy	(678,379)	1,019,094		16,799	6,639		364,153
Total Administrative Expenses	16,598,844	3,172,399	-	284,859	118,881	10,516	20,185,499
Administrative Loss Ratio	4.6%	8.3%	0.0%	5.8%	48.2%	0.0%	5.0%
Operating Income/(Loss)	33,145,053	1,498,763	-	1,270,246	(91,555)	(10,516)	35,811,992
Investments and Other Non-Operating	(53,093)						18,452,735
CHANGE IN NET ASSETS	\$ 33,091,961	\$ 1,498,763	\$ -	\$ 1,270,246	\$ (91,555)	\$ (10,516)	\$ 54,264,727
BUDGETED CHANGE IN NET ASSETS	(796,042)	578,805	-	185,752	(108,475)	(916,666)	4,313,929
Variance to Budget - Fav/(Unfav)	\$ 33,888,003	\$ 919,958	\$ -	\$ 1,084,494	\$ 16,920	\$ 906,150	\$ 49,950,798

Consolidated Revenue & Expenses: February 2025 YTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	7,166,159	137,594		4,028	4,060		7,307,781
REVENUES							
Capitation Revenue	\$ 2,916,092,459	\$ 276,416,567	\$ (3,197,365)	\$ 35,467,751	\$1,858,538	\$ -	\$ 3,226,637,951
Total Operating Revenue	2,916,092,459	276,416,567	(3,197,365)	35,467,751	1,858,538	-	3,226,637,951
MEDICAL EXPENSES							
Provider Capitation	911,924,197	119,099,115	(1,453,037)				1,029,570,274
Claims	1,043,357,126	48,538,698	(184,151)	12,707,551			1,104,419,223
MLTSS	390,605,875			89,174	299,519		390,994,568
Prescription Drugs		69,841,088		4,669,284			74,510,372
Case Mgmt & Other Medical	352,903,403	13,328,750		10,158,487	1,495,539		377,886,179
Total Medical Expenses	2,698,790,600	250,807,650	(1,637,188)	27,624,497	1,795,057	-	2,977,380,617
<i>Medical Loss Ratio</i>	92.5%	90.7%	51.2%	77.9%	96.6%	0.0%	92.3%
GROSS MARGIN	217,301,859	25,608,916	(1,560,177)	7,843,255	63,481	-	249,257,334
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	91,021,459	8,644,568		1,352,709	814,795		101,833,531
Non-Salary Operating Expenses	27,780,306	4,439,967		498,242	11,366	10,516	32,740,397
Depreciation & Amortization	5,915,069			7,738			5,922,808
Other Operating Expenses	21,222,741	705,761		69,328	61,898		22,059,730
Indirect Cost Allocation, Occupancy	(6,183,971)	8,857,912		141,453	59,215		2,874,610
Total Administrative Expenses	139,755,604	22,648,209	-	2,069,471	947,274	10,516	165,431,075
<i>Administrative Loss Ratio</i>	4.8%	8.2%	0.0%	5.8%	51.0%	0.0%	5.1%
Operating Income/(Loss)	77,546,255	2,960,708	(1,560,177)	5,773,784	(883,793)	(10,516)	83,826,259
Investments and Other Non-Operating	16,058						120,753,760
CHANGE IN NET ASSETS	\$ 77,562,313	\$ 2,960,708	\$ (1,560,177)	\$ 5,773,784	\$ (883,793)	\$ (10,516)	\$ 204,580,019
BUDGETED CHANGE IN NET ASSETS	(170,458,508)	(8,028,102)	-	(689,399)	(904,588)	(1,833,332)	(138,858,580)
Variance to Budget - Fav/(Unfav)	\$ 248,020,821	\$ 10,988,810	\$ (1,560,177)	\$ 6,463,183	\$ 20,795	\$ 1,822,816	\$ 343,438,599

Balance Sheet: As of February 2025

ASSETS

Current Assets	
Operating Cash	\$545,443,753
Short-term Investments	1,690,602,820
Capitation Receivable	783,309,713
Receivables - Other	103,780,166
Prepaid Expenses	14,345,130
Total Current Assets	3,137,481,583
Capital Assets	
Capital Assets	194,413,361
Less Accumulated Depreciation	(92,700,687)
Capital Assets, Net of Depreciation	101,712,674
Other Assets	
Restricted Deposits	300,000
Board Designated Reserves	1,099,610,141
Statutory Designated Reserves	137,695,651
Total Other Assets	1,237,605,792
TOTAL ASSETS	4,476,800,050
Deferred Outflows	75,899,007
TOTAL ASSETS & DEFERRED OUTFLOWS	4,552,699,057

LIABILITIES & NET POSITION

Current Liabilities	
Accounts Payable	\$415,216,496
Medical Claims Liability	1,052,855,253
Accrued Payroll Liabilities	23,986,317
Deferred Revenue	47,557,277
Other Current Liabilities	-
Capitation and Withholds	134,430,791
Total Current Liabilities	1,674,046,135
Other Liabilities	
GASB 96 Subscription Liabilities	18,048,802
Community Reinvestment	138,415,777
Capital Lease Payable	262,741
Postemployment Health Care Plan	17,635,604
Net Pension Liabilities	45,981,359
Total Other Liabilities	220,344,283
TOTAL LIABILITIES	1,894,390,418
Deferred Inflows	8,646,445
Net Position	
Required TNE	123,552,530
Funds in Excess of TNE	2,526,109,664
TOTAL NET POSITION	2,649,662,194
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,552,699,057

Board Designated Reserve and TNE Analysis: As of February 2025

Board Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	549,962,291				
MetLife Tier One	549,647,850				
Board Designated Reserves	1,099,610,141	941,215,552	1,129,458,663	158,394,589	(29,848,521)

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

2.92 2.50 3.00

Statutory Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	68,965,593				
MetLife Tier Two	68,730,059				
Statutory Designated Reserves	137,695,651	123,552,530	135,907,783	14,143,121	1,787,868

Current Reserve Level (X min. TNE) ¹

1.11² 1.00 1.10

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

² Adjustment to Statutory Designated Reserves made on March 17, 2025 to lower the current reserve level.

Spending Plan: As of February 2025

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 2/28/2025		\$2,649.7			100.0%
Resources Assigned	Board Designated Reserve ¹	\$1,099.6			41.5%
	Statutory Designated Reserve ¹	\$137.7			5.2%
	Capital Assets, net of Depreciation ²	\$101.7			3.8%
Resources Allocated³	Homeless Health Initiative ³	\$15.9	\$61.7	\$45.8	0.6%
	Housing and Homelessness Incentive Program ³	22.1	87.4	65.3	0.8%
	Intergovernmental Transfers (IGT)	54.5	111.7	57.2	2.1%
	Digital Transformation and Workplace Modernization ⁴	40.4	100.0	59.6	1.5%
	Mind OC Grant (Orange)	0.1	1.0	0.9	0.0%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	2.0	6.0	4.0	0.1%
	Coalition of Orange County Community Health Centers Grant	20.0	50.0	30.0	0.8%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.2	0.5	0.3	0.0%
	General Awareness Campaign	1.1	4.7	3.6	0.0%
	Member Health Needs Assessment	1.1	1.3	0.2	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	125.8	153.5	27.7	4.7%
	Medi-Cal Annual Wellness Initiative	2.5	3.8	1.3	0.1%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.4%
	In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program Grant	3.5	5.0	1.5	0.1%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	0.7%
	Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program Grant	2.1	2.7	0.6	0.1%
	CalOptima Health Provider Workforce Development Fund Grant	44.5	50.0	5.5	1.7%
	Distribution Event - Naloxone Grant	2.2	15.0	12.8	0.1%
	Garden Grove Bldg. Improvement	10.0	10.5	0.5	0.4%
	Post-Pandemic Supplemental	6.2	107.5	101.3	0.2%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.4%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	3.8	7.6	3.8	0.1%
	Quality Initiatives from unearned Pay for Value Program	18.5	23.3	4.8	0.7%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.4	1.0	0.6	0.0%
	Medi-Cal Provider Rate Increases	385.9	526.2	140.3	14.6%
	Homeless Prevention and Stabilization Pilot Program	0.3	0.3	0.0	0.0%
OneCare Member Engagement and Education	0.3	0.3	0.0	0.0%	
	Subtotal:	\$832.0	\$1,422.8	\$590.7	31.4%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$478.6			18.1%

¹ Total Designated Reserves and unallocated reserve amount can support approximately 147 days of CalOptima Health's current operations.

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

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

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

Homeless Health Initiative and Allocated Funds: As of February 2025

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-
Recuperative Care	6,194,190	6,194,190	-
Medical Respite	250,000	250,000	-
Day Habilitation (County for HomeKey)	2,500,000	2,500,000	-
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	879,957	83,304
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	3,883,740	6,005,173
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	10,076,652	7,333,162	2,743,490
Outreach and Engagement	7,000,000	-	7,000,000
Housing and Homelessness Incentive Program (HHIP) ²	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$101,800,000	\$45,755,811	\$56,044,188
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$61,700,000	\$45,755,811	\$15,944,188

Notes:

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

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

Housing and Homelessness Incentive Program

As of February 2025

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

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	1,400,000	832,350	567,650	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,321,311	1,300,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,391,731	440,583	HHI
Capital Projects	108,247,369	77,195,575	31,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	4,863,856	5,320,674	DHCS
Non-Profit Healthcare Academy	700,000	508,429	191,571	DHCS
Total of Approved Initiatives	\$133,185,524¹	\$94,313,252	\$38,872,272	

Notes:

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



CalOptima Health

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