NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
PROVIDER ADVISORY COMMITTEE

THURSDAY, DECEMBER 8, 2016
8:00 A.M.

CALOPTIMA
505 CITY PARKWAY WEST, SUITE 109-N
ORANGE, CALIFORNIA 92868

AGENDA

This agenda contains a brief, general description of each item to be considered. The Committee may take any action on all items listed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

Information related to this agenda may be obtained by contacting the CalOptima Clerk of the Board at 714.246.8806 or by visiting our website at www.caloptima.org. In compliance with the Americans with Disabilities Act, those requiring special accommodations for this meeting should notify the Clerk of the Board's office at 714.246.8806. Notification at least 72 hours prior to the meeting will allow time to make reasonable arrangements for accessibility to this meeting.

I. CALL TO ORDER
Pledge of Allegiance

II. ESTABLISH QUORUM

III. APPROVE MINUTES
A. Approve Minutes of the November 10, 2016 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC)

IV. PUBLIC COMMENT
At this time, members of the public may address the Committee on general topics. Public Comment on posted item(s) will follow staff presentation of the item(s) to the Committee. If you wish to speak on an item contained in the agenda, please complete a Public Comment Request Form(s) identifying the item(s) and submit the form to the assistant to the PAC. When addressing the Committee, it is requested that you state your name for the record. Please address the Committee as a whole through the Chair. Comments to individual Committee members or staff are not permitted. Speakers will be limited to three (3) minutes.

V. REPORTS
None

VI. CEO AND MANAGEMENT REPORTS
A. Chief Executive Officer (CEO) Update
B. Chief Financial Officer (CFO) Update
C. Chief Medical Officer (CMO) Update
D. Chief Operations Officer (COO) Update

VII. INFORMATION ITEMS
A. Federal and State Legislative Update
B. California Children Services (CCS) Update
C. PAC Member Updates

VIII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' PROVIDER ADVISORY COMMITTEE

November 10, 2016

A Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC) was held on Thursday, November 10, 2016 at the CalOptima offices located at 505 City Parkway West, Orange, California.

CALL TO ORDER

Teri Miranti, PAC Chair, called the meeting to order at 8:06 a.m., and Pam Pimentel led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Anjan Batra, M.D.; Theodore Caliendo, M.D.; Alan Edwards, M.D.; Stephen N. Flood; Jena Jensen; Pamela Kahn, R.N.; Teri Miranti; John Nishimoto, O.D.; George Orras, Ph.D. FAAP; Mary Pham, Pharm.D, CHC; Pamela Pimentel, R.N.; Suzanne Richards, RN, MBA, FACHE; Barry Ross, R.N., MPH, MBA

Members Absent: Donald Bruhns; Jacob Sweidan, M.D.

Others Present: Michael Schrader, Chief Executive Officer; Richard Helmer, M.D., Chief Medical Officer; Ladan Khamseh, Chief Operating Officer; Chet Uma, Chief Financial Officer; Gary Crockett, Chief Counsel; Donald Sharps, M.D., Medical Director, Behavioral Health; Arif Shaikh, Director, Government Affairs; Cheryl Meronk, Director, Strategic Development; Irma Munoz, Project Manager, Quality Analytics; Mimi Cheung, Supervisor, Quality Analytics; Cheryl Simmons, Staff to the PAC

MINUTES

Approve the Minutes of the October 13, 2016 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee

Action: ***On motion of Member Ross, seconded and carried, the Committee approved the minutes of the October 13, 2016 meeting. (Motion carried 13-0-0; Members Bruhns and Sweidan absent)***

PUBLIC COMMENTS

No requests for public comment were received.

PAC Chair Miranti reordered the agenda to hear Agenda Item VII.A, Magellan Healthcare Transition, before continuing with the CEO and Management Reports.

PRESENTATIONS

Behavioral Health Transition to Magellan Healthcare

Donald Sharps, M.D., Medical Director, Behavioral Health, and Harry Best, Sr. Director, National Provider Network Management, Magellan Healthcare, provided the PAC with an update on the current status of the behavioral health transition which is scheduled to take effect on January 1, 2017. Dr. Sharps and Mr. Best answered questions regarding provider credentialing status, provider overlap, continuity of care and case management services.

CEO AND MANAGEMENT REPORTS

Chief Executive Officer Update

Michael Schrader, Chief Executive Officer, updated the PAC on Board actions from the November 3, 2016, Board Meeting, including the Affordable Care Act (ACA) Medicare rate payment for those PCPs who missed the initial attestation deadline. The State agreed to make payments to providers who attested between December 31, 2014 and June 15, 2015. CalOptima will make additional payments to certain providers impacted by this decision.

PAC members discussed the uncertainty regarding potential changes to the ACA and Medi-Cal with the incoming Trump Administration, and how this may require a re-assessment of the plan within the next several months. The PAC recommended that staff return in six months to discuss any impact to CalOptima.

Chief Financial Officer Update

Chet Uma, Chief Financial Officer, presented CalOptima's Financial Report for September 2016, as well as a review of the Health Network Enrollment Summary for the month of September 2016.

Chief Medical Officer Update

Dr. Richard Helmer, Chief Medical Officer, provided updates on CalOptima's Program of All-Inclusive Care for the Elderly (PACE) Program and the PACE Modernization Act. Dr. Helmer noted that staff is looking into different options for expansion of the PACE program, including the Alternative Care Setting (ACS) model, which would allow partnering with Community Based Adult Services (CBAS) centers and other similar entities.

Dr. Helmer discussed behavioral health integration, and the potential use of a real time information portal and the possibility of partnering with Magellan Healthcare. This could eventually allow physicians and networks to use this portal so that they are aware of the types of assessments that are being conducted. Dr. Helmer also discussed the possible use of IGT funds for this purpose, as it would enhance CalOptima's behavioral health capabilities where care is being provided.

Dr. Helmer also gave an update on the Long Term Care (LTC) program. He noted that there are approximately 4,200 individuals within Orange County who were eligible for LTC benefits. About 700 of these members were Medi-Cal only, 380 were in the OneCare Connect (OCC) program and 60 were in the OneCare program. The OCC program allowed members to be enrolled by facilities. Unfortunately, the opt out rate for these members was higher than anticipated, but much lower than other counties. Many counties are experiencing up to 100% opt out rates. He noted that the contract management teams from DHCS and CMS approved CalOptima's incentive program for LTC and CalOptima hopes to have it approved and implemented in the first quarter of 2017. Dr. Helmer will bring more information back to the PAC as it becomes available.

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer, noted that the CalOptima Community Network (CCN) is approaching the auto assignment threshold. Auto assignment to the Community Network will cease once the network reaches 10% of CalOptima's overall membership. She noted that members can still actively select the CalOptima Community Network even after auto assignment has stopped.

INFORMATION ITEMS

Federal and State Budget Update

Arif Shaikh, Director, Government Affairs, reviewed the results of the November 8, 2016 election. He also discussed the California State Budget and stated that the Coordinated Care Initiative (CCI) could be eliminated during budget negotiations if it does not meet certain criteria. He noted that 82% of funding from the passing of the tobacco tax initiative would go into the Medi-Cal program in budget year 2017-2018 with new revenues of $700 million to $1 billion expected at the State level.

IGT Funds Expenditure

Cheryl Meronk, Strategic Planning Director, provided the PAC with the status of the IGT 1-3 projects and the recommended expenditure plan for available dollars from IGTs 1 through 5. Ms. Meronk noted that, since inception, the IGT funds received by CalOptima total approximately $48 million. PAC members made recommendations for use of the funds based on the reallocation of these funds.

CalOptima Strategic Plan

Ms. Meronk discussed the draft Strategic Plan reviewed by the Board at the November 3, 2016 meeting. She noted that the new Strategic Plan had incorporated feedback from the PAC Ad Hoc Committee.

HEDIS 2016 California Plan Performance Comparison

Irma Munoz, HEDIS Project Manager, Quality Analytics, reviewed the HEDIS 2016 California Plan Performance Comparison, and how CalOptima ranked compared to the other California plans. Member Dr. Nishimoto offered his assistance on improving the scores related to comprehensive diabetes care for eye exams.

Quality Initiatives – Medi-Cal Focused Measures

Mimi Cheung, Quality Analytics Supervisor, presented the Quality Initiatives – Medi-Cal Focused Measures that correlated with Ms. Munoz's HEDIS 2016 California Plan Performance Comparison presentation. PAC members reiterated that they would continue to work with CalOptima to help raise the benchmark levels so that CalOptima can maintain its number one ranking.

PAC Member Comments

Chair Miranti reminded the Committee that the next PAC meeting is scheduled for December 8, 2016.

ADJOURNMENT

There being no further business before the Committee, Chair Miranti adjourned the meeting at 10:20 a.m.

/s/ Cheryl Simmons
Cheryl Simmons
Staff to the PAC

Approved: December 8, 2016

MEMORANDUM

DATE:	December 1, 2016
TO:	CalOptima Board of Directors
FROM:	Michael Schrader, CEO
SUBJECT:	CEO Report
COPY:	Suzanne Turf, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; OneCare Connect Member Advisory Committee

Election Impact on the Affordable Care Act

Last month's election raises important questions about the Affordable Care Act (ACA) in general and more specifically California's expansion of Medi-Cal and the respective future of each. Like many other health plans, CalOptima is monitoring and working to assess potential impacts regarding preliminary information coming from our associations as well as other principal stakeholders. These sources are cautioning against undue speculation and recommend a watchful approach until more formal plans are put forward. To date, two main themes that may affect CalOptima have arisen: 1) The future of the federal financing obligation of the Medicaid expansion (MCE) population (Medi-Cal expansion in California) and 2) Potential changes to the structure of the federal Medicaid program. With regard to Medi-Cal expansion, please note that irrespective of what the new Administration and Congress may decide on MCE funding, Mercer, the state's actuarial consultant, anticipates that MCE rates will continue their downward trajectory toward Temporary Assistance for Needy Families (TANF) – or, "Medi-Cal classic" – rates in the coming year based on the continuing trend in utilization data from the MCE population. The second theme that has emerged is the overall makeup of the Medicaid program, specifically whether the program will be converted into a block grant program or potentially a per-capita cap system. Regardless, given the complexity of these and other important issues as well as the political climate in Washington, D.C., it is anticipated that there will be numerous discussions and debates in 2017 with any substantive changes not occurring until late 2017 or 2018 at the earliest. CalOptima staff continues to engage in discussions and will continue to keep your Board abreast of any significant developments.

Orange County Delegation

The November general election also produced several changes regarding representation for Orange County. At the federal level, there will be two new representatives in Washington, D.C. for the county. Kamala Harris was elected to succeed Sen. Barbara Boxer and will begin her 6-year term in 2017. In the House of Representatives, all of the Orange County incumbents were re-elected. In addition, former Supervisor, Assembly Member and State Senator Lou Correa won the seat previously held by Loretta Sanchez. In Sacramento, there are several changes to note. It is still too close to call regarding the State Senate seat previously held by Bob Huff, as Ling Ling Chang and Josh Newman remain only several hundred votes apart with several thousand ballots still left to count. However, State Senator John Moorlach easily won his re-election bid. In the State Assembly, incumbent Assembly Members Daly, Brough, Harper and Allen were all re-

elected to another 2-year term; while Phillip Chen, Dr. Steven Choi and Sharon Quirk-Silva won new terms representing Orange County in the Assembly.

There were three (3) ballot measures of interest to CalOptima. Propositions 52, 55 and 56 were all approved by California voters. All the initiatives are expected to have a potential significant, positive impact on Medi-Cal funding. Proposition 52 will permanently extend the Hospital Quality Assurance Fee (QAF) — which was set to expire January 1, 2018. The QAF reimburses hospitals for the uncompensated cost of providing care to Medi-Cal beneficiaries and the uninsured. Since the majority of the fee revenue is designated for Medi-Cal funding, it is matched with federal dollars and then disbursed back to hospitals. Proposition 55 will extend the personal income tax on wealthy individuals (those earning more than $250,000 annually - originally in place through Proposition 30) for an additional 12 years through 2030. While these dollars are not specifically earmarked for the Medi-Cal program, they are designed to bolster the state general fund, which could create downstream positive impacts on the Medi-Cal program. Separately, Proposition 56 will increase the state excise tax on cigarettes by $2 per pack, from 87 cents to $2.87, on April 1, 2017. It will also extend its application to e-cigarettes. A large portion of the revenue raised by the expanded tobacco tax will be designated for supplementing the state's Medi-Cal budget. The non-partisan Legislative Analyst's Office estimates that Medi-Cal will receive $710 million to $1 billion in Proposition 56 funding in FY 2017–18.

Strategic Planning Follow-up

The November Board meeting included a strategic planning workshop at which we heard from DHCS Director Jennifer Kent about the trends, opportunities and challenges facing the Medi-Cal program. Bobbie Wunsch, of Pacific Health Consulting group, facilitated Board discussion about the strategic direction CalOptima should take to respond to the evolving health care environment and strengthen our position as a valued asset in our community. Four primary themes emerged from the workshop discussion by the CalOptima Board:1) the need to address behavioral health and substance abuse (opioid epidemic) issues, 2) provider access/availability and collaboration, 3) understanding the needs of our members and community, and 4) need for delivery system integration/reform. Staff has integrated the Board feedback and suggestions into the details of the updated Strategic Plan to ensure that our priorities and strategies address these areas. The updated final draft of the calendar year 2017-2019 Strategic Plan is being presented for adoption by your Board in December.

IGT Update

The IGT Ad Hoc met to review and discuss the Reallocation and Expenditure Plan for Intergovernmental Transfer (IGT) 1 through 5 Funds. Board members Alex Nguyen, Scott Schoeffel and Supervisor Do provided feedback and their recommendations were incorporated into the IGT Expenditure Plan. Action items recommended by the ad hoc include approval of the expenditure of $12.8 million in internally initiated projects that are a high priority and time-sensitive, and conducting a comprehensive Member Health Needs Assessment which may take approximately 9 months to complete, from the selection of a consultant to completion of the assessment. The results of the Member Health Needs Assessment will be the driving factor in the determination of projects to be funded with approximately $15 million in IGT Community Grant

dollars. Distribution of these dollars will achieved through a competitive grant RFP award process.

State Budget Uncertainty Regarding Future of OneCare Connect
Cal MediConnect (OneCare Connect in Orange County) includes 11 health plans in six counties. CalOptima launched OneCare Connect in July 2015. As part of the enabling statute that established Cal MediConnect, the legislature gave the Department of Finance (DOF) authority to eliminate the program if it does not result in cost-savings for the state. Last year, there was concern amongst the health plans that Cal MediConnect would be eliminated, since the governor mentioned that the program had not met enrollment goals. CalOptima, along with other health plans, worked closely with the California Association of Health Plans (CAHP) to advocate with key state officials to continue the program for another year. We communicated to state officials that the program enjoys high levels of member satisfaction, and, while enrollment numbers may not be ideal, these programs take time to see results. While Cal MediConnect was given another year to continue, this January there is yet again a possibility of elimination.

Along with other CEOs, I have worked closely with key influencers in Sacramento to reiterate the value of OneCare Connect. We have provided data that shows positive trends in health care outcomes. We also received more than 50 letters of support for the continuation of OneCare Connect from providers; member advocates, community- based organizations, and elected officials across the county. With the release of the governor's 2017-18 state budget proposal in January, we will learn if the program will continue or be eliminated. If the program is eliminated, it will likely wind down during the 2017 calendar year, and we will explore options with the federal Centers for Medicare & Medicaid Services (CMS) and the state Department of Health Care Services (DHCS) to ensure that OneCare Connect members continue to receive coordinated benefits through other programs.

OneCare Connect Television Taping
On November 7, I was interviewed on Little Saigon TV. Hosted by local doctors, Dr. Toan Tran and Dr. Dillion Tran, the hour-long program focused on OneCare Connect and aired in both English and Vietnamese languages.

Member Advisory Committee Recruitment
As you know, the Member Advisory Committee advises the CalOptima Board of Directors and staff on issues pertaining to CalOptima's members. The MAC meets bi-monthly and is currently seeking a candidate who works with Orange County's foster children population. This seat will have an effective term through June 30, 2018. With your extensive base of community stakeholders, I wanted to pass the information along to you for assistance in recruiting. Please refer candidates to our website (link) for information and to download the application. The deadline is December16th.

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Financial Summary

October 2016

Chet Uma

Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- October 2016 MTD:

  - Overall enrollment was 800,170 member months
    - Actual lower than budget by 1,989 or 0.2%
      - Medi-Cal: favorable variance of 2,657 members
        - Medi-Cal Expansion (MCE) growth higher than budget
        - SPD enrollment higher than budget due to less than anticipated dual eligible members transferring to OneCare Connect
        - Offset by lower than budget TANF enrollment
      - OneCare Connect: unfavorable variance of 4,651 members
    - 0.5% increase from prior month
      - OneCare Connect: increase of 28 from September
      - Medi-Cal: increase of 4,343 from September

FY 2016-17: Consolidated Enrollment

- October 2016 YTD:

  - Overall enrollment was 3,193,669 member months
    - Actual lower than budget by 7,814 or 0.2%
      - Medi-Cal: favorable variance of 8,690 members
        - Medi-Cal Expansion (MCE) growth higher than budget
        - SPD enrollment higher than budget due to less than anticipated dual eligible members transferring to OneCare Connect
        - Offset by lower than budget TANF enrollment
      - OneCare Connect: unfavorable variance of 16,342 members or 18.5%
      - OneCare: unfavorable variance of 187 members or 3.8%
      - PACE: favorable variance of 25 members or 3.6%
    - 2.2% or 16,987 increase in enrollment from prior year

FY 2016-17: Consolidated Revenues

- October 2016 MTD:
  - Actual higher than budget by $5.3 million or 1.9%
    - Medi-Cal: favorable to budget by $16.4 million
      - Favorable price variance of $15.6 million
        - $8.0 million due to Hep C retro adjustment
        - Remainder due to IHSS variance
      - Favorable volume variance of $0.8 million
    - OneCare Connect: unfavorable variance of $11.4 million
      - Unfavorable price variance of $1.8 million due to cohort experience
      - Unfavorable volume variance of $9.6 million due to lower enrollment
    - OneCare: unfavorable to budget by $0.5 million due to prior year revenue adjustment

- October 2016 YTD:
  - Actual lower than budget by $3.1 million or 0.3%
    - Medi-Cal: favorable to budget by $38.0 million
    - OneCare Connect: unfavorable variance of $40.9 million

FY 2016-17: Consolidated Medical Expenses

- October 2016 MTD:
  - ➢ Actual higher than budget by $6.8 million or 2.5%
    - ▪ Medi-Cal: unfavorable variance of $17.4 million
      - MLTSS unfavorable variance $14.1 million
        - ➢ IHSS related unfavorable variance approximately $8.3 million
        - ➢ LTC unfavorable variance $5.4 million
          - $3.4 million due to less than anticipated members enrolling in OneCare Connect
          - $2.0 million variance from mandated rate accrual
      - Professional Claims unfavorable $3.1 million due to higher IBNR expense in COD and crossover categories
    - ▪ OneCare Connect: favorable variance of $10.3 million (in-line with lower enrollment)
      - Favorable volume variance of $9.0 million
      - Favorable price variance of $1.3 million

FY 2016-17: Consolidated Medical Expenses (Cont.)

- October 2016 YTD:
  - Actual higher than budget by $9.1 million or 0.8%
    - Medi-Cal: unfavorable variance of $48.8 million
      - Unfavorable price variance of $46.3 million
        - IHSS estimated expense $20.8 million higher than budget
        - Long Term Care expense $15.8 million higher than budget
        - Facilities expense $9.7 million higher than budget
      - Unfavorable volume variance of $2.5 million
    - OneCare Connect: favorable variance of $38.5 million
      - Favorable volume variance of $31.6 million
      - Favorable price variance of $6.9 million

- Medical Loss Ratio (MLR):
  - October 2016 MTD: Actual: 96.7% Budget: 96.1%
  - October 2016 YTD: Actual: 96.7% Budget: 95.6%

FY 2016-17: Consolidated Administrative Expenses

- October 2016 MTD:
  - Actual lower than budget by $2.6 million or 22.4%
    - Salaries and Benefits: favorable variance of $2.0 million driven by lower than budgeted FTE of 98
    - Other categories: favorable variance of $0.5 million
- October 2016 YTD:
  - Actual lower than budget by $10.1 million or 21.7%
    - Salaries and Benefits: favorable variance of $7.3 million driven by lower than budgeted FTE of 384
    - Other categories: favorable variance of $2.9 million
- Administrative Loss Ratio (ALR):
  - October 2016 MTD: Actual: 3.1% Budget: 4.1%
  - October 2016 YTD: Actual: 3.2% Budget: 4.1%

FY 2016-17: Change in Net Assets

- October 2016 MTD:
  - $1.5 million surplus
  - $1.9 million favorable to budget
    - Higher than budgeted revenue of $5.3 million
    - Higher medical expenses of $6.8 million
    - Lower administrative expenses of $2.6 million
    - Higher investment income of $0.8 million

- October 2016 YTD:
  - $4.1 million surplus
  - $0.8 million favorable to budget
    - Lower than budgeted revenue of $3.1 million
    - Higher medical expenses of $9.1 million
    - Lower administrative expenses of $10.1 million
    - Higher investment income of $2.6 million

Enrollment Summary: October 2016

Month-to-Date					Year-to-Date			
Actual	Budget	Variance	%	Enrollment (By Aid Category)	Actual	Budget	Variance	%
58,682	55,236	3,446	6.2%	Aged	230,914	219,991	10,923	5.0%
613	677	(64)	(9.5%)	BCCTP	2,505	2,703	(198)	(7.3%)
48,616	47,448	1,168	2.5%	*Disabled*	193,725	189,971	3,754	2.0%
335,636	340,196	(4,560)	(1.3%)	TANF Child	1,340,205	1,356,196	(15,991)	(1.2%)
103,015	109,584	(6,569)	(6.0%)	TANF Adult	412,897	438,823	(25,926)	(5.9%)
3,227	2,693	534	19.8%	LTC	13,046	10,724	2,322	21.7%
231,629	222,928	8,701	3.9%	MCE	922,689	888,884	33,805	3.8%
781,418	**778,761**	**2,657**	**0.3%**	**Medi-Cal**	**3,115,981**	**3,107,291**	**8,690**	**0.3%**
17,352	**22,004**	**(4,651)**	**(21.1%)**	**OneCare Connect**	**72,226**	**88,568**	**(16,342)**	**(18.5%)**
180	**180**	-	**0.0%**	**PACE**	**715**	**690**	**25**	**3.6%**
1,220	**1,215**	**5**	**0.4%**	**OneCare**	**4,747**	**4,934**	**(187)**	**(3.8%)**
800,170	**802,159**	**(1,989)**	**(0.2%)**	**CalOptima Total**	**3,193,669**	**3,201,483**	**(7,814)**	**(0.2%)**

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Financial Highlights: October 2016

Month-to-Date					Year-to-Date			
Actual	Budget	$ Variance	% Variance		Actual	Budget	$ Variance	% Variance
800,170	802,159	(1,989)	(0.2%)	Member Months	3,193,669	3,201,483	(7,814)	(0.2%)
287,354,235	282,028,360	5,325,875	1.9%	Revenues	1,123,074,547	1,126,179,985	(3,105,439)	(0.3%)
277,873,182	271,029,416	(6,843,766)	(2.5%)	Medical Expenses	1,085,872,456	1,076,803,238	(9,069,218)	(0.8%)
8,901,812	11,464,522	2,562,710	22.4%	Administrative Expenses	36,493,244	46,618,122	10,124,878	21.7%
579,242	**(465,578)**	**1,044,819**	**(224.4%)**	**Operating Margin**	**708,846**	**2,758,625**	**(2,049,779)**	**(74.3%)**
966,954	143,250	823,704	575.0%	Non Operating Income (Loss)	3,401,743	573,000	2,828,743	493.7%
1,546,196	**(322,328)**	**1,868,523**	**579.7%**	**Change in Net Assets**	**4,110,590**	**3,331,626**	**778,964**	**23.4%**
96.7%	96.1%	(0.6%)		Medical Loss Ratio	96.7%	95.6%	(1.1%)	
3.1%	4.1%	1.0%		Administrative Loss Ratio	3.2%	4.1%	0.9%	
0.2%	(0.2%)	0.4%		Operating Margin Ratio	0.1%	0.2%	(0.2%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

Consolidated Performance Actual vs. Budget: October 2016 (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
Actual	Budget	Variance		Actual	Budget	Variance
(0.3)	(0.6)	0.3	Medi-Cal	(1.5)	1.7	(3.2)
(0.3)	0.0	(0.3)	OneCare	(0.4)	0.1	(0.5)
0.5	0.4	0.1	OCC	1.9	2.0	0.0
0.6	(0.2)	0.9	PACE	0.7	(1.0)	1.7
0.6	**(0.5)**	**1.0**	**Operating**	**0.7**	**2.8**	**(2.1)**
1.0	0.1	0.8	Inv./Rental Inc, MCO tax	3.4	0.6	2.9
1.0	**0.1**	**0.8**	**Non-Operating**	**3.4**	**0.6**	**2.9**
1.5	**(0.3)**	**1.9**	**TOTAL**	**4.1**	**3.3**	**0.8**

Consolidated Revenue & Expense: October 2016 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	552,648	228,770	$ 781,418	1,220	17,352	180	800,170
REVENUES							
Capitation Revenue	146,821,675	103,728,418	$ 250,550,093	$ 912,888	$ 33,964,294	$ 1,926,960	$ 287,354,235
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	146,821,675	103,728,418	250,550,093	912,888	33,964,294	1,926,960	287,354,235
MEDICAL EXPENSES							
Provider Capitation	38,576,425	35,916,879	74,493,305	321,063	7,594,469	-	82,408,837
Facilities	26,591,365	31,699,067	58,290,432	313,110	9,448,792	340,757	68,393,090
Ancillary				45,850	698,874	-	744,723
Skilled Nursing				33,274	7,303,176	-	7,336,450
Professional Claims	12,589,008	7,858,631	20,447,638	-	-	219,121	20,666,760
Prescription Drugs	19,592,874	15,536,252	35,129,126	435,603	6,190,562	81,293	41,836,583
Quality Incentives					-		-
Long-term Care Facility Payments	45,328,466	6,134,677	51,463,143	-	-	13,948	51,477,091
Contingencies	-	-	-	-	-	-	-
Medical Management	2,819,801	-	2,819,801	(51,954)	995,920	448,013	4,211,780
Reinsurance & Other	(316,438)	912,437	595,999	4,806	104,442	92,620	797,867
Total Medical Expenses	145,181,502	98,057,943	243,239,445	1,101,752	32,336,234	1,195,752	277,873,182
Medical Loss Ratio	**98.9%**	**94.5%**	**97.1%**	**120.7%**	**95.2%**	**62.1%**	**96.7%**
GROSS MARGIN	**1,640,173**	**5,670,475**	**7,310,649**	**(188,863)**	**1,628,060**	**731,208**	**9,481,053**
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			4,835,911	17,871	729,821	85,448	5,669,050
Professional Fees			66,806	9,954	49,800	3,938	130,498
Purchased Services			577,013	19,377	102,515	1,133	700,038
Printing and Postage			103,314	10,899	48,881	1,193	164,287
Depreciation and Amortization			510,580			2,014	512,595
Other Expenses			1,258,077	120	35,772	5,418	1,299,387
Indirect Cost Allocation, Occupancy Expense			238,773	12,495	172,584	2,105	425,957
Total Administrative Expenses			7,590,474	70,716	1,139,371	101,250	8,901,812
Admin Loss Ratio			**3.0%**	**7.7%**	**3.4%**	**5.3%**	**3.1%**
INCOME (LOSS) FROM OPERATIONS			(279,826)	(259,580)	488,689	629,958	579,242
INVESTMENT INCOME			-	-	-	-	988,412
NET RENTAL INCOME			-	-	-	-	2,190
OTHER INCOME			69	-	-	-	69
CHANGE IN NET ASSETS			**$ (303,474)**	**$ (259,580)**	**$ 488,689**	**$ 629,958**	**$ 1,546,196**
BUDGETED CHANGE IN ASSETS			(639,940)	14,045	401,571	(241,253)	(322,328)
VARIANCE TO BUDGET - FAV (UNFAV)			336,467	(273,625)	87,117	871,212	1,868,523

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Consolidated Revenue & Expense: October 2016 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	2,424,921	691,060	$ 3,115,981	4,747	72,226	715	3,193,669
REVENUES							
Capitation Revenue	657,847,467	313,684,901	$ 971,532,368	$ 4,699,462	$ 141,678,585	$ 5,164,131	$ 1,123,074,547
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	657,847,467	313,684,901	971,532,368	4,699,462	141,678,585	5,164,131	1,123,074,547
MEDICAL EXPENSES							
Provider Capitation	176,049,310	120,093,879	296,143,189	1,484,383	30,039,618	-	327,667,190
Facilities	137,759,710	97,882,871	235,642,581	1,191,464	39,073,619	1,008,969	276,916,634
Ancillary				179,828	2,961,858	-	3,141,687
Skilled Nursing				154,483	25,318,073	-	25,472,556
Professional Claims	49,610,085	23,468,015	73,078,101	-	-	764,620	73,842,720
Prescription Drugs	89,625,503	50,153,940	139,779,442	1,686,768	30,871,165	354,310	172,691,686
Quality Incentives					-		-
Long-term Care Facility Payments	167,360,585	18,483,483	185,844,068	-	-	41,958	185,886,026
Contingencies	-	-	-	-	-	-	-
Medical Management	11,596,450	-	11,596,450	17,578	3,936,606	1,542,807	17,093,442
Reinsurance & Other	(443,973)	2,833,536	2,389,563	17,186	398,044	355,723	3,160,516
Total Medical Expenses	631,557,670	312,915,725	944,473,395	4,731,690	132,598,983	4,068,388	1,085,872,456
Medical Loss Ratio	**96.0%**	**99.8%**	**97.2%**	**100.7%**	**93.6%**	**78.8%**	**96.7%**
GROSS MARGIN	**26,289,797**	**769,177**	**27,058,974**	**(32,229)**	**9,079,602**	**1,095,743**	**37,202,091**
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			20,687,414	110,928	2,960,361	353,759	24,112,462
Professional Fees			579,541	57,181	324,341	12,753	973,816
Purchased Services			2,546,443	84,754	522,912	10,414	3,164,523
Printing and Postage			720,660	15,742	213,359	1,725	951,486
Depreciation and Amortization			1,483,246			8,057	1,491,303
Other Expenses			4,120,099	1,692	135,606	21,999	4,279,396
Indirect Cost Allocation, Occupancy Expense			(1,575,294)	100,975	2,985,056	9,521	1,520,258
Total Administrative Expenses			28,562,110	371,273	7,141,635	418,227	36,493,244
Admin Loss Ratio			**2.9%**	**7.9%**	**5.0%**	**8.1%**	**3.2%**
INCOME (LOSS) FROM OPERATIONS			(1,503,136)	(403,501)	1,937,967	677,517	708,846
INVESTMENT INCOME			-	-	-	-	3,421,329
NET RENTAL INCOME			-	-	-	-	14,859
OTHER INCOME			528	-	-	-	528
CHANGE IN NET ASSETS			**$ (1,537,581)**	**$ (403,501)**	**$ 1,937,967**	**$ 677,517**	**$ 4,110,590**
BUDGETED CHANGE IN ASSETS			1,676,137	120,541	1,957,870	(995,923)	3,331,626
VARIANCE TO BUDGET - FAV (UNFAV)			(3,213,718)	(524,042)	(19,903)	1,673,439	778,964

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Balance Sheet: As of October 2016

ASSETS		
Current Assets		
Operating Cash		$270,855,000
Catastrophic Reserves		11,631,134
Investments		1,530,023,287
Capitation receivable		315,840,792
Receivables - Other		16,260,007
Prepaid Expenses		10,508,224
Total Current Assets		**2,155,118,444**
Capital Assets	Furniture and equipment	28,851,790
	Leasehold improvements	13,672,881
	505 City Parkway West	46,707,144
		89,231,814
	Less: accumulated depreciation	(34,156,427)
	Capital assets, net	**55,075,387**
Other Assets	Restricted deposit & Other	284,715
	Board-designated assets	
	Cash and cash equivalents	7,193,708
	Long term investments	468,806,679
	Total Board-designated Assets	476,000,387
	Total Other Assets	**476,285,102**
	Deferred outflows of Resources - Pension Contributions	3,787,544
	Deferred outflows of Resources - Difference in Experience	1,215,473
TOTAL ASSETS & OUTFLOWS		**2,691,481,950**

LIABILITIES & FUND BALANCES		
Current Liabilities		
Accounts payable		$19,267,245
Medical claims liability		601,542,015
Accrued payroll liabilities		11,069,277
Deferred revenue		859,374,315
Deferred lease obligations		267,070
Capitation and withholds		496,295,584
Total Current Liabilities		**1,987,815,506**
Other employment benefits liability		28,397,235
Net Pension Liabilities		9,336,900
Long Term Liabilities		100,000
TOTAL LIABILITIES		**2,025,649,641**
Deferred inflows of Resources - Excess Earnings		502,900
Deferred inflows of Resources - changes in Assumptions		1,651,640
Tangible net equity (TNE)		92,537,605
Funds in excess of TNE		571,140,163
Net Assets		**663,677,768**
TOTAL LIABILITIES, INFLOWS & FUND BALANCES		**2,691,481,950**

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Board Designated Reserve and TNE Analysis
As of October 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	135,453,317				
	Tier 1 - Logan Circle	125,485,817				
	Tier 1 - Wells Capital	125,393,598				
Board-designated Reserve						
		386,332,733	282,762,752	443,549,577	103,569,981	(57,216,844)
TNE Requirement	Tier 2 - Logan Circle	89,667,654	92,406,506	92,406,506	(2,738,852)	(2,738,852)
	Consolidated:	**476,000,387**	**375,169,258**	**535,956,083**	**100,831,129**	**(59,955,696)**
	Current reserve level	*1.78*	*1.40*	*2.00*		

HN Enrollment Summary - Medi-Cal

Health Network Name	November 2016	Percentage
CHOC Health Alliance (PHC20)	155,943	20.0%
Monarch Family HealthCare (SRG68)	89,814	11.5%
Arta Western Health Network (SRG66)	77,688	9.9%
CalOptima Community Network (CN)	68,183	8.7%
Family Choice Health Network (PHC21)	49,071	6.3%
Kaiser Permanente (HMO04)	45,666	5.8%
Alta Med Health Services (SRG69)	40,514	5.2%
Prospect Medical Group (SRG63)	36,202	4.6%
United Care Medical Network (SRG67)	35,566	4.6%
Noble Mid-Orange County (SRG64)	34,368	4.4%
Talbert Medical Group (SRG65)	25,458	3.3%
AMVI Care Health Network (PHC58)	24,046	3.1%
Heritage - Regal Medical Group (HMO15)	3,444	0.4%
OC Advantage (PHC35)	886	0.1%
Total Health Network Capitated Enrollment	**686,850**	**87.9%**
CalOptima Direct (all others)	94,772	12.1%
Total Medi-Cal Enrollment	**781,621**	**100.0%**

HN Enrollment Summary - OneCare

Health Network Name	November 2016	Percentage
Monarch HealthCare (PMG53DE)	632	52.4%
AMVI/Prospect Medical Group (PMG27DE)	310	25.7%
Talbert Medical Group (PMG52DE)	108	9.0%
Family Choice Medical Group (PMG21DE)	65	5.4%
Arta Western Health Network (PMG66DE)	37	3.1%
Alta-Med (PMG69DE)	28	2.3%
United Care Medical Group (PMG67DE)	20	1.7%
Noble Mid Orange County (PMG64DE)	5	0.4%
Total OneCare Enrollment	**1,205**	**100.0%**

HN Enrollment Summary – OneCare Connect

Health Network Name	November 2016	Percentage
Monarch HealthCare (SRG53DE)	5,507	31.8%
Propect Medical Group (SRG63DB)	3,302	19.1%
Family Choice Medical Group (SRG81DB)	1,953	11.3%
CalOptima Community Network (CN)	1,899	11.0%
Talbert Medical Group (SRG52DB)	1,247	7.2%
United Care Medical Group (SRG67DB)	689	4.0%
Arta Western Health Network(SRG66DB)	647	3.7%
AMVI Care Health Network (PHC58DB)	622	3.6%
Alta-Med (SRG69DB)	583	3.4%
Noble Mid Orange County (SRG64DB)	473	2.7%
Heritage - Regal Medical Group (HMO15)	240	1.4%
OC Advantage (PHC35DB)	132	0.8%
Total OneCare Connect Enrollment	**17,294**	**100.0%**


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OneCare (HMO SNP)
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OneCare Connect
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PACE
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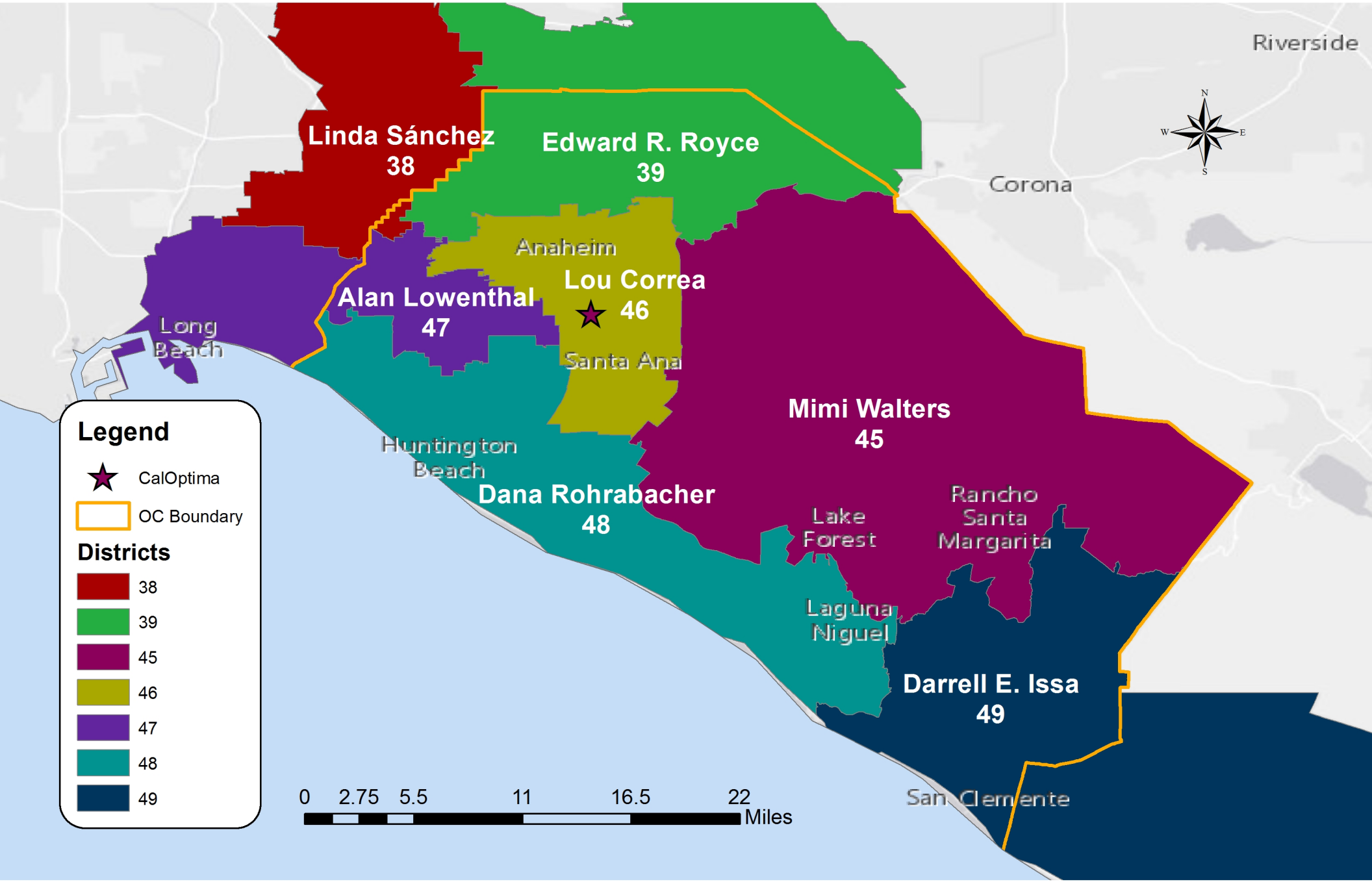
2017 Orange County Legislative Delegation
Membership Breakdown

District - Legislative Representative		CalOptima Members in District	OC District Population	% CalOptima Membership in OC District
U.S. Congress				
38th	Linda Sánchez*	2,764	13,906	19.9%
39th	Ed Royce	99,349	444,487	22.4%
45th	Mimi Walters	127,558	771,550	16.5%
46th	Lou Correa	304,027	738,410	41.2%
47th	Alan Lowenthal*	105,990	295,368	35.9%
48th	Dana Rohrabacher	112,705	724,082	15.6%
49th	Darrell Issa*	22,942	173,176	13.2%
California State Senate				
29th	Josh Newman*	161,960	684,460	23.7%
32nd	Tony Mendoza*	24,497	66,065	37.1%
34th	Janet Nguyen*	338,439	892,128	37.9%
36th	Pat Bates*	62,881	469,097	13.4%
37th	John Moorlach	187,558	953,526	19.7%
California State Assembly				
55th	Phillip Chen*	41,701	221,909	18.8%
65th	Sharon Quirk-Silva	118,127	463,936	25.5%
68th	Steven S. Choi	124,044	472,380	26.3%
69th	Tom Daly	208,289	471,282	44.2%
72nd	Travis Allen	156,779	478,751	32.7%
73rd	William Brough	62,881	467,350	13.5%
74th	Matthew Harper	63,514	476,491	13.3%
Orange County Board of Supervisors				
1st	Andrew Do	255,855	613,490	41.7%
2nd	Michelle Steel	117,687	607,130	19.4%
3rd	Todd Spitzer	132,724	590,603	22.5%
4th	Shawn Nelson	189,862	610,310	31.1%
5th	Lisa Bartlett	79,207	588,699	13.5%

*Partial Orange County district
CalOptima Membership data as of November 2016

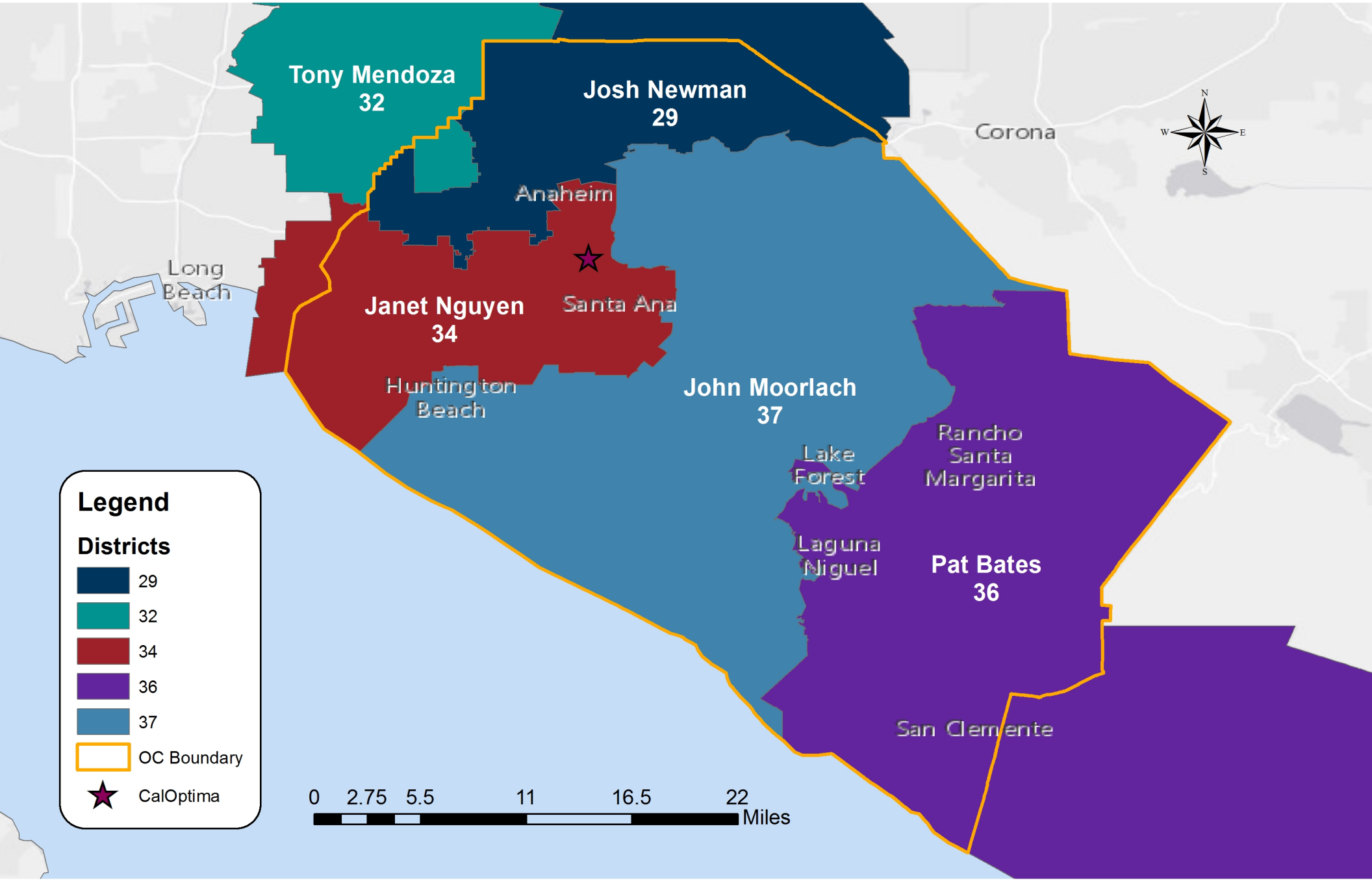
U.S. 114th Congressional Districts, Orange County (CA), 2016



Map Sources: Esri basemap; Census.gov for district boundaries

Map Author: Michael Peralta, CalOptima **Date:** 12/5/2016

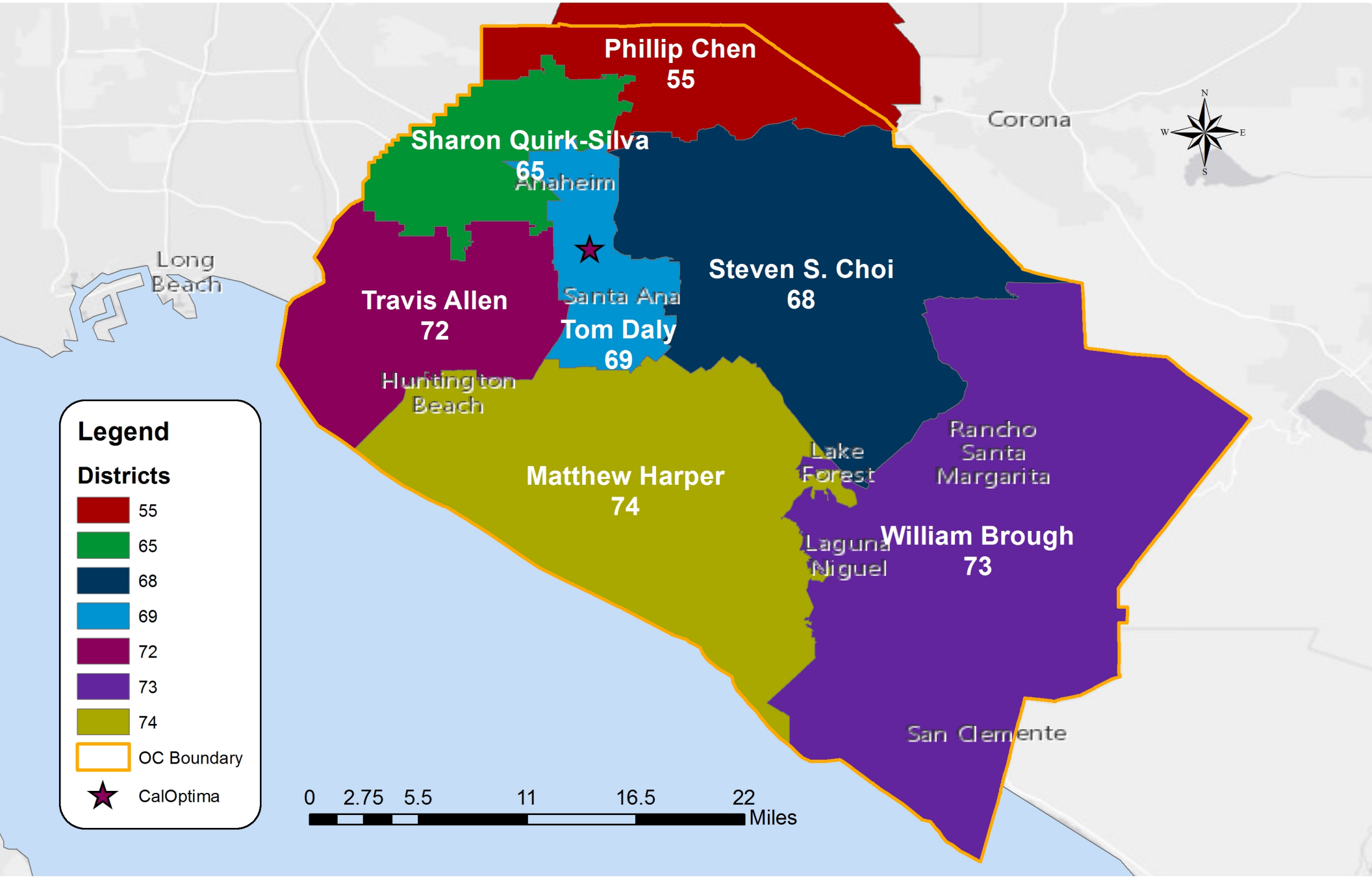
California State Senate, Orange County (CA), 2016



Map Sources: Esri basemap; Census.gov for district boundaries

Map Author: Michael Peralta, CalOptima **Date:** 12/5/2016

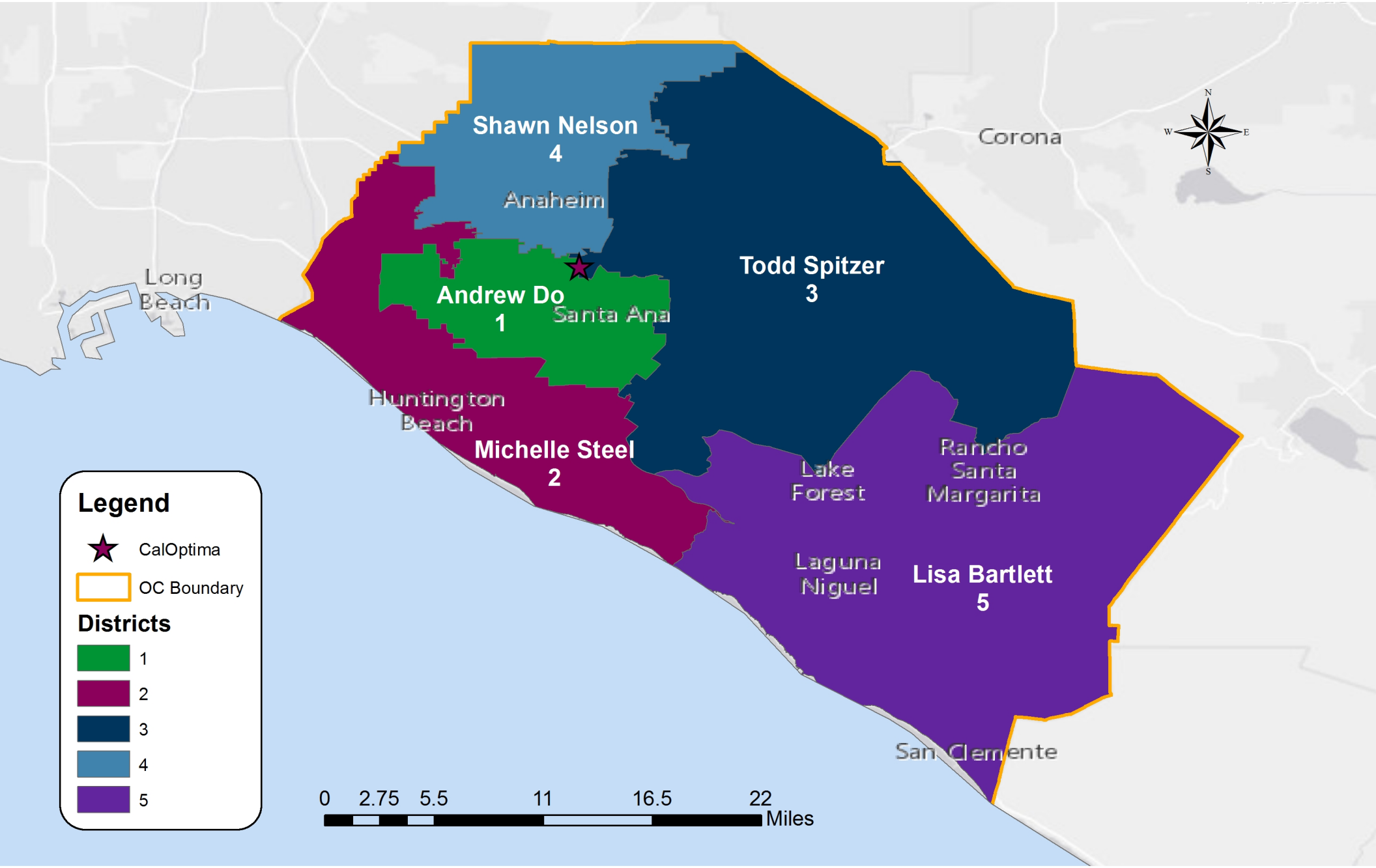
California State Assembly, Orange County (CA), 2016



Map Sources: Esri basemap; Census.gov for district boundaries

Map Author: Michael Peralta, CalOptima **Date:** 12/5/2016

Supervisorial Districts, Orange County (CA), 2016



Map Sources: Esri basemap; ocdata.giscloud.com for district boundaries

Map Author: Michael Peralta, CalOptima **Date:** 12/5/2016

Whole Child Model

Provider Advisory Committee

December 8, 2016

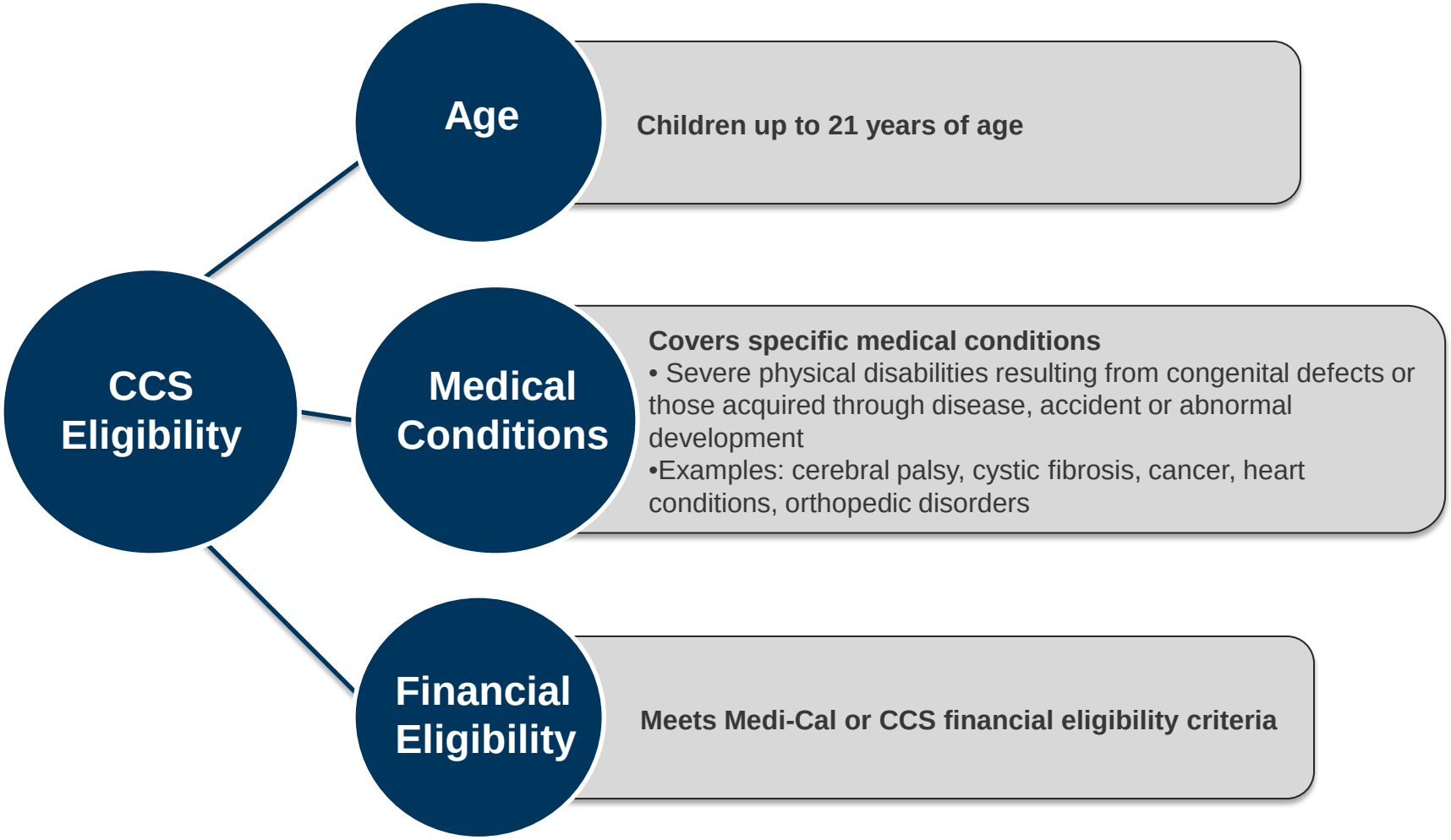
Candice Gomez

Executive Director, Program Implementation

CCS Background

- California Children's Services (CCS) is a statewide program providing medical care, case management, PT/OT and financial assistance for children meeting eligibility criteria
  - Services carved out of most Medi-Cal managed care plans, including CalOptima
  - Orange County Health Care Agency (OCHCA) is responsible for CCS services for approximately 12,000 children

CCS Eligibility Criteria



Demographics

Approximately 90% of children enrolled in CCS are CalOptima members

Languages
Spanish = 48%
English = 44%
Vietnamese = 4%
Unknown = 3%

Cities
Santa Ana = 26%
Anaheim = 20%
Garden Grove = 8%
Orange = 6%
Fullerton = 4%
Costa Mesa = 3%
Westminster = 3%
Tustin = 3%
Huntington Beach = 3%
Buena Park = 3%
La Habra, Irvine = 2%

Health Network Participation
6% are in COD/CCN
94% of members are assigned to a HN

New Legislation – SB 586

- SB 586 authorizes CCS integration as a Medi-Cal managed care plan benefit in select counties, including Orange County
  - Current eligibility criteria will remain the same
  - MTP and NICU remain carved out of Medi-Cal managed care
  - Integration is no sooner than July 1, 2017
  - Per DHCS schedule, CalOptima scheduled to implement no sooner than January 1, 2018

- In nonparticipating counties, CCS carve-out is extended to January 1, 2022

SB 586 Key Components

- Members will:
  - Have the right to choose to stay with their county public health nurse for care management and care coordination within 90 days of go-live date
  - Have continuity of care rights
    - Maintain access to CCS and DME providers that have existing relationships for treatment of the child's CCS condition for up to 12 months
    - Continue use of any currently prescribed drug that is part of a prescribed therapy for the CCS-eligible condition until the Medi-Cal managed care plan and the child's prescribing CCS provider have:
      - completed an assessment of the child
      - created a treatment plan
      - Agreed that the particular prescription drug is no longer medically necessary/no longer prescribed

SB 586 Key Components (Cont.)

- Medi-Cal managed care plan to:
  - Establish an MOU with OCHCA
  - Establish a CCS family and clinical advisory committee
  - Provide written notices about the transition to all CCS-enrolled children
  - Track CCS-enrolled children throughout their enrollment in the program for at least three years into adulthood, if they continue to be enrolled in CalOptima as adults
  - Perform risk assessments for CCS-enrolled children
  - Become responsible for paying all CCS claims
  - Handle grievances and appeals in the event that a CCS-enrolled child is denied services or authorization of services

Guiding Principles

CCS Children

Continuity of care

- Members continue seeing the same providers they currently see
- Existing CCS children and families maintain relationships with their current CCS care coordinators

Integration of services

- Members have “one stop” for CCS and non-CCS-related services

Member choice

- Members access a broad and diverse network of providers that covers the entire county and beyond when necessary

Timely access

- Children receive timely authorizations and appointments with specialists

CCS Providers

Broad participation

- All existing CCS-paneled providers participate in the new Whole Child Model

Administrative simplification

- Fewer agencies and policies means less fragmentation

Stable payments

- Providers receive 140 percent for CCS specialty care

CCS Community

Thoughtful approach

- CalOptima shows careful consideration and ample planning to minimize disruption in the community from the CCS transition

Collaboration

- Families, providers, consumer advocates, CCS program staff and others work together at local stakeholder meetings

External Stakeholder Engagement

- Periodic communication to share program and planning updates

- New advisory committees
  - Family
  - Clinical

Advisory Committees

Family

- CCS Families
  - Representatives may receive per diem
  - No age limitations
- One representative serves on State Advisory Committee

Clinical

- CalOptima
  - Chief Medical Officer or the equivalent
- County
  - CCS Medical Director
- Providers
  - Four or more CCS-paneled providers

Next Steps

- Continue meeting regularly with OCHCA
- Analyze SB 586 for impact
- Plan and hold stakeholder meetings
- Solicit feedback

Resources

Senate Bill 586

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB586

California Department of Health Care Services (DHCS)

http://www.dhcs.ca.gov/services/ccs/Pages/default.aspx

CalOptima Whole Child Model webpage

https://www.caloptima.org/en/CCS_Info.aspx

CalOptima's Mission

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