

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

**THURSDAY, MAY 9, 2019
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 April 11, 2019 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.

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V. REPORTS

- A. Consider Approval of Fiscal Year (FY) 2019-20 PAC Meeting Schedule
- B. Consider Recommendation of PAC Slate of Candidates, and Chair and Vice Chair for FY 2019-20

VI. CEO AND MANAGEMENT REPORTS

- A. Chief Executive Officer (CEO) Update
- B. Chief Operating Officer (COO) Update
- C. Chief Financial Officer (CFO) Update
- D. Chief Medical Officer (CMO) Update
- E. Network Operations Update

VII. INFORMATION ITEMS

- A. Member Portal Demonstration
- B. OneCare Connect Benefits Overview
- C. PAC Member Updates

VIII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

MINUTES

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

April 11, 2019

A Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC) was held on Thursday, April 11, 2019, at the CalOptima offices located at 505 City Parkway West, Orange, California.

CALL TO ORDER

John Nishimoto, O.D., PAC Chair, called the meeting to order at 8:08 a.m. Donald Bruhns led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: John Nishimoto, O.D., Chair; Teri Miranti, Vice Chair; Donald Bruhns; Theodore Caliendo, M.D.; Steve Flood; Jena Jensen (8:25am); Junie Lazo-Pearson, Ph.D.; Craig Myers; Mary Pham, Pharm.D., CHC; Jacob Sweidan, M.D.

Members Absent: Brian Lee, Ph.D.; Anjan Batra, M.D.

Others Present: Michael Schrader, Chief Executive Officer; Ladan Khamseh, Chief Operating Officer; Michelle Laughlin, Executive Director, Network Operations; Candice Gomez, Executive Director Program Implementation; Betsy Ha, Executive Director Quality & Population Health; Tracy Hitzeman, Executive Director, Clinical Operations; Cheryl Simmons, Staff to the Advisory Committees, Customer Service; Samantha Fontenot; Program Specialist, Customer Service

MINUTES

Approve the Minutes of the March 14, 2018 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee

Action: *On motion of Member Dr. Sweidan, seconded and carried, the Committee approved the minutes of the March 14, 2019 meeting. (Motion carried 9-0-0; Members Lee and Batra absent)*

PUBLIC COMMENTS

There were no requests for public comment

CEO & MANAGEMENT REPORTS

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer, (COO), provided an update on CalOptima's annual Qualified Medicare Beneficiary (QMB) project. The Department of Health Care Services (DHCS) approved both CalOptima's Whole-Child Model (WCM) 90-day and 60-day member notification letters regarding the transition of California Children's Services (CCS) members to CalOptima's WCM program. The 90-day letter was mailed to impacted members on March 29, 2019 and the 60-day letter will be mailed in April. She noted that instead of the normal 30-day notice, the case management team will instead begin telephone outreach to all members in mid-May in order to conduct a Health Needs Assessment and assist the members with transitioning services from CCS to CalOptima. Ms. Khamseh also noted the clinical field teams began providing services to the homeless effective on April 10, 2019, with additional teams to be available in phases from the Federally Qualified Health Center (FQHC) partnering with CalOptima on this initiative. Ms. Khamseh also announced the extension of the Member Advisory Committee (MAC) recruitment to allow more time for applicants to apply for the open seats and asked PAC to share with their constituents the open seats on the MAC.

Network Operations Update

Candice Gomez, Executive Director, Program Implementation, on behalf of Michelle Laughlin, Executive Director, Operations, provided an update on the WCM initiative, noting that CalOptima is working closely with the health networks and there are scheduled project management meetings, operational management meetings and a separate clinical focus meeting to review the integrations from the CCS program into the Whole-Child Model program. CalOptima is requesting that all health networks provide copies of their policies and procedures by the end of April that show how they will be incorporating CCS into their operations. Additionally, Ms. Gomez provided a Proposition 56 (Tobacco Tax) update and noted that CalOptima had begun to receive revenue for FY 2019 services and upon release from the state through an All Plan Letter (APL) CalOptima will be going to the CalOptima Board of Directors' for the approval to disburse the funds.

INFORMATION ITEMS

Behavioral Health Update

Donald Sharps, M.D., Medical Director, Behavioral Health, presented an update on the transition of the Medi-Cal Behavioral Health management from Magellan to CalOptima in FY 2018. Dr. Sharps reviewed the statistics on the mild to moderate outpatient members who received treatment through CalOptima, noting that there was an average of 18,050 encounters per month. He also noted that the top diagnoses included generalized anxiety disorder, major depressive disorder, Dysthymia and Bipolar disorders. Dr. Sharps also reviewed the statistics for OneCare and OneCare Connect as well as the statistics for the Drug Medi-Cal Organized Delivery system.

Community Clinics Presentation

Isabel Becerra, President and Chief Executive Officer of the Coalition of Orange County Community Health Centers, provided a comprehensive presentation on the Coalition. She noted several key components that define a Community Health Center (CHC) and also provided a detailed history of CHCs in Orange County and highlighted the CHCs' important role in ensuring that CalOptima members receive the health care services they need. She also provided information on other CHC programs including Quality Management, Health Center Controlled Network (HCCN), and Patient Center Medical Home (PCMH).

Chair Nishimoto reordered the agenda to hear the Chief Executive Officer Report before continuing on with Information Items.

Chief Executive Officer Update

Michael Schrader, Chief Executive Officer (CEO), provided an update on the Homeless Health program and noted that the clinical field teams had begun treatment of the homeless on April 10, 2019. Mr. Schrader also noted that CalOptima has met with the Orange County Health Care Agency (OCHCA), the City of Anaheim, and City Net to devise a plan to assist the homeless individuals from a newly discovered encampment. He also noted that the Board had made a \$100 million commitment to meet the unique health care needs of homeless CalOptima members, \$40 million of which has already been allocated.

PAC Goals and Objectives

Chair Nishimoto noted that there was a handout on draft PAC Goals and Objectives for the coming year in the meeting folders for the committee to review. He requested that Committee Members submit any changes to CalOptima's Staff to the Advisory Committees.

PAC Member Updates

Chair Nishimoto announced that the recruitment ad hoc will be meeting after the PAC meeting to review the applications received for the open seats.

ADJOURNMENT

There being no further business, Chair Nishimoto adjourned the meeting at 9:54 a.m.

/s/ Cheryl Simmons

Cheryl Simmons
Staff to the Advisory Committees

Approved: May 9, 2019



Provider Advisory Committee FY 2019-2020 Meeting Schedule

July

Thursday, July 11, 2019

No Meeting

August

Thursday, August 8, 2019

September

Thursday, September 12, 2019

October

Thursday, October 10, 2019

November

Thursday, November 14, 2019

December

Thursday, December 12, 2019

January

Thursday, January 9, 2020

No Meeting

February

Thursday, February 13, 2020

March

Thursday, March 12, 2020

April

Thursday, April 9, 2020

May

Thursday, May 14, 2020

June

Thursday, June 11, 2020

Regular Meeting Location and Time

CalOptima

www.caloptima.org

505 City Parkway West, 1st Floor

Orange, CA 92868

Conference Room 109-N

8:00 a.m. – 10:00 a.m.

All meetings are open to the public. Interested parties are encouraged to attend.

MEMORANDUM

DATE: May 2, 2019

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; and Whole-Child Model Family Advisory Committee

Homeless Health Initiatives Underway; Clinical Field Teams Launched in April

CalOptima moved our \$100 million commitment to homeless health from concept into action this past month in several ways, most notably with the launch of clinical field teams. Guided by your Board's ad hoc committee, which is meeting weekly to spearhead the effort, selected initiatives are summarized below.

- Clinical Field Teams: Launched on time on April 10, CalOptima's first clinical field team conducted its first medical visit with a member at a Santa Ana park. Following a newly established process, the Orange County Health Care Agency's Outreach and Engagement team contacted our internal Homeless Response Team, which then dispatched a Central City Community Health Center (CCCHC) field team, consisting of a physician assistant and medical assistant. The field team treated a member needing care for a sizable open wound. CalOptima and CCCHC agree the initial experience was successful and instructive. Since that time, three other Federally Qualified Health Center (FQHC) partners have begun their programs, including Korean Community Services on April 17, Hurtt Family Health Clinic on April 18 and Serve the People on April 23. We are communicating with other FQHCs, directly and through the Coalition of Orange County Community Health Centers, about their potential participation in the clinical field team program. As we develop a better understanding of the population, its needs and the best methods for serving them, we will continue expanding our coverage.
- Anaheim Encampment: Reflecting our emerging leadership role, CalOptima was called upon to participate in a collaborative effort to clear a homeless encampment of approximately 70 people in 40 tents along a stretch of Anaheim railroad tracks. The group included the Anaheim Police Department, the county Outreach and Engagement team, public health nurses and other service providers. CalOptima arranged FQHC mobile clinics to work alongside the group to address any medical needs of the homeless. In addition, CalOptima had a case manager on site to make referrals.
- Use of Funds: Approximately \$60 million of CalOptima's homeless health commitment is for new initiatives not yet identified. CalOptima must follow statutory guidelines in determining the type of initiatives that are permissible. To that end, CalOptima has publicly shared the "Use of CalOptima Funds" document that follows this report. The information about the agency's framework and allowable use of funds will ensure the community is aware of the principles guiding your Board's decision making regarding homeless health.

- Stakeholder Input: The Board ad hoc committee will be seeking additional input to our homeless health initiatives through meetings with stakeholders. CalOptima is in the process of identifying people and/or organizations to engage and will begin setting up those meetings. Recently, the committee met with Former Santa Ana City Councilwoman Michele Martinez, Illumination Foundation CEO Paul Leon and Pastor Donald Dermit, from The Rock Church in Anaheim.
- State Programs and Legislation: Efforts to end the homeless crisis are ongoing statewide, and CalOptima is tracking a variety of bills and programs that have potential to positively impact Orange County. One example is the Housing for a Healthy California Program, which is a new source of funds for supportive housing through the Department of Housing and Community Development (DHCD). The program provides supportive housing for Medi-Cal members to reduce financial burdens related to medical and public services overutilization. DHCD is expected to open applications to supportive housing owners and developers for grants that total \$36 million statewide. Orange County Health Care Agency intends to work with owners and developers to explore this funding opportunity. Separately, Assembly Bill 563 is state legislation that would grant the North Orange County Public Safety Task Force \$16 million in funding to set up comprehensive crisis intervention infrastructure. The aim is to mitigate the local mental health and homeless crisis by expanding and coordinating the many available services, potentially through the Be Well OC Regional Mental Health and Wellness Campus. The bill is currently in the early stages of the legislative process.

Impact of New Knox-Keene Licensure Regulation Will Be Mitigated by Exemptions

With an effective date of July 1, 2019, a new Department of Managed Health Care (DMHC) global risk regulation will substantially expand the number of health care organizations required to have a Knox-Keene license. Fortunately, CalOptima was able to mitigate local concerns that the rule applied to our delegated health networks, which operate under three models — Health Maintenance Organizations (HMOs), Physician-Hospital Consortia (PHCs) and Shared-Risk Groups (SRGs). DMHC has now confirmed that CalOptima's limited Knox-Keene licensed HMO health networks may continue their current contractual arrangements with CalOptima, and the regulator has reached out to our partners to update their licenses. With regard to PHCs and SRGs, the DMHC has reviewed CalOptima's template contracts and believes that these limited risk-sharing arrangements will qualify for exemptions from the new licensure requirement. Contracts that renew or are amended after July 1, 2019, will need to be submitted to the DMHC for a review and exemption process that is anticipated to take no longer than 30 days. CalOptima staff has informed our health network partners about this latest positive development.

California Children's Services (CCS) Advisory Group Meeting Focuses on CalOptima Readiness for Transition

Implementation of the Whole-Child Model (WCM) for CCS in Orange County is now only two months away. Given our impending transition, CalOptima was the focus of an April 10 meeting of the CCS Advisory Group, a highly engaged Department of Health Care Services (DHCS)-appointed panel of medical experts and member advocates who are dedicated to ensuring the WCM effectively serves children with complex CCS conditions. CalOptima Chief Medical Officer David Ramirez, M.D., Executive Director of Clinical Operations Tracy Hitzeman and Thanh-Tam Nguyen, M.D., our medical director for WCM, shared detailed information about our authorization process, provider panel, delegated delivery system and more, all from the

member's perspective. Our WCM Family Advisory Committee Representative Kristen Rogers also spoke. The meeting was an important opportunity to instill confidence about our ability to effectively integrate the CCS program, and we successfully demonstrated CalOptima's careful preparations for WCM. Feedback from the advisory group and DHCS leaders was supportive.

Future Medi-Cal Expansion (MCE) Rates Face Likely Reduction as State Regulator Examines CalOptima Reimbursement

Following a trend established across the past few years, DHCS is signaling a likely reduction in CalOptima's MCE capitation rates for FY 2019–20. Staff was notified in April that a significant adjustment may be ahead, based on the fact that CalOptima's reimbursement for the MCE population is a noticeable outlier. Specifically, DHCS identified that CalOptima's provider capitation and risk pool incentive payouts are significantly higher than those paid by other managed care plans in California. Staff has been in close communication with state officials who will soon share our draft rates. Importantly, we have also provided advance notice to our delegated health networks so they can plan ahead for a possible reduction. As more information becomes available, I will look to your Board's Finance and Audit Committee for guidance on any adjustments to provider reimbursement.

CalOptima Welcomes New Executive Director, Human Resources

This past month, Brigitte Gibb joined CalOptima as Executive Director, Human Resources. She has more than 35 years of public-sector experience. Most recently, Ms. Gibb worked as the human resources director for the Orange County Fire Authority (OCFA), where she led and directed the administration, coordination and evaluation of all human resources and risk management functions. She has established and maintained effective working relationships with the OCFA Board of Directors, city managers, executive team members and labor group representatives. She holds a master's degree in public administration, with a concentration in human resources, from California State University, Fullerton.



Financial Summary

March 2019

Nancy Huang
Interim Chief Financial Officer

FY 2018-19: Consolidated Enrollment

March 2019 MTD

Overall enrollment was 767,279 member months

- Actual lower than budget 16,088 members or 2.1%
 - Ø Medi-Cal unfavorable variance of 15,520 members
 - Whole Child Model (WCM) unfavorable variance of 12,502 members
 - WCM members will remain in their original aid codes until the program begins 7/1/19
 - Medi-Cal Expansion (MCE) unfavorable variance of 4,796 members
 - Temporary Assistance for Needy Families (TANF) unfavorable variance of 206 members
 - Long-Term Care (LTC) unfavorable variance of 145 members
 - Seniors and Persons with Disabilities (SPD) favorable variance of 2,129 members
 - Ø OneCare Connect unfavorable variance of 725 members
- 6,077 increase from February
 - § Medi-Cal increase of 6,130
 - § OneCare Connect decrease of 81
 - § OneCare increase of 16
 - § PACE increase of 12

FY 2018-19: Consolidated Enrollment (cont.)

March 2019 YTD

Overall enrollment was 6,929,458 member months

- Actual lower than budget 128,332 members or 1.8%
 - Ø Medi-Cal unfavorable variance of 125,747 members or 1.8%
 - MCE unfavorable variance of 45,827 members
 - TANF unfavorable variance of 45,132 members
 - WCM unfavorable variance of 37,506 members
 - WCM members will remain in their original aid codes until the program begins 7/1/19
 - LTC unfavorable variance of 795 members
 - SPD favorable variance of 3,513 members
 - Ø OneCare Connect unfavorable variance of 3,474 members or 2.6%
 - Ø OneCare favorable variance of 908 members or 7.6%
 - Ø PACE unfavorable variance of 19 members or 0.7%

FY 2018-19: Consolidated Revenues

March 2019 MTD

- Actual higher than budget \$8.5 million or 19.5%
 - Ø Medi-Cal favorable to budget \$57.1 million or 21.2%
 - Unfavorable volume variance of \$5.4 million
 - Favorable price variance of \$62.6 million
 - \$43.8 million due to Proposition 56 rate true-up
 - \$42.8 million of Intergovernmental Transfer (IGT) 2018 revenue
 - Offset by \$22.9 million of WCM revenue due to delay of program start

Ø OneCare Connect favorable to budget \$1.0 million or 3.9%

- Unfavorable volume variance of \$1.3 million
- Favorable price variance of \$2.3 million due to \$3.5 million of calendar year (CY) 2017 Hierarchical Condition Category (HCC) and risk adjustments offset by unfavorable rates

FY 2018-19: Consolidated Revenues (cont.)

March 2019 MTD

ØOneCare favorable to budget \$0.2 million or 11.7%

- § Favorable volume variance of \$0.2 million
- § Unfavorable price variance of \$0.01 million

ØPACE favorable to budget \$0.2 million or 6.4%

- § Unfavorable volume variance of \$0.1 million
- § Favorable price variance of \$0.2 million

FY 2018-19: Consolidated Revenues (cont.)

March 2019 YTD

- Actual higher than budget \$6.2 million or 0.2%
 - Ø Medi-Cal favorable to budget \$8.2 million or 0.4%
 - Unfavorable volume variance of \$41.8 million
 - Favorable price variance of \$50.0 million due to:
 - \$42.9 million of Proposition 56 revenue
 - \$42.8 million of IGT 8 revenue
 - \$24.7 million due to prior year revenue
 - \$14.4 million due to favorable MCE rates
 - \$10.1 million of prior year non-LTC revenue from non-LTC aid codes
 - Offset by unfavorable variance due to:
 - q \$68.3 million of WCM revenue
 - q \$5.9 million of Coordinated Care Initiative (CCI) revenue
 - q \$11.3 million of fiscal year (FY) 2019 non-LTC revenue from non-LTC aid codes

FY 2018-19: Consolidated Revenues (cont.)

March 2019 YTD

ØOneCare Connect unfavorable to budget \$2.5 million or 1.1%

- Unfavorable volume variance of \$5.9 million
- Favorable price variance of \$3.5 million

ØOneCare favorable to budget \$0.2 million or 1.6%

- Favorable volume variance of \$1.1 million
- Unfavorable price variance of \$0.9 million

ØPACE favorable to budget \$0.3 million or 1.5%

- Unfavorable volume variance of \$0.1 million
- Favorable price variance of \$0.4 million

FY 2018-19: Consolidated Medical Expenses

March 2019 MTD

- Actual higher than budget \$40.4 million or 14.0%
 - Ø Medi-Cal unfavorable variance of \$38.9 million
 - Favorable volume variance of \$5.2 million
 - Unfavorable price variance of \$44.2 million
 - Provider Capitation expenses unfavorable variance of \$32.2 million due to:
 - q \$42.0 million from Proposition 56 capitation expense
 - q \$2.0 million from Child Health and Disability Prevention Program (CHDP) claims budgeted in Professional claims
 - q Offset by \$12.0 million due to the delay of WCM program
 - Facilities expenses unfavorable variance of \$10.0 million due to increase in Incurred But Not Reported (IBNR) claims
 - Prescription Drug expenses favorable variance of \$9.1 million mainly due to delay of WCM program
 - Professional Claim expenses unfavorable variance of \$7.3 million due to:
 - q \$11.7 million of Proposition 56 expense
 - q Offset by \$2.0 million of CHDP expenses

FY 2018-19: Consolidated Medical Expenses (cont.)

March 2019 MTD

ØOneCare Connect unfavorable variance of \$1.4 million or 5.4%

- § Favorable volume variance of \$1.2 million
- § Unfavorable price variance of \$2.6 million

ØOneCare unfavorable variance of \$0.1 million or 7.0%

- § Unfavorable volume variance of \$0.2 million
- § Favorable price variance of \$0.1 million

ØPACE favorable variance of \$1,527 or 0.1%

- § Favorable volume variance of \$47,095
- § Unfavorable price variance of \$45,567

FY 2018-19: Consolidated Medical Expenses (cont.)

March 2019 YTD

- Actual lower than budget \$44.8 million or 1.8%
 - Ø Medi-Cal favorable variance of \$42.5 million
 - Favorable volume variance of \$39.7 million
 - Favorable price variance of \$2.8 million
 - Provider Capitation expenses unfavorable variance of \$45.7 million
 - Professional Claim expenses favorable variance of \$38.5 million
 - Prescription Drug expenses favorable variance of \$30.4 million
 - Facilities expenses unfavorable variance of \$29.2 million
 - Ø OneCare Connect favorable variance of \$0.9 million
 - Favorable volume variance of \$5.7 million
 - Unfavorable price variance of \$4.8 million

Medical Loss Ratio (MLR)

- March 2019 MTD: Actual: 91.6% Budget: 96.0%
- March 2019 YTD: Actual: 93.1% Budget: 95.0%

FY 2018-19: Consolidated Administrative Expenses

March 2019 MTD

- Actual lower than budget \$1.4 million or 10.6%
 - Ø Salaries, wages and benefits: favorable variance of \$0.3 million
 - Ø Other categories: favorable variance of \$1.0 million

March 2019 YTD

- Actual lower than budget \$18.6 million or 16.3%
 - Ø Salaries, wages & benefits: favorable variance of \$9.3 million
 - Ø Other categories: favorable variance of \$9.3 million

Administrative Loss Ratio (ALR)

- March 2019 MTD: Actual: 3.2% Budget: 4.3%
- March 2019 YTD: Actual: 3.7% Budget: 4.4%

FY 2018-19: Change in Net Assets

March 2019 MTD

- \$23.6 million surplus
 - Ø Higher than budgeted revenue of \$58.5 million
 - Ø Higher than budgeted medical expenses of \$40.4 million
 - Ø Lower than budgeted administrative expenses of \$1.4 million
 - Ø Higher than budgeted investment and other income of \$4.7 million

March 2019 YTD

- \$111.9 million surplus
 - Ø Higher than budgeted revenue of \$6.2 million
 - Ø Lower than budgeted medical expenses of \$44.8 million
 - Ø Lower than budgeted administrative expenses of \$18.6 million
 - Ø Higher than budgeted investment and other income of \$25.6 million

Enrollment Summary: March 2019

Month-to-Date					Year-to-Date				
Actual	Budget	Variance	%	Enrollment (By Aid Category)	Actual	Budget	Variance	%	
64,814	65,562	(748)	(1.1%)	Aged	577,814	581,990	(4,176)	(0.7%)	
591	620	(29)	(4.7%)	BCCTP	5,424	5,580	(156)	(2.8%)	
47,040	44,134	2,906	6.6%	Disabled	422,966	415,122	7,844	1.9%	
305,505	303,825	1,680	0.6%	TANF Child	2,775,029	2,805,507	(30,478)	(1.1%)	
91,038	92,924	(1,886)	(2.0%)	TANF Adult	834,922	849,576	(14,654)	(1.7%)	
3,391	3,536	(145)	(4.1%)	LTC	30,633	31,428	(795)	(2.5%)	
238,964	243,760	(4,796)	(2.0%)	MCE	2,136,769	2,182,596	(45,827)	(2.1%)	
-	12,502	(12,502)	(100.0%)	WCM*	-	37,506	(37,506)	(100.0%)	
751,343	766,863	(15,520)	(2.0%)	Medi-Cal	6,783,557	6,909,304	(125,747)	(1.8%)	
14,128	14,853	(725)	(4.9%)	OneCare Connect	130,417	133,891	(3,474)	(2.6%)	
1,488	1,324	164	12.4%	OneCare	12,824	11,916	908	7.6%	
320	327	(7)	(2.1%)	PACE	2,660	2,679	(19)	(0.7%)	
767,279	783,367	(16,088)	(2.1%)	CalOptima Total	6,929,458	7,057,790	(128,332)	(1.8%)	

*Note: WCM members will remain in their original aid codes until the program begins 7/1/19

Financial Highlights:

March 2019

Month-to-Date				Year-to-Date			
Actual	Budget	\$ Budget	% Budget	Actual	Budget	\$ Budget	% Budget
767,279	783,367	(16,088)	(2.1%)	Member Months		6,929,458	7,057,790
358,427,492	299,909,761	58,517,731	19.5%	Revenues		2,566,275,921	2,560,070,576
328,343,228	287,919,054	(40,424,174)	(14.0%)	Medical Expenses		2,388,407,986	2,433,192,729
11,557,918	12,931,007	1,373,089	10.6%	Administrative Expenses		95,339,977	113,896,846
18,526,347	(940,299)	19,466,646	2070.3%	Operating Margin		82,527,959	12,981,000
5,090,406	416,667	4,673,739	1121.7%	Non Operating Income (Loss)		29,385,817	3,750,000
23,616,753	(523,633)	24,140,386	4610.2%	Change in Net Assets		111,913,776	16,731,000
91.6%	96.0%	4.4%		Medical Loss Ratio		93.1%	95.0%
3.2%	4.3%	1.1%		Administrative Loss Ratio		3.7%	4.4%
<u>5.2%</u>	<u>(0.3%)</u>	<u>5.5%</u>		Operating Margin Ratio		<u>3.2%</u>	<u>0.5%</u>
100.0%	100.0%			Total Operating		100.0%	100.0%

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Consolidated Performance Actual vs. Budget: March 2019 (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
19.0	(0.2)	19.2	Medi-Cal	87.2	20.6	66.6
(0.7)	(0.6)	(0.1)	OCC	(6.7)	(7.1)	0.4
0.0	(0.1)	0.1	OneCare	(0.0)	(0.5)	0.5
<u>0.2</u>	<u>(0.0)</u>	<u>0.2</u>	<u>PACE</u>	<u>2.1</u>	<u>0.1</u>	<u>2.0</u>
18.5	(0.9)	19.4	Operating	82.6	13.1	69.5
5.1	0.4	4.7	Inv./Rental Inc, MCO tax	29.4	3.8	25.6
5.1	0.4	4.7	Non-Operating	29.4	3.8	25.6
23.6	(0.5)	24.1	TOTAL	111.9	16.7	95.2

Consolidated Revenue & Expense:

March 2019 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
MEMBER MONTHS	512,379	238,964	751,343	14,128	1,488	320	767,279
REVENUES							
Capitation Revenue	\$ 160,085,291	\$ 166,301,126	\$ 326,386,417	\$ 27,666,877	\$ 1,843,064	\$ 2,531,135	\$ 358,427,492
Other Income	"	"	"	"	"	"	"
Total Operating Revenue	160,085,291	166,301,126	326,386,417	27,666,877	1,843,064	2,531,135	358,427,492
MEDICAL EXPENSES							
Provider Capitation	55,528,120	70,941,155	126,469,275	13,375,163	486,668		140,331,106
Facilities	25,849,141	30,948,305	56,797,446	4,172,596	657,029	546,728	62,173,799
Ancillary	-	-	-	1,070,659	35,879	-	1,106,538
Professional Claims	26,022,095	10,717,499	36,739,593	-	-	599,409	37,339,003
Prescription Drugs	17,206,620	19,120,697	36,327,318	4,957,339	453,259	213,848	41,951,763
MLTSS	33,212,270	3,001,641	36,213,911	1,543,824	17,060	64,152	37,838,947
Medical Management	2,176,515	890,547	3,067,062	1,135,637	54,584	608,376	4,865,659
Quality Incentives	757,957	413,430	1,171,387	273,620	-	3,200	1,448,207
Reinsurance & Other	319,454	614,428	933,881	203,565	(12,000)	162,760	1,288,206
Total Medical Expenses	161,072,172	136,647,702	297,719,873	26,732,403	1,692,478	2,198,474	328,343,228
Medical Loss Ratio	100.6%	82.2%	91.2%	96.6%	91.8%	86.9%	91.6%
GROSS MARGIN	(986,881)	29,653,424	28,666,543	934,474	150,586	332,661	30,084,265
ADMINISTRATIVE EXPENSES							
Salaries & Benefits		7,093,072	733,707	31,054	110,039	7,967,872	
Professional fees		292,255	7,340	14,667	123	314,384	
Purchased services		694,060	190,246	19,396	13,648	917,351	
Printing & Postage		383,315	23,513	(11)	8,742	415,559	
Depreciation & Amortization		435,073	-	-	2,089	437,161	
Other expenses		1,125,401	56,950	277	3,298	1,185,925	
Indirect cost allocation & Occupancy		(320,106)	581,690	41,461	16,620	319,665	
Total Administrative Expenses	9,703,071	1,593,445	106,843	154,559	11,557,918		
Admin Loss Ratio	3.0%	5.8%	5.8%	6.1%	3.2%		
INCOME (LOSS) FROM OPERATIONS		18,963,473	(658,971)	43,743	178,103	18,526,347	
INVESTMENT INCOME						5,090,405	
CHANGE IN NET ASSETS		\$ 18,963,473	\$ (658,971)	\$ 43,743	\$ 178,103	\$ 23,616,753	
BUDGETED CHANGE IN NET ASSETS		(221,333)	(649,414)	(63,781)	(5,771)	(523,633)	
VARIANCE TO BUDGET - FAV (UNFAV)		\$ 19,184,806	\$ (9,557)	\$ 107,524	\$ 183,873	\$ 24,140,386	

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Consolidated Revenue & Expense:

March 2019 YTD

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare Connect</u>	<u>OneCare</u>	<u>PACE</u>	<u>Consolidated</u>
MEMBER MONTHS	4,646,788	2,136,769	6,783,557	130,417	12,824	2,660	6,929,458
REVENUES							
Capitation Revenue	\$ 1,258,257,889	\$ 1,046,975,202	\$ 2,305,233,092	\$ 226,606,201	\$ 14,702,921	\$ 19,733,707	\$ 2,566,275,921
Other Income	-	-	-	-	-	-	-
Total Operating Revenue	<u>1,258,257,889</u>	<u>1,046,975,202</u>	<u>2,305,233,092</u>	<u>226,606,201</u>	<u>14,702,921</u>	<u>19,733,707</u>	<u>2,566,275,921</u>
MEDICAL EXPENSES							
Provider Capitation	341,776,058	473,020,763	814,796,821	104,218,871	4,097,854	-	923,113,547
Facilities	204,218,255	217,169,249	421,387,504	32,738,235	4,112,212	3,651,949	461,889,899
Ancillary	-	-	-	6,213,225	355,598	-	6,568,824
Professional Claims	153,616,394	60,801,247	214,417,641	-	-	4,068,471	218,486,112
Prescription Drugs	154,443,794	174,678,166	329,121,960	47,869,147	4,177,397	1,566,831	382,735,335
MLTSS	287,929,089	25,519,687	313,448,776	12,626,830	428,557	98,063	326,602,226
Medical Management	18,960,851	8,952,376	27,913,226	10,033,995	549,315	5,619,762	44,116,298
Quality Incentives	6,898,037	3,686,268	10,584,304	2,652,000	-	26,600	13,262,904
Reinsurance & Other	4,916,193	3,233,911	8,150,104	1,983,810	37,298	1,461,629	11,632,841
Total Medical Expenses	<u>1,172,758,670</u>	<u>967,061,666</u>	<u>2,139,820,336</u>	<u>218,336,114</u>	<u>13,758,231</u>	<u>16,493,305</u>	<u>2,388,407,986</u>
Medical Loss Ratio	93.2%	92.4%	92.8%	96.4%	93.6%	83.6%	93.1%
GROSS MARGIN	85,499,219	79,913,536	165,412,755	8,270,087	944,690	3,240,402	177,867,935
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	-	-	55,204,224	6,794,774	295,701	894,534	63,189,233
Professional fees	-	-	1,534,810	225,661	132,000	6,614	1,899,085
Purchased services	-	-	6,651,902	1,634,140	140,338	86,494	8,515,874
Printing & Postage	-	-	2,889,097	576,430	70,024	56,265	3,591,816
Depreciation & Amortization	-	-	3,933,106	-	-	18,731	3,951,836
Other expenses	-	-	10,724,537	405,447	653	23,808	11,154,446
Indirect cost allocation & Occupancy	-	(2,743,352)	5,380,112	-	349,079	51,848	3,037,686
Total Administrative Expenses	<u>78,197,324</u>	<u>15,016,565</u>	<u>987,794</u>	<u>1,138,294</u>	<u>-</u>	<u>95,339,977</u>	<u>-</u>
Admin Loss Ratio	-	-	3.4%	6.6%	6.7%	5.8%	3.7%
INCOME (LOSS) FROM OPERATIONS			87,215,432	(6,746,478)	(43,104)	2,102,109	82,527,959
INVESTMENT INCOME							29,385,016
OTHER INCOME			801				801
CHANGE IN NET ASSETS			<u>\$ 87,216,233</u>	<u>\$ (6,746,478)</u>	<u>\$ (43,104)</u>	<u>\$ 2,102,109</u>	<u>\$ 111,913,776</u>
BUDGETED CHANGE IN NET ASSETS			20,570,079	(7,125,983)	(520,142)	57,045	16,731,000
VARIANCE TO BUDGET - FAV (UNFAV)			<u>\$ 66,646,154</u>	<u>\$ 379,505</u>	<u>\$ 477,037</u>	<u>\$ 2,045,063</u>	<u>\$ 95,182,776</u>

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Balance Sheet:

As of March 2019

ASSETS

Current Assets	
Operating Cash	\$640,608,268
Investments	487,961,165
Capitation receivable	472,217,779
Receivables - Other	24,720,145
Prepaid expenses	5,584,844
Total Current Assets	1,631,092,200
Capital Assets	
Furniture & Equipment	38,297,211
Building/Leasehold Improvements	6,032,369
505 City Parkway West	50,289,440
	94,619,020
Less: accumulated depreciation	(46,758,863)
Capital assets, net	47,860,156
Other Assets	
Restricted Deposit & Other	300,000
Board-designated assets	
Cash and Cash Equivalents	25,194,513
Long-term Investments	527,376,174
Total Board-designated Assets	552,770,687
Total Other Assets	553,070,687
TOTAL ASSETS	2,232,023,044
Deferred Outflows	
Pension Contributions	686,962
Difference in Experience	3,419,328
Excess Earning	-
Changes in Assumptions	6,428,159
TOTAL ASSETS & DEFERRED OUTFLOWS	2,242,557,493

LIABILITIES & FUND BALANCES

Current Liabilities	
Accounts Payable	\$40,132,045
Medical Claims liability	1,081,745,716
Accrued Payroll Liabilities	12,101,684
Deferred Revenue	53,657,665
Deferred Lease Obligations	63,588
Capitation and Withholds	127,132,188
Total Current Liabilities	1,314,832,886
Other (than pensions) post employment benefits liability	25,673,365
Net Pension Liabilities	23,602,064
Bldg 505 Development Rights	-
TOTAL LIABILITIES	1,364,108,315
Deferred Inflows	
Change in Assumptions	4,747,505
Excess Earnings	156,330
TNE	83,441,682
Funds in Excess of TNE	790,103,661
Net Assets	873,545,343
TOTAL LIABILITIES & FUND BALANCES	2,242,557,493

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Board Designated Reserve and TNE Analysis

As of March 2019

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
Board-designated Reserve	Tier 1 - Payden & Rygel	151,281,498				
	Tier 1 - Logan Circle	150,816,354				
	Tier 1 - Wells Capital	150,650,843				
Board-designated Reserve		452,748,694	318,222,862	490,364,810	134,525,832	(37,616,115)
TNE Requirement	Tier 2 - Logan Circle	100,021,993	83,441,682	83,441,682	16,580,311	16,580,311
Consolidated:		552,770,687	401,664,544	573,806,491	151,106,143	(21,035,804)
<i>Current reserve level</i>		<i>1.93</i>	<i>1.40</i>	<i>2.00</i>		

HN Enrollment Summary - Medi-Cal

Health Network Name	APRIL 2019	% of Total MCAL	% of HN Enrollment
CHOC Health Alliance (PHC20)	144,207	19.5%	22.5%
Monarch Family HealthCare (HMO16)	78,568	10.6%	12.3%
CalOptima Community Network (CN)	76,288	10.3%	11.9%
Arta Western Health Network (SRG66)	62,237	8.4%	9.7%
Alta Med Health Services (SRG69)	47,736	6.4%	7.4%
Family Choice Health Network (PHC21)	45,177	6.1%	7.1%
Kaiser Permanente (HMO04)	44,472	6.0%	6.9%
Prospect Medical Group (HMO17)	34,142	4.6%	5.3%
United Care Medical Network (SRG67)	32,953	4.4%	5.1%
Talbert Medical Group (SRG65)	24,305	3.3%	3.8%
Noble Mid-Orange County (SRG64)	22,352	3.0%	3.5%
AMVI Care Health Network (PHC58)	21,838	2.9%	3.4%
Heritage - Regal Medical Group (HMO15)	6,484	0.9%	1.0%
Total Health Network Capitated Enrollment	640,757	86.5%	100.0%
CalOptima Direct (all others)	99,883	13.5%	
Total Medi-Cal Enrollment	740,640	100.0%	

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HN Enrollment Summary – OneCare Connect

Health Network Name	APRIL 2019	Percentage
Monarch HealthCare (HMO16DB)	4,634	32.7%
Prospect Medical Group (HMO17DB)	2,396	16.9%
Family Choice Medical Group (SRG81DB)	1,765	12.5%
CalOptima Community Network (CN)	1,660	11.7%
Talbert Medical Group (SRG52DB)	1,054	7.4%
Arta Western Health Network(SRG66DB)	552	3.9%
Alta-Med (SRG69DB)	534	3.8%
United Care Medical Group (SRG67DB)	511	3.6%
Noble Mid Orange County (SRG64DB)	432	3.1%
AMVI Care Health Network (PHC58DB)	426	3.0%
Heritage - Regal Medical Group (HMO15)	197	1.4%
Total OneCare Connect Enrollment	14,161	100.0%

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HN Enrollment Summary - OneCare

Health Network Name	APRIL 2019	Percentage
Monarch HealthCare (PMG53DE)	704	47.1%
AMVI/Prospect Medical Group (PMG27DE)	283	18.9%
Talbert Medical Group (PMG52DE)	130	8.7%
Arta Western Health Network (PMG66DE)	127	8.5%
Family Choice Medical Group (PMG21DE)	92	6.2%
Alta-Med (PMG69DE)	78	5.2%
United Care Medical Group (PMG67DE)	49	3.3%
Noble Mid Orange County (PMG64DE)	32	2.1%
Total OneCare Enrollment	1,495	100.0%





OneCare Connect
CalOptima
Better. Together.

OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan)

OneCare Connect Customer Service

Provider Advisory Committee

May 9, 2019

Andrew Tse

Manager, Customer Service

What Is ANOC?

- The Annual Notice of Change (ANOC) is a Centers for Medicare and Medicaid Services (CMS) required mailing and one of the most important mailings a member will receive.
- The purpose of the mailing is to inform all members of the changes to their benefits that will be effective on January 1st and give them an opportunity to review the changes and compare with those of other plans.
- All health plans must ensure the ANOC is in the members' hands and on the plan's website no later than September 30th of each year.

What Is in the ANOC Packet?

- Annual Notice of Changes
- Member Handbook Insert
- Multi-Language Insert
- Nondiscrimination Notice — Language Taglines
- Notice of Privacy Practices
- Pre-Enrollment Checklist
- Provider Directory — Formulary Insert
- Summary of Benefits

Changes to OCC

- Section D. Changes to benefits and costs for next year

	2018	2019
Dental Services	\$0 co-pay for limited dental services	Dental services are not covered.
Hearing Services	\$0 co-pay for hearing services.	\$0 co-pay for hearing services. For hearing aids, our plan pays up to \$500, above the Medi-Cal limit. This benefit may only be used once during the year.

Changes to OCC (cont.)

- Section D. Changes to benefits and costs for next year

	2018	2019
Non-Medical Transportation (NMT)	<p>Unlimited transportation to plan-approved locations for the following:</p> <ul style="list-style-type: none">• Medically necessary covered services• Picking up drug prescriptions• Picking up medical supplies or other medically necessary covered equipment <p>Referral requirements may apply. Contact OneCare Connect Customer Service for details.</p>	<p>Unlimited transportation to plan-approved locations for the following:</p> <ul style="list-style-type: none">• Medically necessary covered services• Picking up drug prescriptions• Picking up medical supplies or other medically necessary covered equipment• Trips to/from the gym as the health club membership is offered as a benefit to the plan <p>Referral requirements may apply. Contact OneCare Connect Customer Service for details.</p>

Changes to OCC (cont.)

- Section D. Changes to benefits and costs for next year

	2018	2019
Podiatry Services	\$0 co-pay	\$0 co-pay Our plan also offers podiatry services for routine foot care as a supplemental benefit, up to 12 visits per year.
Vision Care	Our plan pays up to \$100 every two years for contact lenses or eyeglasses (frames and lenses).	Our plan pays up to \$150 above the Medi-Cal limit, every two years for contact lenses or eyeglasses (frames and lenses).
Worldwide Emergency/Urgent Coverage	Not covered	You pay for your emergency and urgent care outside of the U.S., and we will reimburse you up to \$25,000 per year.

Changes to OCC (cont.)

- Section D2. Changes to prescription drug coverage
 - Ø There are two payment stages for your Medicare Part D prescription drug coverage under OneCare Connect. How much you pay depends on which stage you are in when you get a prescription filled or refilled. These are the two stages:

Stage 1 Initial Coverage Stage	Stage 2 Catastrophic Coverage Stage
<p>During this stage, the plan pays part of the costs of your drugs, and you pay your share. <i>Your share is called the co-pay.</i></p> <p>You begin this stage when you fill your first prescription of the year.</p>	<p>During this stage, the plan pays all of the costs of your drugs through December 31, 2019.</p> <p>You begin this stage when you have paid a certain amount of out-of-pocket costs.</p>

Changes to OCC (cont.)

- Section D2. Changes to prescription drug coverage

	2018	2019
Drugs in Tier 1 (generic drugs) Cost for a one-month supply of a drug in Tier 1 that is filled at a network pharmacy	Your co-pay for a one-month (30-day) supply is \$0, \$1.25 or \$3.35 per prescription.	Your co-pay for a one-month (30-day) supply is \$0 per prescription.
Drugs in Tier 2 (brand-name drugs) Cost for a one-month supply of a drug in Tier 2 that is filled at a network pharmacy	Your co-pay for a one-month (30-day) supply is \$0, \$3.70 or \$8.35 per prescription.	Your co-pay for a one-month (30-day) supply is \$0 per prescription until your total drug costs reach \$3,820, then your co-pays will be \$0, \$3.80 or \$8.50 per prescription.
Drugs in Tier 3 (non-Medicare drugs) Cost for a one-month supply of a drug in Tier 3 that is filled at a network pharmacy	Your co-pay for a one-month (30-day) supply is \$0 per prescription.	Your co-pay for a one-month (30-day) supply is \$0 per prescription.

The Initial Coverage Stage ends when your total out-of-pocket costs reach **\$5,100**. At that point, the Catastrophic Coverage Stage begins. The plan covers all your drug costs from then until the end of the year. Chapter 6 has more information about how much you will pay for prescription drugs.

Changes to OCC (cont.)

- **Section E. Administrative changes**

Cost	2018	2019
Dental Services	Dental services were offered through LIBERTY Dental	Dental services not covered
Inpatient Mental Health Care	Inpatient psychiatric hospital services required a referral.	Inpatient psychiatric hospital services do not require a referral.
Medicare-covered Glaucoma Screening	Medicare-covered glaucoma screening required prior authorization	Medicare-covered glaucoma screening do not require prior authorization.
Medicare-covered Diabetes Self-Management Training	Medicare-covered diabetes self-management training required prior authorization	Medicare-covered diabetes self-management training do not require prior authorization.
Other Medicare Covered Preventive Services	Not applicable for 2018	Medicare-covered barium enemas, Medicare-covered digital rectal exams and Medicare-covered EKG following welcome visit do not require prior authorization.

Changes to OCC (cont.)

- **Section F. How to choose a plan**

- ØF1. How to stay in our plan

- § We hope to keep you as a member next year.

- You do not have to do anything to stay in your health plan. If you do not change to a Medicare Advantage Plan or change to Original Medicare, you will automatically stay enrolled as a member of our plan for 2019.

Changes to OCC (cont.)

- **Section F. How to choose a plan**

- Ø F2. How to leave OneCare Connect

- § You can end your membership at any time during the year by enrolling in another Medicare Advantage Plan or moving to Original Medicare.
 - § **NOTE:** If you are in a drug management program, you may not be able to join a different plan. See Chapter 5 of your Member Handbook for information about drug management programs
 - § If you leave OneCare Connect and do not join a Medicare Advantage Plan, you will go back to getting your Medicare and Medi-Cal services separately.
 - § You will continue to get your Medi-Cal services through CalOptima. Your Medi-Cal services include most long-term services and supports and behavioral health care.
 - § You will have three options for getting your Medicare services. By choosing one of these options, you will automatically end your membership in our Cal MediConnect plan.

CalOptima's Mission

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

