



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

**THURSDAY, FEBRUARY 2, 2017
2:00 P.M.**

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

BOARD OF DIRECTORS

Mark Refowitz, Chair	Lee Penrose, Vice Chair
Supervisor Lisa Bartlett	Supervisor Andrew Do
Ria Berger	Ron DiLuigi
Dr. Nikan Khatibi	Alexander Nguyen, M.D.
J. Scott Schoeffel	Paul Yost, M.D.
Supervisor Todd Spitzer, Alternate	

CHIEF EXECUTIVE OFFICER
Michael Schrader

CHIEF COUNSEL
Gary Crockett

CLERK OF THE BOARD
Suzanne Turf

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

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

The Board Meeting Agenda and supporting documentation is available for review at CalOptima, 505 City Parkway West, Orange, CA 92868, Monday-Friday, 8:00 a.m. – 5:00 p.m. The Board Meeting Agenda and supporting materials are also available online at www.caloptima.org. Board meeting audio is streamed live at <https://caloptima.org/en/AboutUs/BoardMeetingsLive.aspx>

CALL TO ORDER
Pledge of Allegiance
Establish Quorum

PRESENTATIONS/INTRODUCTIONS

MANAGEMENT REPORTS

1. **Chief Executive Officer Report**
 - a. Chairman Retirement
 - b. Proposed FY 2017–18 State Budget
 - c. Affordable Care Act
 - d. Health Network CEO Meeting
 - e. Behavioral Health Transition
 - f. Regulatory Audits
 - g. Interim Chief Financial Officer
 - h. California Children’s Services Transition Delay
 - i. Hospital Quality Assurance Fee
 - j. Intergovernmental Transfer Payment
 - k. Rate Adjustment for OneCare Connect Members in Nursing Homes
 - l. Strategic Plan Distribution

PUBLIC COMMENTS

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

CONSENT CALENDAR

2. **Minutes**
 - a. Approve Minutes of the December 1, 2016 Regular Meeting of the CalOptima Board of Directors
 - b. Receive and File Minutes of the November 10, 2016 Meeting of the CalOptima Board of Directors’ Provider Advisory Committee, the November 10, 2016 Meeting of the CalOptima Board of Directors’ Member Advisory Committee, and the November 17, 2016 Meeting of the CalOptima Board of Directors’ OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee
3. **Consider Appointment of CalOptima Treasurer**
4. **Acting as the CalOptima Foundation:** Consider Appointment of CalOptima Foundation Chief Financial Officer

REPORTS

5. **Consider Ratifying the Timeframe Extension for Qualifying New Network(s) to Complete Readiness Assessment Requirements**
6. **Consider Appointment to the CalOptima Board of Directors’ Member Advisory Committee**
7. **Consider Authorizing and Directing Execution of Amendment(s) to CalOptima’s Primary Agreement with the California Department of Health Care Services (DHCS)**

8. Consider Approval of Proposed Revisions to CalOptima Security-Related Policies
9. Consider Authorization of Expenditures in Support of CalOptima's Participation in the 2017 ActNOW Conference and South Orange County Senior Day
10. Consider Selection and Contracting with Vendor for Federal Legislative Advocacy Services
11. Consider Approval and Implementation of the Revised CalOptima Endorsement Policy AA.1214 and Proposed New Policy Regarding Participation in Community Events
12. Consider Adoption of Resolution Approving Updated Human Resources Policies and Revised CalOptima Employee Handbook
13. Consider Modifications to CalOptima Policy FF.2008 Health Insurance Premium Payment, and Wind Down and Termination of the Program

ADVISORY COMMITTEE UPDATES

14. Member Advisory Committee Update
15. Provider Advisory Committee Update
16. OneCare Connect Cal MediConnect (Medicare-Medicaid Plan) Member Advisory Committee Update

INFORMATION ITEMS

17. December 2016 and November 2016 Financial Summaries
18. Compliance Report
19. Federal and State Legislative Advocates Reports
20. CalOptima Community Outreach and Program Summary

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

ADJOURNMENT

NEXT REGULAR MEETING: Thursday, March 2, 2017 at 2:00 p.m.

MEMORANDUM

DATE: February 2, 2017
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

Chairman Retirement

CalOptima Board of Directors Chairman Mark Refowitz announced his retirement as director of the Orange County Health Care Agency, effective March 30, 2017. CalOptima is indebted to Chairman Refowitz for his steady and strong leadership since 2012. Together with CalOptima staff, I wish him all the best in his next chapter, and yet we will certainly miss him. He provided excellent guidance across five years of notable events for the agency, including the expansion of Medi-Cal, the launches of the Program of All-Inclusive Care for the Elderly (PACE) and OneCare Connect, and the recognition of CalOptima as the top quality Medi-Cal plan in California. Succession arrangements are pending.

Proposed Fiscal Year 2017–18 State Budget

On January 10, Gov. Brown released his proposed Fiscal Year 2017–18 state budget. Medi-Cal enrollment is projected to reach 14.3 million. This figure is flat compared with the current year and does not make any assumptions about possible federal Medicaid changes. Apart from the enrollment projection, the most significant news for CalOptima is the extension until December 31, 2019, of Cal MediConnect (CMC), known as OneCare Connect in Orange County. Consistent advocacy by CMC health plans helped spare the program, even while the governor proposed to eliminate the Coordinated Care Initiative (CCI) that originally authorized CMC. Based on the Department of Finance’s assessment that CCI was not cost-effective, the initiative is slated to end January 1, 2018, along with the changes that CCI made to the In-Home Supportive Services (IHSS) program. Under the proposed budget, the state will return responsibility for IHSS collective bargaining to CMC counties, and IHSS benefits will be removed from health plan capitation rates. Given that the proposed budget will now be considered by the Legislature for the May Revise, CalOptima will continue our advocacy to ensure the positive outcome of OneCare Connect’s extension is upheld. And over the next few months, the County of Orange will examine the complex transition of the IHSS program, which may have significant financial implications to the County. In the past year, IHSS costs have increased based on higher wages and more benefits for IHSS workers. The County reports that approximately 29,000 Orange County residents are enrolled in the IHSS program. IHSS is a Medi-Cal benefit considered an alternative to nursing home care. My attendance at the January 18 California Association of Health Plans (CAHP) Meeting in Sacramento provided valuable information about the budget provisions and CAHP’s response. Attendees were generally pleased about the opportunity to continue CMC, given the promise it shows to lower costs and

better coordinate care. CalOptima will stay engaged with CAHP as well as Local Health Plans of California (LHPC) as the state budget moves toward a final version. Of note, LHPC has planned a legislative briefing on February 14 in Sacramento. I will be a speaker at the event, discussing CMC and CCI.

Affordable Care Act (ACA)

Given that 30 percent of our members may be affected, CalOptima is tracking closely potential changes to the ACA provisions involving Medicaid expansion. After the presidential inauguration, Congress started the budget reconciliation process with a blueprint that instructs four congressional committees to develop ACA repeal language for the budget, which could be used to reduce or eliminate funding for Medicaid expansion. In the meantime, President Trump signed an Executive Order directing federal agencies to minimize the economic and regulatory burdens of the ACA and give greater flexibility to the states. In this rapidly changing environment, CalOptima is taking action by conferring regularly with colleagues from other health plans and actively participating in our association meetings, including two recent events with Medicaid Health Plans of America (MHPA) and Local Health Plans of California (LHPC).

- **MHPA Meeting:** The MHPA meeting January 10–11 in Washington, D.C., focused on what may happen with Medicaid and the ACA under President Trump. Discussion centered on the possible movement from Medicaid’s current Federal Medical Assistance Percentage (FMAP) payment methodology to other payment models, such as block grants. Presently under FMAP, there are wide variations between states, and California is among the states with the lowest FMAP nationwide. MHPA officials also emphasized that the association and member plans should position themselves as trusted resources in the effort to shape future Medicaid changes.
- **LHPC Strategic Planning Meeting:** On January 24–25, I participated in the LHPC session to set strategic priorities for the association. This included meeting the association’s new federal lobbyists, John Russell and Jenifer Healy of Dentons, and strategizing on the risks and opportunities ahead for local health plans.

These events offered helpful preparation for CalOptima’s participation in the Association for Community Affiliated Plans (ACAP) Washington, D.C., fly-in February 7–8. Public Medi-Cal managed care plans will meet with the four congressional committees working on ACA issues as well as their own elected delegations. Our priority will be to advocate for the best possible outcome for Orange County. While I am in Washington, I have also scheduled a meeting with Centers for Medicare & Medicaid officials about OneCare Connect. In all, this time in the capital will provide a valuable indication about the future of our Medi-Cal expansion and other programs. I will share an update with your Board upon my return.

Health Network CEO Meeting

CalOptima hosted a well-attended health network CEO meeting on January 12, and several CEOs expressed appreciation for the opportunity to participate in these quarterly events. The CEOs were particularly interested in the pay-for-value update, whereby Executive Director of Quality and Analytics Caryn Ireland reviewed the variety of incentive programs available for health networks to boost revenue based on making quality improvements. Executive Director of Compliance Silver Ho also shared a comparison of compliance performance across all health networks, and I provided brief remarks about the proposed FY 2017–18 state budget and revised

California Children's Services timeline. Leaders asked CalOptima to provide data comparing Community Network and the private-sector networks, and our plan is to share information about areas such as utilization management, quality and expenses at the next CEO meeting.

Behavioral Health Transition

The January 1 behavioral health transition to Magellan Healthcare was executed with very little disruption to members. Magellan's broad network includes more than 500 contracted vendors, so that 95 percent of members receiving either Medi-Cal-covered behavioral health services or autism treatment services had access to the same providers they used prior to the transition. The majority of the continuity of care requests CalOptima received have already been resolved due to Magellan's contracting efforts. During January, CalOptima and Magellan held daily huddles to discuss call center metrics and other issues. In all, thorough planning and effective collaboration paved the way for a successful start to our new partnership with Magellan, which is aimed at improving behavioral health services.

Regulatory Audits

Starting next week, CalOptima will participate in major yet routine regulatory audits by the Department of Health Care Services (DHCS) and the Department of Managed Health Care (DMHC). Up to 20 auditors from both agencies will be on-site. From February 6–17, DHCS will evaluate Medi-Cal's compliance with our contract and regulations in the areas of utilization management, case management and care coordination, access and availability, member rights and responsibilities, quality improvement system, organization and administration of CalOptima, facility site reviews, and medical records review. From February 6–10, DMHC will be reviewing Medi-Cal's compliance with the Seniors and Persons with Disabilities (SPD) 1115 Waiver and OneCare Connect's provision of Medicaid-based services. DMHC will conduct these audits on behalf DHCS as part of an interagency agreement. For both the Medi-Cal SPD Waiver and OneCare Connect Medicaid services, the audit will evaluate compliance with our contract and regulations in the areas of utilization management, continuity of care, availability and accessibility of services, member rights, and quality management. To prepare for the audits, CalOptima hosted a workshop in January to educate our delegated health networks and share resources for audit readiness.

Interim Chief Financial Officer

Effective January 17, CalOptima Controller Nancy Huang was appointed Interim Chief Financial Officer. She has been with CalOptima for nearly nine years, first for six years as a financial analyst from 2005–11, and more recently, as controller from April 2014 to present. Nancy has financial management experience on the provider side as well, having worked for a large mental health provider for several years. Nancy holds a bachelor's degree and an MBA from Cal State Fullerton.

California Children's Services (CCS) Transition Delay

In January, the CCS Advisory Group met for an update about the transition to the Whole-Child Model, which moves CCS services into managed care. Based on DHCS' heavy workload on programs stemming from the new federal Medicaid regulations, known as the Mega Reg, DHCS

announced a delay in the implementation date for integrating CCS into CalOptima. The transition in Orange County will now occur no sooner than January 2019.

Hospital Quality Assurance Fee (QAF)

In late January, CalOptima passed through \$72.4 million to 24 Orange County hospitals as part of the DHCS QAF program that provides supplemental payments to hospitals through managed care plans. DHCS determined the amount of the payments, which cover the period of July–September 2014. CalOptima transmitted the payments ahead of the required 30-day timeframe.

Intergovernmental Transfer Payment

In December, CalOptima received partial payment for the Intergovernmental Transfer Program for Rate Year 2014–15 (IGT 5). The payment erroneously omitted capitation for July 1, 2014–September 30, 2014. IGT 5 funding partners (or their designated providers) received a prorata share payment based on their plan/provider agreement and the amount received from DHCS at that time. In January, CalOptima received a second payment for the missing period, and a second payment to our funding partners or their designated providers was processed. We do not expect to receive further IGT 5 payments from DHCS. CalOptima’s net benefit from the transaction is \$14.4 million. In December, your Board approved the use of these funds for community grants, which will be awarded based on the results of an upcoming member health needs assessment.

Rate Adjustment for OneCare Connect Members in Nursing Homes

In 2016, CalOptima met with CMS officials regarding underpayments for Cal MediConnect members residing in nursing homes in Orange and Los Angeles counties. The Medicare-Medicaid Coordination Office had identified this issue based on a study of facility costs and payment rates, and reached out to plans to discuss how to address the disparity. In January, CMS announced a targeted project in the two counties to improve health outcomes and adjust payment rates to better reflect costs of care. The initiative affects OneCare Connect and involves implementing interventions that reduce avoidable hospitalizations for nursing home residents. At the same time, CMS and DHCS will test new payment adjustments. Details regarding the quality and financial aspects of the new program are forthcoming. In the interim, CMS officials stated that this program should align well with our current efforts to continuously improve quality for OneCare Connect members in facilities.

Strategic Plan Distribution

Following your Board’s approval in December of our 2017–2019 Strategic Plan, CalOptima developed a brochure summarizing the plan’s framework, strategic priorities and building blocks. The brochures were distributed to more than 700 community partners to raise awareness about the agency’s plans for the next three years.



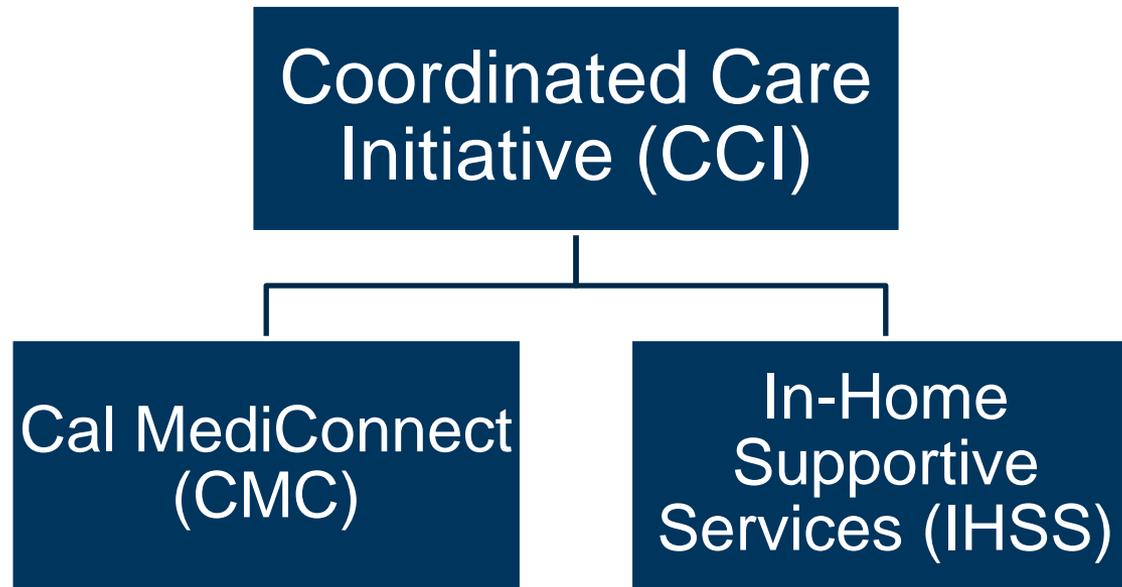
CalOptima
Better. Together.

CEO Report

**Board of Directors Meeting
February 2, 2017**

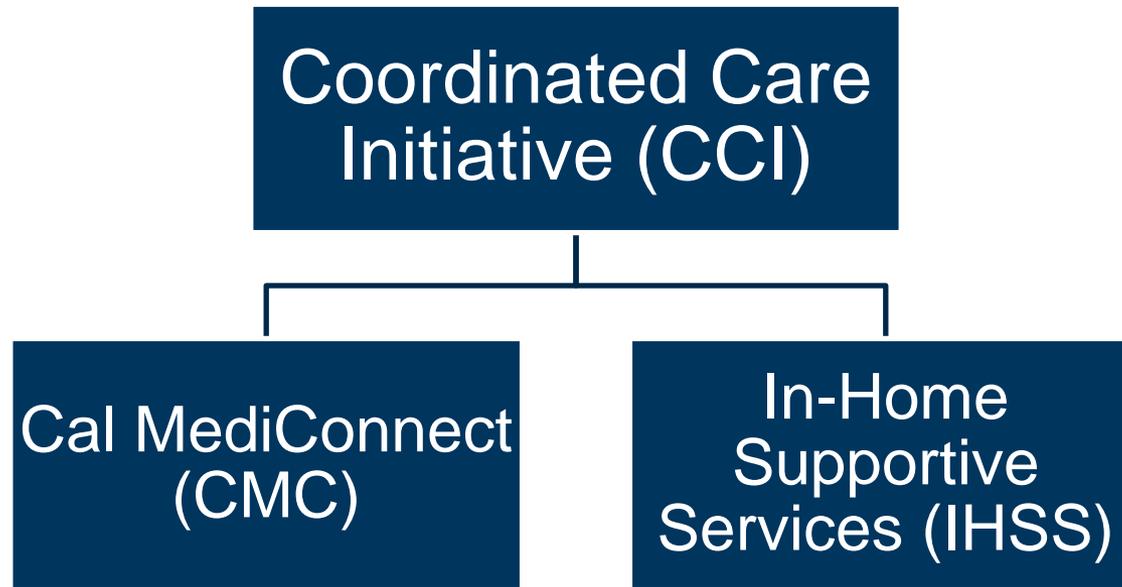
**Michael Schrader
Chief Executive Officer**

Governor's Proposed Budget for FY17-18



- Discontinue broader CCI
- Continue CMC
- Return detached parts of IHSS program to counties

Reason for Dissolution of CCI



- Poison pill provision
- Higher costs for IHSS

About IHSS

- IHSS is a Medi-Cal benefit
- IHSS is a program for low-income people over 65 years of age, the blind and the disabled
- IHSS workers provide IHSS beneficiaries with domestic help in the home

County Administration of IHSS

UNDER CCI	AFTER CCI ENDS
Counties (including Orange County Social Services Agency) determine beneficiary eligibility and authorize hours	Counties resume responsibility for all functions
Managed Care Plans (including CalOptima) hold financial risk	
State is responsible for collective bargaining for IHSS workers	

Affordable Care Act (ACA)

- Budget reconciliation process led to release of budget blueprint
 - Blueprint calls for four congressional committees to develop ACA repeal language
 - House Energy and Commerce
 - House Ways and Means
 - Senate Finance
 - Senate Health
- Budget reconciliation bill could reduce or eliminate funding for Medicaid Expansion
 - 30 percent of CalOptima membership
 - \$1 billion in annual revenue

Executive Order

- Presidential Executive Order directs federal agencies to:
 - Ensure efficient implementation of ACA
 - Minimize economic and regulatory burdens
 - Give greater flexibility to the states
- States could pursue waivers to modify Medicaid programs

Current Efforts

- Participating in legislative events with the Association for Community Affiliated Plans and Local Health Plans of California
- Educating the Orange County delegation on the economic impact of Medi-Cal growth
 - Increase in CalOptima revenue
 - Increase in jobs at health networks
 - Increase in revenue and decrease in bad debt for hospitals
- Focusing on collaboration with local stakeholders to develop advocacy strategies for Orange County

MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS

December 1, 2016

A Regular Meeting of the CalOptima Board of Directors was held on December 1, 2016, at CalOptima, 505 City Parkway West, Orange, California. Chair Mark Refowitz called the meeting to order at 2:10 p.m. Supervisor Do led the Pledge of Allegiance.

ROLL CALL

Members Present: Mark Refowitz, Chair (non-voting); Lee Penrose, Vice Chair; Ron DiLuigi, Supervisor Andrew Do, Dr. Nikan Khatibi, Scott Schoeffel, Paul Yost, M.D.

Members Absent: Supervisor Lisa Bartlett, Ria Berger, Alexander Nguyen, M.D.

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

Chair Refowitz announced the following change to the agenda: Agenda Item 12, Consider Extending the Timeframe for Qualifying New Network to Complete Readiness Assessment Requirements, was continued to the February 2, 2017 Board of Directors meeting due to the lack of a working quorum on this item.

MANAGEMENT REPORTS

1. Chief Executive Officer (CEO) Report

CEO Michael Schrader provided a brief report on the recent election and the potential impact on the Affordable Care Act, the future of Medi-Cal expansion, and potential changes to the structure of the federal Medicaid program. Considerable deliberation on these issues is anticipated during 2017. CalOptima is closely tracking these discussions at the federal and state level, as there could be significant impact to members, providers, and stakeholders. Staff will keep the Board informed of any significant developments.

PUBLIC COMMENTS

There were no requests for public comment.

CONSENT CALENDAR

2. Minutes

- a. Approve Minutes of the November 3, 2016 Regular Meeting of the CalOptima Board of Directors; and

- b. Receive and File Minutes of the September 21, 2016 Meeting of the CalOptima Board of Directors' Quality Assurance Committee, the September 15, 2016 Meeting of the CalOptima Board of Directors' Finance and Audit Committee, the October 27, 2016 and September 22, 2016 Meetings of the CalOptima Board of Directors' OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) Member Advisory Committee, the October 13, 2016 Meeting of the CalOptima Board of Directors' Provider Advisory Committee, and the July 14, 2016 Meeting of the CalOptima Board of Directors' Member Advisory Committee

3. Consider Approval of Proposed Changes to CalOptima's Annual Investment Policy for Calendar Year 2017

4. Consider Authorizing Request for Waiver Allowing Nurse Practitioners to Provide Primary Care at the CalOptima Program of All-Inclusive Care for the Elderly (PACE) Center

5. Consider Approval of Medi-Cal Quality Improvement and Accreditation Activities During CalOptima Fiscal Year 2016-17, Including Contracts and Contract Amendments with Consultant(s), Member and Provider Incentives, and Expenditures of Unbudgeted Funds of up to \$1.1 Million

6. Consider Ratification of the 2016 CalOptima Utilization Management Work Plan

7. Consider Authorizing and Directing Execution of Amendments to CalOptima's Primary and Secondary Agreements with the California Department of Health Care Services

8. Consider Authorizing Proposed Budget Allocation Changes in the CalOptima Fiscal Year 2016-17 Operating Budget

Consent Calendar Item 7 was pulled by staff to address the recent receipt of proposed changes to a draft amendment to CalOptima's contract with the California Department of Health Care Services.

7. Consider Authorizing and Directing Execution of Amendments to CalOptima's Primary and Secondary Agreements with the California Department of Health Care Services

Chet Uma, Chief Financial Officer, reported that on November 28, 2016, the Department of Health Care Services (DHCS) sent Amendment A-30 to the Primary Agreement between CalOptima and DHCS. The amendment included an additional language change pertaining to the communication of interim capitation rates through a new mechanism called a "Rate Letter (R Letter)." It was recommended that the Board authorize and direct the Chairman of the Board of Directors to execute the amendment to the Primary and Secondary Agreements between DHCS and CalOptima, including the additional language to the Primary Agreement regarding "R Letters."

Action: On motion of Director Yost, seconded and carried, the Board authorized and directed the Chairman of the Board of Directors to execute Amendments to the Primary and secondary Agreements between DHCS and CalOptima related to rate changes, extension of the termination date of the agreements, incorporation of language to the Primary Agreement related to Provider-Preventable Conditions and Rate Letters. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

Action: *On motion of Vice Chair Penrose, seconded and carried, the Board of Directors approved the balance of the Consent Calendar as presented. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)*

REPORTS

9. Approve CalOptima Strategic Plan for 2017-2019

Action: *On motion of Supervisor Do, seconded and carried, the Board of Directors adopted CalOptima's Strategic Plan: 2017-2019, and directed the Chief Executive Officer to implement, providing regular progress reports to the Board of Directors over the course of its implementation. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)*

10. Authorize Vendor Contract(s) and/or Contract Amendment(s) for Services Related to CalOptima's Development Rights at the 505 City Parkway Site and Funding to Develop a Site Plan

Action: *On motion of Director Schoeffel, seconded and carried, the Board of Directors authorized the amendment of CalOptima's contract with real estate consultant Newport Real Estate Services to include site plan development, and appropriated expenditures from existing reserves of up to \$7,000 to provide funding for this contract amendment. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)*

11. Consider Recommended Appointment to the CalOptima Board of Directors' Member Advisory Committee (MAC); Consider Recommended Appointments of MAC Chair and Vice Chair

Action: *On motion of Director DiLuigi, seconded and carried, the Board of Directors appointed Carlos Robles to the MAC as Recipients of CalWORKs Representative for the remainder of the term ending June 30, 2017, reappointed Mallory Vega, Seniors Representative, as the Chair of the MAC for the remainder of Fiscal Year 2016-17, and appointed Patty Mouton, Medi-Cal Beneficiaries Representative, as the Vice Chair of the MAC for the remainder of Fiscal Year 2016-17. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)*

12. Consider Extending the Timeframe for the Qualifying New Network to Complete Readiness Assessment Requirements

This item was continued to the February 2, 2017 Board of Directors meeting.

13. Consider Extending the Timeframe for Qualifying Existing Health Networks that Elected to Change their Contracting Models to Complete Readiness Assessment Requirements

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

Action: *On motion of Director DiLuigi, seconded and carried, the Board of Directors extended the deadline to December 31, 2017 for existing health networks Monarch*

HealthCare, A Medical Group, Inc., and Prospect Health Plan, Inc./Prospect Medical Group that requested changes to their contracting models through the Request for Proposal process for health networks to meet all applicable readiness requirements. (Motion carried 5-0-0; Supervisor Bartlett, and Directors Berger, Nguyen, and Schoeffel absent)

14. Consider Approval of Unbudgeted Expenses Related to Member Focused Communications for OneCare Connect

Action: On motion of Supervisor Do, seconded and carried, the Board of Directors authorized expenditures of up to \$75,000 from existing reserves to fund member focused communications for OneCare Connect. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

15. Consider Authorization of the Expenditure Plan for Available Intergovernmental Transfer (IGT) Funds, Including Reallocation of Dollars from IGT 1, IGT 2, and IGT 3, and Allocation of Dollars from IGT 4 and IGT 5

Mr. Schrader reported that a Board ad hoc, comprised of Supervisor Do, and Directors Nguyen and Schoeffel, met to review and discuss the proposed reallocation and expenditure plan for IGT 1 through 5 funds for the benefit of CalOptima Medi-Cal beneficiaries. Recommendations from the ad hoc included the following: Approve \$12.8 million for projects within the approved funding categories to improve services and quality of care for Medi-Cal member, support providers, and make infrastructure investments for the benefit Medi-Cal members; and complete a comprehensive Member Health Needs Assessment, the results of which will be used to determine the projects to be funded with approximately \$15 million in IGT funds. Staff will return with recommendations for Board approval on specific programs and initiatives following the completion of the CalOptima Medi-Cal Member Health Needs Assessment.

On behalf of the ad hoc, Supervisor Do commented on the proposed Member Health Needs Assessment and the importance of outreach to communities and neighborhoods to identify the prevalence and patterns of certain illnesses and to deliver the appropriate care to CalOptima Medi-Cal beneficiaries.

After considerable discussion, the Board took the following action.

Action: On motion of Supervisor Do, seconded and carried, the Board of Directors: 1) Approved the expenditure plan for reallocation of IGT 1-3 funds in the amount of \$5,820,020, and allocation of IGT 4 and IGT 5 funds in the amount of \$21,966,208, to include projects consistent with the original CMS-approved expenditure categories, and that support CalOptima Board-approved funding categories; 2) Authorized the Chief Executive Officer to execute agreements as necessary to distribute IGT funds for Board-approved projects and initiatives supporting the approved funding priorities; 3) Authorized a timeline extension for the expenditure of \$50,000 in IGT 1 funds for OneCare Personal Care Coordinators through June 30, 2017 or until funds have been exhausted, whichever occurs earlier; and 4) Directed staff to return to the Board with further IGT expenditure recommendations

as they are developed; all IGT specific programs and initiatives remain subject to Board approval. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

16. Consider Adoption of Resolution Approving CalOptima Updated 2017 Compliance Plan and Authorizing the Chief Executive Officer to Approve New, Revised, and Retired Office of Compliance Policies and Procedures

Silver Ho, Executive Director, Compliance, provided a brief overview of the proposed revisions and noted several further refinements to the presented materials, including the following: 1) Attachment A to Policy HH.3003, Verification of Identity for Disclosure of Protected Health Information, and Policy HH.3015, Member Authorization for the Use and Disclosure of Protected Health Information (PHI): incorporated language to require a government issued identification document to process a request for the release of PHI, or if not available, the signature must be notarized; under the section pertaining to information to be released, the check boxes were deleted and revised as blank lines to allow the requestor to specify what records are authorized to be released; under the section regarding the purpose of the authorization, the reference to a member's representative was removed to avoid confusion; under the section regarding expiration date for the authorization, a start date and an expiration date for the authorization was added; for the signature block, the signature of authorized representative was revised to personal representative; and the requirement regarding submission of a copy of a valid photo identification was moved closer to the signature block to ensure that the requirement was highlighted and not overlooked; 2) Revisions to Attachment B to Policy HH.3003 and HH.3015: added language to clarify that the release of PHI is limited only to those authorized to receive PHI; removed references to individuals acting on a member's behalf as the related policy references the authorization to release PHI form is for disclosure of PHI only and not an authorization to act on the member's behalf, and added the valid photo identification requirement as noted above in Attachment A to include the option for a notarized signature; 3) Policy HH.3003, Verification of Identity for Disclosure of Protected Health Information was revised to align with the revisions to Attachment A noted above; and 4) Policy HH.3020, Reporting and Providing Notice of Security Incidents, Breaches of Unsecure PHI, or Other Unauthorized Use or Disclosure of PHI, was revised to address the Centers for Medicare & Medicaid Services (CMS) guidance that a plan shall provide notice to CMS regarding certain levels of privacy in security breaches that have the potential for significant member harm or situations that may have heightened public or media scrutiny.

Action: On motion of Supervisor Do, seconded and carried, the Board of Directors adopted Resolution No. 16-1201-01, Approving CalOptima Updated 2017 Compliance Plan, and authorized the Chief Executive Officer and/or his designee to amend Office of Compliance Policies and Procedures and/or create new ones, as necessary to implement the updated Compliance Plan with the noted revisions. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

17. Consider Adoption of Resolution to Amend CalOptima's Conflict of Interest Code

Action: On motion of Director Schoeffel, seconded and carried, the Board of Directors adopted Resolution No. 16-1201-02, adopting a Conflict of Interest Code, which supersedes all prior Conflict of Interest Codes and Amendments previously adopted, and directed the Clerk of the Board to submit the Code to the Orange County Board

of Supervisors for review and approval. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

18. Consider Adoption of Resolution Approving Updated Human Resources Policies and Amendment to Executive Employment Agreement

The following revision to Policy GA.8058: Salary Schedule was noted: Attachment 1, page 9 of 10, remove Supervisor Pharmacy Services position, and retain the Supervisor Pharmacist position.

Action: On motion of Supervisor Do, seconded and carried, the Board of Directors adopted Resolution No. 16-1201-03, Approving CalOptima's Updated Human Resources Policies as revised, directed staff to revise CalOptima's Employee Handbook consistent with the updated Human Resources Policies with the noted revision, and approved Amendment III to Executive Employment Agreement with the Chief Executive Officer to provide discretionary contributions to the PARS Retirement Plan consistent with prior Board action to ensure full compliance with Internal Revenue Code limits. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

19. Consider Approval of Expenditures and Contract Related to Financial Analysis and Regulatory Requirements Assessment of Converting OneCare from a Dual Eligible Special Needs Plan (D-SNP) to a Fully Integrated Dual Eligible Special Needs Plan (FIDE SNP)

Action: On motion of Vice Chair Penrose, seconded and carried, the Board of Directors authorized amendment of the scope of work of current contract with Milliman, Inc., to add financial analysis and regulatory requirements assessment related to converting OneCare from a Dual Eligible Special Needs Plan to a Fully Integrated Special Needs Plan with the assistance of legal counsel, and appropriated expenditures of unbudgeted funds of up to \$30,000 from existing reserves for this purpose. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

20. Consider Authorization of Expenditures to Fund Membership Dues for Medicaid Health Plans of America

Action: On motion of Director DiLuigi, seconded and carried, the Board of Directors authorized expenditures of up to \$50,000 from existing reserves to fund membership dues for Medicaid Health Plans of America through June 30, 2017. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

21. Consider Authorization of Extension of Contract for Federal Advocacy Services

Action: On motion of Director Khatibi, seconded and carried, the Board of Directors authorized extension of contract, with the assistance of legal counsel, with federal advocate James McConnell for up to six months, through no later than July 7, 2017. (Motion carried 6-0-0; Supervisor Bartlett, and Directors Berger and Nguyen absent)

22. Consider Authorization of Expenditures in Support of CalOptima's Participation in 2017 Lunar New Year Festivals

Due to his relationship with the County of Orange, Chair Mark Refowitz passed the gavel to Vice Chair Penrose and did not participate in this agenda item. Supervisor Do did not participate in this item due to potential conflicts of interest.

Phil Tsunoda, Public Policy and Public Affairs Executive Director, presented the recommended actions to authorize expenditures for CalOptima's participation in the 2017 Lunar New Year Tet Festivals scheduled in Orange County during January 2017. Mr. Tsunoda revised recommended action 1.a. as follows: up to \$3,500 and staff participation in the County of Orange's Tet Festival 2017 Year of the Rooster during the weekend of January 27-29, 2017 in Fountain Valley.

Director Khatibi requested that staff provide an update to the Board on all CalOptima supported cultural events on a semi-annual or annual basis.

Action: On motion of Director DiLuigi, seconded and carried, the Board of Directors authorized expenditures for CalOptima's participation in the following 2017 Lunar New Year Tet Festivals scheduled in Orange County: up to \$3,500 and staff participation in the County of Orange's Tet Festival 2017 Year of the Rooster during the weekend of January 27-29, 2017 in Fountain Valley; and up to \$3,500 and staff participation in the Union of Vietnamese Student Associations Southern California's 36th Annual Tet Festival Year of the Rooster on Friday-Sunday, January 27-29, 2017 in Costa Mesa; made a finding that such expenditures are for a public purpose and in furtherance of CalOptima's mission and statutory purpose; and authorized the Chief Executive Officer to execute agreements as necessary for the events and expenditures. (Motion carried 5-0-0; Supervisor Do recused; Supervisor Bartlett, and Directors Berger and Nguyen absent)

S22A. Consider Amendment of Kaiser Foundation Health Plan, Inc. (Kaiser) Medi-Cal Full-Risk Health Network Contract to Extend Agreement

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

Action: On motion of Director Yost, seconded and carried, the Board of Directors authorized the Chief Executive Officer, with the assistance of legal counsel, to enter into an amendment to extend the Kaiser Foundation Health Plan, Inc. (Kaiser) Medi-Cal Full-Risk Health Network Contract through June 30, 2017 on the same terms and conditions. (Motion carried 5-0-0; Supervisor Bartlett, and Directors Berger, Nguyen, and Schoeffel absent)

ADVISORY COMMITTEE UPDATES

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

Patty Mouton, OCC MAC Chair, reported on the activities at the OCC MAC meeting held on October 27, 2016, including an overview of Community-Based Adult Services centers, hospice benefits for

OneCare Connect members, and a presentation on the Orange County report on aging and strategic plan that provided an overview of the health of the older adult population and how Orange County can prepare for the growing number of seniors.

24. Member Advisory Committee (MAC) Update

MAC Chair Mallory Vega reported that an overview of the State Council on Developmental Disabilities was provided to the Committee at their November 10, 2016 meeting. The MAC also received updates on CalOptima's proposed Strategic Plan, the IGT expenditure plan, and an overview of the PACE program.

25. Provider Advisory Committee (PAC) Update

Teri Miranti, PAC Chair, provided a brief overview of PAC activities at their November 10, 2016 meeting, including updates on the behavioral health transition to Magellan Healthcare effective January 1, 2017, the election impact on the Affordable Care Act and the future of California's expansion of Medi-Cal, the status of the IGT projects and proposed expenditure plan.

INFORMATION ITEMS

The following Information Items were accepted as presented:

26. October 2016 Financial Summary
27. Compliance Report
28. 2017-18 Legislative Priorities
29. Federal and State Legislative Advocates Reports
30. CalOptima Community Outreach and Program Summary

BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS

Members of the Board extended their wishes for the holiday season.

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to closed session at 3:32 p.m. pursuant to: 1) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Government Code section 54956.9, subdivision (d)(2): (One case); and 2) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. Government Code Section 54956.9, subdivision (d)(1) One Case: University of California, Irvine v. CalOptima. Orange County Superior Court (OCSC) Case No. 30-2014-00727747-CU-BC-CJC

The Board reconvened to open session at 3:58 p.m. with no reportable actions taken.

ADJOURNMENT

Hearing no further business, the meeting adjourned at 3:58 p.m.

/s/ Suzanne Turf

Suzanne Turf
Clerk of the Board

Approved: February 2, 2017

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

MINUTES

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

November 10, 2016

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

CALL TO ORDER

Chair Mallory Vega called the meeting to order at 2:37 p.m., and led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Mallory Vega, Chair; Connie Gonzalez; Donna Grubaugh; Victoria Hersey; Sally Molnar; Patty Mouton; Christina Sepulveda; Velma Shivers; Christine Tolbert; Lisa Workman

Members Absent: Suzanne Butler; Sandy Finestone; Sr. Mary Therese Sweeney

Others Present: Michael Schrader, Chief Executive Officer; Richard Helmer, MD, Chief Medical Officer; Ladan Khamseh, Chief Operating Officer; Candice Gomez, Executive Director, Program Implementation; Tracy Hitzeman, Interim Executive Director, Clinical Operations; Donald Sharps, MD, Medical Director; Caryn Ireland, Executive Director, Quality Analytics; Arif Shaikh, Director, Government Affairs; Le Nguyen, Associate Director, Customer Service; Becki Melli, Customer Service

MINUTES

Approve the Minutes of the July 14, 2016 Regular Meeting of the CalOptima Board of Directors' Member Advisory Committee

Action: On motion of Member Sally Molnar, seconded and carried, the MAC approved the minutes as submitted.

PUBLIC COMMENT

There were no requests for public comment.

REPORTS

Consider Recommendation of Candidate for Recipients of CalWORKs Representative

Chair Vega reported that staff received four applications from interested candidates for the recently vacated Recipients of CalWORKs seat. The Nominations Ad Hoc Subcommittee, including Members Suzanne Butler, Christine Tolbert and Lisa Workman, reviewed the applications prior to the ad hoc subcommittee meeting to recommend a candidate for the open seat. The ad hoc chose Carlos Robles as the candidate to fill the CalWORKs seat. Mr. Robles is a Program Supervisor for ResCare Workforce Services. ResCare, a subcontractor for the Social Services Administration (SSA), implements Orange County's Welfare to Work program, which is CalWORKs. Mr. Robles

helps link CalWORKs recipients with the appropriate services and resources to assist these individuals achieve self-sufficiency.

Action: On motion of Member Sally Molnar, seconded and carried, the MAC approved Carlos Robles as the representative for the Recipient of CalWORKs.

Consider Recommendation for MAC Chair and Vice Chair

Chair Vega reported that following the Board's approval of the addition of a vice chair on the committee, MAC opened nominations for the MAC chair and vice chair positions. MAC received one interested candidate for each position. Mallory Vega, Seniors Representative, applied for the chair position and Patty Mouton, Medi-Cal Beneficiaries Representative, applied for the vice chair position. The Nominations Ad Hoc, including Members Butler, Tolbert and Workman, recommended that the committee consider these candidates for Board consideration.

Action: On motion of Member Donna Grubaugh, seconded and carried, the MAC recommended Mallory Vega as the MAC Chair and Patty Mouton as the MAC Vice Chair, for the remainder of FY 2016-2017.

CHIEF EXECUTIVE OFFICER AND MANAGEMENT TEAM DISCUSSION

Chief Medical Officer Update

Donald Sharps, MD, Medical Director, Behavioral Health, reported that the CalOptima Board approved Magellan Health, Inc. as the selected Managed Behavioral Health Organization (MBHO) to provide behavioral health services for CalOptima members, effective January 1, 2017. CalOptima has been working with Magellan on several key implementation steps, including network development, continuity of care, and access to the CalOptima Behavioral Health Line. Dr. Sharps noted that Magellan has an existing Medicare provider network and a commercial autism provider network in Orange County and approximately 65 percent of the Medi-Cal providers for the current MBHO are contracted within Magellan's network. CalOptima anticipates that most members will be able to retain their existing providers. Dr. Sharps added that CalOptima is committed to pursuing continuity of care for all members who meet the criteria. He noted that beneficiary notices would be mailed at least 30 days prior to January 1, 2017, to members who might need to change providers. Magellan will establish a dedicated call center in Orange County with a single toll-free number for all CalOptima members. The call center will provide a one-step process for eligibility verification, screening, referral to providers, and care management support.

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer reported that as of October 2016, the Community Care Network (CCN) had approximately 67,000 members. As of November 2016, CCN is closed to auto-assignments; however, members can enroll voluntarily.

INFORMATION ITEMS

MAC Member Updates

Chair Vega announced that there was another mid-term resignation on the MAC. Gene Howard, who held the Foster Children seat, is taking a new position out of state. Potential candidates to fill the seat for Foster Children, should be forwarded to MAC liaison, Becki Melli. Chair Vega thanked the committee members for completing their annual compliance training.

MAC Member Presentation on the State Council on Developmental Disabilities

Member Christine Tolbert, Persons with Special Needs representative, provided an agency overview on the State Council on Developmental Disabilities (SCDD). SCDD serves individuals with developmental disabilities, defined as a mental and/or physical impairment that occurs before the age of 22 years with substantial limitations in at least three areas, including self-care; expressive or receptive language; learning; mobility; capacity for independent living; economic self-sufficiency; and self-direction. Ms. Tolbert explained that there are 12 regional offices in California, which were formerly known as Area Boards. Federal law requires SCDD to identify ways to improve and increase services for individuals with developmental disabilities and their families. This is accomplished through state plan objectives, such as self-advocacy, employment, housing, health and safety, early intervention and education. SCDD collaborates with numerous community organizations, including Help Me Grow and the Regional Center of Orange County, to improve and increase access to services.

Intergovernmental Transfer (IGT) Expenditure Update

Cheryl Meronk, Director, Strategic Development, presented an update on IGT expenditures. Ms. Meronk explained that the IGT process enables CalOptima to secure additional federal revenue to increase the historically low Medi-Cal managed care rates that are paid to CalOptima. The increased rate payment funds are used to provide enhanced services for Medi-Cal beneficiaries. Access to IGT dollars is contingent upon eligible government entities contributing dollars that will be used as a match for federal dollars. Ms. Meronk reported that CalOptima's share for IGTs 1-5 is approximately \$47.96 million. Most of the programs funded by IGT's 1-3 are on track for completion. The Centers for Medicare & Medicaid Services (CMS) requires CalOptima to report on how the health plan will spend its share of the funds. For IGTs 4 and 5, funding categories were developed by a special workgroup of the Member and Provider Advisory Committees, with additional recommendations from the CalOptima Board. These funding categories include the following: Adult Mental Health; Children's Mental Health; Childhood Obesity; Strengthening the Safety Net; Improving Children's Health; and Pilot Program Planning and Implementation.

CalOptima's Strategic Plan Update

Ms. Meronk provided the committee with an update on CalOptima's draft Strategic Plan for 2016-2019. Ms. Meronk noted that the Mission and Vision statements would remain unchanged. Prior to the reorganization of the CalOptima Board, strategic priorities and a draft framework were developed. In addition, an ad hoc of the three advisory committees provided specific feedback that was later incorporated into the draft strategic plan. The updated draft plan includes three new strategic priorities, which are innovation, value, and partnerships and engagement. The draft Strategic Plan will be presented to the CalOptima Board for consideration at the December 1, 2016 meeting.

Program of All Inclusive Care for the Elderly (PACE) Center

Rena Smith, Director, PACE, presented an overview of the PACE program, including eligibility requirements, services provided, and the role of PACE in the continuum of care. She explained that PACE is a community-based program that provides all necessary medical and social services to seniors, adding that it offers seniors an opportunity to stay in their homes and maintain their independence. Ms. Smith noted that PACE has 183 participants as of November 1, 2016, with a net growth of approximately five new participants monthly. An Interdisciplinary Team (IDT) composed of eleven health care professionals provides individualized care for each PACE participant. Ms. Smith noted that the PACE center is the first and only PACE program in Orange County, with California having 13 PACE programs in total.

Member Notices Update

Le Nguyen, Associate Director, Customer Service, reported that OCC notifications are being mailed to members, including a summary of benefits, an annual notice of change letter and a member handbook. Mr. Nguyen reported that a fitness benefit option will be added January 1, 2017, which includes a health club membership, fitness classes, and home fitness kits. In addition, the transportation benefit will increase from 30 to 60 one-way taxi rides.

Federal and State Legislative Update

Arif Shaikh, Director, Government Affairs, reported on the status of California's Coordinated Care Initiative (CCI). Mr. Shaikh indicated that the state is determining whether CCI has delivered the anticipated financial savings as it prepares the FY2017-18 budget. By statute, CCI can be terminated if the initiative does not realize cost savings. To demonstrate to the governor that interest in maintaining CCI exists, an advocacy campaign engaged stakeholders to send letters of support. Mr. Shaikh reported that in less than a week, CalOptima stakeholders generated nearly 30 letters to the governor from elected officials, provider groups, community-based organizations and associations. CalOptima appreciates the support from local stakeholders.

Mr. Shaikh reported on the propositions from the November 8, 2016 election that impact Medi-Cal. California voters passed Proposition 52. This proposition, sponsored by the California Hospital Association (CHA), permanently extends the Hospital Quality Assurance Fee (QAF), making it harder for the Legislature to change how fee revenue is collected and disbursed. Proposition 56, the tobacco tax, also passed. This measure increases the state excise tax on cigarettes by \$2 per pack, from 87 cents to \$2.87. The additional funds will allocate 82 percent of the funds toward services related to Medi-Cal.

ADJOURNMENT

Hearing no further business, Chair Vega adjourned the meeting at 4:55 p.m.

/s/ Cindi Reichert

Cindi Reichert

Program Assistant

Approved: 01/12/2017

MINUTES

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

November 17, 2016

The Regular Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee (OCC MAC) was held on November 17, 2016, at CalOptima, 505 City Parkway West, Orange, California.

CALL TO ORDER

Chair Patty Mouton called the meeting to order at 3:02 p.m., and led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Ted Chigaros, Christina Chow, Josefina Diaz, John Dupies, Sandy Finestone, Susie Gordee, Donta Harrison; Sara Lee, Patty Mouton, Erin Ulibarri (non-voting)

Revised
12/22/2016

Members Absent: ~~Christa Chow~~, Gio Corzo, Lena Berlove (non-voting), Adam Crits (non-voting), Jorge Sole (non-voting)

Others Present: Ladan Khamseh, Chief Operating Officer; Caryn Ireland, Executive Director, Quality Analytics; Arif Shaikh, Director Government Affairs; Dr. Donald Sharps, Medical Director, Medical Management; Tracy Hitzeman, Interim Executive Director, Clinical Operations; Dr. Emily Fonda, Medical Director; Dr. Richard Bock, Deputy Chief Medical Officer; Cheryl Meronk, Director Strategic Development; Belinda Abeyta, Director Customer Service; Becki Melli, Staff to OCC MAC

MINUTES

Approve the Minutes of the October 27, 2016 Regular Meeting of the CalOptima Board of Directors' OneCare Connect Member Advisory Committee

Action: On motion of Member Sandy Finestone, seconded and carried, the OCC MAC approved the October 27, 2016 minutes as submitted.

PUBLIC COMMENT

There were no requests for public comment.

CEO AND MANAGEMENT TEAM DISCUSSION

Chief Medical Officer (CMO) Update

Richard Bock, M.D., Deputy Chief Medical Officer, provided several updates on medical affairs. The implementation of Magellan Health, Inc. as the selected Managed Behavioral Health

Organization (MBHO) is moving forward with an effective date of January 1, 2017. Dr. Bock announced that in October, the Orange County Board of Supervisors recognized CalOptima for being California's top Medi-Cal plan for the third year in a row, according to the National Committee for Quality Assurance's (NCQA) Medicaid Health Insurance Plan Ratings 2016–2017. The CalOptima Board of Directors recommended that staff coordinate with the Orange County Health Care Agency on efforts to ameliorate the opioid epidemic by outreaching to physicians to develop measures that report on the highest prescribers. In addition, efforts are needed to focus on the growing e-cigarette trend among middle school and high school children.

INFORMATION ITEMS

OCC MAC Member Updates

Chair Mouton thanked the committee members for completing the Annual Compliance Training courses, as required by the Centers for Medicare and Medicaid Services (CMS). Chair Mouton announced that she would be presenting the OCC MAC presentation on the Orange County Advanced Care Planning Project at the December 22, 2016 meeting. Member Susie Gordee volunteered to present at the January 26, 2017 meeting.

Chair Mouton announced that the South County Adult Day Services Center would open the week after Thanksgiving and private tours could be arranged. She also announced that Alzheimer's Orange County is hosting a Holiday Open House on December 15, 2016.

OCC MAC Member Presentation on Quarterly Ombudsman Update

Sara Lee, Health Consumer Action Center/Legal Aid Society of Orange County, reported that the Legal Aid Society of Orange County (LASOC) receives direct referrals from CalOptima regarding OneCare Connect (OCC) members that lose Medi-Cal. LASOC continues to educate dual eligible and OCC members on OCC benefits, billing issues, complying with the renewal process and resolving Medi-Cal eligibility issues. LASOC also educates beneficiaries on member rights and LASOC's role as the Ombudsman to assist with member issues. Ms. Lee noted that many members need information and education on the role of the Personal Care Coordinator (PCC).

Intergovernmental Transfer (IGT) Expenditure Update

Cheryl Meronk, Director, Strategic Development, presented an update on CalOptima's IGT expenditure plan. Ms. Meronk explained that the IGT process enables CalOptima to secure additional federal revenue to increase the historically low Medi-Cal managed care rates paid to CalOptima. The increased rate payment funds provide enhanced services for Medi-Cal beneficiaries. The IGT funds available to CalOptima each year are contingent upon the availability of eligible local government dollars that will be used by the state as the required match for the federal Medicaid dollars. Ms. Meronk explained that the first IGTs had one local partner in the transaction, which was the University of California, Irvine, but IGT 5 will have five funding partners. She added that CalOptima's share for IGTs 1-5 is approximately \$47.96 million. The Centers for Medicare & Medicaid Services (CMS) requires CalOptima to report on how the health plan will spend its share of the funds. For IGTs 4 and 5, funding categories were developed by a special workgroup of the Member and Provider Advisory Committees, with

additional recommendations from the CalOptima Board. These funding categories include the following: Adult Mental Health; Children's Mental Health; Childhood Obesity; Strengthening the Safety Net; Improving Children's Health; and Pilot Program Planning and Implementation. Ms. Meronk reported that the proposed IGT expenditure plan will be presented at the December 1, 2016 CalOptima Board meeting for consideration.

CalOptima Strategic Plan Update

Ms. Meronk provided the committee with an update on CalOptima's draft Strategic Plan for 2016-2019. Ms. Meronk explained that CalOptima staff developed strategic priorities and a draft framework on the Strategic Plan in late 2015. In addition, an ad hoc of the three advisory committees convened to provide input that was incorporated into the draft plan. Following the reorganization of the CalOptima Board, CalOptima updated the draft plan, including three new strategic priorities, which are innovation, value, and partnerships and engagement. Ms. Meronk noted that the Mission and Vision statements would remain unchanged. The updated draft of the Strategic Plan will be presented to the CalOptima Board for consideration at the December 1, 2016 meeting.

Update on Personal Care Coordinators

Sloane Petrillo, Interim Director, Case Management, explained that Personal Care Coordinators (PCCs) are specialized staff assigned to assist with the completion of Health Risk Assessments (HRAs) and serve as a point of contact for the members. Every OCC member has an assigned PCC that acts as a liaison between the member, the providers, the health network and CalOptima. Ms. Petrillo noted that the PCC is experienced in working with seniors and/or people with disabilities and are knowledgeable about health care service delivery and managed care. The essential duties of the PCC are to guide members in understanding and accessing benefits, scheduling and participating in Interdisciplinary Care Team (ICT) meetings, assisting members with preventive care goals, scheduling of appointments, and facilitating referrals to community resources. Ms. Petrillo reported that the PCC service ratio is one PCC to 400 members.

Managed Behavioral Health Organization Update

Donald Sharps, MD, Medical Director, Behavioral Health, reported that the CalOptima Board approved Magellan Health, Inc. as the selected Managed Behavioral Health Organization (MBHO) to provide behavioral health services for CalOptima members, effective January 1, 2017. CalOptima has been working with Magellan on several implementation steps, including network development, continuity of care, and access to the CalOptima Behavioral Health Line. Dr. Sharps noted that Magellan has an existing Medicare provider network, and that approximately 65 percent of the Medi-Cal providers for the current MBHO are contracted with Magellan's network. CalOptima anticipates that most members will be able to retain their existing providers. Dr. Sharps added that CalOptima is committed to pursuing continuity of care for all members who meet the criteria. He noted that beneficiary notices would be mailed at least 30 days prior to January 1, 2017 to members who might need to change providers. Magellan will establish a dedicated call center with a single toll-free number for all CalOptima members. Magellan's call center will provide a one-step process for eligibility verification, screening, referral to providers and care management support.

Federal and State Legislative Update

Arif Shaikh, Director, Government Affairs, provided an update on the status of California's Coordinated Care Initiative (CCI). Mr. Shaikh reported that the Department of Finance (DOF) has statutory authority to eliminate CCI if it does not result in cost savings for the state. The FY 2017-2018 State Budget proposal will reveal whether DOF will keep the program or eliminate it. If the DOF decides to eliminate the program, CCI will wind down during calendar year 2017. CalOptima has been actively engaged in a multi-pronged advocacy campaign with key state officials for the program to continue.

Mr. Shaikh reported that CalOptima would be monitoring policy proposals released by the new Presidential Administration, including Medicaid block grants. It is too early to speculate what changes might affect CalOptima's programs, most notably, Medicaid expansion, which was part of the Affordable Care Act (ACA). Mr. Shaikh noted that Kamala Harris would be replacing Barbara Boxer in the United States Senate.

ADJOURNMENT

Hearing no further business, Chair Mouton adjourned the meeting at 3:53 p.m.

/s/ Cynthia Reichert
Cynthia Reichert
Program Assistant

Approved as corrected: December 22.2016

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Consent Calendar

3. Consider Appointment of CalOptima Treasurer

Contact

Michael Schrader, Chief Executive Officer, (714) 246-8400

Recommended Action

Appoint Nancy Huang, CalOptima Interim Chief Financial Officer, as Treasurer.

Background

At the September 10, 1996 Special Meeting, the CalOptima Board of Directors (Board) authorized the creation of the CalOptima Investment Advisory Committee (IAC), and stipulated that CalOptima's Chief Financial Officer (CFO) would automatically serve on the IAC by virtue of his or her position.

At its June 2, 1998, meeting, the Board approved the substitution of the title "Treasurer," in place of "CFO" as the CalOptima staff person appointed to the IAC.

Discussion

In accordance with CalOptima's Annual Investment Policy, the Treasurer is responsible for oversight of the management of CalOptima's investment program. Section V. of the Annual Investment Policy provides that "The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and Board approved investment managers."

The proposed action is to appoint CalOptima Interim CFO, Nancy Huang, to serve as Treasurer, effective upon Board approval.

Fiscal Impact

None

Rationale for Recommendation

Appointing CalOptima's Interim CFO as the CalOptima Treasurer will ensure stability and continuity in the oversight of CalOptima's treasury functions, and activities of investment managers, consistent with the requirements of CalOptima's Annual Investment Policy.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

CALOPTIMA FOUNDATION BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Foundation Board of Directors**

Consent Calendar

4. Consider Appointment of CalOptima Foundation Chief Financial Officer

Contact

Michael Schrader, Executive Director, (714) 246-8400

Recommended Action

Appoint Nancy Huang, CalOptima Interim Chief Financial Officer (CFO), as the CalOptima Foundation CFO.

Background/Discussion

At the August 5, 2010 Regular Meeting, the CalOptima Foundation (Foundation) Board of Directors (Board) appointed officers, established Bylaws and a Conflict of Interest Code, and authorized staff to take all steps necessary to make the CalOptima Foundation operational, including, but not limited to, the filing of applications for exemption from federal and California state income tax, and the establishment of bank accounts, as may be reasonably necessary to commence activities of the Foundation.

Consistent with the CalOptima Foundation Bylaws, the proposed recommendation to appoint CalOptima Interim CFO Nancy Huang, as CalOptima Foundation CFO, will be effective upon Foundation Board approval. As the CalOptima Foundation CFO, Ms. Huang will be responsible for performing duties pursuant to Article 10. Section 5. Officers: Chief Financial Officer.

Fiscal Impact

None

Rationale for Recommendation

The recommendation to appoint CalOptima Interim CFO to serve as the CalOptima Foundation CFO is consistent with the Foundation Bylaws and will ensure continuity in accountability for the oversight of Foundation financial matters.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2016 **Regular Meeting of the CalOptima Board of Directors**

Report Item

5. Consider Ratifying the Timeframe Extension for Qualifying New Network(s) to Complete Readiness Assessment Requirements

Contact

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

Recommended Action

Ratify the extended deadline to December 31, 2017 for St. Joseph Heritage Healthcare, selected through the Request for Proposal (RFP) process for health networks, to meet all applicable readiness requirements.

Background/Discussion

On February 7, 2013, the CalOptima Board of Directors authorized the Chief Executive Officer (CEO) to conduct a RFP process for the purpose of exploring the expansion of the delivery system serving CalOptima members. The RFP process gave existing health networks an opportunity to request changes to their business models, and sought the participation of new health network entities in CalOptima's delivery system.

On October 3, 2013, the Board authorized the CEO to enter into Health Network contracts with new entities selected through the RFP process, subject to the successful completion of the readiness assessment process.

On February 6, 2014, the Board authorized an extension of the timeframe within which the CEO had to enter into contracts with new Health Networks selected through the RFP process to no later than December 31, 2014; at its November 6, 2014 meeting, the Board extended the timeframe for meeting all readiness requirements to December 31, 2015; and at the December 3, 2015 Board meeting, the timeframe was further extended through December 31, 2016. A staff recommendation to further extend the deadline through December 31, 2017 was continued from the December 2016 Board meeting calendar due to lack of quorum. Staff is now seeking ratification of this extension.

St. Joseph Heritage Healthcare, a new Health Network selected through the RFP process, is currently being evaluated for participation in CalOptima through the readiness review process. In order to provide the new Health Network with the time needed to complete readiness requirements, staff recommends ratifying the extended timeframe within which the CEO is authorized to enter into contracts with St. Joseph Heritage Healthcare as a new health network through December 31, 2017

Fiscal Impact

There is no fiscal impact from the recommended action.

Rationale for Recommendation

Staff recommends the Board ratify the extended time period to ensure the successful addition of a new health network. The extension allows St. Joseph Heritage Healthcare additional time to complete the readiness assessment process for Medi-Cal and Medicare and be able to contract with CalOptima under their preferred risk model no later than December 31, 2017.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Board Action dated February 7, 2013, Consider Options for Developing a Provider Delivery System in Preparation for Implementation of the Duals Demonstration, Including Related Financial Modeling and Contract Template Development
2. Board Action dated October 3, 2013, Authorize the Chief Executive Officer to Finalize the Duals Delivery System Expansion Request for Proposal Process in Order to Enter into Contracts with Selected New Health Networks for Purposes of Medi-Cal Expansion
3. Board Action dated February 6, 2014, Provide Current and Potentially New Health Networks Involved in the Readiness Assessment Process with Additional Time to Meet Readiness Requirements for Changes to their Proposed Contracting Model, Subject to Meeting Federal, State and CalOptima Requirements
4. Board Action dated November 6, 2014, Extend Timeframe for New and Existing Health Networks to Request Changes to Their Proposed Contracting Models
5. Board Action dated December 3, 2015, Consider Extending the Timeframe for Qualifying New and Existing Health Networks to Request Changes to Their Proposed Contracting Models and Complete Readiness Assessment Requirements

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 7, 2013 **Regular Meeting of the CalOptima Board of Directors**

Report Item

VII. C. Consider Options for Developing a Provider Delivery System in Preparation for Implementation of the Duals Demonstration, Including Related Financial Modeling and Contract Template Development

Contact

Michael Schrader, Chief Executive Officer, (714) 246-8400

Javier Sanchez, Executive Director, CalOptima Care Network, (714) 246-8400

Recommended Actions

1. Authorize the Chief Executive Officer (CEO) to expand the provider delivery system for the purpose of preparing for the implementation of the Duals Demonstration, including conducting related financial modeling, developing contract templates with the assistance of legal counsel, and the following:
 - a. Leverage existing health networks (Board-approved January 3, 2013); and
 - b. Explore the option of adding ~~Add~~ additional health networks selected through a Request for Proposal (RFP) process; and
 - c. To maintain provider-patient relationships, explore the option of contracting ~~contract~~ directly with independent providers through CalOptima Care Network (CCN). These CCN contracts will:
 - i. Offer no more than Medicare rates; and
 - ii. Be available only with independent providers unaffiliated with CalOptima health networks who serve Dual Eligibles in Fee-For-Service (FFS) Medicare
 - d. After six months, staff will evaluate access gaps, reimbursement rates and network coverage; and
2. Authorize the CEO, with the assistance of legal counsel, to enter into Letters of Intent (LOI) with RFP responders selected to participate memorializing the intent to participate in the Duals Demonstration. LOIs will only be necessary if CalOptima has not received the final contract terms and rates. The final contract terms are subject to future Board approval, as well as state and federal approval, as required.

Background

CalOptima currently serves approximately 75,000 members who are dually eligible for both Medicare and Medi-Cal (“Dual Eligibles”). The CalOptima Board previously approved CalOptima’s intention to partner with both the federal and state governments to establish a Duals Demonstration for Dual Eligibles in Orange County. As a Duals Demonstration plan, CalOptima would coordinate the full array of health care benefits for Dual Eligible individuals, including both Medicare covered benefits, Medi-Cal covered wrap-around services and Medi-Cal Long-Term Services and Supports.

At its May 2012 meeting, the CalOptima Board authorized the CEO to complete and submit an application to CMS and DHCS to obtain designation as a Duals Demonstration. At that time, the Board also authorized the CEO to spend pre-implementation startup costs of not-to-exceed \$373,994 to secure the necessary resources to meet regulatory requirements for the development of the Duals Demonstration. The initial application requirements were submitted and staff continues to respond to additional inquiries regarding the application. On January 3, 2013, the CalOptima Board approved additional funding of \$615,000 for the balance of FY 2012–13 to continue the implementation efforts. Additionally, during the January meeting, the CalOptima Board authorized staff to leverage existing OneCare delegated health network contracts for participation in the Duals Demonstration.

While Duals Demonstration details are in the process of being finalized by the Centers for Medicare & Medicaid Services (CMS) and the California Department of Health Care Services (DHCS), management's understanding is that the proposed method of enrollment of members into the Demonstration is through a passive enrollment process with an opt-out option. This is similar to the approach used at the start of CalOptima's OneCare program in 2005. At that time, there were approximately 55,000 dual eligible members in Orange County. Most of these individuals were passively enrolled into OneCare. However, within several months of OneCare's startup, approximately 75% of these individuals actively disenrolled from the program. While OneCare has experienced steady and consistent growth since inception, it continues to experience the disenrollment of members who are unable to access providers not contracted with OneCare.

Discussion

The potential enrollment for the first year of the Duals Demonstration is projected to be approximately 50,000 Orange County dual eligible members currently in fee-for-service (FFS) Medicare. Enrollment is scheduled to begin in September 2013 and will continue for 12 months.

While the start date has been moved to September, members will start receiving notices in June 2013. Therefore, CalOptima must have a complete network ready to accept enrollment by June. Recognizing that the state has put forth a very aggressive timeline, it is important for CalOptima to begin preparations for expansion.

To ensure maintenance of existing patient-provider relationships to the fullest extent feasible under the Demonstration, CalOptima staff desires to engage providers who already serve dual eligible members in FFS Medicare but have not participated in OneCare to their fullest capacity, do not contract with any of CalOptima's contracted health networks or Participating Medical Groups (PMGs) under the OneCare program, or do not currently contract with CalOptima at all. Inclusion of providers who currently serve members in FFS Medicare would ensure adequate network capacity, geographic coverage and cultural competence, and would support member engagement and retention in the Demonstration.

Stakeholder Vetting Process

The Board's Provider Advisory Committee (PAC) recently undertook an input and vetting process that included formation of an ad hoc workgroup to consider options for the Duals Demonstration provider delivery system and offer guidance regarding provider engagement. The workgroup's recommendations regarding delivery system expansion and options for provider participation were approved by the PAC at its June 14, 2012, meeting. The recommendations have been considered and incorporated into this proposed Board action.

The ad hoc workgroup, which includes representatives from hospitals, trade associations, CalOptima's contracted health networks, HMOs, some ancillary and DME providers as well as individual medical providers and other stakeholders, continues to meet regularly to discuss maximizing provider participation in the Duals Demonstration.

Building on CalOptima's OneCare Provider Network

In preparation for the joint CMS and DHCS plan readiness review, staff will leverage existing OneCare contracts, as approved during the January 2013 CalOptima Board meeting. While the final readiness requirements have not been released, staff anticipates that both CMS and DHCS will require plans to provide signed contracts to demonstrate a provider network.

Through the stakeholder engagement process, three options have emerged to further expand the Duals delivery system. The options available for this expansion include:

Option 1:

- a. Leverage existing contracted OneCare health networks as approved by the Board on January 3, 2013.
- b. After six months, staff will evaluate access gaps, reimbursement rates and network coverage.

Option 2:

- a. Leverage existing contracted OneCare health networks as approved by the Board on January 3, 2013; and
- b. Add additional health networks through an RFP process. This process would seek proposals from health care entities, such as organized medical groups and health plans that desire to contract with CalOptima to provide services as part of the Duals Demonstration through alternative financial/risk delegation models; and authorize staff to use certain criteria to evaluate providers' delegation readiness, as applicable, and subject to refinement based on final Duals Demonstration requirements;
- c. After six months, staff will evaluate access gaps, reimbursement rates and network coverage; and
- d. Authorize the CEO, with the assistance of legal counsel, to enter into Letters of Intent (LOI) with RFP responders selected to participate memorializing the

intent to participate in the Duals Demonstration. LOIs will only be necessary if CalOptima has not received the final contract terms and rates. The final contract terms are subject to future Board approval, as well as state and federal approval, as required.

Option 3:

- a. Leveraging existing contracted OneCare health networks as approved by the Board on January 3, 2013; and
- b. Add additional health networks through an RFP process as described in Option 2, above;
- c. To maintain provider-patient relationships, contract directly with independent providers through the CalOptima Care Network (CCN). These CCN contracts will: (i) offer no more than Medicare rates; and, (ii) be available only with independent providers unaffiliated with CalOptima health networks who serve Dual Eligibles in Fee-for-Service (FFS) Medicare;
- d. After six months, staff will evaluate access gaps, reimbursement rates and network coverage; and
- e. Authorize the CEO, with the assistance of legal counsel, to enter into Letters of Intent (LOI) with RFP responders selected to participate memorializing the intent to participate in the Duals Demonstration. LOIs will only be necessary if CalOptima has not received the final contract terms and rates. The final contract terms are subject to future Board approval, as well as state and federal approval, as required.

After careful consideration, staff recommends Option 3.

Provider Delivery System Expansion

Staff recommends providing alternatives to the existing OneCare delivery system to execute a successful Duals Demonstration that includes as many provider choice options for the 50,000 dual eligibles currently in FFS Medicare as possible. To achieve one of the important the goals of the Demonstration to maintain continuity of care and member/provider relationships for Duals who choose or are passively enrolled in the Demonstration, it is important that the CalOptima Board consider allowing flexible options to participate in the Duals Demonstration for providers who currently provide services to Duals outside of CalOptima in Medicare FFS. CalOptima's experience from the OneCare startup indicates that if members are not able to maintain access to providers of their choice, members will exercise their right to disenroll from the Demonstration. The RFP process would allow providers to express their preferred means of participating in the Duals Demonstration:

- Full Delegation/Full Risk (available only in Medi-Cal currently)
- Partial Delegation/Partial Risk – includes Shared Risk Groups (SRGs) or Physician Hospital Consortia (PHC) (available in Medi-Cal and OneCare)

- Direct Contract/No Delegation (available only in Medi-Cal currently for limited diagnoses) or
- Minimal Delegation (professional or PCP capitation not available currently)

Currently participating delegated medical groups would also have an opportunity to propose new ways to participate in the CalOptima delivery system. For example, current SRGs may propose future participation as Full Risk medical groups. Review criteria for such proposals would include evaluation of whether the requesting provider(s) meet the appropriate regulatory risk-bearing organization and CalOptima criteria.

This process would also include the development of a contract template for each contracting option to be provided to interested providers. By offering additional contracting options, CalOptima staff anticipates engaging providers who have not traditionally participated with CalOptima (e.g., Medicare FFS providers), as well as expanding opportunities for currently contracted providers. As an example, two HMOs and three health networks currently contracted in CalOptima's Medi-Cal program are not OneCare providers.

CalOptima would enter into LOIs with providers interested in participating in the Duals Demonstration. Once rates are provided, CalOptima staff intends to develop a provider payment methodology that is based on Medicare rates, subject to final negotiations with DHCS and CMS. The final financial aspects of the Duals Demonstration will be provided to the Board for final approval in conjunction with proposed provider contract terms associated with all contracting options and a proposed agreement with DHCS and CMS.

CalOptima would negotiate appropriate market-based rates with providers opting to contract directly with CCN. Such rates would not exceed 100% of the Medicare Fee Schedule for Orange County. However, after six months, CalOptima would evaluate the needs of the Duals provider network and may consider paying providers rates higher than Medicare rates for some selected providers to fill gaps in the network and to guarantee continuity of care. This policy would be consistent with CalOptima's Medi-Cal Policy EE.1130 and would be subject to future Board approval.

RFP and Evaluation Process

CalOptima would request proposals (RFP) from medical groups and health plans interested in participating as Full Delegation/Full Risk and Minimal Delegation providers. CalOptima intends to evaluate providers and groups based on their ability to meet the minimum quality, administrative and financial participation criteria. Staff is in the process of developing the formal scoring criteria that will be used to evaluate the RFP responses with the assistance of a M.D. Medical Management consultant specializing in network structure. Such criteria would be approved by the Board and would include, but would not be limited to the following:

1. Medi-Cal/Medicare managed care experience
2. A requirement to participate in CalOptima's Medi-Cal and Medicare programs

3. A requirement to serve all CalOptima member categories and ages eligible for health network enrollment
4. Applicants must demonstrate the ability to add new providers not currently participating in the CalOptima system
5. Capacity to service seniors and persons with disabilities
6. Necessary licensing and/or accreditation (hospitals must be Joint Commission accredited)
7. Administrative capacity to perform:
 - a. Utilization management
 - b. Medical management
 - c. Credentialing
 - d. Quality management
 - e. Claims processing and adjudication
 - f. Member services and customer service functions
 - g. Electronic data interchange
8. SB 260 compliance
9. Financial solvency
10. Financial reserve requirements
11. Cultural and linguistic services
12. Coordination with Long-Term Services and Supports and carve-out agencies
13. Demonstrated capacity to provide, or written subcontracts for the provision of, all covered services, as defined in the Division of Financial Responsibility (DOFR) provided by CalOptima
14. A history of quality patient care and member satisfaction as demonstrated through HEDIS or other approved measures

Recognizing the different strengths and weaknesses among the various groups and the need to maintain as many qualified participating providers as possible, CalOptima staff plans to work with health networks and providers independently in an effort to determine the optimal relationship for all parties involved.

Letters of Intent

To secure a robust delivery system and provider network that offers the best opportunity for a successful Duals Demonstration, it is necessary for CalOptima to secure LOIs with providers ahead of the start date of the Demonstration. Due to the lack of rates and final contractual terms associated with the Demonstration, the only option available to CalOptima is to enter into Letters of Intent (LOI) with down-stream providers selected according to the proposed process described above. With assistance of legal counsel, CalOptima staff would draft and execute LOI with providers subject to the final contract terms are to be negotiated and subject to future Board approval. If CalOptima receives capitation rates and final terms of the Demonstration from DHCS, the execution of LOIs with providers may not be necessary.

Fiscal Impact

Significant financial analysis will be performed once the rates for the Duals Demonstration are determined. The Board will have the opportunity to assess CalOptima’s participation in the Duals Demonstration and the associated delivery system once rates are received. The rates paid to CalOptima are expected to be based on the current medical costs for Duals Demonstration eligibles, with reductions to generate savings to the State and CMS from the program. The rates paid to providers will be based on the rates paid to CalOptima. CalOptima’s best opportunity to mitigate financial risks is to achieve the broadest network of providers and largest number of members possible. The more CalOptima’s Duals Demonstration membership is reflective of the Orange County duals population as a whole, then the more likely the payment rates provided under the program will be adequate. CalOptima will be fully financially responsible for duals that may be served in CCN and will implement a coordinated model of care consistent with prevailing managed care principles in Orange County.

Rationale for Recommendation

The recommended action honors and fulfills the goals of the Duals Demonstration and provides networks an opportunity to secure greater participation among providers already in the CalOptima provider network. The Duals delivery system strategy captures new providers to ensure continuity of care and gives providers choice to participate in a way that best suits their business model. Staff’s recommended approach applies a standard used by California public plans, including but not limited to LA Care, Inland Empire Health Plan, Health Plan of San Mateo, Gold Coast Health Plan, Central Coast Alliance for Health and CenCal Health.

In addition, successful implementation of the Duals Demonstration is predicated in large part on the establishment of a network that includes providers who may not have fully participated with CalOptima or have not contracted with CalOptima previously and are currently providing services for CalOptima dual eligible members in FFS Medicare. To engage these providers, CalOptima recommends the Board consider expanding the Duals Demonstration delivery system to offer a flexible participation model that aligns providers’ organizational capacity with their level of desired risk.

Concurrence

Michael H. Ewing, Chief Financial Officer
Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

2/1/13
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken October 3, 2013 **Regular Meeting of the CalOptima Board of Directors**

Report Item

VI. E. Authorize the Chief Executive Officer to Finalize the Duals Delivery System Expansion Request for Proposal (RFP) Process in Order to Enter into Contracts with Selected New Health Networks for Purposes of Medi-Cal Expansion

Contact

Javier Sanchez, Chief Network Officer, (714) 246-8400

Recommended Actions

1. Authorize the Chief Executive Officer (CEO) to finalize the Duals delivery system expansion RFP process for purposes of Medi-Cal Expansion.
2. Authorize the CEO to enter into contracts for Medi-Cal and OneCare with selected new Health Networks that meet all readiness requirements for coordinating delegated services delivered to CalOptima's Medi-Cal and OneCare members.
3. Authorize the CEO to amend the new Health Network contracts to include Cal-Medi-Connect upon approval of that Program and the successful completion of any additional readiness requirements for the Cal-Medi-Connect program.

Background

On March 4, 2013, the CalOptima Board authorized the CEO to explore options for expanding the provider delivery system for the purpose of preparing for the implementation of the Duals Demonstration now known as Cal MediConnect, including conducting related financial modeling, developing contract templates with the assistance of legal counsel, and exploring the option of adding additional health networks selected through a Request for Proposal (RFP) process. At the time the RFP was released, the expectation was that the Duals Demonstration would have already begun so that the Network providers would be in place to accommodate the expected increase membership as a result of Medi-Cal expansion. However, the start date of the Duals Demonstration has been delayed to no earlier than April 1, 2014.

Discussion

CalOptima staff released an RFP on March 11, 2013. In response, CalOptima received 17 proposals by the submission deadline of 2:00 P.M. on April 5, 2013. Twelve proposals were submitted by new networks. Five proposals were submitted by current Health Networks which proposed changing their current contract model (e.g., Shared Risk Group to full risk HMO). New networks were required to meet minimum criteria, which was based on network adequacy and administrative requirements. Current Health Networks were exempt from meeting minimum criteria since they already participate in the CalOptima delivery system.

Five of the 12 new network proposals met the minimum criteria in the RFP. Seven of the 12 new networks proposals did not meet the minimum criteria and were disqualified from continuing in the RFP process.

Staff has evaluated the qualifications of the five new networks candidates that met the minimum requirements and concluded that the proposals submitted by these networks meet the minimum qualifications to move to the readiness review phase. CalOptima staff has concluded that the RFP process was successful and is recommending completion of the exploratory phase of the delivery system expansion. The five qualified new network candidates would potentially add more than 1,000 primary care and specialist physicians to the CalOptima delivery system in underserved areas and also expand the capability to serve ethnically diverse populations such as Dual eligible members. Following the conclusion of the exploratory RFP process, these five networks will undergo a readiness review to assess their ability to meet all operational, financial, medical management and regulatory requirements. Only those networks that successfully meet the readiness review requirements will be awarded contracts that will be under the same contracting model for all CalOptima Programs.

In addition, CalOptima staff is considering the proposals of the five currently contracted Health Networks that proposed a model change through the RFP process. One of the five Health Networks rescinded its proposal so CalOptima staff is considering the proposals of the remaining four Health Networks. These four Health Networks will undergo a readiness review for their respective proposed new model. CalOptima staff will review the readiness of these networks' ability to meet all operational, financial, medical management and regulatory requirements, including but not limited to Knox-Keene Act licensing (if applicable) and other criteria required under the respective model proposed. Upon successful completion of the readiness process, CalOptima staff proposes to award new contracts that will be under the same contracting model for all CalOptima Programs.

Even though the Duals Demonstration has been delayed, CalOptima still needs to be ready to move forward with Medi-Cal expansion. The Board's approval would allow Staff to complete the RFP process in time to bring on new health networks, ensuring adequate access to providers for purposes of Medi-Cal expansion January 1, 2014. However, even though the new networks are required to meet requirements to serve all CalOptima lines of business, at this time, CalOptima would only enter into contracts for existing Programs upon successful completion of the readiness assessment process.

CalOptima has not yet received the three-way contract between CalOptima, the Department of Health Care Services (DHCS) and the Centers for Medicare & Medicaid Services (CMS), or rates for the Cal MediConnect program. With regard to that Program, staff will not execute Health Network contract amendments to add the Cal-MediConnect Program until after final Board approval is obtained to participate in the Cal-MediConnect Program. Assuming that the CalOptima Board approves participation

in the Cal MediConnect program, new health networks would be required to provide services to all lines of business in order to remain contracted with CalOptima.

Fiscal Impact

The readiness reviews will be conducted by the CalOptima Compliance and Provider Network Department staffs. No significant additional resources are expected to be necessary. CalOptima management expects to execute contracts with selected new Health Networks under the same financial terms as other contracted Health Networks in a similarly contracted model, so no significant additional financial impact is expected.

Rationale for Recommendation

The implementation of the Accountable Care Act's Medicaid Expansion (Medi-Cal Expansion) and the CalOptima's potential participation in the Cal MediConnect Duals Demonstration places significant demand on CalOptima to expand the delivery system to serve the potential influx of new members eligible for CalOptima's Medi-Cal Program and the viability of the OneCare and the future Cal MediConnect Program. CalOptima needs to move forward with expansion of the provider network for the Medi-Cal program. Staff has conducted a successful RFP process that has the potential to add a significant number of providers that will expand access to existing and future members. Staff recommends that the Board authorize it to complete the RFP process and implement the contracting process in two phases. The first phase would allow management to contract with new Health Networks that meet readiness assessment requirements for Medi-Cal expansion and OneCare, as well as enter into amendments and/or new contracts with existing Health Networks which successfully qualify to change their current contract model. The second phase to contract for the Cal MediConnect program would not take place until after the Board approves CalOptima's participation in the Duals Demonstration.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

9/27/2013
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 6, 2014 **Regular Meeting of the CalOptima Board of Directors**

Consent Calendar

V. E. Provide Current and Potentially New Health Networks Involved in the Readiness Assessment Process with Additional Time to Meet Readiness Requirements for Changes to their Proposed Contracting Model, Subject to Meeting Federal, State and CalOptima Requirements

Contact

Javier Sanchez, Chief Network Officer, (714) 246-8400

Recommended Action

Authorize the CEO to provide current Health Networks as well as Health Networks in the Duals Delivery System Expansion RFP now participating in the readiness assessment process with additional time to meet the requirements of their preferred network model, provided that these entities successfully complete the readiness assessment for that model no later than December 31, 2014, and for currently contracted Health Networks, that they ensure that the financial, regulatory and contractual obligations of their sun-setting Health Network arrangement are addressed to CalOptima's satisfaction.

Background

CalOptima contracts with Health Networks for the Medi-Cal Program according to three models: capitated Physician Hospital Consortia (PHCs), Shared Risk medical groups (SRGs) and full risk HMOs. In the CalOptima OneCare Program, CalOptima contracts with Physician Medi-Cal Groups (PMGs) on a shared risk basis.

On February 7, 2013, the CalOptima Board of Directors authorized the CEO to conduct a Request for Proposal (RFP) process for the purpose of exploring the expansion of the delivery system serving CalOptima members. The RFP process sought the participation of new entities in CalOptima's delivery system, and also provided existing Health Networks with the opportunity to propose a different contracting model.

On October 3, 2013, the Board authorized the CEO to enter into Health Network contracts with entities selected through the RFP process, subject to the successful completion of the readiness assessment process. Five medical groups qualified for readiness assessment reviews and will be awarded contracts for all lines of business (excluding PACE) if they satisfy all readiness assessment requirements. In addition, four currently contracted Health Networks responded to the RFP with proposals for changing to a different contracting model. Four SRG Health Networks proposed assuming hospital risk either as a PHC or HMO for all lines of business. In some cases, entities are now proposing to change their contracting model or they have indicated they are not appropriately licensed at this time for the identified contracting model.

Discussion

CalOptima has experienced significant changes in the Health Network delivery system over the past five years, as medical groups continue to consolidate, change ownership and evolve into more fully integrated delivery systems. CalOptima has also seen an increase in the number of contracted Health

Networks that are applying for licenses to assume “full risk” and have requested changing to CalOptima’s standard HMO contracting model. Additionally, some hospitals are considering a risk-shifting model in which they receive capitation for all hospital services. CalOptima and its members benefit from fully integrated delivery models because they align physician and hospital services to improve coordination of care, quality, and cost management for the patients they serve.

The RFP process required that proposals submitted by new entities be based on one of CalOptima’s current contracting models (PHC, SRG or HMO). As CalOptima staff conducts readiness assessments, staff has determined that certain medical groups have the desire to change the contracting model proposed in the RFP based on the rapidly changing health care environment in Southern California. One example is a medical group that originally submitted a proposal to participate as a SRG Health Network is now interested and may be qualified to meet the requirements of the PHC model.

With all the changes in healthcare as a result of the implementation of the Affordable Care Act, current Health Networks that requested changing to an HMO model have indicated that they have experienced delays in acquiring the necessary Knox-Keene license to accept full risk. CalOptima staff recommends allowing proposed and current Health Networks pursuing Knox-Keene licenses to have more time to complete this process with the Department of Managed Health Care (DMHC).

If approved, staff’s recommendation would allow new medical groups to change to a different model than originally proposed in the Duals Delivery System Expansion RFP and would also allow current Health Networks that proposed changing to a full-risk model additional time to work through the regulatory process to meet the DMHC requirements to be eligible to assume full risk. Consistent with previous Board Actions, if approved, this proposed action would authorize the CEO to enter into contracts with selected new and existing Health Networks provided these entities meet all regulatory and operational readiness requirements associated with the proposed contracting models no later than December 31, 2014. In order to meet this timeframe, Health Networks must initiate the readiness assessment process for the preferred model no later than September 1, 2014.

Any currently contracted Health Networks proposing a change to their network must ensure that the financial, regulatory and contractual obligations of the sunseting Health Network are adequately addressed.

Fiscal Impact

Allowing contracted Health Networks to take steps to assume additional hospital risk as permissible under applicable requirements can result in less direct financial risk to CalOptima. CalOptima will be responsible for oversight of the additional risk delegated to new and existing Health Networks; however, no additional administrative resources are expected as a result of this action. There is no financial impact expected from the recommended action.

CalOptima Board Action Agenda Referral
Provide Current and Potentially New Health Networks Involved in the
Readiness Assessment Process with Additional Time to Meet Readiness
Requirements for Changes to their Proposed Contracting Model,
Subject to Meeting Federal, State and CalOptima Requirements
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Rationale for Recommendation

Staff recommends allowing the extended time period so that currently contracted Health Networks and potentially new Health Networks involved in the readiness assessment process can contract with CalOptima through their preferred model provided they meet all CalOptima medical, operational and financial standards for CalOptima Programs (excluding PACE) under the preferred model and current Health Networks ensure that the financial, regulatory and contractual obligations of the sun setting Health Network are addressed to CalOptima's satisfaction.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

1/31/2014
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken November 6, 2014 **Regular Meeting of the CalOptima Board of Directors**

Consent Calendar

VI. C. Extend Timeframe for New and Existing Health Networks to Request Changes to Their Proposed Contracting Models

Contact

Javier Sanchez, Chief Network Officer, (714) 246-8400

Recommended Action

Extend the timeframe through December 31, 2015 for current health networks and those identified as part of the Board-approved Request for Proposal (RFP) process to request changes to their proposed contracting models, subject to these entities meeting all applicable readiness requirements. The proposed action is limited to providers qualified through the RFP process and now participating in the readiness assessment.

Revised
11/6/14

Background

On February 7, 2013, the CalOptima Board of Directors authorized the Chief Executive Officer (CEO) to conduct a RFP process for the purpose of exploring the expansion of the delivery system serving CalOptima members. The RFP process sought the participation of new entities in CalOptima's delivery system. Existing Health Networks were given the opportunity to propose a contracting model which differed from their current model.

On October 3, 2013, the Board authorized the CEO to enter into Health Network contracts with entities selected through the RFP process, subject to the successful completion of the readiness assessment process.

On February 6, 2014, the Board agreed to extend the timeframe within which the CEO had to enter into contracts with selected new and existing Health Networks to no later than December 31, 2014.

Discussion

In January of 2014, CalOptima began receiving significant membership increases due Medi-Cal expansion. The membership expansion began with a transition of members from the County of Orange's Medical Services Initiative Program to CalOptima. Additional State initiatives, which streamlined the process for individuals in the CalFresh program to become enrolled in Medi-Cal, also expanded CalOptima membership.

Also in January 2014, CalOptima received the results of an audit conducted by the Center for Medicare & Medicaid Services (CMS). Issues were identified which required remediation. A subsequent audit by the Department of Health Care Services and the Department of Managed Health Care identified additional issues requiring resolution. As a result of the audit findings and sanctions, the implementation of the Cal MediConnect program was delayed.

Medi-Cal Expansion and audit remediation placed a strain on CalOptima resources. CalOptima has improved many programs to resolve issues identified in the CMS audit. This included enhanced oversight of the delegated Health Networks and an enhanced OneCare Model of Care. DHCS and DMHC have recently completed a comprehensive audit of CalOptima and CMS will return in January for a reaudit.

Due to initiatives currently underway within CalOptima and the Health Networks, the implementation of the Cal MediConnect program has been delayed to no later than July 1, 2015. Staff recommends extending the timeframe within which the CEO is authorized to enter into contracts with selected new and existing Health Networks provided these entities meet all readiness requirements associated with the proposed contracting models to no later than December 31, 2015.

Any currently contracted Health Networks proposing a change to their network must ensure that all legal, financial, and operational obligations are adequately addressed in conjunction with the proposed change being implemented.

Fiscal Impact

There is no financial impact expected from the recommended action.

Rationale for Recommendation

Staff recommends allowing the extended time period to ensure the completion of current initiatives and audits. As proposed, new and existing Health Networks involved in the readiness assessment process would be able to contract with CalOptima through their preferred model provided they meet all requirements for participation in CalOptima programs (excluding PACE) no later than December 31, 2015.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

10/31/2014
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken December 3, 2015 **Regular Meeting of the CalOptima Board of Directors**

Report Item

13. Consider Extending the Timeframe for Qualifying New and Existing Health Networks to Request Changes to Their Proposed Contracting Models and Complete Readiness Assessment Requirements

Contact

Javier Sanchez, Chief Network Officer, (714) 246-8400

Recommended Actions

1. Extend the deadline to June 30, 2016 for Health Networks qualified through the Board approved Request for Proposal (RFP) process to request changes to their proposed contracting models; and
2. Extend the deadline to December 31, 2016 for existing Health Networks requesting changes to their contracting models as well as new networks selected through the RFP process to meet all applicable readiness requirements.

Background/Discussion

On February 7, 2013, the CalOptima Board of Directors authorized the Chief Executive Officer (CEO) to conduct a RFP process for the purpose of exploring the expansion of the delivery system serving CalOptima members. The RFP process sought the participation of new entities in CalOptima's delivery system. Existing Health Networks were also given the opportunity to propose a contracting model which differed from their current model.

On October 3, 2013, the Board authorized the CEO to enter into Health Network contracts with entities selected through the RFP process, subject to the successful completion of the readiness assessment process.

On February 6, 2014, the Board agreed to extend the timeframe within which the CEO had to enter into contracts with selected and existing Health Networks to no later than December 31, 2014. At its November 6, 2014 meeting, the Board further extended the timeframe through December 31, 2015 for providers qualified through the 2013 RFP process and to request changes to their proposed contracting models.

Two existing Health Networks are interested in pursuing full- risk arrangements with CalOptima. In order to provide these Health Networks with additional time to obtain necessary regulatory approvals, staff recommends extending the timeframe within which the CEO is authorized to enter into contracts with selected new and existing Health Networks. As proposed, in order to change models, the qualifying existing Health Networks interested in making a model change will be required to provide a written commitment to CalOptima of their preferred contracting model by June 30, 2016, and to complete all readiness assessment requirements to implement the new model no later than December 31, 2016.

Potential new Health Networks selected through the RFP process are being evaluated for participation in CalOptima through the readiness review process. CalOptima has successfully implemented two of the

successful RFP respondents in 2015. Three potential new networks remain from the RFP process. All efforts with the remaining potential networks will be completed by the end of 2016.

Fiscal Impact

There is no fiscal impact expected from the recommended action.

Rationale for Recommendation

Staff recommends the extended time period to ensure the successful addition of new Health Networks and the model conversion of existing Networks. The extension will allow new and existing Health Networks to complete the readiness assessment process for Medi-Cal and Medicare and be able to contract with CalOptima under their preferred risk model no later than December 31, 2016.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

11/25/2015
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action to Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

6. Consider Appointment to the CalOptima Board of Directors' Member Advisory Committee

Contact

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

Recommended Action

The Member Advisory Committee (MAC) recommends the following action to be effective upon Board approval:

- Appoint Jaime Munoz to serve as the Foster Children Representative of the Member Advisory Committee for the remainder of the term ending June 30, 2018.

Background

The CalOptima Board of Directors established the Member Advisory Committee (MAC) by resolution on February 14, 1995 to provide input to the Board. The MAC is comprised of fifteen voting members. Pursuant to the resolution, the CalOptima Board appoints each member of the MAC for a two-year term with the exception of the two standing seats, the Orange County Social Services Agency representative and the Orange County Health Care Agency representative, which have an unlimited term. The Board is responsible for the appointment of all MAC members.

Discussion

CalOptima conducted recruitment for candidates following the mid-term resignation of the Foster Children representative. CalOptima staff received two applications from interested candidates and submitted them to the MAC Nominations Ad Hoc Subcommittee for review prior to the subcommittee meeting. Subcommittee Members Suzanne Butler, Christina Sepulveda and Christine Tolbert met on January 3, 2017 to recommend a candidate for the open seat. The Nominations Ad Hoc forwarded the proposed candidate to the MAC for consideration at the January 12, 2017 MAC meeting. The MAC voted to accept the recommendation from the Nominations Ad Hoc Subcommittee.

Candidates for the Foster Children position are as follows:

Foster Children Representative Candidates

Jaime Munoz*

Joanna Hussey

Jaime Munoz is an Administrative Manager with Family and Children Services for the Social Services Administration. Mr. Munoz manages a specialized program that focuses on improving the well-being and outcomes of transitional age youth and young adults in foster care. Mr. Munoz has 26 years of experience serving foster children as a child welfare services practitioner. He also has 29 years of experience as an education instructor teaching English as a second language. Mr. Munoz serves on several community boards that serve under-resourced communities, including foster children.

*Indicates MAC recommendation

[Back to Agenda](#)

Joanna Hussey is a Senior Supervisor with Family and Children Services for the Social Services Administration. She serves as the Foster/Kinship Liaison working with the caretakers of dependent children of the Orange County Juvenile Court system. She often works with CalOptima to resolve health care issues with the children's caretakers. Ms. Hussey has worked for over 26 years with low-income families, many of whom speak English as a second language and/or have children with special needs.

Fiscal Impact

There is no fiscal impact.

Rationale for Recommendation

Pursuant to Resolution No. 2-14-95, the MAC established a Nominations Ad Hoc Subcommittee to review potential candidates for vacancies on the Committee. The MAC concurred with the Ad Hoc's recommendation and forwards the recommended candidate to the Board of Directors for consideration.

Concurrence

Member Advisory Committee Nominations Ad Hoc
Member Advisory Committee
Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

7. Consider Authorizing and Directing Execution of Amendment(s) to CalOptima's Primary Agreement with the California Department of Health Care Services (DHCS)

Contact

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

Nancy Huang, Interim Chief Financial Officer, (714) 246-8400

Recommended Action

Authorize and direct the Chairman of the Board of Directors to execute an Amendment to the Primary Agreement between DHCS and CalOptima related to:

- Rate changes;
- Incorporation of language to the Primary Agreement related to Managed Medi-Cal Long-Term Supports and Services (MLTSS); and
- Addition of covered Aid Codes.

Background

As a County Organized Health System (COHS), CalOptima contracts with DHCS to provide health care services to Medi-Cal beneficiaries in Orange County. In January 2009, CalOptima entered into a new five (5) year agreement with DHCS. Amendments to this agreement are summarized in the attached appendix, including Amendment 31, which extends the agreement through December 31, 2020. The agreement contains, among other terms and conditions, the payment rates CalOptima receives from DHCS to provide health care services.

Discussion

DHCS has informed CalOptima that it intends to submit amendments to the Centers for Medicare and Medicaid Services (CMS) for approval that will update base rates for July 2015 to June 2016 with Behavioral Health Treatment (BHT) and Hepatitis-C supplemental payments, and Partial Dual/ Medi-Cal only rates, update the base rates for July 2016 to June 2017, incorporate language and rates related to the provision of MLTSS, and add covered aid codes.

Rate Changes

DHCS's proposed amendments seek to incorporate rates related to:

- Base rates for the period July 2015 to June 2016, with Behavioral Health Treatment (BHT) and Hepatitis-C supplemental payments, and Partial Dual/Medi-Cal only rates; and
- Base Medi-Cal Classic and ACA Optional Expansion (OE) capitation rates for July 2016- June 2017.

2015-2016

The draft capitation base rates for July 2015 through June 2016 were sent to CalOptima in June 2015. The rates for the period reflect the following:

- These rates include the 3.9375% Senate Bill 78 tax adjustment. Rates do not yet reflect an adjustment for the Senate Bill 239 (Hospital Quality Assurance Fee).
- Hepatitis C supplemental payment rates effective July 2015 through June 2016. These rates include amounts for both 340B Drug Pricing Program and non-340B pricing.

BHT supplemental payment rates for the period of July 1, 2015 through June 30, 2016 were sent to CalOptima in June 2015 and revised in August 2016. These final BHT rates contain the following updates:

- Regional Center (RC) base transition data – The data used in these final rates is the most recent available data
- Acuity Factor – This factor is applied to the new (non-transition) members relative to the RC transitioning members
 - The current factor being applied in these final rates is 0.95 (same factor that was used in the June 2015 version)
- CY2015 health plan supplemental data request – Received from the health plans in June/July 2016. This data was used in two ways:
 - Supported the development of the 0.95 acuity factor mentioned above
 - Informed the SFY 15-16 projected utilizer month counts for non-transition members since the time period of the data request spanned January 2015 – December 2016

Draft Coordinated Care Initiative Non-Duals rates (or “Partial Dual/Medi-Cal only rates”) were sent to CalOptima in May 2016.

2016-2017

The base Medi-Cal Classic and ACA OE capitation rates for July 2016 through June 2017 were first sent to CalOptima as draft rates in June 2016. DHCS sent CalOptima revised draft rates for the period in December 2016. Highlights regarding these revised rates are as follows:

- Rates now include MCO tax required by Senate Bill X2_2 (Hernandez, Chapter 2, Statutes 2016).
- Rates now include Acupuncture services required by Senate Bill 833 (Committee on Budget and Fiscal Review, Chapter 30, Statutes 2016).
- Hepatitis C supplemental payment rates for SFY 16-17 were sent to the health plan on September 6, 2016.
- BHT supplemental payment rates for SFY 16-17 were sent to the health plan on October 7, 2016.
- Rates do not yet include adjustments for Senate Bill 239.

The anticipated impact of these proposed rate changes is identified in the Fiscal Impact section.

MLTSS Amendment

DHCS's proposed amendment adds language regarding MLTSS for Full Dual-Eligible, Partial Dual-Eligible, and Medi-Cal only members. MLTSS includes institutional long-term care, Community Based Adult Services (CBAS), Multipurpose Senior Services Program (MSSP), and In-Home Supportive Services (IHSS).

This amendment will incorporate the MLTSS into CalOptima's Primary Agreement with DHCS. Authority to execute this amendment was granted to the Chair during the regular meeting of the Board of Directors on March 6, 2014. However, due to a delay in finalization of associated rates, DHCS did not send the draft amendment to CalOptima to be executed. DHCS has now signaled to staff that it intends to provide CalOptima with its MLTSS amendment to be executed. Due to the length of the delay and the changed composition of CalOptima's Board of Directors when compared to its membership in 2014, Staff believes it is appropriate to request renewed authority from the current Board of Directors to authorize and direct the Chairman to execute such an amendment.

Once CMS concludes its review of DHCS's proposed amendment, DHCS plans to provide the amendment to CalOptima for prompt execution and return. If the amendment is not consistent with Staff's understanding as presented in this document, or if it includes significant unexpected language changes, Staff will return to the Board of Directors for further consideration.

Aid Code Additions

New Aid Code- 4U

Aid code 4U will be used to implement an Optional Coverage Group (OCG) of Former Foster Youth (FFY) who were enrolled in foster care and not enrolled in Medicaid on their 18th birthday and are between the ages of 18 and 21. Qualifying foster care is considered a state-sponsored foster care program in any state or tribe. Financial eligibility is determined without regard to the individual's income. Medi-Cal benefits will continue for individuals in this group to age 21.

This is a full-scope aid code with no Share-of-Cost, and it will be in the "Adult & Family/Optional Targeted Low- Income Child" categories.

New Approved Relative Caregiver Codes (2P, 2R, 2S, 2T, 2U)

These aid codes identify the transition from current or eligible foster care enrollees, some of whom participated in CalWORKS, into five separate Medi-Cal aid codes. The aid codes provide full-scope coverage with no Share-of-Cost.

2P: Approved Relative Caregiver (ARC) Program – Medi-Cal coverage effective January 1, 2015, for foster children and youth up to age 18 years old (eligibility ends on the last day of the month of their eighteenth birthday) participating in the ARC Program, and who do not qualify for state CalWORKs.

2R: ARC Program - Non Minor Dependent (NMD) – Medi-Cal coverage effective January 1, 2015, for foster youth age 18 up to age 21 (eligibility ends on the last day of the month of their twenty-first birthday) participating in the ARC Program as NMD, and who do not qualify for state CalWORKs.

2S: ARC Program - Federal CalWORKs – Medi-Cal coverage effective January 1, 2015, for foster children and youth up to age 18 years old (eligibility ends on the last day of the month of their eighteenth birthday) participating in the ARC Program and who qualify for federal CalWORKs.

2T: ARC Program - State CalWORKs – Medi-Cal coverage effective January 1, 2015, for foster children and youth up to age 18 years old (eligibility ends on the last day of the month of their eighteenth birthday) participating in the ARC Program and who qualify for state CalWORKs.

2U: ARC Program - State CalWORKs Non Minor Dependent – Medi-Cal coverage effective January 1, 2015, for foster children and youth age 18 up to age 21 (eligibility ends on the last day of the month of their twenty-first birthday) participating in the ARC Program as a NMD and who qualify for state CalWORKs.

Fiscal Impact

The revised capitation rates for July 1, 2015, through June 30, 2016, which includes updates for BHT, Hepatitis C supplemental payments, and Partial Dual/Medi-Cal only rates, is revenue neutral to CalOptima. Given the long delay in CalOptima's receipt of this rate adjustment for Fiscal Year (FY) 2015-16, staff has included the updated rates into the applicable annual financial statements.

The revised capitation rates for the Medi-Cal Classic and Medi-Cal Optional Expansion populations for July 1, 2016, through June 30, 2017, results in a 4.2% or \$8.11 per member per month increase and a 2.0% or \$10.10 per member per month decrease, respectively, in revenue. However, staff projects the net impact to CalOptima will be revenue neutral by the end of the current 2016-17 fiscal year, as they were previously incorporated in the CalOptima FY 2016-17 Medi-Cal Operating Budget.

The contract language revisions related to MLTSS is budget neutral to CalOptima. The CalOptima FY 2016-17 Operating Budget approved by the Board on June 2, 2016, included funding for this benefit.

The recommended action to add aid codes related to foster care enrollees does not have an adverse fiscal impact to CalOptima. The proposed capitation rates are expected to fully fund anticipated costs for this population.

Rationale for Recommendation

CalOptima's 2014-15 operating budget was based on the anticipated rates for FY 2015-16. CalOptima's 2015-16 operating budget was based on anticipated rates for FY 2016-17. CalOptima's execution of an MLTSS amendment to its Primary Agreement with DHCS will formally acknowledge that MLTSS is a covered benefit of CalOptima's Medi-Cal line of business. The added aid codes will ensure that CalOptima is authorized to provide services for and receive capitation payments for populations deemed eligible by the State of California.

CalOptima Board Action Agenda Referral
Consider Authorizing and Directing Execution of Amendment(s) to
CalOptima's Primary Agreement with the DHCS
Page 5

Concurrence

Gary Crockett, Chief Counsel

Attachment

Appendix summary of amendments to Primary Agreements with DHCS

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

APPENDIX TO AGENDA ITEM 7.

The following is a summary of amendments to the Primary Agreement approved by the CalOptima Board of Directors (Board) to date:

Amendments to Primary Agreement	Board Approval
A-01 provided language changes related to Indian Health Services, home and community-based services, and addition of aid codes effective January 1, 2009.	October 26, 2009
A-02 provided rate changes that reflected implementation of the gross premiums tax authorized by AB 1422 (2009) for the period January 1, 2009, through June 30, 2009.	October 26, 2009
A-03 provided revised capitation rates for the period July 1, 2009, through June 30, 2010; and rate increases to reflect the gross premiums tax authorized by AB 1422 (2009) for the period July 1, 2009, through June 30, 2010.	January 7, 2010
A-04 included the necessary contract language to conform to AB X3 (2009), to eliminate nine (9) Medi-Cal optional benefits.	July 8, 2010
A-05 provided revised capitation rates for the period July 1, 2010, through June 30, 2011, including rate increases to reflect the gross premium tax authorized by AB 1422 (2009), the hospital quality assurance fee (QAF) authorized by AB 1653 (2010), and adjustments for maximum allowable cost pharmacy pricing.	November 4, 2010
A-06 provided revised capitation rates for the period July 1, 2010, through June 30, 2011, for funding for legislatively mandated rate adjustments to Long Term Care facilities effective August 1, 2010; and rate increases to reflect the gross premiums tax on the adjusted revenues for the period July 1, 2010, through June 30, 2011.	September 1, 2011
A-07 included a rate adjustment that reflected the extension of the supplemental funding to hospitals authorized in AB 1653 (2010), as well as an Intergovernmental Transfer (IGT) program for Non-Designated Public Hospitals (NDPHs) and Designated Public Hospitals (DPHs).	November 3, 2011
A-08 provided revised capitation rates for the period July 1, 2010, through June 30, 2011, for funding related to the Intergovernmental Transfer (IGT) Agreement between CalOptima and the University of California, Irvine.	March 3, 2011
A-09 included contract language and supplemental capitation rates related to the addition of the Community Based Adult Services (CBAS) benefit in managed care plans.	June 7, 2012

A-10 included contract language and capitation rates related to the transition of Healthy Families Program (HFP) subscribers into CalOptima’s Medi-Cal program	December 6, 2012
A-11 provided capitation rates related to the transition of HFP subscribers into CalOptima’s Medi-Cal program.	April 4, 2013
A-12 provided capitation rates for the period July 1, 2011 to June 30, 2012.	April 4, 2013
A-13 provided capitation rates for the period July 1, 2012 to June 30, 2013	June 6, 2013
A-14 extended the Primary Agreement until December 31, 2014	June 6, 2013
A-15 included contract language related to the mandatory enrollment of seniors and persons with disabilities, requirements related to the Balanced Budget Amendment of 1997 (BBA) and Health Insurance Portability and Accountability Act (HIPAA) Omnibus Rule	October 3, 2013
A-16 provided revised capitation rates for the period July 1, 2012, through June 30, 2013 and revised capitation rates for the period January 1, 2013, through June 30, 2014 for Phases 1, 2 and 3 transition of Healthy Families Program (HFP) children to the Medi-Cal program	November 7, 2013
A-17 included contract language related to implementation of the Affordable Care Act, expansion of Medi-Cal, the integration of the managed care mental health and substance use benefits and revised capitation rates for the period July 1, 2013 through June 30, 2014.	December 5, 2013
A-18 provided revised capitation rates for the period July 1, 2013, through June 30, 2014.	June 5, 2014
A-19 extended the Primary Agreement until December 31, 2015 and included language that incorporates provisions related to Medicare Improvements for Patients and Providers Act (MIPPA)-compliant contracts and eligibility criteria for Dual Eligible Special Needs Plans (D-SNPs)	August 7, 2014
A-20 provided revised capitation rates for the period July 1, 2012, through June 30, 2013, for funding related to the Intergovernmental Transfer (IGT) Agreement between CalOptima and the University of California, Irvine and Optional Targeted Low-Income Child Members	September 4, 2014
A-21 provided revised 2013-2014 capitation rates.	November 7, 2013
A-22 revised capitation rates for Fiscal Year (FY) 2013-14 and added an aid code to implement Express Lane/CalFresh Eligibility	November 6, 2014
A-23 revised ACA 1202 rates for January – June 2014, established base capitation rates for FY 2014-2015, added an aid code related to the OTLIC and AIM programs, and contained language revisions related to supplemental payments for coverage of Hepatitis C medications.	December 4, 2014
A-24 revises capitation rates to include SB 239 Hospital Quality Assurance Fees for the period January 1, 2014 to June 30, 2014.	May 7, 2015

A-25 extends the contract term to December 31, 2016. DHCS is obtaining a continuation of the services identified in the original agreement.	May 7, 2015
A-26 . adjusts the 2013-2014 Intergovernmental Transfer (IGT) rates.	May 7, 2015
A-27 Adjusts the 2013-2014 capitation rates for the Optional Expansion and Senate Bill (SB) 239.	May 7, 2015
A-28 incorporates language requirements and supplemental payments for BHT into the primary agreement	October 2, 2014
A-29 added optional expansion rates for January- June 2015; also added updates to MLR language	April 2, 2015
A-30 incorporates language regarding Provider Preventable Conditions (PPC), determination of rates, and adjustments to 2014-2015 capitation rates with respect to Intergovernmental Transfer (IGT) Rate Range and Hospital Quality Assurance Fee (QAF).	December 1, 2016
A-31 extends the Primary Agreement with DHCS to December 31, 2020.	December 1, 2016

The following is a summary of amendments to the Secondary Agreement approved by the CalOptima Board of Directors (Board) to date:

Amendments to Secondary Agreement	Board Approval
A-01 implemented rate amendments to conform to rate amendments contained in the Primary Agreement with DHCS (08-85214).	July 8, 2010
A-02 implemented rate adjustments to reflect a decrease in the statewide average cost for Sensitive Services for rate period of July 1, 2010 through June 30, 2011.	August 4, 2011
A-03 extended the term of the Secondary Agreement to December 31, 2014	June 6, 2013
A-04 incorporates rates for the periods July 1, 2011 through June 30, 2012, and July 1, 2012 through June 30, 2013 as well as extends the current term of the Secondary Agreement to December 31, 2015.	January 5, 2012 (FY 11-12 and FY 12-13 rates) May 1, 2014 (term extension)
A-05 incorporates rates for the periods July 1, 2013 through June 30, 2014, and July 1, 2014 through June 30, 2015. For the period July 1, 2014 through June 30, 2015, Amendment A-05 also adds funding for the Medi-Cal expansion population for services provided to the Secondary Agreement.	December 4, 2014

<p>A-06 incorporates rates for the period July 1, 2015 onward. A-06 also extends the term of the Secondary Agreement to December 31, 2016.</p>	<p>May 7, 2015 (term extension)</p> <p>Rates Ratified by Board on April 7, 2016</p>
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CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

8. Consider Approval of Proposed Revisions to CalOptima Security-Related Policies

Contact

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

Recommended Actions

Authorize and approve updates to the following policies, subject to regulatory approval, as necessary:

1. GA.5005a: Use of Technology Resources;
2. IS.1102: Electronic Media, Electronic Storage Devices, and Hardware Controls;
3. IS.1201:EPHI Technical Safeguards – Access Controls;
4. IS.1202:EPHI Technical Safeguards – Data Controls;
5. IS.1301:Security of Workforce Access to EPHI; and
6. IS.1303: Audit, Review, Testing, and Change Management.

Background/Discussion

In its capacity as a covered entity health plan and business associate, CalOptima is required to create and update policies and procedures implementing the requirements of the Health Insurance Portability and Accountability Act (HIPAA), including those found in regulations addressing a set of national standards for protecting electronic health information (set forth in 45 Code of Federal Regulations Part 160 and Part 164, Subparts A and C and commonly referred to as the “Security Rule”).

The Security Rule requires that CalOptima implement reasonable and appropriate policies and procedures to comply with the security standards and specifications including administrative, physical and technical safeguards related to electronic protected health information (EPHI).

- Administrative safeguards address the management, selection, development, implementation, and maintenance of security measures to protect EPHI and management of the conduct of CalOptima’s workforce and business associates in relationship to its EPHI. Examples include policies and procedures addressing workforce clearance and access/termination to EPHI, security awareness and training, and security incident response.
- Physical safeguard policies and procedures are designed to protect CalOptima’s electronic information systems (IS) and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion. Examples include policies and procedures addressing facility security plans, device and media controls, and disposal of EPHI and the hardware/media on which it is stored.
- Technical safeguard policies and procedures address the use of and access to EPHI. Examples include encryption/decryption while EPHI is at rest and during transmission, audit controls and authentication standards.

Importantly, CalOptima is required to review its policies and procedures periodically and update them as necessary in response to environmental or operational changes affecting the security of EPHI. Such policies and procedures are also required to be submitted to CalOptima’s regulators. CalOptima’s

Information Systems (IS) Department has reviewed and updated several existing IS and Administrative security policies and procedures to memorialize changes and enhancements to CalOptima's processes.

Proposed changes to the individual policies are summarized in Attachment A and include:

- Definitions have been updated – primarily for clarity, and to include the appropriate references to the Code of Federal Regulations
- Language was clarified regarding the “covered entity” – replaced with the name CalOptima.
- Expanded some language to more accurately reflect federal regulations, e.g. rather than list only “technical” safeguards, this was made more broad to include “administrative, technical, and operations” safeguards.
- Other language was updated to more accurately and specifically address protection of devices and data, timeline requirements for various functions (e.g. annually rather than regularly).
- Increased usage restriction language with regard to company-issued equipment.

Fiscal Impact

The fiscal impact for the recommended action is budget neutral for Fiscal Year (FY) 2016-17. If additional expenses for software, hardware, and/or capital are necessary, staff will include such expenses as part of the proposed FY 2017-18 budget.

Rationale for Recommendation

Approval is recommended, subject to required regulatory approval, of the updated policies to ensure that CalOptima security-related policies are aligned with applicable federal and state requirements.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Attachment A: Summary of changes to each policy.

(Note – each policy listed includes both ‘redlined’ and clean versions for review)

2. GA.5005a: Use of Technology Resources
3. IS.1102: Electronic Media, Electronic Storage Device and Hardware Controls
4. IS.1201: EPHI Technical Safeguards – Access Controls
5. IS.1202: EPHI Technical Safeguards – Data Controls
6. IS.1301: Security of Workforce Access to EPHI
7. IS.1303: Audit, Review, Testing, and Change Management

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

ATTACHMENT A
SUMMARY OF IS POLICY CHANGES

	Policy No./Name	Summary of Changes	Reason for Change
1.	I.S.1102: Electronic Media, Electronic Storage Device and Hardware Controls	<ul style="list-style-type: none"> • Updated existing defined terms for clarity, and to include the appropriate references to the Code of Federal Regulations (CFR). • Added language to clarify that CalOptima’s Business Associates shall have policies and procedures as required by the Health Insurance Portability and Accountability Act (HIPAA) Security Rule and that are consistent with their obligations under the CalOptima Business Associate Agreements. • Updated provisions regarding removable storage devices to require users only store EPHI on company-provided electronic storage devices. • Revised provisions regarding destruction of EPHI and retention of the certificate of destruction for the period of time required by applicable regulations. • Clarified that Business Associates and users are subject sanctions or termination of contracts or employment, as applicable. • Updated references. 	<ul style="list-style-type: none"> • Policy updated to restrict the use of USB & other electronic storage devices • Policy updated regarding destruction of electronic storage devices • Policy updated regarding inventory of Information Systems
2.	IS.1202: EPHI Technical Safeguards – Data Controls	<ul style="list-style-type: none"> • Updated defined terms for clarity, and to include the appropriate references to the CFR.. • Added language to clarify that CalOptima’s Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under the CalOptima Business Associate Agreements. • Expanded provisions regarding actions or occurrences that compromise EPHI to include Administrative, Technical and Operational Safeguards. • Clarified that to Business Associates and users are subject sanctions or termination of contracts or employment, as applicable. • Updated provisions regarding transmission of EPHI. • Revised provisions to more accurately and specifically address protection of devices and data, security control processes, timeline requirements for various functions (e.g. annually rather than regularly).. • Updated provisions regarding integrity of EPHI to implementing industry-proven electronic mechanisms, to confirm electronically transmitted EPHI to electronic controls. • Added a provision to confirm that electronically transmitted EPHI has not been “accessed” in addition to “altered or destroyed.” • Revised provision regarding implementing 	<ul style="list-style-type: none"> • Policy updated to restrict the use of USB & other electronic storage devices • Encryption procedures updated

	Policy No./Name	Summary of Changes	Reason for Change
		<p>industry-proven security measures to ensure that electronically transmitted EPHI is not improperly modified, and removed.</p> <ul style="list-style-type: none"> • Updated references. 	
3.	IS.1201: EPHI Technical Safeguards – Access Controls	<ul style="list-style-type: none"> • Updated defined terms for clarity, and to include the appropriate references to the CFR. • Added language to clarify that CalOptima’s Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under the CalOptima Business Associate Agreements. • Clarified that Business Associates and users are subject sanctions or termination of contracts or employment, as applicable. Revised the timeframe of inactivity for when the system will automatically log off a user. • Revised the provision regarding prohibiting users from accessing another network simultaneously unless it is an approved hosted/cloud solution. • Updated references. 	<ul style="list-style-type: none"> • Policy updated to restrict the use of USB & other electronic storage devices • Policy updated to address cloud services
4.	IS.1301: Security of Workforce Access to EPHI	<ul style="list-style-type: none"> • Updated defined terms for clarity, and to include the appropriate references to the CFR. • Added language to clarify that CalOptima’s Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under the CalOptima Business Associate Agreements. • Clarified that Business Associates and users are subject sanctions or termination of contracts or employment, as applicable. • Clarified language that CalOptima shall document and review access privileges annually or more frequently as necessary. • Revised provisions regarding a change in a user’s role and processes to ensure appropriate access is maintained, including disabling access upon termination. • Updated references. . 	<ul style="list-style-type: none"> • Policy updated to restrict the use of USB & other electronic storage devices • Policy updated regarding termination of user access provisions
5.	GA.5005a: Use of Technology Resources	<ul style="list-style-type: none"> • Updated defined terms for clarity, and to include the appropriate references to the CFR. • Updated provisions regarding a user’s obligation to safeguard confidential information in accordance with privacy laws, CalOptima Code of Conduct, Compliance program and policies. • Clarified provisions regarding the use of technology resources for personal use. • Updated provisions that prohibit the use of user-owned equipment within CalOptima’s network. • Updated prohibited activities. • Added provision requiring users to immediately report any suspicious activity to 	<ul style="list-style-type: none"> • Policy definitions updated to conform to HIPAA • Policy updated to restrict the use of USB & other electronic storage devices • Policy updated to clarify limitation related to external e-mail accounts • Policy updated to address cloud services

	Policy No./Name	Summary of Changes	Reason for Change
		<p>the CalOptima Chief Security Officer (CSO). Compliance Officer or Privacy Officer.</p> <ul style="list-style-type: none"> • Added further restrictions on hardware and software usage. • Updated provisions on authorized usage of USB ports, remote access technology requirements, and encryption of laptops.. • Updated provision regarding CalOptima issued USB flash drives requiring encryption for EPHI data storage and transportation. • Updated provision regarding requirements for mailing external electronic devices. • Updated references. 	
6.	IS.1303: Audit, Review, Testing and Change Management	<ul style="list-style-type: none"> • Updated defined terms for clarity, and to include the appropriate references to the CFR.. • Added language to clarify that CalOptima’s Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under the CalOptima Business Associate Agreements. • Revised provisions regarding information system activity reviews. • Clarified that Business Associates and users are subject sanctions or termination of contracts or employment, as applicable.. • Deleted provisions regarding sharing data with regulatory agencies. 	<ul style="list-style-type: none"> • Policy updated to restrict the use of USB & other electronic storage devices • Technical policy changes including timing standards for system reviews

CEO Approval: Michael Schrader _____

Effective Date: 09/00
 Last Review Date: 02/02/1705/01/16
 Last Revised Date: 02/02/1705/01/16

1 **I. PURPOSE**

2
 3 ~~To ensure~~ This policy describes- the appropriate use of technology resources by Users.

4
 5 **DEFINITIONS**

Term	Definition
Access:	The Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or means necessary to read, write, modify, or communicate data or information to and use system resources.
Authentication	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The corroboration that a person is the one claimed.
	The property that data or information is not made available or disclosed to unauthorized persons or processes.
Confidentiality: Designee	The need to ensure that information is disclosed only to those who are authorized to access the resource. A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.
Encryption	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, or a method of converting an original message of regular text into encoded or unreadable text that is eventually decrypted into plain comprehensible text.
Electronic Protected Health Information (EPHI):	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
HelpDesk eTicket	The electronic ticketing system used at CalOptima.
Information System:	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control sharing a common functionality. Normally A system normally includes hardware, software, information, data, applications, communications, and Users people.
Integrity:	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The need to ensure property that data or information has have not been changed accidentally or deliberately. Data that is accurate, current and complete altered or destroyed in an unauthorized manner.

Policy #: GA.5005a

Title: Use of Technology Resources

Revised Date: 02/02/1705/01/16

Term	Definition
<u>Password</u>	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters or any secret string of characters that serves to authenticate a person's identity, and is used to grant or deny access.
<u>Risk</u>	The net mission impact, considering: — The probability potential that a particular given threat will accidentally trigger or intentionally exploit a particular vulnerability; vulnerabilities of an asset or group of assets and — The resulting impact if this should occur, thereby cause harm to the organization.
<u>Information Security</u>	All administrative, physical, and technical safeguards in an information system. The practice of defending information from unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction.
<u>Storage Device</u> <u>Protected Health Information (PHI)</u>	A device for recording or storing information and data (e.g., hard drives, Universal Serial Bus (USB) port devices, flash drives, CDRW or DVDRW drives, zip drives, jazz drives, external hard drives, and mobile phone devices that have the capability of storing information and data). Has the meaning in Title 45 Code of Federal Regulations Section 160.103, including the following: individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium. <u>Individually identifiable health information identifies the individual or there is reasonable basis to believe the information can be used to identify the individual. The information was created or received by Cal Optima or Business Associates and relates to:</u> — The past, present, or future physical or mental health or condition of a Member; — The provision of health care to a Member; or — Past, present, or future Payment for the provision of health care to a Member.
<u>Electronic Storage Device</u>	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
<u>Technical Safeguards:</u>	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedure which protects and controls access to procedures for its use that protect electronic protected health information, aligning the business value and sensitivity of the resource with the appropriate level of control. access to it.
<u>User:</u>	A person or entity with authorized access.

Policy #: GA.5005a

Title: Use of Technology Resources

Revised Date: 02/02/1705/01/16

Term	Definition
<u>Workstation</u>	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.

II. POLICY

~~A. Technology resources include CalOptima’s computer and telecommunications network, including, but not limited to, computers, computer files, software, electronic mail, voicemail, Internet, company issued mobile devices and Intranet.~~

~~B.~~

~~C. All Users, as used in this policy, include CalOptima employees, independent contractors, consultants, contract employees, temporary workers, and other persons or entities that have the responsibility to use technology resources, ~~regardless of location.~~~~

~~D.~~

~~A. It is every User’s duty to use technology resources responsibly and in a professional, ethical, and lawful manner, and to ensure technology resources and that safeguards confidential information contained within is secure, consistent with their obligations under privacy laws and the CalOptima Code of Conduct, Compliance Program and policies.~~

E.

~~A.~~

B. Technology resources are the property of CalOptima and shall only be used for approved purposes and in accordance with the terms and conditions of this policy. Occasional, limited, and appropriate personal use of technology resources is permitted if such use does not:

1. Interfere with the User’s work performance;
2. Interfere with any other User’s work performance;
3. Unduly impact the operations of any technology resources;
4. Result in any expense to CalOptima; ~~or~~
5. Violate any other provisions of CalOptima’s policies, guidelines, code of conduct, or standards: ; ~~or~~
6. Extend beyond or otherwise violate Access privileges.

C. CalOptima prohibits the use of User-owned equipment within CalOptima’s network, including, but not limited to, User-owned computers, laptops, routers, firewalls, hubs, and switches, ~~and mobile devices~~. Contractors and consultants, on limited basis, may be permitted to use User-owned laptops that have been reviewed by CalOptima Information Security ~~and, provided~~ proper security protocols have been agreed upon, in writing, prior to granting access to the CalOptima network.

D. Users shall have no expectation or assumption of ~~Confidentiality~~ confidentiality or privacy of any kind related to the use of technology resources. CalOptima, ~~upon the approval of the Chief Security Officer (CSO) and/or the Compliance Officer,~~ has the right, with or without cause or notice, to access ~~Access~~ and monitor technology resources and review any information contained ~~within.~~

Policy #: GA.5005a

Title: Use of Technology Resources

Revised Date: 02/02/1705/01/16

~~This~~ herein. Any other special Access and/or monitoring requests must be requested, made in writing, ~~via the Information Services HelpDesk eTicket system, and~~ and be approved by the CSO and the Compliance Chief Security Officer, at a minimum, (CSO). ~~In certain instances, matters related to CalOptima employees, approval from the~~ Human Resources (HR) approval Department and the Office of Compliance may also be required.

E. Prohibited activities

1. A User shall not compromise the Integrity integrity of CalOptima's technology resources through activities such as:

- a. Intentionally developing or using programs that -"hack," infiltrate a computer, computing system, or network; or
- b. Damaging or altering software components of a computer, computing system, or network.

~~2. A User shall not engage in any illegal activities while utilizing CalOptima's technology resources. A User shall immediately report any suspected illegal activity to the CalOptima Compliance Officer.~~

~~3.~~

4.2. A User shall not attempt to bypass, alter, or impair any CalOptima information services Security security system.

~~5.3.~~ A User shall not engage in any of the following activities:

- a. Unauthorized copying of copyrighted material;
- b. Installing copyrighted software ~~without approval, that CalOptima did not purchase and for which CalOptima does not have an active license;~~
- c. Introducing ~~of~~ malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, or other malicious items the Information Services Security team deems threatening to the health of the CalOptima technology resources.);
- d. Revealing account Passwords to others or allowing use of CalOptima technology resources by others, including family and other household members when working from home or in any remote location away from the office(s);
- e. Procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws;
- f. ~~Port scanning or security~~ Conducting any network scanning unless authorized by the CalOptima CSO and deemed necessary for security audit or investigative purposes;
- g. Circumventing User Authentication or Security of any host, network, or account;
- h. Using ~~a system (e.g., "thumb drives" or external drives) an Electronic Storage Device~~ other than that authorized ~~by and/or~~ provided by CalOptima ~~to store files,;~~

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- i. Using CalOptima equipment for commercial use or any use for personal gain;
- j. Adding, removing, or modifying identifying network header information (aka "spoofing");
- k. Attempting to impersonate any person by using forged headers or other identifying information or using any type of anonymizer or any other means to mask, hide, or modify identity or activities electronically;
- l. Impersonating any person by using or modifying their login credentials, User ID, Password, or other login information;
- m. Using a proxy server other than CalOptima's internal proxy server;
- n. Using any type of external email account, program, script, command, or other computer-related device to send messages in place of CalOptima's e-mail server;
- o. Facilitating use or Access by non-authorized Users, including sharing of login IDs, Passwords, or other login information;
- p. Installing, storing, or downloading of unauthorized software and freeware, such as computer games;
- q. Playing online and computer games using CalOptima's technology resources;
- r. Attempting to gain Access to files and resources to which the User has not been granted permission; or
- s. Stealing, vandalizing, disrupting, or obstructing the proper use of computing equipment.

~~—A User may contact CalOptima's Information Services Security team for more information regarding prohibited activities.~~

F. A User shall immediately report any suspicious activity to the CalOptima CSO, Compliance Officer, or Privacy Officer.

G. Software and hardware

1. CalOptima shall only support software, Hardware, and telephones purchased by CalOptima.
2. ~~In order to avoid system conflicts and to anticipate necessary upgrades to Hardware,~~ all software and Hardware must be approved and purchased through CalOptima's Information Services (IS) Department.
3. A User shall not install personal Hardware without ~~expressed~~ the expressed permission ~~from of~~ the CalOptima IS Department, as provided via the eTicket system, as devices such as wireless access points, ~~Storage Devices,~~ and network Hardware may represent a ~~Security Risk~~ security risk or impede operations.

H. A User shall store all business information on ~~the~~ CalOptima network storage and not on the computer's hard drive (C: drive). If business data must be stored on the hard drive (C: drive) for

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temporary processing or testing purposes, this data should be moved to ~~the~~ CalOptima network storage, ~~G: drive and/or H: drive~~, as appropriate, once the computer is connected to CalOptima's network.

~~I. A User shall exercise caution regarding security when using CDs and DVDs for work related activity. These media types should be treated as any other external media and protected health information should not be stored on such media types without proper authorization. A virus infection may arise from downloading files from the Internet, loading data into a computer from an external media device, or accessing an e-mail attachment. A User may request the CalOptima IS Department to scan data for viruses.~~

~~An employee should not store PHI on CDs, DVDs, external Electronic Storage Devices, mobile phones, external email accounts and cloud storage without proper authorization from the IS Department.~~

I. An employee should not store PHI on CDs, DVDs, external Electronic Storage Devices, mobile phones, external email accounts and cloud storage without proper authorization from the IS Department.

J. All CalOptima laptops will have be deployed with hard drive Encryption. ~~CalOptima may provide a User with a laptop computer in accordance with CalOptima Policy GA.5005c: Laptop Loaner Policy.~~

K. CalOptima shall provide Users with access to electronic mail and the Internet in accordance with CalOptima Policy GA.5005b: Email and Internet Use.

L. USB port write access in eTicket is granted on an as-needed basis, for a limited time, to be approved by the CSO and/or his or her Designee.

M. All CalOptima Employees who utilize cloud services for storage and/or processing of Business Information and/or Sensitive Information (PHI) must utilize only CalOptima approved services for such activities. CalOptima Employees requiring cloud storage services for CalOptima business processing, outside of the CalOptima IS approved solution(s), must submit a request via Help Desk Ticket for such services, and obtain approval from the department Director or above, as well as the IS Director of Infrastructure or above.

N. Sensitive data (PHI) should not be stored on nor sent to, from or through any employee's personal consumer email service. Examples include -Yahoo!, live.com, Gmail,-, Hotmail, AOL, or any other non-CalOptima email system.

III. PROCEDURE

A. CalOptima's IS Department shall issue to each User ama domain account and Password to Access and use the CalOptima network.

1. The Password shall grant the User ~~access~~Access to information based on the User's work assignment and role requirements and, as such, the Security level will be determined by their immediate management.

2. A User may change their Password at any time.

1
2 | 3. A User's network account Password will expire at least every sixty (60) calendar days. Upon
3 prompting by the CalOptima network, a User shall assign a new Password, different from the
4 previous twenty-four (24) passwords.
5

6 | 4. ~~CalOptima recommends~~ Users must use ~~of~~ a password that is not obvious, that includes a
7 combination of upper and lower case letters, numbers, and symbols and is, at least, eight (8)
8 characters long.
9

10 | ~~4. A User shall maintain the Security of their password.~~

11 | ~~e.a.~~ CalOptima configures all ~~User accounts~~ Workstations with a Password-protected ~~screen~~
12 ~~saverscreensaver~~ that activates after a designated period of inactivity, in accordance with
13 CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls.
14

15 | ~~e.b.~~ To minimize ~~Risk~~ the risk of unauthorized use of a computer, a User is expected to manually
16 "lock" their computer ~~when~~ whenever it will be unattended. This is done by keying Ctrl, Alt,
17 Delete simultaneously and clicking 'Lock this Computer' or by pressing the
18 "~~windows~~ Windows" key followed by the "L" key.
19

20 | ~~e.c.~~ A User shall not share their Password with another User, including IS Department staff.
21 CalOptima's IS Department will reset a ~~Users~~ User's Password if they are required to
22 troubleshoot a computer related issue by simulating the Users account.
23

24 | ~~f.d.~~ If a User believes that their Password is known by another User, the User shall change their
25 Password immediately.
26

27 | 5. A User shall not use another User's account or represent another User.
28

29 | 6. CalOptima may hold a User responsible for any abuse when User knowingly allows someone
30 else to use their account.
31

32 | B. CalOptima's IS Department may authorize remote access to CalOptima's network system.
33

34 | 1. CalOptima shall not allow non-CalOptima equipment to have remote access to the CalOptima
35 network unless authorized via an eTicket by the CSO. Such authorization will be for
36 contractors and consultants to perform necessary contractual obligations.
37

38 | 2. Remote connections are subject to the same Security considerations as on-site connections.
39

40 | 3. CalOptima shall exercise strict control over remote Access through Authentication tokens,
41 Password authentication, two (2) factor authentication or public/private keys with strong
42 Passwords.
43

44 | 4. A computer that is connected to CalOptima internal networks by remote Access technology
45 resources will ~~be on the most up to date anti-virus software provided by CalOptima~~ needed to
46 meet IS security control standards, i.e., current antivirus signatures or agents, operating system
47 (OS) patching, restricted network access.
48
49

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~~5. All data saved to a portable Storage Device shall be Encrypted. The portable device should comply with the Only CalOptima issued USB flash drives, which are FIPS 140-2 standard by the person saving the data onto the device.~~

~~7.5. A User may request the CalOptima IS Department to save data to a portable compliant, are to be used for ePHI data storage device. The CalOptima IS Department shall Encrypt and/or Password protect any data it saves to such portable Storage Device. transportation.~~

~~8.6. If a User mails a portable needs to mail an Electronic Storage Device to another User party outside the CalOptima premises, such User shall mail the Encrypted portable encrypted Electronic Storage Device by priority or registered mail service with return receipt requested. (i.e., FedEx UPS, etc.) or a private express services with full tracking, such as Federal Express or United Parcel Service).~~

~~9.C.~~ Violation of any component of this policy is subject to disciplinary action, up to and including termination of employment, and potential civil and criminal liability.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

A. CalOptima Code of Conduct

~~A.B.~~ CalOptima Policy GA.5005b: Email and Internet Use

~~B. CalOptima Policy GA.5005c: Laptop Loaner Policy~~

C. CalOptima Policy IS.1001: Glossary of Terms

D. CalOptima Policy IS.1201 EPHI Technical Safeguards- - Access Controls

E. CalOptima USB flash drive Checkout Procedure

VI. REGULATORY ~~APPROVALS~~ AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

A. 02/02/17: Regular Meeting of the CalOptima Board of Directors ~~None to Date~~

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Name	Line(s) of Business
Original Effective	09/00	GA.5005	Technology Resources	<u>Administrative</u>
Revised	07/01/2007	GA.5005a	Use of Technology Resources	<u>Administrative</u>
Revised	08/01/2007	GA.5005a	Use of Technology Resources	<u>Administrative</u>
Revised	09/01/2014	GA.5005a	Use of Technology Resources	<u>Administrative</u>
Revised	04/01/2015	GA.5005a	Use of Technology Resources	<u>Administrative</u>
Revised	11/01/2015	GA.5005a	Use of Technology Resources	<u>Administrative</u>
Revised	05/01/2016	GA.5005a	Use of Technology Resources	<u>Administrative</u>

Policy #: GA.5005a

Title: Use of Technology Resources _____
_____ Revised Date: 02/02/17~~05/01/16~~

Version	Date	Policy Number	Policy Name	Line(s) of Business
<u>Revised</u>	<u>02/02/2017</u>	<u>GA.5005a</u>	<u>Use of Technology Resources</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or means necessary to read, write, modify, or communicate data or information and use system resources.</u>
<u>Authentication</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The corroboration that a person is the one claimed.</u>
<u>Designee</u>	<u>A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.</u>
<u>Encryption</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key.</u>
<u>Electronic Protected Health Information (ePHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>HelpDesk eTicket</u>	<u>The electronic ticketing system used at CalOptima.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control sharing a common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Integrity</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>
<u>Password</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters.</u>
<u>Risk</u>	<u>The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.</u>
<u>Information Security</u>	<u>The practice of defending information from unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction.</u>
<u>Protected Health Information (PHI)</u>	<p><u>Has the meaning in Title 45 Code of Federal Regulations Section 160.103, including the following: individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium.</u></p> <p><u>Individually identifiable health information identifies the individual or there is reasonable basis to believe the information can be used to identify the individual. The information was created or received by Cal Optima or Business Associates and relates to:</u></p> <ol style="list-style-type: none"> <u>1. The past, present, or future physical or mental health or condition of a Member;</u>

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<u>Term</u>	<u>Definition</u>
	<u>2. The provision of health care to a Member; or</u> <u>3. Past, present, or future Payment for the provision of health care to a Member.</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Technical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology and the policy and procedures for its use that protect electronic protected health information and control access to it.</u>
<u>User</u>	<u>A person or entity with authorized access.</u>
<u>Workstation</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.</u>

1

CEO Approval: Michael Schrader _____

Effective Date: 09/00
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
3 This policy describes the appropriate use of technology resources by Users.

4
5
6 **II. POLICY**

- 7
8 A. All Users have the responsibility to use technology resources in a manner that safeguards
9 confidential information consistent with their obligations under privacy laws and the CalOptima
10 Code of Conduct, Compliance Program and policies.
11
12 B. Technology resources are the property of CalOptima and shall only be used for approved purposes
13 and in accordance with the terms and conditions of this policy. Occasional, limited, and appropriate
14 personal use of technology resources is permitted if such use does not:
15
16 1. Interfere with the User’s work performance;
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18 2. Interfere with any other User’s work performance;
19
20 3. Unduly impact the operations of any technology resources;
21
22 4. Result in any expense to CalOptima;
23
24 5. Violate any other provisions of CalOptima’s policies, guidelines, code of conduct, or standards;
25 or
26
27 6. Extend beyond or otherwise violate Access privileges.
28
29 C. CalOptima prohibits the use of User-owned equipment within CalOptima’s network, including, but
30 not limited to, User-owned computers, laptops, routers, firewalls, hubs, and switches. Contractors
31 and consultants, on limited basis, may be permitted to use User-owned laptops that have been
32 reviewed by CalOptima Information Security, provided proper security protocols have been agreed
33 upon, in writing, prior to granting access to the CalOptima network.
34
35 D. Users shall have no expectation or assumption of confidentiality or privacy of any kind related to
36 the use of technology resources. CalOptima has the right, with or without cause or notice, to Access
37 and monitor technology resources and review any information contained therein. Any other special
38 Access and/or monitoring requests must be made in writing and be approved by the Chief Security
39 Officer (CSO). In matters related to CalOptima employees, approval from the Human Resources
40 (HR) Department and the Office of Compliance may also be required.
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42 E. Prohibited activities

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1. A User shall not compromise the integrity of CalOptima’s technology resources through activities such as:
 - a. Intentionally developing or using programs that “hack,” infiltrate a computer, computing system, or network; or
 - b. Damaging or altering software components of a computer, computing system, or network.
2. A User shall not attempt to bypass, alter, or impair any CalOptima information services security system.
3. A User shall not engage in any of the following activities:
 - a. Unauthorized copying of copyrighted material;
 - b. Installing copyrighted software ;
 - c. Introducing malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, or other malicious items the Information Services Security team deems threatening to the health of the CalOptima technology resources.);
 - d. Revealing account Passwords to others or allowing use of CalOptima technology resources by others, including family and other household members when working from home or in any remote location away from the office(s);
 - e. Procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws;
 - f. Conducting any network scanning unless authorized by the CalOptima CSO and deemed necessary for security audit or investigative purposes;
 - g. Circumventing User Authentication or Security of any host, network, or account;
 - h. Using an Electronic Storage Device other than that authorized and provided by CalOptima,;
 - i. Using CalOptima equipment for commercial use or any use for personal gain;
 - j. Adding, removing, or modifying identifying network header information (aka "spoofing");
 - k. Attempting to impersonate any person by using forged headers or other identifying information or using any type of anonymizer or any other means to mask, hide, or modify identity or activities electronically;
 - l. Impersonating any person by using or modifying their login credentials, User ID, Password, or other login information;
 - m. Using a proxy server other than CalOptima’s internal proxy server;

- 1 n. Using any type of external email account, program, script, command, or other computer-
2 related device to send messages in place of CalOptima's e-mail server;
3
- 4 o. Facilitating use or Access by non-authorized Users, including sharing of login IDs,
5 Passwords, or other login information;
6
- 7 p. Installing, storing, or downloading of unauthorized software and freeware, such as
8 computer games;
9
- 10 q. Playing online and computer games using CalOptima's technology resources;
11
- 12 r. Attempting to gain Access to files and resources to which the User has not been granted
13 permission; or
14
- 15 s. Stealing, vandalizing, disrupting, or obstructing the proper use of computing equipment.
16
- 17 F. A User shall immediately report any suspicious activity to the CalOptima CSO, Compliance
18 Officer, or Privacy Officer.
19
- 20 G. Software and hardware
21
- 22 1. CalOptima shall only support software, Hardware, and telephones purchased by CalOptima.
23
- 24 2. all software and Hardware must be approved and purchased through CalOptima's Information
25 Services (IS) Department.
26
- 27 3. A User shall not install personal Hardware without the expressed permission of the CalOptima
28 IS Department, as provided via the eTicket system, as devices such as wireless access points
29 and network Hardware may represent a security risk or impede operations.
30
- 31 H. A User shall store all business information on CalOptima network storage and not on the
32 computer's hard drive (C: drive). If business data must be stored on the hard drive (C: drive) for
33 temporary processing or testing purposes, this data should be moved to CalOptima network storage,
34 as appropriate, once the computer is connected to CalOptima's network.
35
- 36 I. An employee should not store PHI on CDs, DVDs, external Electronic Storage Devices, mobile
37 phones, external email accounts and cloud storage without proper authorization from the IS
38 Department.
39
- 40 J. All CalOptima laptops will be deployed with hard drive Encryption. .
41
- 42 K. CalOptima shall provide Users with access to electronic mail and the Internet in accordance with
43 CalOptima Policy GA.5005b: Email and Internet Use.
44
- 45 L. USB port write access in eTicket is granted on an as-needed basis, for a limited time, to be approved
46 by the CSO and/or his or her Designee.
47
- 48 M. All CalOptima Employees who utilize cloud services for storage and/or processing of Business
49 Information and/or Sensitive Information (PHI) must utilize only CalOptima approved services for
50 such activities. CalOptima Employees requiring cloud storage services for CalOptima business

1 processing, outside of the CalOptima IS approved solution(s), must submit a request via Help Desk
2 Ticket for such services, and obtain approval from the department Director or above, as well as the
3 IS Director of Infrastructure or above.
4

- 5 N. Sensitive data (PHI) should not be stored on nor sent to, from or through any employee's personal
6 consumer email service. Examples include Yahoo!, live.com, Gmail, Hotmail, AOL, or any other
7 non-CalOptima email system.
8
9

10 III. PROCEDURE

11
12 A. CalOptima's IS Department shall issue to each User a domain account and Password to Access and
13 use the CalOptima network.
14

- 15 1. The Password shall grant the User Access to information based on the User's work assignment
16 and role requirements and, as such, the Security level will be determined by their immediate
17 management.
18
19 2. A User may change their Password at any time.
20
21 3. A User's network account Password will expire at least every sixty (60) calendar days. Upon
22 prompting by the CalOptima network, a User shall assign a new Password, different from the
23 previous twenty-four (24) passwords.
24
25 4. Users must use a password that is not obvious, that includes a combination of upper and lower
26 case letters, numbers, and symbols and is, at least, eight (8) characters long.
27
28 a. CalOptima configures all Workstations with a Password-protected screensaver that activates
29 after a designated period of inactivity, in accordance with CalOptima Policy IS.1201: EPHI
30 Technical Safeguards – Access Controls.
31
32 b. To minimize the risk of unauthorized use of a computer, a User is expected to manually
33 "lock" their computer whenever it will be unattended. This is done by keying Ctrl, Alt,
34 Delete simultaneously and clicking 'Lock this Computer' or by pressing the "Windows"
35 key followed by the "L" key.
36
37 c. A User shall not share their Password with another User, including IS Department staff.
38 CalOptima's IS Department will reset a User's Password if they are required to troubleshoot
39 a computer related issue by simulating the Users account.
40
41 d. If a User believes that their Password is known by another User, the User shall change their
42 Password immediately.
43
44 5. A User shall not use another User's account or represent another User.
45
46 6. CalOptima may hold a User responsible for any abuse when User knowingly allows someone
47 else to use their account.
48

49 B. CalOptima's IS Department may authorize remote access to CalOptima's network system.
50

1. CalOptima shall not allow non-CalOptima equipment to have remote access to the CalOptima network unless authorized via an eTicket by the CSO. Such authorization will be for contractors and consultants to perform necessary contractual obligations.
 2. Remote connections are subject to the same Security considerations as on-site connections.
 3. CalOptima shall exercise strict control over remote Access through Authentication tokens, Password authentication, two (2) factor authentication or public/private keys with strong Passwords.
 4. A computer that is connected to CalOptima internal networks by remote Access technology resources will need to meet IS security control standards, i.e., current antivirus signatures or agents, operating system (OS) patching, restricted network access.
 5. Only CalOptima issued USB flash drives, which are FIPS 140-2 compliant, are to be used for ePHI data storage and/or transportation.
 6. If a User needs to mail an Electronic Storage Device to another party outside CalOptima, such User shall mail the encrypted Electronic Storage Device by priority or registered mail service with return receipt requested. (or a private express services with full tracking, such as Federal Express or United Parcel Service).
- C. Violation of any component of this policy is subject to disciplinary action, up to and including termination of employment, and potential civil and criminal liability.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

- A. CalOptima Code of Conduct
- B. CalOptima Policy GA.5005b: Email and Internet Use
- C. CalOptima Policy IS.1001: Glossary of Terms
- D. CalOptima Policy IS.1201 EPHI Technical Safeguards - Access Controls
- E. CalOptima USB flash drive Checkout Procedure

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Name	Line(s) of Business
Effective	09/00	GA.5005	Technology Resources	Administrative
Revised	07/01/2007	GA.5005a	Use of Technology Resources	Administrative

Policy #: GA.5005a

Title: Use of Technology Resources

Revised Date: 02/02/17

Version	Date	Policy Number	Policy Name	Line(s) of Business
Revised	08/01/2007	GA.5005a	Use of Technology Resources	Administrative
Revised	09/01/2014	GA.5005a	Use of Technology Resources	Administrative
Revised	04/01/2015	GA.5005a	Use of Technology Resources	Administrative
Revised	11/01/2015	GA.5005a	Use of Technology Resources	Administrative
Revised	05/01/2016	GA.5005a	Use of Technology Resources	Administrative
Revised	02/02/2017	GA.5005a	Use of Technology Resources	Administrative

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1 IX. GLOSSARY
 2

Term	Definition
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or means necessary to read, write, modify, or communicate data or information and use system resources.
Authentication	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The corroboration that a person is the one claimed.
Designee	A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.
Encryption	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key.
Electronic Protected Health Information (ePHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
HelpDesk eTicket	The electronic ticketing system used at CalOptima.
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control sharing a common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.
Password	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters.
Risk	The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.
Information Security	The practice of defending information from unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction.
Protected Health Information (PHI)	<p>Has the meaning in Title 45 Code of Federal Regulations Section 160.103, including the following: individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium.</p> <p>Individually identifiable health information identifies the individual or there is reasonable basis to believe the information can be used to identify the individual. The information was created or received by Cal Optima or Business Associates and relates to:</p> <ol style="list-style-type: none"> 1. The past, present, or future physical or mental health or condition of a Member; 2. The provision of health care to a Member; or

Term	Definition
	3. Past, present, or future Payment for the provision of health care to a Member.
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Technical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology and the policy and procedures for its use that protect electronic protected health information and control access to it.
User	A person or entity with authorized access.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.

Policy #: IS.1102
 Title: **Electronic Media, Electronic Storage Device and Hardware Controls**
 Dept.: Information Services
 Section: HIPAA Security

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
 Last Review Date: 02/02/1705/01/16
 Last Revised Date: 02/02/1705/01/16

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I. PURPOSE

~~To ensure~~This policy describes the proper handling of Electronic Media, Electronic Storage Devices, and Hardware that ~~eontains~~contain Electronic Protected Health Information (EPHI).__

II. DEFINITIONS

Term	Definition
Access	The ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Business Associates	A person or entity other than a member of CalOptima’s workforce that performs functions or activities on CalOptima’s behalf, or provides specified services to CalOptima, that involve the Use or Disclosure of protected health information.
Covered Entity	A health plan, health care clearinghouse, or other health care provider that transmits health information in electronic form, including, but not limited to, CalOptima and its health networks.
Electronic Media	Electronic storage media, including memory devices in computers (i.e. hard drives) and any removable or transportable digital memory medium (e.g. magnetic tape or disk, optical disk, or digital memory card).
Electronic Protected Health Information (EPHI)	Protected Health Information that is created, received, maintained, or transmitted in electronic format.
Encryption	The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, or a method of converting an original message of regular text into encoded or unreadable text that is eventually decrypted into plain comprehensible text.
Facility	The physical premises and the interior and exterior of a building.
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996. Sections 261 through 264 of HIPAA require the Secretary of the U.S. Department of Health and Human Services (HHS) to publicize standards for the electronic exchange, privacy and security of health information as amended.
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a

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Title: Electronic Media, Electronic Storage Device, and Hardware Controls ~~I~~ Revised Date: 02/02/17-05/01/16

Term	Definition
	computer system (e.g. CPU, disk drives, keyboard, screen).
Help Desk E-Ticket	The electronic ticketing system used at CalOptima.
Sanctions	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Storage Device	A device for recording or storing information and data (e.g., hard drives, Universal Serial Bus (USB) port devices, flash drives, CDRW or DVDRW drives, zip drives, jazz drives, external hard drives, and mobile phone devices that have the capability of storing information and data).
User	A person or entity with authorized access.

1
2 **III.II. POLICY**
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- 4 A. ~~A Covered Entity and Business Associates~~ CalOptima shall implement mechanisms to manage the
5 receipt, removal, reuse, disposal ~~of~~, and accountability ~~offor~~ -Electronic Media, Electronic Storage
6 Devices, and Hardware that contains EPHI.
7
- 8 B. ~~A Covered Entity and Business Associates~~ CalOptima shall monitor and record the movement of
9 Electronic Media, Electronic Storage Devices, and Hardware that contains EPHI into and out of a
10 Facility and the movement of these items within such Facility.
11
- 12 C. ~~A Covered Entity and Business Associates~~ CalOptima shall implement procedures for the removal
13 of EPHI from Electronic Media, Electronic Storage Devices, and Hardware before such items are
14 made available for re-use.
15
- 16 D. ~~A Covered Entity and Business Associates~~ CalOptima shall implement procedures for the final
17 disposal of EPHI, or the Electronic Media, Electronic Storage Devices, and Hardware on which it is
18 stored. If such Electronic Media, ~~-Electronic Storage Devices~~, or Hardware, that ~~contains~~ contain
19 EPHI ~~is~~ are disposed, ~~the Covered Entity of~~, CalOptima shall render the EPHI unreadable, in
20 accordance with Section ~~IV.D.III.A.2.~~ of this policy.
21
- 22 E. A Covered Entity and Business Associates CalOptima shall only allow company-issued Electronic
23 Storage Devices to be used for storing EPHI.
24
- 25 E.F. CalOptima shall educate Users on the proper handling ~~protection~~ of Electronic Media, Electronic
26 Storage Devices, and Hardware that contains EPHI in accordance with CalOptima Policy IS.1301:
27 ~~Workforce Security of Workforce Access to EPHI.~~
28
- 29 ~~F.~~ If an action, or occurrence, that compromises Electronic Media, Electronic Storage Devices, or
30 Hardware that contains EPHI including, but not limited to, misuse, ~~unauthorized Access~~, tampering,
31 theft, damage ~~or~~, misplacement, ~~or non-compliance with required Access controls~~, results in a
32 known, or suspected ~~breach~~, ~~a Covered Entity and Business Associates shall adhere to the policy~~
33 ~~and procedures outlined in CalOptima Policies HH.3020: Reporting Breach of Data Security,~~
34 ~~Intrusion, Incident, Breach and/or Unauthorized other unauthorized Use, or Disclosure of PHI and~~
35 ~~MA.9222: Reporting Breach of Data Security, Intrusion, or Unauthorized Use or Disclosure of PHI,~~
36 CalOptima and its Business Associates, as applicable.
37

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Title: Electronic Media, Electronic Storage Device, and Hardware Controls **I** Revised Date: 02/02/17-05/01/16

1 ~~G. CalOptima may impose Sanctions on a Business Associate for violations of the standards outlined~~
2 ~~in this policy, as described in the CalOptima Business Associate Agreement.~~

3
4 ~~H.G. CalOptima may impose Sanctions on a Health Network for violations of the standards outlined~~
5 ~~in this policy, shall report such known, or suspected, Security Incident, Breach, and/or other~~
6 ~~unauthorized Use, or Disclosure, in accordance with CalOptima Policy HH.2002: Sanctions and~~
7 ~~MA.9105: Sanctions, as applicable. 3020Δ: Reporting and Providing Notice of Security Incidents,~~
8 ~~Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI and contractual~~
9 ~~obligations.~~

10
11 ~~H. CalOptima and its Business Associates shall apply appropriate Sanctions against its Business~~
12 ~~Associates and/or Users where there has been a violation of compliance with HIPAA, as amended,~~
13 ~~and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and~~
14 ~~including termination of contracts, or employment, as applicable and in accordance with CalOptima~~
15 ~~Policy HH.2002Δ: Sanctions.~~

16
17 ~~I. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and~~
18 ~~that are consistent with their obligations under CalOptima Business Associate Agreements.~~

19
20 **IV.III. PROCEDURE**

21
22 ~~A. A Covered Entity and Business Associates shall maintain a record and inventory of EPHI~~
23 ~~maintained by the organization to include:~~

24
25 ~~1. EPHI inventory date;~~

26
27 ~~2. Electronic Media and Hardware that process or store EPHI;~~

28
29 ~~3. Description of the EPHI maintained;~~

30
31 ~~4. Location of the EPHI;~~

32
33 ~~5. Authorized person(s) responsible for the EPHI; and~~

34
35 ~~6. Tracking of movements of Electronic Media and Hardware that contains EPHI within a Facility~~
36 ~~and from one location to another.~~

37
38 ~~A. A Covered Entity CalOptima shall identify, inventory, and secure all information systems, including~~
39 ~~all hardware and software that are used to collect, store, process, or transmit EPHI, that house EPHI~~
40 ~~and their authorized data owner and User, in the following manner:~~

41
42 ~~1. Access to Hardware, software and network resources shall be approved by the department~~
43 ~~director via the eTicket system prior to their granting by the IS Department.~~

44
45 ~~2. CalOptima shall label all CalOptima computers with a unique identifier for tracking and~~
46 ~~security purposes.~~

47
48 ~~3. "The IS Department shall track and monitor all software licenses.~~

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1 4. EPHI can only be shared with partners or Business Associates that have an active and current
2 Business ~~Associates~~Associate Agreement.

3
4 5. The IS Department shall monitor and audit all databases that contain EPHI ~~utilizing~~utilizing a
5 database auditing tool.

6
7 B. CalOptima shall Encrypt ~~removable~~Electronic Media, Electronic Storage Devices, and Hardware
8 that contains EPHI, in accordance with CalOptima Policy IS.1202: EPHI Technical Safeguards –
9 Data Controls, including such items sent by mail, as specified in CalOptima Policies HH.3002:
10 ~~Minimum Necessary Uses and Disclosures of PHI and Document Controls and MA.92043002A~~:
11 Minimum Necessary Uses and Disclosures of PHI and Document Controls.

12 ~~C.~~

13 ~~A.~~

14 ~~B. CalOptima employees shall request and obtain permission from the CalOptima Security Officer~~
15 ~~(CSO) prior to storing EPHI on a portable Storage Device by submitting a Help Desk E-Ticket.~~

16 ~~C.~~

17 C. A Covered Entity and Business Associates A User may request a CalOptima approved Electronic
18 Storage Devices via the internal eTicket system. The CalOptima IS Department shall copy and
19 encrypt any PHI data it saves to such Electronic Storage Device. A User is responsible to return the
20 loaned Electronic Storage Device in a timely manner and the IS Department is responsible to
21 manage and track the devices.

22
23 D. CalOptima shall destroy EPHI using one (1) of the following Department of Defense standard
24 methods for data destruction, if and when EPHI is no longer needed:

25
26 1. ~~Overwrite~~Wipe and overwrite all addressable locations with a character, its compliment, then a
27 random character, and verify; or

28
29 2. Destroy (i.e., disintegrate, incinerate, pulverize, shred, or melt).

30
31 E. ~~If a Covered Entity and Business Associates plan to destroy EPHI, it~~CalOptima shall obtain and
32 keep the certificate of destruction, ~~as requested for all destroyed Electronic Media that contains~~
33 EPHI for the period of time required by applicable regulations.

34
35 F. ~~A Covered Entity and Business Associates~~CalOptima shall not discard, or dispose, Electronic
36 Media, Electronic Storage Devices, or Hardware that contains readable EPHI that was not
37 ~~destroyed/wiped~~ in accordance with Section ~~IV.D.III.A.2.~~ of this policy.

38
39 G. To protect the availability of EPHI, ~~a Covered Entity and Business Associates~~CalOptima shall
40 create and maintain a retrievable, exact copy of EPHI, when needed, before removing the movement
41 ~~of such~~Electronic Media, Electronic Storage Device or Hardware from production, in accordance
42 with CalOptima Policy IS.1302: Contingency and Data Backup Plan.

43
44 H. CalOptima may take disciplinary action ~~on~~against a User ~~in violation of, or Business Associate,~~
45 who violates -the provisions of this policy, up to and including termination of employment or
46 contract.

47
48 V.IV. ATTACHMENTS

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Title: Electronic Media, Electronic Storage Device, and Hardware Controls ~~I~~ Revised Date: 02/02/17-05/01/16

1
2 Not Applicable
3

4 **VI.V. REFERENCES**

- 5
6 A. CalOptima Business Associate Agreement
7 B. CalOptima Contract for Health Care Services
8 C. CalOptima Contract with the ~~Department of Health Care~~ Centers for Medicare & Medicaid Services
9 (~~DHCS~~) CMS for Medicare Advantage
10 D. CalOptima Contract with the Department of Health Care Services (DHCS) for Medi-Cal
11 ~~D.E.~~ CalOptima Policy HH.2002: Sanction2002A: Sanctions
12 ~~E.F.~~ CalOptima Policy HH.30023002A: Minimum Necessary Uses and Disclosures of PHI and
13 Document Controls
14 ~~F.~~ CalOptima Policy HH.30203020A: Reporting a Breach and Providing Notice of Data Security,
15 Intrusion, Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI
16 G. /PI
17 ~~G.H.~~ CalOptima Policy IS.1001: Glossary of Terms
18 ~~H.I.~~ CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls
19 ~~I.J.~~ CalOptima Policy IS.1301: Security of Workforce Security Access to EPHI
20 ~~J.K.~~ CalOptima Policy IS.1302: Contingency and Data Backup Plan
21 ~~K.~~ CalOptima Policy MA.9105: Sanctions
22 ~~L.~~ CalOptima Policy MA.9204: Minimum Necessary Uses and Disclosures of PHI and Document
23 Controls
24 ~~M.~~ CalOptima Policy MA.9222: Reporting Breach of Data Security, Intrusion, or Unauthorized Use or
25 Disclosure of PHI
26 ~~N.L.~~ CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS)
27 and the Department of Health Care Services (DHCS) for Cal MediConnect
28 ~~O.M.~~ Title 45, Code of Federal Regulations, Sections (C.F.R.), §§160.3, 164.306, 164.310 (d)(1) -
29 (2)(iv), 164.316
30

31 **VII.VI. REGULATORY AGENCY APPROVALS**

32 None to Date
33

34 **VIII.VII. BOARD ACTIONS**

- 35 None to Date
36
37 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
38
39

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

41

Version	Date	Policy Number	Policy Title	Line(s) of Business
<u>Original Effective</u>	01/01/2010	IS.1102	Electronic Media, <u>Removable Storage Devices</u> and Hardware Controls	<u>Administrative</u>
Revised	02/01/2015	IS.1102	Electronic Media, <u>Removable Storage Devices</u> and Hardware Controls	<u>Administrative</u>

Policy #: IS.1102

Title: Electronic Media, Electronic Storage Device, and Hardware Controls **I** Revised Date:
02/02/17-05/01/16

Version	Date	Policy Number	Policy Title	Line(s) of Business
<u>Revised</u>	<u>05/01/2016</u>	<u>IS.1102</u>	<u>Electronic Media, Removable Storage Devices and Hardware Controls</u>	<u>Administrative</u>
Revised	<u>02/02/2017</u> <u>05/01/2016</u>	IS.1102	Electronic Media, <u>Electronic Storage Devices</u> and Hardware Controls	<u>Administrative</u>

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Policy #: IS.1102

Title: Electronic Media, Electronic Storage Device, and Hardware Controls **I** Revised Date: 02/02/17-05/01/16

IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e. the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Breach</u>	<u>Has the meaning given such term in Section 164.402 of Title 45, Code of Federal Regulations.</u>
<u>Business Associate</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.</u>
<u>Disclosure</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.</u>
<u>Electronic Media</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.</u>
<u>Encryption</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key</u>
<u>Facility</u>	<u>The physical premises and the interior and exterior of a building.</u>
<u>Health Insurance Portability and Accountability Act (HIPAA)</u>	<u>The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g. CPU, disk drives, keyboard, screen).</u>
<u>Help Desk E-Ticket</u>	<u>The electronic ticketing system used at CalOptima.</u>
<u>Sanction</u>	<u>An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.</u>

Policy #: IS.1102

Title: Electronic Media, Electronic Storage Device, and Hardware Controls **I** Revised Date: 02/02/17-05/01/16

<u>Term</u>	<u>Definition</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.</u>
<u>Unsecured PHI/PI</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.</u>
<u>Use</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.</u>
<u>User</u>	<u>A person or entity with authorized access.</u>

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Policy #: IS.1102
Title: **Electronic Media, Electronic Storage Device
and Hardware Controls**
Dept.: Information Services
Section: HIPAA Security

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10

Last Review Date: 02/02/17

Last Revised Date: 02/02/17

1
2 **I. PURPOSE**
3

4 This policy describes the proper handling of Electronic Media, Electronic Storage Devices, and
5 Hardware that contain Electronic Protected Health Information (EPHI).
6

7
8 **II. POLICY**
9

- 10 A. CalOptima shall implement mechanisms to manage the receipt, removal, reuse, disposal of, and
11 accountability for Electronic Media, Electronic Storage Devices, and Hardware that contains EPHI.
12
- 13 B. CalOptima shall monitor and record the movement of Electronic Media, Electronic Storage
14 Devices, and Hardware that contains EPHI into and out of a Facility and the movement of these
15 items within such Facility.
16
- 17 C. CalOptima shall implement procedures for the removal of EPHI from Electronic Media, Electronic
18 Storage Devices, and Hardware before such items are made available for re-use.
19
- 20 D. CalOptima shall implement procedures for the final disposal of EPHI, or the Electronic Media,
21 Electronic Storage Devices, and Hardware on which it is stored. If such Electronic Media,
22 Electronic Storage Devices, or Hardware, that contain EPHI are disposed of, CalOptima shall render
23 the EPHI unreadable, in accordance with Section III.A.2. of this policy.
24
- 25 E. CalOptima shall only allow company-issued Electronic Storage Devices to be used for storing
26 EPHI.
27
- 28 F. CalOptima shall educate Users on the proper protection of Electronic Media, Electronic Storage
29 Devices, and Hardware that contains EPHI in accordance with CalOptima Policy IS.1301: Security
30 of Workforce Access to EPHI.
31
- 32 G. If an action, or occurrence, that compromises Electronic Media, Electronic Storage Devices, or
33 Hardware that contains EPHI including, but not limited to, misuse, tampering, theft, damage,
34 misplacement, or non-compliance with required Access controls, results in a known, or suspected,
35 Security Incident, Breach and/or other unauthorized Use, or Disclosure, CalOptima and its Business
36 Associates, as applicable, shall report such known, or suspected, Security Incident, Breach, and/or
37 other unauthorized Use, or Disclosure, in accordance with CalOptima Policy HH.3020Δ: Reporting
38 and Providing Notice of Security Incidents, Breaches of Unsecured PHI/PI or other Unauthorized
39 Use or Disclosure of PHI/PI and contractual obligations.
40

- H. CalOptima and its Business Associates shall apply appropriate Sanctions against its Business Associates and/or Users where there has been a violation of compliance with HIPAA, as amended, and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and including termination of contracts, or employment, as applicable and in accordance with CalOptima Policy HH.2002Δ: Sanctions.
- I. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under CalOptima Business Associate Agreements.

III. PROCEDURE

- A. CalOptima shall identify, inventory, and secure all information systems, including all hardware and software that are used to collect, store, process, or transmit EPHI, that house EPHI and their authorized data owner and User, in the following manner:
 - 1. Access to Hardware, software and network resources shall be approved by the department director via the eTicket system prior to their granting by the IS Department.
 - 2. CalOptima shall label all CalOptima computers with a unique identifier for tracking and security purposes.
 - 3. The IS Department shall track and monitor all software licenses.
 - 4. EPHI can only be shared with partners or Business Associates that have an active and current Business Associate Agreement.
 - 5. The IS Department shall monitor and audit all databases that contain EPHI utilizing a database auditing tool.
- B. CalOptima shall Encrypt Electronic Media, Electronic Storage Devices, and Hardware that contains EPHI, in accordance with CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls, including such items sent by mail, as specified in CalOptima Policies HH.3002Δ: Minimum Necessary Uses and Disclosures of PHI and Document Controls.
- C. A User may request a CalOptima approved Electronic Storage Devices via the internal eTicket system. The CalOptima IS Department shall copy and encrypt any PHI data it saves to such Electronic Storage Device. A User is responsible to return the loaned Electronic Storage Device in a timely manner and the IS Department is responsible to manage and track the devices.
- D. CalOptima shall destroy EPHI using one (1) of the following Department of Defense standard methods for data destruction, if and when EPHI is no longer needed:
 - 1. Wipe and overwrite all addressable locations with a character, its compliment, then a random character, and verify; or
 - 2. Destroy (i.e., disintegrate, incinerate, pulverize, shred, or melt).
- E. CalOptima shall obtain and keep the certificate of destruction for all destroyed Electronic Media that contains EPHI for the period of time required by applicable regulations.

- F. CalOptima shall not discard, or dispose, Electronic Media, Electronic Storage Devices, or Hardware that contains readable EPHI that was not wiped in accordance with Section III.A.2. of this policy.
- G. To protect the availability of EPHI, CalOptima shall create and maintain a retrievable, exact copy of EPHI, when needed, before removing the Electronic Media, Electronic Storage Device or Hardware from production, in accordance with CalOptima Policy IS.1302: Contingency and Data Backup Plan.
- H. CalOptima may take disciplinary action against a User, or Business Associate, who violates the provisions of this policy, up to and including termination of employment or contract.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

- A. CalOptima Business Associate Agreement
- B. CalOptima Contract for Health Care Services
- C. CalOptima Contract with the Centers for Medicare & Medicaid Services (CMS) for Medicare Advantage
- D. CalOptima Contract with the Department of Health Care Services (DHCS) for Medi-Cal
- E. CalOptima Policy HH.2002Δ: Sanctions
- F. CalOptima Policy HH.3002Δ: Minimum Necessary Uses and Disclosures of PHI and Document Controls
- G. CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI
- H. CalOptima Policy IS.1001: Glossary of Terms
- I. CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls
- J. CalOptima Policy IS.1301: Security of Workforce Access to EPHI
- K. CalOptima Policy IS.1302: Contingency and Data Backup Plan
- L. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and the Department of Health Care Services (DHCS) for Cal MediConnect
- M. Title 45, Code of Federal Regulations (C.F.R.), §§160.3, 164.306, 164.310 (d)(1) -(2)(iv), 164.316

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/01/2010	IS.1102	Electronic Media, Removable Storage Devices and Hardware Controls	Administrative

Policy #: IS.1102

Title: Electronic Media, Electronic Storage Device, and Hardware Controls Revised Date: 02/02/17

Version	Date	Policy Number	Policy Title	Line(s) of Business
Revised	02/01/2015	IS.1102	Electronic Media, Removable Storage Devices and Hardware Controls	Administrative
Revised	05/01/2016	IS.1102	Electronic Media, Removable Storage Devices and Hardware Controls	Administrative
Revised	02/02/2017	IS.1102	Electronic Media, Electronic Storage Devices and Hardware Controls	Administrative

1

1 IX. GLOSSARY
2

Term	Definition
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e. the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Breach	Has the meaning given such term in Section 164.402 of Title 45, Code of Federal Regulations.
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Disclosure	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.
Electronic Media	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.
Electronic Protected Health Information (EPHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.
Encryption	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key
Facility	The physical premises and the interior and exterior of a building.
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g. CPU, disk drives, keyboard, screen).
Help Desk E-Ticket	The electronic ticketing system used at CalOptima.
Sanction	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.

Policy #: IS.1102

Title: Electronic Media, Electronic Storage Device, and Hardware Controls Revised Date: 02/02/17

Term	Definition
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
Unsecured PHI/PI	Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.
Use	Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.
User	A person or entity with authorized access.

1

Policy #: IS.1201
Title: **EPHI Technical Safeguards – Access Controls**
Department: Information Services
Section: HIPAA Security

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
Last Review Date: 02/02/17~~05/01/16~~
Last Revised Date: 02/02/17

1
2 **I. PURPOSE**
3

4 ~~To establish~~This policy establishes Technical Safeguards to control Access to Information Systems
5 containing Electronic Protected Health Information (EPHI).
6

7 ~~II. DEFINITIONS~~
8
9 _____

10 ~~III. POLICY~~
11

12 A. ~~A Covered Entity and Business Associates~~CalOptima shall implement Technical Safeguards to
13 control Access to Information Systems containing EPHI, in accordance with this policy.
14

15 B. ~~A Covered Entity and Business Associates shall implement Technical Safeguards to permit Access~~
16 ~~only to authorized Users, in accordance with minimum necessary and Principle of Least Privilege.~~
17

18 C. ~~B. A Covered Entity and Business Associates~~CalOptima shall ensure that a User has appropriate
19 Access to EPHI, in accordance with Minimum Necessary and Principle of Least Privilege, and shall
20 align a User's Access to EPHI to his or her role or functions, pursuant to CalOptima Policy IS.1301:
21 Security of Workforce Security Access to EPHI.
22

23 D. ~~C. A Covered Entity and Business Associates~~CalOptima shall establish guidelines for creating,
24 changing, and safeguarding passwords.
25

26 E. ~~D. A Covered Entity and Business Associates~~CalOptima shall train Users on appropriate use of
27 Access controls and password management in accordance with CalOptima Policy IS.1301: Security
28 of Workforce Security Access to EPHI.
29

30 F. ~~E. A Covered Entity and Business Associates~~CalOptima shall periodically review Technical
31 Safeguards to ensure such safeguards are consistent with current technology standards.
32

33 G. ~~F. If an action or occurrence compromises appropriate Access to EPHI including, but not limited~~
34 ~~to, misuse, tampering, theft, damage, misplacement, or non-compliance with required Access~~
35 ~~controls but not limited to, misuse, unauthorized use, tampering, or neglect of non-compliance~~
36 ~~with Access controls or passwords~~Passwords, and results in a known or suspected ~~breach, a~~
37 ~~Covered Entity Security Incident, Breach and/or other unauthorized Use or Disclosure, CalOptima~~
38 ~~and its Business Associates, as applicable, shall adhere to the policy and procedures outlined~~report
39 such known or suspected Security Incident, Breach and/or other unauthorized Use or Disclosure, in
40 accordance with CalOptima ~~Policies~~Policy HH.30203020A: Reporting a Breach and Providing

~~Notice of Security Incidents, Breaches of Data Security, Intrusion, or Unauthorized Use or Disclosure of Unsecured PHI and MA.9222: Reporting a Breach of Data Security, Intrusion, or PI or other Unauthorized Use or Disclosure of PHI, as appropriate, PI and contractual obligations.;~~

~~H. CalOptima may impose and its Business Associates shall apply appropriate Sanctions on against its Business Associates and/or Users where there has been a Business Associate for violations of the standards outlined in this policy violation of compliance with HIPAA, as described in the amended, and the regulations promulgated thereunder, and/or CalOptima Business Associate Agreement.~~

~~I.G. CalOptima may impose Sanctions on a Health Network in violation of the standards outlined in this policy, Security policies up to, and including termination of contracts or employment, as applicable and in accordance with CalOptima Policy HH.20022002A: Sanctions and MA.9105: Sanctions, as appropriate.;~~

~~H. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and that are consistent with their obligations under CalOptima Business Associate Agreements.~~

IV.III. PROCEDURE

A. ~~A Covered Entity and Business Associates~~ CalOptima shall assign Access to EPHI in accordance with role-based Access controls for all User Authentications, enforcing the ~~minimum necessary~~ Minimum Necessary and Principle of Least Privilege.

B. ~~A Covered Entity and Business Associates~~ CalOptima shall determine if a particular User or a computer system has the right to carry out a certain activity, such as read a file, or run a program.

C. User Identification

1. ~~A Covered Entity and Business Associates~~ shall assign a unique User name or number for each User to identify and track User identity to:

a. Track specific User activity when the User is logged onto an Information System; and

b. Hold the User accountable for functions performed on Information Systems that house EPHI when logged onto such systems.

2. A User shall remain responsible for remembering his or her unique User identifier to Access an Information System.

3. A User shall log off or lock the Information System he or she is using when the Workstation is unattended.

D. Passwords

1. A Password shall meet the following criteria:

a. Minimum of eight (8) characters.

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- b. Non-dictionary word.
- c. Composed of characters from at least three (3) of the following four (4) groups from a standard keyboard:
 - i. Upper case letters (A-Z);
 - ii. Lower case letters (a-z);
 - iii. Arabic numerals (0-9); or
 - iv. Non-alphanumeric characters, such as punctuation symbols.
- d. A User shall change his or her Password:
 - i. Every sixty (60) calendar days; or
 - ii. If the Password is revealed or compromised.
- e. A User shall not share his or her Password with another User, log on as another User, or represent another User.
- f. A User shall not store Passwords in a readable format on his or her Workstation.
- g. A User shall be required to reset his or her Password on the systems network after five (5) unsuccessful logon attempts.

E. Authentication of User Identity

1. ~~A Covered Entity and Business Associates~~CalOptima shall verify that a person or entity seeking Access to EPHI is the one claimed prior to allowing Access to EPHI via proof of identity for Authentication, including but not limited to:
 - a. Requiring entry of something known only by that individual, such as a Password or Personal Identification Number (PIN);
 - b. Requiring entry of something that the individual physically possesses, such as a smart card, a token, or a key; or
 - c. Requiring entry of something physically unique to the individual, of a biometric nature (e.g., fingerprints, voice patterns, facial patterns, iris patterns).
2. ~~A Covered Entity and Business Associates~~CalOptima shall Authenticate the User by ensuring the credentials entered into an Information System match those stored in such system.
3. ~~A Covered Entity and Business Associates~~CalOptima shall log User Authentication successes and failures at all layers, in accordance with CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management.

- 1
2 F. Authorization of Access: Once properly Authenticated, ~~a Covered Entity and Business~~
3 ~~Associates~~CalOptima shall grant the User authorized Access privileges to perform functions and
4 Access EPHI as appropriate in accordance with role-based Access controls.
5
6 G. Automatic System Log-Off: Information Systems shall automatically log off a User after ~~fifteen~~
7 ~~(15)~~ten (10) minutes of inactivity to prevent unauthorized Access to EPHI.
8
9 H. Warning Banners
10
11 1. ~~A Covered Entity and Business Associates~~CalOptima shall display a warning banner on
12 Information Systems that house EPHI that states the following:
13
14 ~~1.a.~~Data is confidential;
15
16 ~~2.b.~~Systems are logged; and
17
18 ~~3.c.~~System use is for business purposes only.
19
20 2. The Information System shall instruct a User to immediately log off the system if he or she does
21 not fully agree with the requirements stated in Section ~~III~~IV.H.1. of this policy.
22
23 3. ~~A Covered Entity and Business Associates~~CalOptima shall display a warning banner prior to
24 the log-on prompt, whenever possible. If displaying the warning banner prior to log-on is not
25 technically feasible, ~~a Covered Entity and Business Associates~~CalOptima shall display the
26 warning banner immediately after log-on.
27
28 I. Remote Access to EPHI
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30 1. ~~A Covered Entity and Business Associates~~CalOptima- shall limit remote Access to the
31 ~~minimum necessary~~Minimum Necessary and Principle of Least Privilege.
32
33 2. ~~A Covered Entity and Business Associates~~CalOptima -shall utilize an Encrypted method as
34 described in CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls, to execute
35 remote Access to EPHI.
36
37 3. A User connected to an electronic communications network that stores or ~~process~~processes
38 EPHI shall not connect to any other network simultaneously unless it is -an approved
39 hosted/cloud solution with properly configured network security.
40
41 J. ~~A Covered Entity and Business Associates~~CalOptima shall ensure that Information Systems
42 accessible via the Internet or that house EPHI actively use a comprehensive third-party real-time
43 host-based intrusion detection and prevention program with the following capabilities:
44
45 1. Log analysis;
46
47 2. System integrity checking;
48
49 3. Real-time alerting; and

1
2 4. Active response to events.
3

4 ~~K. A User, If necessary and approved for business purposes, a CalOptima employee shall only download or~~
5 ~~Access copy the minimum necessary Minimum Necessary data/EPHI from the CalOptima network to a~~
6 ~~Workstation/desktop computer, laptop, or hard drive when absolutely necessary for business purposes. approved~~
7 ~~Electronic Storage Device.~~

8 ~~K. If necessary and approved for business purposes, a CalOptima employee shall only copy the~~
9 ~~Minimum Necessary data/EPHI from the CalOptima network to a desktop computer, laptop, or~~
10 ~~approved Electronic Storage Device.~~

11 ~~A Covered Entity and Business Associates~~

12 L. ~~CalOptima~~ shall review Access controls in place ~~every eighteen (18) months~~ annually to ensure such
13 controls are consistent with current technology standards.

14
15 M. CalOptima may take disciplinary action ~~on~~ against a User ~~in violation of~~ Business Associate who
16 violates the provisions of this policy, up to and including termination of employment or contract.

17
18 ~~V~~. IV. ATTACHMENTS

19
20 Not Applicable

21
22 ~~VI~~. V. REFERENCES

23
24 A. CalOptima Contract with the Department of Health Care Services (DHCS)

25 B. CalOptima Contract for Health Care Services

26 ~~C. CalOptima Business Associate Agreement~~

27 ~~D. CalOptima Policy HH.2002: Sanctions~~

28 ~~E. CalOptima Policy HH.3020: Reporting a Breach of Data Security, Intrusion, or Unauthorized Use~~
29 ~~or Disclosure of PHI~~

30 ~~F. CalOptima Policy IS.1101: Glossary of Terms~~

31 ~~G. CalOptima Policy IS.1102: Electronic Media and Hardware Controls~~

32 ~~H.C. CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls~~

33 ~~I. CalOptima Policy IS.1301: Workforce Security~~

34 ~~J. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management~~

35 ~~K. CalOptima Policy MA.9105: Sanctions~~

36 ~~L. CalOptima Policy MA.9222: Reporting a Breach of Data Security, Intrusion, or Unauthorized Use~~
37 ~~or Disclosure of PHI, as appropriate~~

38 ~~M.D.~~ CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS)
39 and the Department of Health Care Services (DHCS) for Cal MediConnect

40 ~~E. CalOptima Business Associate Agreement~~

41 ~~F. CalOptima Policy HH.2002A: Sanctions~~

42 ~~G. CalOptima Policy HH.3020A: Reporting and Providing Notice of Security Incidents, Breaches of~~
43 ~~Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI~~

44 ~~H. CalOptima Policy IS.1001: Glossary of Terms~~

45 ~~I. CalOptima Policy IS.1102: Electronic Media, Electronic Storage Device and Hardware Controls~~

46 ~~N.J. CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls~~

47 ~~K. Title CalOptima Policy IS.1301: Security of Workforce Access to EPHI~~

48 ~~L. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management~~

Policy #: IS.1201
Title: EPHI Technical Safeguards – Access Controls

~~I~~ Revised Date:
02/02/1705/01/16

~~O.M.~~ Title 45, Code of Federal Regulations (C.F.R.), Section §§160.3, 164.306, 164.312 a(1)(2)(i), 164.312(a)(1)(2)(iii), 164.312 (b), 164.312 (d)-(e), 164.316

~~VII.VI.~~ **REGULATORY AGENCY APPROVALS**

None to Date

~~VIII.VII.~~ **BOARD ACTIONS**

~~None to Date~~ A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

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

Version	Date	Policy Number	Policy Title	Line(s) of Business
Original <u>Effective</u>	01/10/2010	IS.1201	EPHI Technical Safeguards— Access Controls	<u>Administrative</u>
Revised	04/01/2014	IS.1201	EPHI Technical Safeguards— Access Controls	<u>Administrative</u>
Reviewed	07/01/2015	IS.1201	EPHI Technical Safeguards— Access Controls	<u>Administrative</u>
Revised	05/01/2016	IS.1201	EPHI Technical Safeguards— Access Controls	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>IS.1201</u>	<u>EPHI Technical Safeguards— Access Controls</u>	<u>Administrative</u>

1
2

IX. GLOSSARY

<u>Term</u>	<u>Definitions</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Authentication</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The corroboration that a person is the one claimed.</u>
<u>Breach</u>	<u>Has the meaning in 45, Code of Federal Regulations Section 164.402.</u>
<u>Business Associate</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.</u>
<u>Disclosure</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations, including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.</u>
<u>Electronic Media</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Encryption</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, or a method of converting an original message of regular text into encoded or unreadable text that is eventually decrypted into plain comprehensible text.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>Health Insurance Portability and Accountability Act (HIPAA)</u>	<u>The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.</u>

<u>Term</u>	<u>Definitions</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Minimum Necessary</u>	<u>The standard which requires a covered entity to make reasonable efforts to limit the scope of the PHI it uses, discloses or makes a request for PHI to the minimum amount of PHI needed to accomplish the intended purpose. Minimum Necessary applies to internal uses of PHI, disclosures of PHI to external parties in response to a request and when Requesting PHI from another covered entity unless an except under HIPAA applies (e.g. Minimum Necessary standard does not apply to treatment).</u>
<u>Password</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters.</u>
<u>Principle of Least Privilege</u>	<u>The concept that all users at all times should run with as few privileges as possible, and also launch applications with as few privileges as possible to perform their work assignments.</u>
<u>Sanction</u>	<u>An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR’s, its agent’s, Workforce member’s, or User’s failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.</u>
<u>Technical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.</u>
<u>Unsecured PHI/PI</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.</u>
<u>Use</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.</u>
<u>User</u>	<u>A person or entity with authorized access.</u>

Policy #: IS.1201
Title: EPHI Technical Safeguards – Access Controls

I Revised Date:
02/02/1705/01/16

<u>Term</u>	<u>Definitions</u>
<u>Workstation</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.</u>

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Policy #: IS.1201
Title: **EPHI Technical Safeguards – Access Controls**
Department: Information Services
Section: HIPAA Security

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10

Last Review Date: 02/02/17

Last Revised Date: 02/02/17

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I. PURPOSE

This policy establishes Technical Safeguards to control Access to Information Systems containing Electronic Protected Health Information (EPHI).

II. POLICY

- A. CalOptima shall implement Technical Safeguards to control Access to Information Systems containing EPHI, in accordance with this policy.
- B. CalOptima shall ensure that a User has appropriate Access to EPHI, in accordance with Minimum Necessary and Principle of Least Privilege, and shall align a User’s Access to EPHI to his or her role or functions, pursuant to CalOptima Policy IS.1301: Security of Workforce Access to EPHI.
- C. CalOptima shall establish guidelines for creating, changing, and safeguarding passwords.
- D. CalOptima shall train Users on appropriate use of Access controls and password management in accordance with CalOptima Policy IS.1301: Security of Workforce Access to EPHI.
- E. CalOptima shall periodically review Technical Safeguards to ensure such safeguards are consistent with current technology standards.
- F. If an action or occurrence compromises appropriate Access to EPHI including, but not limited to, misuse, tampering, theft, damage, misplacement, or non-compliance with required Access controls or Passwords, and results in a known or suspected Security Incident, Breach and/or other unauthorized Use or Disclosure, CalOptima and its Business Associates, as applicable, shall report such known or suspected Security Incident, Breach and/or other unauthorized Use or Disclosure, in accordance with CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI and contractual obligations.
- G. CalOptima and its Business Associates shall apply appropriate Sanctions against its Business Associates and/or Users where there has been a violation of compliance with HIPAA, as amended, and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and including termination of contracts or employment, as applicable and in accordance with CalOptima Policy HH.2002Δ: Sanctions.

1 H. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
2 that are consistent with their obligations under CalOptima Business Associate Agreements.
3

4 **III. PROCEDURE**
5

6 A. CalOptima shall assign Access to EPHI in accordance with role-based Access controls for all User
7 Authentications, enforcing the Minimum Necessary and Principle of Least Privilege.
8

9 B. CalOptima shall determine if a particular User or a computer system has the right to carry out a
10 certain activity, such as read a file, or run a program.
11

12 C. User Identification
13

14 1. shall assign a unique User name or number for each User to identify and track User identity to:
15

16 a. Track specific User activity when the User is logged onto an Information System; and
17

18 b. Hold the User accountable for functions performed on Information Systems that house
19 EPHI when logged onto such systems.
20

21 2. A User shall remain responsible for remembering his or her unique User identifier to Access an
22 Information System.
23

24 3. A User shall log off or lock the Information System he or she is using when the Workstation is
25 unattended.
26

27 D. Passwords
28

29 1. A Password shall meet the following criteria:
30

31 a. Minimum of eight (8) characters.
32

33 b. Non-dictionary word.
34

35 c. Composed of characters from at least three (3) of the following four (4) groups from a
36 standard keyboard:
37

38 i. Upper case letters (A-Z);
39

40 ii. Lower case letters (a-z);
41

42 iii. Arabic numerals (0-9); or
43

44 iv. Non-alphanumeric characters, such as punctuation symbols.
45

46 d. A User shall change his or her Password:
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48 i. Every sixty (60) calendar days; or
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50 ii. If the Password is revealed or compromised.

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- e. A User shall not share his or her Password with another User, log on as another User, or represent another User.
- f. A User shall not store Passwords in a readable format on his or her Workstation.
- g. A User shall be required to reset his or her Password on the systems network after five (5) unsuccessful logon attempts.

E. Authentication of User Identity

1. CalOptima shall verify that a person or entity seeking Access to EPHI is the one claimed prior to allowing Access to EPHI via proof of identity for Authentication, including but not limited to:
 - a. Requiring entry of something known only by that individual, such as a Password or Personal Identification Number (PIN);
 - b. Requiring entry of something that the individual physically possesses, such as a smart card, a token, or a key; or
 - c. Requiring entry of something physically unique to the individual, of a biometric nature (e.g., fingerprints, voice patterns, facial patterns, iris patterns).
2. CalOptima shall Authenticate the User by ensuring the credentials entered into an Information System match those stored in such system.
3. CalOptima shall log User Authentication successes and failures at all layers, in accordance with CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management.

F. Authorization of Access: Once properly Authenticated, CalOptima shall grant the User authorized Access privileges to perform functions and Access EPHI as appropriate in accordance with role-based Access controls.

G. Automatic System Log-Off: Information Systems shall automatically log off a User after ten (10) minutes of inactivity to prevent unauthorized Access to EPHI.

H. Warning Banners

1. CalOptima shall display a warning banner on Information Systems that house EPHI that states the following:
 - a. Data is confidential;
 - b. Systems are logged; and
 - c. System use is for business purposes only.
2. The Information System shall instruct a User to immediately log off the system if he or she does not fully agree with the requirements stated in Section III.H.1. of this policy.

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2 3. CalOptima shall display a warning banner prior to the log-on prompt, whenever possible. If
3 displaying the warning banner prior to log-on is not technically feasible, CalOptima shall
4 display the warning banner immediately after log-on.
5

6 I. Remote Access to EPHI
7

- 8 1. CalOptima shall limit remote Access to the Minimum Necessary and Principle of Least
9 Privilege.
10
11 2. CalOptima shall utilize an Encrypted method as described in CalOptima Policy IS.1202: EPHI
12 Technical Safeguards – Data Controls, to execute remote Access to EPHI.
13
14 3. A User connected to an electronic communications network that stores or processes EPHI shall
15 not connect to any other network simultaneously unless it is an approved hosted/cloud solution
16 with properly configured network security.
17

18 J. CalOptima shall ensure that Information Systems accessible via the Internet or that house EPHI
19 actively use a comprehensive third-party real-time host-based intrusion detection and prevention
20 program with the following capabilities:
21

- 22 1. Log analysis;
23
24 2. System integrity checking;
25
26 3. Real-time alerting; and
27
28 4. Active response to events.
29

30 K. If necessary and approved for business purposes, a CalOptima employee shall only copy the
31 Minimum Necessary data/EPHI from the CalOptima network to a desktop computer, laptop, or
32 approved Electronic Storage Device.
33

34 L. CalOptima shall review Access controls in place annually to ensure such controls are consistent
35 with current technology standards.
36

37 M. CalOptima may take disciplinary action against a User or Business Associate who violates the
38 provisions of this policy, up to and including termination of employment or contract.
39

40 **IV. ATTACHMENTS**
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42 Not Applicable
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44 **V. REFERENCES**
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- 46 A. CalOptima Contract with the Department of Health Care Services (DHCS)
47 B. CalOptima Contract for Health Care Services
48 C.
49 D. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and
50 the Department of Health Care Services (DHCS) for Cal MediConnect

- 1 E. CalOptima Business Associate Agreement
- 2 F. CalOptima Policy HH.2002Δ: Sanctions
- 3 G. CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of
- 4 Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI
- 5 H. CalOptima Policy IS.1001: Glossary of Terms
- 6 I. CalOptima Policy IS.1102: Electronic Media, Electronic Storage Device and Hardware Controls
- 7 J. CalOptima Policy IS.1202: EPHI Technical Safeguards – Data Controls
- 8 K. CalOptima Policy IS.1301: Security of Workforce Access to EPHI
- 9 L. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management
- 10 M. Title 45, Code of Federal Regulations (C.F.R.), §§160.3, 164.306, 164.312 a(1)(2)(i),
- 11 164.312(a)(1)(2)(iii), 164.312 (b), 164.312 (d)-(e), 164.316

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 13 **VI. REGULATORY AGENCY APPROVALS**

14
 15 None to Date

16
 17 **VII. BOARD ACTIONS**

18
 19 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

20
 21 **VIII. REVIEW/REVISION HISTORY**

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/10/2010	IS.1201	EPHI Technical Safeguards— Access Controls	Administrative
Revised	04/01/2014	IS.1201	EPHI Technical Safeguards— Access Controls	Administrative
Reviewed	07/01/2015	IS.1201	EPHI Technical Safeguards— Access Controls	Administrative
Revised	05/01/2016	IS.1201	EPHI Technical Safeguards— Access Controls	Administrative
Revised	02/02/2017	IS.1201	EPHI Technical Safeguards— Access Controls	Administrative

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1 IX. GLOSSARY
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Term	Definitions
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Authentication	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The corroboration that a person is the one claimed.
Breach	Has the meaning in 45, Code of Federal Regulations Section 164.402.
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Disclosure	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations, including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.
Electronic Media	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.
Electronic Protected Health Information (EPHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Encryption	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, or a method of converting an original message of regular text into encoded or unreadable text that is eventually decrypted into plain comprehensible text.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.

Term	Definitions
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Minimum Necessary	The standard which requires a covered entity to make reasonable efforts to limit the scope of the PHI it uses, discloses or makes a request for PHI to the minimum amount of PHI needed to accomplish the intended purpose. Minimum Necessary applies to internal uses of PHI, disclosures of PHI to external parties in response to a request and when Requesting PHI from another covered entity unless an except under HIPAA applies (e.g. Minimum Necessary standard does not apply to treatment).
Password	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters.
Principle of Least Privilege	The concept that all users at all times should run with as few privileges as possible, and also launch applications with as few privileges as possible to perform their work assignments.
Sanction	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR’s, its agent’s, Workforce member’s, or User’s failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Technical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
Unsecured PHI/PI	Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.
Use	Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.
User	A person or entity with authorized access.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
 Last Review Date: 02/02/1705/01/16
 Last Revised Date: 02/02/1705/01/16

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I. PURPOSE

~~To establish~~This policy -establishes Technical Safeguards to protect the Integrity and transmission of Electronic Protected Health Information (EPHI).

II. DEFINITIONS

Term	Definitions
<u>Access</u>	The <u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Business Associates</u> <u>Administrative Safeguards</u>	A person or entity other than a member of CalOptima’s workforce that performs functions or activities on CalOptima’s behalf, or provides specified services to CalOptima, that involve the Use or Disclosure of protected health information. <u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.</u>
<u>Breach</u>	Has the meaning in 45, Code of Federal Regulations Section 164.402.
<u>Business Associate</u>	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
<u>Confidentiality</u>	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.
<u>Disclosure</u>	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations, including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.

Term	Definitions
<u>Covered Entity Electronic Media</u>	A health plan, health care clearinghouse, or other health care provider that transmits health information in electronic form, including, but not limited to, CalOptima and its Health Networks. <u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Media Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic storage media, including memory Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (i.e., hard drives) and any removable or transportable digital memory medium (e.g., such as magnetic tape or disk, optical disk, or digital memory card).</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Protected Health Information that is created, received, maintained, or transmitted in electronic format. Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media</u>
<u>Encryption</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, or a method of converting an original message of regular text into encoded or unreadable text that is eventually decrypted into plain comprehensible text.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>

Term	Definitions
<u>Integrity</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>
<u>Physical Safeguard</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.</u>
<u>Risk</u>	The net mission impact, considering: <ol style="list-style-type: none"> 1.—The probabilitypotential that a particulargiven threat will accidentally trigger or intentionally exploit a particular vulnerability;vulnerabilities of an asset or group of assets and 2.—The resulting impact if this should occur <u>thereby cause harm to the organization.</u>
<u>Sanction</u>	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
<u>Security or Security Measures</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. All administrative, physicalAdministrative, Physical, and technicalTechnical safeguards in an information system.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.</u>
<u>Unsecured PHI/PI</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.</u>
<u>Use</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.</u>
<u>Technical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.</u>
<u>User</u>	A person or entity with authorized access.

Term	Definitions
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device, that performs similar functions (e.g., laptop, desktop computer, facsimile and copy machines), and electronic media stored in its immediate environment.

1
2 **III.II. POLICY**
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- 4 A. ~~A Covered Entity and Business Associates CalOptima~~ shall implement, Technical Safeguards to
5 protect the ~~transmission Confidentiality~~ and Integrity of EPHI.
6
- 7 B. ~~A Covered Entity and Business Associates CalOptima~~ shall implement Technical ~~Safeguards~~ for the
8 transmission of EPHI over an electronic communications network to guard against unauthorized
9 Access.
10
- 11 C. ~~A Covered Entity and Business Associates CalOptima~~ shall implement Technical ~~Safeguards~~ to
12 ensure the Integrity of EPHI and protect such EPHI from improper alteration or destruction.
13
- 14 D. ~~A Covered Entity and Business Associates CalOptima~~ shall implement mechanisms to Encrypt and
15 decrypt EPHI.
16
- 17 E. ~~A Covered Entity and Business Associates CalOptima~~ shall implement mechanisms to protect
18 Information Systems that house EPHI from malicious software.
19
- 20 F. ~~A Covered Entity and Business Associates CalOptima~~ shall implement Administrative, Technical
21 and Physical Safeguards to ~~permit grant~~ Access only to authorized Users, in accordance with
22 CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls.
23
- 24 G. ~~A Covered Entity and Business Associates CalOptima~~ shall train Users on appropriate use of
25 Technical Safeguards to protect the transmission and Integrity of EPHI in accordance with
26 CalOptima Policy IS.1301: Security of Workforce Security Access to EPHI.
27
- 28 H. ~~A Covered Entity and Business Associates CalOptima~~ shall periodically review Technical
29 Safeguards to ensure such safeguards are consistent with current technology standards.
30
- 31 I. If an action or occurrence compromises EPHI, including but not limited to, misuse, tampering, theft,
32 damage, misplacement, or non-compliance with required~~but not limited to, misuse, unauthorized~~
33 use, tampering, or neglect of technical safeguards~~non-compliance with~~ Technical Safeguards, and
34 results in a known or suspected ~~breach, a Covered Entity Security Incident, Breach and/or other~~
35 unauthorized Use or Disclosure, CalOptima and its Business Associates, as applicable, shall ~~adhere~~
36 to the policy and procedures outlined~~report such known or suspected Security Incident, Breach~~
37 and/or other unauthorized Use or Disclosure, in accordance with CalOptima Policy ~~HH.30203020A:~~
38 Reporting a Breach and Providing Notice of Security Incidents, Breaches of Data Security,
39 Intrusion, or Unauthorized Use or Disclosure of Unsecured PHI and MA.9222: Reporting a Breach
40 of Data Security, Intrusion, or /PI or other Unauthorized Use or Disclosure of PHI, ~~as applicable/PI~~
41 and contractual obligations.
42

1 ~~J.—CalOptima may impose and its Business Associates shall apply appropriate Sanctions on a Business~~
2 ~~Associate for violations of the standards outlined in this policy, as described in the CalOptima~~
3 ~~against its Business Associate Agreement.~~

4
5 ~~K.J. CalOptima may impose Sanctions on a Health Network in Associates and/or Users where there has~~
6 ~~been a violation of the standards outlined in this policy, compliance with HIPAA, as amended, and~~
7 ~~the regulations promulgated thereunder, and/or CalOptima Security policies up to, and including~~
8 ~~termination of contracts or employment, as applicable and in accordance with CalOptima Policy~~
9 ~~HH.20022002Δ: Sanctions and MA.9105: Sanctions, as applicable.~~

10
11 ~~Business Associates shall have policies and procedures as required by the HIPAA Security Rule and~~
12 ~~that are consistent with their obligations under CalOptima Business Associate Agreements.~~

13 14 **IV.III. PROCEDURE**

15 16 A. Transmission

- 17
18 1. ~~A Covered Entity and Business Associates CalOptima~~ shall ~~establish~~ secured electronic
19 communications network protocols to protect the Confidentiality and Integrity of transmitted
20 EPHI and to ensure that EPHI is not improperly modified or accessed during transmission.
21
22 2. ~~A Covered Entity and Business Associates CalOptima~~ shall review ~~current~~ methods to transmit
23 EPHI annually and shall:
24
25 a. Identify the available and appropriate ~~secured means~~ solutions to protect EPHI that is
26 transmitted;
27
28 b. Select appropriate solutions; and
29
30 c. Document decisions.
31
32 3. ~~A Covered Entity and Business Associates CalOptima~~ shall Encrypt EPHI that is transmitted in
33 accordance with Section IV.C. of this policy.
34

35 B. Integrity of EPHI

- 36
37 1. ~~A Covered Entity and Business Associates CalOptima~~ shall implement industry-proven
38 electronic ~~mechanisms~~ controls to confirm that electronically transmitted EPHI has not been
39 altered, accessed or destroyed in an unauthorized manner including, but not limited to, anti-
40 virus, intrusion, and malware protection, or other data protection tools.
41
42 2. ~~A Covered Entity and Business Associates CalOptima~~ shall implement industry-proven Security
43 Measures to ensure that electronically transmitted EPHI is not improperly modified ~~without~~
44 ~~detection until disposed of~~ pursuant to CalOptima Policy IS.1102: Electronic Media and
45 Hardware Controls, including, but not limited to, anti-virus, intrusion and malware protection,
46 or other data protection tools.
47
48 3. ~~To determine which electronic mechanisms to implement to ensure that EPHI is not altered or~~
49 ~~destroyed in an unauthorized manner, a Covered Entity and Business Associates CalOptima~~

1 shall consider the various Risks to the Integrity of EPHI in accordance with CalOptima Policy
2 IS.1000: EPHI Security Program- ~~to determine which electronic mechanisms to implement to~~
3 ~~ensure that EPHI is not accessed altered or destroyed in an unauthorized manner.~~ Based on the
4 identified Risks to the Integrity of the EPHI, ~~a Covered Entity~~ CalOptima and ~~its~~ Business
5 Associates shall identify Security Measures that will reduce such Risks.
6

7 C. Encryption of EPHI
8

9 1. ~~A Covered Entity and Business Associates~~ CalOptima shall Encrypt EPHI as follows:
10

11 a. ~~Encrypt electronic files that contain EPHI when stored on removable~~ ~~on~~ Electronic Media
12 ~~and Hardware;~~
13

14 a. ~~Encrypt emails that contain EPHI~~ Storage Devices in accordance with CalOptima Policy
15 ~~GA.5005a: Use of Technology Resources;~~
16

17 b. ~~All data transmissions of PHI or PI, such as website access, file transfer, and E-Mail,~~
18 ~~outside the secure internal network must be encrypted using a FIPS 140-2 certified~~
19 ~~algorithm which is 128 bit or higher, such as AES, in accordance with this policy and~~
20 ~~CalOptima Policy HH.30143014A: Use of Electronic Mail with Protected Health~~
21 ~~Information;~~
22

23 c. Encrypt all ~~Workstations~~ desktop computers and ~~laptops~~ laptop hard drives that process or
24 store EPHI pursuant to CalOptima Policy IS.1101: EPHI Physical Controls;
25

26 d. Utilize an ~~Encrypted method~~ secured network protocol for remote Access to EPHI pursuant
27 to CalOptima Policy IS:1201: EPHI Technical Safeguards – Access Controls; and
28

29 e. ~~Any other~~ Other data transmission in which the Encryption of EPHI is deemed necessary.
30

31 2. ~~A Covered Entity and Business Associates shall Encrypt EPHI, as described in Section IV.C.1,~~
32 ~~using an Encryption method that meets, at a minimum, the standards of:~~
33

34 a. ~~A Department of Health Care Services (DHCS) approved solution; or~~
35

36 b. ~~A solution using a vendor product specified by the California Strategic Sourcing Solution~~
37 ~~(CSSI).~~ CalOptima.
38

39 e. ~~_____~~
40

41 D. Protection Against Malicious Software
42

43 1. ~~A Covered Entity and Business Associates~~ CalOptima shall install up-to-date Security patches
44 on all Workstations, laptops, and other Information Systems that process or store EPHI.

45 2. ~~A Covered Entity and Business Associates~~ CalOptima shall install commercial ~~third party~~ anti-
46 virus software on all Workstations, laptops, and other Information Systems that process or store
47 EPHI.
48

- 1 | 3. ~~A Covered Entity and Business Associates~~ CalOptima shall configure anti-virus software to
2 | update virus definition files, at a minimum, once every twenty-four (24) hours and shall enable
3 | real-time anti-virus scanning.
4 |
5 | 4. ~~A Covered Entity and Business Associates~~ CalOptima shall provide periodic ~~reminder~~ training
6 | and education to Users accessing EPHI of the dangers to Information Systems and EPHI from
7 | malicious software such as:
8 |
9 | a. Viruses;
10 |
11 | b. Trojan horses; or
12 |
13 | c. Worms.
14 |
15 | E. ~~A Covered Entity and Business Associates~~ CalOptima shall review data controls in place annually to
16 | ensure such controls are consistent with current technology standards.
17 |
18 | ~~F. A Covered Entity and Business Associates~~ CalOptima shall perform periodic ~~testing~~ internal and
19 | external vulnerability and ~~audit network components~~ penetration tests on its respective networks, in
20 | accordance with CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management, ~~to~~
21 | ~~ensure that they are configured in accordance with this policy.~~
22 |
23 | ~~G.F. CalOptima may take disciplinary action on a User in violation the provisions of this policy, up~~
24 | ~~to and including termination of employment or contract.~~
25 |

26 | V.IV. ATTACHMENTS

27 | Not Applicable
28 |
29 |

30 | VI.V. REFERENCES

- 31 |
32 | A. CalOptima Business Associate Agreement
33 | B. CalOptima Contract for Health Care Services
34 | C. CalOptima Contract with the Department of Health Care Services (DHCS)
35 | D. CalOptima Policy HH.2002 Δ: Sanctions
36 | E. CalOptima Policy HH.3014 Δ: Use of Electronic Mail with Protected Health Information
37 | F. CalOptima Policy HH.3020 Δ: Reporting ~~a Breach~~ and Providing Notice of ~~Data~~ Security,
38 | Intrusion, Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of
39 | PHI/PI
40 | G. CalOptima Policy IS.1000: EPHI Security Program
41 | H. CalOptima Policy IS.1001: Glossary of Terms
42 | I. CalOptima Policy IS.1101: EPHI Physical Controls
43 | J. CalOptima Policy IS.1102: Electronic Media, Electronic Storage Device and Hardware Controls
44 | K. CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls
45 | L. CalOptima Policy IS.1301: Security of Workforce ~~Security~~ Access to EPHI
46 | M. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management
47 | N. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and
48 | the Department of Health Care Services (DHCS) for Cal MediConnect
49 | ~~O. CalOptima Policy MA.9105: Sanctions~~

Policy #: IS.1202
Title: EPHI Technical Safeguards – Data Controls

Revised Date:
02/02/17~~05/01/16~~

~~P. CalOptima Policy MA.9222: Reporting a Breach of Data Security, Intrusion, or Unauthorized Use or Disclosure of PHI~~

~~Q.O. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and the Department of Health Care Services (DHCS) for Cal MediConnect~~

~~R.P. Title 45, Code of Federal Regulations, Section§§ 160.3, 164.306, 164.312 (a)(1), 164.312 (a)(1)(2)(iv), 164.312 (c)(1)-(2), 164.312 (e)(1)-(2)(ii), 164.316~~

VII.VI. REGULATORY AGENCY APPROVALS

None to Date

VIII.VII. BOARD ACTIONS

~~None to Date~~A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

IX.VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	<u>Line(s) of Business</u>
<u>Original Effective</u>	01/10/2010	IS.1201 <u>IS.1202</u>	EPHI Technical Safeguards—Data Controls	<u>Administrative</u>
Revised	04/01/2014	IS.1201 <u>IS.1202</u>	EPHI Technical Safeguards—Data Controls	<u>Administrative</u>
Revised	02/01/2015	IS.1201 <u>IS.1202</u>	EPHI Technical Safeguards—Data Controls	<u>Administrative</u>
Revised	05/01/2016	IS.1201 <u>IS.1202</u>	EPHI Technical Safeguards—Data Controls	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>IS.1202</u>	<u>EPHI Technical Safeguards—Data Controls</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definitions</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Administrative Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.</u>
<u>Breach</u>	<u>Has the meaning in 45, Code of Federal Regulations Section 164.402.</u>
<u>Business Associate</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.</u>
<u>Confidentiality</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.</u>
<u>Disclosure</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations, including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.</u>
<u>Electronic Media</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media</u>
<u>Encryption</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>

<u>Term</u>	<u>Definitions</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Integrity</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>
<u>Physical Safeguard</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.</u>
<u>Risk</u>	<u>The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.</u>
<u>Sanction</u>	<u>An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.</u>
<u>Security or Security Measures</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. All Administrative, Physical, and Technical safeguards in an information system.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.</u>
<u>Unsecured PHI/PI</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.</u>
<u>Use</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.</u>
<u>Technical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.</u>
<u>User</u>	<u>A person or entity with authorized access.</u>
<u>Workstation</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.</u>

Policy #: IS.1202
Title: EPHI Technical Safeguards – Data Controls

Revised Date:
02/02/1705/01/16

1

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

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I. PURPOSE

This policy establishes Technical Safeguards to protect the Integrity and transmission of Electronic Protected Health Information (EPHI).

II. POLICY

- A. CalOptima shall implement, Technical Safeguards to protect the Confidentiality and Integrity of EPHI.
- B. CalOptima shall implement Technical for the transmission of EPHI over an electronic communications network to guard against unauthorized Access.
- C. CalOptima shall implement Technical to ensure the Integrity of EPHI and protect such EPHI from improper alteration or destruction.
- D. CalOptima shall implement mechanisms to Encrypt and decrypt EPHI.
- E. CalOptima shall implement mechanisms to protect Information Systems that house EPHI from malicious software.
- F. CalOptima shall implement Administrative, Technical and Physical Safeguards to grant Access only to authorized Users, in accordance with CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls.
- G. CalOptima shall train Users on appropriate use of Technical Safeguards to protect the transmission and Integrity of EPHI in accordance with CalOptima Policy IS.1301: Security of Workforce Access to EPHI.
- H. CalOptima shall periodically review Technical Safeguards to ensure such safeguards are consistent with current technology standards.
- I. If an action or occurrence compromises EPHI, including but not limited to, misuse, tampering, theft, damage, misplacement, or non-compliance with required Technical Safeguards , and results in a known or suspected Security Incident, Breach and/or other unauthorized Use or Disclosure, CalOptima and its Business Associates, as applicable, shall report such known or suspected Security Incident, Breach and/or other unauthorized Use or Disclosure, in accordance with CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI and contractual obligations.

- 1 J. CalOptima and its Business Associates shall apply appropriate Sanctions against its Business
2 J. Associates and/or Users where there has been a violation of compliance with HIPAA, as amended,
3 and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and
4 including termination of contracts or employment, as applicable and in accordance with CalOptima
5 Policy HH.2002Δ: Sanctions.
6

7 Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
8 that are consistent with their obligations under CalOptima Business Associate Agreements.
9

10 III. PROCEDURE

11 A. Transmission

- 12
13
14 1. CalOptima shall use secured electronic communications network protocols to protect the
15 Confidentiality and Integrity of transmitted EPHI and to ensure that EPHI is not improperly
16 modified or accessed during transmission.
17
18 2. CalOptima shall review methods to transmit EPHI annually and shall:
19
20 a. Identify the available and appropriate solutions to protect EPHI that is transmitted;
21
22 b. Select appropriate solutions; and
23
24 c. Document decisions.
25
26 3. CalOptima shall Encrypt EPHI that is transmitted in accordance with Section IV.C. of this
27 policy.
28

29 B. Integrity of EPHI

- 30
31 1. CalOptima shall implement industry-proven electronic controls to confirm that electronically
32 transmitted EPHI has not been altered, accessed or destroyed in an unauthorized manner
33 including, but not limited to, anti-virus, intrusion, and malware protection, or other data
34 protection tools.
35
36 2. CalOptima shall implement industry-proven Security Measures to ensure that electronically
37 transmitted EPHI is not improperly modified pursuant to CalOptima Policy IS.1102: Electronic
38 Media and Hardware Controls, including, but not limited to, anti-virus, intrusion and malware
39 protection, or other data protection tools.
40
41 3. CalOptima shall consider the various Risks to the Integrity of EPHI in accordance with
42 CalOptima Policy IS.1000: EPHI Security Program to determine which electronic mechanisms
43 to implement to ensure that EPHI is not accessed altered or destroyed in an unauthorized
44 manner. Based on the identified Risks to the Integrity of the EPHI, CalOptima and its Business
45 Associates shall identify Security Measures that will reduce such Risks.
46

47 C. Encryption of EPHI

- 48
49 1. CalOptima shall Encrypt EPHI as follows:
50

- a. Encrypt electronic files that contain EPHI on Electronic Storage Devices in accordance with CalOptima Policy GA.5005a: Use of Technology Resources;
- b. All data transmissions of PHI or PI, such as website access, file transfer, and E-Mail, outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm which is 128 bit or higher, such as AES, in accordance with this policy and CalOptima Policy HH.3014Δ: Use of Electronic Mail with Protected Health Information;
- c. Encrypt all desktop computers and laptop hard drives that process or store EPHI pursuant to CalOptima Policy IS.1101: EPHI Physical Controls;
- d. Utilize an secured network protocol for remote Access to EPHI pursuant to CalOptima Policy IS:1201: EPHI Technical Safeguards – Access Controls; and
- e. Other data transmission in which the Encryption of EPHI is deemed necessary by CalOptima.

D. Protection Against Malicious Software

1. CalOptima shall install up-to-date Security patches on all Workstations, laptops, and other Information Systems that process or store EPHI.
2. CalOptima shall install commercial anti-virus software on all Workstations, laptops, and other Information Systems that process or store EPHI.
3. CalOptima shall configure anti-virus software to update virus definition files, at a minimum, once every twenty-four (24) hours and shall enable real-time anti-virus scanning.
4. CalOptima shall provide periodic training and education to Users accessing EPHI of the dangers to Information Systems and EPHI from malicious software such as:
 - a. Viruses;
 - b. Trojan horses; or
 - c. Worms.

E. CalOptima shall review data controls in place annually to ensure such controls are consistent with current technology standards.

F. CalOptima shall perform periodic internal and external vulnerability and penetration tests on its respective networks, in accordance with CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

- 1 A. CalOptima Business Associate Agreement
- 2 B. CalOptima Contract for Health Care Services
- 3 C. CalOptima Contract with the Department of Health Care Services (DHCS)
- 4 D. CalOptima Policy HH.2002 Δ: Sanctions
- 5 E. CalOptima Policy HH.3014 Δ: Use of Electronic Mail with Protected Health Information
- 6 F. CalOptima Policy HH.3020 Δ: Reporting and Providing Notice of Security Incidents, Breaches of
- 7 Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI
- 8 G. CalOptima Policy IS.1000: EPHI Security Program
- 9 H. CalOptima Policy IS.1001: Glossary of Terms
- 10 I. CalOptima Policy IS.1101: EPHI Physical Controls
- 11 J. CalOptima Policy IS.1102: Electronic Media, Electronic Storage Device and Hardware Controls
- 12 K. CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls
- 13 L. CalOptima Policy IS.1301: Security of Workforce Access to EPHI
- 14 M. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management
- 15 N. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and
- 16 the Department of Health Care Services (DHCS) for Cal MediConnect
- 17 O.
- 18 P. Title 45, Code of Federal Regulations, §§ 160.3, 164.306, 164.312 (a)(1), 164.312 (a)(1)(2)(iv),
- 19 164.312 (c)(1)-(2), 164.312 (e)(1)-(2)(ii), 164.316

21 **VI. REGULATORY AGENCY APPROVALS**

22
 23 None to Date

25 **VII. BOARD ACTIONS**

26
 27 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

29 **VIII. REVIEW/REVISION HISTORY**

30

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/10/2010	IS.1202	EPHI Technical Safeguards—Data Controls	Administrative
Revised	04/01/2014	IS.1202	EPHI Technical Safeguards—Data Controls	Administrative
Revised	02/01/2015	IS.1202	EPHI Technical Safeguards—Data Controls	Administrative
Revised	05/01/2016	IS.1202	EPHI Technical Safeguards—Data Controls	Administrative
Revised	02/02/2017	IS.1202	EPHI Technical Safeguards—Data Controls	Administrative

31

1 IX. GLOSSARY
 2

Term	Definitions
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Administrative Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.
Breach	Has the meaning in 45, Code of Federal Regulations Section 164.402.
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Confidentiality	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.
Disclosure	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations, including the following: the release, transfer, provision of access to, or divulging in any manner of information outside of the entity holding the information.
Electronic Media	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Electronic Protected Health Information (EPHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media
Encryption	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.

Term	Definitions
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.
Physical Safeguard	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.
Risk	The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.
Sanction	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Security or Security Measures	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. All Administrative, Physical, and Technical safeguards in an information system.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
Unsecured PHI/PI	Has the meaning in 45 Code of Federal Regulations Section 164.402. Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized persons through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111-5.
Use	Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.
Technical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.
User	A person or entity with authorized access.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
 Last Review Date: 05/01/1602/02/17
 Last Revised Date: 05/01/1602/02/17

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I. PURPOSE

~~To establish~~This policy establishes the process for evaluating the Security of a Covered Entity's~~CalOptima's~~ and Business Associates' ~~workforce~~Workforce with Access to Electronic Protected Health Information (EPHI), and to ensure Users receive appropriate Security awareness and training.

II. DEFINITIONS

Term	Definition
<u>Access</u>	The <u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Business Associates</u> <u>Administrative Safeguards</u>	A person or entity other than a member of CalOptima's workforce that performs functions or activities on CalOptima's behalf, or provides specified services to CalOptima, that involve the Use or Disclosure of protected health information. <u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.</u>
<u>Business Associate</u>	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
<u>Confidentiality</u>	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.
<u>Covered Entity</u> <u>Electronic Media</u>	A health plan, health care clearinghouse, or other health care provider that transmits health information in electronic form, including, but not limited to, CalOptima and its Health Networks. <u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>

Term	Definition
<u>Electronic Media: Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic storage media, including memory Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (i.e., hard drives) and any removable or /transportable digital memory medium (e.g., such as magnetic tape or disk, optical disk, or digital memory card).</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Protected Health Information that is created, received, maintained, or transmitted in electronic format. Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>Health Insurance Portability and Accountability Act (HIPAA)</u>	<u>The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996. Sections 261 through 264 of HIPAA require the Secretary of the U.S. Department of Health and Human Services (HHS) to publicize standards for the electronic exchange, privacy and security of health information as amended.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Integrity</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>
<u>Minimum Necessary</u>	<u>The standard which requires a covered entity to make reasonable efforts to limit the scope of the PHI it uses, discloses or makes a request for PHI to the minimum amount of PHI needed to accomplish the intended purpose. Minimum Necessary applies to internal uses of PHI, disclosures of PHI to external parties in response to a request and when Requesting PHI from another covered entity unless an except under HIPAA applies (e.g. Minimum Necessary standard does not apply to treatment).</u>
<u>Physical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.</u>
<u>Password</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters or any secret string of characters that serves to authenticate a person's identity, and is used to grant or deny access.</u>
<u>Principle of Least Privilege</u>	<u>The concept that all users at all times should run with as few privileges as possible, and also launch applications with as few privileges as possible to perform their work assignments.</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard</u>

Term	Definition
	drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Sanction	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Security or Security Measures	Has the meaning in 45 Code of Federal Regulations Section 164.304. All administrative, physical, and technical safeguards in an information system.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.
Technical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.
User	A person or entity with authorized access.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device, that performs similar functions (e.g., laptop, desktop computer, facsimile and copy machines), and electronic media stored in its immediate environment.
Workforce	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Employees, volunteers, trainees, and other persons whose conduct, in the performance of work for a covered entity or business associate, is under the direct control of such covered entity or business associate, whether or not they are paid by the covered entity or business associate.

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III.II. POLICY

- A. ~~A Covered Entity and Business Associates~~CalOptima shall ensure that all workforce members have appropriate Access to EPHI, and shall prevent those who are not authorized from obtaining Access to EPHI.
- B. ~~A Covered Entity and Business Associates~~CalOptima shall designate a person or persons who have the authority to grant~~authorize~~ Access privileges to EPHI, and the process for granting Access.
- C. ~~A Covered Entity and Business Associates~~On an annual basis, unless an earlier or more frequent review becomes warranted by specific circumstances; CalOptima shall establish a clearance process to verify that~~review -and ensure-~~ a User has the appropriate Access level for their job function.
- D. ~~A Covered Entity and Business Associates~~CalOptima shall require Security awareness and training for all new and existing ~~workforce~~Workforce members with regard to securing EPHI.

- 1 E. ~~A Covered Entity and Business Associates~~CalOptima shall provide a User with periodic security
2 news and technology updates ~~and reminders~~ with regard to EPHI.
3
4 F. ~~A Covered Entity~~CalOptima and its Business Associates shall apply appropriate Sanctions against
5 Business Associates and/or Users in where there has been a violation of CalOptima Health
6 Insurance and Portability and Accountability Act (compliance with HIPAA), as amended, and the
7 regulations promulgated thereunder, and/or CalOptima Security policies and procedures, up to, and
8 including, termination of contracts or employment, as applicable, and in accordance with CalOptima
9 Policy HH.2002A: Sanctions.
10
11 G. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
12 that are consistent with their obligations under CalOptima Business Associate Agreements.
13

14 IV.III. PROCEDURE

15 A. Assignment of Access to EPHI

- 16
17
18 1. ~~A Covered Entity and Business Associates~~CalOptima shall identify Users that require Access to
19 EPHI to carry out their duties, and shall:
20
21 a. Identify the EPHI that is needed;
22
23 b. When the EPHI is needed; and
24
25 c. Make reasonable efforts to control Access to EPHI, including identifying the Information
26 Systems and applications that provide Access to EPHI.
27
28 2. ~~A Covered Entity and Business Associates~~CalOptima shall assign and control a User's Access
29 to EPHI, in accordance with role-based Access controls, and shall provide only the minimum
30 necessaryMinimum Necessary Access to EPHI that is required for a User to perform his or her
31 duties, in accordance with the minimum necessary limitations and the Principle of Least
32 Privilege.
33
34 ~~3. A Covered Entity and Business Associates~~CalOptima shall document and review Access
35 privileges on an annual basis pursuant to CalOptima Policy IS.1303: Audit, Review, Testing,
36 and Change Management (~~e.g., unless an annual review~~).
37
38 ~~4.3. If a User previously entitled to Access EPHI no longer requires such Access earlier or if a User's~~
39 ~~job description changes to require more or less Access to EPHI, a Covered Entity and Business~~
40 ~~Associates shall remove or change Access privileges appropriately within three (3) business~~
41 ~~days more frequent review becomes warranted by specific circumstances.~~
42

43 ~~A Covered Entity and Business Associates~~

- 44 ~~—When a User's role changes, -Managers or Directors must submit department transfer or~~
45 ~~account modifications request ticket to IS Help Desk. Upon receipt, network and application~~
46 ~~administrator shall modify the account access as designated by the manager or director to~~
47 ~~maintain the principle of least privilege.~~

48 4.

1 ~~—CalOptima shall terminate Access when~~isable a User’s network and application accounts,
2 effectively on the last day of work or employment ~~ends at~~ CalOptima, regardless of whether a
3 User leaves the organization voluntarily or involuntarily. If a User leaves CalOptima but is re-
4 employed at a later date by CalOptima, a new network account should be requested and created
5 according to the procedures described in Section III.V.A.4. of this policy.
6

7
8 B. EPHI Security Awareness and Training
9

- 10 1. ~~A Covered Entity and Business Associates~~CalOptima shall train all ~~workforce~~Workforce
11 members, including management, on how to Access, handle and Aeeess secure EPHI,
12 including, but not limited to:
13
14 a. A User’s role and responsibilities in protecting the Confidentiality and Integrity of EPHI;
15 ~~including protecting against malicious software;;~~
16
17 b. Appropriate ~~functions~~Administrative, Technical and Physical safeguards to perform on a
18 Workstation, mobile device, Electronic Storage Device or laptop to safeguard EPHI;
19
20 ~~e. Log~~Proper log on and log off procedures;
21 c.
22 ~~d. Appropriate handling of Electronic Media and Hardware that contains EPHI;~~
23
24
25 ~~e.d.~~ Guidelines for ~~creating Passwords and~~ Password management; ~~and~~
26
27 ~~f.e.~~ Appropriate response to Security Incidents.
28
29 2. ~~A Covered Entity and Business Associates~~CalOptima shall provide additional ongoing training
30 whenever environmental or operational changes affect the Security of EPHI, including, but not
31 limited to:
32
33 a. New or updated policies and procedures;
34
35 b. New or upgraded software or Hardware;
36
37 c. New Security technology; ~~and~~ implemented; and/or
38
39 d. ~~Changes to the~~ Amendments to the HIPAA Security ~~Rule.~~Rules.
40

41 C. EPHI Security Updates and Reminders
42

- 43 1. ~~A Covered Entity and Business Associates~~CalOptima shall provide a User with periodic
44 Security news and technology updates ~~and reminders~~ that pertain to Information Systems that
45 process or store EPHI, and shall document:
46
47 a. Type of Security ~~reminders~~technology implemented;
48
49 ~~b. Message; and~~

1 | b. The benefit and the area that is impacted; and

2 |
3 | c. Date of implementation.

- 4 |
5 | 2. ~~A Covered Entity and Business Associates~~ CalOptima shall regularly review the effectiveness of
6 | the media and mechanisms to provide that deliver the security reminders news and technology
7 | updates to Users.

8 |
9 | **V.IV. ATTACHMENTS**

10 | Not Applicable

11 |
12 | **VI.V. REFERENCES**

- 13 |
14 |
15 | A. CalOptima Contract for Health Care Services
16 | B. CalOptima Contract with the Department of Health Care Services (DHCS)
17 | ~~D.A. CalOptima Policy IS.1001: Glossary of Terms~~
18 | ~~E.A. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management~~
19 | ~~C. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and~~
20 | ~~the Department of Health Care Services (DHCS) for Cal MediConnect~~
21 | C. CalOptima Policy HH.2002 A: Sanctions
22 | D. CalOptima Policy IS.1001: Glossary of Terms
23 | E. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management
24 | F. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and
25 | the Department of Health Care Services (DHCS) for Cal MediConnect
26 | ~~D.G.~~ Title 45, Code of Federal Regulations, Section §§ 160.3, 164.308(a)(3)(i) - (ii)(C),
27 | 164.308(a)(1)(ii)(C), 164.308(a)(5)(i), 164.308(a)(5)(ii)(A)

28 |
29 | **VII.VI. REGULATORY AGENCY APPROVALS**

30 | None to Date

31 |
32 | **VIII.VII. BOARD ACTIONS**

33 |
34 | ~~None to Date~~ A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

35 |
36 | **IX.VIII. REVIEW/REVISION HISTORY**

37 |
38 |

Version	Date	Policy Number	Policy Title	<u>Line(s) of Business</u>
<u>Original Effective</u>	01/01/2010	IS.1301	Workforce Security Access to EPHI	<u>Administrative</u>
Revised	03/01/2011	IS.1301	Workforce Security Access to EPHI	<u>Administrative</u>
Revised	02/01/2013	IS.1301	Workforce Security Access to EPHI	<u>Administrative</u>
Revised	10/01/2014	IS.1301	Security of Workforce Access to EPHI	<u>Administrative</u>

Policy #: IS.1301
Title: Security of Workforce Access to EPHI

Revised Date:
02/02/17~~05/01/16~~

Version	Date	Policy Number	Policy Title	<u>Line(s) of Business</u>
Revised	05/01/2016	IS.1301	Security of Workforce Access to EPHI	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>IS.1301</u>	<u>Security of Workforce Access to EPHI</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Administrative Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.</u>
<u>Business Associate</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.</u>
<u>Confidentiality</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.</u>
<u>Electronic Media</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>Health Insurance Portability and Accountability Act (HIPAA)</u>	<u>The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Integrity</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>

<u>Term</u>	<u>Definition</u>
<u>Minimum Necessary</u>	<u>The standard which requires a covered entity to make reasonable efforts to limit the scope of the PHI it uses, discloses or makes a request for PHI to the minimum amount of PHI needed to accomplish the intended purpose. Minimum Necessary applies to internal uses of PHI, disclosures of PHI to external parties in response to a request and when Requesting PHI from another covered entity unless an except under HIPAA applies (e.g. Minimum Necessary standard does not apply to treatment).</u>
<u>Physical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.</u>
<u>Password</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters or any secret string of characters.</u>
<u>Principle of Least Privilege</u>	<u>The concept that all users at all times should run with as few privileges as possible, and also launch applications with as few privileges as possible to perform their work assignments.</u>
<u>Electronic Storage Device</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.</u>
<u>Sanction</u>	<u>An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.</u>
<u>Security or Security Measures</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. All administrative, physical, and technical safeguards in an information system.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.</u>
<u>Technical Safeguards</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.</u>
<u>User</u>	<u>A person or entity with authorized access.</u>
<u>Workstation</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.</u>
<u>Workforce</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Employees, volunteers, trainees, and other persons whose conduct, in the performance of work for a covered entity or business associate, is under the direct control of such covered entity or business associate, whether or not they are paid by the covered entity or business associate.</u>



CEO Approval: Michael Schrader _____

Effective Date: 01/01/10

Last Review Date: 02/02/17

Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
3 This policy establishes the process for evaluating the Security of a CalOptima’s and Business
4 Associates’ Workforce with Access to Electronic Protected Health Information (EPHI), and to ensure
5 Users receive appropriate Security awareness and training.
6

7
8 **II. POLICY**

- 9
- 10 A. CalOptima shall ensure that all workforce members have appropriate Access to EPHI, and shall
- 11 prevent those who are not authorized from obtaining Access to EPHI.
- 12
- 13 B. CalOptima shall designate a person or persons who have the authority to authorize Access
- 14 privileges to EPHI, and the process for granting Access.
- 15
- 16 C. On an annual basis, unless an earlier or more frequent review becomes warranted by specific
- 17 circumstances; CalOptima shall review and ensure a User has the appropriate Access level for their
- 18 job function.
- 19
- 20 D. CalOptima shall require Security awareness and training for all new and existing Workforce
- 21 members with regard to securing EPHI.
- 22
- 23 E. CalOptima shall provide a User with periodic security news and technology updates with regard to
- 24 EPHI.
- 25
- 26 F. CalOptima and its Business Associates shall apply appropriate Sanctions against Business
- 27 Associates and/or Users where there has been a violation of compliance with HIPAA, as amended,
- 28 and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and
- 29 including termination of contracts or employment, as applicable, and in accordance with CalOptima
- 30 Policy HH.2002Δ: Sanctions.
- 31
- 32 G. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
- 33 that are consistent with their obligations under CalOptima Business Associate Agreements.
- 34

35 **III. PROCEDURE**

- 36
- 37 A. Assignment of Access to EPHI
- 38
- 39 1. CalOptima shall identify Users that require Access to EPHI to carry out their duties, and shall:
- 40
- 41 a. Identify the EPHI that is needed;
- 42

1 b. When the EPHI is needed; and
2

3 c. Make reasonable efforts to control Access to EPHI, including identifying the Information
4 Systems and applications that provide Access to EPHI.
5

6 2. CalOptima shall assign and control a User's Access to EPHI, in accordance with role-based
7 Access controls, and shall provide only the Minimum Necessary Access to EPHI that is
8 required for a User to perform his or her duties, in accordance with the Principle of Least
9 Privilege.

10 3. CalOptima shall document and review Access privileges on an annual basis pursuant to
11 CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management unless an earlier
12 or more frequent review becomes warranted by specific circumstances.
13

14 4. When a User's role changes, Managers or Directors must submit department transfer or account
15 modifications request ticket to IS Help Desk. Upon receipt, network and application
16 administrator shall modify the account access as designated by the manager or director to
17 maintain the principle of least privilege.
18

19
20 CalOptima shall disable a User's network and application accounts, effectively on the last day
21 of work or employment at CalOptima, regardless of whether a User leaves the organization
22 voluntarily or involuntarily. If a User leaves CalOptima but is re-employed at a later date by
23 CalOptima, a new network account should be requested and created according to the procedures
24 described in Section III.A.4. of this policy.
25

26 B. EPHI Security Awareness and Training

27
28 1. CalOptima shall train all Workforce members, including management, on how to Access,
29 handle and secure EPHI, including, but not limited to:

30 a. A User's role and responsibilities in protecting the Confidentiality and Integrity of EPHI,;

31
32 b. Appropriate Administrative, Technical and Physical safeguards to perform on a
33 Workstation, mobile device, Electronic Storage Device or laptop to safeguard EPHI;
34

35 c. Proper log on and log off procedures;
36

37 d. Guidelines for Password management;
38

39 e. Appropriate response to Security Incidents.
40

41
42 2. CalOptima shall provide additional ongoing training whenever environmental or operational
43 changes affect the Security of EPHI, including, but not limited to:

44 a. New or updated policies and procedures;
45

46 b. New or upgraded software or Hardware;
47

48 c. New Security technology implemented; and/or
49
50

- d. Amendments to the HIPAA Security Rules.
- C. EPHI Security Updates and Reminders
 - 1. CalOptima shall provide a User with periodic Security news and technology updates that pertain to Information Systems that process or store EPHI, and shall document:
 - a. Type of Security technology implemented;
 - b. The benefit and the area that is impacted; and
 - c. Date of implementation.
 - 2. CalOptima shall regularly review the effectiveness of the media and mechanisms that deliver the security news and technology updates to Users.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

- A. CalOptima Contract for Health Care Services
- B. CalOptima Contract with the Department of Health Care Services (DHCS)
- C. CalOptima Policy HH.2002 Δ: Sanctions
- D. CalOptima Policy IS.1001: Glossary of Terms
- E. CalOptima Policy IS.1303: Audit, Review, Testing, and Change Management
- F. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and the Department of Health Care Services (DHCS) for Cal MediConnect
- G. Title 45, Code of Federal Regulations, §§ 160.3, 164.308(a)(3)(i) - (ii)(C), 164.308(a)(1)(ii)(C), 164.308(a)(5)(i), 164.308(a)(5)(ii)(A)

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/01/2010	IS.1301	Workforce Security Access to EPHI	Administrative
Revised	03/01/2011	IS.1301	Workforce Security Access to EPHI	Administrative
Revised	02/01/2013	IS.1301	Workforce Security Access to EPHI	Administrative

Policy #: IS.1301

Title: Security of Workforce Access to EPHI

Revised Date: 02/02/17

Version	Date	Policy Number	Policy Title	Line(s) of Business
Revised	10/01/2014	IS.1301	Security of Workforce Access to EPHI	Administrative
Revised	05/01/2016	IS.1301	Security of Workforce Access to EPHI	Administrative
Revised	02/02/2017	IS.1301	Security of Workforce Access to EPHI	Administrative

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1 IX. GLOSSARY
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Term	Definition
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Administrative Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic protected health information and to manage the conduct of the covered entity's or business associate's workforce in relation to the protection of that information.
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Confidentiality	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.
Electronic Media	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Electronic Protected Health Information (EPHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.

Term	Definition
Minimum Necessary	The standard which requires a covered entity to make reasonable efforts to limit the scope of the PHI it uses, discloses or makes a request for PHI to the minimum amount of PHI needed to accomplish the intended purpose. Minimum Necessary applies to internal uses of PHI, disclosures of PHI to external parties in response to a request and when Requesting PHI from another covered entity unless an except under HIPAA applies (e.g. Minimum Necessary standard does not apply to treatment).
Physical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The physical measures, policies, and procedures to protect a covered entity's or business associate's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.
Password	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Confidential authentication information composed of a string of characters or any secret string of characters.
Principle of Least Privilege	The concept that all users at all times should run with as few privileges as possible, and also launch applications with as few privileges as possible to perform their work assignments.
Electronic Storage Device	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Electronic Storage Media on which data is or may be recorded electronically, includes, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.
Sanction	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Security or Security Measures	Has the meaning in 45 Code of Federal Regulations Section 164.304. All administrative, physical, and technical safeguards in an information system.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.
Technical Safeguards	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The technology, and the policy and procedures for its use, which protect electronic protected health information, and control access to it.
User	A person or entity with authorized access.
Workstation	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An electronic computing device, for example, a laptop or desktop computer, or any other device that performs similar functions, and electronic media stored in its immediate environment.
Workforce	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. Employees, volunteers, trainees, and other persons whose conduct, in the performance of work for a covered entity or business associate, is under the direct control of such covered entity or business associate, whether or not they are paid by the covered entity or business associate.

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I. PURPOSE

~~To implement~~ This policy describes the procedure for audits, reviews, testing, and change management of Information Systems that process or store Electronic Protected Health Information (EPHI).

II. DEFINITIONS

Term	Definitions
Access	The ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Authentication	The corroboration that a person is the one claimed.
Availability	The property that data or information is accessible and useable upon demand by an authorized person.
Business Associates	A person or entity other than a member of CalOptima's workforce that performs functions or activities on CalOptima's behalf, or provides specified services to CalOptima, that involve the Use or Disclosure of protected health information.
Confidentiality	The property that data or information is not made available or disclosed to unauthorized persons or processes.
Covered Entity	A health plan, health care clearinghouse, or other health care provider that transmits health information in electronic form, including, but not limited to, CalOptima and its Health Networks.
Electronic Media	Electronic storage media, including memory devices in computers (i.e., hard drives) and any removable or transportable digital memory medium (e.g., magnetic tape or disk, optical disk, or digital memory card).
Electronic Protected Health Information (EPHI)	Protected Health Information that is created, received, maintained, or transmitted in electronic format.
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996. Sections 261 through 264 of HIPAA require the Secretary of the U.S. Department of Health and Human Services (HHS) to publicize standards for the electronic exchange, privacy and security of health information as amended.

Term	Definitions
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared-risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.
Information System	An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	The property that data or information have not been altered or destroyed in an unauthorized manner.
Risk	The net mission impact, considering: 1.—The probability that a particular threat will accidentally trigger or intentionally exploit a particular vulnerability; and 2.—The resulting impact if this should occur.
Sanctions	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Security or Security Measures	All administrative, physical, and technical safeguards in an information system.
Security Incident	The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.
User	A person or entity with authorized access.
Vulnerability	A flaw or weakness in system security procedures, design, implementation, or internal control that could be accidentally triggered or intentionally exploited and result in a security breach or a violation of the system's security policy.
Workstation	An electronic computing device or any other device, that performs similar functions (e.g., laptop, desktop computer, facsimile and copy machines), and electronic media stored in its immediate environment.

III.II. POLICY

- A. ~~A Covered Entity and Business Associates~~ CalOptima shall establish procedures for audits and reviews of Information Systems that process or store EPHI to protect against unauthorized Access or use of such EPHI.
- B. ~~A Covered Entity and Business Associates~~ CalOptima shall determine reasonable and appropriate audit controls for Information Systems that process or store EPHI, based on its Risk analysis and

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1 organizational factors, such as current technical infrastructure, Hardware, and software Security
2 capabilities.
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- 4 C. ~~A Covered Entity and Business Associates, as defined in CalOptima Policy IS.1001: Glossary of~~
5 ~~Terms~~CalOptima shall perform system Security reviews for Information Systems that process or
6 store EPHI. This review shall be performed in accordance with regulatory, statutory, and contractual
7 guidance, when a significant change to a system or application, or when a system event occurs to
8 trigger a need for a revision.
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- 10 D. ~~A Covered Entity and Business Associates~~CalOptima shall ensure that Information Systems that
11 process or store EPHI have established routine procedures to review system Access logs for
12 unauthorized Access.
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- 14 E. ~~A Covered Entity and Business Associates~~CalOptima shall review and modify, as necessary, a
15 User's right of Access to a Workstation, transaction, program, or process.
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- 17 F. ~~A Covered Entity and Business Associates~~CalOptima shall ensure that Information Systems that
18 process or store EPHI have a documented change control procedure that protects the
19 Confidentiality, Integrity, and Availability of EPHI.
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- 21 G. ~~A Covered Entity and Business Associates~~CalOptima shall have a testing component as part of its
22 system methodologies.
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- 24 H. ~~A Covered Entity and Business Associates shall periodically evaluate its strategy and Information~~
25 ~~Systems to ensure operating environments continue~~CalOptima shall conduct HIPAA Risk
26 Assessment annually to comply with the Health Insurance Portability and Accountability Act
27 (HIPAA) Security Rule, as amended.
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- 29 I. If ~~a Covered Entity~~CalOptima and its Business Associates becomes aware of unauthorized Access
30 or use of EPHI, it shall adhere to the policies and procedures set forth in CalOptima ~~Policies~~Policy
31 ~~HH.30203020A: Reporting a Breach and Providing Notice of Data Security, Intrusion, or~~
32 ~~Unauthorized Use or Disclosure Incidents, Breaches of Unsecured PHI and MA.9222: Reporting a~~
33 ~~Breach of Data Security, Intrusion, or PI or other~~ Unauthorized Use or Disclosure of PHI, as
34 applicable/PI.
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- 36 ~~J. CalOptima may impose and its Business Associates shall apply appropriate Sanctions on against its~~
37 ~~Business Associates and/or Users where there has been a Business Associate for violations~~violation
38 of the standards outlined in this policy compliance with HIPAA, as described in the amended, and
39 the regulations promulgated thereunder, and/or CalOptima Business Associate Agreement.
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- 41 ~~K.J. CalOptima may impose Sanctions on a Health Network for violations~~Security policies up to,
42 and including termination of the standards outlined in this policy, contracts or employment, as
43 applicable and in accordance with CalOptima Policy ~~HH.20022002A: Sanctions and MA.9105:~~
44 ~~Sanctions, as applicable.~~
45
- 46 ~~L. All data related to the Department of Health Care Services (DHCS) contract shall be available to~~
47 ~~DHCS and to the Centers for Medicare and Medicaid Services (CMS) upon request.~~
48 K. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
49 that are consistent with their obligations under CalOptima Business Associate Agreements.

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2 **IV.III. PROCEDURE**
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4 A. Audit
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6 ~~1. A Covered Entity and Business Associates shall implement Hardware, software, or procedural~~
7 ~~mechanisms that record and examine activity in Information Systems that process or store~~
8 ~~EPHI.~~
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10 ~~2.1~~ Information Systems that process or store EPHI shall perform the following activities:
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- 12 a. Log all system administrator or developer Access and changes if the system is processing or
13 storing EPHI;
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15 b. Log successes and failures of User Authentication at all ~~layers;~~ level;
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17 ~~c. Log all User transactions at the database layer if the system is processing or storing EPHI,~~
18 ~~including log on attempts and reporting discrepancies; and~~
19
20 ~~d.c.~~ Require the User to reset his or her domain password after a specified number of
21 unsuccessful logon attempts, in accordance with CalOptima Policy IS.1201: EPHI
22 Technical Safeguards – Access Controls.
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24 B. Review
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- 26 1. ~~A Covered Entity and Business Associates~~ CalOptima shall perform ~~regular~~ Information System
27 activity reviews daily to determine if EPHI is accessed, acquired, used, or disclosed in an
28 unauthorized manner.
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30 2. ~~A Covered Entity and Business Associates~~ CalOptima shall customize the Information System
31 activity review to meet its Risk management strategy and account for the capabilities of all
32 Information Systems that process or store EPHI.
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34 3. ~~A Covered Entity and Business Associates~~ CalOptima shall regularly review records of
35 Information System activity, such as:
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37 a. Audit logs;
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39 b. Access reports; and
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41 c. Security Incident tracking reports.
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43 4. ~~A Covered Entity and Business Associates~~ CalOptima shall ensure that Information Systems that
44 process or store EPHI have, a minimum, an annual system Security review.
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46 5. ~~A Covered Entity and Business Associates~~ CalOptima shall include in their annual system
47 Security review administrative and technical Vulnerability scanning tools.
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~~C. A Covered Entity and Business Associates shall maintain systems logs for six (6) years after the discovery of unauthorized Access.~~

~~D.C.~~ C. Change Management

1. ~~A Covered Entity and Business Associates~~ CalOptima shall implement a change control procedure for Information Systems that process or store EPHI that:
 - a. Ensures separation of duties; and
 - b. Protects the Confidentiality, Integrity, and Availability of EPHI.
2. ~~A Covered Entity and Business Associates~~ CalOptima shall include the following processes in the change control procedure:
 - a. Request for change;
 - b. Department(s) involved;
 - c. Current process(es);
 - d. Proposed change(s);
 - e. Testing plan;
 - f. Rollback plan;
 - g. Implementation plan;
 - h. Validation plan;
 - i. Security review;
 - j. Approval from departments involved; and
 - k. Approval from ~~the Covered Entity's Information Systems Department~~ CalOptima's Chief Security Officer (CSO).

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

Not Applicable

~~VI.V.~~ VI.V. REFERENCES

- A. CalOptima Business Associate Agreement
- B. CalOptima Contract for Health Care Services
- C. CalOptima Contract with the Department of Health Care Services (DHCS)
- D. CalOptima Policy HH.~~2002~~2002A: Sanctions

Policy #: IS.1303
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02/02/17

- E. CalOptima Policy HH.~~30203020A~~: Reporting ~~a Breach and Providing Notice~~ of ~~Data Security, Intrusion, Incidents, Breaches of Unsecured PHI/PI~~ or ~~other~~ Unauthorized Use or Disclosure of ~~PHI/PI~~
- F. CalOptima Policy IS.1001: Glossary of Terms
- G. CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls
- ~~H. CalOptima Policy MA.9105: Sanctions~~
- ~~I. CalOptima Policy MA.9222: Reporting a Breach of Data Security, Intrusion, or Unauthorized Use or Disclosure of PHI~~
- ~~J.H.~~ CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and the Department of Health Care Services (DHCS) for Cal MediConnect
- ~~K.I.~~ Title 45, Code of Federal Regulations, Sections 164.308 (a)(1)(ii)(D), 164.308 (a)(4)(ii)(C), 164.308 (a)(5)(ii)(C), 164.308(a)(8)

~~VH.VI.~~ **REGULATORY AGENCY APPROVALS**

None to Date

~~VIII.VII.~~ **BOARD ACTIONS**

None to Date

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

Version	Date	Policy Number	Policy Title	Line(s) of Business
Original Effective	01/10/2010	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	03/01/2011	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	12/01/2012	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	02/01/2015	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	05/01/2016	IS.1303	Audit, Review, Testing, and Change Management	Administrative
<u>Revised</u>	<u>02/02/2017</u>	<u>IS.1303</u>	<u>Audit, Review, Testing, and Change Management</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definitions</u>
<u>Access</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.</u>
<u>Authentication</u>	<u>The corroboration that a person is the one claimed.</u>
<u>Availability</u>	<u>The property that data or information is accessible and useable upon demand by an authorized person.</u>
<u>Business Associate</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.</u>
<u>Confidentiality</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.</u>
<u>Electronic Media</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.</u>
<u>Electronic Protected Health Information (EPHI)</u>	<u>Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media</u>
<u>Hardware</u>	<u>The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).</u>
<u>Health Insurance Portability and Accountability Act (HIPAA)</u>	<u>The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Information System</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.</u>
<u>Integrity</u>	<u>Has the meaning given such term in Section 160.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.</u>

<u>Term</u>	<u>Definitions</u>
<u>Risk</u>	<u>The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.</u>
<u>Sanctions</u>	<u>An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, , Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.</u>
<u>Security or Security Measures</u>	<u>Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. All Administrative, Physical, and Technical safeguards in an information system.</u>
<u>Security Incident</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.</u>
<u>User</u>	<u>Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.</u>
<u>Vulnerability</u>	<u>A flaw or weakness in system security procedures, design, implementation, or internal control that could be accidentally triggered or intentionally exploited and result in a security breach or a violation of the system's security policy.</u>
<u>Workstation</u>	<u>An electronic computing device or any other device, that performs similar functions (e.g., laptop, desktop computer, facsimile and copy machines), and electronic media stored in its immediate environment.</u>

Policy #: IS.1303
Title: **Audit, Review, Testing, and Change Management**
Dept.: Information Services
Section: HIPAA Security

CEO Approval: Michael Schrader _____

Effective Date: 01/01/10
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

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I. PURPOSE

This policy describes the procedure for audits, reviews, testing, and change management of Information Systems that process or store Electronic Protected Health Information (EPHI).

II. POLICY

- A. CalOptima shall establish procedures for audits and reviews of Information Systems that process or store EPHI to protect against unauthorized Access or use of such EPHI.
- B. CalOptima shall determine reasonable and appropriate audit controls for Information Systems that process or store EPHI, based on its Risk analysis and organizational factors, such as current technical infrastructure, Hardware, and software Security capabilities.
- C. CalOptima shall perform system Security reviews for Information Systems that process or store EPHI. This review shall be performed in accordance with regulatory, statutory, and contractual guidance, when a significant change to a system or application, or when a system event occurs to trigger a need for a revision.
- D. CalOptima shall ensure that Information Systems that process or store EPHI have established routine procedures to review system Access logs for unauthorized Access.
- E. CalOptima shall review and modify, as necessary, a User's right of Access to a Workstation, transaction, program, or process.
- F. CalOptima shall ensure that Information Systems that process or store EPHI have a documented change control procedure that protects the Confidentiality, Integrity, and Availability of EPHI.
- G. CalOptima shall have a testing component as part of its system methodologies.
- H. CalOptima shall conduct HIPAA Risk Assessment annually to comply with the Health Insurance Portability and Accountability Act (HIPAA) Security Rule, as amended.
- I. If CalOptima and its Business Associates becomes aware of unauthorized Access or use of EPHI, it shall adhere to the policies and procedures set forth in CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI.
- J. CalOptima and its Business Associates shall apply appropriate Sanctions against its Business Associates and/or Users where there has been a violation of compliance with HIPAA, as amended,

1 and the regulations promulgated thereunder, and/or CalOptima Security policies up to, and
2 including termination of contracts or employment, as applicable and in accordance with CalOptima
3 Policy HH.2002Δ: Sanctions.
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- 5 K. Business Associates shall have policies and procedures as required by the HIPAA Security Rule and
6 that are consistent with their obligations under CalOptima Business Associate Agreements.
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8 **III. PROCEDURE**

9 **A. Audit**

- 10 1. Information Systems that process or store EPHI shall perform the following activities:
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12 a. Log all system administrator or developer Access and changes if the system is processing or
13 storing EPHI;
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15 b. Log successes and failures of User Authentication at all level;
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17 c. Require the User to reset his or her domain password after a specified number of
18 unsuccessful logon attempts, in accordance with CalOptima Policy IS.1201: EPHI
19 Technical Safeguards – Access Controls.
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23 **B. Review**

- 24 1. CalOptima shall perform Information System activity reviews daily to determine if EPHI is
25 accessed, acquired, used, or disclosed in an unauthorized manner.
26
27 2. CalOptima shall customize the Information System activity review to meet its Risk management
28 strategy and account for the capabilities of all Information Systems that process or store EPHI.
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30 3. CalOptima shall regularly review records of Information System activity, such as:
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32 a. Audit logs;
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34 b. Access reports; and
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36 c. Security Incident tracking reports.
37
38 4. CalOptima shall ensure that Information Systems that process or store EPHI have, a minimum,
39 an annual system Security review.
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41 5. CalOptima shall include in their annual system Security review administrative and technical
42 Vulnerability scanning tools.
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45 **C. Change Management**

- 46 1. CalOptima shall implement a change control procedure for Information Systems that process or
47 store EPHI that:
48
49 a. Ensures separation of duties; and
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2 b. Protects the Confidentiality, Integrity, and Availability of EPHI.

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4 2. CalOptima shall include the following processes in the change control procedure:

5
6 a. Request for change;

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8 b. Department(s) involved;

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10 c. Current process(es);

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12 d. Proposed change(s);

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14 e. Testing plan;

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16 f. Rollback plan;

17
18 g. Implementation plan;

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20 h. Validation plan;

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22 i. Security review;

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24 j. Approval from departments involved; and

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26 k. Approval from CalOptima's Chief Security Officer (CSO).

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28 **IV. ATTACHMENTS**

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30 Not Applicable

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32 **V. REFERENCES**

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34 A. CalOptima Business Associate Agreement

35 B. CalOptima Contract for Health Care Services

36 C. CalOptima Contract with the Department of Health Care Services (DHCS)

37 D. CalOptima Policy HH.2002Δ: Sanctions

38 E. CalOptima Policy HH.3020Δ: Reporting and Providing Notice of Security Incidents, Breaches of
39 Unsecured PHI/PI or other Unauthorized Use or Disclosure of PHI/PI

40 F. CalOptima Policy IS.1001: Glossary of Terms

41 G. CalOptima Policy IS.1201: EPHI Technical Safeguards – Access Controls

42 H. CalOptima Three-Way Contract with the Centers for Medicare and Medicaid Services (CMS) and
43 the Department of Health Care Services (DHCS) for Cal MediConnect

44 I. Title 45, Code of Federal Regulations, Sections 164.308 (a)(1)(ii)(D), 164.308 (a)(4)(ii)(C), 164.308
45 (a)(5)(ii)(C), 164.308(a)(8)

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47 **VI. REGULATORY AGENCY APPROVALS**

48
49 None to Date

1 **VII. BOARD ACTIONS**

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3 None to Date

4 **VIII. REVIEW/REVISION HISTORY**

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Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/10/2010	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	03/01/2011	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	12/01/2012	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	02/01/2015	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	05/01/2016	IS.1303	Audit, Review, Testing, and Change Management	Administrative
Revised	02/02/2017	IS.1303	Audit, Review, Testing, and Change Management	Administrative

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1 IX. GLOSSARY
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Term	Definitions
Access	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations i.e., the ability or the means necessary to read, write, modify, or communicate data or information or otherwise use any CalOptima system resource.
Authentication	The corroboration that a person is the one claimed.
Availability	The property that data or information is accessible and useable upon demand by an authorized person.
Business Associate	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations.
Confidentiality	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. The property that data or information is not made available or disclosed to unauthorized persons or processes.
Electronic Media	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Transmission media used to exchange information already in Electronic Storage Media, including internet, extranet, or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable Electronic Storage Media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via Electronic Media, if the information being exchanged did not exist in electronic form immediately before the transmission.
Electronic Protected Health Information (EPHI)	Has the meaning given such term in Section 160.103 of Title 45, Code of Federal Regulations. Individually identifiable health information that is transmitted by Electronic Media or maintained in Electronic Media
Hardware	The mechanical, magnetic, electronic, and electrical devices comprising a computer system (e.g., CPU, disk drives, keyboard, screen).
Health Insurance Portability and Accountability Act (HIPAA)	The Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, was enacted on August 21, 1996.
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.
Information System	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. An interconnected set of information resources under the same direct management control that shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.
Integrity	Has the meaning given such term in Section 160.304 of Title 45, Code of Federal Regulations. The property that data or information have not been altered or destroyed in an unauthorized manner.
Risk	The potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization.

Term	Definitions
Sanctions	An action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's, its agent's, Workforce member's, or User's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Programs.
Security or Security Measures	Has the meaning given such term in Section 164.304 of Title 45, Code of Federal Regulations. All Administrative, Physical, and Technical safeguards in an information system.
Security Incident	Has the meaning in 45 Code of Federal Regulations Section 164.304. The attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations, in an information system.
User	Has the meaning in 45 Code of Federal Regulations Section 160.103, including the following: the sharing, employment, application, utilization, examination, or analysis of the PHI within an entity that maintains such information.
Vulnerability	A flaw or weakness in system security procedures, design, implementation, or internal control that could be accidentally triggered or intentionally exploited and result in a security breach or a violation of the system's security policy.
Workstation	An electronic computing device or any other device, that performs similar functions (e.g., laptop, desktop computer, facsimile and copy machines), and electronic media stored in its immediate environment.

1

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

9. Consider Authorization of Expenditures in Support of CalOptima's Participation in the 2017 ActNOW Conference and South Orange County Senior Day

Contact

Phil Tsunoda, Executive Director Public Policy and Public Affairs, (714) 246-8400

Recommended Actions

1. Authorize expenditures for CalOptima's participation in the following community events:
 - a. Up to \$1,000 and staff participation at The G.R.E.E.N. Foundation's (TGF) 2017 ActNOW Conference on February 25, 2017 at California State University, Fullerton; and
 - b. Up to \$1,000 and staff participation at Senator Patricia C. Bates and Assemblyman William P. Brough's South Orange County Senior Day 2017 on Friday, March 10, 2017 in Mission Viejo.
2. Make a finding that such expenditures are for a public purpose and in furtherance of CalOptima's mission and statutory purpose; and
3. Authorize the Chief Executive Officer to execute agreements as necessary for the events and expenditures.

Background

CalOptima has a long history of participating in community events, health and resource fairs, town halls, workshops, and other public activities in furtherance of the organization's statutory purpose. Consistent with these activities, CalOptima has offered financial participation in public activities from time to time when such participation is in the public good, in furtherance of CalOptima's mission and statutory purpose, and encourages broader participation in CalOptima's programs and services, or promotes health and wellness among the populations CalOptima serves. As a result, CalOptima has developed and cultivated a strong reputation in Orange County with community partners and key stakeholders.

Requests for participation are considered based on several factors, including: the number of people the activity/event will reach; the marketing benefits accrued to CalOptima; the strength of the partnership or level of involvement with the requesting entity; past participation; staff availability; and available budget.

Discussion

Staff recommends the authorization of expenditures for participation in these two community events. The events will provide CalOptima with opportunities to conduct outreach and education about CalOptima's programs and services with current members and potential members, potentially increasing enrollment and access to health care services in the community.

- a. A \$1,000 financial commitment for TGF's ACTNow Conference includes: One (1) 10x10 exhibitor booth; quarter page ad in the conference program; and verbal acknowledgement of sponsorship during conference workshop and community engagement portion of event. CalOptima staff time will be used to participate in this event. Staff will have an opportunity to interact with current and potential members and share information about CalOptima's

programs and services. TGF's ACTNow Conference provides comprehensive health education and navigation services for African Americans and promotes early detection, screenings and overall health in the communities of color. The event is designed to bring information to serve current members, potential members, faith-based communities and health care professionals. Attendance from last year's event drew in approximately two hundred to two hundred and fifty (200-250) individuals and served approximately one hundred (150) CalOptima members. This year, TGF anticipates serving two hundred (200) CalOptima members.

- b. A \$1,000 financial commitment for Senator Patricia C. Bates and Assemblyman William P. Brough's South Orange County Senior Day 2017 includes: One (1) exhibitor booth; event advertisement; and full page advertisement space in event program. CalOptima staff time will be used to participate in this event. Staff will have the opportunity to interact with current and potential members and highlight the OneCare Connect program with senior members in the community, potentially increasing enrollment. The event will provide educational programs to protect, inform and empower seniors and provides resources to meet the growing needs of our senior community. More than five hundred (500) guests are expected to attend the event.

CalOptima staff has reviewed each request and both meet the considerations for participation including the following:

1. Participation is in the public good, in furtherance of CalOptima's mission and statutory purpose, and encourages broader participation in CalOptima's programs and services;
2. Participation promotes health and wellness among the populations CalOptima serves;
3. The number of people the activity/event will reach;
4. The marketing benefits accrued to CalOptima;
5. The strength of the partnership or level of involvement with the requesting entity;
6. Past participation;
7. Staff availability; and
8. Available budget.

CalOptima's involvement in community events has been coordinated by the Community Relations Department. The Community Relations Department will take the lead to coordinate staff schedules, resources, and appropriate materials for each event.

As part of its consideration of the recommended actions, approval of this item would be based on the Board making a finding that the proposed activities and expenditures are in the public interest and in furtherance of CalOptima's statutory purpose.

Fiscal Impact

Funding for the recommended actions of up to \$2,000 to participate in two community events in Orange County is included as part of the Community Events budget under the CalOptima Fiscal Year 2016-17 Operating Budget approved by the CalOptima Board of Directors on June 2, 2016.

Rationale for Recommendation

Staff recommends approval of the recommended actions in order to support community activities that provide opportunities that reflect CalOptima's mission, encourage broader participation in CalOptima's programs and services, or promote health and wellness. CalOptima's participation in the events will provide an opportunity to conduct outreach and education about CalOptima's programs and services to our Vietnamese-speaking members.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Request for \$1,000 Sponsorship Participation for 2017 ActNOW Conference Series
2. Request for Sponsorship – South Orange County Senior Day

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date



January 9, 2017

Ms. Tiffany Kaaiakamanu
CalOptima
505 City Parkway West
Orange, CA 92868

Dear Claudia:

SUBJECT: Request for \$1,000 Sponsorship Participation for 2017 ActNOW Conference Series

As we head into the final quarter of the year, we ask that you join other sponsoring partners to support the 2017 ActNOW Health Conference series. Now in its seventh year, this program has been at the core of establishing The G.R.E.E.N. Foundation (TGF) as a viable resource for comprehensive health education and navigation services for African Americans in four distinct regions throughout California. Initially launched in Orange County, CA, ActNOW was expanded in response to the need to promote the importance of early detection, screenings and overall health in communities of color.

TGF is on target to reach more than 16,000 individuals through a mix of outreach, navigation and health education activities by the end of the year, with approximately 1,025 being encouraged to participate in one or more screenings. The agency has a lengthy history of working closely with numerous medical physicians, researchers and scientists, as well as health advocates. Their participation has helped shape the content, design and delivery of TGF's programming, which is committed to engaging the hard-to-reach and secondary markets.

All programs and services are designed to identify and engage the target audience with information, referrals and direct linkages to resources and services for cancer screenings and treatments. The agency is able to accomplish this through five key programs: Community Health Education, (Cancer) Support Groups, Navigation Services, Health Insurance Enrollment and ActNOW.

ActNOW has evolved into a series of four comprehensive health conferences, two in southern California and two in the northern region. All speakers and workshop presenters are medical doctors, researchers, scientists or other licensed medical practitioners who are currently working and/or contributing to preventative health in their respective areas of expertise. Each conference is held in collaboration with three to four long-term community partners that have already confirmed their participation to provide the host venue in 2017, as well as providing promotional support to reach their respective constituents and surrounding communities. Marketing and outreach activities include social media postings, paid radio advertising, press releases distributed to print and online media outlets in each region, as well as grassroots flyer distribution with participation from community partners.

Attendance ranges from approximately 200 to 250 at each conference, with an overwhelming majority (70%) of women participating. ***Year after year an increase of African American men are attending the conferences and adhering to the message of getting screened. In two consecutive years two African American men were diagnosed with prostate cancer –both contributed their action to the education received at ActNOW.*** Each pre-registered attendee to the daylong conference arrives to check-in a pick up a bag filled with healthy snacks, sponsor giveaways, health education materials and the conference program. They are directed to the area to enjoy a healthy continental breakfast prior to the opening session and break-

out workshops. After enjoying a healthy lunch, they proceed to the final round of breakout sessions. Finally, the entire group then reconvenes for a facilitated session that includes a call-to-action and Q & A. This gives attendees to share highlights about what they have learned at the conference, and most importantly, how they plan to apply it to their lives. A brief one-page survey is distributed and to maximize participation, each attendee who completes and submits the survey receives a final incentive item (i.e. water bottle, flash drive, ear buds for phone/computer/tablet). After the conference, quarterly prevention education messaging is sent to encourage and empower attendees to apply gained knowledge to their lives.

The following table provides a snapshot of the 2017 schedule and primary co-hosts:

2017 ActNOW Conference Series			
DATE	REGION	COUNTY	VENUE & OUTREACH PARTNER
February 25	Southern	Orange	California State University Fullerton, CA (CSUF) <i>Note: CSUF also provides cash sponsorship</i>
April 8	Southern	Los Angeles	New Mt. Calvary, Los Angeles
May 13	Northern	Sacramento	Faith-Based Organization, Sacramento
June 3	Northern	Alameda	Samuel Merritt University, Oakland

In addition to the four venue partners, a network of faith-based groups, public health offices, and elected officials, other nonprofits and businesses also play a role in supporting and promoting these efforts. Close working relationships with a community of faith-based and nonprofit organizations has allowed us to establish satellite programming in the four regions to have a presence and maintain an impact throughout the year. This model has been instrumental in TGF helping seven churches to establish their own Health Ministry Programs, which includes health education and navigation activities aligned with months designated to raise awareness of prostate, breast and colon cancer. One of the strengths of our program model is the opportunity for multiple "touch points" needed to encourage and support behavior and lifestyle changes that contribute to reduced risks for cancer.

Surveys and observations over time have provided TGF with baseline data. This has provided us with a point of reference to build and strengthen evidence-based practices as a small grassroots agency, allowing us to validate that our collaborative model of outreach and service delivery is working.

As we finalize plans for the upcoming ActNOW series, we hope you will consider one of our sponsor participation packages. Your support will contribute to the success of this program in raising awareness, prevention and facilitating increased access to screenings and treatment services.

Sincerely serving,



Ernesta Wright
Executive Director
Enclosed: Sponsorship Level & Application

Certified Enrollment Entity = Covered California

2017 Sponsorship

All sponsors will be recognized at all four conferences. Select ONE of the following sponsorship levels.

Please send your Art/ logo in a .gif format to: thegreenfoundation333@gmail.com

Emerald, Jade, Periodot sponsorship includes:

- Inclusion of fliers and other promotional materials in conferences attendee packets
- Inclusion of your company's name or logo as a sponsor on promotional literature
- Badge identifying company representative as an exhibitor
- Complimentary lunch & parking for two

- () **ENGAGED** – Health Education Program - \$10,000* or more
- Special promotion and placement (Radio/ Conference Session Host)* includes Emerald benefits *exclusive* invites to community engagement events

- () **Emerald** Health Education Program - \$5,000* *Includes:*
- Vendor Quad exhibit space 10 x 10 (corner or end of isle location)
 - Inclusion of your company's name or logo as a sponsor in conference promotional material
 - Opening and closing sponsorship slides during the conference
 - Complimentary full page B&W ad in the conference program
 - Logo will be place on the website

- () **Jade** Health Education Program - \$2,000 *Includes:*
- Vendor Quad exhibit space 10 x 10
 - Complimentary half page B&W ad in the conference program
 - Inclusion of your company's name or logo as a sponsors in the conference promotional materials
 - Opening and closing sponsorship slides during the conference
 - Logo will be place on the website

- | |
|--|
| () Health Education Program - \$1,000 <i>Includes:</i> |
| <ul style="list-style-type: none">• Vendor Quad exhibit space 10 x 10• Complimentary quarter page B&W ad in the conference program• Acknowledgement of sponsorship during the conference, workshop, community & engagement• Outreach opportunities from June 2016 |

- () **Gem** Sponsor 25 people to attend the conference @ \$20 per person - \$500
- Acknowledgement of sponsorship during the conference
 - Complimentary quarter page B&W ad in the conference program

Please make checks payable to: **Mail to:** 1971 E. Fourth Street, Suite 320, Santa Ana, CA 92705
The G.R.E.E.N. Foundation **Email:** thegreenfoundation333@gmail.com
2016 ActNOW Conference

Office address: 1971 E. Fourth Street | Suite 320 | Santa Ana, CA 92705 | 714-756-0027

Your Sponsorship

Collaboratively speaking...your sponsorship helps save lives. Your support and sponsorship increases your active involvement in the lives that we serve. The G.R.E.E.N. Foundation has a collaborative spirit which continues to connect with leaders who are helping Americans save their lives through health education. The boots on the ground, with their bootstraps tied, and ready are connecting with others who are helping people take steps to reduce their high risks with diseases.

Message: prevention and early detection making the steps to reduce cancer risks.

Sponsorship Benefits:

- Verbal and visual recognition throughout the conference
- Opportunity to engage in co-branding partnership with an evidence-based community partner with a track record of integrity, long-standing and commitment to service.
- Promotional space at conferences, workshops and community events
- Placement on mailing to consumers, partners and social media
- Reserved seating for sponsorship partners

Company logo exclusively featured on the highly visible locations

Website

Social media

Facebook

- Company logo featured on banners promoting the event
- Company name featured on the sponsor page of The G.R.E.E.N Foundation website

Brand Recognition:

Company logo spotlight

Co-branded standard at the event??

All print collateral materials (posters and brochures)

Placement of company's brochures in goodie bags

Press Release inclusion before and after event

More Benefits:

Reserved table and seating for staff and volunteers (conference and workshops)

Provide linkage to local resources, support breast cancer patients, survivors and caregivers through navigation program (hand-holding approach), after business hours support

Provide financial support (transportation, utilities, healthier foods, or supplements)

Supporting health education in understandable language in cultural settings

In 2016, TGF united nearly ##### to support community health education with the primary focused on early detection and prevention. Education encounters to engage, "why it is important to use your health insurance".

Session topic: "Know your right and learn your benefits"

As a sponsor you will help The G.R.E.E.N Foundation to reach more lives. Last year in 2015, American Cancer Society states, 231,840 women are expected to be newly diagnosed with breast cancer and 40,290 are expected to die from the disease.

African American women will be diagnosed

DIE# [look up?]

Your support promotes connectivity to underrepresented and underserved communities. Your support and our organization teaming up together will reach more to end breast cancer. Your support will support cancer patient's survivorship. Your support help communities experience a space of well-being. It promotes mutuality, commonality and team efforts.

Join us to increase your positive corporate image, and your loyalty! Join us as we educate and engage communities who are working together for the goodness of community. Join the collaborative!

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California State Senate

SENATOR
PATRICIA C. BATES
THIRTY-SIXTH SENATE DISTRICT



January 3, 2017

Ms. Tiffany Kaaiakamanu
CalOptima
1120 West La Veta Avenue, Suite 200
Orange, CA 92868

Dear Ms. Kaaiakamanu,

Last year, Assemblyman William P. Brough and I partnered together to host "South Orange County Senior Day – 2016," a very successful annual event benefiting the aging population throughout South Orange County.

This year's conference will be held on March 10, 2017, at the Norman P. Murray Community and Senior Center, who again has graciously donated the space to host this year's event. 2017's theme will be: "A Walk Down Memory Lane."

With space for over 500 attendees, the event will serve our immense senior community by providing educational programs which protect, inform and empower seniors to advance their growing needs and concerns.

I would like to invite you to be one of our event sponsors. With your sponsorship, we will include your name on all promotional materials and provide you the opportunity to have a vendor table at a prominent location during the event. Attached you will find a *sponsorship pledge request form* outlining the event sponsorship levels.

Any support you are able to provide will be greatly appreciated. Without your help, these events would not be successful. I appreciate the opportunity to make this request and to serve our seniors.

If you have any questions, please do not hesitate to contact Erik Weigand, Director of my Orange County District Office, at (949) 598-5850. If I can provide any additional information, please do not hesitate to contact me.

Meanwhile, I send best regards,

A handwritten signature in cursive script, appearing to read "Pat C. Bates".

PATRICIA C. BATES
Senator, 36th District

South Orange County Senior Day - 2017

Hosted By:

Patricia C. Bates

California State Senator

William P. Brough

California State Assemblyman

Friday, March 10, 2017

9:00am – 12:00pm

at

The Norman P. Murray Community and Senior Center

24932 Veterans Way * Mission Viejo, California

\$5,000 Platinum Sponsor * \$2,500 Gold Sponsor

\$1,000 Silver Sponsor * \$500 Bronze Sponsor

- I/we would like to sponsor at the Platinum Level - \$5,000 – Prominent Event Advertisements, Premier Booth Location, Full Page advertisement space in program
- I/we would like to sponsor at the Gold Level - \$2,500 - Event Advertisements, Prominent Booth Location, Half Page advertisement space in program
- I/we would like to sponsor at the Silver Level - \$1,000 – Individual Booth, Quarter Page advertisement space in program
- I/we would like to sponsor at the Bronze Level - \$500 – Individual Booth, Written Recognition in the Program
- Other _____ (In-kind donations including: refreshments, transportation and advertisements are also welcome)

*State Law requires the following information:

*Name _____

*Company _____

*Address _____

*City _____ *State/Zip _____

Phone _____ Email _____

**Employer _____ **Occupation _____

** Needed only for personal contributions

Please Send Completed Form To:

Office of Senator Bates

C/o Erik Weigand

24031 El Toro Road, Suite 201A

Laguna Hills, CA 92653

Erik.Weigand@Sen.CA.GOV

949-598-5850

(Payment is not required at this time)

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CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

10. Consider Selection and Contracting with Vendor for Federal Legislative Advocacy Services

Contact

Phil Tsunoda, Executive Director, Public Affairs and Public Policy, (714) 246-8400

Recommended Actions

1. Approve recommend federal advocacy firm Akin Gump Strauss Hauer & Feld LLP to represent CalOptima for federal regulatory and advocacy services;
2. Authorize the Chief Executive Officer to execute applicable contract with the recommended firm;
3. Authorize expenditures of up to \$32,000 from existing reserves for the additional costs in excess of the budget for federal legislative advocacy services for FY2016-17, to deliver all services detailed in the Request for Proposal (RFP) Statement of Work, with total expenditures not to exceed \$10,000 per month.

Background

As part of its Government Affairs program, CalOptima retains representatives in Washington D.C. to assist in a wide array of areas, including tracking legislation, developing and maintaining relationships with the administration and applicable federal departments and regulatory agencies, members of Congress, legislative committee staff and consultants, and providing analysis and recommended actions pertaining to the federal budget.

CalOptima's contract with its current federal advocacy services firm was set to expire on January 7, 2017. On December 1, 2016, the Board authorized an extension of CalOptima's contract with CalOptima's current federal advocacy services firm for six (6) additional months, to allow time for the Board Ad Hoc and staff to recommend a federal advocacy firm to the full Board.

A Request for Proposal (RFP) for federal advocacy services was issued by CalOptima on September 8, 2016 and a total of six (6) proposals were received. An evaluation committee comprised of staff and two external stakeholder representatives reviewed the submitted proposals. Four of the firms were recommended for interviews before the Federal Advocacy RFP Ad Hoc evaluation committee of Supervisor Lisa Bartlett, Director Ron DiLuigi, Supervisor Andrew Do and Director Nikan Khatibi. After evaluation of proposals and in-person interviews conducted by the Board Ad Hoc, two top finalists were identified. Based on the "best and final offer" received by the two finalists, the Board Ad Hoc recommends Akin Gump Strauss Hauer & Feld LLP to provide federal legislative advocacy services for CalOptima. The RFP scope of work and score sheet summaries for the firms responding to the RFP are attached.

Discussion

The Board Ad Hoc is recommending Akin Gump Strauss Hauer & Feld LLP due to their proposal and represented grasp of the issues within the healthcare field. These issues included, but are not limited to, CalOptima specifically, and County Organized Health Systems (COHS) generally, the future

potential changes regarding Affordable Care Act (ACA), and, future potential changes regarding Medicaid and Medicare.

Staff and the Ad Hoc believe Akin Gump will provide added value in the Agency's advocacy efforts. It was concluded that the firm has broad healthcare experience, a depth of resources and strong connections with key influencers within the healthcare field and the current administration that could be very beneficial to CalOptima as compared to the other proposals.

Staff will review the performance of the Akin Gump contract to ensure that the deliverables are being achieved. In addition to its monthly written report, it is anticipated that Akin Gump will present occasional verbal updates at the request of the Board or staff, at monthly Board of Directors' meetings.

Akin Gump Strauss Hauer & Feld LLP is also well established with the federal health industry associations that CalOptima works with.

The CalOptima Fiscal Year (FY) 2016-17 Operating Budget included \$6,000 per month for federal advocacy services. Pursuant to the submitted proposal, Akin Gump Strauss Hauer & Feld LLP's proposed contract is priced at \$10,000 per month beginning February 2017. Staff recommends Board authorization for up to \$32,000 in expenditures from existing reserves for the additional costs above the budget for federal legislative advocacy services for FY 2016-17, as well as up to a two-month overlap (i.e., February and March 2017) between the current contract and future contract.

Fiscal Impact

The recommended action to authorize the expenditure of up to an additional \$32,000 for federal legislative advocacy services through June 30, 2017, is unbudgeted. An allocation of \$32,000 from existing reserves will fund this action to supplement the current Board approved budget. If the recommended vendor is approved, Staff will increase the projected federal legislative advocacy service expenses in the FY 2017-18 CalOptima Operating Budget.

Rationale for Recommendation

Federal advocacy efforts continue to be of importance to CalOptima given the stated health care-related priorities of the new presidential administration and congressional majority. There will be a number of important issues that require CalOptima's ongoing focus, including federal financing of the Medi-Cal program (including Medi-Cal expansion), reauthorization of the Children's Health Insurance Program (CHIP), and other issues related to the ACA.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Advocacy Services RFP Scoring Sheet
2. Federal Advocacy Services Scope of Work

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

Summary

Federal Advocacy RFP 17-006

Firm Evaluation Scores

All firms were evaluated on a five point scale, 0-5.

	<u>Proposal</u> (25% of the overall score)	<u>Interview</u> (75% of the overall score)	<u>Final Score</u>
<i>Akin Gump</i>	3.60 x .25 = 0.90	4.41 x .75 = 3.31	4.21* Recommended firm
<i>Potomac Partners DC</i>	3.90 x .25 = 0.98	4.41 x .75 = 3.31	4.29*
<i>James F. McConnell</i>	4.11 x .25 = 1.03	3.33 x .75 = 2.38	3.40
<i>Waterman & Associates</i>	3.29 x .25 = 0.82	3.17 x .75 = 2.50	3.32
<hr/>			
<i>Van Scoyoc Associates</i>	3.22 x .25 = 0.81		
<i>Avancer Health Policy</i>	2.70 x .25 = 0.68		

*Submitted best and final offer

Interview Evaluation (75% of the overall score)

Finalist interviews were evaluated on a five point scale, 0-5.

	<u>Presentations</u>	<u>Q&A</u>	<u>Overall Impression</u>	<u>Interview Total</u>
<i>Akin Gump</i>	4.50 x .33 = 1.50	4.50 x .33 = 1.50	4.25 x .33 = 1.42	4.41
<i>Potomac Partners DC</i>	4.50 x .33 = 1.50	4.00 x .33 = 1.33	4.75 x .33 = 1.58	4.41
<i>Waterman & Associates</i>	3.00 x .33 = 1.00	3.25 x .33 = 1.08	3.75 x .33 = 1.25	3.33
<i>James F. McConnell</i>	3.50 x .33 = 1.17	3.00 x .33 = 1.00	3.00 x .33 = 1.00	3.17

Proposal Evaluation
(25% of the overall score)

Proposals were evaluated on a five point scale, 0-5. Weighted scores are listed below.

	<u>Experience</u> (40% of overall score)	<u>Pricing</u> (10%)	<u>Advocacy Plan</u> (40%)	<u>Organization</u> (10%)	<u>Grand Total</u> (100%)
<i>James F. McConnell</i>	4.2 x .40 = 1.68	4.5 x .10 = 0.45	4.0 x .40 = 1.60	3.8 x .10 = 0.38	4.11
<i>Potomac Partners DC</i>	3.9 x .40 = 1.56	3.7 x .10 = 0.37	3.8 x .40 = 1.52	4.5 x .10 = 0.45	3.90
<i>Akin Gump</i>	3.8 x .40 = 1.52	2.1 x .10 = 0.21	3.7 x .40 = 1.48	3.9 x .10 = 0.39	3.60
<i>Waterman & Associates</i>	3.3 x .40 = 1.32	3.7 x .10 = 0.37	3.2 x .40 = 1.28	3.2 x .10 = 0.32	3.29
<hr/>					
<i>Van Scoyoc Associates</i>	3.0 x .40 = 1.20	2.2 x .10 = 0.22	3.6 x .40 = 1.44	3.6 x .10 = 0.36	3.22
<i>Avancer Health Policy</i>	3.1 x .40 = 1.24	4.4 x .10 = 0.44	2.0 x .40 = 0.80	2.2 x .10 = 0.22	2.70

The top four firms advanced to the interview phase.

A. Scope of Work

I. PURPOSE

CONSULTANT shall represent CalOptima's interests in Washington, D.C., and have the responsibility of monitoring and influencing legislative and regulatory policies, building and maintaining positive, mutually beneficial relationships, and providing CalOptima with necessary advocacy services.

II. REPORTING RELATIONSHIP

CalOptima Government Affairs leadership staff will be the primary CalOptima contacts and will direct the work of the CONSULTANT. All work determined to be in excess of the work specified herein will be approved by the primary contacts in conjunction with the CalOptima Vendor Management staff who shall then prepare an amendment to the Contract.

III. OBJECTIVE/DELIVERBLES

CONSULTANT shall:

1. Maintain regular contact with the Administration, members of Congress, specifically the Orange County congressional delegation, legislative staff, and committee staff to identify impending changes in laws, new program opportunities, and funding priorities that relate to CalOptima. When directed by CalOptima, the CONSULTANT shall also communicate with federal departments, agencies, boards, committees, committees and staff regarding identified issues.
2. As directed by CalOptima, brief Orange County congressional delegation with CalOptima updates, publications and other informational items. These may include the annual Report to the Community, Fast Facts, and other materials.
3. Arrange meetings and briefings for CalOptima Board and staff with elected officials and legislative staff. The CONSULTANT shall be proactive in scheduling strategic, targeted meetings and briefings especially, but not limited to, times when CalOptima Board and staff are scheduled to be in Washington, D.C. Meetings and briefings may include formal briefings, as well as informal social meetings, as appropriate.
4. Provide monthly, written reports which shall include a federal budget and legislative update, as well as a description of the nature and extent of services or actions taken on behalf of CalOptima. The services and actions shall include a summary of the meetings the CONSULTANT had along with the issues discussed with members of Congress, specifically the Orange County congressional delegation, legislative staff, relevant committee staff as well as appropriate departments, agencies, boards, and commissions, committees, and staff. The reports shall be delivered on a schedule as directed by CalOptima staff, and may be included in the CalOptima board book and/or provided to board members.

5. Provide in-person briefings, as directed by CalOptima staff, to the CalOptima board and executive staff.
6. Notify CalOptima of anticipated, introduced or amended federal legislation, and proposed regulations which could impact CalOptima. These activities include, but are not limited to:
 - Providing the bill number and brief summary of introduced or amended federal legislation;
 - Providing copies of legislation and committee analysis; and
 - Providing information relative to legislative hearings

Advocate for CalOptima's programs and positions regarding proposed legislation, proposed regulations, and funding priorities as directed.

Provide copies of all written correspondence, testimony, and position papers given on behalf of CalOptima, as well as access to the federal budget and any related documents (Congressional Budget Office analysis, etc.) as they become available.

CalOptima staff may prepare a formal annual review of CONSULTANT's work product at the end of each calendar year.

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action to Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

11. Consider Approval and Implementation of the Revised CalOptima Endorsement Policy AA.1214 and Proposed New Policy Regarding Participation in Community Events

Contact

Phil Tsunoda, Executive Director Public Policy and Public Affairs, (714) 246-8400

Recommended Actions

1. Approve the Revised CalOptima Policy AA.1214: Guidelines for Endorsements by CalOptima, for Letters of Support and Use of CalOptima's Name or Logo;
2. Approve CalOptima Policy AA. 1223: Participation in Community Events Involving External Entities; and
3. Authorize the Chief Executive Officer to implement the policies.

Background

CalOptima has a long history of participating in community events and public activities as well as providing endorsements for our community partners. CalOptima has historically provided Letters of Support, approval of the Use of CalOptima's Name or Logo, staff participation and/or financial participation in external events. CalOptima routinely participates in events such as health and resource fairs, town halls, workshops, and other community activities in furtherance of the organization's statutory purpose. Consistent with these activities, staff participation provides opportunities to conduct outreach and education about CalOptima's programs and services to current and potential members.

CalOptima also provides financial participation through registration fees and/or financial sponsorships. CalOptima participates in community events when the events are open to the public and for the public good, in furtherance of CalOptima's mission and statutory purpose, and encourages broader participation in CalOptima's programs and services, or promotes health and wellness among the populations CalOptima serves. As a result, CalOptima develops and cultivates a strong reputation in Orange County with community partners and key stakeholders.

Requests for letter of support, use of CalOptima Name or Logo, and for staff and/or financial participation in community events are considered based on several factors, including the opportunity to create positive visibility for CalOptima in the community and promote CalOptima's mission, programs, and purpose. Additional considerations include the number of current and potential CalOptima members, other participating stakeholders the activity/event will reach, the opportunity for CalOptima to share information, staff and budget availability, and the opportunity to strengthen relationships with our community partners.

Discussion

In September 2015, the Board of Directors requested a comprehensive review of CalOptima's Policy AA.1214: Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo. In

addition, the CalOptima Board chairman appointed a Board Ad Hoc Committee to work with staff regarding policy AA.1214.

Staff conducted a thorough review and comprehensive analysis of the policy with the Board Ad Hoc committee. The review and analysis highlighted the permissible use of Medi-Cal and Medicare funds for sponsorships, endorsements, marketing and other relevant activities. Based on these findings, staff and the Ad Hoc committee are recommending revising the current Board approved Policy AA.1214: Guidelines for Endorsement by CalOptima and Use of CalOptima Name or Logo and creating a new policy for Participation in Community Events.

Revised Policy AA. 1214: Guidelines for Endorsement by CalOptima, for Letters of Support and Use of CalOptima Name or Logo

CalOptima's revised Policy AA.1214: Guidelines for Endorsements by CalOptima, for Letters of Support and Use of CalOptima Name or Logo establishes specific criteria to guide the decision-making process, which includes defining eligible external entities and establishing criteria for Letters of Support and Use of CalOptima Name or Logo. The most significant change to the policy is the reduction of the number of days in advance a request must be received to process from sixty (60) calendar days to twenty-one (21) calendar days.

New Policy AA.1223: Participation in Community Events Involving External Entities

The new Policy AA.1223: Participation in Community Events Involving External Entities establishes criteria and requirements to guide the decision-making process and administrative review, which includes defining eligible entities and establishing criteria for staff participation and/or financial participation in external events. The most significant changes to the policy are:

- Establishes the timeframe to receive requests for staff participation in community events to at least fourteen (14) calendar days in advance of the date of the event.
- Reduces the Board's prior delegation to the CEO to approve financial requests by 90% from ten thousand dollars (\$10,000) to one thousand dollars (\$1,000)
- Reduces the number of days requests must be received in advance to process for financial participation in an amount up to and including one thousand dollars (\$1,000) from sixty (60) calendar days to at least twenty-one (21) calendar days in advance of the date of the event.
- Requires approval by the CalOptima Board of Directors for requests for financial participation in amounts more than one thousand dollars (\$1,000). Requests must still be received at least sixty (60) calendar days in advance of the date of the event.

As part of the recommended actions, approval of this item would be based on the Board making a finding that the proposed activities are in the public interest and in furtherance of CalOptima's statutory purpose. In addition, as part of the Board's approval of the Policies, the Board will also be authorizing the CEO to implement the requirements of the Policies.

Fiscal Impact

There is no fiscal impact. Staff will request separate Board requests for staff or financial participation in community events with funding included in the annual CalOptima Operating Budget.

Rationale for Recommendation

Staff recommends approval of the recommended actions in order to support activities that provide opportunities for CalOptima to collaborate and strengthen relationships with community partners. Participation in these activities support CalOptima’s mission, encourage broader participation in CalOptima’s programs and services, and promote health and wellness. The revised Policy AA.1214 and new Policy AA.1223 provides definitions, criteria, a procedure and requirements to support these activities.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Revised Policy AA.1214: Guidelines for Endorsements by CalOptima, for Letters of Support and Use of CalOptima Name or Logo New Policy (redlined and clean versions – with revised Attachments
2. New Policy AA.1223: Participation in Community Events Involving External Entities (clean) – with Attachments

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

Policy #: AA.1214
 Title: **Guidelines for Endorsements by CalOptima, for Letters of Support, and Use of CalOptima Name or Logo**

Department: Administration
 Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 2/4/02/04/ ~~Re 7/1/07, 10/2/08,~~

Last Review Date: 97 ~~vis 11/1/13~~

Last Revised Date: 02/02/17 ~~ed:~~

02/01/17

~~Board Approvals: 10/2/2008~~

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I. PURPOSE

~~To clarify CalOptima's~~ This policy establishes guidelines for providing an Endorsement to external entities by CalOptima, for Letters of Support, and for approving the use of the CalOptima name, or logo, by external entities.

II. POLICY

A. CalOptima's name carries considerable value, particularly for external entities seeking to associate themselves with the organization. Moreover, CalOptima's role as a public agency requires that its name and reputation be preserved and protected, and that activities and organizations associated with CalOptima's name must be consistent with CalOptima's mission and purpose. Requests for an Endorsement, including letters LOS and uUse of support, commitments for financial participation, and collaborations or partnerships with CalOptima nName, or lLogo, shall be approved only if compatible with CalOptima's mission and, in accordance with this policy.

B. An external entity may be eligible to submit a request for an Endorsement including requests for a LOS, or Use of CalOptima nName, or lLogo, if the entity is a community-based, non-profit organization, or health care partner, that serves CalOptima members, or supports CalOptima's mission.

C. Except as provided in this policy, CalOptima prohibits direct and implied endorsements. The name, logo, or images of CalOptima may not be used in any statement, website, print, or electronic communication, or activity to explicitly, or implicitly, endorse any specific commercial product, or service, any religion, any ballot measure/initiative, or any candidate for public office. In addition, the name, logo, or images of CalOptima may not be used explicitly, or implicitly, to endorse, or create, the appearance of partiality towards any vendor, or particular health care provider.

~~B. Requests for an Endorsement, in the form of financial participation by CalOptima in a project, program, event, or other effort proposed by an external entity or LOS,~~ shall require the written approval as follows:

~~1.D. Requests for financial participation up to and including ten thousand dollars (\$10,000) shall require the prior written approval of CalOptima's of the~~ Chief Executive Officer (CEO). The CEO shall consider such requests based on:

~~a.1. The potential for such financial participation the Endorsement, or LOS, to create a positive visibility for CalOptima; and~~

~~b. The potential for such financial participation to create a long-term collaborative partnership between CalOptima and the requesting entity.~~

~~2. Requests for financial participation above ten thousand dollars (\$10,000) shall require the prior approval of the CalOptima Board of Directors. The CalOptima Board of Directors may approve the budgeting of such financial participation in the annual budget or may approve unbudgeted financial participation through a separate action.~~

~~2. Financial participation includes the use of CalOptima staff time (e.g., in their capacity as a CalOptima employee) and current or future CalOptima funds. Whether the Endorsement, or LOS, would promote, or advocate, positions that are consistent with CalOptima's mission, programs, standards, and purposes; and~~

~~3. Whether the Endorsement, or LOS, may conflict with CalOptima policies and/or applicable local, state, and federal laws and regulations, and/or whether the Endorsement, or LOS, could constitute any real, or perceived, conflict of interest.~~

~~C.E. Use, or reproduction, of the CalOptima name, or logo, by external entities shall be restricted by CalOptima, in accordance with federal and state trademark rules and regulations.~~

~~D.F. Requests to utilize the CalOptima name, or logo, for any project, document, event, or other purpose shall require the advance written approval of CalOptima's CEO for approval and signature.~~

~~E. CalOptima shall not explicitly or implicitly endorse any specific commercial product or service (e.g., pharmaceuticals or health care products).~~

~~F.G. CalOptima shall report any Endorsement, or LOS, approved by the CEO, including the use of CalOptima's name, or logo, for any project, document, event, or other purpose, to the CalOptima Board of Directors, in writing, within thirty (30) calendar days at the next available regularly scheduled Board of Directors meeting after such approval.~~

~~G.H. Effective January 1, 2009, an An Endorsement, LOS, and use of CalOptima's name, or logo, as approved, in accordance with this policy, shall be posted on CalOptima's website (www.caloptima.org) and updated on a monthly basis.~~

~~I. CalOptima employees should refrain from wearing attire containing CalOptima's logo while participating in non-CalOptima related activities, such as political fundraisers, in order to avoid the appearance of CalOptima's Endorsement.~~

III. PROCEDURE

A. Requests for Endorsements, or LOS:

1. All requests shall be submitted to CalOptima's Public AffairsCommunity Relations Department, in writing.

2. A written request shall include the following information, as appropriate:

~~a. Copy~~ The name and description of the organization seeking an Endorsement, or LOS, and the organization's contact information;

~~b. Name of the program or project, and name of the program -or project director, or primary contact;~~

~~a-c. The reason for the request, including, but not limited to, a copy of the program or project description for which the letter of support, Endorsement, or commitment LOS, is requested/sought;~~

~~b.d. Scope and purpose of the program or project, including projected outcome;~~

~~e.e. Description, background, and pertinent information (e.g., names of members of the Board of Directors) regarding the requesting entity/organization and any other entity/organization having a substantial role in the project;~~

~~d.f. Information regarding the entity's/organization's ability to successfully carry out the program or project;~~

~~d.~~

~~f. Name of the program or project, name of the program or project director or principal investigator and his or her qualifications in regard to the program or project;~~

~~g. A list of other individuals, or entities, supporting the program or project;~~

~~h. Project budget information, including budget detail if the request is for financial participation by CalOptima;~~

~~i. Detailed timeline for the project, including planning, implementation, evaluation, and other phases of the project;~~

~~h. Purpose for Date Endorsement, or LOS, is due to the organization;~~

~~i. Conditions under which the name of CalOptima and/or its logo will be used;~~

~~j. Draft template letter provided by the organization, where applicable; and~~

~~j. Description of relationship between organization's work and CalOptima's involvement in the program or project and a detailed description of its proposed role;~~

~~_____~~

~~k. Anticipated time commitment required programs/lines of business, mission, values, and/or purpose.~~

~~k. _____ of individual CalOptima staff;~~

~~l. _____ Specific data elements requested from CalOptima and a description of their specific use in the proposed project; business, mission, values, and~~

~~1. Projected outcome of the proposed project or purpose.~~

3. All requests shall be submitted at least ~~sixty (60)~~twenty-one (21) calendar days in advance of the date for which the Endorsement, ~~is required~~or LOS, is requested, or if in a shorter amount of time, at the discretion of the CEO, so long as such request is submitted to the CEO in a reasonable and sufficient amount of time so that CalOptima can complete a meaningful review and evaluation of the request.
- ~~4.~~ 4. Upon receipt of a complete request for an Endorsement, ~~or LOS,~~ CalOptima's ~~Public Affairs~~Community Relations Department shall review and analyze the request with input from appropriate internal departments, ~~including the Finance~~ within five (5) business days of receipt of the complete request.
- ~~4.~~ 4. ~~The Community Relations~~ Department ~~for each~~ shall submit a request ~~involving financial participation.~~
5. ~~Endorsements involving requests for financial participation in the amount of ten thousand dollars (\$10,000) for Endorsement, or less are forwarded~~LOS, to the CEO for review and consideration.
- ~~6.~~ 6. ~~Endorsements that involve financial participation in an amount greater than ten thousand dollars (\$10,000) are forwarded, to the Board of Directors for review and consideration.~~
- ~~7.6.~~ 7.6. ~~CalOptima~~ The Community Relations Department shall notify ~~any entity~~the organization that requests an Endorsement, ~~or LOS,~~ in writing, after CalOptima's determination is made.
7. The Community Relations Department shall process an approved Endorsement, or LOS, request within three (3) business days of approval.
8. The Community Relations Department shall document and track all Endorsements and LOS and shall be responsible for fulfillment of any stated commitment(s).

B. Use of the CalOptima name, or logo:

1. Requests shall be submitted to CalOptima's ~~Public Affairs~~Community Relations Department, in writing, at least ~~thirty (30)~~twenty-one (21) calendar days in advance of the date for which use of the name, or logo, is ~~required~~requested, or if in a shorter amount of time, at the discretion of the CEO, so long as such request is submitted to the CEO in a reasonable and sufficient amount of time so that CalOptima can complete a meaningful review and evaluation of the request.
2. Requests shall include the following:
 - a. Description of the project, event, publication, or other purpose for which the CalOptima name, or logo will be used;
 - b. Intended audience for the project, event, or publication for which the ~~name~~name, or logo, will be used;

- 1 c. Description, background, and pertinent information (e.g., names of members of the Board
2 of Directors) regarding the requesting entity and any other entity whose name will appear
3 on the document, project, or event;
4
5 d. Time frame during which the name, or logo, is requested to be used; and
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7 e. Mock-up of how the name, or logo, will be used.
8
9 3. Upon receipt of a complete request for use of the CalOptima name, or logo, CalOptima's ~~Public~~
10 ~~Affairs~~Community Relations Department shall review and analyze the request with input from
11 appropriate internal departments within five (5) business days.
12
13 4. The ~~Public Affairs~~Community Relations Department shall submit a request for use of the
14 CalOptima name, or logo, to the CEO for review and consideration.
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16 5. ~~CalOptima~~The Community Relations Department shall notify ~~any~~the requesting entity, ~~that~~
17 ~~requests use of the CalOptima name or logo~~, in writing, after CalOptima's determination is
18 made.
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20 6. The Community Relations Department shall process an approved request within three (3)
21 business days of approval.
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23 IV. ATTACHMENTS

- 24 A. Endorsement Request Form: Letter of Support & Use of Logo
25 B. Endorsement Transmittal Form: Letter of Support & Use of Logo
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28 V. REFERENCES

- 29
30 A. California Constitution Article 16, §6
31 B. California Government Code, §8314
32 C. CalOptima Policy AA.1000: Glossary of Terms
33 D. CalOptima Policy AA.1223: Participation in Community Events Involving External Entities
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35 ~~California Constitution Article 16, section 6~~
36 ~~California Government Code, section 8314~~
37 E. CalOptima Policy GA.5002: Purchasing Policy
38 ~~CalOptima Policy GA.1223: Participation in Community Events Involving External Entities~~
39 F. CalOptima Policy MA.2002: Marketing Activity Standards
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41 VI. REGULATORY AGENCY APPROVALS ~~OR~~

42 ~~Not Applicable~~None to Date
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45 VI.VII. BOARD ACTIONS

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47 A. 10/2/2008:02/02/17: _____ Regular Meeting of the CalOptima Board Meeting of Directors
48 _____
49 B. 10/02/2008: _____ Regular Meeting of the CalOptima Board of Directors

Policy #: AA.1214
Title: Guidelines for Endorsements by CalOptima, for Letters of Support, and Use of CalOptima Name and Logo

Revised Date: 11/14/302/02/17

~~VII.~~**VIII. REVIEW/REVISION HISTORY**

- ~~A. 10/2/2008: AA.1214: Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo~~
- ~~B. 7/1/07: AA.1214: Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo~~
- ~~C. 2/4/97: AA.1214: Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo~~

~~VIII.~~**KEYWORDS**

~~Endorsement
Logo
Name~~

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Effective</u>	<u>02/04/1997</u>	<u>AA.1214</u>	<u>Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo</u>	<u>Administrative</u>
<u>Revised</u>	<u>07/01/2007</u>	<u>AA.1214</u>	<u>Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo</u>	<u>Administrative</u>
<u>Revised</u>	<u>10/02/2008</u>	<u>AA.1214</u>	<u>Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo</u>	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>AA.1214</u>	<u>Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo</u>	<u>Administrative</u>

1 **IX.** GLOSSARY
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<u>Term</u>	<u>Definition</u>
<u>Endorsement</u>	<u>The support or promotion of a project, event, document, program, or initiative conducted by an external entity for the benefit of that entity, and for which support or promotion CalOptima does not receive a comparable benefit. Endorsement does not include any sponsorship, educational activity, purchased service, presentation, attendance at an event, activity that is included in the definition of Marketing Activities, or joint development of an event, seminar, symposium, educational program, public information campaign, or similar event.</u>
<u>Letter of Support (LOS)</u>	<u>A letter supporting a community-based organization or health care partner detailing compelling reasons why the organization or project is credible and of value to the community and conveying the relationship between CalOptima and the organization, thereby lending credibility to the organization requesting support. LOS does not include a formal partnership agreement or interagency agreement.</u>
<u>Marketing Activities</u>	<u>Any activity conducted by or on behalf of CalOptima where information regarding the services offered by CalOptima is disseminated in order to persuade or influence eligible beneficiaries to enroll or to educate members and promote optimal program use and participation. Marketing also includes any similar activity to secure the endorsement of any individual or organization on behalf of CalOptima.</u>

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DRAFT

Policy #: AA.1214
Title: **Guidelines for Endorsements by CalOptima, for Letters of Support, and Use of CalOptima Name or Logo**

Department: Administration
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/04/97
Last Review Date: 02/02/17
Last Revised Date: 02/01/17

1 **I. PURPOSE**

2
3 This policy establishes guidelines for providing an Endorsement to external entities by CalOptima, for
4 Letters of Support, and for approving the use of the CalOptima name, or logo, by external entities.
5

6 **II. POLICY**

- 7
- 8 A. CalOptima’s name carries considerable value, particularly for external entities seeking to associate
9 themselves with the organization. Moreover, CalOptima’s role as a public agency requires that its
10 name and reputation be preserved and protected, and that activities and organizations associated
11 with CalOptima’s name must be consistent with CalOptima’s mission and purpose. Requests for an
12 Endorsement, including LOS and use of CalOptima name, or logo, shall be approved only if
13 compatible with CalOptima’s mission and in accordance with this policy.
14
 - 15 B. An external entity may be eligible to submit a request for an Endorsement including requests for a
16 LOS, or Use of CalOptima name, or logo, if the entity is a community-based, non-profit
17 organization, or health care partner, that serves CalOptima members, or supports CalOptima’s
18 mission.
19
 - 20 C. Except as provided in this policy, CalOptima prohibits direct and implied endorsements. The name,
21 logo, or images of CalOptima may not be used in any statement, website, print, or electronic
22 communication, or activity to explicitly, or implicitly, endorse any specific commercial product, or
23 service, any religion, any ballot measure/initiative, or any candidate for public office. In addition,
24 the name, logo, or images of CalOptima may not be used explicitly, or implicitly, to endorse, or
25 create, the appearance of partiality towards any vendor, or particular health care provider.
26
 - 27 D. Requests for an Endorsement, or LOS, shall require the written approval of the Chief Executive
28 Officer (CEO). The CEO shall consider such requests based on:
29
 - 30 1. The potential for the Endorsement, or LOS, to create a positive visibility for CalOptima;
 - 31 2. Whether the Endorsement, or LOS, would promote, or advocate, positions that are consistent
32 with CalOptima’s mission, programs, standards, and purposes; and
 - 33 3. Whether the Endorsement, or LOS, may conflict with CalOptima policies and/or applicable
34 local, state, and federal laws and regulations, and/or whether the Endorsement, or LOS, could
35 constitute any real, or perceived, conflict of interest.
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- 1 E. Use, or reproduction, of the CalOptima name, or logo, by external entities shall be restricted by
2 CalOptima, in accordance with federal and state trademark rules and regulations.
3
4 F. Requests to utilize the CalOptima name, or logo, for any project, document, event, or other purpose
5 shall require the advance written approval of CalOptima's CEO.
6
7 G. CalOptima shall report any Endorsement, or LOS, approved by the CEO, including the use of
8 CalOptima's name, or logo, for any project, document, event, or other purpose, to the CalOptima
9 Board of Directors, in writing, at the next available regularly scheduled Board of Directors meeting
10 after such approval.
11
12 H. An Endorsement, LOS, and use of CalOptima's name, or logo, as approved in accordance with this
13 policy, shall be posted on CalOptima's website (www.caloptima.org) and updated on a monthly
14 basis.
15
16 I. CalOptima employees should refrain from wearing attire containing CalOptima's logo while
17 participating in non-CalOptima related activities, such as political fundraisers, in order to avoid the
18 appearance of CalOptima's Endorsement.
19

20 III. PROCEDURE

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22 A. Requests for Endorsements, or LOS:
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24 1. All requests shall be submitted to CalOptima's Community Relations Department, in writing.
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26 2. A written request shall include the following information, as appropriate:
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28 a. The name and description of the organization seeking an Endorsement, or LOS, and the
29 organization's contact information;
30
31 b. Name of the program or project, and name of the program or project director, or primary
32 contact;
33
34 c. The reason for the request, including, but not limited to, a copy of the program or project
35 description for which the Endorsement, or LOS, is sought;
36
37 d. Scope and purpose of the program or project, including projected outcome;
38
39 e. Description, background, and pertinent information (e.g., names of members of the Board
40 of Directors) regarding the requesting organization and any other organization having a
41 substantial role in the project;
42
43 f. Information regarding the organization's ability to successfully carry out the program or
44 project;
45
46 g. A list of other individuals, or entities, supporting the program or project;
47
48 h. Date Endorsement, or LOS, is due to the organization;
49

- 1 i. Conditions under which the name of CalOptima and/or its logo will be used;
- 2
- 3 j. Draft template letter provided by the organization, where applicable; and
- 4
- 5 k. Description of relationship between organization's work and CalOptima's programs/lines of
- 6 business, mission, values, and/or purpose.
- 7
- 8 3. All requests shall be submitted at least twenty-one (21) calendar days in advance of the date for
- 9 which the Endorsement, or LOS, is requested, or if in a shorter amount of time, at the discretion
- 10 of the CEO, so long as such request is submitted to the CEO in a reasonable and sufficient
- 11 amount of time so that CalOptima can complete a meaningful review and evaluation of the
- 12 request.
- 13
- 14 4. Upon receipt of a complete request for an Endorsement, or LOS, CalOptima's Community
- 15 Relations Department shall review and analyze the request with input from appropriate internal
- 16 departments within five (5) business days of receipt of the complete request.
- 17
- 18 5. The Community Relations Department shall submit a request for Endorsement, or LOS, to the
- 19 CEO for review and consideration.
- 20
- 21 6. The Community Relations Department shall notify the organization that requests an
- 22 Endorsement, or LOS, in writing, after CalOptima's determination is made.
- 23
- 24 7. The Community Relations Department shall process an approved Endorsement, or LOS, request
- 25 within three (3) business days of approval.
- 26
- 27 8. The Community Relations Department shall document and track all Endorsements and LOS and
- 28 shall be responsible for fulfillment of any stated commitment(s).
- 29
- 30 B. Use of the CalOptima name, or logo:
- 31
- 32 1. Requests shall be submitted to CalOptima's Community Relations Department, in writing, at
- 33 least twenty-one (21) calendar days in advance of the date for which use of the name, or logo, is
- 34 requested, or if in a shorter amount of time, at the discretion of the CEO, so long as such request
- 35 is submitted to the CEO in a reasonable and sufficient amount of time so that CalOptima can
- 36 complete a meaningful review and evaluation of the request.
- 37
- 38 2. Requests shall include the following:
- 39
- 40 a. Description of the project, event, publication, or other purpose for which the CalOptima
- 41 name, or logo will be used;
- 42
- 43 b. Intended audience for the project, event, or publication for which the name, or logo, will be
- 44 used;
- 45
- 46 c. Description, background, and pertinent information (e.g., names of members of the Board
- 47 of Directors) regarding the requesting entity and any other entity whose name will appear
- 48 on the document, project, or event;
- 49

- d. Time frame during which the name, or logo, is requested to be used; and
 - e. Mock-up of how the name, or logo, will be used.
3. Upon receipt of a complete request for use of the CalOptima name, or logo, CalOptima's Community Relations Department shall review and analyze the request with input from appropriate internal departments within five (5) business days.
 4. The Community Relations Department shall submit a request for use of the CalOptima name, or logo, to the CEO for review and consideration.
 5. The Community Relations Department shall notify the requesting entity, in writing, after CalOptima's determination is made.
 6. The Community Relations Department shall process an approved request within three (3) business days of approval.

IV. ATTACHMENTS

- A. Endorsement Request Form: Letter of Support & Use of Logo
- B. Endorsement Transmittal Form: Letter of Support & Use of Logo

V. REFERENCES

- A. California Constitution Article 16, §6
- B. California Government Code, §8314
- C. CalOptima Policy AA.1000: Glossary of Terms
- D. CalOptima Policy AA.1223: Participation in Community Events Involving External Entities
- E. CalOptima Policy GA.5002: Purchasing Policy
- F. CalOptima Policy MA.2002: Marketing Activity Standards

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- B. 10/02/08: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/04/1997	AA.1214	Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo	Administrative

Policy #: AA.1214

Title: Guidelines for Endorsements by CalOptima, for Letters of Support, and Use of CalOptima Name and Logo

Revised Date: 02/02/17

Version	Date	Policy Number	Policy Title	Line(s) of Business
Revised	07/01/2007	AA.1214	Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo	Administrative
Revised	10/02/2008	AA.1214	Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo	Administrative
Revised	02/02/2017	AA.1214	Guidelines for Endorsements by CalOptima and Use of CalOptima Name or Logo	Administrative

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DRAFT

1 **IX. GLOSSARY**
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Term	Definition
Endorsement	The support or promotion of a project, event, document, program, or initiative conducted by an external entity for the benefit of that entity, and for which support or promotion CalOptima does not receive a comparable benefit. Endorsement does not include any sponsorship, educational activity, purchased service, presentation, attendance at an event, activity that is included in the definition of Marketing Activities, or joint development of an event, seminar, symposium, educational program, public information campaign, or similar event.
Letter of Support (LOS)	A letter supporting a community-based organization or health care partner detailing compelling reasons why the organization or project is credible and of value to the community and conveying the relationship between CalOptima and the organization, thereby lending credibility to the organization requesting support. LOS does not include a formal partnership agreement or interagency agreement.
Marketing Activities	Any activity conducted by or on behalf of CalOptima where information regarding the services offered by CalOptima is disseminated in order to persuade or influence eligible beneficiaries to enroll or to educate members and promote optimal program use and participation. Marketing also includes any similar activity to secure the endorsement of any individual or organization on behalf of CalOptima.

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Endorsement Request Form – Letter of Support (LOS) & Use of Logo

Requests for Letter of Support (LOS) and/or Use of CalOptima’s Logo must be submitted to the Community Relations Department no less than 21 calendar days in advance. Please provide the information requested below, as appropriate. For Letters of Support, must complete at least the items marked by an asterisk (*).

Endorsement Details			
Organization:*			
Address:*			
City:*		Zip Code:*	
POC Name & Title:*			
Phone Number:*	<input checked="" type="checkbox"/>	Fax #:	
E-mail:*	<input type="checkbox"/>		
Type:*	<input checked="" type="checkbox"/> Letter of Support		
Type:	<input type="checkbox"/> Letter of Support Commitment for Financial Participation		
	<input type="checkbox"/> Use of CalOptima Name or Logo Only		
	<input type="checkbox"/> Other: <input type="checkbox"/> CalOptima Master Logo <input type="checkbox"/> -PACE Logo		
	<input type="checkbox"/> OneCare Connect Logo <input type="checkbox"/> OneCare		
Endorsement Needed By:*			

If more space is needed, you may attach additional pages.	
1. Program or project description, including: <ul style="list-style-type: none"> a. Name of the program or project b. Name of the program or project director or principle investigator, including his/her qualifications in regards to the program or project c. Scope and purpose of the program or project 	
2. Background information of requesting entity, including: <ul style="list-style-type: none"> a. Information regarding entity’s ability to successfully carry out the program or project b. Names of members of the Board of Directors 	



Endorsement Request Form – Letter of Support (LOS) & Use of Logo

<p>3. Other individuals or entities supporting the program or project, including:*</p> <p>a. A description of their role in the program or project</p>	
<p>4. Detailed program or project timeline for planning, implementation, evaluation, and other phases of the program or project</p>	
<p>5. Projected outcome of the program or project</p>	
<p>6. Amount requested and program or project budget information, including:</p> <p>a. Budget detail if the request is for financial participation by CalOptima</p> <p>(Note: Requests for financial participation up to and including \$10,000 shall require prior written approval of CalOptima's CEO. Requests for financial participation above \$10,000 shall require prior approval of the CalOptima Board of Directors.)</p>	
<p><u>6.</u> Purpose for CalOptima's involvement in the program or project, including:</p> <p>7.</p> <p>a. Detailed description of its proposed role</p> <p>b. Anticipated time commitment required of CalOptima staff</p> <p>c. Specific data elements requested from CalOptima and a description of their specific use in the program or project</p>	



Endorsement Request Form – Letter of Support (LOS) & Use of Logo

7. Conditions under which CalOptima's name and/or logo will be used.

8. Time frame during which CalOptima's name or logo will be used.

9. Request for Please provide a LOS template letter and/or mock-up of how CalOptima's name or logo will be used.

Endorsement Request Form – Letter of Support (LOS) & Use of Logo

Requests for Letter of Support (LOS) and/or Use of CalOptima’s Logo must be submitted to the Community Relations Department no less than 21 calendar days in advance.

Endorsement Details			
Organization:			
Address:			
City:		Zip Code:*	
POC Name & Title:			
Phone Number:		Fax #:	
E-mail:			
Type:	<input type="checkbox"/> Letter of Support <input type="checkbox"/> Use of CalOptima Name or Logo Only <input type="checkbox"/> CalOptima Master Logo <input type="checkbox"/> PACE Logo <input type="checkbox"/> OneCare Connect Logo <input type="checkbox"/> OneCare		
Endorsement Needed By:			

If more space is needed, you may attach additional pages.	
1. Program or project description, including: <ul style="list-style-type: none"> a. Name of the program or project b. Name of the program or project director or principle investigator, including his/her qualifications in regards to the program or project c. Scope and purpose of the program or project 	
2. Background information of requesting entity, including: <ul style="list-style-type: none"> a. Information regarding entity's ability to successfully carry out the program or project b. Names of members of the Board of Directors 	



Endorsement Request Form – Letter of Support (LOS) & Use of Logo

<p>3. Other individuals or entities supporting the program or project, including:</p> <ul style="list-style-type: none">a. A description of their role in the program or project	
<p>4. Detailed program or project timeline for planning, implementation, evaluation, and other phases of the program or project</p>	
<p>5. Projected outcome of the program or project</p>	
<p>6. Purpose for CalOptima's involvement in the program or project, including:</p> <ul style="list-style-type: none">a. Detailed description of its proposed roleb. Anticipated time commitment required of CalOptima staffc. Specific data elements requested from CalOptima and a description of their specific use in the program or project	
<p>7. Conditions under which CalOptima's name and/or logo will be used.</p>	



Endorsement Request Form – Letter of Support (LOS) & Use of Logo

<p>8. Time frame during which CalOptima's name or logo will be used.</p>	
<p>9. Please provide a LOS template letter and/or mock-up of how CalOptima's name or logo will be used.</p>	

Endorsement Transmittal Form: Letter of Support (LOS) & Use of Logo

Guidelines for Endorsements by CalOptima

A CalOptima endorsement is given to projects and programs that are strongly aligned with our mission to provide members with access to quality health care services delivered in a cost-effective and compassionate manner. Endorsements are considered for programs and projects that ~~have~~:

1. ~~Have t~~The potential for the Endorsement or LOS to create positive visibility for CalOptima; and
- ~~2. The potential to create a long-term collaborative partnership between CalOptima and the requesting entity.~~
2. Whether the Endorsement LOS would pPromote or advocate positions that are consistent with CalOptima’s mission, programs, standards and purposes; and.
- ~~3. CalOptima will also consider w~~Whether the Endorsement or LOS may conflict with CalOptima with CalOptima policies and/or applicable local, state and federal laws and regulations, and/or whether the Endorsement or LOS could constitute any real or perceived conflict of interest.
- ~~4.~~

Organization: _____

Endorsement Needed By: _____

Today’s Date: _____

Endorsement Review					
Required to go to the Board: <input type="checkbox"/> No <input type="checkbox"/> Yes (If approved by CEO)					
Name	Signature	Date	Decision		Remarks
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
CEO Approved:			Date:		

For PA Department Use Only	
Notification Sent:	
Reported for Board Update:	
Posted on CalOptima Website:	

Notes:	
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Revised ~~08/15/2010~~1/26/17

Endorsement Transmittal Form: Letter of Support (LOS) & Use of Logo

Guidelines for Endorsements by CalOptima

A CalOptima endorsement is given to projects and programs that are strongly aligned with our mission to provide members with access to quality health care services delivered in a cost-effective and compassionate manner. Endorsements are considered for programs and projects that:

1. Have the potential for the Endorsement or LOS to create positive visibility for CalOptima; and
2. Promote or advocate positions that are consistent with CalOptima's mission, programs, standards and purposes.

CalOptima will also consider whether the Endorsement or LOS may conflict with CalOptima policies and/or applicable local, state and federal laws and regulations, and/or whether the Endorsement or LOS could constitute any real or perceived conflict of interest.

Organization: _____

Endorsement Needed By: _____

Today's Date: _____

Endorsement Review					
Required to go to the Board: <input type="checkbox"/> No <input type="checkbox"/> Yes (If approved by CEO)					
Name	Signature	Date	Decision		Remarks
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	
CEO Approved:			Date:		

For PA Department Use Only	
Notification Sent:	
Reported for Board Update:	
Posted on CalOptima Website:	
Notes:	

Policy #: AA.1223
Title: **Participation in Community Events
Involving External Entities**
Department: Administration
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/02/17
Last Review Date: Not Applicable
Last Revised Date: Not Applicable

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I. PURPOSE

This policy establishes guidelines for CalOptima’s Participation in community events, programs, projects, and activities involving external entities.

II. POLICY

- A. CalOptima recognizes the value of partnering with external entities to provide additional health care related services of benefit to the local community, while still upholding its fiscal responsibilities as a steward of public funds. Requests for CalOptima’s Participation in community events involving external entities, financially, or otherwise, shall be approved only if:
 - 1. Compatible with CalOptima’s mission to provide members with access to quality health care services delivered in a cost-effective and compassionate manner;
 - 2. Consistent with CalOptima’s specific statutory purpose to arrange for the provision of health care services to qualifying individuals who lack sufficient annual income to meet the cost of healthcare; and
 - 3. In accordance with this Policy.
- B. An external entity may be eligible for CalOptima’s Participation in its event if the entity is a community-based, non-profit organization, or health care partner (collectively, “external entities”) that serves CalOptima members, or supports CalOptima’s mission. Religious organizations are not eligible for CalOptima’s Participation unless the event is open to the general public and is for a non-sectarian purpose.
- C. The expenditure of CalOptima’s funds shall only be made for a direct and primary public purpose within CalOptima’s authority and jurisdiction. Absent a legitimate and direct public purpose within CalOptima’s authority and jurisdiction, CalOptima shall not use public funds to make monetary contributions to external entities solely for the purpose of goodwill, showing support, networking, public relations, or relationship building. External entities may not use CalOptima’s Participation in any manner to donate, or endorse, political candidates to elected office, or to support/oppose a position on proposed legislation, ballot initiative, or proposition.
- D. CalOptima’s Participation shall include at least one (1) of the following:
 - 1. A speaking opportunity for a CalOptima representative;

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2. A presentation, or panel presentation, by a CalOptima representative;
 3. A booth, or table, designated for CalOptima at the event to distribute CalOptima information to members and/or potential members who could be enrolled in any of CalOptima’s programs; or
 4. Other opportunity to promote CalOptima’s services and increase awareness about CalOptima.
- E. There may be circumstances where financial Participation for external entities, such as charitable organizations, or activities (*e.g.*, United Way, etc.), may be permitted based on a finding by the CalOptima Board of Directors that the request for financial Participation falls within CalOptima’s authority and purpose, and meets one (1) of the following criteria:
1. The financial Participation will be used by the external entity to provide a service that complements, or enhances, one that CalOptima provides; or
 2. There is an identifiable benefit to CalOptima and/or its members.
- F. The expenditure of CalOptima funds and the use of resources, staff time, and CalOptima facilities shall not be inconsistent with, or in conflict with, CalOptima’s obligations under applicable state and federal laws and contracts.
- G. Requests for Participation by CalOptima in an event proposed by an external entity shall require approval as follows:
1. Requests for Participation, other than financial contributions, such as hosting booths at health fairs, conducting education programs and presentations, or organizing community/town hall meetings:
 - a. Requests for non-financial Participation from external entities shall be submitted no less than fourteen (14) calendar days in advance of the date of the event.
 - b. The Chief Executive Officer (CEO), or his/her designee, is authorized to approve non-financial requests from external entities for community/member oriented events that meet the eligibility requirements as provided in this Policy.
 - c. Non-financial Participation requests from external entities for community/member oriented events such as health fairs, educational events, and/or community/town hall forums shall meet the standards set forth above in Sections II.A. through II.F. along with the following criteria:
 - i. Member interaction/enrollment – The activity shall include participation from CalOptima members and/or potential members that could be enrolled in any of CalOptima’s programs, or be in furtherance of CalOptima’s mission, programs/lines of business, values, and/or purpose; and
 - ii. Inclusion of Details of the Event – Information about the organization and event, including name of the organization hosting the event, the name of the event itself, day/date, start and end time, location, event coordinator contact information, expected

1 number of attendees, primary demographics of people served, purpose and outcome of
2 the proposed event, and description of CalOptima’s Participation in the event.
3

- 4 2. Requests for financial Participation, up to and including, a cumulative value of one thousand
5 dollars (\$1,000) per organization per fiscal year, which shall include all materials and supplies:
6
7 a. Requests for financial Participation in an amount up to and including one thousand dollars
8 (\$1,000) per organization per fiscal year, inclusive of all materials and supplies, shall be
9 submitted no less than twenty-one (21) calendar days in advance of the date of the event, or
10 if in a shorter amount of time, at the discretion of the CEO, so long as such request is
11 submitted to the CEO in a reasonable and sufficient amount of time so that CalOptima can
12 complete a meaningful review and evaluation of the request.
13
14 b. The CEO, or his/her designee, is authorized to approve requests for financial Participation
15 for qualifying external entities and events for a cumulative amount of up to and including
16 one thousand dollars (\$1,000) per organization per fiscal year, subject to availability of
17 budgeted funds.
18
19 c. All requests for financial Participation to CalOptima from external entities shall meet the
20 standards set forth above in Sections II.A. through II.F. along with the following criteria:
21
22 i. Member interaction/enrollment – The activity shall include participation from
23 CalOptima members and/or potential members that could be enrolled in any of
24 CalOptima’s programs or be in furtherance of CalOptima’s mission, programs/lines of
25 business, values, and/or purpose; and
26
27 ii. Inclusion of Details of the Event – Information about the organization and event,
28 including the name of the organization hosting the event, the name of the event itself,
29 day/date, start and end time, location, event coordinator contact information, expected
30 number of attendees, primary demographics of people served, purpose and outcome of
31 the proposed event, description of CalOptima’s Participation in the event, and/or how
32 CalOptima’s financial Participation will be used, etc.
33
34 d. The CEO, or his/her designee, is authorized to purchase and use in-kind contributions of
35 items branded with CalOptima’s logo for the purpose of outreach and promoting
36 CalOptima’s role and services in the community.
37
38 e. The CEO, or his/her designee, will report all approved Participation in events involving
39 financial Participation in an amount up to and including one thousand dollars (\$1,000) per
40 organization per fiscal year to the CalOptima Board of Directors in the CEO’s regular
41 Board communications, including, but not limited to, the CEO’s weekly updates and reports
42 included in the next available regularly scheduled Board of Directors meeting.
43
44 3. Requests for financial Participation in amounts of more than one thousand dollars (\$1,000) per
45 organization per fiscal year:
46
47 a. Requests for financial Participation for the amount of more than one thousand dollars
48 (\$1,000) per organization per fiscal year shall be submitted no less than sixty (60) calendar
49 days in advance of the date of the event.
50

- 1 b. Financial requests from qualified external entities for eligible events valued at more than
2 one thousand dollars (\$1,000) require approval from the CalOptima Board of Directors and
3 a finding that such financial Participation is in the public good, subject to availability of
4 budgeted funds, and within CalOptima’s authority and statutory purpose.
5
6 c. All requests for financial Participation to CalOptima from external entities shall meet the
7 standards set forth above in Sections II.A. through II.F. along with the following criteria:
8
9 i. Member interaction/enrollment – The activity shall include participation from
10 CalOptima members and/or potential members that could be enrolled in any of
11 CalOptima’s program, or be in furtherance of CalOptima’s mission, programs/lines of
12 business, values, and/or purpose; and
13
14 ii. Inclusion of Details of the Event – Information about the organization and event,
15 including name of the organization hosting the event, the name of the event itself,
16 day/date, start and end time, location, event coordinator contact information, expected
17 number of attendees, primary demographics of people served, purpose, and outcome of
18 the proposed event, description of CalOptima’s Participation in the event, and/or how
19 CalOptima’s financial Participation will be used, etc.
20
21 d. The CEO is authorized to purchase and use in-kind contributions of items branded with
22 CalOptima’s logo for the purpose of outreach and promoting CalOptima’s role and services
23 in the community.
24
25 e. The CEO, or his/her designee, will report all approved Participation in events involving
26 financial Participation in amounts more than one thousand dollars (\$1,000) per organization
27 per fiscal year to the CalOptima Board of Directors in the CEO’s weekly updates and
28 reports included in the next available regularly scheduled Board of Directors meeting.
29
30 4. In determining the value of CalOptima’s Participation in events involving external entities, the
31 following factors shall be considered:
32
33 a. The use of CalOptima staff time (*e.g.*, in their capacity as a CalOptima employee) to attend
34 events such as health fairs, educational or community events;
35
36 b. The use of CalOptima resources (*e.g.*, CalOptima facilities);
37
38 c. The use of current, or future, CalOptima eligible funds; and
39
40 d. The value of items donated with the CalOptima master brand/logo.
41
42 H. In no event shall approval of CalOptima’s Participation in an event, or with an external entity,
43 constitute an Endorsement of the external entity hosting the event, nor shall such Participation
44 constitute Endorsement of any particular message, or initiative, commercial product or service,
45 and/or any message advocated by the external entity. Endorsements and use of CalOptima’s name,
46 or logo, in any material by an external entity shall be governed by CalOptima Policy AA.1214:
47 Guidelines for Endorsements, for Letters of Support, and Use of CalOptima’s Name and Logo.
48

- 1 I. The CEO, or his/her designee, shall report any Participation approved by the CEO to the CalOptima
2 Board of Directors, in writing, at the next available regularly scheduled Board of Directors meeting
3 after such approval.
4
- 5 J. The CEO, or his/her designee, shall provide members of the CalOptima Board of Directors with
6 advanced notice so they have the opportunity to attend events in which CalOptima Participates.
7
- 8 K. Payment for actual and necessary expenses incurred in the course of performing services for
9 CalOptima, including expenses incurred in the course of attending functions of external entities,
10 shall be reimbursed, or paid, according to CalOptima Policy GA.5004: Travel Policy to the extent
11 there is a clear nexus between the attendance of the employee at such a function and the
12 performance of the service for which such employees is regularly employed. In no event shall
13 CalOptima pay, or reimburse, a CalOptima employee for expenses arising from personal expenses,
14 political campaigns, or activities, charitable contributions, or events (including fundraisers, galas,
15 dinners, unless expressly approved by the Board of Directors), family expenses, entertainment
16 expenses, or religious activities.
17
- 18 L. In the event CalOptima's Participation in an event involving an external entity involves any
19 Marketing Activities, such Marketing Activities shall be consistent with all applicable legal and
20 contractual requirements, as well as all internal policies, including, but not limited to, CalOptima
21 Policy MA.2002: Marketing Activity Standards.
22

23 III. PROCEDURE

- 24
- 25 A. All requests for Participation shall be submitted within the timeframe specified above, and include
26 the following information, as appropriate:
27
- 28 1. Description of the external entity requesting Participation, including, but not limited to: whether
29 the external entity is a non-profit organization, religious organization, for-profit organization, or
30 other health care partner (including valid by-laws filed with the Secretary of State of the State of
31 California); how long the external entity has been operating; where the external entity's
32 principle office and base of operations is located; external entity's service area, etc.;
- 33
- 34 2. Description of the event such as name of the event, day/date, start and end time, location, event
35 coordinator contact information, expected number of attendees, primary language of attendees,
36 primary demographics of people served, purpose, and outcome of the proposed event;
37
- 38 3. The purpose of the event, including, but not limited to, a copy of any event materials, or
39 description of the program or project;
40
- 41 4. Description of relationship between external entity's work, or event, and CalOptima's
42 programs/lines of business, mission, values, and/or purpose;
43
- 44 5. Description, background, and pertinent information (*e.g.*, names of members of the Board of
45 Directors) regarding the requesting entity and any other entity having a substantial role in the
46 event;
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- 48 6. A list of other individuals, or entities, supporting the event;
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- 50 7. Event budget information; and

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8. Purpose, role, and anticipated time commitment for CalOptima’s involvement in the event, if applicable.

B. Upon receipt of a complete request for Participation, CalOptima’s Community Relations Department shall:

1. Review and analyze the request to ensure each criteria is met;
2. Complete the Event Participation Request Form and place the completed form and all supporting documentation in a folder within five (5) business days of the date of receipt of completed request;
3. Submit the request to the CEO, his/her designee, or to the Board of Directors, where applicable, for consideration. If the request is denied, the requestor shall be so notified.

C. Upon receipt of the approved request for Participation from the CEO, his/her designee, or the Board of Directors, CalOptima’s Community Relations Department shall:

1. Notify the requesting entity of CalOptima’s determination; and
2. Process the financial request and any necessary documents within three (3) business days of the determination date.
3. Any payments for approved financial requests shall be issued only through checks paid directly to the external entity, and no cash disbursements will be made for events covered by this Policy.

D. Requests for In-Kind Contributions of Items Branded with the CalOptima Logo:

1. Requests shall be submitted to CalOptima’s Community Relations Department, in writing, at least thirty (30) calendar days in advance of the date for which an entity wishes to distribute items branded with the CalOptima master logo.
2. Upon receipt of a complete request to distribute items branded with the CalOptima master logo, CalOptima’s Community Relations Department shall review and analyze the request with input from appropriate internal departments within five (5) business days.
3. The Community Relations Department shall submit a request to the Chief Executive Officer (CEO), or his/her designee, for approval of a donation of items valued at five dollars (\$5), or less, and up to and including a cumulative total of five hundred dollars (\$500) worth of goods. Requests to distribute items that exceed a cumulative total of five hundred dollars (\$500) shall require the prior approval of the CalOptima Board of Directors.
5. The Community Relations Department shall notify the requesting entity, in writing, after CalOptima’s determination is made.
6. The Community Relations Department shall process an approved request to distribute items branded with the CalOptima master logo within three (3) business days of approval.

Policy #: AA.1223

Title: Participation in Community Events Involving External Entities

Revised Date: 02/02/17

- 1 7. The requesting entity shall agree to return any items that it does not distribute at the conclusion
2 of the event for which the item was used.

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4 **IV. ATTACHMENTS**

- 5
6 A. CalOptima Public Activity Participation Request Form
7 B. CalOptima Public Activity Transmittal Form

8
9 **V. REFERENCES**

- 10 A. California Constitution Article 16, §6
11 B. California Government Code, §8314
12 C. CalOptima Policy AA.1000: Glossary of Terms
13 D. CalOptima Policy AA.1214: Guidelines for Endorsements by CalOptima, for Letters of Support,
14 and Use of CalOptima Name or Logo
15 E. CalOptima Policy GA.5004: Travel Policy
16 F. CalOptima Policy MA.2002: Marketing Activity Standards

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19 **VI. REGULATORY AGENCY APPROVALS**

20
21 None to Date

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23 **VII. BOARD ACTIONS**

24
25 02/02/17: Regular Meeting of the CalOptima Board of Directors

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27 **VIII. REVIEW/REVISION HISTORY**

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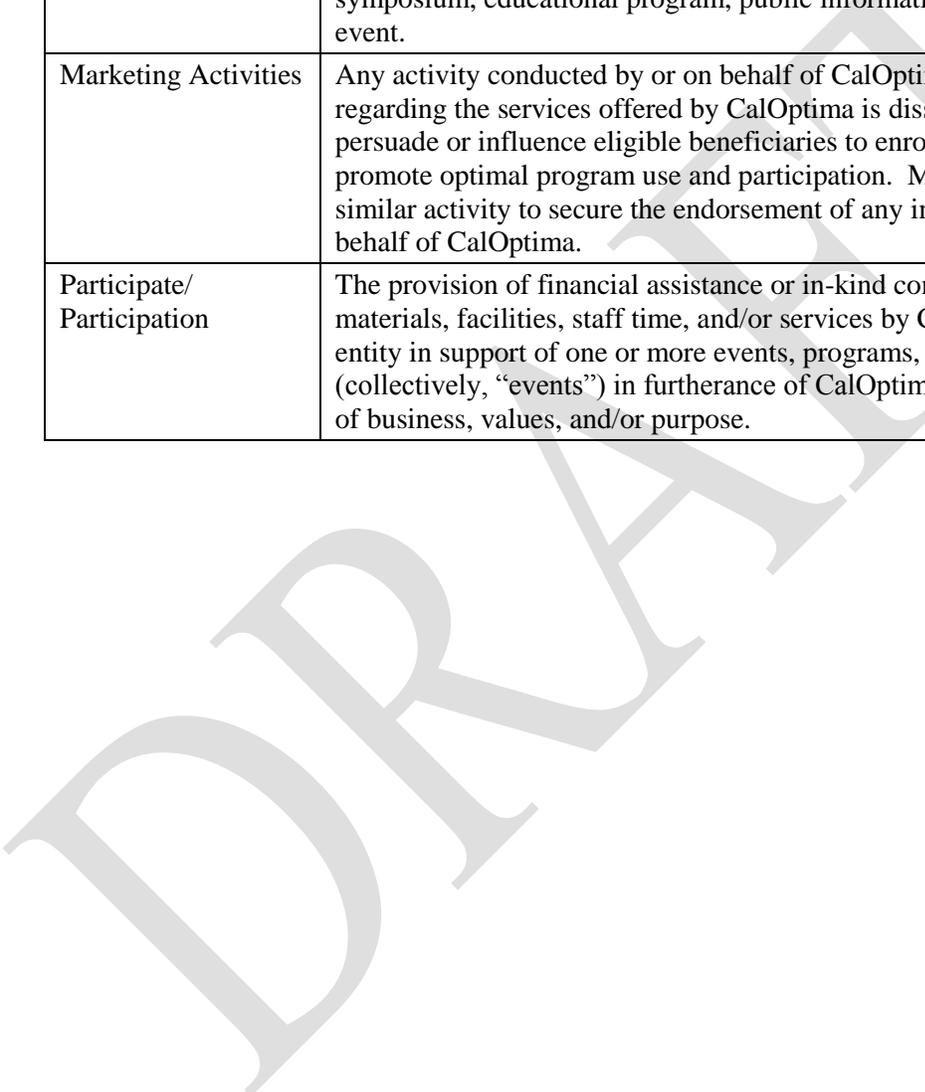
Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/02/2017	AA.1223	Participation in Community Events Involving External Entities	Administrative

1 **IX. GLOSSARY**

2

Term	Definition
Endorsement	The support or promotion of a project, event, document, program, or initiative conducted by an external entity for the benefit of that entity, and for which support or promotion CalOptima does not receive a comparable benefit. Endorsement does not include any sponsored educational activity, purchased service, presentation, attendance at an event, activity that is included in the definition of Marketing Activities, or joint development of an event, seminar, symposium, educational program, public information campaign, or similar event.
Marketing Activities	Any activity conducted by or on behalf of CalOptima where information regarding the services offered by CalOptima is disseminated in order to persuade or influence eligible beneficiaries to enroll or to educate members and promote optimal program use and participation. Marketing also includes any similar activity to secure the endorsement of any individual or organization on behalf of CalOptima.
Participate/ Participation	The provision of financial assistance or in-kind contribution of goods, materials, facilities, staff time, and/or services by CalOptima to an external entity in support of one or more events, programs, projects, and/or activities (collectively, “events”) in furtherance of CalOptima’s mission, programs/lines of business, values, and/or purpose.

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Public Activity Participation Request Form

Requesting Entity: _____

Requesting Entity's principal office/base of operations location: _____

How long Requesting Entity has been operating: _____

Requesting Entity's service area(s): _____

Description of relationship between Requesting Entity's work/event and CalOptima's lines of business, mission, values, and/or purpose: _____

Description, background and pertinent info. (eg. members of Board of Directors) and other entities with a substantial role in event: _____

List of individuals or entities supporting the event: _____

Entity Type: Non-Profit Org For-Profit Org Religious Org Health Care Partner

Purpose, role and anticipated time commitment for CalOptima's involvement: _____

Section I: Event Details			
Name:			
Day/Date:			
Start Time:		End Time:	
Location:			
City:		Zip Code:	
POC Name:			
Phone#:		Fax #:	
Email:			
Type of Event	<input type="checkbox"/> ₁ Opportunity to outreach to members or potential members		
	<input type="checkbox"/> ₂ Opportunity to outreach to health care professionals, non-profit orgs or policy-makers		
	<input type="checkbox"/> ₃ Other:		
Expected # of Attendees:			
Event Budget:			



Public Activity Participation Request Form

Section II: About the Attendees (check all that apply)			
Primary Language Spoken:	<input type="checkbox"/> English	<input type="checkbox"/> Spanish	<input type="checkbox"/> Vietnamese <input type="checkbox"/> Other:
Event for:	<input type="checkbox"/> Children	<input type="checkbox"/> Persons with disabilities	
	<input type="checkbox"/> Low-income families	<input type="checkbox"/> General public	
	<input type="checkbox"/> Low-income older adults/seniors	<input type="checkbox"/> Other:	
Event for CalOptima LOB:	<input type="checkbox"/> OC/OCC	<input type="checkbox"/> PACE	<input type="checkbox"/> Medi-Cal

Section III: Cost to CalOptima to Participate	
Registration Fee:	
Sponsorship Request:	<input type="checkbox"/> No <input type="checkbox"/> Yes, amount:

Section IV: Notes/Comments

Section V: Disclosures
Requests must be submitted to the Community Relations Department: Staff Participation - 14 calendar days in advance; Financial Participation at or under \$1,000 - 21 calendar days in advance; Financial Participation more than \$1,000 - 60 calendar days in advance.
All event materials/information must be attached

Public Activity Transmittal Form

Please complete your portion of this form and route it in the order indicated below. Please contact Lisa Nguyen at ext. 8809 if you have any questions.

Today's Date: _____ Complete Routing By: _____

Routing Order			
1. Department POC:		Complete Review By:	
2. Department POC:		Complete Review By:	
3. Department POC:		Complete Review By:	

For CR Use Only: CR Initial Review			
Requests for CalOptima's Participation in community events involving external entities must be:			
1. Compatible with CalOptima's mission to provide members with access to quality health care services delivered in a cost-effective and compassionate manner.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. Consistent with CalOptima's specific statutory purpose to arrange for the provision of health care services to qualifying individuals who lack sufficient annual income to meet the cost of health care; and	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. In accordance with Policy AA.1223: Participation in Community Events Involving External Entities	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
CalOptima's Participation shall include at least one (1) of the following:			
1. A speaking opportunity for a CalOptima representative	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. A presentation, or panel presentation, by a CalOptima representative	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. A booth, or table, designated for CalOptima at the event to distribute CalOptima information to members/potential members	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Other opportunity to promote CalOptima's services and increase awareness about CalOptima	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Financial Participation must meet one (1) of the following criteria, if applicable:			
1. The financial participation will be used by the external entity to provide a service that complements, or enhances, one that CalOptima provides	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. There is an identifiable benefit to CalOptima and/or its members	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Other considerations:			
Process as an Endorsement (i.e. policy AA.1214)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Event affiliated with a member of the Board, MAC, PAC, or Employee	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Request Legal Review (i.e. conflict analysis)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Included in budget	<input type="checkbox"/> Yes, amount	<input type="checkbox"/> No	
CalOptima participated in the past	<input type="checkbox"/> Yes, year(s)	<input type="checkbox"/> No	
Notes:			

CR Participation Commitment:	YES	NO	N/A
Assume "Lead Department" role	<input type="checkbox"/> Staff:	<input type="checkbox"/>	<input type="checkbox"/>
Assume "Support Department" role	<input type="checkbox"/> Staff:	<input type="checkbox"/>	<input type="checkbox"/>
Provide financial support (i.e. registration fee, sponsorship, etc.)	<input type="checkbox"/> Amount:	<input type="checkbox"/>	<input type="checkbox"/>



A Public Agency

CalOptima

Better. Together.

Public Activity Transmittal Form

Provide promotional items	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide brochures/educational materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/> Specify:	<input type="checkbox"/>	<input type="checkbox"/>
Notes:			
Signature Required Only for Sponsorships, Endorsements and Registration Fees.			

Date:

Tiffany Kaaiakamanu, Manager of Community Relations

*CalOptima's CEO has delegated authority to approve requests for financial participation in an amount up to and including \$1,000 if it is determined that CalOptima's participation is of public purpose.

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

12. Consider Adoption of Resolution Approving Updated Human Resources Policies and Revised CalOptima Employee Handbook

Contact

Ladan Khamseh, Chief Operations Officer (714) 246-8866

Vicki Hewlett, Interim Director Human Resources (714) 246-8792

Recommended Action

Adopt Resolution Approving CalOptima’s Updated Human Resources Policies and Revised CalOptima Employee Handbook.

Background

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

The following table lists existing Human Resources policies that have been updated and are being presented for review and approval. Corresponding changes have been made to the CalOptima Employee Handbook to be consistent with these policy changes as well as the prior policy changes made after April 2016. Substantive changes have been made to the Employee Handbook on pages 9-10, 14, 19, 21-24, 44-45, and 52-53.

	Policy No./Name	Summary of Changes	Reason for Change
1.	GA.8018 Paid Time Off (PTO)	<ul style="list-style-type: none">• Minor language and formatting change.• Definitions added and clarified consistent with updated revisions to the law.• Revisions necessitated by recent changes to Kin Care and Child-Related Activities.• Added language to clarify the interaction between different protected leaves of absence.• Changes to the cash out process to ensure such election is made prior	<ul style="list-style-type: none">-Annual review with minor updates and formatting changes.- Recent legislative revisions to Labor Code section 230.8- Address IRS timing issues with respect to cash out elections- Address CalOptima’s expectations with respect to resignation notices

	Policy No./Name	Summary of Changes	Reason for Change
		to December 31 st of each year <ul style="list-style-type: none"> Address CalOptima’s expectation that employees provide resignation notices of at least two working weeks prior to terminating employment 	
2.	GA.8025 Equal Employment Opportunity	<ul style="list-style-type: none"> Minor language and formatting change. Reference to Unlawful Harassment Policy GA.8027 Change protected categories consistent with new FEHA regulations. Addition of Glossary section Addition of new paragraph to address employees, volunteers, and unpaid interns who violate the policy. 	-Annual review with minor formatting changes - New FEHA Regulations
3.	GA.8036 Education Reimbursement	<ul style="list-style-type: none"> Minor language and formatting change. 	-Annual review with minor updates and formatting changes
4.	GA.8052 Drug-Free and Alcohol Free Workplace	<ul style="list-style-type: none"> Minor language and formatting change. Clarification of term “property” 	- Annual review with minor updates and formatting changes -PACE location added since last policy review
5.	GA.8053 Workplace Violence	<ul style="list-style-type: none"> Minor language and formatting change. Recommend that this become an Environmental Health and Safety (EHS) Policy. Procedure and reference revisions 	- Annual review with minor updates and formatting changes - EHS has jurisdiction - OSHA Guidelines (OSHA Publication 3148-04R (2015))
6.	Employee Handbook	<ul style="list-style-type: none"> Minor verbiage revisions and edits or additions to language to match policy revisions 	-Policy revisions

Fiscal Impact

The fiscal impact for the recommended actions is budget neutral.

Rationale for Recommendation

Approval is recommended to the updated Human Resources Policies and Employee Handbook to ensure that CalOptima meets its ongoing obligation to provide structure and clarity on employment matters, consistent with applicable federal, state, and local laws and regulations. These policies serve as a framework for CalOptima’s operations.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. Resolution No. 17-0202, Approve Updated Human Resources Policies and Revised CalOptima Employee Handbook
2. Revised CalOptima Policies:
 - a. GA. 8018: Paid Time Off (PTO) – (redlined and clean) with Attachments
 - b. GA. 8025: Equal Employment Opportunity – (redlined and clean)
 - c. GA. 8036: Education Reimbursement – (redlined and clean) – with Attachment
 - d. GA. 8052: Drug Free and Alcohol Free Workplace – (redlined and clean) with Attachment
 - e. GA. 8053: Workplace Violence – (redlined and clean)
3. Revised CalOptima Employee Handbook – (redlined and clean)

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

RESOLUTION NO. 17-0202

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

**APPROVE UPDATED HUMAN RESOURCES POLICY AND REVISED CALOPTIMA
EMPLOYEE HANDBOOK**

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

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

NOW, THEREFORE, BE IT RESOLVED:

- a. Section 1. That the Board of Directors hereby approves and adopts the attached updated Human Resources Policies: GA. 8018: Paid Time Off (PTO); GA. 8025: Equal Employment Opportunity; GA. 8036: Education Reimbursement; GA. 8052: Drug Free and Alcohol Free Workplace; and GA. 8053: Workplace Violence.
- b. Section 2. That the Board of Directors hereby approves and adopts the attached revised CalOptima Employee Handbook

APPROVED AND ADOPTED by the Board of Directors of the Orange County Health Authority, d.b.a., CalOptima this 2nd day of February, 2017.

AYES:
NOES:
ABSENT:
ABSTAIN:

/s/ _____
Title: Chair, Board of Directors
Printed Name and Title: Mark A. Refowitz, Chair, CalOptima Board of Directors

Attest:
/s/ _____
Suzanne Turf, Clerk of the Board



Policy #: GA.8018
 Title: **Paid Time Off (PTO)**
 Department: Human Resources
 Section: Not Applicable

CEO Approval: Michael Schrader _____
 Effective Date: 10/27/11
 Last Review Date: 02/02/17~~12/03~~
 Last Revised Date: 02/02/17

Board Approved Policy

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I. PURPOSE

This policy ~~to~~ provides Managers and Supervisors with appropriate guidelines to administer CalOptima’s Paid Time Off (PTO) benefit.

II. DEFINITIONS

Term	Definition
As Needed	Employees called to work sporadically on an as-needed basis. These employees may not have regularly scheduled hours and do not earn any benefits. As Needed employees are employed for an indefinite duration and must work less than one thousand (1,000) hours per fiscal year.
Catastrophic Illness	A major illness or other medical condition (e.g., heart attack, cancer, etc.) of the employee or a family member of the employee that requires a prolonged absence of the employee from work, including intermittent absences that are related to the same illness or condition, and will result in a substantial loss of income to the employee because the employee will have exhausted all PTO available apart from the PTO Donation Program.
Child-Related Activities	Participation in activities at child’s school or day care facility as permitted under Labor Code section 230.8, which includes: finding, enrolling, or reenrolling a child in a school or with a licensed child care provider; child care provider or school, emergency; request for child to be picked up from school/child care or an attendance policy that prohibits the child from attending or requires the child to be picked up from the school or child care provider; behavioral/discipline problems; closure or unexpected unavailability of school (excluding planned holidays); a natural disaster; or to participate in activities of the school or licensed child care provider of his or her child, if the employee, prior to taking the time off, gives reasonable notice to CalOptima.
Continuous Service	A period of employment with one (1) employer, which begins with the day on which the employee starts work and ends with the date of resignation or dismissal. All service, regardless of hours worked, counts toward calculating continuous service.
Exempt Employee	Employees who are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is

Term	Definition
	determined by the duties and responsibilities of the position and is defined by Human Resources for each position.
Full Time Employee	An employee who works sixty (60) to eighty (80) hours a pay period.
Good Standing	The employee has at least a fully meets expectations job performance rating on their most recent evaluation and has not received written disciplinary action within the last six (6) months.
Leave of Absence (LOA)	A term used to describe a scheduled period of time off that an employee is to be away from his or her primary job, while maintaining the status of employee.
Limited Term Employee	Employees who are hired to work a full-time schedule on special assignments that last a period of less than six (6) months. Limited Term employees do not become regular employees as a result of the passage of time.
Non-Exempt Employee	Includes all employees who are not identified as exempt. Non-Exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.
Paid Interns	Paid interns are considered As Needed employees, and should be concurrently enrolled in college or graduate courses.
Part Time Employees	Employees that regularly work less than thirty (30) hours per week.
Protected Sick Leave	Half of total accrued PTO in a calendar year.

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III. POLICY

- A. CalOptima provides PTO benefits to all eligible employees to enable them to take time off for rest and recreation and to recover from illness. CalOptima believes this time is valuable for employees in order to enhance productivity and to make the work experience more personally satisfying. CalOptima provides long-service employees with additional PTO benefits as years of service are accumulated.
- B. Full-time, part-time, and Limited Term employees who are regularly scheduled to work more than twenty (20) hours per week are eligible to accrue PTO. An eligible employee may use PTO hours for vacation, preventative health, or dental care, or care of an existing health condition of the employee, or the employee’s family member, short-term illness, family illness, emergencies, religious observances, personal business, Child-Related Activities, or for specified purposes if the employee is a victim of domestic violence, sexual assault, or stalking. CalOptima encourages employees to maintain work-life balance by utilizing PTO benefits for rest and recreation throughout the year.
- C. Healthy Workplaces, Healthy Families Act of 2014 (“Act”), effective July 1, 2015, requires CalOptima to provide paid sick leave to eligible employees. CalOptima already provides employees who are eligible to accrue PTO, as specified in Paragraph III.B. above, sufficient amount of PTO that can be used for sick leave that satisfies the accrual, carryover, and use requirements under the Act. For all other employees who are not eligible to accrue PTO as specified in Paragraph III.B. above, such as As-Needed employees, who work thirty (30) or more days within one (1) year from the start of their date of employment, the following provisions shall apply:
 - 1. CalOptima shall provide the full amount of twenty-four (24) hours, or three (3) days, whichever is greater, of paid sick leave to eligible employees, on July 1, 2015, and then at the beginning of each year thereafter. For eligible employees hired or engaged after July 1, 2015, the full amount of twenty-four (24) hours, or three (3) days, whichever is greater, of paid sick leave shall be provided beginning at the commencement of employment, or engagement, and then at the beginning of each

1 year thereafter. As such, the employee will not accrue any additional paid sick leave and will not
 2 carry over any unused sick leave hours to the following year.
 3

4 2. Upon satisfying a ninety (90) day employment period, employees may use accrued sick leave for
 5 preventative care or diagnosis, care or treatment of an existing health condition of the employee, or
 6 the employee’s family member. The Act defines a “family member” as a child, parent, spouse,
 7 registered domestic partner, grandparent, grandchild, or sibling. Eligible employees may also use
 8 accrued paid sick leave for specified purposes if the employee is a victim of domestic violence,
 9 sexual assault, or stalking.

10
 11 3. Paid sick leave will not be treated the same as PTO. Upon termination, resignation, retirement, or
 12 other separation from employment, CalOptima will not payout employees for unused paid sick
 13 leave time accrued under the Act. In addition, accrued paid sick leave time is not eligible for cash
 14 out. If an employee separates and is then rehired by CalOptima within one (1) year from the date of
 15 separation, the previously accrued and unused paid sick leave time will be reinstated. An employee
 16 rehired within one (1) year from the date of separation may not be subject to the Act’s ninety (90)-
 17 day waiting period, if such condition was previously satisfied, and may use their paid sick leave
 18 time immediately upon rehire, if eligible.

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 20 D. **PTO Accrual:** An eligible employee accrues PTO hours based on his or her classification as exempt, or
 21 non-exempt, hours paid (excluding overtime) each pay period (non-exempt employees), and years of
 22 Continuous Service in accordance with the following accrual schedule outlined below. PTO begins
 23 accruing from the date of hire. On rare occasions and on a case-by-case basis, the Chief Executive
 24 Officer may approve deviations from the following accrual schedule of up to a maximum of ten (10)
 25 days accrued per year.
 26

27 **Annual Paid Time Off Benefits Accrual Schedule**
 28

29 **Non-Exempt Employees:**

Years of Continuous Service	Hours of PTO Accrued (Biweekly pay period)	Annual Hourly Accrual	Days Accrued per Year
0 – 3	5.54	144 hrs	18
4 – 10	7.08	184 hrs	23
11 +	8.62	224 hrs	28

30
 31 **Exempt Employees:**

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Annual Hourly Accrual	Days Accrued per Year
0 – 3	7.08	184 hrs	23
4 – 10	8.62	224 hrs	28
11 +	10.15	264 hrs	33

32
 33 E. **Maximum Accrual:** Limits are imposed on the amount of PTO that can be maintained in an
 34 employee’s PTO account. In the event that available PTO is not used by the end of the benefit year
 35 (benefit year is the twelve (12) month period from hire date), employees may carry unused time off into

1 subsequent years, up to the maximum accrual amount specified herein. The maximum amount
2 permitted in an employee's PTO account is equal to two (2) times the employee's Annual Accrual (see
3 chart above). If an employee reaches his or her maximum PTO accrual amount, the employee will stop
4 accruing PTO.

5
6 **F. PTO Accrual during Leaves of Absence:** PTO does not accrue when absent from work in connection
7 with an approved or unapproved unpaid Leave of Absence, including, but not limited to, workers'
8 compensation leave or short/long term disability. PTO accruals recommence when the employee
9 returns to work from an unpaid Leave of Absence.

10
11 **G. PTO Increments:** At the manager's, or supervisor's, discretion, eligible employees may use time from
12 their PTO account in increments of at least one-quarter (1/4) of an hour.

13
14 **H. PTO Scheduling:** Scheduling of PTO time is to be done in a manner compatible with CalOptima's
15 operational requirements. In order to minimize the impact of an employee's absence, PTO requests
16 (vacations, medical appointments) should be submitted by an employee to his or her immediate
17 supervisor for approval at least two (2) weeks before the requested time off. Advance approval by the
18 supervisor is subject to the condition that the employee has sufficient time available in the employee's
19 PTO account at the time the employee uses the PTO. Each department may have special scheduling
20 requirements and procedures for requesting PTO, therefore, employees should check with his or her
21 immediate supervisor in advance, except for purposes of sick leave.

22
23 **I. PTO for Leaves of Absence Pursuant to Family and Medical Leave Act (FMLA), California**
24 **Family Rights Act (CFRA), Pregnancy Disability Leave (PDL), Paid Sick Leave, and ~~Kin~~**
25 **~~Care~~Protected Sick Leave~~Other Leaves~~:** CalOptima is required to provide time off to eligible
26 employees in accordance with applicable laws. Accrued PTO will automatically be used to pay
27 employees for any period of time taken off under the FMLA and/or CFRA for their own serious health
28 condition, or that of an immediate family member, unless such health condition qualifies under the PDL.
29 Family member for the purposes of FMLA and CFRA includes a spouse, parent, or child, and also
30 includes care for the birth, adoption, or foster care placement of a child, or other qualified next of kin.
31 Use of PTO for any period of time taken off under PDL is at the discretion of the employee. Accrued
32 PTO will also be automatically used towards paid sick leave for preventative care, or care of an existing
33 health condition for the employee, or a family member, which includes the employee's parent, child,
34 spouse, registered domestic partner, grandparent, grandchild, or sibling, or for specified purposes if the
35 employee is a victim of domestic violence, sexual assault, or stalking. Effective January 1, 2016, Senate
36 Bill 579 expands the "Kin Care" law under Labor Code 233 and the Child-Related Activities Leave
37 under Labor Code section 230.8. An employee is permitted to take off up to forty (40) hours per year
38 (up to 8 hours/month) for child-related activities, which include enrolling, reenrolling, or searching for a
39 school or licensed child care provider. Employees may use half of ~~his or her~~their annual accrued PTO
40 for preventive care, or care of an existing health condition for the employee, or a family member as
41 permitted under Labor Code, Sections 233 (generally known as "Kin Care," but also referred to as
42 "Protected Sick Leave") and 246.5(a).- kin care~~Protected Sick Leave, which includes time off to attend~~
43 to an illness for employee's own health or employee's covered family member's of a (child, parent,
44 spouse, or registered domestic partner, grandparent, grandchild, or sibling) health or for domestic
45 violence issues. Accrued PTO shall also be automatically used for time-off for Child-Related Activities,
46 subject to the limitations under Labor Code, Section 230.8. PTO may also be used to supplement an
47 employee's income, up to 100%, if an employee is receiving short/long term disability benefits during
48 an approved unpaid leave of absence. Leave rights discussed herein may overlap and shall not create
49 greater rights than permitted under applicable laws. For example, the right of an employee on a leave of
50 absence for his or her own serious health condition under FMLA and CFRA may coincide with his or

1 her rights under the Act and Protected Sick Leave, such that he or she shall only be entitled to the
2 maximum amount of time off permitted under FMLA/CFRA, or Protected Sick Leave, whichever is
3 greater. As another example, an employee who exhausts all of his or her accrued PTO for vacation shall
4 not be entitled to additional paid leave under the Act, or under Protected Sick Leave, if he or she
5 becomes sick and does not have any accrued PTO available.

6
7 **J. Unscheduled PTO:** Unscheduled absences, due to illness or emergencies, must be reported to the
8 employee's manager and/or supervisor no later than the start of the workday (unless the situation makes
9 this impossible), along with an explanation for the unscheduled time off. An employee shall enter the
10 PTO request as soon as reasonably possible, and the employee's PTO account will be deducted
11 accordingly. Excessive use of unscheduled PTO above and beyond what is allowed under Protected
12 Sick Leave may result in discipline, up to and including termination. If an employee is absent for four
13 (4) consecutive days, or more, on personal and unprotected sick time, a doctor's note is required on the
14 first day back.

15
16 **K. Holidays Occurring During PTO:** If an observed CalOptima holiday occurs during an employee's
17 scheduled PTO, the employee's PTO account will not be deducted for that holiday day.

18
19 **L. Maximum Annual Cash Out:** An election period will be held each year at about the same time as
20 CalOptima's annual open enrollment period, during which time each employee may elect for the
21 following year, to convert to cash PTO hours up to the full amount that the employee will be eligible to
22 accrue at the time of cash out in the next calendar year. Once the election period closes, but in no event
23 after December 31 of the year prior to payment of the cash out, the request for PTO cash out cannot be
24 revoked. Requests for cash out will be paid out once per calendar year as determined by the Human
25 Resources Department, provided that all of the following criteria are met: (1) that the employee made
26 the election during the applicable open enrollment period, (2) that the employee has actually accrued the
27 requested amount of hours in the same year and by the time the cash out is made, and (3) that a
28 minimum of one hundred (100) accrued PTO hours remain in the employee's PTO account after cash
29 out. If the employee's election to cash out is for more hours than are eligible, the cash out will be
30 limited to the number of eligible PTO hours at the time the cash out is made. Cashed out PTO will be
31 paid at the employee's current hourly rate at the time the PTO cash out is scheduled to be paid, subject
32 to all applicable taxes and deductions.

33
34 **M. Cash Out for Financial Hardship:** If, during the year, an employee experiences a personal financial
35 hardship, the employee can cash out his or her accrued PTO hours to help meet this need.
36 Documentation must be provided verifying the financial hardship. The number of hours an employee
37 can request for a financial hardship is subject to the requirement that a minimum of one hundred (100)
38 accrued PTO hours remain in the employee's PTO account after cash out. Financial hardships must
39 represent an immediate and heavy financial need and there must be no other resources readily available
40 to handle that financial need. Financial hardships shall be limited to the following reasons:

- 41
42 1. Expenses for, or necessary, to obtain non-reimbursed medical care;
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44 2. Payment for the purchase of a primary residence;
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46 3. Payment of tuition, related education fees, and room and board expenses for postsecondary
47 education for the employee, or the employee's spouse, children, or dependents;
48
49 4. Payments necessary to prevent eviction, or foreclosure, to an employee's home;

1 5. Expenses for the repair of damage to an employee’s principal residence for damages from natural
2 disasters; or

3
4 6. Payments for burial, or funeral, expenses for an employee’s deceased parent, spouse, children, or
5 dependents.

6
7 **N. PTO Pay/Flex Pay on Termination:** Employees are expected to give at least two (2) weeks’ written
8 notice prior to resigning his or her employment. Notice of resignation is expected to be a “working”
9 notice to allow an opportunity for productive work time to complete projects, or train whoever will be
10 assuming the employee’s responsibilities. For that reason, employees should avoid using accrued PTO
11 during the two (2) week period preceding their last scheduled day of work and/or coordinate the use of
12 PTO time to provide at least two (2) “working” weeks. In no event shall CalOptima permit an
13 employee to use his or her accrued PTO beyond the last day worked by an employee, unless the
14 employee was on an approved leave of absence, or unless otherwise required by law. Upon termination
15 of employment, the employee is paid all accrued unused PTO and Flex Holiday time at the employee’s
16 base rate of pay, subject to all applicable taxes, at the time of the termination. According to California
17 Labor Code, Section 220-(b), as a public agency, CalOptima is not required to pay wages immediately
18 upon termination. CalOptima will pay the employee on the next regularly scheduled pay day.

19
20 **O. PTO Donation Program:** At the discretion of the Human Resources Department, a PTO Donation
21 Program may be implemented. Employees may donate accrued PTO hours to assist another CalOptima
22 employee (“Recipient Employee”) when a Recipient Employee qualifies as having a catastrophic
23 illness. Donations are completely voluntary and donors will remain anonymous to the Recipient
24 Employee. Employees wishing to donate accrued PTO hours (“Donor Employee”) must surrender a
25 minimum of two (2) hours, and thereafter, in one (1) hour increments, may surrender an unlimited
26 number of PTO hours, to CalOptima for the benefit of an eligible Recipient Employee, as long as the
27 Donor Employee maintains a minimum of one hundred (100) accrued PTO hours in the Donor
28 Employee’s PTO account after donation.

29
30 1. To be eligible to receive PTO donations, a Recipient Employee must meet all of the following
31 criteria:

32
33 a. Have a catastrophic illness, which shall mean a major illness, or other medical condition (e.g.,
34 heart attack, cancer, etc.) of the employee, or a family member of the employee that requires a
35 prolonged absence of the employee from work, including intermittent absences that are related
36 to the same illness, or condition, and will result in a substantial loss of income to the employee
37 because the employee will have exhausted all PTO available apart from the PTO Donation
38 Program. Family members referenced above shall include an employee’s: spouse (or registered
39 domestic partner); biological, adopted, step, or foster, child under age 18, or an adult dependent
40 child substantially limited by a physical, or mental, impairment; or biological, adopted, step, or
41 foster, parent;

42
43 b. Have worked for CalOptima for at least ninety (90) days and be eligible to accrue PTO hours
44 under this Policy;

45
46 c. Be in Good Standing (no written warnings, or corrective action plans, and the most recent
47 performance evaluation shows the employee is meeting the performance standards);

48
49 d. Exhausted all of his or her own PTO time;

- e. Completed a written request and authorization form including medical documentation to be approved by the Human Resources Department;
 - f. Have the scheduled time off or leave of absence approved by CalOptima in accordance with CalOptima's Leave of Absence and Personal Leave of Absence Policies; and
 - g. Have not resigned, or been terminated, from employment prior to or during the employee's time off or leave of absence.
2. To donate, a Donor Employee must meet all of the following criteria:
 - a. Donate and surrender a minimum of two (2) hours, in increments of one (1) hour.
 - b. Maintain a minimum balance of one hundred (100) accrued PTO hours in the Donor Employee's PTO account after donation.
 - c. Submit a form authorizing the donation and acknowledging that the donated PTO time has been surrendered to CalOptima for the benefit of another employee and is no longer a benefit to the Donor Employee.
 3. PTO donation pay rate. PTO hours donated will be transferred to the Recipient Employee on an hour-for-hour basis at the Recipient Employee's rate of pay, without regard to the rate of pay of the Donor Employee. The Recipient Employee is responsible for the tax burden of the donation. Any donated PTO that is not used by the Recipient Employee shall remain in the Recipient Employee's PTO account for future use.
 4. Disability or workers' compensation. If a Recipient Employee is receiving Short Term/Long Term Disability or worker's compensation benefits, the Recipient Employee may coordinate the donated PTO hours with these benefits to supplement the Recipient Employee's income up to one hundred percent (100%) of the employee's salary. For instance, if the Recipient Employee is receiving sixty percent (60%) of his or her income from Short Term Disability, CalOptima will allow the Recipient Employee to use the donated PTO hours to supplement the 40% difference in compensation, bringing the Recipient Employee's total monthly income to 100% of his or her earnings.
 5. The Recipient Employee must submit an application and all necessary documentation to the Human Resources Department to be a recipient of the donated PTO and must give CalOptima permission to issue an all-staff email announcing the opportunity to donate PTO. The email will identify the Recipient Employee and any other information expressly authorized by the Recipient Employee.
 6. In submitting an application, the Recipient Employee will be required to save, defend, and hold CalOptima harmless from any claims, liability, or actions concerning the disclosure of health information authorized by the Recipient Employee.
 7. This PTO Donation program is completely voluntary on the part of CalOptima and may be amended, or terminated, by the Human Resources Department at any time in its sole discretion.

III. PROCEDURE

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A. PTO or Paid Sick Leave Time Request for Time Off:

Responsible Party	Action
Employee	<ul style="list-style-type: none">Request PTO or paid sick leave at least two (2) weeks in advance, where possible, using CalOptima's time-keeping system. If the need for time off is foreseeable, employee must provide reasonable advance notice. If not, the employee must provide notice as soon as practicable.
Supervisor	<ul style="list-style-type: none">Review all requests and approve, or deny, the request.

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B. PTO Request to Cash Out:

Responsible Party	Action
Employee	<ul style="list-style-type: none"> Request PTO cash out for the following year during the designated election period. Total hours cashed out must be actually accrued in the same calendar year as the year it is cashed out and by the time the cash out is made. Total hours remaining in PTO account must be a minimum of one hundred (100) hours after cash out.
Payroll	<ul style="list-style-type: none"> Review all requests and approve, or deny, the request.

C. PTO Request for Donations (Recipient Employee):

Responsible Party	Action
Recipient Employee	<ul style="list-style-type: none"> Request a Leave of Absence. Complete a written request and authorization form including supporting medical documentation to be submitted and approved by the Human Resources Department, if eligible. Sign a written waiver concerning disclosure of information to CalOptima employees.
Human Resources	<ul style="list-style-type: none"> Receive request and authorization form from Recipient Employee and review for completeness and eligibility. Provide notice to employee whether or not Human Resources approves, or rejects, the employee's request within ten (10) days of receipt of all necessary material. Where approved, send out email request to all CalOptima employees consistent with permissible information provided by the Recipient Employee.

D. PTO Request to Donate (Donor Employee):

Responsible Party	Action
Donor Employee	<ul style="list-style-type: none"> Submit a form authorizing the donation and designating the number of hours surrendered to CalOptima for the benefit of a Recipient Employee. Sign an acknowledgement that the donated PTO time has been surrendered to CalOptima for the benefit of a Recipient Employee and is no longer a benefit to the Donor Employee. Ensure that the Donor Employee has a minimum of one hundred (100) hours remaining in the Donor Employee's PTO account after donation.
Human Resources	<ul style="list-style-type: none"> Receive donation form from Donor Employee and review for completeness and eligibility. Provide notice to Donor Employee whether or not Human Resources approved, or rejected, the Donor Employee's authorization for donation and surrender. Where approved, transfer the donated PTO hours to the Recipient Employee on an hour for hour basis at the Recipient Employee's rate of pay.

IV. ATTACHMENTS

- A. PTO Donation Program Request and Authorization Form – Recipient Employee
- B. PTO Donation Program –Donation and Authorization Form – Donor Employee

VI. REFERENCES

- A. CalOptima Employee Handbook
- B. CalOptima Policy GA.8000: Glossary of Terms
- C. CalOptima Policy GA.8037: Leave of Absence
- D. CalOptima Policy GA.8038: Personal Leave of Absence
- E. CalOptima Policy GA.8040: FMLA and CFRA Leaves of Absence
- F. CalOptima Policy GA.8041: Worker’s Compensation Leave of Absence
- G. ~~Healthy Workplaces, Healthy Families Act of 2014 (California Labor Code, Sections §§230.8, 233, 245 et seq. and 246 et seq.)~~

VII. REGULATORY AGENCY APPROVALS

Not Applicable one to Date

VIII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- ~~A.B. 12/03/15: Regular Meeting of the CalOptima Board of Directors~~
- ~~B.C. 06/04/15: Regular Meeting of the CalOptima Board of Directors~~
- ~~C.D. 08/07/14: Regular Meeting of the CalOptima Board of Directors~~
- ~~D.E. 05/01/14: Regular Meeting of the CalOptima Board of Directors~~

IX. REVIEW/REVISION HISTORY

Version	Version Date	Policy Number	Policy Title	Line(s) of Business
Original Date Effective	10/27/2011	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
Revision Date Revised	03/26/2014	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
Revised Revision Date 2	05/01/2014	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
Revised Revision Date 3	08/07/2014	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
Revised Revision Date 4	06/04/2015	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
Revised Revision Date 5	12/03/2015	GA.8018	Paid Time Off (PTO)	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>GA.8018</u>	<u>Paid Time Off (PTO)</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>As-Needed</u>	<u>Employees called to work sporadically on an as-needed basis. These employees may not have regularly scheduled hours and do not earn any benefits. As-Needed employees are employed for an indefinite duration and must work less than one thousand (1,000) hours per fiscal year.</u>
<u>Catastrophic Illness</u>	<u>A major illness or other medical condition (e.g., heart attack, cancer, etc.) of the employee or a family member of the employee that requires a prolonged absence of the employee from work, including intermittent absences that are related to the same illness or condition, and will result in a substantial loss of income to the employee because the employee will have exhausted all PTO available apart from the PTO Donation Program.</u>
<u>Child-Related Activities</u>	<u>Participation in activities at child’s school or day care facility as permitted under Labor Code section 230.8, which includes: finding, enrolling, or reenrolling a child in a school or with a licensed child care provider; child care provider or school, emergency; request for child to be picked up from school/child care or an attendance policy that prohibits the child from attending or requires the child to be picked up from the school or child care provider; behavioral/discipline problems; closure or unexpected unavailability of school (excluding planned holidays); a natural disaster; or to participate in activities of the school or licensed child care provider of his or her child, if the employee, prior to taking the time off, gives reasonable notice to CalOptima.</u>
<u>Continuous Service</u>	<u>A period of employment with one (1) employer, which begins with the -day on which the employee starts work and ends with the date of resignation or dismissal. All service, regardless of hours worked, counts toward calculating continuous service.</u>
<u>Exempt Employee</u>	<u>Employees who are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is determined by the duties and responsibilities of the position and is defined by Human Resources for each position.</u>
<u>Full-Time Employee</u>	<u>An employee who works sixty (60) to eighty (80) hours a pay period.</u>
<u>Good Standing</u>	<u>The employee has at least a fully meets expectations job performance rating on their most recent evaluation and has not received written disciplinary action within the last six (6) months.</u>
<u>Leave of Absence (LOA)</u>	<u>A term used to describe a scheduled period of time off that an employee is to be away from his or her primary job, while maintaining the status of employee.</u>
<u>Limited Term Employee</u>	<u>Employees who are hired to work a full-time schedule on special-assignments that last a period of less than six (6) months. Limited Term employees do not become regular employees as a result of the passage of time.</u>
<u>Non-Exempt Employee</u>	<u>Includes all employees who are not identified as exempt. Non-Exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.</u>
<u>Paid Interns</u>	<u>Paid interns are considered As-Needed employees, and should be concurrently enrolled in college or graduate courses.</u>
<u>Part-Time Employees</u>	<u>Employees that regularly work less than thirty (30) hours per week.</u>

3



Policy #: GA.8018
 Title: **Paid Time Off (PTO)**
 Department: Human Resources
 Section: Not Applicable

CEO Approval: Michael Schrader _____
 Effective Date: 10/27/11
 Last Review Date: 02/02/17
 Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
 3 This policy provides Managers and Supervisors with appropriate guidelines to administer CalOptima’s
 4 Paid Time Off (PTO) benefit.

6
 7 **II. POLICY**

- 8
 9 A. CalOptima provides PTO benefits to all eligible employees to enable them to take time off for rest and
 10 recreation and to recover from illness. CalOptima believes this time is valuable for employees in order
 11 to enhance productivity and to make the work experience more personally satisfying. CalOptima
 12 provides long-service employees with additional PTO benefits as years of service are accumulated.
 13
 14 B. Full-time, part-time, and Limited Term employees who are regularly scheduled to work more than
 15 twenty (20) hours per week are eligible to accrue PTO. An eligible employee may use PTO hours for
 16 vacation, preventative health, or dental care, or care of an existing health condition of the employee, or
 17 the employee’s family member, short-term illness, family illness, emergencies, religious observances,
 18 personal business, Child-Related Activities, or for specified purposes if the employee is a victim of
 19 domestic violence, sexual assault, or stalking. CalOptima encourages employees to maintain work-life
 20 balance by utilizing PTO benefits for rest and recreation throughout the year.
 21
 22 C. Healthy Workplaces, Healthy Families Act of 2014 (“Act”), effective July 1, 2015, requires CalOptima
 23 to provide paid sick leave to eligible employees. CalOptima already provides employees who are
 24 eligible to accrue PTO, as specified in Paragraph III.B. above, sufficient amount of PTO that can be
 25 used for sick leave that satisfies the accrual, carryover, and use requirements under the Act. For all other
 26 employees who are not eligible to accrue PTO as specified in Paragraph II.B. above, such as As-Needed
 27 employees, who work thirty (30), or more, days within one (1) year from the start of their date of
 28 employment, the following provisions shall apply:
 29
 30 1. CalOptima shall provide the full amount of twenty-four (24) hours, or three (3) days, whichever is
 31 greater, of paid sick leave to eligible employees, on July 1, 2015, and then at the beginning of each
 32 year thereafter. For eligible employees hired, or engaged, after July 1, 2015, the full amount of
 33 twenty-four (24) hours, or three (3) days, whichever is greater, of paid sick leave shall be provided
 34 beginning at the commencement of employment, or engagement, and then at the beginning of each
 35 year thereafter. As such, the employee will not accrue any additional paid sick leave and will not
 36 carry over any unused sick leave hours to the following year.
 37
 38 2. Upon satisfying a ninety (90) day employment period, employees may use accrued sick leave for
 39 preventative care or diagnosis, care or treatment of an existing health condition of the employee, or
 40 the employee’s family member. The Act defines a “family member” as a child, parent, spouse,
 41 registered domestic partner, grandparent, grandchild, or sibling. Eligible employees may also use

1 accrued paid sick leave for specified purposes if the employee is a victim of domestic violence,
 2 sexual assault, or stalking.
 3

4 3. Paid sick leave will not be treated the same as PTO. Upon termination, resignation, retirement, or
 5 other separation from employment, CalOptima will not payout employees for unused paid sick
 6 leave time accrued under the Act. In addition, accrued paid sick leave time is not eligible for cash
 7 out. If an employee separates and is then rehired by CalOptima within one (1) year from the date of
 8 separation, the previously accrued and unused paid sick leave time will be reinstated. An employee
 9 rehired within one (1) year from the date of separation may not be subject to the Act’s ninety (90)-
 10 day waiting period, if such condition was previously satisfied, and may use their paid sick leave
 11 time immediately upon rehire, if eligible.
 12

13 D. **PTO Accrual:** An eligible employee accrues PTO hours based on his or her classification as exempt, or
 14 non-exempt, hours paid (excluding overtime) each pay period (non-exempt employees), and years of
 15 Continuous Service in accordance with the following accrual schedule outlined below. PTO begins
 16 accruing from the date of hire. On rare occasions and on a case-by-case basis, the Chief Executive
 17 Officer may approve deviations from the following accrual schedule of up to a maximum of ten (10)
 18 days accrued per year.
 19

20 **Annual Paid Time Off Benefits Accrual Schedule**

21 **Non-Exempt Employees:**

Years of Continuous Service	Hours of PTO Accrued (Biweekly pay period)	Annual Hourly Accrual	Days Accrued per Year
0 – 3	5.54	144 hrs	18
4 – 10	7.08	184 hrs	23
11 +	8.62	224 hrs	28

22 **Exempt Employees:**

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Annual Hourly Accrual	Days Accrued per Year
0 – 3	7.08	184 hrs	23
4 – 10	8.62	224 hrs	28
11 +	10.15	264 hrs	33

23
 24
 25 E. **Maximum Accrual:** Limits are imposed on the amount of PTO that can be maintained in an
 26 employee’s PTO account. In the event that available PTO is not used by the end of the benefit year
 27 (benefit year is the twelve (12) month period from hire date), employees may carry unused time off into
 28 subsequent years, up to the maximum accrual amount specified herein. The maximum amount
 29 permitted in an employee’s PTO account is equal to two (2) times the employee’s Annual Accrual (see
 30 chart above). If an employee reaches his or her maximum PTO accrual amount, the employee will stop
 31 accruing PTO.
 32

33
 34 F. **PTO Accrual during Leaves of Absence:** PTO does not accrue when absent from work in connection
 35 with an approved or unapproved unpaid Leave of Absence, including, but not limited to, workers’

1 compensation leave or short/long term disability. PTO accruals recommence when the employee
2 returns to work from an unpaid Leave of Absence.

3
4 **G. PTO Increments:** At the manager’s, or supervisor’s, discretion, eligible employees may use time from
5 their PTO account in increments of at least one-quarter (1/4) of an hour.

6
7 **H. PTO Scheduling:** Scheduling of PTO time is to be done in a manner compatible with CalOptima’s
8 operational requirements. In order to minimize the impact of an employee’s absence, PTO requests
9 (vacations, medical appointments) should be submitted by an employee to his or her immediate
10 supervisor for approval at least two (2) weeks before the requested time off. Advance approval by the
11 supervisor is subject to the condition that the employee has sufficient time available in the employee’s
12 PTO account at the time the employee uses the PTO. Each department may have special scheduling
13 requirements and procedures for requesting PTO, therefore, employees should check with his or her
14 immediate supervisor in advance, except for purposes of sick leave.

15
16 **I. PTO for Leaves of Absence Pursuant to Family and Medical Leave Act (FMLA), California
17 Family Rights Act (CFRA), Pregnancy Disability Leave (PDL), Paid Sick Leave, and Other
18 Leaves:** CalOptima is required to provide time off to eligible employees in accordance with applicable
19 laws. Accrued PTO will automatically be used to pay employees for any period of time taken off under
20 the FMLA and/or CFRA for their own serious health condition, or that of an immediate family member,
21 unless such health condition qualifies under the PDL. Family member for the purposes of FMLA and
22 CFRA includes a spouse, parent, or child, and also includes care for the birth, adoption, or foster care
23 placement of a child, or other qualified next of kin. Use of PTO for any period of time taken off under
24 PDL is at the discretion of the employee. Accrued PTO will also be automatically used towards paid
25 sick leave for preventative care, or care of an existing health condition for the employee, or a family
26 member, which includes the employee’s parent, child, spouse, registered domestic partner, grandparent,
27 grandchild, or sibling, or for specified purposes if the employee is a victim of domestic violence, sexual
28 assault, or stalking. Employees may use half of their annual accrued PTO for preventive care, or care of
29 an existing health condition for the employee, or a family member as permitted under Labor Code,
30 Sections 233 (generally known as “Kin Care,” but also referred to as “Protected Sick Leave”) and
31 246.5(a). Accrued PTO shall also be automatically used for time-off for Child-Related Activities,
32 subject to the limitations under Labor Code, Section 230.8. PTO may also be used to supplement an
33 employee’s income, up to 100%, if an employee is receiving short/long term disability benefits during
34 an approved unpaid leave of absence. Leave rights discussed herein may overlap and shall not create
35 greater rights than permitted under applicable laws. For example, the right of an employee on a leave of
36 absence for his or her own serious health condition under FMLA and CFRA may coincide with his or
37 her rights under the Act and Protected Sick Leave, such that he or she shall only be entitled to the
38 maximum amount of time off permitted under FMLA/CFRA, or Protected Sick Leave, whichever is
39 greater. As another example, an employee who exhausts all of his or her accrued PTO for vacation shall
40 not be entitled to additional paid leave under the Act, or under Protected Sick Leave, if he or she
41 becomes sick and does not have any accrued PTO available.

42
43 **J. Unscheduled PTO:** Unscheduled absences, due to illness or emergencies, must be reported to the
44 employee’s manager and/or supervisor no later than the start of the workday (unless the situation makes
45 this impossible), along with an explanation for the unscheduled time off. An employee shall enter the
46 PTO request as soon as reasonably possible, and the employee’s PTO account will be deducted
47 accordingly. Excessive use of unscheduled PTO above and beyond what is allowed under Protected
48 Sick Leave may result in discipline, up to and including termination. If an employee is absent for four
49 (4) consecutive days, or more, on personal and unprotected sick time, a doctor’s note is required on the
50 first day back.

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- K. **Holidays Occurring During PTO:** If an observed CalOptima holiday occurs during an employee’s scheduled PTO, the employee’s PTO account will not be deducted for that holiday day.
- L. **Maximum Annual Cash Out:** An election period will be held each year at about the same time as CalOptima’s annual open enrollment period, during which time each employee may elect for the following year, to convert to cash PTO hours up to the full amount that the employee will be eligible to accrue at the time of cash out in the next calendar year. Once the election period closes, but in no event after December 31 of the year prior to payment of the cash out, the request for PTO cash out cannot be revoked. Requests for cash out will be paid out once per calendar year as determined by the Human Resources Department, provided that all of the following criteria are met: (1) that the employee made the election during the applicable open enrollment period, (2) that the employee has actually accrued the requested amount of hours in the same year and by the time the cash out is made, and (3) that a minimum of one hundred (100) accrued PTO hours remain in the employee’s PTO account after cash out. If the employee’s election to cash out is for more hours than are eligible, the cash out will be limited to the number of eligible PTO hours at the time the cash out is made. Cashed out PTO will be paid at the employee’s current hourly rate at the time the PTO cash out is scheduled to be paid, subject to all applicable taxes and deductions.
- M. **Cash Out for Financial Hardship:** If, during the year, an employee experiences a personal financial hardship, the employee can cash out his or her accrued PTO hours to help meet this need. Documentation must be provided verifying the financial hardship. The number of hours an employee can request for a financial hardship is subject to the requirement that a minimum of one hundred (100) accrued PTO hours remain in the employee’s PTO account after cash out. Financial hardships must represent an immediate and heavy financial need and there must be no other resources readily available to handle that financial need. Financial hardships shall be limited to the following reasons:
1. Expenses for, or necessary, to obtain non-reimbursed medical care;
 2. Payment for the purchase of a primary residence;
 3. Payment of tuition, related education fees, and room and board expenses for postsecondary education for the employee, or the employee’s spouse, children, or dependents;
 4. Payments necessary to prevent eviction, or foreclosure, to an employee’s home;
 5. Expenses for the repair of damage to an employee’s principal residence for damages from natural disasters; or
 6. Payments for burial, or funeral, expenses for an employee’s deceased parent, spouse, children, or dependents.
- N. **PTO Pay/Flex Pay on Termination:** Employees are expected to give at least two (2) weeks’ written notice prior to resigning his or her employment. Notice of resignation is expected to be a “working” notice to allow an opportunity for productive work time to complete projects, or train whoever will be assuming the employee’s responsibilities. For that reason, employees should avoid using accrued PTO during the two (2) week period preceding their last scheduled day of work and/or coordinate the use of PTO time to provide at least two (2) “working” weeks. In no event shall CalOptima permit an employee to use his or her accrued PTO beyond the last day worked by an employee, unless the employee was on an approved leave of absence, or unless otherwise required by law. Upon termination

1 of employment, the employee is paid all accrued unused PTO and Flex Holiday time at the employee's
2 base rate of pay, subject to all applicable taxes, at the time of the termination. According to California
3 Labor Code, Section 220(b), as a public agency, CalOptima is not required to pay wages immediately
4 upon termination. CalOptima will pay the employee on the next regularly scheduled pay day.
5

6 **O. PTO Donation Program:** At the discretion of the Human Resources Department, a PTO Donation
7 Program may be implemented. Employees may donate accrued PTO hours to assist another CalOptima
8 employee ("Recipient Employee") when a Recipient Employee qualifies as having a catastrophic
9 illness. Donations are completely voluntary and donors will remain anonymous to the Recipient
10 Employee. Employees wishing to donate accrued PTO hours ("Donor Employee") must surrender a
11 minimum of two (2) hours, and thereafter, in one (1) hour increments, may surrender an unlimited
12 number of PTO hours, to CalOptima for the benefit of an eligible Recipient Employee, as long as the
13 Donor Employee maintains a minimum of one hundred (100) accrued PTO hours in the Donor
14 Employee's PTO account after donation.
15

16 1. To be eligible to receive PTO donations, a Recipient Employee must meet all of the following
17 criteria:
18

- 19 a. Have a catastrophic illness, which shall mean a major illness, or other medical condition (e.g.,
20 heart attack, cancer, etc.) of the employee, or a family member of the employee that requires a
21 prolonged absence of the employee from work, including intermittent absences that are related
22 to the same illness, or condition, and will result in a substantial loss of income to the employee
23 because the employee will have exhausted all PTO available apart from the PTO Donation
24 Program. Family members referenced above shall include an employee's: spouse (or registered
25 domestic partner); biological, adopted, step, or foster, child under age 18, or an adult dependent
26 child substantially limited by a physical, or mental, impairment; or biological, adopted, step, or
27 foster, parent;
28
- 29 b. Have worked for CalOptima for at least ninety (90) days and be eligible to accrue PTO hours
30 under this Policy;
31
- 32 c. Be in Good Standing (no written warnings, or corrective action plans, and the most recent
33 performance evaluation shows the employee is meeting the performance standards);
34
- 35 d. Exhausted all of his or her own PTO time;
36
- 37 e. Completed a written request and authorization form including medical documentation to be
38 approved by the Human Resources Department;
39
- 40 f. Have the scheduled time off or leave of absence approved by CalOptima in accordance with
41 CalOptima's Leave of Absence and Personal Leave of Absence Policies; and
42
- 43 g. Have not resigned, or been terminated, from employment prior to or during the employee's time
44 off or leave of absence.
45

46 2. To donate, a Donor Employee must meet all of the following criteria:
47

- 48 a. Donate and surrender a minimum of two (2) hours, in increments of one (1) hour.
49

- 1 b. Maintain a minimum balance of one hundred (100) accrued PTO hours in the Donor
2 Employee's PTO account after donation.
3
4 c. Submit a form authorizing the donation and acknowledging that the donated PTO time has been
5 surrendered to CalOptima for the benefit of another employee and is no longer a benefit to the
6 Donor Employee.
7
8 3. PTO donation pay rate. PTO hours donated will be transferred to the Recipient Employee on an
9 hour-for-hour basis at the Recipient Employee's rate of pay, without regard to the rate of pay of the
10 Donor Employee. The Recipient Employee is responsible for the tax burden of the donation. Any
11 donated PTO that is not used by the Recipient Employee shall remain in the Recipient Employee's
12 PTO account for future use.
13
14 4. Disability or workers' compensation. If a Recipient Employee is receiving Short Term/Long Term
15 Disability or worker's compensation benefits, the Recipient Employee may coordinate the donated
16 PTO hours with these benefits to supplement the Recipient Employee's income up to one hundred
17 percent (100%) of the employee's salary. For instance, if the Recipient Employee is receiving
18 sixty percent (60%) of his or her income from Short Term Disability, CalOptima will allow the
19 Recipient Employee to use the donated PTO hours to supplement the 40% difference in
20 compensation, bringing the Recipient Employee's total monthly income to 100% of his or her
21 earnings.
22
23 5. The Recipient Employee must submit an application and all necessary documentation to the
24 Human Resources Department to be a recipient of the donated PTO and must give CalOptima
25 permission to issue an all-staff email announcing the opportunity to donate PTO. The email will
26 identify the Recipient Employee and any other information expressly authorized by the Recipient
27 Employee.
28
29 6. In submitting an application, the Recipient Employee will be required to save, defend, and hold
30 CalOptima harmless from any claims, liability, or actions concerning the disclosure of health
31 information authorized by the Recipient Employee.
32
33 7. This PTO Donation program is completely voluntary on the part of CalOptima and may be
34 amended, or terminated, by the Human Resources Department at any time in its sole discretion.
35

36 **III. PROCEDURE**

37
38 A. PTO or Paid Sick Leave Time Request for Time Off:
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Responsible Party	Action
Employee	<ul style="list-style-type: none">Request PTO or paid sick leave at least two (2) weeks in advance, where possible, using CalOptima's time-keeping system. If the need for time off is foreseeable, employee must provide reasonable advance notice. If not, the employee must provide notice as soon as practicable.
Supervisor	<ul style="list-style-type: none">Review all requests and approve, or deny, the request.

B. PTO Request to Cash Out:

Responsible Party	Action
Employee	<ul style="list-style-type: none"> Request PTO cash out for the following year during the designated election period. Total hours cashed out must be actually accrued in the same calendar year as the year it is cashed out and by the time the cash out is made. Total hours remaining in PTO account must be a minimum of one hundred (100) hours after cash out.
Payroll	<ul style="list-style-type: none"> Review all requests and approve, or deny, the request.

C. PTO Request for Donations (Recipient Employee):

Responsible Party	Action
Recipient Employee	<ul style="list-style-type: none"> Request a Leave of Absence. Complete a written request and authorization form including supporting medical documentation to be submitted and approved by the Human Resources Department, if eligible. Sign a written waiver concerning disclosure of information to CalOptima employees.
Human Resources	<ul style="list-style-type: none"> Receive request and authorization form from Recipient Employee and review for completeness and eligibility. Provide notice to employee whether or not Human Resources approves, or rejects, the employee's request within ten (10) days of receipt of all necessary material. Where approved, send out email request to all CalOptima employees consistent with permissible information provided by the Recipient Employee.

D. PTO Request to Donate (Donor Employee):

Responsible Party	Action
Donor Employee	<ul style="list-style-type: none"> Submit a form authorizing the donation and designating the number of hours surrendered to CalOptima for the benefit of a Recipient Employee. Sign an acknowledgement that the donated PTO time has been surrendered to CalOptima for the benefit of a Recipient Employee and is no longer a benefit to the Donor Employee. Ensure that the Donor Employee has a minimum of one hundred (100) hours remaining in the Donor Employee's PTO account after donation.
Human Resources	<ul style="list-style-type: none"> Receive donation form from Donor Employee and review for completeness and eligibility. Provide notice to Donor Employee whether or not Human Resources approved, or rejected, the Donor Employee's authorization for donation and surrender. Where approved, transfer the donated PTO hours to the Recipient Employee on an hour for hour basis at the Recipient Employee's rate of pay.

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IV. ATTACHMENTS

- A. PTO Donation Program Request and Authorization Form – Recipient Employee
- B. PTO Donation Program –Donation and Authorization Form – Donor Employee

V. REFERENCES

- A. CalOptima Employee Handbook
- B. CalOptima Policy GA.8000: Glossary of Terms
- C. CalOptima Policy GA.8037: Leave of Absence
- D. CalOptima Policy GA.8038: Personal Leave of Absence
- E. CalOptima Policy GA.8040: FMLA and CFRA Leaves of Absence
- F. CalOptima Policy GA.8041: Worker’s Compensation Leave of Absence
- G. California Labor Code, §§230.8, 233 and 246 *et seq.*

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- B. 12/03/15: Regular Meeting of the CalOptima Board of Directors
- C. 06/04/15: Regular Meeting of the CalOptima Board of Directors
- D. 08/07/14: Regular Meeting of the CalOptima Board of Directors
- E. 05/01/14: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	10/27/2011	GA.8018	Paid Time Off (PTO)	Administrative
Revised	03/26/2014	GA.8018	Paid Time Off (PTO)	Administrative
Revised	05/01/2014	GA.8018	Paid Time Off (PTO)	Administrative
Revised	08/07/2014	GA.8018	Paid Time Off (PTO)	Administrative
Revised	06/04/2015	GA.8018	Paid Time Off (PTO)	Administrative
Revised	12/03/2015	GA.8018	Paid Time Off (PTO)	Administrative
Revised	02/02/2017	GA.8018	Paid Time Off (PTO)	Administrative

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1 **IX. GLOSSARY**
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Term	Definition
As-Needed	Employees called to work sporadically on an as-needed basis. These employees may not have regularly scheduled hours and do not earn any benefits. As-Needed employees are employed for an indefinite duration and must work less than one thousand (1,000) hours per fiscal year.
Catastrophic Illness	A major illness or other medical condition (e.g., heart attack, cancer, etc.) of the employee or a family member of the employee that requires a prolonged absence of the employee from work, including intermittent absences that are related to the same illness or condition, and will result in a substantial loss of income to the employee because the employee will have exhausted all PTO available apart from the PTO Donation Program.
Child-Related Activities	Participation in activities at child’s school or day care facility as permitted under Labor Code section 230.8, which includes: finding, enrolling, or reenrolling a child in a school or with a licensed child care provider; child care provider or school, emergency; request for child to be picked up from school/child care or an attendance policy that prohibits the child from attending or requires the child to be picked up from the school or child care provider; behavioral/discipline problems; closure or unexpected unavailability of school (excluding planned holidays); a natural disaster; or to participate in activities of the school or licensed child care provider of his or her child, if the employee, prior to taking the time off, gives reasonable notice to CalOptima.
Continuous Service	A period of employment with one (1) employer, which begins with the -day on which the employee starts work and ends with the date of resignation or dismissal. All service, regardless of hours worked, counts toward calculating continuous service.
Exempt Employee	Employees who are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is determined by the duties and responsibilities of the position and is defined by Human Resources for each position.
Full-Time Employee	An employee who works sixty (60) to eighty (80) hours a pay period.
Good Standing	The employee has at least a fully meets expectations job performance rating on their most recent evaluation and has not received written disciplinary action within the last six (6) months.
Leave of Absence (LOA)	A term used to describe a scheduled period of time off that an employee is to be away from his or her primary job, while maintaining the status of employee.
Limited Term Employee	Employees who are hired to work a full-time schedule on special-assignments that last a period of less than six (6) months. Limited Term employees do not become regular employees as a result of the passage of time.
Non-Exempt Employee	Includes all employees who are not identified as exempt. Non-Exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.
Paid Interns	Paid interns are considered As-Needed employees, and should be concurrently enrolled in college or graduate courses.
Part-Time Employees	Employees that regularly work less than thirty (30) hours per week.

PTO DONATION PROGRAM
REQUEST AND AUTHORIZATION FORM
Recipient Employee

CalOptima has established a PTO Donation Program under HR Policy GA. 8018: PTO Policy which allows employees to donate portions of their accrued PTO time to CalOptima for the benefit of an eligible requesting employee that has a catastrophic illness. Hours donated will be surrendered to CalOptima for the benefit of an eligible recipient employee on an hour for hour basis at the recipient's rate of pay, without regard for the rate of pay of the donor.

Name of Recipient Employee (Print):	Employee ID #:	Date of Request:
Email:	Telephone:	
Recipient Employee Job Title:	Department:	
Date Catastrophic Illness Began:	Date Catastrophic Illness Ended/Expected to End:	

I, _____ (print Recipient Employee name), hereby request PTO hour donations due to:

- my catastrophic illness
 my family member's catastrophic illness

describe medical condition: _____.

I have read HR Policy GA. 8018, understand its contents, agree to the policies and procedures set forth therein, and hereby certify under penalty of perjury to all of the following:

<input type="checkbox"/>	I personally, or a family member, have a catastrophic illness, and am submitting medical verification confirming the catastrophic illness as defined in HR Policy GA. 8018.
<input type="checkbox"/>	I have worked for CalOptima for at least 90 days and am eligible to accrue PTO hours.
<input type="checkbox"/>	I am in good standing.
<input type="checkbox"/>	I have or will have exhausted all of my own PTO time.
<input type="checkbox"/>	I have the scheduled time off or leave of absence approved by CalOptima.
<input type="checkbox"/>	Have not resigned or been terminated from employment.

It is anticipated that I will have accrued PTO and/or Flex Holiday Time to cover my absence through _____. It is anticipated that I will receive Short Term Disability and/or Long Term Disability or Workers' Compensation benefits through _____. To supplement these benefits cover the balance of the expected absence beyond that time, I am Requesting/Authorizing donations of PTO time from CalOptima which may be surrendered by Co-workers from their accrued PTO account. I understand the PTO available for my use under this Program is limited to the number of hours surrendered to CalOptima by other employees, that I will be paid only that amount of PTO necessary to obtain 100% of my salary, and that I will receive the PTO as part of the normal payroll cycle.

I understand that my request will be distributed to all CalOptima employees and that the request will identify me by name along with the following authorized disclosure concerning the nature of my request:

_____(information authorized by employee). **By submitting this form and signing below, I hereby agree to save, defend, indemnify and hold harmless CalOptima (including its Board, officers, employees, and agents) from any claims, liabilities or actions concerning the disclosure of my information related to this Request and Authorization for PTO donations.**

Signed _____ Date _____

*If not signed by employee, authorized representative must provide Power of Attorney or other documentation of legal authorization.

RETURN COMPLETED FORM TO HUMAN RESOURCES

FOR HR INTERNAL USE (circle) Employee Eligible? YES NO Request Approved? YES NO

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PTO DONATION PROGRAM
DONATION AND AUTHORIZATION FORM
Donor Employee

CalOptima has established a PTO Donation Program under HR Policy GA. 8018: PTO Policy which allows employees to donate portions of their accrued PTO time to CalOptima for the benefit of an eligible requesting employee that has a catastrophic illness. Hours donated will be surrendered to CalOptima for the benefit of an eligible recipient employee on an hour for hour basis at the recipient's rate of pay, without regard for the rate of pay of the donor.

Name of Donor Employee (Print):	Donor Employee ID #:	Date of Donation:
Email:	Telephone:	
Recipient Employee Name & Department:	Number of Hours in Donor Employee PTO account:	

I wish to donate and surrender _____ (list number of hours, minimum of 2 hours must be donated) of my accrued PTO to CalOptima for the benefit of the above identified Recipient Employee.

I have read HR Policy GA. 8018, understand its contents, agree to the policies and procedures set forth therein, and hereby certify to the following:

I will have a minimum balance of 100 accrued PTO hours in my PTO account after donation.

By submitting this form and signing below, I hereby understand and agree that this is a voluntary donation, that the above PTO hours will be surrendered to CalOptima for the benefit of the Recipient Employee that I have designated, if approved, and that these hours will no longer be a benefit to which I am entitled. If approved by HR, all rights to this time off will be surrendered to CalOptima, and will be transferred and paid to the Recipient Employee identified above at the Recipient Employee's rate of pay. I acknowledge and understand that the hours I surrender to CalOptima for the benefit of the Recipient Employee will not be transferred back to me if the Recipient Employee does not use all of them during his/her leave period and will become a part of the Recipient Employee's PTO account for use as the Recipient Employee chooses in accordance with the HR Policy GA. 8018: PTO Policy. I also understand that my donation will be anonymous.

Donor Employee Signature: _____

Date _____

RETURN COMPLETED FORM TO HUMAN RESOURCES

FOR HR INTERNAL USE (circle)

Employee Eligible? YES NO

Request Approved? YES NO

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Policy #: GA.8025
Title: **Equal Employment Opportunity**
Department: Human Resources
Section: Not Applicable

CEO Approval: Michael Schrader _____
~~Date:~~ **Revised 2/1/14**
Effective Date: 01/05/12
Last Review Date: 02/02/17
Last Revised Date: 2/1/14
02/02/17
2/1/14

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I. PURPOSE

~~This policy. The purpose of this policy is to~~ outlines CalOptima’s approach to Equal Employment Opportunity (EEO).

II. POLICY

- A. CalOptima is an equal opportunity employer and makes employment decisions on the basis of merit. CalOptima wants to have qualified employees in every job. CalOptima prohibits unlawful discrimination against any employee, or applicant for employment, based on race, religion, ~~religious creed, color, national origin, ancestry, mental or physical disability/handicap, mental disability/handicap,~~ medical condition, genetic information, marital status, ~~sex~~ Sex, Sex Stereotype, gender, ~~gender~~ Gender identity Identity, gender Gender expression Expression, age, sexual orientation, military status, status as a disabled veteran or veteran of the Vietnam era, or any other consideration made unlawful by federal, state, or local laws. CalOptima also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. All such discrimination is unlawful and in violation of this Policy.
- B. CalOptima is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in CalOptima's operations and prohibits unlawful discrimination by any employee of CalOptima, including supervisors and coworkers.
- C. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment or recruitment advertising, hiring, training, promotion, rates of pay or other forms of compensation, benefits, transfer, discipline, layoff or termination, career development opportunities, and social and recreational programs.
- D. CalOptima shall also include equal employment opportunity language in every contract with contractors and vendors requiring such persons and firms doing business with CalOptima to comply with all federal, state, and local equal employment opportunity laws.
- E. It is the responsibility of every manager and employee to conscientiously adhere to this policy. Any employee with questions regarding this policy should discuss it with the Human Resources (HR) Department.

1 **III. PROCEDURE**

2
3 ~~A. A.~~ No employee shall deny employment opportunity or discriminate in terms of employment
4 because of race, religion, ~~religious creed~~, color, national origin, ancestry, ~~mental or~~ physical
5 disability ~~handicap, mental disability/handicap~~, medical condition, genetic information, marital
6 status, ~~sex~~ Sex, Sex Stereotype, gender, ~~g~~Gender ~~i~~identity, ~~g~~Gender ~~E~~expression, age, sexual
7 orientation, military status, status as a disabled veteran or veteran of the Vietnam era, or any other
8 consideration made unlawful by federal, state, or local laws.

9
10 B. CalOptima encourages all applicants for employment, employees, temporary employees, volunteers,
11 and unpaid interns to report any incidents of Discrimination prohibited by this Policy immediately
12 so that complaints can be quickly and fairly resolved in accordance with the procedures established
13 in CalOptima Policy GA.8027: Unlawful Harassment. Employees, temporary employees,
14 volunteers, and unpaid interns who violate this policy shall be subject to progressive discipline, up
15 to and including termination.

16
17 **IV. ATTACHMENTS**

18
19 Not Applicable

20
21 ~~**DEFINITIONS**~~

22
23 ~~Not Applicable~~

24
25 ~~**REFERENCES**~~

- 26
27 A. CalOptima Employee Handbook
28 B. CalOptima Policy GA.8000: Glossary of Terms
29 ~~B. CalOptima Policy GA.8027: Unlawful Harassment~~
30 C. ~~CalOptima Employee Handbook~~
31 D. Government Code, ~~section §~~ 12920 and 12940 et seq.

32
33 ~~**REGULATORY AGENCY APPROVALS OR**~~

34
35 None to Date

36
37 **VII. BOARD ACTIONS**

- 38
39 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
40 ~~A.B. 05/01/14: Regular Meeting of the CalOptima Board Meeting of Directors~~
41 ~~B.C. 01/05/12: Regular Meeting of the CalOptima Board Meeting of Directors~~

42
43 **VIII. REVIEW/REVISION HISTORY**

44

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Effective</u>	<u>01/05/2012</u>	<u>GA.8025</u>	<u>Equal Employment Opportunity</u>	<u>Administrative</u>
<u>Revised</u>	<u>02/01/2014</u>	<u>GA.8025</u>	<u>Equal Employment Opportunity</u>	<u>Administrative</u>

Policy #: GA.8025

Title: Equal ~~Employee~~ Employment Opportunity

Revised Date: 02/02/17/~~1/14~~

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>GA.8025</u>	<u>Equal Employment Opportunity</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>Discrimination</u>	<u>Unfair treatment of a person or group on the basis of a protected class.</u>
<u>Gender Expression</u>	<u>A person's gender-related appearance or behavior, whether or not stereotypically associated with the person's sex at birth.</u>
<u>Gender Identity</u>	<u>A person's identification as male, female, a gender different from the person's sex at birth, or transgender.</u>
<u>Sex</u>	<u>Includes the same definition as provided in Government Code section 12926 and Title 42 of the United States Code section 2000 e(k), which includes, but is not limited to, pregnancy, childbirth; breastfeeding, medical conditions related to pregnancy, childbirth, or breastfeeding, gender identity, and gender expression.</u>
<u>Sex Stereotype</u>	<u>An assumption about a person's appearance or behavior, or about an individual's ability or inability to perform certain kinds of work based on a myth, social expectation, or generalization about the individual's sex.</u>

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~~A. 2/1/14: GA.8025: Equal Employment Opportunity~~

~~B. 1/5/12: GA.8025: Equal Employment Opportunity~~

I. KEYWORDS

~~Equal Employment Opportunity~~

Policy #: GA.8025
Title: **Equal Employment Opportunity**
Department: Human Resources
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 01/05/12
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

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I. PURPOSE

This policy outlines CalOptima’s approach to Equal Employment Opportunity (EEO).

II. POLICY

- A. CalOptima is an equal opportunity employer and makes employment decisions on the basis of merit. CalOptima wants to have qualified employees in every job. CalOptima prohibits unlawful discrimination against any employee, or applicant for employment, based on race, religion, religious creed, color, national origin, ancestry, mental or physical disability, medical condition, genetic information, marital status, Sex, Sex Stereotype, gender, Gender Identity, Gender Expression, age, sexual orientation, military status, status as a disabled veteran or veteran of the Vietnam era, or any other consideration made unlawful by federal, state, or local laws. CalOptima also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. All such discrimination is unlawful and in violation of this Policy.
- B. CalOptima is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in CalOptima's operations and prohibits unlawful discrimination by any employee of CalOptima, including supervisors and coworkers.
- C. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment or recruitment advertising, hiring, training, promotion, rates of pay or other forms of compensation, benefits, transfer, discipline, layoff or termination, career development opportunities, and social and recreational programs.
- D. CalOptima shall also include equal employment opportunity language in every contract with contractors and vendors requiring such persons and firms doing business with CalOptima to comply with all federal, state, and local equal employment opportunity laws.
- E. It is the responsibility of every manager and employee to conscientiously adhere to this policy. Any employee with questions regarding this policy should discuss it with the Human Resources (HR) Department.

III. PROCEDURE

- A. No employee shall deny employment opportunity or discriminate in terms of employment because of race, religion, religious creed, color, national origin, ancestry, mental or physical disability,

1 medical condition, genetic information, marital status, Sex, Sex Stereotype, gender, Gender Identity,
2 Gender Expression, age, sexual orientation, military status, status as a disabled veteran or veteran of
3 the Vietnam era, or any other consideration made unlawful by federal, state, or local laws.
4

- 5 B. CalOptima encourages all applicants for employment, employees, temporary employees, volunteers,
6 and unpaid interns to report any incidents of Discrimination prohibited by this Policy immediately
7 so that complaints can be quickly and fairly resolved in accordance with the procedures established
8 in CalOptima Policy GA.8027: Unlawful Harassment. Employees, temporary employees,
9 volunteers, and unpaid interns who violate this policy shall be subject to progressive discipline, up
10 to and including termination.
11

12 **IV. ATTACHMENTS**

13 Not Applicable
14

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16 **V. REFERENCES**
17

- 18 A. CalOptima Employee Handbook
19 B. CalOptima Policy GA.8000: Glossary of Terms
20 C. CalOptima Policy GA.8027: Unlawful Harassment
21 D. Government Code, §12920 and 12940 *et seq.*
22

23 **VI. REGULATORY AGENCY APPROVALS**
24

25 None to Date
26

27 **VII. BOARD ACTIONS**
28

- 29 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
30 B. 05/01/14: Regular Meeting of the CalOptima Board of Directors
31 C. 01/05/12: Regular Meeting of the CalOptima Board of Directors
32

33 **VIII. REVIEW/REVISION HISTORY**
34

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/05/2012	GA.8025	Equal Employment Opportunity	Administrative
Revised	02/01/2014	GA.8025	Equal Employment Opportunity	Administrative
Revised	02/02/2017	GA.8025	Equal Employment Opportunity	Administrative

1 **IX. GLOSSARY**
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Term	Definition
Discrimination	Unfair treatment of a person or group on the basis of a protected class.
Gender Expression	A person's gender-related appearance or behavior, whether or not stereotypically associated with the person's sex at birth.
Gender Identity	A person's identification as male, female, a gender different from the person's sex at birth, or transgender.
Sex	Includes the same definition as provided in Government Code section 12926 and Title 42 of the United States Code section 2000 e(k), which includes, but is not limited to, pregnancy, childbirth; breastfeeding, medical conditions related to pregnancy, childbirth, or breastfeeding, gender identity, and gender expression.
Sex Stereotype	An assumption about a person's appearance or behavior, or about an individual's ability or inability to perform certain kinds of work based on a myth, social expectation, or generalization about the individual's sex.

3

Policy #: GA.8036
 Title: **Education Reimbursement**
 Department: Human Resources
 Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 01/05/12
 Last Review Date: 02/02/17~~6/4/15~~
 Last Revised Date: 02/02/17~~06/04/15~~

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I. PURPOSE

This policy ~~re~~ describes CalOptima’s pre-approval process for the educational reimbursement program established to offer repayment of reasonable educational and professional development expenses for work-related courses and/or programs, including professional licensure requirements, to eligible employees.

II. POLICY

A. CalOptima encourages and assists its employees to enhance their professional skills and knowledge through continued education in areas that will contribute to the improvement of their present job function, or potential advancement. Full-time and regular part-time employees who have completed their initial one-hundred-eighty (180) calendar days of continuous employment, and are in good standing, are eligible to participate. (For renewal of licensure that is required for the position, eligibility is upon hire.)

B. Courses eligible for education ~~tuition~~-reimbursement must be either part of an accredited college degree program, certifications awarded by state or national professional organizations, or individual local courses provided by credible institutions that meet the following conditions:

1. Educate the employee in new concepts and methods in their present assignment; and/or
2. Help prepare the employee for advancement to positions of greater responsibility available within CalOptima.

Note: Language courses which will benefit CalOptima will be covered under this policy. Seminars, conferences, or business meetings that do not result in certification are not covered under this program. These programs may be eligible for reimbursement through CalOptima’s Travel and Training program.

C. An employee must submit a request in advance for both supervisor and Human Resources (HR) approval. CalOptima will reimburse eligible full-time employees for qualifying courses that are part of an undergraduate, or graduate, degree program up to three thousand five hundred dollars (\$3,500.00) per fiscal year for tuition expenses only. For all other qualifying courses and programs that are not tied to an accredited college degree program, CalOptima will reimburse eligible full-

time employees up to two thousand dollars (\$2,000.00) per fiscal year and eligible part-time employees up to one thousand two hundred fifty dollars (\$1,250.00) per fiscal year for tuition expenses only. Reimbursement for books, parking and other miscellaneous fees are not covered under this policy. Reimbursement will not be made until the employee has successfully completed the course, or certification program, with a grade of “C” or better for undergraduate programs and “B” or better for graduate programs, or a “Pass” for courses that are Pass/Fail. Employees must still be employed at CalOptima after completing the course or program to qualify for reimbursement. No reimbursement shall be made for courses, or other programs, involving sports, games, or hobbies.

- D. Employees are required to manage time for classes outside of their regular work hours and classes must not interfere with their regular job duties.
- E. Education reimbursement is provided in accordance with this policy on a ~~first-first~~-come, ~~first-first~~-served basis, and only to the extent that budget funds are available. Annual maximum for education reimbursement is calculated for each fiscal year (July 1 – June 30). The education reimbursement program is not required to be funded.

III. PROCEDURE

III.

<u>Responsible Party</u>	<u>Action</u>
<u>Employee</u>	<ol style="list-style-type: none"> <u>1. Complete the Request for Educational and Professional Developmental Expense Reimbursement Form and submit to immediate supervisor prior to start of the course, or certification.</u> <u>2. Declare major, or certification.</u> <u>3. Obtain approval from supervisor and Director, or Chief, and submit completed form to HR prior to start of course.</u> <ol style="list-style-type: none"> <u>a. If enrollment is contingent on HR approval, allow for sufficient time and do not enroll until after preliminary approval is received from HR.</u> <u>4. Obtain notification from HR of preliminary approval, or denial, of request.</u> <u>5. Within sixty (60) calendar days of course completion, submit:</u> <ol style="list-style-type: none"> <u>a. Proof of completion – Transcript, or other official notification showing grades for each course, or a copy of the certification.</u> <u>b. A copy of the tuition receipt from the college, university, or certifying board.</u> <u>c. Proof of payment - Canceled check, credit card receipt, or cash receipt that clearly demonstrates the method of payment made by the employee.</u>

<u>Responsible Party</u>	<u>Action</u>
<u>Supervisor</u>	<ol style="list-style-type: none"> 1. <u>Provide statement on the Form to confirm applicability of course and benefit to CalOptima.</u> 2. <u>Certify employee is in good standing with CalOptima.</u> 3. <u>Approve, or deny, request.</u> 4. <u>Forward to Director, or Chief.</u>
<u>Director/Chief</u>	<ol style="list-style-type: none"> 1. <u>Approve, or deny, request.</u> 2. <u>Forward to HR.</u>
<u>Human Resources</u>	<ol style="list-style-type: none"> 1. <u>Evaluate request for compliance with policy, and if applicable, provide preliminary approval.</u> 2. <u>Notify the employee if the request is approved, or denied.</u> 3. <u>Hold form until proof of completion is submitted.</u> 4. <u>Upon verification of satisfactory completion consistent with this policy, prepare check request.</u> 5. <u>Forward to the Accounting Department.</u> 6. <u>Issue payment check to employee upon receiving from Accounting.</u>
<u>Accounting</u>	<ol style="list-style-type: none"> 1. <u>Issue reimbursement check to HR.</u>

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<u>Responsible Party</u>	<u>Action</u>
<u>Employee</u>	<ol style="list-style-type: none"> 1. Complete the Request for Educational and Professional Developmental Expense Reimbursement Form and submit to immediate supervisor prior to start of the course or certification. 2. Declare major or certification. 3. Obtain approval from supervisor and Director or Chief and submit completed form to HR prior to start of course. <ol style="list-style-type: none"> a. If enrollment is contingent on HR approval, allow for sufficient time and do not enroll until after preliminary approval is received from HR. 4. Obtain notification from HR of preliminary approval or denial of request. 5. Within sixty (60) days of course completion, submit: <ol style="list-style-type: none"> a. Proof of completion—Transcript or other official notification showing grades for each course, or a copy of the certification.

Responsible Party	Action
	b.— A copy of the tuition receipt from the college, university or certifying board. e.— Proof of payment—Canceled check, credit card receipt, or cash receipt that clearly demonstrates the method of payment made by the employee.
Supervisor	1.— Provide statement on the Form to confirm applicability of course and benefit to CalOptima. 2.— Certify employee is in good standing with CalOptima. 3.— Approve or deny request. 4.— Forward to Director or Chief.
Director/Chief	1.— Approve or deny request. 2.— Forward to Human Resources <u>HR</u>.
Human Resources	1.— Evaluate request for compliance with policy, and if applicable, provide preliminary approval. 2.— Notify the employee if the request is approved or denied. 3.— Hold form until proof of completion is submitted. 4.— Upon verification of satisfactory completion consistent with this policy, prepare check request. 5.— Forward to the Accounting Department. 6.— Issue payment check to employee upon receiving from Accounting.
Accounting	1.— Issue reimbursement check to HR.

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IV. ATTACHMENTS

A. Education Reimbursement Request Form

V. REFERENCES

A. CalOptima Employee Handbook
 B. Title 26, United States Code, ~~Section~~ §127

VI. REGULATORY AGENCY APPROVALS

None to Date

VI.VII. -OR BOARD ACTIONS

Policy #: GA.8036

Title: Education Reimbursement

Revised Date: 02/02/17~~06/04/15~~

1 | A. 02/02/17: Regular Meeting of the CalOptima Board of Directors

2 | ~~A.B. 06/04/15: Regular Meeting of the CalOptima Board of Directors~~

3 | ~~B.C. 10/05/12: Regular Meeting of the CalOptima Board of Directors~~

4 |

5 | **VII.VIII. REVIEW/REVISION HISTORY**

6 |

Version	<u>Version Date</u>	Policy Number	Policy Title	<u>Line(s) of Business</u>
<u>Original Date Effective</u>	<u>01/05/2012</u>	GA.8036	Education Reimbursement	<u>Administrative</u>
<u>Revision +Revised</u>	<u>06/04/2015</u>	GA.8036	Education Reimbursement	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>GA.8036</u>	<u>Education Reimbursement</u>	<u>Administrative</u>

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>Good Standing</u>	<u>The employee has at least a fully meets expectations job performance rating on their most recent evaluation and has not received written disciplinary action within the last six (6) months.</u>
<u>Part-Time Employees</u>	<u>Employees that regularly work less than thirty (30) hours per week.</u>

DRAFT

Policy #: GA.8036
Title: **Education Reimbursement**
Department: Human Resources
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 01/05/12
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

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I. PURPOSE

This policy describes CalOptima’s pre-approval process for the educational reimbursement program established to offer repayment of reasonable educational and professional development expenses for work-related courses and/or programs, including professional licensure requirements, to eligible employees.

II. POLICY

- A. CalOptima encourages and assists its employees to enhance their professional skills and knowledge through continued education in areas that will contribute to the improvement of their present job function, or potential advancement. Full-time and regular part-time employees who have completed their initial one-hundred-eighty (180) calendar days of continuous employment, and are in good standing, are eligible to participate. (For renewal of licensure that is required for the position, eligibility is upon hire.)
- B. Courses eligible for education reimbursement must be either part of an accredited college degree program, certifications awarded by state or national professional organizations, or individual local courses provided by credible institutions that meet the following conditions:
 - 1. Educate the employee in new concepts and methods in their present assignment; and/or
 - 2. Help prepare the employee for advancement to positions of greater responsibility available within CalOptima.

Note: Language courses which will benefit CalOptima will be covered under this policy. Seminars, conferences, or business meetings that do not result in certification are not covered under this program. These programs may be eligible for reimbursement through CalOptima’s Travel and Training program.

- C. An employee must submit a request in advance for both supervisor and Human Resources (HR) approval. CalOptima will reimburse eligible full-time employees for qualifying courses that are part of an undergraduate, or graduate, degree program up to three thousand five hundred dollars (\$3,500.00) per fiscal year for tuition expenses only. For all other qualifying courses and programs that are not tied to an accredited college degree program, CalOptima will reimburse eligible full-time employees up to two thousand dollars (\$2,000.00) per fiscal year and eligible part-time employees up to one thousand two hundred fifty dollars (\$1,250.00) per fiscal year for tuition expenses only. Reimbursement for books, parking and other miscellaneous fees are not covered under this policy. Reimbursement will not be made until the employee has successfully completed

1 the course, or certification program, with a grade of “C” or better for undergraduate programs and
 2 “B” or better for graduate programs, or a “Pass” for courses that are Pass/Fail. Employees must still
 3 be employed at CalOptima after completing the course or program to qualify for reimbursement. No
 4 reimbursement shall be made for courses, or other programs, involving sports, games, or hobbies.
 5

6 D. Employees are required to manage time for classes outside of their regular work hours and classes
 7 must not interfere with their regular job duties.
 8

9 E. Education reimbursement is provided in accordance with this policy on a first-come, first-served
 10 basis, and only to the extent that budget funds are available. Annual maximum for education
 11 reimbursement is calculated for each fiscal year (July 1 – June 30). The education reimbursement
 12 program is not required to be funded.
 13

14 **III. PROCEDURE**
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Responsible Party	Action
Employee	1. Complete the Request for Educational and Professional Developmental Expense Reimbursement Form and submit to immediate supervisor prior to start of the course, or certification. 2. Declare major, or certification. 3. Obtain approval from supervisor and Director, or Chief, and submit completed form to HR prior to start of course. a. If enrollment is contingent on HR approval, allow for sufficient time and do not enroll until after preliminary approval is received from HR. 4. Obtain notification from HR of preliminary approval, or denial, of request. 5. Within sixty (60) calendar days of course completion, submit: a. Proof of completion – Transcript, or other official notification showing grades for each course, or a copy of the certification. b. A copy of the tuition receipt from the college, university, or certifying board. c. Proof of payment - Canceled check, credit card receipt, or cash receipt that clearly demonstrates the method of payment made by the employee.
Supervisor	1. Provide statement on the Form to confirm applicability of course and benefit to CalOptima. 2. Certify employee is in good standing with CalOptima. 3. Approve, or deny, request. 4. Forward to Director, or Chief.

Responsible Party	Action
Director/Chief	1. Approve, or deny, request. 2. Forward to HR.
Human Resources	1. Evaluate request for compliance with policy, and if applicable, provide preliminary approval. 2. Notify the employee if the request is approved, or denied. 3. Hold form until proof of completion is submitted. 4. Upon verification of satisfactory completion consistent with this policy, prepare check request. 5. Forward to the Accounting Department. 6. Issue payment check to employee upon receiving from Accounting.
Accounting	1. Issue reimbursement check to HR.

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IV. ATTACHMENTS

- A. Education Reimbursement Request Form

V. REFERENCES

- A. CalOptima Employee Handbook
- B. Title 26, United States Code, §127

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- B. 06/04/15: Regular Meeting of the CalOptima Board of Directors
- C. 10/05/12: Regular Meeting of the CalOptima Board of Directors

VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	01/05/2012	GA.8036	Education Reimbursement	Administrative
Revised	06/04/2015	GA.8036	Education Reimbursement	Administrative
Revised	02/02/2017	GA.8036	Education Reimbursement	Administrative

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1 **IX. GLOSSARY**
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Term	Definition
Good Standing	The employee has at least a fully meets expectations job performance rating on their most recent evaluation and has not received written disciplinary action within the last six (6) months.
Part-Time Employees	Employees that regularly work less than thirty (30) hours per week.

3

DRAFT

REQUEST FOR EDUCATION EXPENSE REIMBURSEMENT

This form must be submitted prior to enrollment in order to determine eligibility for reimbursement.

1. Applicant Information	
Name:	Position/Title:
Address:	Department:
City, State & Zip:	Phone Ext.:

2. Course Information			
Institution/School Name:			
Beg Date:	End Date:	Course Name:	Degree, Major or Certification:
Description of Course:			

3. Fees
Tuition Amount or Cost of Certification (CalOptima only reimburses for tuition): \$

4. Benefits to Employee & Employer Employee Statement	5. Benefits to Employee & Employer Supervisor Statement
<p>_____</p> <p>Employee Signature Date</p> <p>Print Name: _____</p>	<p>I certify that:</p> <p><input type="checkbox"/> This employee is part-time</p> <p><input type="checkbox"/> This employee is full-time</p> <p><input type="checkbox"/> This employee is in good standing with at least a satisfactory job performance rating on their most recent evaluation and has not received written disciplinary action with the last six (6) months.</p> <p>Approved <input type="checkbox"/> Denied <input type="checkbox"/></p> <p>_____</p> <p>Supervisor Signature Date</p> <p>Print Name: _____</p>

6. Director/Chief Approval	7. Human Resources Use Only
<p>Approved <input type="checkbox"/> Denied <input type="checkbox"/></p> <p>Department Director</p> <p>By: _____</p> <p style="margin-left: 20px;">Director Signature Date</p> <p>Print Name: _____</p>	<p>Approved <input type="checkbox"/> Denied <input type="checkbox"/></p> <p>Amount Authorized: \$</p> <p>Accounting is authorized to issue check to employee for authorized amount.</p> <p>Human Resources Authorization</p> <p>By: _____</p> <p style="margin-left: 20px;">HR Signature Date</p> <p>Print Name: _____</p>

Policy #: GA.8052
 Title: **Drug-Free and Alcohol-Free Workplace**
 Department: Human Resources
 Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/01/14
Last Review Date: 02/02/17
Last Revised Date: 02/02/17
N/A

1 **I. PURPOSE**

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 3 This policy ~~to~~ establishes guidelines for a drug-free and alcohol-free workplace at CalOptima and
 4 CalOptima PACE to further enhance safety in the workplace for all employees, promote employee
 5 health, maintain a high level of quality in service to CalOptima’s members, ensure productivity, protect
 6 against liability, and promote the public’s trust in CalOptima. It is well documented that substance
 7 abuse, including the misuse of both legal and illegal drugs, in the workplace can negatively impact
 8 employee performance, worker safety, and safety of the general public.
 9

10 **~~II.~~ DEFINITIONS**

11 ~~A position where the employee has the responsibility for his or her own safety or other people’s safety,~~
 12 ~~such as administering medication, handling of controlled substances and/or providing health care~~
 13 ~~services or personal care services to CalOptima Members. This shall include any employee who~~
 14 ~~operates a CalOptima owned or leased motor vehicle.~~

15 ~~A. Safety Sensitive Employee: A position where the employee has the responsibility for his or her own~~
 16 ~~safety or other people’s safety, such as administering medication, handling of controlled substances~~
 17 ~~and/or providing health care services or personal care services to CalOptima Members. This shall~~
 18 ~~include any employee who operates a CalOptima owned or leased motor vehicle.~~

19
 20 ~~B. Termination: The end of the employment relationship.~~

21
 22 ~~C. Under the Influence of Alcohol: An employee with a blood alcohol concentration (BAC) of .04 or~~
 23 ~~above.~~

24
 25 **~~III.~~ POLICY**

26
 27 A. CalOptima has a vital interest in maintaining a safe and productive work environment for its
 28 employees, Mmembers, and those who come into contact with CalOptima. To support this interest,
 29 CalOptima shall maintain a workplace that is free of alcohol, illegal drugs, and controlled
 30 substances and herein discourages alcohol and substance abuse by its employees.

31
 32 B. The following behavior shall constitute violation of CalOptima’s drug-free workplace:

- 33
 34 1. The unlawful manufacture, distribution, dispensation, possession, or use of a controlled
 35 substance;
 36
 37 2. Possession, or use, of alcohol, or an illegal or controlled substance, or being under the influence
 38 of alcohol, or an illegal or controlled substance, while on the job, except where the controlled
 39 substance is lawfully prescribed and used consistent with a doctor’s authorization;

3. Abuse of a legal drug, or the purchase, sale, manufacture, distribution, dispensation of any legal prescription drug in a manner inconsistent with the law;
4. Driving a CalOptima owned, or leased, vehicle while under the influence of alcohol, illegal drugs, or controlled substance; and
5. Distribution, sale, or purchase of an illegal or controlled substance while on the job.

C. This Policy and each of its rules apply:

~~2.1.~~ Whenever an employee is on, or in, CalOptima Property, which shall include the CalOptima PACE Center, surrounding grounds ~~and~~, parking lots, and leased, or rented, spaces;

~~3.2.~~ During CalOptima and CalOptima PACE company time (includes, breaks, meal periods, and work duties offsite (~~i.e.g.~~ representing CalOptima at community functions or meetings, meeting with ~~M~~members, or providers, etc.));

~~4.3.~~ In any vehicle used on CalOptima and CalOptima PACE company business; and

~~5.4.~~ In other circumstances (such as on customer premises, or at business/sales functions) that may adversely affect CalOptima's operations, safety, reputation and/or the administration of this Policy.

D. It is the policy of CalOptima and a condition of employment that an employee be present and able to physically and mentally perform his/her job free from the effects of alcohol, narcotics, depressants, stimulants, hallucinogens, and cannabis, or any other substances which can impair job performance.

E. Violation of this Policy and standards of conduct will not be tolerated, and CalOptima shall take appropriate actions, including, but not limited to, employee discipline, up to and including termination, to protect, as fully as possible, all CalOptima employees and members of the public. CalOptima may also bring the matter to the attention of appropriate law enforcement authorities and/or professional licensing authority.

IV.III. PROCEDURE

A. Prohibitions: The following rules are extremely important, and an employee who violates any one (1) of them shall be subject to disciplinary action, up to and including termination:

1. Alcohol: An Employee may not possess, distribute, dispense, sell, use, transfer, offer, or be under the influence of any intoxicating liquor such that the employee's blood alcohol concentration (BAC) is .04, or above, while at work, or on duty for CalOptima business. Off-duty use of alcohol that adversely affects, or impairs, an employee's job performance, or results in on-duty conduct which adversely affects, or threatens to adversely affect, CalOptima's interest is prohibited.

- a. This rule prohibits using any alcohol prior to reporting to work such that the employee's BAC is .04, or above, during breaks, or meal periods, or in conjunction with any CalOptima

- 1 activity, except social₂ or business₃ events where the Chief Executive Officer and/or other
2 members of the Executive Staff has/have authorized the moderate consumption of alcoholic
3 beverages.
4
- 5 b. An employee at work₆ or on duty₇ for CalOptima business with a BAC level at .04₈ or above,
6 shall be removed from duty and may be subject to disciplinary action₇ up to and including
7 termination.
8
- 9 2. Drugs: An Employee may not possess, distribute, dispense, sell, use, transfer, offer, share,
10 attempt to sell₁₁ or obtain, manufacture, or be under the influence of any illegal drug₁₂ or
11 controlled substance, or have any trace of illegal drugs₁₃ or controlled substances₁₄ present in the
12 body, while at work₁₃ or on duty for CalOptima business. Therefore, an employee who tests
13 positive for any illegal drug₁₄ or controlled substance₁₅ will be deemed to have violated this rule.
14
- 15 a. This rule also prohibits prescription drugs being taken without a doctor's authorization.
16
- 17 b. Abuse of a legal drug or the purchase, sale, manufacture, distribution, dispensation of any
18 legal prescription drug in a manner inconsistent with the law is also prohibited under this
19 rule.
20
- 21 3. Prescriptions/-Over-The-Counter Medications: It is the Employee's responsibility to check the
22 potential side effects of prescription drugs and over-the-counter medications with their doctor₂₃
23 or pharmacist₂₄ before reporting to work, and to immediately let their supervisor know when
24 such use makes it unsafe for them to report to work₂₅ or do their job.
25
- 26 4. Adulterants: Employees are prohibited from possessing any substance that is used for the
27 purpose of manipulating a drug test.
28
- 29 B. Employees are responsible for following all of CalOptima's work and safety rules and policies, and
30 for observing the standards of behavior that the employer, coworkers, and Mmembers have the right
31 to expect from a CalOptima Employee.
32
- 33 C. Pre-Employment Testing: All Safety Sensitive Employees are required to pass a pre-employment
34 urine drug test as a condition of employment.
35
- 36 D. Random Drug Testing: Effective thirty (30) calendar days after the adoption of this Policy, the
37 following shall apply:
38
- 39 1. All CalOptima employees that provide health care services and personal care services to
40 CalOptima Members may be subject to random drug testing. This shall include any employee
41 who operates a CalOptima owned₄₂ or leased₄₃ motor vehicle.
42
- 43 2. All CalOptima employees that have face-to-face interaction in the residence of a Member₄₄ or
44 prospective Member₄₅ and provide health care services₄₆ or personal care services, such as nurses
45 in the field, may be subject to random drug testing.
46
- 47 E. Mandatory Post Traffic Accident Testing: If a CalOptima Employee-employee is involved in a
48 traffic accident, CalOptima shall request a drug and/or alcohol testing if there is a reasonable
49 suspicion of the involvement of drugs and/or alcohol.

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2 | F. Reasonable Suspicion Testing₂ or Reasonable Cause

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4 | 1. A supervisor who suspects an employee is under the influence of drugs and/or alcohol and
5 | observes one (1)₂ or more₂ of the following shall immediately notify the Human Resources
6 | Department:

7
8 | a. Observable symptoms₂ or unusual behavior (swaying, unsteady, staggering, stumbling,
9 | flushed, etc.);

10
11 | b. Bloodshot eyes and/or inability to make eye contact;

12
13 | c. Slurred speech;

14
15 | d. Odor₂ or smell₂ of alcohol₂ or drugs₂ on the employee's breath₂ or clothes₂ or in an area
16 | (such as in a vehicle, office, work area, or restroom) immediately controlled₂ or occupied₂
17 | by the employee;

18
19 | e. Alcohol, alcohol containers, illegal drugs₂ or drug paraphernalia in the employee's
20 | possession₂ or in an area controlled₂ or occupied₂ by the employee (vehicle, office, desk, or
21 | restroom);

22
23 | f. Unexplained₂ or significant₂ deterioration in job performance;

24
25 | g. Unexplained significant changes in behavior (e.g., lethargy, abusive behavior, repeated
26 | disregard of safety rules₂ or procedures, insubordination, etc.);

27
28 | h. Unexplained absenteeism₂ or tardiness;

29
30 | i. Employee admissions regarding drug₂ or alcohol use; and/or

31
32 | j. Any involvement in any work-related accident₂ or near misses.

33
34 | 2. If the supervisor along with HR-Human Resources Department concludes that an employee may
35 | be under the influence of or has consumed drugs₂ or alcohol₂ while on duty for CalOptima
36 | business, the employee may be requested to consent to an alcohol and/or drug test. If the
37 | employee refuses to consent to the test, such refusal may result in disciplinary action₂ up to and
38 | including termination from employment.

39
40 | 3. The supervisor and/or Human Resources representative should inform the employee about the
41 | consequences to the employee if the alcohol and/or drug test is positive, which shall include
42 | disciplinary action₂ up to and including termination from employment₂ and/or required
43 | admission to a drug and/or alcohol treatment program.

44
45 | 4. If appropriate, the Human Resources representative may assist the employee in making
46 | arrangements to be taken home after a drug and/or alcohol test is completed.

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48 | G. Scope of Tests: All tests shall be conducted by a certified laboratory. CalOptima Employees
49 | employees may be tested for, but not limited to, the following substances:

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1. Alcohol;
 2. Amphetamines, or other stimulants;
 3. Cannabinoids (THC) such as marijuana and hashish;
 4. Cocaine;
 5. Opiates, or other narcotics;
 6. Phencyclidine; and
 7. Barbiturates or other depressants.
- H. Positive Tests: If a positive test result can be explained by the legal use of any substance, an employee may present verification by a licensed medical professional. Any employee who tests positive for drugs that are not prescribed to him or her by a physician shall be:
1. Immediately removed from his or her duty and/or disciplined up to and including termination;
 2. Referred to a substance abuse professional for assessment and recommendations;
 3. Required to pass a Return-to-Duty test; and
 4. Required to sign a Return-to-Work Agreement.
- I. Confidentiality: CalOptima shall maintain all drug-testing information in separate confidential records.
- J. Employee Assistance Program:
1. CalOptima's commitment is to help employees remain productive members of CalOptima's team. CalOptima provides an Employee Assistance Program (EAP) for employees to provide counseling and other services for employees with substance abuse and other personal, or emotional, problems that can affect work performance. The EAP will treat information obtained regarding an Employee during participation in such program, or services, as confidential in accordance with Federal and State laws.
 2. If an employee believes him or herself to have a problem with drugs or alcohol, that employee is responsible for seeking assistance, whether from, or through, CalOptima, or any other resource, before a drug, or alcohol, problem adversely affects his or her work performance, or results in a violation of this policy. No employee shall be disciplined, or discriminated against, for simply seeking help if such request occurs prior to a violation of this Policy.
 3. In certain circumstances, CalOptima may insist upon a mandatory referral to CalOptima's EAP as a condition of continued employment.

1 K. Condition of Continued Employment: If a professional assessment is made that the Employee
2 employee has a problem with drugs and/or alcohol, his or her continued employment with
3 CalOptima may be conditioned upon:

- 4
5 1. Entering into and completing a treatment program approved by CalOptima;
6
7 2. Signing and complying with a last chance performance agreement; and/or
8
9 3. Undergoing continuous random drug and/or alcohol testing at CalOptima's discretion.

10
11 L. Fit for Duty:

- 12
13 1. CalOptima may require a fit for duty exam by a certified medical practitioner. This exam may
14 be administered along with a drug and/or alcohol screen to determine if the employee is fit for
15 duty.

16
17 M. Duty to Cooperate:

- 18
19 1. An employee who fails to cooperate in the administration of this policy shall be terminated.
20 Violation of this policy includes, but is not limited to:
21
22 a. Refusing to consent to testing, to submit a sample, or to sign required forms;
23
24 b. Refusing to cooperate in any way (for example, refusing to courteously and candidly
25 cooperate in any interview or investigation, including any form of truthfulness,
26 misrepresentation, or misleading statements, or omissions);
27
28 c. Any form of dishonesty in the investigation, or testing process;
29
30 d. Refusing to test again at a time of CalOptima's choosing whenever any test results in a
31 finding of a dilute sample, or reasonable suspicion; and/or
32
33 e. Failure to accept the referral, to enter into and complete an approved treatment program, or
34 to sign or adhere to the commitments in the Last Chance Performance Agreement.
35
36 2. An employee who fails to cooperate in the administration of this policy shall be terminated.

37
38 N. Self-Disclosure of Convictions: Employees are required to report any drug and/or alcohol related
39 convictions occurring outside of ~~in~~ the workplace to CalOptima within five (5) calendar days of
40 such conviction. This information may subject the employee to disciplinary action, random testing
41 requirements, referral to the EAP, and/or may be reported to the appropriate licensing authority.
42

43 **V.IV. ATTACHMENTS**

44
45 A. Drug and Alcohol—Reasonable Suspicion Checklist
46

47 **VI.V. REFERENCES**

48
49 A. CalOptima Employee Handbook

Policy #: GA.8052
Title: Drug-Free and Alcohol-Free Workplace

~~Effective~~ 02/02/17/~~4/14~~
Revised Date:

1 B. CalOptima Policy GA.8000: Glossary of Terms

2 ~~C. CalOptima Policy GA.8021: Employee Conduct~~

3 ~~D. CalOptima Policy GA.8022: Progressive Discipline~~

4 ~~E.C. CalOptima Employee Handbook~~

5 ~~F.D.~~ California Drug-Free Workplace Act of 1990 (California Government Code, §§8350-8351 and
6 8355-8357)

7 ~~G.E.~~ Federal Drug-Free Workplace Act of 1988 (41 U.S.C., §701 *et seq.*)

8
9 **VI. REGULATORY AGENCY APPROVALS OR**

10 None to Date

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12
13 **VII. BOARD ACTIONS**

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15 ~~A.~~ 02/02/17: Regular Meeting of the CalOptima Board of Directors

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

Policy #: GA.8052
Title: Drug-Free and Alcohol-Free Workplace

~~Effective~~ 02/02/17/~~4/14~~
Revised Date:

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VIII. REVIEW/REVISION HISTORY

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Original</u> <u>DateEffective</u>	<u>02/01/2014</u>	<u>GA.8052</u>	<u>Drug-Free Workplace</u>	<u>Administrative</u>
<u>Revision</u> <u>Date</u> <u>Revised</u>	<u>02/02/2017</u>	<u>GA.8052</u>	<u>Drug-Free and Alcohol-Free Workplace</u>	<u>Administrative</u>

Not Applicable

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IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>CalOptima Property</u>	<u>Any property owned, operated or leased by CalOptima, including the administration building at 505 City Parkway West, in the City of Orange, State of California, and the PACE building at 13300 Garden Grove Boulevard, in the City of Garden Grove, State of California, and including CalOptima owned or leased vehicles.</u>
<u>Member</u>	<u>A beneficiary who is enrolled in a CalOptima Program.</u>
<u>Safety Sensitive Employee</u>	<u>A position where the employee has the responsibility for his or her own safety or other people's safety, such as administering medication, handling of controlled substances and/or providing health care services or personal care services to CalOptima Members. This shall include any employee who operates a CalOptima owned or leased motor vehicle.</u>
<u>Termination</u>	<u>The end of the employment relationship.</u>
<u>Under the Influence of Alcohol</u>	<u>An employee with a blood alcohol concentration (BAC) of .04 or above.</u>

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IX. KEYWORDS

- Alcohol
- Drug-Free
- Employee
- Help
- Report
- Testing

Policy #: GA.8052
Title: **Drug-Free and Alcohol-Free Workplace**
Department: Human Resources
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/01/14
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
3 This policy establishes guidelines for a drug-free and alcohol-free workplace at CalOptima and
4 CalOptima PACE to further enhance safety in the workplace for all employees, promote employee
5 health, maintain a high level of quality in service to CalOptima’s members, ensure productivity, protect
6 against liability, and promote the public’s trust in CalOptima. It is well documented that substance
7 abuse, including the misuse of both legal and illegal drugs, in the workplace can negatively impact
8 employee performance, worker safety, and safety of the general public.

9
10 **II. POLICY**

11
12 A. CalOptima has a vital interest in maintaining a safe and productive work environment for its
13 employees, Members, and those who come into contact with CalOptima. To support this interest,
14 CalOptima shall maintain a workplace that is free of alcohol, illegal drugs, and controlled
15 substances and herein discourages alcohol and substance abuse by its employees.

16
17 B. The following behavior shall constitute violation of CalOptima’s drug-free workplace:

- 18
19 1. The unlawful manufacture, distribution, dispensation, possession, or use of a controlled
20 substance;
- 21
22 2. Possession, or use, of alcohol, or an illegal or controlled substance, or being under the influence
23 of alcohol, or an illegal or controlled substance, while on the job, except where the controlled
24 substance is lawfully prescribed and used consistent with a doctor’s authorization;
- 25
26 3. Abuse of a legal drug, or the purchase, sale, manufacture, distribution, dispensation of any legal
27 prescription drug in a manner inconsistent with the law;
- 28
29 4. Driving a CalOptima owned, or leased, vehicle while under the influence of alcohol, illegal
30 drugs, or controlled substance; and
- 31
32 5. Distribution, sale, or purchase of an illegal or controlled substance while on the job.

33
34 C. This Policy and each of its rules apply:

- 35
36 1. Whenever an employee is on, or in, CalOptima Property, which shall include the CalOptima
37 PACE Center, surrounding grounds, parking lots, and leased, or rented, spaces;
- 38

2. During CalOptima and CalOptima PACE company time (includes, breaks, meal periods, and work duties offsite (e.g., representing CalOptima at community functions or meetings, meeting with Members, or providers, etc.));
3. In any vehicle used on CalOptima and CalOptima PACE company business; and
4. In other circumstances (such as on customer premises, or at business/sales functions) that may adversely affect CalOptima's operations, safety, reputation and/or the administration of this Policy.

- D. It is the policy of CalOptima and a condition of employment that an employee be present and able to physically and mentally perform his/her job free from the effects of alcohol, narcotics, depressants, stimulants, hallucinogens, and cannabis, or any other substances which can impair job performance.
- E. Violation of this Policy and standards of conduct will not be tolerated, and CalOptima shall take appropriate actions, including, but not limited to, employee discipline, up to and including termination, to protect, as fully as possible, all CalOptima employees and members of the public. CalOptima may also bring the matter to the attention of appropriate law enforcement authorities and/or professional licensing authority.

III. PROCEDURE

- A. Prohibitions: The following rules are extremely important, and an employee who violates any one (1) of them shall be subject to disciplinary action, up to and including termination:
 1. Alcohol: An Employee may not possess, distribute, dispense, sell, use, transfer, offer, or be under the influence of any intoxicating liquor such that the employee's blood alcohol concentration (BAC) is .04, or above, while at work, or on duty for CalOptima business. Off-duty use of alcohol that adversely affects, or impairs, an employee's job performance, or results in on-duty conduct which adversely affects, or threatens to adversely affect, CalOptima's interest is prohibited.
 - a. This rule prohibits using any alcohol prior to reporting to work such that the employee's BAC is .04, or above, during breaks, or meal periods, or in conjunction with any CalOptima activity, except social, or business, events where the Chief Executive Officer and/or other members of the Executive Staff has/have authorized the moderate consumption of alcoholic beverages.
 - b. An employee at work, or on duty, for CalOptima business with a BAC level at .04, or above, shall be removed from duty and may be subject to disciplinary action, up to and including termination.
 2. Drugs: An Employee may not possess, distribute, dispense, sell, use, transfer, offer, share, attempt to sell, or obtain, manufacture, or be under the influence of any illegal drug, or controlled substance, or have any trace of illegal drugs, or controlled substances, present in the body, while at work, or on duty for CalOptima business. Therefore, an employee who tests positive for any illegal drug, or controlled substance, will be deemed to have violated this rule.
 - a. This rule also prohibits prescription drugs being taken without a doctor's authorization.

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- b. Abuse of a legal drug or the purchase, sale, manufacture, distribution, dispensation of any legal prescription drug in a manner inconsistent with the law is also prohibited under this rule.
- 3. Prescriptions/Over-The-Counter Medications: It is the Employee’s responsibility to check the potential side effects of prescription drugs and over-the-counter medications with their doctor, or pharmacist, before reporting to work, and to immediately let their supervisor know when such use makes it unsafe for them to report to work, or do their job.
- 4. Adulterants: Employees are prohibited from possessing any substance that is used for the purpose of manipulating a drug test.
- B. Employees are responsible for following all of CalOptima’s work and safety rules and policies, and for observing the standards of behavior that the employer, coworkers, and Members have the right to expect from a CalOptima employee.
- C. Pre-Employment Testing: All Safety Sensitive Employees are required to pass a pre-employment urine drug test as a condition of employment.
- D. Random Drug Testing: Effective thirty (30) calendar days after the adoption of this Policy, the following shall apply:
 - 1. All CalOptima employees that provide health care services and personal care services to CalOptima Members may be subject to random drug testing. This shall include any employee who operates a CalOptima owned, or leased, motor vehicle.
 - 2. All CalOptima employees that have face-to-face interaction in the residence of a Member, or prospective Member, and provide health care services, or personal care services, such as nurses in the field, may be subject to random drug testing.
- E. Mandatory Post Traffic Accident Testing: If a CalOptima employee is involved in a traffic accident, CalOptima shall request a drug and/or alcohol testing if there is a reasonable suspicion of the involvement of drugs and/or alcohol.
- F. Reasonable Suspicion Testing, or Reasonable Cause
 - 1. A supervisor who suspects an employee is under the influence of drugs and/or alcohol and observes one (1), or more, of the following shall immediately notify the Human Resources Department:
 - a. Observable symptoms, or unusual behavior (swaying, unsteady, staggering, stumbling, flushed, etc.);
 - b. Bloodshot eyes and/or inability to make eye contact;
 - c. Slurred speech;

- 1 d. Odor, or smell, of alcohol, or drugs, on the employee's breath, or clothes, or in an area
2 (such as in a vehicle, office, work area, or restroom) immediately controlled, or occupied,
3 by the employee;
4
5 e. Alcohol, alcohol containers, illegal drugs, or drug paraphernalia in the employee's
6 possession, or in an area controlled, or occupied, by the employee (vehicle, office, desk, or
7 restroom);
8
9 f. Unexplained, or significant, deterioration in job performance;
10
11 g. Unexplained significant changes in behavior (e.g., lethargy, abusive behavior, repeated
12 disregard of safety rules, or procedures, insubordination, etc.);
13
14 h. Unexplained absenteeism, or tardiness;
15
16 i. Employee admissions regarding drug, or alcohol use; and/or
17
18 j. Any involvement in any work-related accident, or near misses.
19
20 2. If the supervisor along with Human Resources Department concludes that an employee may be
21 under the influence of or has consumed drugs, or alcohol, while on duty for CalOptima
22 business, the employee may be requested to consent to an alcohol and/or drug test. If the
23 employee refuses to consent to the test, such refusal may result in disciplinary action, up to and
24 including termination from employment.
25
26 3. The supervisor and/or Human Resources representative should inform the employee about the
27 consequences to the employee if the alcohol and/or drug test is positive, which shall include
28 disciplinary action, up to and including termination from employment, and/or required
29 admission to a drug and/or alcohol treatment program.
30
31 4. If appropriate, the Human Resources representative may assist the employee in making
32 arrangements to be taken home after a drug and/or alcohol test is completed.
33
34 G. Scope of Tests: All tests shall be conducted by a certified laboratory. CalOptima employees may
35 be tested for, but not limited to, the following substances:
36
37 1. Alcohol;
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39 2. Amphetamines, or other stimulants;
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41 3. Cannabinoids (THC) such as marijuana and hashish;
42
43 4. Cocaine;
44
45 5. Opiates, or other narcotics;
46
47 6. Phencyclidine; and
48
49 7. Barbiturates or other depressants.
50

- 1 H. Positive Tests: If a positive test result can be explained by the legal use of any substance, an
2 employee may present verification by a licensed medical professional. Any employee who tests
3 positive for drugs that are not prescribed to him or her by a physician shall be:
4
5 1. Immediately removed from his or her duty and/or disciplined up to and including termination;
6
7 2. Referred to a substance abuse professional for assessment and recommendations;
8
9 3. Required to pass a Return-to-Duty test; and
10
11 4. Required to sign a Return-to-Work Agreement.
12
13 I. Confidentiality: CalOptima shall maintain all drug-testing information in separate confidential
14 records.
15
16 J. Employee Assistance Program:
17
18 1. CalOptima's commitment is to help employees remain productive members of CalOptima's
19 team. CalOptima provides an Employee Assistance Program (EAP) for employees to provide
20 counseling and other services for employees with substance abuse and other personal, or
21 emotional, problems that can affect work performance. The EAP will treat information
22 obtained regarding an Employee during participation in such program, or services, as
23 confidential in accordance with Federal and State laws.
24
25 2. If an employee believes him or herself to have a problem with drugs or alcohol, that employee
26 is responsible for seeking assistance, whether from, or through, CalOptima, or any other
27 resource, before a drug, or alcohol, problem adversely affects his or her work performance, or
28 results in a violation of this policy. No employee shall be disciplined, or discriminated against,
29 for simply seeking help if such request occurs prior to a violation of this Policy.
30
31 3. In certain circumstances, CalOptima may insist upon a mandatory referral to CalOptima's EAP
32 as a condition of continued employment.
33
34 K. Condition of Continued Employment: If a professional assessment is made that the employee has a
35 problem with drugs and/or alcohol, his or her continued employment with CalOptima may be
36 conditioned upon:
37
38 1. Entering into and completing a treatment program approved by CalOptima;
39
40 2. Signing and complying with a last chance performance agreement; and/or
41
42 3. Undergoing continuous random drug and/or alcohol testing at CalOptima's discretion.
43
44 L. Fit for Duty:
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46 1. CalOptima may require a fit for duty exam by a certified medical practitioner. This exam may
47 be administered along with a drug and/or alcohol screen to determine if the employee is fit for
48 duty.
49
50 M. Duty to Cooperate:

- 1
2 1. An employee who fails to cooperate in the administration of this policy shall be terminated.
3 Violation of this policy includes, but is not limited to:
4
5 a. Refusing to consent to testing, to submit a sample, or to sign required forms;
6
7 b. Refusing to cooperate in any way (for example, refusing to courteously and candidly
8 cooperate in any interview or investigation, including any form of truthfulness,
9 misrepresentation, or misleading statements, or omissions);
10
11 c. Any form of dishonesty in the investigation, or testing process;
12
13 d. Refusing to test again at a time of CalOptima's choosing whenever any test results in a
14 finding of a dilute sample, or reasonable suspicion; and/or
15
16 e. Failure to accept the referral, to enter into and complete an approved treatment program, or
17 to sign or adhere to the commitments in the Last Chance Performance Agreement.
18
19 2. An employee who fails to cooperate in the administration of this policy shall be terminated.
20
21 N. Self-Disclosure of Convictions: Employees are required to report any drug and/or alcohol related
22 convictions occurring outside of the workplace to CalOptima within five (5) calendar days of such
23 conviction. This information may subject the employee to disciplinary action, random testing
24 requirements, referral to the EAP, and/or may be reported to the appropriate licensing authority.
25

26 **IV. ATTACHMENTS**

- 27
28 A. Drug and Alcohol Reasonable Suspicion Checklist
29

30 **V. REFERENCES**

- 31
32 A. CalOptima Employee Handbook
33 B. CalOptima Policy GA.8000: Glossary of Terms
34 C. CalOptima Policy GA.8022: Progressive Discipline
35 D. California Drug-Free Workplace Act of 1990 (California Government Code, §§8350-8351 and
36 8355-8357)
37 E. Federal Drug-Free Workplace Act of 1988 (41, U.S.C., §701 *et seq.*)
38

39 **VI. REGULATORY AGENCY APPROVALS**

40
41 None to Date
42

43 **VII. BOARD ACTIONS**

- 44
45 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
46 B. 05/01/14: Regular Meeting of the CalOptima Board of Directors
47

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VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/01/2014	GA.8052	Drug-Free Workplace	Administrative
Revised	02/02/2017	GA.8052	Drug-Free and Alcohol-Free Workplace	Administrative

4

1 **IX. GLOSSARY**
2

Term	Definition
CalOptima Property	Any property owned, operated or leased by CalOptima, including the administration building at 505 City Parkway West, in the City of Orange, State of California, and the PACE building at 13300 Garden Grove Boulevard, in the City of Garden Grove, State of California, and including CalOptima owned or leased vehicles.
Member	A beneficiary who is enrolled in a CalOptima Program.
Safety Sensitive Employee	A position where the employee has the responsibility for his or her own safety or other people's safety, such as administering medication, handling of controlled substances and/or providing health care services or personal care services to CalOptima Members. This shall include any employee who operates a CalOptima owned or leased motor vehicle.
Termination	The end of the employment relationship.
Under the Influence of Alcohol	An employee with a blood alcohol concentration (BAC) of .04 or above.

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DRUG AND ALCOHOL REASONABLE SUSPICION CHECKLIST

GENERAL		
Employee Name:	Date of Observation:	Time of Observation:
Location:	Reasonable suspicion of: ___ Alcohol ___ Drugs	Employee agree to testing? ___ Yes ___ No

When there is reasonable suspicion that an employee is under the influence of drugs and/or alcohol and is unfit for duty, the supervisor or manager observing the behavior, as well as another supervisor/manager as a witness, if possible, must complete the checklist below. Where "Other" is checked, please describe.

Observation Checklist (check all observations that are applicable):

Speech:	___ Normal	___ Incoherent	___ Loud	___ Silent
	___ Slurred	___ Whispering	___ Disruptive	
	___ Rambling	___ Slobbering	___ Slow	
	___ Other: _____			
Standing:	___ Normal	___ Swaying	___ Unable to Stand	
	___ Unsteady	___ Staggering	___ Falling	
	___ Other: _____			
Walking:	___ Normal	___ Stumbling	___ Unable to Walk	
	___ Unsteady	___ Swaying	___ Holding On/Reach for Support	
	___ Falling	___ Staggering		
	___ Other: _____			
Demeanor:	___ Normal	___ Paranoid	___ Lack of Coordination	
	___ Confused	___ Sleepy/Lethargic	___ Excited	
	___ Argumentative	___ Talkative	___ Crying	
	___ Other: _____			
Actions:	___ Normal	___ Hyperactive	___ Resisting Communication	
	___ Hostile	___ Erratic	___ Profanity	
	___ Threatening	___ Drowsy	___ Calm	
	___ Other: _____			
Eyes:	___ Normal	___ Closed	___ Droopy/Half-closed	
	___ Bloodshot/Red	___ Dilated	___ Glassy	
	___ Other: _____			
Face:	___ Normal	___ Flushed	___ Sweaty	
	___ Other: _____			
Appearance/Clothing:	___ Normal	___ Unruly/Messy	___ Dirty/Stains	
	___ Other: _____			
Odor:	___ Normal	___ Alcohol/drug odor	___ Heavy breath spray/cologne	
	___ Other: _____			
Movements:	___ Normal	___ Jerky	___ Nervous	
	___ Fumbling	___ Slow	___ Hyperactive	
	___ Lack of coordination			
	___ Other: _____			
Miscellaneous:	___ Alcohol and/or drugs present in employee's possession or vicinity			
	___ Employee admitted to alcohol and/or drug use or possession			
	___ Other: _____			

Other observations/Comments: _____

 Supervisor/Manager Signature Print Name Date & Time

 Witness Signature Print Name Date & Time

Policy #: GA.8053
 Title: **Workplace Violence**
 Department: Human Resources
 Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/01/14
 Last Review Date: 02/02/17
 Last Revised Date: 02/02/17

1
2 **I. PURPOSE**
3

4 ~~This policy~~ establishes guidelines for responding promptly and effectively to workplace violence and
 5 to minimize the threat of violence in the workplace toward CalOptima and CalOptima PACE employees
 6 who are located on CalOptima ~~property~~ Property at 505 City Parkway West, Orange, CA 92868 and the
 7 CalOptima PACE Center at 13300 Garden Grove Blvd. Garden Grove, CA 92843 (hereinafter
 8 collectively referred to as “CalOptima Property”).
 9

10 **~~H.~~ DEFINITIONS**

11 ~~Conduct or actions based on protected characteristics that are severe or pervasive. The creation of a~~
 12 ~~hostile work environment through unwelcomed words, actions, or physical contact not resulting in~~
 13 ~~physical harm. Verbal harassment may include disparaging or derogatory comments or slurs or name~~
 14 ~~calling. A statement (verbal, written, or physical) which is intended to intimidate by expressing the intent~~
 15 ~~to either harass, hurt, take the life of another person, or damage/destroy property. This includes threats~~
 16 ~~made in jest or as a joke, but which others could perceive as serious.~~

17 A. ~~CalOptima Property:~~ Any property owned, leased or operated by CalOptima including, but not
 18 limited to, CalOptima’s administration building located at 505 City Parkway West, Orange, CA
 19 92868 and CalOptima’s PACE Center located at 13300 Garden Grove Boulevard, Garden Grove,
 20 CA 92843, inclusive of inside the facility and up to and including the perimeter of the property line.
 21

22 B. ~~Harassment:~~ The creation of a hostile work environment through unwelcomed words, actions, or
 23 physical contact not resulting in physical harm. Verbal harassment may include disparaging or
 24 derogatory comments or slurs or name calling.
 25

26 C. ~~Intimidation:~~ The intent to make a person afraid, frightened of, alarmed or scared, or the act of
 27 inducing fear by threats.
 28

29 D. ~~Threat:~~ A statement (verbal, written, or physical) which is intended to intimidate by expressing the
 30 intent to either harass, hurt, take the life of another person, or damage/destroy property. This
 31 includes threats made in jest or as a joke, but which others could perceive as serious.
 32

33 E. ~~Workplace Violence:~~ Any intentional act that inflicts, attempts to inflict, or threatens to inflict
 34 bodily injury on another person or that inflicts, attempts to inflict, or threatens to inflict damage to
 35 property, whether committed by a CalOptima employee or by anyone else, and which occurs in the
 36 workplace, in or on CalOptima Property, or while an employee is engaged in CalOptima business.
 37

38 **III.II. POLICY**
39

Policy #: GA.8053
Title: Workplace Violence

Effective 2/1/14
Revised Date: 02/02/17

- 1 A. CalOptima seeks to provide a safe and healthy work environment for CalOptima employees, as
2 required pursuant to Labor Code, Section 6400, free from threats, intimidation, harassment, and
3 acts of workplace violence. CalOptima strives to protect its employees from unsafe conditions and
4 ensure that CalOptima Property is restricted to individuals that are recognized as employees,
5 vendors, board members, potential candidates, or other appropriate guests, in accordance with Title
6 8 of the California Code of Regulations, Section 3203.
7
- 8 B. CalOptima seeks to provide a work environment that minimizes workplace violence, or other
9 security risks.
10
- 11 C. All employees are responsible for minimizing workplace violence and for reporting suspicious
12 activity, any acts of violence, threats, harassment, or intimidation.
13
- 14 D. CalOptima shall take appropriate actions, including, but not limited to, employee discipline up to
15 and including termination, to protect, as fully as possible, all CalOptima employees and members of
16 the public from workplace violence, which may occur in, or on, CalOptima Property and during the
17 performance of CalOptima business operations.
18
- 19 E. Except for sworn personnel, CalOptima employees are not permitted to bring, or possess, within any
20 CalOptima Property, or while engaged in CalOptima business, any firearm, explosive, deadly
21 weapon, tear gas weapon, taser, or stun gun, any other item that is primarily used as a weapon, or
22 any instrument that expels a metallic projectile, such as a BB, or pellet, through the force of air
23 pressure, CO2 pressure, or spring action, or any spot marker gun, or paint gun.
24
- 25 F. CalOptima's ~~Facilities Manager of Environmental, Health and Safety Manager~~, or his or her
26 ~~designee~~ Designee, shall be the point of contact for investigating, conducting, and submitting
27 workplace violence reports to the police department, where applicable, and shall retain a copy of the
28 report.
29
- 30 G. This policy does not replace or affect CalOptima's procedures as described in CalOptima ~~Policy~~
31 Policies GG.1317: Response to Disruptive and Threatening Behavior by Members; ~~CalOptima~~
32 ~~Policy~~ GA.8016: Unusual Occurrence, ~~Threats, and Danger;~~ and CalOptima Policy GA. 8027:
33 Unlawful Harassment,
34

35 ~~G. _____; and CalOptima Policy GA.8021: Employee Conduct.~~
36 _____

37 IV.III. PROCEDURE

38
39 ~~A. The Workplace Violence Resource Team (WVRT)~~
40

41 ~~1. The WVRT shall be appointed by the Executive Team to consult with and support the Director of Human~~
42 ~~Resources in assisting CalOptima departments and CalOptima PACE in preparing for, responding to, and~~
43 ~~minimizing workplace violence.~~
44

45 ~~2. The Director of Human Resources shall serve as the chair of the WVRT.~~
46

47 ~~3. Membership on the WVRT shall include, but is not limited to, the following:~~
48

49 ~~a. The Director and Manager of the Facilities Department;~~

1
2 ~~b. The Environmental, Health and Safety Manager; and~~

3
4 ~~c. A member from the Legal Affairs Department.~~

5
6 B.A. Training

7
8 1. On an annual basis, the ~~Facilities Manager and Manager~~ Environmental, Health and Safety
9 ~~Manager~~ and the Training ~~Specialist & Education team~~ in the Human Resources
10 ~~Department~~ shall ~~develop and~~ provide training programs, and as necessary, inform employees
11 of methods and procedures to identify, minimize, report, and respond to unsafe conditions,
12 workplace violence, threats, harassment, intimidation, and/or acts of violence such as an active
13 gunman, whether perpetrated by a coworker, or by a third party.

14
15 ~~2. The WVRT shall develop and provide training to CalOptima departments in conducting~~
16 ~~departmental Facility Risk Assessment(s) (FRA) and developing departmental procedures, in~~
17 ~~accordance with CalOptima's Injury and Illness Prevention Program (IIPP).~~

18
19 C.B. Facility Risk Assessment (FRA)

20
21 1. On an annual basis, CalOptima shall conduct and maintain an FRA of the risks of workplace
22 violence and/or other security risks that exist as a result of the nature of the work and physical
23 environment of the organization, in accordance with Occupational Safety and Health
24 Administration (OSHA) Guidelines for Preventing Workplace Violence for Health Care and
25 Social Workers, OSHA 3148-01R (2004)-04R (2015).

26
27 2. The FRA must be approved by the Executive ~~Team~~ Staff.

28
29 3. The FRA shall be conducted by the ~~WVRT Facilities Manager of Environmental Health and~~
30 ~~Safety Manager~~, which shall include, but not be limited to, the following:

31
32 a. CalOptima's Facilities Department Director; and/or

33
34 ~~a. Manager of Environmental Health and Safety Manager; or~~

35
36 b.

37 ~~b. The Environmental Health and Safety Manager.~~

38
39 4. ~~CalOptima's WVRT~~ ~~The Facilities Manager and Manager~~ Environmental Health and Safety
40 ~~Manager~~ shall develop guidelines for the FRA and shall consult with departments, if
41 requested to do so.

42
43 5. At the conclusion of the FRA, each department affected shall complete a written report and
44 submit it to the Executive Team for review.

45
46 6. The Executive Team may review and revise the FRA report, or return it to the Facilities
47 ~~Manager and Manager of Environmental Health and Safety Manager of WVRT~~ Environmental
48 Health and Safety Manager for further review.

49 7. The FRA report may include recommendations, including, but not limited to, the following:

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- a. Budgeted funds availability;
 - b. Recommendation to alter the physical environment to make it more secure from potential violent acts; and
 - c. Appropriate level of public access to the department's employees and facilities.
8. Copies of the FRA report shall be kept by CalOptima's Facilities ~~Manager~~Department and the Manager of Environmental Health and Safety Manager.
9. On an annual basis, ~~the Facilities Manager of WVRT andd Manager of Environmental Health and Safety Manager, Manager oand/or Manager or Director of Facilities~~ shall be responsible ~~to~~ for reviewing the FRA report for the following circumstances, including, but not limited to:
- a. When the physical environment at CalOptima₂ or CalOptima PACE Center changes;
 - b. The nature of the work performed by the various departments at CalOptima₂ or the CalOptima PACE Center changes; and
 - c. Other times as determined by the Director of Facilities, ~~Director~~ or the Facilities Manager and Manager of Environmental Health and Safety Manager.

~~D.C.~~ D.C. The ~~Facilities Manager of WVRT Environmental Health and Safety Manager~~ shall provide each department at CalOptima₂ or the CalOptima PACE Center₂ with generic departmental procedures, written templates, and training for minimizing and effectively responding to workplace violence.

~~E.D.~~ E.D. CalOptima's departments₂ or the CalOptima PACE Center₂ may modify the generic departmental procedures to meet its unique circumstances.

~~F.E.~~ F.E. Except as provided for in CalOptima's ~~Medi-Cal~~ Policy #: GG.1317: Response to Disruptive and Threatening Behaviors by Members and except in emergencies involving a sudden, unexpected occurrence that poses a clear and imminent danger requiring immediate action to prevent₂ or mitigate₂ the loss or impairment of life, health₂ or property, in the event of a workplace violence occurrence, CalOptima₂ or the CalOptima PACE Center₂ shall provide a prompt report of workplace violence to CalOptima's ~~Facilities Manager of Environmental, Health and Safety Manager~~, which may be reported to the police department and to anyone affected₂ or other appropriate guests who could be physically affected by workplace violence.

~~G.F.~~ G.F. Departmental procedures shall consist of, but are not limited to, the following:

- 1. Guidelines to supervisors/managers on how to respond to employees whose work performance₂ or safety₂ is affected by workplace violence; and
- 2. On-going measures to minimize and respond to workplace violence that occurs away from CalOptima₂ or PACE Center₂ property for those departments that have employees who regularly perform duties away from CalOptima Property.

1 | ~~H.G.~~ The ~~Facilities Manager and Manager~~ Environmental, Health and Safety ~~Manager Manager~~ shall
2 | assist CalOptima departments and CalOptima PACE in developing departmental procedures.
3 |

4 | ~~H.H.~~ CalOptima's individual departmental procedures must be approved by the ~~WVRT Director of~~
5 | ~~Facilities, Facilities Manager, and Manager of Environmental Health & Safety Manager, EH&S~~
6 | ~~Manager~~ and the Executive Team.
7 |

8 | ~~J.I.~~ Copies of CalOptima's individual departmental procedures shall be kept in the respective
9 | department and in the Facilities Manager and Environmental Health and Safety Manager Managers
10 | offices, and shall be distributed to departmental employees.
11 |

12 | ~~K.J.~~ Employee's Responsibility for Responding to and Reporting Workplace Violence
13 |

- 14 | 1. Employees shall respond promptly to workplace violence in accordance with their individual
15 | department procedures.
- 16 |
- 17 | 2. Supervisors/-managers shall respond promptly to workplace violence, in accordance with their
18 | individual department procedures and shall orally report workplace violence to the Facilities
19 | Manager, or Manager Environmental, Health and Safety Manager, Manager or his or her
20 | Designee, as soon as possible.
- 21 |
- 22 | 3. In emergency situations, employees may report workplace violence to supervisory, or
23 | managerial level employees other than their own supervisors.
- 24 |
- 25 | 4. Employees shall promptly report situations to their supervisors that they believe could lead to
26 | workplace violence, including, but not limited to, protective orders, restraining orders, or other
27 | "no-contact" orders.
- 28 |
- 29 | 5. An employee who is a victim of domestic violence, sexual assault, or stalking and who requests
30 | an accommodation, subject to the requirements of Labor Code ~~section~~, Section 230, for the
31 | safety of the employee while at work shall make such request to his or her supervisor, where
32 | appropriate, or otherwise make a request directly with to the Human Resources Department.
33 |

34 | ~~L.K.~~ Responsibilities of ~~Management Management and the Workplace Violence Resource Team~~
35 | ~~(WVRT)~~
36 |

- 37 | 1. Managers and supervisors shall ensure that behaviors and actions that may, or are likely to,
38 | result in workplace violence are dealt with promptly, firmly, and fairly.
39 |
- 40 | 2. Disciplinary actions for violations shall be consistent with CalOptima policies and procedures.
41 |
- 42 | 3. Subject to the requirements under Labor Code, ~~S~~section 230, managers, HR Human Resources,
43 | and/or the ~~WVRT Facilities EH&S Manager~~ shall provide reasonable accommodations for an
44 | employee who is a victim of domestic violence, sexual assault, or stalking and who requests an
45 | accommodation for the safety of the employee while at work. However, nothing herein requires
46 | CalOptima to undertake an action that constitutes an undue hardship on CalOptima's business
47 | operations.
48 |

Policy #: GA.8053
Title: Workplace Violence

Effective 2/1/14
Revised Date: 02/02/17

- 1 4. CalOptima does not tolerate acts and behaviors that may or are likely to result in workplace
2 violence and which may include, but are not limited to, the following:
3
4 a. Verbal abuse such as outbursts, swearing, cursing, or any other abusive language;
5
6 b. Physical violence, direct or indirect, including, but not limited to, hitting, shoving, or
7 throwing objects;
8
9 c. Verbal and nonverbal threats of bodily harm or property destruction, whether in jest or not;
10
11 d. Threats, or violence, arising out of harassment based on a protected class as defined in
12 California Civil Code, Section 51, and as further described in CalOptima Policy #GA.8027:
13 Unlawful Harassment;
14
15 e. Brandishing of an object which may be used, or could be perceived as, a weapon;
16
17 f. Insubordination;
18
19 g. The sending of threatening, harassing or intimidating email, mail, electronic messages
20 (instant messenger, phone text, or social media), and/or facsimile;
21
22 h. Using the workplace to violate protective orders; and
23
24 i. Stalking.
25
26 M. Any employee, who threatens, harasses, intimidates, or engages in any workplace violence, and/or
27 possesses a firearm or firearms and/or any other weapon(s) on CalOptima Property, or while
28 conducting CalOptima business, except sworn personnel, shall be immediately escorted off
29 CalOptima Property, and shall remain off CalOptima Property pending the outcome of an
30 investigation. CalOptima's response may include disciplinary action, up to and including
31 termination, of employment, or criminal prosecution.
32
33 N. Each employee is expected and encouraged to report to any supervisor, or manager, any incident
34 which may be threatening to them, or their co-workers, or any event which he or she reasonably
35 believes is threatening, or violent.
36
37 O. In the event of a credible threat of violence, the Legal Affairs Department shall be contacted
38 immediately, but ~~in no event more~~ no later than twenty-four (24) hours after such threat, in order to
39 promptly obtain all necessary protective orders and/or local law enforcement assistance.
40

41 **IV.** ATTACHMENTS

42 Not Applicable
43
44

45 **V.** REFERENCES

- 46
47 A. California Civil Code, §51
48 B. California Labor Code, §§6400 and 6401.7
49 A-C. CalOptima Employee Handbook

Policy #: GA.8053
 Title: Workplace Violence

Effective 2/1/14
 Revised Date: 02/02/17

- 1 D. CalOptima's Injury and Illness Prevention Program (IIPP)
- 2 ~~B.E. CalOptima Policy GA.8000: Glossary of Terms~~
- 3 ~~C.F. CalOptima Policy GA.8016: Unusual Occurrence, Threats, and Danger~~
- 4 ~~D. CalOptima Policy GA.8021: Employee Conduct~~
- 5 ~~E.G. CalOptima Policy GA.-8027: Unlawful Harassment~~
- 6 ~~F. CalOptima Policy GG.1317: Response to Disruptive and Threatening Behavior by Members~~
- 7 ~~G.H. CalOptima Employee Handbook~~
- 8 ~~H. CalOptima's Injury and Illness Prevention Program (IIPP)~~
- 9 ~~— Title 8, California Code of Regulations, Section 3203~~
- 10 ~~I. California Civil Code § 51~~
- 11 ~~J. California Labor Code §§ Sections 6400 and 6401.7~~
- 12 I. Occupational Safety and Health Administration (OSHA) Guidelines for Preventing Workplace
- 13 Violence for Health Care and Social Workers, OSHA 3148-01R-04R (20042015)
- 14 J. Title 8, California Code of Regulations (C.C.R.), §3203
- 15 K. Workplace Violence Awareness Presentation

VI. REGULATORY AGENCY APPROVALS-OR

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- ~~A.B. 05/01/14: Regular Meeting of the CalOptima Board Meeting of Directors~~

VIII. REVIEW/REVISION HISTORY

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Original</u> <u>Date Effective</u>	<u>02/01/2014</u>	<u>GA.8053</u>	<u>Workplace Violence</u>	<u>Administrative</u>
<u>Revision</u> <u>Date</u> <u>Revised</u>	<u>02/02/2017</u>	<u>GA.8053</u>	<u>Workplace Violence</u>	<u>Administrative</u>

Not Applicable

1
2

IX. GLOSSARY

<u>Term</u>	<u>Definition</u>
<u>CalOptima Property</u>	<u>Any property owned, leased or operated by CalOptima including, but not limited to, CalOptima’s administration building located at 505 City Parkway West, Orange, CA 92868 and CalOptima’s PACE Center located at 13300 Garden Grove Boulevard, Garden Grove, CA 92843, inclusive of inside the facility and up to and including the perimeter of the property line.</u>
<u>Designee</u>	<u>A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.</u>
<u>Executive Staff</u>	<u>Staff holding Executive level positions as designated by the Board of Directors.</u>
<u>Harassment</u>	<u>Conduct or actions based on protected characteristics that are severe or pervasive. The creation of a hostile work environment through unwelcomed words, actions, or physical contact not resulting in physical harm. Verbal harassment may include disparaging or derogatory comments or slurs or name calling.</u>
<u>Intimidation</u>	<u>The intent to make a person afraid, frightened of, alarmed or scared, or the act of inducing fear by threats.</u>
<u>Threat</u>	<u>A statement (verbal, written, or physical) which is intended to intimidate by expressing the intent to either harass, hurt, take the life of another person, or damage/destroy property. This includes threats made in jest or as a joke, but which others could perceive as serious.</u>
<u>Workplace Violence</u>	<u>Any intentional act that inflicts, attempts to inflict, or threatens to inflict bodily injury on another person or that inflicts, attempts to inflict, or threatens to inflict damage to property, whether committed by a CalOptima employee or by anyone else, and which occurs in the workplace, in or on CalOptima Property, or while an employee is engaged in CalOptima business.</u>
<u>Designee</u>	

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IX. KEYWORDS

- Report
- Safety
- Work
- Violence
- Harassment
- Intimidation
- Threat

Policy #: GA.8053
Title: **Workplace Violence**
Department: Human Resources
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 02/01/14
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
3 This policy establishes guidelines for responding promptly and effectively to workplace violence and to
4 minimize the threat of violence in the workplace toward CalOptima and CalOptima PACE employees
5 who are located on CalOptima Property at 505 City Parkway West, Orange, CA 92868 and the
6 CalOptima PACE Center at 13300 Garden Grove Blvd. Garden Grove, CA 92843 (hereinafter
7 collectively referred to as “CalOptima Property”).
8

9 **II. POLICY**

- 10
11 A. CalOptima seeks to provide a safe and healthy work environment for CalOptima employees, as
12 required pursuant to Labor Code, Section 6400, free from threats, intimidation, harassment, and acts
13 of workplace violence. CalOptima strives to protect its employees from unsafe conditions and
14 ensure that CalOptima Property is restricted to individuals that are recognized as employees,
15 vendors, board members, potential candidates, or other appropriate guests, in accordance with Title
16 8 of the California Code of Regulations, Section 3203.
17
18 B. CalOptima seeks to provide a work environment that minimizes workplace violence, or other
19 security risks.
20
21 C. All employees are responsible for minimizing workplace violence and for reporting suspicious
22 activity, any acts of violence, threats, harassment, or intimidation.
23
24 D. CalOptima shall take appropriate actions, including, but not limited to, employee discipline up to
25 and including termination, to protect, as fully as possible, all CalOptima employees and members of
26 the public from workplace violence, which may occur in, or on, CalOptima Property and during the
27 performance of CalOptima business operations.
28
29 E. Except for sworn personnel, CalOptima employees are not permitted to bring, or possess, within any
30 CalOptima Property, or while engaged in CalOptima business, any firearm, explosive, deadly
31 weapon, tear gas weapon, taser, or stun gun, any other item that is primarily used as a weapon, or
32 any instrument that expels a metallic projectile, such as a BB, or pellet, through the force of air
33 pressure, CO2 pressure, or spring action, or any spot marker gun, or paint gun.
34
35 F. CalOptima’s Facilities Manager, or his or her Designee, shall be the point of contact for
36 investigating, conducting, and submitting workplace violence reports to the police department,
37 where applicable, and shall retain a copy of the report.
38

1 G. This policy does not replace or affect CalOptima’s procedures as described in CalOptima Policies
2 GG.1317: Response to Disruptive and Threatening Behavior by Members; GA.8016: Unusual
3 Occurrence, and GA. 8027: Unlawful Harassment.
4

5 **III. PROCEDURE**

6
7 A. Training
8

- 9 1. On an annual basis, the Facilities Manager and Environmental, Health and Safety Manager and
10 the Training & Education team in the Human Resources Department shall provide training
11 programs, and as necessary, inform employees of methods and procedures to identify,
12 minimize, report, and respond to unsafe conditions, workplace violence, threats, harassment,
13 intimidation, and/or acts of violence such as an active gunman, whether perpetrated by a
14 coworker, or by a third party.
15

16 B. Facility Risk Assessment (FRA)
17

- 18 1. On an annual basis, CalOptima shall conduct and maintain an FRA of the risks of workplace
19 violence and/or other security risks that exist as a result of the nature of the work and physical
20 environment of the organization, in accordance with Occupational Safety and Health
21 Administration (OSHA) Guidelines for Preventing Workplace Violence for Health Care and
22 Social Workers, OSHA 3148--04R (2015).
23
24 2. The FRA must be approved by the Executive Staff.
25
26 3. The FRA shall be conducted by the Facilities Manager, which shall include, but not be limited
27 to, the following:
28
29 a. CalOptima’s Facilities Department Director; and/or
30
31 b. Environmental Health and Safety Manager.
32
33 4. The Facilities Manager and Environmental Health and Safety Manager shall develop guidelines
34 for the FRA and shall consult with departments, if requested to do so.
35
36 5. At the conclusion of the FRA, each department affected shall complete a written report and
37 submit it to the Executive Team for review.
38
39 6. The Executive Team may review and revise the FRA report, or return it to the Facilities
40 Manager and Environmental Health and Safety Manager for further review.
41
42 7. The FRA report may include recommendations, including, but not limited to, the following:
43
44 a. Budgeted funds availability;
45
46 b. Recommendation to alter the physical environment to make it more secure from potential
47 violent acts; and
48
49 c. Appropriate level of public access to the department’s employees and facilities.
50

- 1 8. Copies of the FRA report shall be kept by CalOptima's Facilities Manager.
- 2
- 3 9. On an annual basis, the Facilities Manager of and Environmental Health and Safety Manager,
- 4 and Director of Facilities shall be responsible for reviewing the FRA report for the following
- 5 circumstances, including, but not limited to:
- 6
- 7 a. When the physical environment at CalOptima, or CalOptima PACE Center changes;
- 8
- 9 b. The nature of the work performed by the various departments at CalOptima, or the
- 10 CalOptima PACE Center changes; and
- 11
- 12 c. Other times as determined by the Director of Facilities, or the Facilities Manager and
- 13 Environmental Health and Safety Manager.
- 14
- 15 C. The Facilities Manager shall provide each department at CalOptima, or the CalOptima PACE
- 16 Center, with generic departmental procedures, written templates, and training for minimizing and
- 17 effectively responding to workplace violence.
- 18
- 19 D. CalOptima's departments, or the CalOptima PACE Center, may modify the generic departmental
- 20 procedures to meet its unique circumstances.
- 21
- 22 E. Except as provided for in CalOptima Policy GG.1317: Response to Disruptive and Threatening
- 23 Behaviors by Members and except in emergencies involving a sudden, unexpected occurrence that
- 24 poses a clear and imminent danger requiring immediate action to prevent, or mitigate, the loss or
- 25 impairment of life, health, or property, in the event of a workplace violence occurrence, CalOptima,
- 26 or the CalOptima PACE Center, shall provide a prompt report of workplace violence to
- 27 CalOptima's Facilities Manager, which may be reported to the police department and to anyone
- 28 affected, or other appropriate guests who could be physically affected by workplace violence.
- 29
- 30 F. Departmental procedures shall consist of, but are not limited to, the following:
- 31
- 32 1. Guidelines to supervisors/managers on how to respond to employees whose work performance,
- 33 or safety, is affected by workplace violence; and
- 34
- 35 2. On-going measures to minimize and respond to workplace violence that occurs away from
- 36 CalOptima, or PACE Center, property for those departments that have employees who regularly
- 37 perform duties away from CalOptima Property.
- 38
- 39 G. The Facilities Manager and Environmental, Health and Safety Manager shall assist CalOptima
- 40 departments and CalOptima PACE in developing departmental procedures.
- 41
- 42 H. CalOptima's individual departmental procedures must be approved by the Director of Facilities,
- 43 Facilities Manager, Environmental Health & Safety Manager, and the Executive Team.
- 44
- 45 I. Copies of CalOptima's individual departmental procedures shall be kept in the respective
- 46 department and in the Facilities Manager and Environmental Health and Safety Manager offices,
- 47 and shall be distributed to departmental employees.
- 48
- 49 J. Employee's Responsibility for Responding to and Reporting Workplace Violence
- 50

1. Employees shall respond promptly to workplace violence in accordance with their individual department procedures.
2. Supervisors/managers shall respond promptly to workplace violence, in accordance with their individual department procedures and shall orally report workplace violence to the Facilities Manager, or Environmental, Health and Safety Manager, or his or her Designee, as soon as possible.
3. In emergency situations, employees may report workplace violence to supervisory, or managerial level employees other than their own supervisors.
4. Employees shall promptly report situations to their supervisors that they believe could lead to workplace violence, including, but not limited to, protective orders, restraining orders, or other “no-contact” orders.
5. An employee who is a victim of domestic violence, sexual assault, or stalking and who requests an accommodation, subject to the requirements of Labor Code, Section 230, for the safety of the employee while at work shall make such request to his or her supervisor, where appropriate, or otherwise make a request directly to the Human Resources Department.

K. Responsibilities of Management

1. Managers and supervisors shall ensure that behaviors and actions that may, or are likely to, result in workplace violence are dealt with promptly, firmly, and fairly.
2. Disciplinary actions for violations shall be consistent with CalOptima policies and procedures.
3. Subject to the requirements under Labor Code, Section 230, managers, Human Resources, and/or the Facilities Manager shall provide reasonable accommodations for an employee who is a victim of domestic violence, sexual assault, or stalking and who requests an accommodation for the safety of the employee while at work. However, nothing herein requires CalOptima to undertake an action that constitutes an undue hardship on CalOptima’s business operations.
4. CalOptima does not tolerate acts and behaviors that may or are likely to result in workplace violence and which may include, but are not limited to, the following:
 - a. Verbal abuse such as outbursts, swearing, cursing, or any other abusive language;
 - b. Physical violence, direct or indirect, including, but not limited to, hitting, shoving, or throwing objects;
 - c. Verbal and nonverbal threats of bodily harm or property destruction, whether in jest or not;
 - d. Threats, or violence, arising out of harassment based on a protected class as defined in California Civil Code, Section 51, and as further described in CalOptima Policy GA.8027: Unlawful Harassment;
 - e. Brandishing of an object which may be used, or could be perceived as, a weapon;
 - f. Insubordination;

- g. The sending of threatening, harassing or intimidating email, mail, electronic messages (instant messenger, phone text, or social media), and/or facsimile;
- h. Using the workplace to violate protective orders; and
- i. Stalking.

M. Any employee, who threatens, harasses, intimidates, or engages in any workplace violence, and/or possesses a firearm or firearms and/or any other weapon(s) on CalOptima Property, or while conducting CalOptima business, except sworn personnel, shall be immediately escorted off CalOptima Property, and shall remain off CalOptima Property pending the outcome of an investigation. CalOptima's response may include disciplinary action, up to and including termination of employment, or criminal prosecution.

N. Each employee is expected and encouraged to report to any supervisor, or manager, any incident which may be threatening to them, or their co-workers, or any event which he or she reasonably believes is threatening, or violent.

O. In the event of a credible threat of violence, the Legal Affairs Department shall be contacted immediately, but no later than twenty-four (24) hours after such threat, in order to promptly obtain all necessary protective orders and/or local law enforcement assistance.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

- A. California Civil Code, §51
- B. California Labor Code, §§6400 and 6401.7
- C. CalOptima Employee Handbook
- D. CalOptima's Injury and Illness Prevention Program (IIPP)
- E. CalOptima Policy GA.8000: Glossary of Terms
- F. CalOptima Policy GA.8016: Unusual Occurrence, Threats, and Danger
- G. CalOptima Policy GA.8027: Unlawful Harassment
- H. CalOptima Policy GG.1317: Response to Disruptive and Threatening Behavior by Members
- I. Occupational Safety and Health Administration (OSHA) Guidelines for Preventing Workplace Violence for Health Care and Social Workers, OSHA 3148-04R (2015)
- J. Title 8, California Code of Regulations (C.C.R.), §3203
- K. Workplace Violence Awareness Presentation

VI. REGULATORY AGENCY APPROVALS

None to Date

VII. BOARD ACTIONS

- A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
- B. 05/01/14: Regular Meeting of the CalOptima Board of Directors

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VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	02/01/2014	GA.8053	Workplace Violence	Administrative
Revised	02/02/2017	GA.8053	Workplace Violence	Administrative

1 **IX. GLOSSARY**
2

Term	Definition
CalOptima Property	Any property owned, leased or operated by CalOptima including, but not limited to, CalOptima's administration building located at 505 City Parkway West, Orange, CA 92868 and CalOptima's PACE Center located at 13300 Garden Grove Boulevard, Garden Grove, CA 92843, inclusive of inside the facility and up to and including the perimeter of the property line.
Designee	A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.
Executive Staff	Staff holding Executive level positions as designated by the Board of Directors.
Harassment	Conduct or actions based on protected characteristics that are severe or pervasive. The creation of a hostile work environment through unwelcomed words, actions, or physical contact not resulting in physical harm. Verbal harassment may include disparaging or derogatory comments or slurs or name calling.
Intimidation	The intent to make a person afraid, frightened of, alarmed or scared, or the act of inducing fear by threats.
Threat	A statement (verbal, written, or physical) which is intended to intimidate by expressing the intent to either harass, hurt, take the life of another person, or damage/destroy property. This includes threats made in jest or as a joke, but which others could perceive as serious.
Workplace Violence	Any intentional act that inflicts, attempts to inflict, or threatens to inflict bodily injury on another person or that inflicts, attempts to inflict, or threatens to inflict damage to property, whether committed by a CalOptima employee or by anyone else, and which occurs in the workplace, in or on CalOptima Property, or while an employee is engaged in CalOptima business.

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CalOptima
Better. Together.

*****REPLACE COVER PAGE WITH NEW ONE*****

Employee Handbook

Revised ~~April 7, 2016~~ February 2, 2017

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Welcome Letter

DRAFT

Thank you for choosing CalOptima as your employer. The dedication of our employees is critical to CalOptima's ability to fulfill its mission and deliver access to quality, compassionate care to all members. Although we have evolved into a multi-faceted organization, we are grateful that our employees remain fully committed to ensuring that all programs, initiatives and services are centered on meeting the health care needs of our members.

We at CalOptima understand that excellence in service to our members could not happen without our most valued resource, our dedicated and caring employees. Our diverse and mission-driven staff works tirelessly to meet our members' health care needs. I am exceptionally proud of our employees and am fully committed to maintaining the employee-focused culture in which our employees thrive.

With the support of CalOptima's Board of Directors and the Member and Provider Advisory Committees, our strong network of physicians and hospitals, and the dedication and drive of our employees, CalOptima looks forward to fully engaging in new opportunities that will improve the delivery of health care services to our members and the Orange County community.

On behalf of the administrative staff and the Board of Directors, welcome to CalOptima.

Sincerely,

Michael Schrader
Chief Executive Officer

Mark Refowitz
Chairman, CalOptima Board of Directors

Required Policies

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Welcome to CalOptima

Welcome to CalOptima, a public agency and health plan that serves Orange County members of Medi-Cal, OneCare (Medicare Advantage Special Needs Plan), OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) and PACE (Program of All-Inclusive Care for the Elderly). We believe you will find CalOptima an exciting organization with an important mission that is fulfilled through the collective efforts of our employees. You are joining our staff of dedicated and talented professionals, and we are confident that your skills and experience will assist us in achieving our mission.

Our Personal Challenge

CalOptima's success is a direct result of the important contributions our employees make every day. We challenge all employees to keep our members front and center in all that they do. Our commitment to our members goes beyond the Customer Service Department, and we recognize that we would be unable to implement our important mission without our providers. We also recognize we need to serve all of our customers which include members, health networks, pharmacies, ancillary providers, physicians and their staff, and CalOptima employees.

But more than just meeting our members' needs, we strive to anticipate what they need and recommend it before they ask. We strive to be good stewards of public funds and honor our accountability to the community by working together to keep administrative costs as low as possible while improving the quality of care for our members and the effectiveness of our providers.

To do this, we must continually evaluate and reinvent the way we do business. Identifying opportunities for improving efficiency and effectiveness is the responsibility of all CalOptima team members. With your help, we will continue to build a team-oriented environment where innovation and flexibility are the standards for achieving our mission.

Mission Statement

The Mission of CalOptima is to provide members with access to quality health care services delivered in a cost-effective and compassionate manner.

About This Handbook

This handbook is provided for your use as a reference and as a summary of CalOptima's mission, history, employment practices, key employee policies, procedures and benefits. Because CalOptima is a dynamic and changing organization, at times it may be necessary to change or improve the policies and practices presented in this handbook. As CalOptima deems appropriate in its sole and absolute discretion, CalOptima reserves the right to amend, supplement or rescind this handbook, or any portion(s) herein, other than CalOptima's employment-at-will provisions. This handbook is not a contract, either express or implied, of continued employment.

Employees are encouraged and expected to read and familiarize themselves with the contents of this handbook, and should consult with their manager and/or Human Resources to obtain clarification or detailed information regarding any policy, procedure or practice outlined in this handbook.

CalOptima is constantly striving to improve its policies, procedures, and services. We encourage employees to bring suggestions for improvements to their managers. By working together, we hope to share with all of our employees a sincere pride in our workplace and the services we are all here to provide.

This handbook supersedes all previously issued handbooks but does not supersede applicable federal, state or local laws. Your manager or the Human Resources Department will be happy to answer any questions you may have.

Right to Revise

This employee handbook summarizes some of the employment policies and practices of CalOptima in effect at the time of publication. A full list of policies may be found on the CalOptima InfoNet. All previously issued handbooks and any inconsistent policy statements or memoranda in effect prior to the effective date of publication are hereby superseded to the extent it conflicts with this handbook.

CalOptima reserves the rights to revise, modify, delete, or add to any and/or all policies, procedures, work rules, or benefits stated in this handbook or in any other document, except for the policy of at-will employment.

Any written changes to this handbook will be made available to all employees via CalOptima's InfoNet and/or via email communication so that employees will be aware of the new policies or procedures. No oral statements, or representations, can in any way alter the provisions of this handbook.

Nothing in this employee handbook, or in any other personnel document, including benefit plan descriptions, creates, or is intended to create, a promise or representation of continued employment for any employee.

The History of CalOptima

CalOptima was established as a result of a longstanding community effort to improve access to health services for the county's low-income populations. The Orange County Board of Supervisors established CalOptima in 1993 as a county organized health system (COHS), which is a public agency. It is one (1) of six (6) COHS authorized by federal and state law to administer Medi-Cal benefits in California. This model of delivering health care services allows decision making at the local level and ensures the plan is community-driven and sensitive to local needs. CalOptima's goal is to provide Orange County's Medi-Cal population with streamlined access to quality care through the efficient use of state and federal funds.

In 1998, CalOptima launched the Healthy Families Program (HFP) to provide health care coverage for children up to the age of nineteen (19) who reside in Orange County and met eligibility requirements. In 2013, HFP members were transitioned into CalOptima's Medi-Cal plan, based on direction provided by the State of California.

In October 2005, CalOptima launched OneCare, our Medicare Advantage Special Needs Plan (SNP). OneCare was created through a contract with the Centers for Medicare & Medicaid Services to offer enhanced care coordination and streamlined health care delivery by combining the Medicare and Medi-Cal benefit packages into a single plan.

In 2013, CalOptima launched a Program of All-Inclusive Care for the Elderly (PACE), which is a community-based Medicare and Medi-Cal program that provides coordinated and integrated health care services to frail elderly members to help these members continue living independently in the community.

In 2014, CalOptima earned our highest quality honor to date, being named the top-ranked health plan in California by the National Committee for Quality Assurance (NCQA). In the NCQA's Medicaid Health Insurance Plan Rankings 2014–2015, CalOptima was ranked first in the state and 29th nationwide among the 136 Medicaid plans that were ranked.

In 2015, CalOptima launched OneCare Connect, a new health plan designed to simplify and improve health care for seniors and people with disabilities who have Medicare and Medi-Cal coverage. The plan combines Medicare and Medi-Cal benefits, adds supplemental benefits and offers personalized support.

Since commencing operations on October 1, 1995, CalOptima continues to fulfill its mission of providing access to quality health care for members through a unique health care delivery system that relies on private health care networks, including more than 1,600 primary care providers and nearly 6,000 specialists. CalOptima is proud to administer our programs in a cost-effective manner and is consistently recognized as having one of the lowest administrative cost ratios of all Medi-Cal managed care plans in California.

At-Will Employment Status

CalOptima employees are at-will employees with no guarantee of employment for any specified term. CalOptima recognizes that relationships are not always mutually satisfactory. To protect both parties' rights, the employment relationship at CalOptima is terminable at-will, at the option of the employee, or CalOptima. An employee, or CalOptima, may terminate employment at any time, with or without cause, and with or without notice.

CalOptima reserves the right to change the conditions of an employee's employment including, but not limited to, compensation, duties, assignments, responsibilities, and location at any time, with or without cause. There are no written, oral, or implied promises of permanent, or continuing, employment. This policy supersedes any such agreements to the extent that any may exist.

Equal Employment Opportunity

CalOptima is an equal employment opportunity employer and makes all employment decisions on the basis of merit. CalOptima wants to have qualified employees in every job position. CalOptima prohibits unlawful discrimination against any employee, or applicant for employment, based on race, religion/religious creed, color, national origin, ancestry, mental or physical disability/handicap, mental disability/handicap, medical condition, genetic information, marital status, Sex, Sex Stereotype, gender, Gender Identity, Gender Expression, age, sexual orientation, military status as a disabled veteran, or veteran of the Vietnam era, or any other consideration made unlawful by federal, state, or local laws. CalOptima also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has, or is perceived as having, any of those characteristics.

Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment or recruitment advertising, hiring, training, promotion, rates of pay or other forms of compensation, benefits, transfer, discipline, layoff or termination, career development opportunities, and social and recreational programs.

It is the responsibility of every manager and employee to conscientiously adhere to this policy.

See Human Resources Policy GA.8025: Equal Employment Opportunity

Unlawful Harassment and Discrimination

CalOptima is committed to providing a work environment that is free of harassment, ~~and~~ discrimination, and retaliation. CalOptima prohibits unlawful harassment and/or discrimination against any employee, or applicant for employment, based on race, ~~sex~~ Sex, Sex Stereotype, gender, Gender Identity, Gender Expression, age,

color, national origin, ancestry, mental or physical disability, sexual orientation, religion, religious creed, exercise of rights under Family and Medical Leave Act (FMLA), marital status, military and veteran status, medical condition, genetic information or any other protected characteristic is a violation of state and federal law and is strictly prohibited by CalOptima. Any person who commits such a violation may be subject to personal liability as well as disciplinary action, up to and including termination of employment.

CalOptima encourages reporting of all perceived or actual incidents of discrimination or harassment. An employee who believes he or she is being, or has been, harassed in any way, should report the facts of the incident or incidents immediately to his or her supervisor, manager or, if he or she prefers, to the Human Resources Department. Supervisors and managers must report incidents or claims of harassment immediately to the Human Resources Department. A Human Resources representative will investigate any and all complaints and take appropriate preventive and/or corrective action, including disciplinary action, when it is warranted. Every reported complaint of harassment will be investigated thoroughly, promptly, and in a confidential manner.

CalOptima will not tolerate retaliation against an employee for reporting harassment and/or discrimination, for cooperating in an investigation, for making compliance complaints or for making any other complaint to the Human Resources Department. Employees engaging in any actions which are retaliatory against another employee will be subjected to disciplinary action, up to and including termination of employment

See Human Resources Policy GA.8027: Unlawful Harassment

Recruitment and Hiring

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Job Posting

CalOptima supports the development and advancement of employees from within the organization, and that belief is supported by CalOptima's job posting process. Employees are responsible for taking ownership of their own career and checking new and current job postings for growth and advancement opportunities. CalOptima encourages employees to apply for promotions, or transfers, to open positions for which they meet the qualifications and minimum requirements.

Upon completion of the Request To Fill (RTF) process, positions will normally be posted internally and/or externally. Open positions must be posted internally for five full business days before an offer can be made. On rare occasions, there may be situations where a position is not posted due to a sensitive business need. The exceptions from posting must be approved by the Chief Executive Officer.

Employees are not eligible to apply for posted jobs until they have completed at least six (6) months' service in their current position. Employees must possess the necessary education, skills and experience for the job position, complete an **i**nternal **j**ob **a**pplication (including an updated résumé) and be in good standing to apply for open positions. As a courtesy, it is recommended that employees notify their managers upon applying.

See Human Resources Policy GA.8019: Promotions and Transfers

Background Checks

CalOptima believes that hiring qualified individuals to fill positions contributes to our overall strategic success. Background checks serve as an important part of the selection process. CalOptima employees have access to confidential, private, and protected health information. Through comprehensive background checks, CalOptima can obtain additional applicant-related information that helps determine the applicant's overall employability and ensures the protection of the people, property, and information of the organization.

CalOptima uses a third party agency to conduct the background checks. The type of information that can be collected by this agency includes, but is not limited to, information pertaining to an individual's past employment, criminal background, education, character, credit record, Department of Motor Vehicles (DMV) record, and reputation. Background checks are held confidentially in compliance with all federal and state statutes, such as the California Investigative Consumer Reporting Act and the Fair Credit Reporting Act.

CalOptima conducts background checks on job applicants prior to commencement of employment. For promotions, or transfers, of employees to certain positions, a post-employment background check may also be required. Falsification of information on the employment application or providing false information for the purpose of hiring may result in disciplinary action up to and including termination of employment.

CalOptima also conducts exclusion monitoring through the Office of Inspector General (OIG) List of Excluded Individuals/Entities (LEIE) and the General Services Administration's (GSA) System for Award Management (SAM) website. Any applicant found on the LEIE and/or SAM website and verified according to the Human Resources procedures cannot be hired with CalOptima. Similarly, any existing CalOptima employee found on the LEIE and/or SAM website and verified according to the Human Resources procedures will be immediately terminated. Employees shall notify the Human Resources Department upon hire, or immediately any time thereafter, if the employee knows or has reason to know that the employee is excluded from a federally funded health care program and/or may be listed on the LEIE and/or SAM Website.

See Human Resources Policy GA.8030: Background Checks

Proof of Right to Work

In accordance with federal law, all new hires will need to produce original documentation establishing their identity and authorization to be legally employed in the United States. In addition, each new hire is required to complete an INS Form I-9 swearing that they are legally employable in the United States. This verification must be completed as soon as possible after an offer of employment is made and in no event more than three (3) business days after an individual is hired. All offers of employment and continued employment for positions in the United States are conditioned on furnishing satisfactory evidence of identity and legal authority to work in the United States.

Job Duties

In order to run a cost-effective program at CalOptima, it's important that employees are flexible and do what needs to be done to best serve the needs of our members and customers. During the employee's initial orientation and during the initial performance review, management will explain job responsibilities and the performance standards expected of their employees. Be aware that job responsibilities may evolve and/or change at any time during the employment relationship. From time to time, employees may be asked to work on special projects, and/or to assist with other work necessary or important to the operation of their department or CalOptima. Cooperation and assistance in performing such additional work is expected.

CalOptima reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

Employment Classifications

CalOptima uses the following specific classifications to describe the responsibilities and benefits of employment:

- Full-Time:** Employees who are regularly scheduled to work sixty (60) to eighty (80) hours a pay period and are eligible for all employer-provided health care and retirement benefits.
- Part-Time:** Employees who are regularly scheduled to work less than fifty-nine (59) hours per pay period. Regular part-time employees are eligible for benefits and must pay an additional premium for health care benefits. PTO and flex holiday hours accrue on a prorated basis according to an employee's prorated work schedule.
- Limited-Term:** Employees who are hired to work a full-time₂ or part-time₂ schedule on special assignments that last a period of less than six (6) months. Limited-term employees do not become regular employees as a result of the passage of time. Limited-term employees are eligible for employer-provided health care and retirement benefits at a rate dependent on their full-time₂ or part-time status.
- As-Needed:** Employees called to work sporadically on an as-needed basis. As-needed employees are employed for an indefinite duration and must work less than one-thousand (1,000) hours per fiscal year. These employees may not have regularly scheduled hours and do not earn any benefits but may become eligible for paid sick leave
- Temporary Agency Workers:** Workers who have been hired by and are paid by a temporary agency for an assignment generally not expected to last more than one-thousand (1,000) hours per fiscal year. Temporary agency workers are not eligible for CalOptima benefits.

Salaried (Exempt): These employees are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is determined by the duties and responsibilities of the position and is defined by Human Resources for each position.

Hourly (Non-Exempt): Includes all employees who are not identified as exempt. Non-exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.

Interns: Paid interns are considered as-needed employees and ~~should be concurrently enrolled in college or graduate courses. must be enrolled in a college, or university, two (2)- or four (4)-year degree program, an accredited vocational institution, or a graduate program, and may receive school credit for the internship. Unpaid interns shall not be deemed employees of CalOptima and must be enrolled in a college, or university, two (2)- or four (4)-year degree program, an accredited vocational institution, or a graduate program, and will receive school credit for the internship.~~

CalOptima may change the employment classification/category of any employee at any time based on the nature of the employment assignment and to ensure compliance with applicable state and federal laws.

Employment of Relatives

Management will exercise appropriate discretion in each case in the hiring and employment of relatives of current employees. "Relatives" are defined as any persons related by birth, marriage, domestic partner status, or legal guardianship including, but not limited to, the following relationships: spouse, child, step-child, parent, step-parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, niece, nephew, parent-in-law, daughter-in-law, son-in-law, brother-in-law and sister-in-law. If an employee knows or has reason to know that CalOptima is considering a relative of the employee for employment, that employee should make that fact known to the Human Resources Department.

Relatives of present employees may be hired by CalOptima only if:

- The applicant will not work directly for or directly supervising an existing employee; and
- A determination can be made that a potential for adverse impact on supervision, security, safety or employee morale does not exist.

If the relationship is established after the employee's employment with CalOptima, i.e. two (2) existing employees marry, become related by marriage, or become housemates, and a determination has been made that the potential for adverse impact does exist, the department head in conjunction with the Human Resources Director, shall make reasonable efforts to minimize problems of supervision, or safety, security, or morale, through reassignment of duties, relocation, or transfer to another position for which he or she is qualified, if such position is available. If CalOptima is unable to make an acceptable accommodation, then the employee and his or her relative and/or housemate shall be given an opportunity to decide which one (1) person shall be transferred, if possible, or terminated from employment. If the employees do not make a decision within thirty (30) business days, CalOptima shall automatically reassign one (1) of the employees, if possible, or terminate one (1) of the employees from employment. The decision as to which employee will leave will be at the discretion of CalOptima with consideration of CalOptima's business needs.

See Human Resources Policy GA.8051: Hiring of Relatives

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Employee Performance and Responsibilities

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Introduction to Employee Performance and Responsibilities

CalOptima strives to create an environment and culture where our employees can bring their skills and talents to the forefront. We will treat our employees with respect and provide opportunities to be successful. CalOptima expects that each employee will strive to do his or her best as a CalOptima employee and that each employee will hold him or herself accountable for excellent performance, service, and results.

Performance Evaluations

Evaluation of employees is a continuing process that takes place both formally and informally. Formal evaluations of performance and competence of regular employees shall take place following ninety (90) days of employment, based on the date of hire, transfer, or promotion, and one (1) time per year thereafter as part of the annual review process.

Initial Performance Review

CalOptima strives to hire qualified employees for the job. In order to ensure both the employee and CalOptima are meeting their respective expectations, an initial performance review is conducted following ninety (90) days of employment, based on the date of hire, transfer, or promotion, assuming the employee's employment has not otherwise been terminated. The manager will evaluate the employee's capabilities, work habits, compatibility with the job, interest in the job, and will discuss individual, department, and organizational expectations and performance. As an at-will employee, either party may terminate the employee's employment at any time, with or without cause, and with or without notice.

Job Performance, Conduct and Progressive Discipline

CalOptima employees are bound to one another and our organization by the following shared values: integrity, teamwork, mutual respect, and personal responsibility. Our reputation is fundamental to our continued success. Each of us has a personal responsibility to ensure that our conduct is true to that objective.

Employees are expected to abide by CalOptima's Code of Conduct and conduct themselves in an intelligent, mature, and responsible manner and in accordance with applicable laws, regulations, policies, and generally accepted work behaviors. Appropriate conduct is expected at all times while employees are on duty and/or on CalOptima property. Any violation of CalOptima policies, or any act or incident of improper behavior or conduct, may warrant disciplinary action, up to and including termination. In this regard, CalOptima has outlined some examples of undesirable behavior and/or performance issues that may result in disciplinary action, up to and including termination, which include, but are not limited to:

- Unsatisfactory work quality, or quantity;
- Failure to meet performance standards;
- Behavioral-based problems that impact productivity, quality, service, or teamwork;
- Excessive absenteeism, tardiness, or abuse of break and lunch privileges;
- Failure to follow instructions, policies, regulations, laws, or CalOptima policies and procedures; and/or
- Failure to follow established safety regulations.

CalOptima strives to assist employees in understanding their performance expectations and in improving and preventing recurrence of undesirable behavior and/or performance issues. Employees are responsible for taking ownership in correcting their performance/behavior and in meeting their performance expectations.

CalOptima may, at its sole and complete discretion, apply a progressive discipline process, where appropriate, in an effort to correct undesirable behavior and/or performance issues. Progressive discipline does not apply to all performance issues or undesirable behaviors and will be employed on a case by case basis. The severity of the discipline will depend on the nature of the offense, taking into consideration an employee's past performance and disciplinary record, where applicable. Discipline should be assessed in a fair and consistent manner.

As an at-will employee, CalOptima employees may be disciplined, up to and including termination, at any time, without advance notice. Employees are not guaranteed a right to progressive discipline prior to termination.

CalOptima may skip one (1) or more steps, repeat certain steps, or skip the entire progressive discipline process altogether at CalOptima's sole and complete discretion. An employee may be terminated immediately within his or her initial ninety (90) days of employment, transfer, or promotion without applying progressive discipline. Serious performance, or behavioral, problems may result in immediate termination without resorting to any of these progressive disciplinary actions.

The progressive discipline process, when applied, is intended to give employees advance notice of problems with their conduct, or performance, in order to provide the employee with an opportunity to correct these problems. When used, the progressive actions may include:

- Documented Counseling Memo;
- Written Warning;
- Final Warning with a Written Action Plan; and/or
- Termination.

Management may also place an employee on administrative leave pending an HR investigation. CalOptima may also suspend an employee without pay after an initial HR investigation. The Human Resources Department shall work with management to address disciplinary issues and management actions.

See Human Resources Policy GA.8022: Progressive Discipline

Training

CalOptima values the talent of its employees and encourages employees to continually develop their skills to enhance their job responsibilities and prepare for future opportunities within the organization. CalOptima provides mandatory trainings, as designated by CalOptima leadership, Human Resources, Compliance, and departmental staff, as well as other optional training and personal development opportunities.

All mandatory trainings must be completed within a specified time frame and may require documentation that the employee passed the associated exam in order to be deemed completed. Mandatory trainings include, but are not limited to, compliance and regulatory requirements and information, which may be administered in person, online and/or through other means of communication. Employees failing to complete the mandatory training and/or pass the associated exam within the stated time frame may be disciplined, up to and including termination of employment.

Open Door

CalOptima has an open door approach that encourages employee participation in decisions affecting them and their daily responsibilities at CalOptima and/or the organizational operations. Employees who have work-related concerns, or complaints, or have suggestions to improve operations, are encouraged to discuss these matters in an informal and professional manner with their immediate supervisor and/or any other management representative with responsibility for their department. If such concern, or complaint, arises from any particular incident,

employees should report these issues to their immediate supervisor, or another management representative, with responsibility for their department as soon as possible after the event, or incident, that caused the concern.

If the employee feels he or she cannot resolve his or her concern, or complaint, with management within his or her department, then the employee should contact Human Resources. CalOptima believes that employee concerns are best addressed through open communication and that the majority of misunderstandings can be resolved through open dialogue. Employees are encouraged to pursue discussion of their work-related concerns until the matter is fully resolved.

Although CalOptima cannot guarantee that employees will be satisfied with the result, CalOptima will attempt in each instance to explain the result or resolution to the employee if the employee is not satisfied. CalOptima will also attempt to keep all such expressions of concern, the results of the investigation and the terms of the resolution confidential. However, in the course of investigating and resolving the matter, some dissemination of information to others may be appropriate and/or necessary. No employee will be disciplined, or otherwise penalized, for raising a good-faith work-related concern in keeping with the open door approach.

Employees who conclude their work-related concerns should be brought to the attention of CalOptima by written complaint and formal review may refer to the Internal Complaint Review process set forth in this handbook.

Internal Complaint Review

CalOptima strives to maintain a safe, positive and pleasant environment for our employees. Employees who encounter work-related problems are encouraged to follow the steps outlined below to resolve their issues.

Step One: Immediate Supervisor

Should an employee have a problem, or complaint, he or she should try to resolve this issue with his or her immediate supervisor. In most instances, a friendly talk with a supervisor can quickly resolve a problem. The supervisor will evaluate the matter and work to provide a timely solution.

Step Two: Department Head

If the problem is not resolved in Step One, an employee can refer the problem in writing to his or her department head. The department head should schedule a meeting to discuss the issue with the employee and, in turn, provide a timely solution, where applicable.

Step Three: Human Resources Department

If, for any reason, an employee is dissatisfied with the decision of the department head, the employee can file a written complaint with the Human Resources Department. A representative from the Human Resources Department will investigate the complaint, meeting separately with the employee and with others who are either named in the complaint, or who may have knowledge of the facts set forth in the complaint. CalOptima will attempt to treat all internal complaints and their investigation as confidential, recognizing, however, that in the course of investigating and resolving internal complaints, some dissemination of information to others may be necessary. On completion of the investigation, the Human Resources Department will discuss any actions, or resolutions with the employee.

Step Four: Appeal

If the complaint is not resolved to the employee's satisfaction, the employee may submit a written request for review of the complaint to CalOptima's executive director of Human Resources. On completion of the appeal review, the employee should receive an oral, or written, explanation of the conclusion reached and the reasons for that conclusion. Decisions resulting from appeal reviews by CalOptima's Executive Director of Human Resources will be final.

No employee will be retaliated, or discriminated, against in any way because he or she made a complaint in compliance with this process. Nothing in this Internal Complaint Review is intended to ~~or~~ alter the at-will nature of employment.

Attendance, Tardiness, and Reporting Absences

CalOptima counts on each employee's attendance and punctuality to provide efficient and consistent service to our members. We expect employees to report to work on time, observe the time limits for break and meal periods, and not leave work earlier without prior approval from their immediate supervisor.

If an employee is going to be absent or tardy, he or she must provide timely notice to his or her supervisor *before* his or her scheduled shift time. If the supervisor cannot be reached, the employee is expected to leave a message on the supervisor's voicemail and notify the department head or other designated department contact. Employees must provide the reason for the absence and the expected date of return. Employees must call in each day they will be absent, or tardy, unless they are on a lengthier, pre-approved medical leave. Frequent tardiness, or absenteeism, will result in disciplinary action, up to and including termination. If an employee is absent for four (3-4) consecutive days, or more, of personal and unprotected sick time, a doctor's note is required on the first day back.

Authorized Absence

An authorized absence occurs when all four (4) of the following conditions are met:

1. The employee provides sufficient notice to his or her supervisor (employee personally contacts his or her immediate supervisor prior the commencement of his or her shift).
2. The employee provides an acceptable reason to his or her supervisor.
3. Such absence request is approved by his or her supervisor.
4. The employee has sufficient accrued PTO to cover such absence or the supervisor waives this requirement because the employee has not yet accrued sufficient PTO.

The employee's immediate supervisor may waive the notice requirement when it is warranted by the particular circumstances involved; for example, when an employee is unexpectedly taken ill and cannot call. Failure to meet these requirements may result in discipline up to and including termination, depending on the surrounding circumstances.

Unauthorized Absence

An employee is considered to be on an unauthorized absence when one (1), or more, of the four (4) conditions mentioned above are not met.

Unauthorized absences may result in disciplinary action, up to and including termination, depending on the surrounding circumstances. In addition, an employee is considered to have resigned when the employee fails to report to work without giving notice to and/or receiving authorization from his or her immediate supervisor for three (3) consecutive days. In rare circumstances, the employee will be reinstated when it is warranted by the particular circumstances involved.

Frequent or Prolonged Absenteeism or Tardiness

Frequent, or prolonged, absenteeism, or repeated tardiness, even when authorized, may result in disciplinary action, up to and including termination. Absences from work that qualify and are approved under CalOptima's leave of absence policy will not count toward excessive absenteeism.

Drug-Free and Alcohol-Free Workplace

CalOptima strives to maintain a workplace that is free of drugs and alcohol and discourages drug and alcohol abuse by its employees. CalOptima has a vital interest in maintaining a safe and productive work environment for its employees, members, and those who come into contact with CalOptima. Substance abuse is incompatible with the mission and interest of CalOptima. Employees who are under the influence of drugs and/or alcohol in the workplace can compromise CalOptima's interests, endanger their own health and safety and the health and safety of others, and can cause a loss of efficiency, productivity, or a disruptive working environment.

The following rules and standards of conduct apply to all employees either on CalOptima's property or on CalOptima business. Behavior that violates CalOptima policy includes:

- The unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance;
- Possession, or use, of an illegal, or controlled, substance, or being under the influence of an illegal, or controlled, substance while on the job, except where the controlled substance is lawfully prescribed and used consistent with a doctor's authorization;
- Abuse of a legal drug or the purchase, sale, manufacture, distribution, dispensation, or any legal prescription drug in a manner inconsistent with law;
- Driving a CalOptima owned, or leased, vehicle while under the influence of alcohol, illegal drugs, or controlled substance(s); and/or
- Distribution, sale, or purchase of an illegal, or controlled, substance while on the job.

Violation of these rules and standards of conduct will not be tolerated, and CalOptima shall take appropriate actions including, but not limited to, employee discipline, up to and including termination. CalOptima also may bring the matter to the attention of appropriate law enforcement authorities and/or professional licensing authority.

CalOptima reserves the right to conduct searches of CalOptima property or employees and/or their personal property, and to implement other measures necessary to deter and detect abuse of this policy. CalOptima asserts its legal right and prerogative to test certain employees for substance abuse. These employees may be asked to submit a medical examination and/or to submit to urine testing for illegal drugs, controlled substances, or alcohol under the following circumstances:

- Employees in certain positions are required to pass a pre-employment urine drug test.
- Employees in certain positions may be subject to random drug testing.
- If the CalOptima employee is involved in a traffic accident and there is reasonable suspicion of the involvement of drugs and/or alcohol.
- If an employee's supervisor suspects an employee is under the influence of drugs and/or alcohol and observes one or more symptoms.

Employee acceptance of medical examinations and testing, when requested by CalOptima for one (1) of the reasons set forth above, is a mandatory condition of employment. Refusal to submit to such medical examinations and tests constitutes a violation of CalOptima's policy and is grounds for disciplinary action, up to and including immediate termination of employment.

Any employee who is using prescription, or over-the-counter drugs, that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting, or resuming, work. Any prescription medication, which must be taken while at work, should be kept in the original prescription container and used in accordance with the prescribing

physician's instructions. CalOptima reserves the right to require written medical certification of the employee's ability to perform his or her duties while taking any prescribed medication.

All CalOptima employees who provide health care services and personal care services to CalOptima members may be subject to random drug testing. This shall include any employee who operates a CalOptima owned, or leased, motor vehicle.

All CalOptima employees that have face-to-face interaction in the residence of a member, or prospective member, and provide health care services, or personal care services, such as nurses in the field, may be subject to random drug testing.

Employees are required to report any drug and/or alcohol related convictions occurring ~~outside of~~ the workplace to CalOptima within five (5) days of such conviction. This information may subject the employee to disciplinary action, random testing requirements, referral to the EAP, and/or may be reported to the appropriate licensing authority.

See Human Resources Policy GA.8052: Drug-Free and Alcohol-Free Workplace

Employee Access to Personnel Records

Employees of CalOptima, in certain instances, are given permission to have access to information in their own personnel files. Employees may request access to this information at a reasonable time and place by appointment, usually during business hours in the Human Resources Department, unless another time or place is mutually agreed upon. CalOptima reserves the right to monitor the inspection of the file to ensure that nothing is removed, destroyed or altered, and that it is returned to its proper location. The right to inspection does not include certain records including, but not limited to, records relating to investigations, letters of reference, and/or records obtained prior to the employee's employment, or were obtained in connection with a promotion, or transfer.

Change of Employee Personal Information

Each employee is required to report promptly any change in his/her status and/or personal information to the Human Resources Department as soon as it occurs. Such changes include name, address, marital status, telephone number, number of dependents, person(s) to be notified in case of emergency, physical limitations, beneficiary, etc. This information affects deductions, health coverage, and many other aspects of employment.

It is vitally important to notify the Human Resources Department within thirty (30) days of a status change such as marriage, divorce, birth, or adoption. Status changes may be made through the Employee Self-Service module on the CalOptima InfoNet. Failure to notify Human Resources of these qualifying events may preclude, or delay, changes in eligibility for insurance.

Confidential Information

CalOptima property includes not only tangible property, like desks, file cabinets and computers, but also intangible property such as information. CalOptima has a particular interest in protecting its proprietary, private, and/or confidential information. Proprietary information includes all information obtained by CalOptima employees during the course of their work including, but not limited to, intellectual property, computer software, and provider identification numbers. Private information includes, but is not limited to, any information related to a person's health, employment application, residence address, testing scores, personnel review, or social security number. Confidential information is any CalOptima information that is not known generally to the public

including, but not limited to, Protected Health Information (PHI), personnel files, provider rates, DHCS reimbursements, and any other information that may exist in contracts, administrative files, personnel records, computer records, computer programs, and financial data.

CalOptima employees, or agents, may not reveal, or disclose, divulge, or make accessible, proprietary, private, and/or confidential information belonging to, or obtained through, the employee's affiliation with CalOptima to any person, including relatives, friends, and business and professional associates, other than persons who have a legitimate business need for such information and to whom CalOptima has authorized disclosure. Employees may not disclose or use proprietary, or confidential, information, except as their jobs require. Inappropriate use, unauthorized copy and transfer, attempted destruction, the destruction or disclosure of confidential, private, or proprietary CalOptima information obtained through the employee's affiliation with CalOptima will subject an employee to discipline, up to and including termination and possible legal recourse.

Confidentiality and the Health Insurance Portability and Accountability Act (HIPAA)

CalOptima is committed to protecting the confidential, sensitive, and proprietary health information of our members. HIPAA addresses our need to protect and safeguard our members' information. This includes making sure electronic health information is secure, taking precautions to safeguard member files, and following all other HIPAA regulations regarding Protected Health Information (PHI). Please contact our HIPAA Officer for more information. Failure to follow HIPAA regulations and CalOptima policies concerning protection of member files and information may subject an employee to discipline, up to and including termination and possible legal recourse.

See Human Resources Policy GA.8050: Confidentiality and Disclosure

Compliance Program

CalOptima maintains a comprehensive Compliance Program, part of which is a plan to detect, investigate and report fraud, waste, and abuse in any and all of the CalOptima programs. CalOptima employees are required to report any and all suspected, or actual, cases of fraud, waste, and abuse to the CalOptima Office of Compliance. An employee can file a report anonymously by contacting the CalOptima Compliance and Ethics Hotline at 1-877-837-4417. Employees can also file a Suspected Fraud and/or Abuse Referral Form with the Office of Compliance, which is available on the CalOptima InfoNet. In addition, employees are always welcome to speak with their supervisor or the Compliance director at any time with any concerns they may have. CalOptima maintains a strict policy of non-retaliation and non-retribution toward employees who make such reports in good faith. Employees are protected from retaliation under 31 U.S.C. § 3730(h) for False Claims Act complaints, as well as any other anti-retaliation protections.

The CalOptima Code of Conduct provides that CalOptima employees are expected and required to promptly report suspected violations of any statute, regulation, or guideline applicable to any CalOptima program, its policies and procedures and its Compliance program. Failure to comply with the Compliance program, including CalOptima's Code of Conduct, may lead to disciplinary action. Discipline, at CalOptima's discretion, may include progressive discipline or may lead to direct termination in accordance with CalOptima policies. In addition, failure to comply with CalOptima's Compliance program and Code of Conduct may result in the imposition of civil, criminal, or administrative fines on the employee and/or CalOptima, which may include exclusion from participation in federal and/or state health care programs.

Code of Conduct

CalOptima maintains a strict Code of Conduct governing employee conduct, as well as ethical behavior related to and/or concerning work-related decisions. CalOptima expects all employees to follow this code and to report

situations in which they become aware of circumstances and/or behaviors which do not live up to CalOptima's standard. In order to discourage inappropriate conduct and/or illegal activities and to protect member confidentiality, CalOptima maintains the CalOptima Compliance and Ethics Hotline at 1-877-837-4417 to provide an opportunity for all employees to report unethical conduct. CalOptima maintains a strict policy of non-retaliation and non-retribution toward employees who make such reports in good faith. Employees are protected from retaliation under 31 U.S.C. § 3730(h) for False Claims Act complaints, as well as any other anti-retaliation protections.

The CalOptima Code of Conduct provides that CalOptima employees are encouraged to speak up and report any instance in which unethical behavior occurs as outlined in the Code of Conduct policy. Failure to comply with the Code of Conduct may lead to disciplinary action, up to and including termination.

See CalOptima's Code of Conduct

Dress Code

CalOptima has adopted a Business Casual Attire Dress policy as the standard attire from Monday through Thursday. Employees must choose business casual clothing that communicates professionalism. Business casual includes CalOptima logo attire.

There may be times that management may require employees to dress in customary business professional attire including, but not limited to, when presenting to the Board of Directors, meeting with members of the business community or representing the organization at an outside community function.

The following dress guideline outlines the general workplace standard that must be followed by CalOptima employees. Management within each department shall have the discretion to determine appropriate attire and grooming requirements for employees based upon job duties.

Business Casual: Business casual attire includes suits, dress pants, dress shirts, dress sandals, sweaters, dresses and skirts. Ties may be worn but are not required. All clothing should be clean, pressed and in good repair. The height of heels should be suitable to the individual to prevent safety hazards. In all cases, management within each respective department will define "appropriate" business casual attire. We ask that employees not wear jeans (or any type of denim or any color jeans), spaghetti strap shirts, see-through clothing, short skirts, any type of shorts (at or above the knee), casual sandals (such as flip flops or beach attire), tennis shoes, capri pants (unless part of a professional dress suit or two-piece business outfit), leggings or stretch pants, clothing displaying any written words or symbols (with the exception of CalOptima logo attire, or brand names or symbols), clothing that reveals undergarments or parts of the body incompatible with a professional setting, or any type of hat, unless the employee obtains prior approval from Human Resources.

CalOptima Logo Attire (Monday–Friday): CalOptima logo attire includes dress shirts, polo shirts, or other shirts purchased through the Human Resources Department with CalOptima's logo displayed. Logo attire from any CalOptima program is allowed. These shirts must be partnered with dress pants, or khaki pants, in good condition. Logo attire is allowed Monday through Friday. CalOptima logo attire may not be worn with jeans, shorts, or capri pants from Monday through Thursday.

Casual Attire (Friday): Casual attire is a benefit permitted only on Fridays, unless otherwise specified. As with business casual attire, casual attire should be neat in appearance and in good repair, with no tears, or holes. Casual attire includes jeans, capri pants (loose and below the knee), casual sandals (no flip flops), tennis shoes, or other casual clothing in good condition. Leggings, or stretch-lycra slacks, are acceptable only when worn with a dress,

or long shirt that falls at least below the mid-thigh level. In all cases, management within each respective department will define “appropriate” casual attire. Casual attire does not include: We ask that employees not wear any type of jogging or sweat suits/sweatpants, halter tops, spaghetti strap shirts, see-through clothing, ripped jeans, shorts (at or above the knee), clothing that exposes the stomach area, or other parts of the body reveals undergarments or other parts of the body incompatible with a professional environment, clothing displaying any written words or symbols (with the exception of CalOptima logo attire, brand names or symbols, sports teams, or university/school/club names or logos), or any type of hats, unless ~~the employee obtains~~ prior approval from Human Resources is given.

As a benefit, employees may dress in casual attire every Friday and every year during the following times, unless otherwise specified:

- The week of Thanksgiving;
- The period between Christmas and New Years Day;
- The period between Memorial Day and Labor Day; and
- National Customer Service Week (First week of October).

Employees may be subject to disciplinary action, up to and including termination, for violations of CalOptima’s dress code policy.

See Human Resources Policy GA.8032: Employee Dress Code

Conflict of Interest

Employees are expected to devote their best efforts and attention to the full-time performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict or the appearance of a conflict between the employee's personal interests and the interests of CalOptima. It is CalOptima’s view that both the actual and appearance of a conflict of interest must be avoided.

Employees unsure as to whether a certain personal or non-CalOptima transaction, activity, or relationship constitutes a conflict of interest should discuss it with their immediate supervisor, or the Human Resources Department for clarification. Any exceptions to this guideline must be approved, in writing, by CalOptima's Chief Executive Officer (CEO).

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common actual, or potential, conflicts, which employees should avoid, include the following:

1. Accepting personal gifts or entertainment from current or potential providers, members or suppliers that is more than twenty-five dollars (\$25) in a calendar year from any single source;
2. Working for a current or potential provider, contractor, vendor, member or supplier, association of contractors, vendors, providers, or other organizations with which CalOptima does business or which seek to do business with CalOptima, except when it is determined that the nature of the job does not create a conflict;
3. Engaging in self-employment in competition with CalOptima;
4. Using proprietary or confidential CalOptima information for personal gain, or the gain of others, or CalOptima's detriment;
5. Having a direct or indirect financial interest in or relationship with a current or potential provider, supplier or member; except when it is determined that the nature or financial interest does not create a conflict
6. Using CalOptima assets or labor for personal use;

7. Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to CalOptima; **and/or**
8. Committing CalOptima to give its financial, or other, support to any outside activity, or organization.

If an employee, or someone with whom an employee has a close relationship (a family member or close companion), has a financial, or employment, relationship with a current, or potential, provider, contractor, vendor, supplier, or member, the employee must disclose this fact in writing to the Human Resources Department. Employees should be aware that if they enter into a personal relationship with an employee of a current, or potential provider, supplier or member, a conflict of interest might exist, which requires full disclosure to CalOptima.

All CalOptima employees are required to promptly report any and all non-CalOptima job positions, positions held on non-profit/charitable organizations, and/or their affiliations or interests in job-related businesses, or organizations to the Human Resources Department.

In addition to these provisions, designated employees are also subject to the provisions of the Conflict of Interest Code adopted by the CalOptima Board of Directors in compliance with the California Government Code. Designated employees must complete a Form 700 and a CalOptima Supplemental Form upon hire, annually, and upon termination of employment. The Human Resources Department coordinates this activity with the Clerk of the CalOptima Board.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, may result in discipline, up to and including termination of employment and/or criminal, civil or administrative action.

See Human Resources Policy GA.8012: Conflicts of Interest

Guests

Due to the confidential nature of CalOptima's operations, employees are discouraged from having visitors at work, unless necessary, or related to performance of job duties. Children of employees are not allowed on the premises during working hours unless attending a formal CalOptima sponsored function. All guests must register at the reception desk in the lobby and obtain a guest badge. Guests shall not be permitted to walk around CalOptima's secured areas unaccompanied.

DRAFT

Benefits

Introduction

CalOptima is proud of the comprehensive benefits package we provide to our employees. This section of the handbook is designed to acquaint employees with some of the more significant features of CalOptima's employee benefits. It is important to remember that more detailed information is set forth in the official plan documents, summary plans descriptions and/or group policy contracts that govern the plans. Accordingly, if there is any real or apparent conflict between the brief summaries contained in this manual and the terms, conditions, limitations or exclusions of the official plan documents, the provisions of the official plan documents will control over these brief summaries. Employees are welcome and encouraged to review the official plan documents, available in the Human Resources [D](#)department, for further information.

Workers' Compensation

CalOptima, in accordance with state law, provides insurance coverage for employees in case of work-related injuries. The cost of this insurance is completely paid for by CalOptima. The Workers' Compensation benefits provided to injured employees may include:

- Medical, surgical and hospital treatment;
- Partial payment for lost earnings that result from work-related injuries; [and/or](#)
- Rehabilitation services to help injured employees return to a suitable employment.

Employees are required to report all on-the-job injuries to their supervisor and Human Resources immediately, regardless of how minor the injury may be. CalOptima is legally required to report serious injuries, or illnesses, including the death of an employee, within eight (8) hours of the incident and/or accident.

See Human Resources Policy GA.8041: Workers' Compensation Leave of Absence

Paid Time Off and Workers' Compensation

Workers' Compensation does not usually cover absences for medical treatment, follow-up doctor's appointments, physical therapy appointments, and/or other appointments related to a Workers' Compensation claim, or injury. When an employee reports a work-related illness, or injury, he or she will be sent to CalOptima's designated clinic if medical treatment is necessary. Employees may have the option of seeing their own doctor if their doctor has previously been designated as the treating physician and this authorization has been submitted to Human Resources. CalOptima generally participates in a Medical Provider Network (MPN), through which all treatments are provided to the employee. All appointments related to treatment must be coordinated through the Workers' Compensation insurance company and the Human Resources [D](#)department.

Any further medical treatment will be under the direction of the employee's primary treating physician. Employees returning to work, or who are still working after a work-related injury or illness under the Workers' Compensation Act, are required to coordinate with their supervisor to use accrued PTO, or make up time away from work, consistent with CalOptima's time-keeping requirements, for follow-up medical appointments. Employees who do not have sufficient PTO accruals may take unpaid time off for follow-up medical appointments. Appointments should be scheduled in a manner that provides the least disruption to the employee's normal work schedule.

Core Health Benefits

The benefits CalOptima offers its employees are an important part of a total compensation package. Such benefits, like health and life insurance, would be significantly more expensive if employees had to purchase them privately. CalOptima's benefits are regularly reviewed to ensure that they are competitive with those offered by other public agencies and organizations in Southern California.

All regular full-time, regular part-time and limited term employees and, if elected, their eligible family members, are eligible for health insurance benefits beginning the first day of the month following the employee's date of hire. However, if the date of hire is on the first of the month, health insurance benefits begin effective on the hire date. Eligible family members include: spouses, registered domestic partners, and dependent children. Documentation certifying eligibility is required. Coverage will commence on the first (1st) of the month following the employee's date of hire.

Employment eligibility requirements and enrollment change information is available in the individual Summary of Benefits and Coverage (SBC), Summary Plan Descriptions (SPD) and other benefits booklets. Questions regarding any of CalOptima's benefits should be directed to the Human Resources Department.

Once enrolled, the employee's elections will remain in effect for the entire, or remaining, plan year (January 1 through December 31) unless the employee has a qualifying event. Many of the deductions taken on CalOptima employee health benefits are taken on a pre-tax basis since CalOptima participates in a Flexible Benefits Plan (Cafeteria Section 125 Plan). For this reason, changes to medical, dental, vision, health, or dependent care flexible spending accounts (FSA) may only be made with the submission of supporting documentation that provides substantiation of the qualifying event. Some examples of qualifying events include, but are not limited to: marriage, divorce, birth/adoption of child, over-age dependent and change of spouse's employment. If one of these events occurs, the Human Resources Department must be contacted within thirty (30) days to make a change. Otherwise, employees are required to wait until the next annual open enrollment period, usually held in October of each year, to make any changes to their elections. The effective date for qualifying event changes can only be made prospectively, not retroactively.

When health benefits coverage terminates due to an extended personal leave of absence, or termination of employment with CalOptima, employees may be eligible under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) to continue enrollment for a period of time. Additional information is mailed to terminated employees from a third party COBRA administrator following the last day of employment.

Upon an employee's separation from CalOptima, health insurance benefits continue through the end of the month that he or she terminates in. The employee is responsible for his or her share of the costs for health insurance benefits for the entire month, and appropriate deductions will be included in the employee's final paycheck.

Below is list of core benefits available to eligible full-time and part-time regular employees, as well as limited term employees. The employee premiums, deductions from payroll for these benefits, vary depending on the employee's employment classification and annual modifications based on changes in premiums from our carriers. CalOptima reserves the rights to modify, change, eliminate or add to the following list of benefits at its sole discretion:

Health — CalOptima provides different options for affordable HMO and PPO health plans that include a broad network of medical groups and hospital access with a very reasonable co-pay structure for office visits and pharmacy benefits. A High Deduction Health Plan (HDHP), inclusive of employer contributions, and a Health Savings Account (HSA) are available at the employee's election.

Dental — Comprehensive dental plans that include preventive dental care visits at no charge, as well as orthodontia benefits, are available to CalOptima employees.

Vision — CalOptima’s vision plan design allows for eye examinations, glasses and contact lenses.

Life and AD&D — Full-time regular employees receive a \$50,000 life and accidental death and dismemberment (AD&D) insurance policy, or one (1) times the employee’s basic annual earnings, whichever is higher, with a maximum amount of \$325,000. Part-time regular employees receive a \$25,000 life and AD&D insurance policy, or one (1) times their basic annual earnings, whichever is higher.

Short-Term Disability — An employee with a qualifying disability/condition may receive short-term disability benefits, which pays ~~sixty percent (60%) percent~~ of an employee’s regular wages for a period of time following a waiting period. This benefit is a substitute for state disability benefits as CalOptima does not participate with the State Disability Insurance (SDI) program. CalOptima provides this benefit free to eligible employees.

Long-Term Disability — An eligible employee with a qualifying disability/condition may receive long-term disability benefits, which pays ~~sixty percent (60%) percent~~ of regular wages until normal retirement age, as long as the employee meets the definition of disability. This benefit is used in lieu of state disability benefits since CalOptima does not participate with the State Disability Insurance (SDI) program. CalOptima provides this benefit free to eligible employees.

Employee Assistance Program (EAP) — This free and confidential resource provides easy and accessible services to employees (and some extended family members) for behavioral health issues such as: counseling for relationship issues, emotional well-being, legal and financial assistance, substance abuse, as well as workplace challenges.

CalOptima also offers additional voluntary benefits to eligible employees. These voluntary optional benefits may include benefits such as: additional voluntary life and AD&D insurance, whole life and critical illness insurance plans, legal plans and flexible spending accounts (FSA). All voluntary benefit premiums are ~~one hundred percent - (100%) percent~~ paid for by the employee.

Retirement Benefits

CalPERS (California Public Employees Retirement System) Defined Benefit Plan — CalOptima has contracted with CalPERS instead of participating in Social Security. Regular full-time, regular part-time, and limited term employees are automatically enrolled into the CalPERS plan upon date of eligibility, which is usually the employee’s date of hire. To be eligible for service retirement with CalPERS, employees must be at least age fifty (50) and have a minimum of five (5) years credited service. For new employees hired on, or after, December 1, 2013, who do not have reciprocal rights, the minimum retirement age for new hires has been increased to fifty-two (52); however, the years of credited service remains five (5). Classic CalPERS members (those that established membership prior to January 1, 2013) are enrolled in the 2 percent @ 60 benefit formula. New members (those that established membership on or after January 1, 2013) are enrolled in the 2 percent @ 62 formula. Basic CalPERS plan information is provided to employees during their first month of employment.

PARS (Public Agency Retirement Services) Defined Contribution Plan — This supplemental retirement plan is a 401(a) tax-qualified multiple employer trust. All regular full-time, regular part-time and limited term employees are automatically enrolled and a contribution is made by CalOptima. There is a vesting requirement based on quarters of service. Contributions are automatically invested into a life-cycle mutual fund and professionally managed; however, employees have the option to self-direct fund investments in their account. Basic plan information is provided to employees during their first month of employment.

457b Deferred Compensation Plan — A 457b voluntary plan is also offered as a way to save for retirement. All deposits to this plan are made by the employee. The annual IRS regulated contribution limit generally increases each year and catch-up contribution provisions are available for those who are age fifty (50) and above. The

employee determines his or her contribution amount as well as his or her investment allocation. A licensed financial advisor will provide plan related information, usually within the first month of employment.

Social Security Retirement — CalOptima does not participate in Social Security. All regular full-time and regular part-time employees are considered Social Security tax exempt and pay into CalPERS instead of Social Security. Upon hire, Human Resources will explain how CalPERS and Social Security work together. The Human Resources Department will inform employees about two (2) important Social Security provisions: Government Pension Offset and Windfall Elimination Provision. As-needed employees are not eligible for CalPERS membership, therefore, by default, they are the exception to this rule and will see a FICA/Social Security deduction taken from their payroll, and subsequently are only authorized to work up to one thousand (1,000) hours per fiscal year on a general basis.

Medicare — The employee and CalOptima each contribute their proportionate share to Medicare.

Paid Time Off (PTO)

CalOptima provides paid time off (PTO) benefits to all eligible employees to enable them to take time off for rest and recreation and to recover from illness. CalOptima believes this time is valuable for employees in order to enhance productivity and to make the work experience more personally satisfying. CalOptima provides long-service employees with additional PTO benefits as years of service are accumulated.

Full-time, part-time, and limited-term employees who are regularly scheduled to work more than twenty (20) hours per week are eligible to accrue PTO. An eligible employee may use PTO hours for vacation, preventive health or dental care, or care of an existing health condition of the employee, or the employee’s family member, short-term illness, family illness, emergencies, religious observances, personal business, Child-Related Activities, or for specified purposes if the employee is a victim of domestic violence, sexual assault, or stalking. CalOptima encourages all employees to maintain a work-life balance by utilizing PTO benefits for rest and recreation throughout the year.

The maximum amount permitted in an employee’s PTO account is equal to two (2) times the employee’s annual PTO accrual rate. When an employee reaches his or her maximum PTO accrual amount, the employee will stop accruing PTO. PTO accruals will only accrue in conjunction with CalOptima payroll and will be prorated based on hours earned.

Eligible employees accrue PTO based on their classification as exempt, or non-exempt, hours paid (excluding overtime) each pay period (non-exempt employees), and years of continuous services in accordance with the following accrual schedule below. PTO begins accruing from the date of hire.

Annual Paid Time Off Benefits Accrual Schedule

Non-Exempt Employees:

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
0–3	5.54	144	18
4–10	7.08	184	23
11 +	8.62	224	28

Exempt Employees:

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
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Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
0-3	7.08	184	23
4-10	8.62	224	28
11 +	10.15	264	33

See Human Resources Policy GA.8018: Paid Time Off (PTO)

Paid Sick Leave

CalOptima provides employees who are eligible to accrue PTO a sufficient amount of PTO that can be used for sick leave that satisfies the accrual, carryover, and use requirements under the Healthy Workplaces, Healthy Families Act of 2014 (Act). For all other employees who are not eligible to accrue PTO, effective July 1, 2015, as-needed, per diem, or temporary employees may become eligible for paid sick leave if the employee works thirty (30), or more, days within one (1) year from the start of their date of employment. Twenty-four (24) hours, or three (3) days, whichever is greater, of paid sick leave is provided only to eligible employees who do not accrue PTO.

Upon satisfying a ninety (90)-day employment period, employees may use accrued sick leave for preventative care or diagnosis, care, or treatment of an existing health condition of the employee, or the employee's family member, or for specified purposes if the employee is a victim of domestic violence, sexual assault, or stalking.

Upon termination, resignation, retirement, or other separation from employment, CalOptima will not pay out employees for unused paid sick leave time accrued under the Act. If an employee separates and is then rehired by CalOptima within one (1) year from the date of separation, the previously accrued and unused paid sick leave time will be reinstated. An employee rehired within one (1) year from the date of separation may not be subject to the Act's ninety (90)-day waiting period, if such condition was previously satisfied, and may use their paid sick leave time immediately upon rehire, if eligible.

See Human Resources Policy GA. 8018: Paid Time Off (PTO)

Holidays

CalOptima generally observes the following holidays:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving Day and the Friday after Thanksgiving
- Christmas Day
- One (1) Flex Day (accrues on January 1st)

A holiday that falls on a Saturday or Sunday is usually observed on the preceding Friday, or the following Monday. Holiday observances will be announced in advance. CalOptima may, in its discretion, require an employee to work on scheduled holidays. If a non-exempt employee is required to work a scheduled holiday, he or she will receive his or her regular rate of pay for the holiday pay in addition to his or her regular compensation

for the hours of actual work performed.

Flex Holidays

Employees will receive a maximum of one (1) flex holiday (maximum of eight (8) hours, prorated based on scheduled work hours) on January 1st of each year; however, CalOptima reserves the right to assign a specific date for the flex holiday for business reasons and/or needs. Limits are imposed on the number of flex holiday hours that can be maintained in the employee's flex holiday account. A maximum of twelve (12) hours, prorated based on scheduled work hours, may be maintained in an employee's flex holiday account as of January 1st of each year. In the event that available flex holiday hours are not used by the last pay period of the calendar year, employees may carry unused flex holiday hours into subsequent years and may accrue additional hours up to the maximum of eight (8) hours, prorated based on the scheduled work hours. If an employee reaches the maximum amount of twelve (12) hours on January 1st, prorated based on the scheduled work hours, the employee will stop accruing flex holiday hours. Flex holiday hours are not eligible for annual cash out applicable to PTO hours. However, if an employee separates from CalOptima and has unused flex holiday hours, the unused flex holiday hours for that calendar year will be paid out at the same time and in the same manner as unused PTO hours upon termination.

Eligibility

Regular full-time, regular part-time and limited-term employees who are regularly scheduled to work twenty (20), or more, hours per week are eligible for holiday benefits and flex holiday accrual hours, but will be prorated based on their scheduled work hours at the time of the holiday. To receive holiday pay, employees must work, or be paid for the regularly scheduled workdays preceding and following the CalOptima holiday.

Education Reimbursement

CalOptima believes in the development and growth of its employees. In order to encourage developmental progression, CalOptima provides an Education Reimbursement Program to offer repayment of reasonable educational and professional development expenses for work-related courses and/or programs, including professional licensure requirements, to all eligible regular full-time, or part-time, employees who have completed their initial one hundred eighty (180) days of employment.

Courses eligible for tuition reimbursement must be either part of an accredited college degree program, certifications awarded by state, or national, professional organizations, or individual local courses provided by credible institutions that meet one (1) the following conditions:

1. Educate the employee in new concepts and methods in their present assignment.
2. Help prepare the employee for advancement to positions of greater responsibility available within CalOptima.

Attendance at outside education courses and/or programs, whether required by CalOptima, or requested by individual employees, requires prior written management and Human Resources approval. Details of the program and how to apply for reimbursement are available in the Human Resources Department. The Human Resources Department shall be responsible for developing, administering, and maintaining the program. In order to be reimbursed, eligible employees must satisfactorily complete a work-related course or program, or complete a professional certification offered by an accredited school, community college, college, university, or other recognized professional organization, or learning institution. Miscellaneous expenses such as parking, books, and supplies are not covered and shall not be reimbursed.

Seminars, conferences, or business meetings that do not result in certification are not covered under Education Reimbursement.

See Human Resources Policy GA.8036: Education Reimbursement

Unemployment Insurance

CalOptima contributes to the California Unemployment Insurance Fund on behalf of its employees in the event employees become unemployed through no fault of their own. Eligibility for Unemployment Insurance is determined solely by the Employment Development Department (EDD) of the State of California.

COBRA

CalOptima complies with the provisions and requirements of both the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Both Acts provide for continued coverage of an employee's, his or her spouse's, and his or her dependents' health benefit coverage in the event that the employee is no longer eligible for CalOptima's group health coverage. Please see the Human Resources [Department](#) for additional information.

CalOptima Property

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Employer Property

Cubicles, desks, computers, vehicles, and other CalOptima owned or leased items are considered CalOptima property and must be maintained according to CalOptima's policies, rules, and regulations. CalOptima property must be kept clean and in good condition. Decorations in an employee's work space should fit with the overall professional business atmosphere CalOptima projects and should take into consideration the needs and sensitivities of our members, providers, fellow employees and the public.

Posters, calendars, personal affects, etc. are not allowed to be taped or tacked to shared areas such as filing cabinets, corridors, walls or doors. In addition, the placing of items outside of a work station panel is prohibited. If an employee has any items that need to be mounted on a wall within his or her workstation or office, he or she should request assistance from the Facilities Department. CalOptima reserves the right to inspect all CalOptima property to ensure compliance with its policies, rules, and regulations, without notice to the employee and at any time, not necessarily in the employee's presence.

Employees are asked to minimize personal phone calls and messages from personal callers to avoid interruption of work. CalOptima understands that, from time-to-time, personal or family calls or messages are necessary; however, employees are expected to use good judgment and, whenever possible, to limit these calls to meal and break times. CalOptima reserves the right to monitor voice mail messages and email messages to ensure compliance with this rule, without notice to the employee and at any time, not necessarily in the employee's presence. Employees should be aware that as a public agency, all documents, including email messages, are public records and may be subject to disclosure. Employees should not have any expectation of privacy concerning email messages sent and received from CalOptima email.

Prior authorization must be obtained before any CalOptima property may be removed from the premises. For security reasons, employees should not leave personal belongings of value in the workplace or in plain view. Employees are solely responsible for their own personal belongings, and CalOptima shall not be liable for any lost, stolen or misplaced personal belongings. Personal items in and on CalOptima property are subject to reasonable inspection and search.

Terminated employees must remove any personal items at the time they leave CalOptima or make arrangements with Human Resources to remove these items. Personal items left in the workplace are subject to disposal if arrangements are not made at the time of an employee's termination. CalOptima shall not be responsible for any lost or discarded personal items left behind. Terminated employees who have CalOptima property at their home must make arrangements with Human Resources to have these items picked up within a week of their termination date.

Housekeeping

All employees are expected to keep their work areas clean and organized. The use of personal floor or desktop heaters, coffee makers, and mini-refrigerators is not permitted in the cubicles.

People using common areas such as lunch rooms, locker rooms, conference rooms, and restrooms are expected to use appropriate and courteous etiquette including keeping the common areas sanitary and in a clean state for the next person to use. Employees should clean up immediately after meals and dispose of trash properly. CalOptima encourages good health habits to prevent the spread of germs, colds, the flu, and other illnesses.

Off-Duty Use of Facilities

Employees are prohibited from remaining on CalOptima premises, or making personal use of CalOptima facilities while not on duty without prior permission from the Human Resources Department.

Cell Phones

Driving with Cell Phones:

In the interest of the safety of our employees and other drivers, and in compliance with state laws, CalOptima employees are prohibited from using cell phones without a hands-free device and prohibited from text messaging and/or searching the internet while driving on CalOptima business and/or driving during CalOptima time. If an employee's job requires that he or she keep his or her cell phone turned on while he or she is driving, he or she must use a hands-free device and operate the vehicle safely. Cell phones may not be used under any circumstances or in any manner that would distract an employee from the duty to drive in a safe and non-negligent manner.

Cell Phone Etiquette:

We ask that employees are considerate of others when using a cell phone during work hours and while on duty. Appropriate phone etiquette includes putting phones on silent, or vibrate, mode to minimize disruptions, and minimizing text messaging and internet surfing during meetings. Employees should refrain from excessive use of personal hand-held devices during work hours and while on duty for non-job related duties. Employees are asked to minimize personal cell phone calls and text messages or personal emails unrelated to CalOptima business on hand-held devices to avoid interruption of work. Employees are asked to refrain from using cell phones in restrooms. Employees are expected to use good judgment and, whenever possible, to limit these personal cell phone calls or use of hand-held devices to meal and break times.

Restrictions on Smoking and Unregulated Nicotine Products

As a public agency providing access to quality health care services, CalOptima endeavors to maintain a safe and healthful environment for its employees, members, and visitors to CalOptima property. In keeping with this philosophy, it is important that the workplace and office environment reflect CalOptima's concern for good health. Therefore, smoking, inclusive of electronic smoking devices, and the use of unregulated nicotine products is strictly prohibited inside the building, and is allowed only in designated outside smoking areas at least twenty-five (25) feet away from any CalOptima owned, or leased, building. Employees who wish to smoke, inclusive of electronic smoking devices, or use unregulated nicotine products, must limit their smoking or use of unregulated nicotine products to break and meal periods in areas outside of work premises and only in designated smoking areas.

See [Human Resources CalOptima](#) Policy GA.8048: Restrictions on Smoking and Unregulated Nicotine Products

Computer, Email, and Internet Usage

CalOptima recognizes that use of the Internet has many benefits for CalOptima and its employees. The Internet and email make communication more efficient and effective. Therefore, employees are encouraged to use and access the Internet appropriately. Unacceptable use of the Internet and email can place CalOptima and others at risk. As a public agency, we must be mindful that our written communications, stored data and internet searches could constitute a public record. Therefore, all communications, including emails, and internet usage should be business appropriate.

The following guidelines have been established for using the Internet and email in an appropriate, ethical, and professional manner:

- CalOptima's Internet and email access may not be used for transmitting, retrieving, or storing of any

communications of a defamatory, discriminatory or harassing nature, or materials that are obscene, sexually suggestive, or explicit.

- No messages with derogatory, or inflammatory, remarks about an individual's race, age, disability, religion, national origin, physical attributes, or sexual preference shall be transmitted. Harassment and discrimination of any kind or form is strictly prohibited.
- Disparaging, abusive, profane, discriminatory, or offensive language and any illegal activities are forbidden. The posting, uploading, or downloading of pornographic or vulgar messages, photos, images, sound files, text files, video files, newsletters, or related materials is strictly prohibited.
- Each employee is responsible for the content of all text, audio, or images that he/she places or sends over CalOptima's Internet and email system. No email, or other electronic communications, may be sent that hides the identity of the sender or represents the sender as someone else.
- CalOptima recognizes that at times employees may receive personal emails related to doctor's visits, school information, etc. CalOptima employees should minimize the personal use of e-mail, or the Internet, and try to restrict personal email and Internet use to break periods. Employees are encouraged to use personal Internet email accounts to communicate regarding non-work-related matters and to keep this to a minimum.
- Users shall have no expectation or assumption of confidentiality, or privacy, of any kind related to the use of emails and the Internet. CalOptima has the right, with or without cause or notice, to access, examine, monitor, and regulate all electronic communications, including email messages, directories and files, as well as Internet usage. Also, the Internet is not secure, so employees should not assume that others cannot read, or possibly alter messages.
- Internal and external email messages are considered business records and may be subject to discovery in the event of litigation, or disclosure, in the event of a public records request. Be aware of this possibility when sending email within and outside CalOptima.
- Users shall ensure the security of Protected Health Information (PHI) in accordance with CalOptima's HIPAA policies.
- Users shall be responsible for using the Internet, email, InfoNet, and internal office communicator in an appropriate manner. CalOptima shall block access to categories of websites deemed inappropriate (illegal, pornographic, etc.) or unnecessary (entertainment, games, etc.).

All CalOptima-supplied technology, including computer systems and CalOptima-related work records, belong to CalOptima and not the employee. CalOptima may routinely monitor usage patterns for its email and Internet communications. Since all the computer systems and software, as well as the email and Internet connection, are CalOptima owned, all CalOptima policies are in effect at all times during usage. Any employee who abuses the privilege of access to email and/or the Internet may be denied access to the Internet and, if appropriate, be subject to disciplinary action up to and including termination.

CalOptima may periodically need to assign and/or change passwords and personal codes for voice mail, email or computer login. CalOptima reserves the right to keep a record of all passwords and codes used for CalOptima business and/or may be able to override any such password system.

CalOptima has separate agreements with wireless providers. As a result, CalOptima employees may be eligible for discounts with these providers. Please check with Human Resources for more information.

See Administrative Policy GA.5005b: E-mail and Internet Use

Solicitation, Distribution, and Bulletin Boards

CalOptima is an employer that values families and nonprofit organizations, and we want to support our employees with their fundraising activities. Employees should reserve fundraising activities for non-work time (breaks and

lunch, or after hours) and in non-work areas (break rooms). Solicitations should be discrete, courteous, and carried out in a manner that does not interfere with CalOptima's operations. Please make sure that any solicitation involves requests that are professional and in good taste.

An employee may distribute, or circulate, non-CalOptima written materials to other employees only during non-working time and only in non-work areas. If an employee is unclear whether an area is a work, or non-work, area, he or she should consult his or her immediate supervisor or the Human Resources Department for clarification.

Solicitation, or distribution, in any way connected with the sale of any goods or services for profit is strictly prohibited anywhere on CalOptima property at any time, unless otherwise approved by management. Similarly, solicitation, or distribution, of literature for any purpose by non-employees is strictly prohibited on CalOptima's property at any time.

CalOptima has a bulletin board located on each floor for the purpose of communicating with its employees. Postings on these boards are limited to CalOptima related material including statutory and legal notices, safety and work-related rules, CalOptima policies, memos of general interest relating to CalOptima and other items. All postings require the prior approval of the Human Resources Director, or designee.

Unauthorized posting of literature on CalOptima property (including bulletin boards, walls and the outside of cubicles) is strictly prohibited.

Photo-Identification Badges

Employees of CalOptima are required to wear their photo-identification badges while at CalOptima and, when appropriate, while conducting CalOptima business. Photo identification badges must be visible at all times while working on site. In addition, an employee's photo-identification badge also serves as a key to allow an employee access to his or her department, restrooms, break/lunch room, and other permitted areas within the building.

Photo-identification badges and/or key cards are not transferable to other CalOptima employees, vendors, or family members.

The employee's photo-identification badge is the property of CalOptima and must be returned when employment is terminated for any reason.

We also encourage employees to be aware of people in our work areas to make sure they are wearing a badge and are either CalOptima employees or escorted by CalOptima employees. If an employee notices someone who is not wearing a badge they are expected to report them to the Facilities Department.

Wages and Work Schedules

Work Schedules

CalOptima's normal hours of operation are between the hours of 8 a.m. and 5 p.m., Monday through Friday, and our reception area is open during these hours. You and your supervisor will work out your individual work schedule, meal period, and break times. All employees are expected to be at their desks, or work stations, at the start of their scheduled shifts, ready to work. CalOptima reserves the right to modify employees' starting and ending times and the number of hours worked.

Time-keeping Requirements

All hourly (non-exempt) employees are required to accurately record time worked for payroll purposes. Employees must record their own time at the start and at the end of each work day, including before and after unpaid lunch breaks. Except for scheduled break times, non-exempt employees also must record their time away from CalOptima premises whenever they leave the building for any reason other than CalOptima business. At the end of each pay period, each hourly (non-exempt) employee shall verify and approve this schedule through CalOptima's time-keeping system and submit it to his or her supervisor for approval. Any errors on an employee's timecard should be reported immediately to his or her immediate supervisor.

Supervisors will determine and notify employees of their regular work schedule/shift. Due to possible changes in work force and CalOptima's needs, CalOptima retains the right to change an employee's work schedule, or the number of hours worked in a day, subject to all applicable wage and hour laws.

Exempt employees are not required to complete timecards and are not eligible for overtime. However, as a public agency employer, CalOptima has expectations of employees that are established pursuant to principles of public accountability. Exempt employees are expected to work a regular work schedule based on CalOptima's core business hours and should notify their supervisors in advance and accurately record any exceptions to their regular work schedule including, but not limited to, hours used for PTO, jury duty, bereavement leave, etc. CalOptima looks to exempt employees to demonstrate the level of commitment and conscientiousness that is appropriate to their status. Exempt employees work a minimum of forty (40) hours per week (for full-time employees) and may need to work additional hours to complete projects and tasks. It is common for exempt employees to work more than a forty (40) hour work week. As a result, subject to prior supervisor approval, occasional short-term absences (for example, two (2) hours for a doctor's appointment) would not require the use of PTO accruals if the employee otherwise makes up the time away from work in the same pay period. Exempt employees are still required to be respectful and request this time off in advance from their supervisor. Supervisors will monitor an employee's time away from work and make up time to ensure accountability. Should an exempt employee work less than a full-work day, and the employee does not otherwise make up the time off within the same pay period, the employee must request approval for PTO because this is lost time to the organization.

Workweek and Workday

The workweek on which weekly overtime calculations will be based begins each Sunday at midnight (12:01 a.m.) and ends the following Sunday at midnight. The work week will differ for employees working an alternative schedule such as 9/80 (see section regarding Alternative Work Schedules).

Payment and Wages

Normal paydays are every other Friday. Please consult CalOptima's pay schedule available through the Human Resources Department.

Each paycheck will include base earnings for all reported hours performed through the end of the payroll period. The payroll period ends the Sunday prior to pay day at 12 a.m. In the event that a regularly scheduled payday falls on a holiday, employees will receive their pay on the last day of the workweek preceding the day off. All employees will receive an itemized statement of wages each payday.

Payment on Resignation or Termination

According to California Labor Code Section 220 (b), as a public agency, CalOptima is not required to pay wages immediately upon termination. If an employee resigns, or is terminated, his or her final paycheck will be available on CalOptima's next regularly scheduled payday. The employee's final paycheck will include payment for all wages due and not previously paid and for accrued but unused PTO, minus authorized deductions.

Overtime

Hourly (Non-Exempt) Employees

Periodically, a need for overtime arises, either before or after the regular workday or on weekends. As a public agency, we follow federal wage and hour laws. Overtime will be provided for all **hours worked** in excess of forty (40) hours in any one (1) work week at the rate of 1½ times the non-exempt employee's regular rate of pay. Overtime must be approved in advance by management.

Salaried (Exempt) Employees

Exempt employees are not covered by the overtime provisions and do not receive overtime pay.

Meal and Rest Periods

CalOptima recognizes how important it is to have a break during the work day. As a result, CalOptima encourages employees who work for a period of more than five (5) hours to take an unpaid meal period of at least thirty (30) minutes. CalOptima also recommends a paid rest period of no more than fifteen (15) minutes to be taken approximately halfway through any work period of three and one-half (3½-5) hours, or more. For example, employees should receive one (1) fifteen (-15)-minute rest period in the first half of an eight (8)-hour shift, and one (1) fifteen (15)-minute rest period in the second half of an eight (8)-hour shift. Employees may not combine their breaks and lunch to alter their normal work hours.

Holiday Pay

Employees are paid their regular straight-time wages for CalOptima paid holidays as set forth in the Holidays section under Benefits in this handbook.

Make Up Time

CalOptima allows the use of makeup time when employees need time off to tend to personal obligations. For example, an employee might request makeup time in advance for the following situations:

- An employee needs to leave one (1) hour early for a doctor's appointment on Monday and asks to make up that time on Tuesday by working an hour later.
- An employee on a 9/80 workweek will receive eight (8) hours of holiday pay on a nine (9) hour day and he or she asks in advance to make up the additional hour rather than take it from his or her PTO accruals.

Make up time worked will not be paid at an overtime rate and the work week in which the makeup time occurs cannot exceed **forty (40)** hours. Employees may take time off and then make up the time later in the same work week or may work extra hours earlier in the work week to make up for time that will be taken off later in the work week.

Non-exempt employees should submit make up time requests **in advance** to their supervisor through CalOptima's time-keeping system and document their revised schedule into their timecard. Requests will be considered for approval based on the legitimate business needs of the department at the time the request is submitted. A separate written request is required for each occasion the employee requests make up time.

An employee's use of make-up time is completely voluntary. CalOptima does not encourage, discourage, or solicit the use of make-up time.

Supplemental Compensation

In certain instances, CalOptima offers supplemental compensation, in addition to an employee's regular base pay, to compensate for business needs. Supplemental compensation includes, but is not limited to, compensation for:

- Overtime: Non-exempt employees will be paid overtime pay at a rate of **one and one-half (1.5)** times the employee's base hourly rate of pay for all hours worked in excess of **forty (40) hours** in any one **(1)** workweek. Exempt employees are not covered by the overtime provisions and do not receive overtime pay.
- Night Shift: A non-exempt employee who works an assigned night shift shall, in addition to his or her regular base pay, be paid a supplemental night shift pay for each hour actually worked on the assigned night shift.
- Bilingual Pay: A supplemental bilingual pay may be paid to a qualified exempt and non-exempt employee holding a position requiring bilingual proficiency in a specific language as designated by the department director.
- Call Back Pay: In certain departments, non-exempt employees are eligible for call back pay should they be asked to return to work by their supervisor.
- On Call Pay: On occasion, employees may be asked to be on call. On call pay is compensation provided to employees who must remain accessible after hours and/or on the weekends via pager, or mobile phone, and be available to work via phone, fix problems or report to work, if necessary.
- Certified Case Manager (CCM) Pay: Supplemental pay may be paid to an RN who holds an active CCM certification.
- Translation Pay: The Cultural and Linguistic Services Program may compensate CalOptima employees outside of their department for translation work.

See Human Resources Policy GA.8042: Supplemental Compensation and Human Resources and Policy GA.8035: Translation Rates

Severance Pay

The Chief Executive Officer (CEO), in his sole and complete discretion, may authorize severance pay upon an employee's separation from service when it is deemed appropriate due to special circumstances; e.g., separations due to changing needs of CalOptima, a reorganization of functions or staffing, lack of work and/or changes in the technology or methods used for a specific position.

See Human Resources Policy GA.8047: Reduction in Force

Merit Pay

The annual performance review period established by the Chief Executive Officer is typically April 1–March 31, with the annual salary review date occurring in July. In the event a performance review date is delayed for an employee and a positive performance review is given for the covered period that results in a recommended salary increase, CalOptima may make salary adjustments retroactive to the original performance review date with the approval of the Human Resources Department and subject to the guidelines set by the Human Resources Department.

Unemployment Compensation

CalOptima pays into Unemployment Compensation on behalf of the employee. This insurance provides income in the event an employee loses his or her job through no fault of his or her own. Qualified employees should register at their nearest Employment Development Department in order to receive benefits. The amount of unemployment insurance payments varies according to income level.

Short-Term Disability

CalOptima does not participate in the State of California Disability Insurance Plan. Instead, CalOptima operates under an approved private plan of disability insurance. This plan provides for loss of income resulting from non-work related illness or injury, paying ~~sixty percent (60%) percent~~ of regular income for up to a maximum of ~~twelve (12)~~ weeks for all benefit-eligible employees. There is a ~~fourteen (14)~~-day waiting/elimination period on illness-related and accident-related disabilities. CalOptima provides this benefit free of charge to employees.

Long-Term Disability

CalOptima provides a rich long-term disability program. Regular full-time, and part-time and limited term employees are eligible to receive long-term disability coverage, following a ~~ninety (90)~~-day waiting period, during which short-term disability is provided the first month following ~~ninety (90)~~ days of employment. Regular Part-Time/Benefit, Regular Part-Time/Non-Benefit, Per Diem, and Temporary employees are not eligible for long-term disability benefits. All benefit eligible employees are automatically enrolled into this benefit.

Alternative Work Schedules (9/80)

CalOptima has established an alternative workweek schedule as another way for employees to manage work/life balance and provide CalOptima the opportunity to maintain productivity through different work schedules. Employees will be considered for alternative workweek scheduling on a case-by-case basis. The department director/manager is responsible for identifying if an alternative work week is practical and effective for their department by evaluating both the productivity and quality impacts of the schedule to the department and the needs of the department to ensure service goals can be consistently achieved.

The 9/80 alternate work schedule consists of eight ~~(8)~~ business days of nine ~~(9)~~ work hours per day and one ~~(1)~~ business day of eight ~~(8)~~ work hours for a total of ~~eighty (80)~~ hours during two ~~(2)~~ consecutive workweeks. The eight ~~(8)~~-hour work day must be on the same day of the week as the employee's regularly scheduled day off. Therefore, under the 9/80 schedule, one calendar week will consist of ~~forty-four (44)~~ hours (four ~~(4)~~ ~~nine (9)~~-hour days and one ~~(1)~~ ~~eight (8)~~-hour day) and the alternating calendar week will consist of ~~thirty-six (36)~~ hours (four ~~(4)~~ ~~nine (9)~~-hour days and one ~~(1)~~ day off). However, each work week will only consist of ~~forty (-40)~~ hours, in accordance with the 9/80 Federal Labor Standards Act (FLSA) workweek.

Not every position at CalOptima is eligible for alternative work scheduling. Employees who are interested should discuss this with their supervisor. Employees must receive approval from their supervisor and Human Resources to participate in the 9/80 work schedule. Employees not meeting job standards or expectations and/or who are on a performance improvement plan may not participate in the compressed work schedule until performance standards are met. Managers will review such exceptions with Human Resources before denying the option. Transitioning to the new work week can result in either fewer, or more, than eighty (80) hours in a pay period. Human Resources will work with management to minimize incurring overtime during the transitional period.

Paid time off (PTO) accrual will remain the same for participating employees. When an employee takes a day off under the PTO policy, the accrual will be depleted by the number of scheduled hours for that day. For example, if an employee takes a PTO day on one (1) of their nine (9)-hour days, nine (9) hours of PTO time will be removed from their total available PTO hours. Holiday pay shall remain at eight (8) hours. When a holiday falls on a regular nine (9)-hour workday, the employee has the option of using one (1) hour of accrued PTO, or working one (1) hour of make-up time. Should a holiday fall on an employee's scheduled day off, the employee will be permitted to take another day off in the same work week.

Employees are expected to continue to provide the same level of excellent service expected of them. Department managers, at their discretion, may discontinue an individual's, group's, or department's participation in the 9/80 work schedule based on business needs. As a condition of participating in the 9/80 work schedule, employees must agree to work on a scheduled day off for an urgent situation, or as compelled by business needs as determined by the employee's manager.

The 9/80 alternate work schedule is an optional program. CalOptima reserves the right to discontinue the entire program, or an individual employee's participation in the program at any time, for any reason, at management discretion. Employees will not be eligible to participate in both the telework program and the 9/80 Work Schedule during the same period. Employees eligible for both may only request one (1) alternative at a time.

See Human Resources Policy GA.8020: 9/80 Work Schedule

Telecommuting

CalOptima is committed to providing a work environment that assists employees to achieve a proper balance between their work, home and family obligations. In some cases, this balance can best be achieved by allowing employees to perform some or all of their work from their homes when they can do so without compromising their work quality, efficiency, or productivity. Telework is not a universal employee benefit, or entitlement, but an alternative method of meeting the work needs of the organization through an innovative and flexible work structure. Telecommuting must be pre-approved by an employee's supervisor, director, Environmental Health & Safety Manager, and Human Resources. A Telecommuting Agreement must be completed before an employee may begin telecommuting.

CalOptima retains the right, in its sole discretion, to designate positions that are appropriate for telecommuting and approve employees for telecommuting. Telecommuting does not change the conditions of employment, or required compliance with all CalOptima policies and procedures. CalOptima reserves the right to change, or terminate, the Telecommuting Agreement at any time, with or without cause, or advance notice. An employee's ability to work under a Telecommuting Agreement rests in the sole discretion of CalOptima. Telecommuting is a privilege and may not be appropriate for all employees and/or all positions. Any employee wishing to telework must first discuss this option with his or her supervisor and Human Resources.

For exempt employees not in a teleworking position, an employee's manager has the discretion to allow an

exempt employee, who is required to be present at his or her home for an unusual and reasonable purpose, to work from home on an occasional basis. Occasional is defined as rare, infrequent and not regularly scheduled for brief periods (usually a day or part of a day); with no specific or implied expectation from an employee that he or she will be allowed to work from home. A Telecommuting Agreement, along with the Teleworker Home Inspection Checklists, must be completed and submitted before an employee may work from home.

Employees will not be eligible to participate in both the telework program and the 9/80 Work Schedule during the same period. Employees eligible for both may only request one (1) alternative at a time.

See Human Resources Policy GA.8044: Telework Program

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Leaves of Absence

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Leaves of Absence Overview

CalOptima will grant a leave of absence (LOA) to eligible employees in accordance with CalOptima's respective policies and procedures and all applicable laws. An employee's manager may approve up to five (5) business days of excused absences for an illness, or pre-planned surgery; however, absences of more than five (5) days for illnesses, or pre-planned surgery must be submitted to and approved by HR. Use of PTO time for pre-planned vacations does not require HR approval.

If the LOA is granted, the start date of the LOA will be the first day of the requested, substantiated, and approved LOA. Requests for an LOA must be made through the Human Resources Department.

Employees who satisfy the eligibility requirements set out in CalOptima's respective policies and applicable laws will receive the following types of LOAs. These leaves include:

- a. Pregnancy Disability Leave
- b. Family Medical Leave
- c. California Family Rights Leave
- d. Military Family Leave
- e. Military Service Leave
- f. Military Spouse Leave
- g. Workers' Compensation Leave
- h. Jury or Witness Duty Leave
- i. Parental School Attendance
- j. Voting Leave
- k. Victims of Domestic Violence, Sexual Assault or Stalking Leave
- l. Victims of Crime Leave
- m. Volunteer Civil Service Leave
- n. Civil Air Patrol Leave
- o. Bereavement Leave
- p. Personal Leave

Employees taking any LOA must use their full balance of PTO before moving to unpaid leave, unless deemed otherwise by law (i.e., Pregnancy Disability Leave, etc.).

See Human Resource Policy GA.8037: Leave of Absence, GA.8038: Personal Leave of Absence, GA.8039: Pregnancy Disability Leave, GA.8040: Family and Medical Leave Act and California Family Rights Act Leave, GA.8041: Workers' Compensation Leave

Types of Leaves:

Pregnancy Disability Leave

Pursuant to the California Fair Employment and Housing Act (FEHA), Pregnancy Disability Leave (PDL) is available to eligible female employees who are temporarily disabled by pregnancy, childbirth, or a related medical condition. PDL is available for up to four (4) months, including intermittent periods.

An employee may request to use accumulated PTO during the PDL and is eligible for disability benefits. If PDL is foreseeable, and when practicable, a thirty (30)-day advance notice is required. Health benefits and other insurances will continue during the leave period, and the employee is required to pay her portion of coverage at

the active employee rate, either by the usual payroll deduction if the employee is still receiving a paycheck, or by making other payment arrangements with the CalOptima Human Resources Department.

See Human Resources Policy GA.8039: Pregnancy Disability Leave of Absence

Family Medical Leave Act and California Family Rights Act Leave

State and federal family and medical leave laws provide up to twelve (12) workweeks of unpaid family/medical leave within a twelve (12)-month period. Full-time and part-time employees must meet the following conditions:

- The employee must have a total of at least twelve (12) months of service at CalOptima.
- The employee must have worked at least one thousand two hundred fifty (1,250) hours during the previous twelve (12)-month period before the need for leave.

An eligible employee may take an unpaid leave of absence under the federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA) for the following reasons:

- To care for the employee's newborn child, or placement of a child with an employee for adoption, or foster care.
- To care for the employee's spouse, registered domestic partner, child or parent who has a serious health condition.
- For the employee's own serious health condition that makes the employee unable to work at all, or unable to perform the functions of his or her job (While an employee disabled by pregnancy, childbirth or related medical condition may qualify for a LOA under FMLA, such conditions do not qualify the employee for a LOA under CFRA.)
- To care for a spouse, child, or parent who is a covered military service member on active duty, or has been notified of an impending call, or order, to active duty.
- To care for a covered military service member with a qualifying serious injury or illness if the employee is the spouse, child, parent or next of kin of the military service member. Under FMLA, an eligible employee may take up to twenty-six (26) weeks, during a single twelve (12)-month period, of unpaid leave to care for a covered service member with a qualifying serious injury, or illness.

An employee is required to use accumulated PTO during FMLA and/or CFRA LOA, unless deemed otherwise by law and may be eligible for disability benefits if the LOA is due to his or her own illness. If FMLA/CFRA is foreseeable, and when practicable, a thirty (30)-day advance notice is required. Health benefits and other insurances will continue during the leave period and the employee is required to pay his or her portion of coverage at the active employee rate.

See Human Resources Policy GA.8040: Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) Leave of Absence

Coordination of PDL with FMLA and/or CFRA

If an employee takes PDL and is eligible for a LOA under FMLA and/or CFRA, CalOptima will continue to make payments towards group health insurance coverage during the period of the PDL, FMLA and/or CFRA, subject to the employee's timely payment of his or her portion of coverage at the active employee rate. For any leave taken under PDL, FMLA runs concurrently with PDL, and may run concurrently with CFRA if less than twelve (12) weeks of PDL are taken.

If an employee is ineligible under FMLA and CFRA for a LOA, CalOptima will continue to pay the employer's portion of payments to group health insurance coverage during the period of the PDL, subject to the employee's timely payment of his or her portion of coverage at the active employee rate. In some instances, CalOptima may recover premiums it paid to maintain health coverage for an employee if the employee fails to return to work following PDL.

If an employee exhausts her PDL, and the employee is granted a Personal LOA, the employee may elect to continue health insurance coverage through CalOptima in conjunction with federal COBRA guidelines by making timely monthly payments to CalOptima.

See Human Resources Policy GA.8040: Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) Leaves of Absence

Military Service Leave

CalOptima employees who are members of "uniformed services" (e.g., Army, Navy, Air Force, Marine Corps, Coast Guard, and the reserves of each of those branches: Army National Guard, Air National Guard or similar branches) will be granted, upon request, a cumulative of five years of leave of absence (with certain exceptions) without pay for both inactive and active duty (e.g., military training, drills, encampments, cruises, special exercises, or similar activities). All regular full-time and part-time employees are eligible for Military Service Leave.

In certain circumstances employees on a Military Service Leave may be entitled to up to thirty (30) days' salary and benefits continuation in any one (1) fiscal year.

Upon the exhaustion of pay and benefits for the first thirty (30) calendar days, an employee called to active duty, or active training duty, with the U.S. Armed Forces, or National Guard, as a result of the National Emergency arising from the War on Terror, may receive supplemental compensation and continuation of benefits during the Military Service Leave.

Employees will be required to complete a Leave of Absence Request form and provide a copy of all military orders to the Human Resources Department.

An employee who returns from a Military Service Leave will be reinstated to the same position, or a position of like seniority, status, and pay in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Section 395.1 of the California Military and Veteran's Code.

See Human Resources Policy GA.8037: Leave of Absence

Military Spouse Leave

In addition, employees who are regularly scheduled to work an average of twenty (20), or more, hours per week and who are spouses of qualified military service members, are eligible to take up to ten (10) days of unpaid leave when their spouses are on leave from active duty in the U.S. armed forces, reserves, or National Guard.

Employees may use accrued PTO if sufficient PTO is accrued or may take this time as unpaid. Employees must give a minimum of two (2) days' notice of their need for leave and provide appropriate written documentation to the Human Resources Department.

See Human Resources Policy GA.8037: Leave of Absence

Workers' Compensation Leave

Employees who sustain a work-related injury will be granted a leave of absence as required by law. Subject to any limitations permitted by law, time off for work-related injuries shall be extended to the employee for the duration of the injury.

See Human Resources Policy GA.8041: Workers' Compensation Leave

Jury or Witness Duty Leave

CalOptima will grant a LOA with regular pay for those hours that coincide with the employee's regularly-scheduled working hours for the purpose of jury service, appearance as a witness in court (other than as a litigant, or to respond to an official order from another governmental jurisdiction for reasons not brought about through the connivance or misconduct of the employee.) Employees are required to provide reasonable advance notice of any need for such leave. On days employees are not required to report to court, or on days when the court either dismisses the employee early or requests that the employee report at a later time, whenever practical, the employee must report to work to perform regular duties prior to or after completing jury duty or appearing as a witness, unless the employee's manager approves that the remaining work time is less than reasonable travel time to court and work location. Employees are expected to work with and coordinate with their manager to ensure that their time away from work does not adversely impact business needs, their coworkers, or CalOptima's members. Employees seeking an official Jury Duty Leave should submit to their immediate supervisor a memo for absence accompanied by a copy of the official order not less than ten (10) days prior to the beginning of the date of the leave. The employee must submit to the Human Resources Department the payment received for the jury service, excluding payments for mileage.

See Human Resources Policy GA.8037: Leave of Absence

Parental School Attendance

Pursuant to Labor Code Section 230.8, employees can take time off up to eight (8) hours in one (1) month, or forty (40) hours each year to participate in school activities of their children, subject to conditions. Pursuant to Labor Code Section 230.7, employees can take time off to appear in the school pursuant to a request made under Education Code Section 48900.1 (suspension of pupil), subject to conditions. Employee may use accrued paid time off (PTO) if sufficient PTO is accrued or may take this time as unpaid.

Bereavement Leave

With approval of an employee's manager, an employee may take up to three scheduled workdays off with pay (maximum of twenty four (24) hours) in the event of a death of an employee's: current spouse; registered domestic partner; biological, adopted, step or foster child; biological, adopted, step or foster parent; legal guardian; brother; sister; grandparent; grandchild; parents-in-law; siblings-in-law; or child-in-law. The employee's manager may approve additional time off of up to five (5) business days to be taken as either PTO or unpaid time off. An employee must submit an LOA request form to HR and request a Personal LOA pursuant to Human Resources Policy GA. 8038: Personal Leave of Absence, if the employee plans to take additional unpaid time off exceeding five (5) days.

Time Off for Voting

CalOptima encourages employees to fulfill their civic responsibilities by voting. Employees who are unable to vote before or after work should request time off to vote from their supervisor at least two (2) working days prior to election day so that the necessary time off can be scheduled at the beginning or end of the work day, whichever provides the least disruption to the normal work schedule.

See California Elections Code 14000

Victims of Domestic Violence, Sexual Assault or Stalking Leave

Subject to the requirements under Labor Code Sections 230 and 230.1, an employee who is a victim of domestic violence, sexual assault, or stalking may, with reasonable advance notice, unless the advance notice is not feasible, request an LOA. Employees may elect to use accrued PTO, if available, when an LOA is granted; however, the PTO cannot be used to adjust the start date and will count as part of the LOA. This LOA is limited to twelve (12) weeks in a twelve (12)-month period. After an employee exhausts his or her PTO accruals, if elected, the remaining time off will be unpaid.

See Human Resources Policy GA.8037: Leave of Absence

Victims of Crime Leave

An employee who is a victim of a crime or whose immediate family member(s) is/are a crime victim may take time off to attend judicial proceedings related to that crime, subject to the procedural conditions imposed pursuant to Labor Code Section 230.2.

The absence from work must be in order to attend judicial proceedings related to a crime. To the extent feasible, before an employee is absent from work for such a reason, the employee must provide documentation of the scheduled proceeding. Such notice is typically given to the victim of the crime by a court, or government agency, setting the hearing, an attorney related to the case, or victim/witness office. Any absence from work to attend judicial proceedings will be unpaid, unless employee chooses to use PTO.

See Human Resources Policy GA.8037: Leave of Absence

Volunteer Civil Service Leave

A Civil Service LOA may be granted for employees who are required to perform emergency duty (reserve peace officers, volunteer firefighter, and emergency rescue personnel). There are no limitations to the amount of time an employee can use for volunteer civil service leave.

An employee who performs duty as a volunteer firefighter, a reserve peace officer, or as emergency rescue personnel is also permitted to take an LOA not to exceed an aggregate of fourteen (14) days per calendar year, for the purpose of fire, law enforcement, or emergency rescue training.

Any Volunteer Civil Service Leave can be taken unpaid, unless employee chooses to use accrued PTO. However, an employee cannot use PTO to adjust the start date of the required leave period and the time covered by PTO will still count as part of this leave.

Certification from emergency personnel office, or civil air authority, will be required to verify the employee's eligibility for leave requested.

See Human Resources Policy GA.8037: Leave of Absence

Civil Air Patrol Leave

Employees who have been employed for at least ninety (90) days may request a maximum total of ten (10) days per calendar year (three days maximum for a single emergency operational mission, unless otherwise authorized by HR) for Civil Air Patrol duty.

See Human Resources Policy GA.8037: Leave of Absence

Extended Disability Leave

Reasonable accommodations for a leave of absence will be granted for a recognized disability, including pregnancy disability and other serious medical conditions that prevent the employee from working. Human Resources will engage in the "interactive process" with the employee and his or her manager to help determine whether a reasonable accommodation is available in order to grant such leave request.

Employees are required to use PTO during the leave of absence. Group health insurance plans (health, dental and vision) will generally be made available via COBRA.

Personal Leave

All full-time and part-time employees are eligible to request a Personal Leave of Absence.

A Personal Leave of Absence, without pay, may be granted, in CalOptima's sole discretion, for a reasonable period of time of up to a total of ninety (90) days per twelve (12)-month period. Personal LOAs are entirely dependent on CalOptima's discretion and are only approved when it is determined that granting the LOA will not unduly interfere with CalOptima's operations.

Any accumulated PTO must be used during Personal LOA. However, the use of such PTO will not adjust the start date of the leave; i.e., time covered by PTO will still count as part of the Personal Leave.

CalOptima does not guarantee that an employee's position will remain vacant while the employee is on an approved Personal LOA. CalOptima may fill the employee's position for business reasons.

If an employee's position is filled while he or she is off on an approved Personal LOA, the employee may, at the conclusion of his or her scheduled leave, apply for any open position for which he or she is qualified at CalOptima. However, if no such position is available, the employee's employment will be terminated. If the employee fails to return to work at the agreed date, the employee will be treated as having voluntarily resigned his or her employment.

See Human Resources Policy GA.8038: Personal Leave of Absence

Kin Care

Employees may use up to ~~one~~ half of their annual accrued PTO accrual for preventative care or care of an existing

health condition for the employee or a family member as permitted under Labor Code, Sections 233 (generally known as “Kin Care,” but also referred to as “Protected Sick Leave”) and 246.5(a). Accrued PTO shall also be automatically used for time-off for Child-Related Activities, subject to the limitations under Labor Code Section 230.8.

~~to attend to a child, parent, spouse, domestic partner, or domestic partner’s child who is ill. Leave for this purpose may not be taken until the PTO has actually accrued.~~

For purposes of PTO use, a “child” is defined as a biological, foster, or adopted child; stepchild; or a legal ward. A “child” also may be someone for whom an employee has accepted the duties and responsibilities of raising, even if he or she is not their legal child.

A “parent” is an employee’s biological, foster, or adoptive parent; stepparent; or legal guardian.

A “spouse” is an employee’s legal spouse according to the laws of California, which do not recognize “common law” spouses (a union that has not been certified by a civil or religious ceremony). All conditions and restrictions placed on an employee’s use of PTO apply also to PTO used for care of a child, parent or spouse.

A “registered domestic partner” is another adult with whom an employee has chosen to share his or her life in an intimate and committed relationship of mutual caring, and with whom they have filed a Declaration of Domestic Partnership with the Secretary of State of California (or another state that allows for such).

A “registered domestic partner’s child” is the biological, foster or adopted child, stepchild or legal ward of an employee’s domestic partner. A “domestic partner’s child” also may be someone for whom an employee’s domestic partner has accepted the duties and responsibilities of raising, even if he or she is not the domestic partner’s legal child.

Safety and Security

Safety

CalOptima is committed to providing and maintaining a healthy and safe work environment for all employees. CalOptima believes that the establishment and maintenance of a safe work environment is the shared responsibility of CalOptima and employees at all levels of the organization. CalOptima will attempt to establish a safe environment in compliance with federal, state and local safety regulations.

Accordingly, CalOptima has instituted an Injury and Illness Prevention Program designed to protect the health and safety of all personnel. A complete copy of the Injury and Illness Prevention Program is kept in the Facilities ~~De~~partment and is available for employees' review.

Every employee is required to know and comply with CalOptima's general safety rules and to follow safe and healthy work practices at all times. Employees may be subject to discipline, up to and including termination, for engaging in any unsafe or unhealthy work practice or for violation of established safety rules. Each employee is also required to report to his or her supervisor any potential health or safety hazards and all injuries or accidents.

First aid supplies are located in each lunch/copy room. Please report any work-related injuries, or illnesses, immediately to the ~~M~~anager of Environmental Health and Safety ~~Manager~~ and/or Human Resources ~~De~~partment. If an employee witnesses, or discovers an accident in which a CalOptima visitor, or employee, is injured, they are expected to assist the visitor or employee as much as possible, and if the situation is an emergency, to call 911. If the situation is not an emergency, employees should contact the ~~M~~anager of Environmental Health and Safety ~~Manager~~ and/or Human Resources ~~De~~partment for further direction.

See Human Resources Policy GA.8016: Unusual Occurrence, Threats and Danger

Security

The security of employees, employee property, and CalOptima property is of vital importance. All employees share responsibility to ensure that proper security is maintained. Any breach of security should be reported promptly to the CalOptima security guard, manager or director of Facilities, and the Human Resources ~~De~~partment. Employees may call upon the CalOptima security guard for assistance by dialing zero (0) and having the receptionist page him/her. For immediate emergencies, dial 911.

The building security guard is stationed in the main lobby of the building. The building security guard hours are ~~twenty-four (24) hours daily, Monday through Friday and all Friday night until 6 a.m. Saturday morning. p.m.~~ If an employee is working late and requires an escort to his or her vehicle, the employee may call the building guard, number located on the InfoNet. If an employee experiences a problem while working on the weekend, or after regular working hours, he or she should call the building after hours emergency number located on the ~~Infonet~~InfoNet.

Security Cameras

CalOptima takes the safety and security of its employees, members, and CalOptima guests very seriously. Proper video surveillance, where deemed appropriate and necessary, is one of the most effective means of helping to keep CalOptima facilities and properties operating in a safe and secure manner. Therefore, please be aware CalOptima has and monitors video surveillance cameras in common areas throughout its buildings and surrounding property for safety and security reasons. The use of video surveillance is solely for the purpose of controlling theft, ensuring the safety of CalOptima employees and members, and facilitating the identification of individuals who behave in a disruptive manner, cause damage to CalOptima property, or are otherwise in contravention of CalOptima's policies, procedures, and Code of Conduct.

Workplace Violence

CalOptima has a strong commitment to its employees and its members to provide a safe, healthy, and secure work environment. CalOptima has zero tolerance for acts of violence, threats, intimidation, or harassment, whether ~~occurring~~ occurring on CalOptima property, or off CalOptima property but while conducting CalOptima business. All such acts and threats, even those made in apparent jest, will be taken seriously, and will lead to disciplinary action, up to and including termination.

It is every employee's responsibility to assist in establishing and maintaining a violence-free and safe work environment. Therefore, employees are expected and encouraged to report any incident which may be threatening to them or their co-workers or any event which they reasonably believe is suspicious activity, threatening, intimidating, or violent. Employees may report an incident to any supervisor, or manager.

A threat includes, but is not limited to, a statement (verbal, written, or physical) which is intended to intimidate by expressing the intent to either harass, hurt, take the ~~love-life~~ life of another person, or damage, or destroy, property. This includes threats made in jest or as a joke, but which others could perceive as serious.

See ~~Human Resources~~ CalOptima Policy GA.8053: Workplace Violence

Ergonomics

CalOptima is subject to Cal/OSHA ergonomics standards for minimizing workplace repetitive motion injuries. CalOptima will make necessary adjustments to reduce exposure to ergonomic hazards through modifications to equipment and processes and employee training. CalOptima encourages safe and proper work procedures and requires all employees to follow safety instructions and guidelines.

CalOptima believes that reduction of ergonomic risk is instrumental in maintaining an environment of personal safety and well-being, and is essential to our business. We intend to provide appropriate resources to create a risk-free environment. For more information, contact the Facilities ~~De~~partment.

Inspections, Searches, and Monitoring of CalOptima Premises

CalOptima believes that it is important to the efficient and safe conduct of its business to assure access at all times to any property, equipment, records, documents, and/or files, etc. on its premises. CalOptima also believes that maintaining a workplace that is free of drugs, alcohol, firearms, explosives, and other harmful and improper materials is vital to the health and safety of its employees and to the success of the organization. CalOptima also intends to protect against the unauthorized removal of its property from the premises. Accordingly, CalOptima reserves the right to access, inspect, and search CalOptima property and premises at any time according to this policy.

Prohibited materials, including weapons, explosives, alcohol and non-prescribed drugs, or medications, may not be placed or stored in employees' work spaces or desks. If such prohibited items are found, they will be confiscated by CalOptima and delivered to the proper authorities. In addition, CalOptima reserves the right to inspect personal belongings including, but not limited to, any package, container, bag, briefcase, etc. carried in or out of CalOptima by any employee, volunteer, or visitor when deemed appropriate by management and/or CalOptima's security guards. Employees who fail to cooperate in any inspection will be subject to disciplinary action, up to and including termination.

CalOptima is not responsible for any personal belongings or items placed, or stored, in a work space or desk that

is lost, damaged, destroyed, or stolen. Employees have an obligation to cooperate fully with all inspections, investigations, and searches conducted in accordance with this Section; failure to do so may result in disciplinary action, up to and including termination.

DRAFT

Termination

DRAFT

Employee References

All requests for references must be directed to the Human Resources Department. No other manager, supervisor, or employee is authorized to release references for current, or former, employees. By policy, CalOptima discloses only the dates of employment and the title of the last position held of former employees. If an employee authorizes the disclosure in writing, CalOptima will also inform prospective employers of the amount of salary, or wage the employee last earned.

Exit Interviews

At time of separation, employees will be scheduled for an exit interview with the Human Resources Department. This interview allows employees to communicate their views on their work with CalOptima, as well as provide input regarding the requirements, operations and training needs of their former position. It also provides employees an opportunity to discuss issues concerning benefits and insurance. At the time of the interview, employees must return all CalOptima-furnished property, e.g., uniforms, tools, equipment, I.D. cards, keys (electronic and regular), laptops, cell phones, and CalOptima-related documents. Arrangements for clearing any outstanding debts with CalOptima and for receiving final pay will also be made at this time.

Termination

We hope employees will enjoy a long and mutually rewarding employment relationship with CalOptima. Sometimes, however, an employee may find it desirable, or necessary, to resign and take employment elsewhere, or CalOptima may need to discharge an employee. In either case, it is important that employees who resign, or are terminated, are treated with mutual respect to achieve a professional, orderly transition.

An employee is considered to have voluntarily terminated his or her employment with CalOptima when the employee:

- Resigns from CalOptima.
- Fails to return from vacation or from an approved leave of absence at the scheduled time.
- Fails to report to work without notice or authorization for three consecutive days.

Employees who elect to resign are asked to provide CalOptima with at least two (2) week's notice prior to their final day of work.

From time-to-time, CalOptima may reduce the size of the work force by terminating employees for business, operational, or economic reasons (such as lack of work, restructuring the workforce, reorganizing a department, or job elimination). Should CalOptima consider such terminations necessary, CalOptima will attempt to provide all affected employees with advance notice when practical. Employees affected by such reductions in force are considered to have been laid-off.

|

Confirmation of Receipt

Confirmation of Receipt

I have received my copy of CalOptima's Employee Handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by CalOptima. CalOptima reserves the right to change my hours, wages, benefits and/or working conditions at any time. I understand and agree that other than the Board and CEO of CalOptima, no manager, supervisor or representative of CalOptima has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will. I understand that if there is a conflict between a relevant law and this handbook, the law will supersede the handbook.

I understand and agree that nothing in the Employee Handbook creates or is intended to create a promise or representation of continued employment and that employment at CalOptima is employment at-will; employment may be terminated at the will of either CalOptima or me. My signature certifies that I understand that the foregoing agreement on my at-will status is the sole and entire agreement between CalOptima and me concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings and representations concerning my employment with CalOptima.

Employee's Name (Printed): _____

Department: _____

Employee's Signature: _____ Date: _____



CalOptima
Better. Together.

*****REPLACE COVER PAGE WITH NEW ONE*****

Employee Handbook

Revised February 2, 2017

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Welcome Letter

Thank you for choosing CalOptima as your employer. The dedication of our employees is critical to CalOptima's ability to fulfill its mission and deliver access to quality, compassionate care to all members. Although we have evolved into a multi-faceted organization, we are grateful that our employees remain fully committed to ensuring that all programs, initiatives and services are centered on meeting the health care needs of our members.

We at CalOptima understand that excellence in service to our members could not happen without our most valued resource, our dedicated and caring employees. Our diverse and mission-driven staff works tirelessly to meet our members' health care needs. I am exceptionally proud of our employees and am fully committed to maintaining the employee-focused culture in which our employees thrive.

With the support of CalOptima's Board of Directors and the Member and Provider Advisory Committees, our strong network of physicians and hospitals, and the dedication and drive of our employees, CalOptima looks forward to fully engaging in new opportunities that will improve the delivery of health care services to our members and the Orange County community.

On behalf of the administrative staff and the Board of Directors, welcome to CalOptima.

Sincerely,

Michael Schrader
Chief Executive Officer

Mark Refowitz
Chairman, CalOptima Board of Directors

Required Policies

Welcome to CalOptima

Welcome to CalOptima, a public agency and health plan that serves Orange County members of Medi-Cal, OneCare (Medicare Advantage Special Needs Plan), OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) and PACE (Program of All-Inclusive Care for the Elderly). We believe you will find CalOptima an exciting organization with an important mission that is fulfilled through the collective efforts of our employees. You are joining our staff of dedicated and talented professionals, and we are confident that your skills and experience will assist us in achieving our mission.

Our Personal Challenge

CalOptima's success is a direct result of the important contributions our employees make every day. We challenge all employees to keep our members front and center in all that they do. Our commitment to our members goes beyond the Customer Service Department, and we recognize that we would be unable to implement our important mission without our providers. We also recognize we need to serve all of our customers which include members, health networks, pharmacies, ancillary providers, physicians and their staff, and CalOptima employees.

But more than just meeting our members' needs, we strive to anticipate what they need and recommend it before they ask. We strive to be good stewards of public funds and honor our accountability to the community by working together to keep administrative costs as low as possible while improving the quality of care for our members and the effectiveness of our providers.

To do this, we must continually evaluate and reinvent the way we do business. Identifying opportunities for improving efficiency and effectiveness is the responsibility of all CalOptima team members. With your help, we will continue to build a team-oriented environment where innovation and flexibility are the standards for achieving our mission.

Mission Statement

The Mission of CalOptima is to provide members with access to quality health care services delivered in a cost-effective and compassionate manner.

About This Handbook

This handbook is provided for your use as a reference and as a summary of CalOptima's mission, history, employment practices, key employee policies, procedures and benefits. Because CalOptima is a dynamic and changing organization, at times it may be necessary to change or improve the policies and practices presented in this handbook. As CalOptima deems appropriate in its sole and absolute discretion, CalOptima reserves the right to amend, supplement or rescind this handbook, or any portion(s) herein, other than CalOptima's employment-at-will provisions. This handbook is not a contract, either express or implied, of continued employment.

Employees are encouraged and expected to read and familiarize themselves with the contents of this handbook, and should consult with their manager and/or Human Resources to obtain clarification or detailed information regarding any policy, procedure or practice outlined in this handbook.

CalOptima is constantly striving to improve its policies, procedures, and services. We encourage employees to bring suggestions for improvements to their managers. By working together, we hope to share with all of our employees a sincere pride in our workplace and the services we are all here to provide.

This handbook supersedes all previously issued handbooks but does not supersede applicable federal, state or local laws. Your manager or the Human Resources Department will be happy to answer any questions you may have.

Right to Revise

This employee handbook summarizes some of the employment policies and practices of CalOptima in effect at the time of publication. A full list of policies may be found on the CalOptima InfoNet. All previously issued handbooks and any inconsistent policy statements or memoranda in effect prior to the effective date of publication are hereby superseded to the extent it conflicts with this handbook.

CalOptima reserves the rights to revise, modify, delete, or add to any and/or all policies, procedures, work rules, or benefits stated in this handbook or in any other document, except for the policy of at-will employment.

Any written changes to this handbook will be made available to all employees via CalOptima's InfoNet and/or via email communication so that employees will be aware of the new policies or procedures. No oral statements, or representations, can in any way alter the provisions of this handbook.

Nothing in this employee handbook, or in any other personnel document, including benefit plan descriptions, creates, or is intended to create, a promise or representation of continued employment for any employee.

The History of CalOptima

CalOptima was established as a result of a longstanding community effort to improve access to health services for the county's low-income populations. The Orange County Board of Supervisors established CalOptima in 1993 as a county organized health system (COHS), which is a public agency. It is one (1) of six (6) COHS authorized by federal and state law to administer Medi-Cal benefits in California. This model of delivering health care services allows decision making at the local level and ensures the plan is community-driven and sensitive to local needs. CalOptima's goal is to provide Orange County's Medi-Cal population with streamlined access to quality care through the efficient use of state and federal funds.

In 1998, CalOptima launched the Healthy Families Program (HFP) to provide health care coverage for children up to the age of nineteen (19) who reside in Orange County and met eligibility requirements. In 2013, HFP members were transitioned into CalOptima's Medi-Cal plan, based on direction provided by the State of California.

In October 2005, CalOptima launched OneCare, our Medicare Advantage Special Needs Plan (SNP). OneCare was created through a contract with the Centers for Medicare & Medicaid Services to offer enhanced care coordination and streamlined health care delivery by combining the Medicare and Medi-Cal benefit packages into a single plan.

In 2013, CalOptima launched a Program of All-Inclusive Care for the Elderly (PACE), which is a community-based Medicare and Medi-Cal program that provides coordinated and integrated health care services to frail elderly members to help these members continue living independently in the community.

In 2014, CalOptima earned our highest quality honor to date, being named the top-ranked health plan in California by the National Committee for Quality Assurance (NCQA). In the NCQA's Medicaid Health Insurance Plan Rankings 2014–2015, CalOptima was ranked first in the state and 29th nationwide among the 136 Medicaid plans that were ranked.

In 2015, CalOptima launched OneCare Connect, a new health plan designed to simplify and improve health care for seniors and people with disabilities who have Medicare and Medi-Cal coverage. The plan combines Medicare and Medi-Cal benefits, adds supplemental benefits and offers personalized support.

Since commencing operations on October 1, 1995, CalOptima continues to fulfill its mission of providing access to quality health care for members through a unique health care delivery system that relies on private health care networks, including more than 1,600 primary care providers and nearly 6,000 specialists. CalOptima is proud to administer our programs in a cost-effective manner and is consistently recognized as having one of the lowest administrative cost ratios of all Medi-Cal managed care plans in California.

At-Will Employment Status

CalOptima employees are at-will employees with no guarantee of employment for any specified term. CalOptima recognizes that relationships are not always mutually satisfactory. To protect both parties' rights, the employment relationship at CalOptima is terminable at-will, at the option of the employee, or CalOptima. An employee, or CalOptima, may terminate employment at any time, with or without cause, and with or without notice.

CalOptima reserves the right to change the conditions of an employee's employment including, but not limited to, compensation, duties, assignments, responsibilities, and location at any time, with or without cause. There are no written, oral, or implied promises of permanent, or continuing, employment. This policy supersedes any such agreements to the extent that any may exist.

Equal Employment Opportunity

CalOptima is an equal employment opportunity employer and makes all employment decisions on the basis of merit. CalOptima wants to have qualified employees in every job position. CalOptima prohibits unlawful discrimination against any employee, or applicant for employment, based on race, religion/religious creed, color, national origin, ancestry, mental or physical disability/, medical condition, genetic information, marital status, Sex, Sex Stereotype, gender, Gender Identity, Gender Expression, age, sexual orientation, military status as a disabled veteran, or veteran of the Vietnam era, or any other consideration made unlawful by federal, state, or local laws. CalOptima also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has, or is perceived as having, any of those characteristics.

Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment or recruitment advertising, hiring, training, promotion, rates of pay or other forms of compensation, benefits, transfer, discipline, layoff or termination, career development opportunities, and social and recreational programs.

It is the responsibility of every manager and employee to conscientiously adhere to this policy.

See Human Resources Policy GA.8025: Equal Employment Opportunity

Unlawful Harassment and Discrimination

CalOptima is committed to providing a work environment that is free of harassment, discrimination, and retaliation. CalOptima prohibits unlawful harassment and/or discrimination against any employee, or applicant for employment, based on race, Sex, Sex Stereotype, gender, Gender Identity, Gender Expression, age, color, national origin, ancestry, mental or physical disability, sexual orientation, religion, religious creed, exercise of

rights under Family and Medical Leave Act (FMLA), marital status, military and veteran status, medical condition, genetic information or any other protected characteristic is a violation of state and federal law and is strictly prohibited by CalOptima. Any person who commits such a violation may be subject to personal liability as well as disciplinary action, up to and including termination of employment.

CalOptima encourages reporting of all perceived or actual incidents of discrimination or harassment. An employee who believes he or she is being, or has been, harassed in any way, should report the facts of the incident or incidents immediately to his or her supervisor, manager or, if he or she prefers, to the Human Resources Department. Supervisors and managers must report incidents or claims of harassment immediately to the Human Resources Department. A Human Resources representative will investigate any and all complaints and take appropriate preventive and/or corrective action, including disciplinary action, when it is warranted. Every reported complaint of harassment will be investigated thoroughly, promptly, and in a confidential manner.

CalOptima will not tolerate retaliation against an employee for reporting harassment and/or discrimination, for cooperating in an investigation, for making compliance complaints or for making any other complaint to the Human Resources Department. Employees engaging in any actions which are retaliatory against another employee will be subjected to disciplinary action, up to and including termination of employment

See Human Resources Policy GA.8027: Unlawful Harassment

Recruitment and Hiring

Job Posting

CalOptima supports the development and advancement of employees from within the organization, and that belief is supported by CalOptima's job posting process. Employees are responsible for taking ownership of their own career and checking new and current job postings for growth and advancement opportunities. CalOptima encourages employees to apply for promotions, or transfers, to open positions for which they meet the qualifications and minimum requirements.

Upon completion of the Request To Fill (RTF) process, positions will normally be posted internally and/or externally. Open positions must be posted internally for five full business days before an offer can be made. On rare occasions, there may be situations where a position is not posted due to a sensitive business need. The exceptions from posting must be approved by the Chief Executive Officer.

Employees are not eligible to apply for posted jobs until they have completed at least six (6) months' service in their current position. Employees must possess the necessary education, skills and experience for the job position, complete an internal job application (including an updated résumé) and be in good standing to apply for open positions. As a courtesy, it is recommended that employees notify their managers upon applying.

See Human Resources Policy GA.8019: Promotions and Transfers

Background Checks

CalOptima believes that hiring qualified individuals to fill positions contributes to our overall strategic success. Background checks serve as an important part of the selection process. CalOptima employees have access to confidential, private, and protected health information. Through comprehensive background checks, CalOptima can obtain additional applicant-related information that helps determine the applicant's overall employability and ensures the protection of the people, property, and information of the organization.

CalOptima uses a third party agency to conduct the background checks. The type of information that can be collected by this agency includes, but is not limited to, information pertaining to an individual's past employment, criminal background, education, character, credit record, Department of Motor Vehicles (DMV) record, and reputation. Background checks are held confidentially in compliance with all federal and state statutes, such as the California Investigative Consumer Reporting Act and the Fair Credit Reporting Act.

CalOptima conducts background checks on job applicants prior to commencement of employment. For promotions, or transfers, of employees to certain positions, a post-employment background check may also be required. Falsification of information on the employment application or providing false information for the purpose of hiring may result in disciplinary action up to and including termination of employment.

CalOptima also conducts exclusion monitoring through the Office of Inspector General (OIG) List of Excluded Individuals/Entities (LEIE) and the General Services Administration's (GSA) System for Award Management (SAM) website. Any applicant found on the LEIE and/or SAM website and verified according to the Human Resources procedures cannot be hired with CalOptima. Similarly, any existing CalOptima employee found on the LEIE and/or SAM website and verified according to the Human Resources procedures will be immediately terminated. Employees shall notify the Human Resources Department upon hire, or immediately any time thereafter, if the employee knows or has reason to know that the employee is excluded from a federally funded health care program and/or may be listed on the LEIE and/or SAM Website.

See Human Resources Policy GA.8030: Background Checks

Proof of Right to Work

In accordance with federal law, all new hires will need to produce original documentation establishing their identity and authorization to be legally employed in the United States. In addition, each new hire is required to complete an INS Form I-9 swearing that they are legally employable in the United States. This verification must be completed as soon as possible after an offer of employment is made and in no event more than three (3) business days after an individual is hired. All offers of employment and continued employment for positions in the United States are conditioned on furnishing satisfactory evidence of identity and legal authority to work in the United States.

Job Duties

In order to run a cost-effective program at CalOptima, it's important that employees are flexible and do what needs to be done to best serve the needs of our members and customers. During the employee's initial orientation and during the initial performance review, management will explain job responsibilities and the performance standards expected of their employees. Be aware that job responsibilities may evolve and/or change at any time during the employment relationship. From time to time, employees may be asked to work on special projects, and/or to assist with other work necessary or important to the operation of their department or CalOptima. Cooperation and assistance in performing such additional work is expected.

CalOptima reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

Employment Classifications

CalOptima uses the following specific classifications to describe the responsibilities and benefits of employment:

Full-Time: Employees who are regularly scheduled to work sixty (60) to eighty (80) hours a pay period and are eligible for all employer-provided health care and retirement benefits.

Part-Time: Employees who are regularly scheduled to work less than fifty-nine (59) hours per pay period. Regular part-time employees are eligible for benefits and must pay an additional premium for health care benefits. PTO and flex holiday hours accrue on a prorated basis according to an employee's prorated work schedule.

Limited-Term: Employees who are hired to work a full-time, or part-time, schedule on special assignments that last a period of less than six (6) months. Limited-term employees do not become regular employees as a result of the passage of time. Limited-term employees are eligible for employer-provided health care and retirement benefits at a rate dependent on their full-time, or part-time status.

As-Needed: Employees called to work sporadically on an as-needed basis. As-needed employees are employed for an indefinite duration and must work less than one-thousand (1,000) hours per fiscal year. These employees may not have regularly scheduled hours and do not earn any benefits but may become eligible for paid sick leave

Temporary Agency Workers: Workers who have been hired by and are paid by a temporary agency for an assignment generally not expected to last more than one-thousand (1,000) hours per fiscal year. Temporary agency workers are not eligible for CalOptima benefits.

Salaried (Exempt): These employees are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) and state regulations governing wages and salaries, where applicable. Exempt status is determined by the duties and responsibilities of the position and is defined by Human Resources for each position.

Hourly (Non-Exempt): Includes all employees who are not identified as exempt. Non-exempt employees are paid on an hourly basis and are eligible for overtime compensation as required by federal wage and hour laws.

Interns: Paid interns are considered as-needed employees and must be enrolled in a college, or university, two (2) or four (4)-year degree program, an accredited vocational institution, or a graduate program, and may receive school credit for the internship. Unpaid interns shall not be deemed employees of CalOptima and must be enrolled in a college, or university, two (2) or four (4)-year degree program, an accredited vocational institution, or a graduate program, and will receive school credit for the internship.

CalOptima may change the employment classification/category of any employee at any time based on the nature of the employment assignment and to ensure compliance with applicable state and federal laws.

Employment of Relatives

Management will exercise appropriate discretion in each case in the hiring and employment of relatives of current employees. "Relatives" are defined as any persons related by birth, marriage, domestic partner status, or legal guardianship including, but not limited to, the following relationships: spouse, child, step-child, parent, step-parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, niece, nephew, parent-in-law, daughter-in-law, son-in-law, brother-in-law and sister-in-law. If an employee knows or has reason to know that CalOptima is considering a relative of the employee for employment, that employee should make that fact known to the Human Resources Department.

Relatives of present employees may be hired by CalOptima only if:

- The applicant will not work directly for or directly supervising an existing employee; and
- A determination can be made that a potential for adverse impact on supervision, security, safety or employee morale does not exist.

If the relationship is established after the employee's employment with CalOptima, i.e. two (2) existing employees marry, become related by marriage, or become housemates, and a determination has been made that the potential for adverse impact does exist, the department head in conjunction with the Human Resources Director, shall make reasonable efforts to minimize problems of supervision, or safety, security, or morale, through reassignment of duties, relocation, or transfer to another position for which he or she is qualified, if such position is available. If CalOptima is unable to make an acceptable accommodation, then the employee and his or her relative and/or housemate shall be given an opportunity to decide which one (1) person shall be transferred, if possible, or terminated from employment. If the employees do not make a decision within thirty (30) business days, CalOptima shall automatically reassign one (1) of the employees, if possible, or terminate one (1) of the employees from employment. The decision as to which employee will leave will be at the discretion of CalOptima with consideration of CalOptima's business needs.

See Human Resources Policy GA.8051: Hiring of Relatives

Employee Performance and Responsibilities

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Introduction to Employee Performance and Responsibilities

CalOptima strives to create an environment and culture where our employees can bring their skills and talents to the forefront. We will treat our employees with respect and provide opportunities to be successful. CalOptima expects that each employee will strive to do his or her best as a CalOptima employee and that each employee will hold him or herself accountable for excellent performance, service, and results.

Performance Evaluations

Evaluation of employees is a continuing process that takes place both formally and informally. Formal evaluations of performance and competence of regular employees shall take place following ninety (90) days of employment, based on the date of hire, transfer, or promotion, and one (1) time per year thereafter as part of the annual review process.

Initial Performance Review

CalOptima strives to hire qualified employees for the job. In order to ensure both the employee and CalOptima are meeting their respective expectations, an initial performance review is conducted following ninety (90) days of employment, based on the date of hire, transfer, or promotion, assuming the employee's employment has not otherwise been terminated. The manager will evaluate the employee's capabilities, work habits, compatibility with the job, interest in the job, and will discuss individual, department, and organizational expectations and performance. As an at-will employee, either party may terminate the employee's employment at any time, with or without cause, and with or without notice.

Job Performance, Conduct and Progressive Discipline

CalOptima employees are bound to one another and our organization by the following shared values: integrity, teamwork, mutual respect, and personal responsibility. Our reputation is fundamental to our continued success. Each of us has a personal responsibility to ensure that our conduct is true to that objective.

Employees are expected to abide by CalOptima's Code of Conduct and conduct themselves in an intelligent, mature, and responsible manner and in accordance with applicable laws, regulations, policies, and generally accepted work behaviors. Appropriate conduct is expected at all times while employees are on duty and/or on CalOptima property. Any violation of CalOptima policies, or any act or incident of improper behavior or conduct, may warrant disciplinary action, up to and including termination. In this regard, CalOptima has outlined some examples of undesirable behavior and/or performance issues that may result in disciplinary action, up to and including termination, which include, but are not limited to:

- Unsatisfactory work quality, or quantity;
- Failure to meet performance standards;
- Behavioral-based problems that impact productivity, quality, service, or teamwork;
- Excessive absenteeism, tardiness, or abuse of break and lunch privileges;
- Failure to follow instructions, policies, regulations, laws, or CalOptima policies and procedures; and/or
- Failure to follow established safety regulations.

CalOptima strives to assist employees in understanding their performance expectations and in improving and preventing recurrence of undesirable behavior and/or performance issues. Employees are responsible for taking ownership in correcting their performance/behavior and in meeting their performance expectations.

CalOptima may, at its sole and complete discretion, apply a progressive discipline process, where appropriate, in an effort to correct undesirable behavior and/or performance issues. Progressive discipline does not apply to all performance issues or undesirable behaviors and will be employed on a case by case basis. The severity of the discipline will depend on the nature of the offense, taking into consideration an employee's past performance and disciplinary record, where applicable. Discipline should be assessed in a fair and consistent manner.

As an at-will employee, CalOptima employees may be disciplined, up to and including termination, at any time, without advance notice. Employees are not guaranteed a right to progressive discipline prior to termination. CalOptima may skip one (1) or more steps, repeat certain steps, or skip the entire progressive discipline process altogether at CalOptima's sole and complete discretion. An employee may be terminated immediately within his or her initial ninety (90) days of employment, transfer, or promotion without applying progressive discipline. Serious performance, or behavioral, problems may result in immediate termination without resorting to any of these progressive disciplinary actions.

The progressive discipline process, when applied, is intended to give employees advance notice of problems with their conduct, or performance, in order to provide the employee with an opportunity to correct these problems. When used, the progressive actions may include:

- Documented Counseling Memo;
- Written Warning;
- Final Warning with a Written Action Plan; and/or
- Termination.

Management may also place an employee on administrative leave pending an HR investigation. CalOptima may also suspend an employee without pay after an initial HR investigation. The Human Resources Department shall work with management to address disciplinary issues and management actions.

See Human Resources Policy GA.8022: Progressive Discipline

Training

CalOptima values the talent of its employees and encourages employees to continually develop their skills to enhance their job responsibilities and prepare for future opportunities within the organization. CalOptima provides mandatory trainings, as designated by CalOptima leadership, Human Resources, Compliance, and departmental staff, as well as other optional training and personal development opportunities.

All mandatory trainings must be completed within a specified time frame and may require documentation that the employee passed the associated exam in order to be deemed completed. Mandatory trainings include, but are not limited to, compliance and regulatory requirements and information, which may be administered in person, online and/or through other means of communication. Employees failing to complete the mandatory training and/or pass the associated exam within the stated time frame may be disciplined, up to and including termination of employment.

Open Door

CalOptima has an open door approach that encourages employee participation in decisions affecting them and their daily responsibilities at CalOptima and/or the organizational operations. Employees who have work-related concerns, or complaints, or have suggestions to improve operations, are encouraged to discuss these matters in an informal and professional manner with their immediate supervisor and/or any other management representative with responsibility for their department. If such concern, or complaint, arises from any particular incident,

employees should report these issues to their immediate supervisor, or another management representative, with responsibility for their department as soon as possible after the event, or incident, that caused the concern.

If the employee feels he or she cannot resolve his or her concern, or complaint, with management within his or her department, then the employee should contact Human Resources. CalOptima believes that employee concerns are best addressed through open communication and that the majority of misunderstandings can be resolved through open dialogue. Employees are encouraged to pursue discussion of their work-related concerns until the matter is fully resolved.

Although CalOptima cannot guarantee that employees will be satisfied with the result, CalOptima will attempt in each instance to explain the result or resolution to the employee if the employee is not satisfied. CalOptima will also attempt to keep all such expressions of concern, the results of the investigation and the terms of the resolution confidential. However, in the course of investigating and resolving the matter, some dissemination of information to others may be appropriate and/or necessary. No employee will be disciplined, or otherwise penalized, for raising a good-faith work-related concern in keeping with the open door approach.

Employees who conclude their work-related concerns should be brought to the attention of CalOptima by written complaint and formal review may refer to the Internal Complaint Review process set forth in this handbook.

Internal Complaint Review

CalOptima strives to maintain a safe, positive and pleasant environment for our employees. Employees who encounter work-related problems are encouraged to follow the steps outlined below to resolve their issues.

Step One: Immediate Supervisor

Should an employee have a problem, or complaint, he or she should try to resolve this issue with his or her immediate supervisor. In most instances, a friendly talk with a supervisor can quickly resolve a problem. The supervisor will evaluate the matter and work to provide a timely solution.

Step Two: Department Head

If the problem is not resolved in Step One, an employee can refer the problem in writing to his or her department head. The department head should schedule a meeting to discuss the issue with the employee and, in turn, provide a timely solution, where applicable.

Step Three: Human Resources Department

If, for any reason, an employee is dissatisfied with the decision of the department head, the employee can file a written complaint with the Human Resources Department. A representative from the Human Resources Department will investigate the complaint, meeting separately with the employee and with others who are either named in the complaint, or who may have knowledge of the facts set forth in the complaint. CalOptima will attempt to treat all internal complaints and their investigation as confidential, recognizing, however, that in the course of investigating and resolving internal complaints, some dissemination of information to others may be necessary. On completion of the investigation, the Human Resources Department will discuss any actions, or resolutions with the employee.

Step Four: Appeal

If the complaint is not resolved to the employee's satisfaction, the employee may submit a written request for review of the complaint to CalOptima's executive director of Human Resources. On completion of the appeal review, the employee should receive an oral, or written, explanation of the conclusion reached and the reasons for that conclusion. Decisions resulting from appeal reviews by CalOptima's Executive Director of Human Resources will be final.

No employee will be retaliated, or discriminated, against in any way because he or she made a complaint in compliance with this process. Nothing in this Internal Complaint Review is intended to alter the at-will nature of employment.

Attendance, Tardiness, and Reporting Absences

CalOptima counts on each employee's attendance and punctuality to provide efficient and consistent service to our members. We expect employees to report to work on time, observe the time limits for break and meal periods, and not leave work earlier without prior approval from their immediate supervisor.

If an employee is going to be absent or tardy, he or she must provide timely notice to his or her supervisor *before* his or her scheduled shift time. If the supervisor cannot be reached, the employee is expected to leave a message on the supervisor's voicemail and notify the department head or other designated department contact. Employees must provide the reason for the absence and the expected date of return. Employees must call in each day they will be absent, or tardy, unless they are on a lengthier, pre-approved medical leave. Frequent tardiness, or absenteeism, will result in disciplinary action, up to and including termination. If an employee is absent for four (4) consecutive days, or more, of personal and unprotected sick time, a doctor's note is required on the first day back.

Authorized Absence

An authorized absence occurs when all four (4) of the following conditions are met:

1. The employee provides sufficient notice to his or her supervisor (employee personally contacts his or her immediate supervisor prior the commencement of his or her shift).
2. The employee provides an acceptable reason to his or her supervisor.
3. Such absence request is approved by his or her supervisor.
4. The employee has sufficient accrued PTO to cover such absence or the supervisor waives this requirement because the employee has not yet accrued sufficient PTO.

The employee's immediate supervisor may waive the notice requirement when it is warranted by the particular circumstances involved; for example, when an employee is unexpectedly taken ill and cannot call. Failure to meet these requirements may result in discipline up to and including termination, depending on the surrounding circumstances.

Unauthorized Absence

An employee is considered to be on an unauthorized absence when one (1), or more, of the four (4) conditions mentioned above are not met.

Unauthorized absences may result in disciplinary action, up to and including termination, depending on the surrounding circumstances. In addition, an employee is considered to have resigned when the employee fails to report to report to work without giving notice to and/or receiving authorization from his or her immediate supervisor for three (3) consecutive days. In rare circumstances, the employee will be reinstated when it is warranted by the particular circumstances involved.

Frequent or Prolonged Absenteeism or Tardiness

Frequent, or prolonged, absenteeism, or repeated tardiness, even when authorized, may result in disciplinary action, up to and including termination. Absences from work that qualify and are approved under CalOptima's leave of absence policy will not count toward excessive absenteeism.

Drug-Free and Alcohol-Free Workplace

CalOptima strives to maintain a workplace that is free of drugs and alcohol and discourages drug and alcohol abuse by its employees. CalOptima has a vital interest in maintaining a safe and productive work environment for its employees, members, and those who come into contact with CalOptima. Substance abuse is incompatible with the mission and interest of CalOptima. Employees who are under the influence of drugs and/or alcohol in the workplace can compromise CalOptima's interests, endanger their own health and safety and the health and safety of others, and can cause a loss of efficiency, productivity, or a disruptive working environment.

The following rules and standards of conduct apply to all employees either on CalOptima's property, or on CalOptima business. Behavior that violates CalOptima policy includes:

- The unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance;
- Possession, or use, of an illegal, or controlled, substance, or being under the influence of an illegal, or controlled, substance while on the job, except where the controlled substance is lawfully prescribed and used consistent with a doctor's authorization;
- Abuse of a legal drug or the purchase, sale, manufacture, distribution, dispensation, or any legal prescription drug in a manner inconsistent with law;
- Driving a CalOptima owned, or leased, vehicle while under the influence of alcohol, illegal drugs, or controlled substance(s); and/or
- Distribution, sale, or purchase of an illegal, or controlled, substance while on the job.

Violation of these rules and standards of conduct will not be tolerated, and CalOptima shall take appropriate actions including, but not limited to, employee discipline, up to and including termination. CalOptima also may bring the matter to the attention of appropriate law enforcement authorities and/or professional licensing authority.

CalOptima reserves the right to conduct searches of CalOptima property or employees and/or their personal property, and to implement other measures necessary to deter and detect abuse of this policy. CalOptima asserts its legal right and prerogative to test certain employees for substance abuse. These employees may be asked to submit a medical examination and/or to submit to urine testing for illegal drugs, controlled substances, or alcohol under the following circumstances:

- Employees in certain positions are required to pass a pre-employment urine drug test.
- Employees in certain positions may be subject to random drug testing.
- If the CalOptima employee is involved in a traffic accident and there is reasonable suspicion of the involvement of drugs and/or alcohol.
- If an employee's supervisor suspects an employee is under the influence of drugs and/or alcohol and observes one or more symptoms.

Employee acceptance of medical examinations and testing, when requested by CalOptima for one (1) of the reasons set forth above, is a mandatory condition of employment. Refusal to submit to such medical examinations and tests constitutes a violation of CalOptima's policy and is grounds for disciplinary action, up to and including immediate termination of employment.

Any employee who is using prescription, or over-the-counter drugs, that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting, or resuming, work. Any prescription medication, which must be taken while at work, should be kept in the original prescription container and used in accordance with the prescribing physician's

instructions. CalOptima reserves the right to require written medical certification of the employee's ability to perform his or her duties while taking any prescribed medication.

All CalOptima employees who provide health care services and personal care services to CalOptima members may be subject to random drug testing. This shall include any employee who operates a CalOptima owned, or leased, motor vehicle.

All CalOptima employees that have face-to-face interaction in the residence of a member, or prospective member, and provide health care services, or personal care services, such as nurses in the field, may be subject to random drug testing.

Employees are required to report any drug and/or alcohol related convictions occurring outside of the workplace to CalOptima within five (5) days of such conviction. This information may subject the employee to disciplinary action, random testing requirements, referral to the EAP, and/or may be reported to the appropriate licensing authority.

See Human Resources Policy GA.8052: Drug-Free and Alcohol-Free Workplace

Employee Access to Personnel Records

Employees of CalOptima, in certain instances, are given permission to have access to information in their own personnel files. Employees may request access to this information at a reasonable time and place by appointment, usually during business hours in the Human Resources Department, unless another time or place is mutually agreed upon. CalOptima reserves the right to monitor the inspection of the file to ensure that nothing is removed, destroyed or altered, and that it is returned to its proper location. The right to inspection does not include certain records including, but not limited to, records relating to investigations, letters of reference, and/or records obtained prior to the employee's employment, or were obtained in connection with a promotion, or transfer.

Change of Employee Personal Information

Each employee is required to report promptly any change in his/her status and/or personal information to the Human Resources Department as soon as it occurs. Such changes include name, address, marital status, telephone number, number of dependents, person(s) to be notified in case of emergency, physical limitations, beneficiary, etc. This information affects deductions, health coverage, and many other aspects of employment.

It is vitally important to notify the Human Resources Department within thirty (30) days of a status change such as marriage, divorce, birth, or adoption. Status changes may be made through the Employee Self-Service module on the CalOptima InfoNet. Failure to notify Human Resources of these qualifying events may preclude, or delay, changes in eligibility for insurance.

Confidential Information

CalOptima property includes not only tangible property, like desks, file cabinets and computers, but also intangible property such as information. CalOptima has a particular interest in protecting its proprietary, private, and/or confidential information. Proprietary information includes all information obtained by CalOptima employees during the course of their work including, but not limited to, intellectual property, computer software, and provider identification numbers. Private information includes, but is not limited to, any information related to a person's health, employment application, residence address, testing scores, personnel review, or social security number. Confidential information is any CalOptima information that is not known generally to the public

including, but not limited to, Protected Health Information (PHI), personnel files, provider rates, DHCS reimbursements, and any other information that may exist in contracts, administrative files, personnel records, computer records, computer programs, and financial data.

CalOptima employees, or agents, may not reveal, or disclose, divulge, or make accessible, proprietary, private, and/or confidential information belonging to, or obtained through, the employee's affiliation with CalOptima to any person, including relatives, friends, and business and professional associates, other than persons who have a legitimate business need for such information and to whom CalOptima has authorized disclosure. Employees may not disclose or use proprietary, or confidential, information, except as their jobs require. Inappropriate use, unauthorized copy and transfer, attempted destruction, the destruction or disclosure of confidential, private, or proprietary information obtained through the employee's affiliation with CalOptima will subject an employee to discipline, up to and including termination and possible legal recourse.

Confidentiality and the Health Insurance Portability and Accountability Act (HIPAA)

CalOptima is committed to protecting the confidential, sensitive, and proprietary health information of our members. HIPAA addresses our need to protect and safeguard our members' information. This includes making sure electronic health information is secure, taking precautions to safeguard member files, and following all other HIPAA regulations regarding Protected Health Information (PHI). Please contact our HIPAA Officer for more information. Failure to follow HIPAA regulations and CalOptima policies concerning protection of member files and information may subject an employee to discipline, up to and including termination and possible legal recourse.

See Human Resources Policy GA.8050: Confidentiality and Disclosure

Compliance Program

CalOptima maintains a comprehensive Compliance Program, part of which is a plan to detect, investigate and report fraud, waste, and abuse in any and all of the CalOptima programs. CalOptima employees are required to report any and all suspected, or actual, cases of fraud, waste, and abuse to the CalOptima Office of Compliance. An employee can file a report anonymously by contacting the CalOptima Compliance and Ethics Hotline at 1-877-837-4417. Employees can also file a Suspected Fraud or Abuse Referral Form with the Office of Compliance, which is available on the CalOptima InfoNet. In addition, employees are always welcome to speak with their supervisor or the Compliance director at any time with any concerns they may have. CalOptima maintains a strict policy of non-retaliation and non-retribution toward employees who make such reports in good faith. Employees are protected from retaliation under 31 U.S.C. § 3730(h) for False Claims Act complaints, as well as any other anti-retaliation protections.

The CalOptima Code of Conduct provides that CalOptima employees are expected and required to promptly report suspected violations of any statute, regulation, or guideline applicable to any CalOptima program, its policies and procedures and its Compliance program. Failure to comply with the Compliance program, including CalOptima's Code of Conduct, may lead to disciplinary action. Discipline, at CalOptima's discretion, may include progressive discipline or may lead to direct termination in accordance with CalOptima policies. In addition, failure to comply with CalOptima's Compliance program and Code of Conduct may result in the imposition of civil, criminal, or administrative fines on the employee and/or CalOptima, which may include exclusion from participation in federal and/or state health care programs.

Code of Conduct

CalOptima maintains a strict Code of Conduct governing employee conduct, as well as ethical behavior related to and/or concerning work-related decisions. CalOptima expects all employees to follow this code and to report

situations in which they become aware of circumstances and/or behaviors which do not live up to CalOptima's standard. In order to discourage inappropriate conduct and/or illegal activities and to protect member confidentiality, CalOptima maintains the CalOptima Compliance and Ethics Hotline at 1-877-837-4417 to provide an opportunity for all employees to report unethical conduct. CalOptima maintains a strict policy of non-retaliation and non-retribution toward employees who make such reports in good faith. Employees are protected from retaliation under 31 U.S.C. § 3730(h) for False Claims Act complaints, as well as any other anti-retaliation protections.

The CalOptima Code of Conduct provides that CalOptima employees are encouraged to speak up and report any instance in which unethical behavior occurs as outlined in the Code of Conduct policy. Failure to comply with the Code of Conduct may lead to disciplinary action, up to and including termination.

See CalOptima's Code of Conduct

Dress Code

CalOptima has adopted a Business Casual Attire Dress policy as the standard attire from Monday through Thursday. Employees must choose business casual clothing that communicates professionalism. Business casual includes CalOptima logo attire.

There may be times that management may require employees to dress in customary business professional attire including, but not limited to, when presenting to the Board of Directors, meeting with members of the business community or representing the organization at an outside community function.

The following dress guideline outlines the general workplace standard that must be followed by CalOptima employees. Management within each department shall have the discretion to determine appropriate attire and grooming requirements for employees based upon job duties.

Business Casual: Business casual attire includes suits, dress pants, dress shirts, dress sandals, sweaters, dresses and skirts. Ties may be worn but are not required. All clothing should be clean, pressed and in good repair. The height of heels should be suitable to the individual to prevent safety hazards. In all cases, management within each respective department will define "appropriate" business casual attire. We ask that employees not wear jeans (or any type of denim or any color jeans), spaghetti strap shirts, see-through clothing, short skirts, any type of shorts (at or above the knee), casual sandals (such as flip flops or beach attire), tennis shoes, capri pants (unless part of a professional dress suit or two-piece business outfit), leggings or stretch pants, clothing displaying any written words or symbols (with the exception of CalOptima logo attire, or brand names or symbols), clothing that reveals undergarments or parts of the body incompatible with a professional setting, or any type of hat, unless the employee obtains prior approval from Human Resources.

CalOptima Logo Attire (Monday–Friday): CalOptima logo attire includes dress shirts, polo shirts, or other shirts purchased through the Human Resources Department with CalOptima's logo displayed. Logo attire from any CalOptima program is allowed. These shirts must be partnered with dress pants, or khaki pants, in good condition. Logo attire is allowed Monday through Friday. CalOptima logo attire may not be worn with jeans, shorts, or capri pants from Monday through Thursday.

Casual Attire (Friday): Casual attire is a benefit permitted only on Fridays, unless otherwise specified. As with business casual attire, casual attire should be neat in appearance and in good repair, with no tears, or holes. Casual attire includes jeans, capri pants (loose and below the knee), casual sandals (no flip flops), tennis shoes, or other casual clothing in good condition. Leggings, or lycra slacks, are acceptable only when worn with a dress, or long

shirt that falls at least below the mid-thigh level. In all cases, management within each respective department will define “appropriate” casual attire. Casual attire does not include: any type of jogging or sweat suits/sweatpants, halter tops, spaghetti strap shirts, see-through clothing, ripped jeans, shorts (at or above the knee), clothing that exposes the stomach area, or other parts of the body incompatible with a professional environment, clothing displaying any written words or symbols, with the exception of CalOptima logo attire, brand names or symbols, sports teams, or university/school/club names or logos, or hats, unless prior approval from Human Resources is given.

As a benefit, employees may dress in casual attire every Friday and every year during the following times, unless otherwise specified:

- The week of Thanksgiving;
- The period between Christmas and New Years Day;
- The period between Memorial Day and Labor Day; and
- National Customer Service Week (First week of October).

Employees may be subject to disciplinary action, up to and including termination, for violations of CalOptima’s dress code policy.

See Human Resources Policy GA.8032: Employee Dress Code

Conflict of Interest

Employees are expected to devote their best efforts and attention to the full-time performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict or the appearance of a conflict between the employee's personal interests and the interests of CalOptima. It is CalOptima’s view that both the actual and appearance of a conflict of interest must be avoided.

Employees unsure as to whether a certain personal or non-CalOptima transaction, activity, or relationship constitutes a conflict of interest should discuss it with their immediate supervisor, or the Human Resources Department for clarification. Any exceptions to this guideline must be approved, in writing, by CalOptima's Chief Executive Officer (CEO).

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common actual, or potential, conflicts, which employees should avoid, include the following:

1. Accepting personal gifts or entertainment from current or potential providers, members or suppliers that is more than twenty-five dollars (\$25) in a calendar year from any single source;
2. Working for a current or potential provider, contractor, vendor, member or supplier, association of contractors, vendors, providers, or other organizations with which CalOptima does business or which seek to do business with CalOptima, except when it is determined that the nature of the job does not create a conflict;
3. Engaging in self-employment in competition with CalOptima;
4. Using proprietary or confidential CalOptima information for personal gain, or the gain of others, or CalOptima's detriment;
5. Having a direct or indirect financial interest in or relationship with a current or potential provider, supplier or member; except when it is determined that the nature or financial interest does not create a conflict
6. Using CalOptima assets or labor for personal use;
7. Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to

CalOptima; and/or

8. Committing CalOptima to give its financial, or other, support to any outside activity, or organization.

If an employee, or someone with whom an employee has a close relationship (a family member or close companion), has a financial, or employment, relationship with a current, or potential, provider, contractor, vendor, supplier, or member, the employee must disclose this fact in writing to the Human Resources Department. Employees should be aware that if they enter into a personal relationship with an employee of a current, or potential provider, supplier or member, a conflict of interest might exist, which requires full disclosure to CalOptima.

All CalOptima employees are required to promptly report any and all non-CalOptima job positions, positions held on non-profit/charitable organizations, and/or their affiliations or interests in job-related businesses, or organizations to the Human Resources Department.

In addition to these provisions, designated employees are also subject to the provisions of the Conflict of Interest Code adopted by the CalOptima Board of Directors in compliance with the California Government Code. Designated employees must complete a Form 700 and a CalOptima Supplemental Form upon hire, annually, and upon termination of employment. The Human Resources Department coordinates this activity with the Clerk of the CalOptima Board.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, may result in discipline, up to and including termination of employment and/or criminal, civil or administrative action.

See Human Resources Policy GA.8012: Conflicts of Interest

Guests

Due to the confidential nature of CalOptima's operations, employees are discouraged from having visitors at work, unless necessary, or related to performance of job duties. Children of employees are not allowed on the premises during working hours unless attending a formal CalOptima sponsored function. All guests must register at the reception desk in the lobby and obtain a guest badge. Guests shall not be permitted to walk around CalOptima's secured areas unaccompanied.

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Benefits

Introduction

CalOptima is proud of the comprehensive benefits package we provide to our employees. This section of the handbook is designed to acquaint employees with some of the more significant features of CalOptima's employee benefits. It is important to remember that more detailed information is set forth in the official plan documents, summary plans descriptions and/or group policy contracts that govern the plans. Accordingly, if there is any real or apparent conflict between the brief summaries contained in this manual and the terms, conditions, limitations or exclusions of the official plan documents, the provisions of the official plan documents will control over these brief summaries. Employees are welcome and encouraged to review the official plan documents, available in the Human Resources Department, for further information.

Workers' Compensation

CalOptima, in accordance with state law, provides insurance coverage for employees in case of work-related injuries. The cost of this insurance is completely paid for by CalOptima. The Workers' Compensation benefits provided to injured employees may include:

- Medical, surgical and hospital treatment;
- Partial payment for lost earnings that result from work-related injuries; and/or
- Rehabilitation services to help injured employees return to a suitable employment.

Employees are required to report all on-the-job injuries to their supervisor and Human Resources immediately, regardless of how minor the injury may be. CalOptima is legally required to report serious injuries, or illnesses, including the death of an employee, within eight (8) hours of the incident and/or accident.

See Human Resources Policy GA.8041: Workers' Compensation Leave of Absence

Paid Time Off and Workers' Compensation

Workers' Compensation does not usually cover absences for medical treatment, follow-up doctor's appointments, physical therapy appointments, and/or other appointments related to a Workers' Compensation claim, or injury. When an employee reports a work-related illness, or injury, he or she will be sent to CalOptima's designated clinic if medical treatment is necessary. Employees may have the option of seeing their own doctor if their doctor has previously been designated as the treating physician and this authorization has been submitted to Human Resources. CalOptima generally participates in a Medical Provider Network (MPN), through which all treatments are provided to the employee. All appointments related to treatment must be coordinated through the Workers' Compensation insurance company and the Human Resources Department.

Any further medical treatment will be under the direction of the employee's primary treating physician. Employees returning to work, or who are still working after a work-related injury or illness under the Workers' Compensation Act, are required to coordinate with their supervisor to use accrued PTO, or make up time away from work, consistent with CalOptima's time-keeping requirements, for follow-up medical appointments. Employees who do not have sufficient PTO accruals may take unpaid time off for follow-up medical appointments. Appointments should be scheduled in a manner that provides the least disruption to the employee's normal work schedule.

Core Health Benefits

The benefits CalOptima offers its employees are an important part of a total compensation package. Such benefits, like health and life insurance, would be significantly more expensive if employees had to purchase them privately. CalOptima's benefits are regularly reviewed to ensure that they are competitive with those offered by other public agencies and organizations in Southern California.

All regular full-time, regular part-time and limited term employees and, if elected, their eligible family members, are eligible for health insurance benefits beginning the first day of the month following the employee's date of hire. However, if the date of hire is on the first of the month, health insurance benefits begin effective on the hire date. Eligible family members include: spouses, registered domestic partners, and dependent children. Documentation certifying eligibility is required. Coverage will commence on the first (1st) of the month following the employee's date of hire.

Employment eligibility requirements and enrollment change information is available in the individual Summary of Benefits and Coverage (SBC), Summary Plan Descriptions (SPD) and other benefits booklets. Questions regarding any of CalOptima's benefits should be directed to the Human Resources Department.

Once enrolled, the employee's elections will remain in effect for the entire, or remaining, plan year (January 1 through December 31) unless the employee has a qualifying event. Many of the deductions taken on CalOptima employee health benefits are taken on a pre-tax basis since CalOptima participates in a Flexible Benefits Plan (Cafeteria Section 125 Plan). For this reason, changes to medical, dental, vision, health, or dependent care flexible spending accounts (FSA) may only be made with the submission of supporting documentation that provides substantiation of the qualifying event. Some examples of qualifying events include, but are not limited to: marriage, divorce, birth/adoption of child, over-age dependent and change of spouse's employment. If one of these events occurs, the Human Resources Department must be contacted within thirty (30) days to make a change. Otherwise, employees are required to wait until the next annual open enrollment period, usually held in October of each year, to make any changes to their elections. The effective date for qualifying event changes can only be made prospectively, not retroactively.

When health benefits coverage terminates due to an extended personal leave of absence, or termination of employment with CalOptima, employees may be eligible under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) to continue enrollment for a period of time. Additional information is mailed to terminated employees from a third party COBRA administrator following the last day of employment.

Upon an employee's separation from CalOptima, health insurance benefits continue through the end of the month that he or she terminates in. The employee is responsible for his or her share of the costs for health insurance benefits for the entire month, and appropriate deductions will be included in the employee's final paycheck.

Below is list of core benefits available to eligible full-time and part-time regular employees, as well as limited term employees. The employee premiums, deductions from payroll for these benefits, vary depending on the employee's employment classification and annual modifications based on changes in premiums from our carriers. CalOptima reserves the rights to modify, change, eliminate or add to the following list of benefits at its sole discretion:

Health — CalOptima provides different options for affordable HMO and PPO health plans that include a broad network of medical groups and hospital access with a very reasonable co-pay structure for office visits and pharmacy benefits. A High Deduction Health Plan (HDHP), inclusive of employer contributions, and a Health Savings Account (HSA) are available at the employee's election.

Dental — Comprehensive dental plans that include preventive dental care visits at no charge, as well as orthodontia benefits, are available to CalOptima employees.

Vision — CalOptima’s vision plan design allows for eye examinations, glasses and contact lenses.

Life and AD&D — Full-time regular employees receive a \$50,000 life and accidental death and dismemberment (AD&D) insurance policy, or one (1) times the employee’s basic annual earnings, whichever is higher, with a maximum amount of \$325,000. Part-time regular employees receive a \$25,000 life and AD&D insurance policy, or one (1) times their basic annual earnings, whichever is higher.

Short-Term Disability — An employee with a qualifying disability/condition may receive short-term disability benefits, which pays sixty percent (60%) of an employee’s regular wages for a period of time following a waiting period. This benefit is a substitute for state disability benefits as CalOptima does not participate with the State Disability Insurance (SDI) program. CalOptima provides this benefit free to eligible employees.

Long-Term Disability — An eligible employee with a qualifying disability/condition may receive long-term disability benefits, which pays sixty percent (60%) of regular wages until normal retirement age, as long as the employee meets the definition of disability. This benefit is used in lieu of state disability benefits since CalOptima does not participate with the State Disability Insurance (SDI) program. CalOptima provides this benefit free to eligible employees.

Employee Assistance Program (EAP) — This free and confidential resource provides easy and accessible services to employees (and some extended family members) for behavioral health issues such as: counseling for relationship issues, emotional well-being, legal and financial assistance, substance abuse, as well as workplace challenges.

CalOptima also offers additional voluntary benefits to eligible employees. These voluntary optional benefits may include benefits such as: additional voluntary life and AD&D insurance, whole life and critical illness insurance plans, legal plans and flexible spending accounts (FSA). All voluntary benefit premiums are one hundred percent (100%) paid for by the employee.

Retirement Benefits

CalPERS (California Public Employees Retirement System) Defined Benefit Plan — CalOptima has contracted with CalPERS instead of participating in Social Security. Regular full-time, regular part-time, and limited term employees are automatically enrolled into the CalPERS plan upon date of eligibility, which is usually the employee’s date of hire. To be eligible for service retirement with CalPERS, employees must be at least age fifty (50) and have a minimum of five (5) years credited service. For new employees hired on, or after, December 1, 2013, who do not have reciprocal rights, the minimum retirement age for new hires has been increased to fifty-two (52); however, the years of credited service remains five (5). Classic CalPERS members (those that established membership prior to January 1, 2013) are enrolled in the 2 percent @ 60 benefit formula. New members (those that established membership on or after January 1, 2013) are enrolled in the 2 percent @ 62 formula. Basic CalPERS plan information is provided to employees during their first month of employment.

PARS (Public Agency Retirement Services) Defined Contribution Plan — This supplemental retirement plan is a 401(a) tax-qualified multiple employer trust. All regular full-time, regular part-time and limited term employees are automatically enrolled and a contribution is made by CalOptima. There is a vesting requirement based on quarters of service. Contributions are automatically invested into a life-cycle mutual fund and professionally managed; however, employees have the option to self-direct fund investments in their account. Basic plan information is provided to employees during their first month of employment.

457b Deferred Compensation Plan — A 457b voluntary plan is also offered as a way to save for retirement. All deposits to this plan are made by the employee. The annual IRS regulated contribution limit generally increases each year and catch-up contribution provisions are available for those who are age fifty (50) and above. The

employee determines his or her contribution amount as well as his or her investment allocation. A licensed financial advisor will provide plan related information, usually within the first month of employment.

Social Security Retirement — CalOptima does not participate in Social Security. All regular full-time and regular part-time employees are considered Social Security tax exempt and pay into CalPERS instead of Social Security. Upon hire, Human Resources will explain how CalPERS and Social Security work together. The Human Resources Department will inform employees about two (2) important Social Security provisions: Government Pension Offset and Windfall Elimination Provision. As-needed employees are not eligible for CalPERS membership, therefore, by default, they are the exception to this rule and will see a FICA/Social Security deduction taken from their payroll, and subsequently are only authorized to work up to one thousand (1,000) hours per fiscal year on a general basis.

Medicare — The employee and CalOptima each contribute their proportionate share to Medicare.

Paid Time Off (PTO)

CalOptima provides paid time off (PTO) benefits to all eligible employees to enable them to take time off for rest and recreation and to recover from illness. CalOptima believes this time is valuable for employees in order to enhance productivity and to make the work experience more personally satisfying. CalOptima provides long-service employees with additional PTO benefits as years of service are accumulated.

Full-time, part-time, and limited-term employees who are regularly scheduled to work more than twenty (20) hours per week are eligible to accrue PTO. An eligible employee may use PTO hours for vacation, preventive health or dental care, or care of an existing health condition of the employee, or the employee’s family member, short-term illness, family illness, emergencies, religious observances, personal business, Child-Related Activities, or for specified purposes if the employee is a victim of domestic violence, sexual assault, or stalking. CalOptima encourages all employees to maintain a work-life balance by utilizing PTO benefits for rest and recreation throughout the year.

The maximum amount permitted in an employee’s PTO account is equal to two (2) times the employee’s annual PTO accrual rate. When an employee reaches his or her maximum PTO accrual amount, the employee will stop accruing PTO. PTO accruals will only accrue in conjunction with CalOptima payroll and will be prorated based on hours earned.

Eligible employees accrue PTO based on their classification as exempt, or non-exempt, hours paid (excluding overtime) each pay period (non-exempt employees), and years of continuous services in accordance with the following accrual schedule below. PTO begins accruing from the date of hire.

Annual Paid Time Off Benefits Accrual Schedule

Non-Exempt Employees:

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
0-3	5.54	144	18
4-10	7.08	184	23
11 +	8.62	224	28

Exempt Employees:

Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
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Years of Continuous Service	Hours of PTO Earned (Biweekly pay period)	Hours Accrued per Year	Days Accrued per Year
0-3	7.08	184	23
4-10	8.62	224	28
11 +	10.15	264	33

See Human Resources Policy GA.8018: Paid Time Off (PTO)

Paid Sick Leave

CalOptima provides employees who are eligible to accrue PTO a sufficient amount of PTO that can be used for sick leave that satisfies the accrual, carryover, and use requirements under the Healthy Workplaces, Healthy Families Act of 2014 (Act). For all other employees who are not eligible to accrue PTO, effective July 1, 2015, as-needed, per diem, or temporary employees may become eligible for paid sick leave if the employee works thirty (30), or more, days within one (1) year from the start of their date of employment. Twenty-four (24) hours, or three (3) days, whichever is greater, of paid sick leave is provided only to eligible employees who do not accrue PTO.

Upon satisfying a ninety (90)-day employment period, employees may use accrued sick leave for preventative care or diagnosis, care, or treatment of an existing health condition of the employee, or the employee's family member, or for specified purposes if the employee is a victim of domestic violence, sexual assault, or stalking.

Upon termination, resignation, retirement, or other separation from employment, CalOptima will not pay out employees for unused paid sick leave time accrued under the Act. If an employee separates and is then rehired by CalOptima within one (1) year from the date of separation, the previously accrued and unused paid sick leave time will be reinstated. An employee rehired within one (1) year from the date of separation may not be subject to the Act's ninety (90)-day waiting period, if such condition was previously satisfied, and may use their paid sick leave time immediately upon rehire, if eligible.

See Human Resources Policy GA. 8018: Paid Time Off (PTO)

Holidays

CalOptima generally observes the following holidays:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving Day and the Friday after Thanksgiving
- Christmas Day
- One (1) Flex Day (accrues on January 1st)

A holiday that falls on a Saturday or Sunday is usually observed on the preceding Friday, or the following Monday. Holiday observances will be announced in advance. CalOptima may, in its discretion, require an employee to work on scheduled holidays. If a non-exempt employee is required to work a scheduled holiday, he or she will receive his or her regular rate of pay for the holiday pay in addition to his or her regular compensation

for the hours of actual work performed.

Flex Holidays

Employees will receive a maximum of one (1) flex holiday (maximum of eight (8) hours, prorated based on scheduled work hours) on January 1st of each year; however, CalOptima reserves the right to assign a specific date for the flex holiday for business reasons and/or needs. Limits are imposed on the number of flex holiday hours that can be maintained in the employee's flex holiday account. A maximum of twelve (12) hours, prorated based on scheduled work hours, may be maintained in an employee's flex holiday account as of January 1st of each year. In the event that available flex holiday hours are not used by the last pay period of the calendar year, employees may carry unused flex holiday hours into subsequent years and may accrue additional hours up to the maximum of eight (8) hours, prorated based on the scheduled work hours. If an employee reaches the maximum amount of twelve (12) hours on January 1st, prorated based on the scheduled work hours, the employee will stop accruing flex holiday hours. Flex holiday hours are not eligible for annual cash out applicable to PTO hours. However, if an employee separates from CalOptima and has unused flex holiday hours, the unused flex holiday hours for that calendar year will be paid out at the same time and in the same manner as unused PTO hours upon termination.

Eligibility

Regular full-time, regular part-time and limited-term employees who are regularly scheduled to work twenty (20), or more, hours per week are eligible for holiday benefits and flex holiday accrual hours, but will be prorated based on their scheduled work hours at the time of the holiday. To receive holiday pay, employees must work, or be paid for the regularly scheduled workdays preceding and following the CalOptima holiday.

Education Reimbursement

CalOptima believes in the development and growth of its employees. In order to encourage developmental progression, CalOptima provides an Education Reimbursement Program to offer repayment of reasonable educational and professional development expenses for work-related courses and/or programs, including professional licensure requirements, to all eligible regular full-time, or part-time, employees who have completed their initial one hundred eighty (180) days of employment.

Courses eligible for tuition reimbursement must be either part of an accredited college degree program, certifications awarded by state, or national, professional organizations, or individual local courses provided by credible institutions that meet one (1) the following conditions:

1. Educate the employee in new concepts and methods in their present assignment.
2. Help prepare the employee for advancement to positions of greater responsibility available within CalOptima.

Attendance at outside education courses and/or programs, whether required by CalOptima, or requested by individual employees, requires prior written management and Human Resources approval. Details of the program and how to apply for reimbursement are available in the Human Resources Department. The Human Resources Department shall be responsible for developing, administering, and maintaining the program. In order to be reimbursed, eligible employees must satisfactorily complete a work-related course or program, or complete a professional certification offered by an accredited school, community college, college, university, or other recognized professional organization, or learning institution. Miscellaneous expenses such as parking, books, and supplies are not covered and shall not be reimbursed.

Seminars, conferences, or business meetings that do not result in certification are not covered under Education

Reimbursement.

See Human Resources Policy GA.8036: Education Reimbursement

Unemployment Insurance

CalOptima contributes to the California Unemployment Insurance Fund on behalf of its employees in the event employees become unemployed through no fault of their own. Eligibility for Unemployment Insurance is determined solely by the Employment Development Department (EDD) of the State of California.

COBRA

CalOptima complies with the provisions and requirements of both the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Both Acts provide for continued coverage of an employee's, his or her spouse's, and his or her dependents' health benefit coverage in the event that the employee is no longer eligible for CalOptima's group health coverage. Please see the Human Resources Department for additional information.

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CalOptima Property

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Employer Property

Cubicles, desks, computers, vehicles, and other CalOptima owned, or leased, items are considered CalOptima property and must be maintained according to CalOptima's policies, rules, and regulations. CalOptima property must be kept clean and in good condition. Decorations in an employee's work space should fit with the overall professional business atmosphere CalOptima projects and should take into consideration the needs and sensitivities of our members, providers, fellow employees and the public.

Posters, calendars, personal affects, etc. are not allowed to be taped, or tacked, to shared areas such as filing cabinets, corridors, walls or doors. In addition, the placing of items outside of a work station panel is prohibited. If an employee has any items that need to be mounted on a wall within his or her workstation or office, he or she should request assistance from the Facilities Department. CalOptima reserves the right to inspect all CalOptima property to ensure compliance with its policies, rules, and regulations, without notice to the employee and at any time, not necessarily in the employee's presence.

Employees are asked to minimize personal phone calls and messages from personal callers to avoid interruption of work. CalOptima understands that, from time-to-time, personal, or family calls or messages, are necessary; however, employees are expected to use good judgment and, whenever possible, to limit these calls to meal and break times. CalOptima reserves the right to monitor voice mail messages and email messages to ensure compliance with this rule, without notice to the employee and at any time, not necessarily in the employee's presence. Employees should be aware that as a public agency, all documents, including email messages, are public records and may be subject to disclosure. Employees should not have any expectation of privacy concerning email messages sent and received from CalOptima email.

Prior authorization must be obtained before any CalOptima property may be removed from the premises. For security reasons, employees should not leave personal belongings of value in the workplace or in plain view. Employees are solely responsible for their own personal belongings, and CalOptima shall not be liable for any lost, stolen or misplaced personal belongings. Personal items in and on CalOptima property are subject to reasonable inspection and search.

Terminated employees must remove any personal items at the time they leave CalOptima, or make arrangements with Human Resources to remove these items. Personal items left in the workplace are subject to disposal if arrangements are not made at the time of an employee's termination. CalOptima shall not be responsible for any lost, or discarded, personal items left behind. Terminated employees who have CalOptima property at their home must make arrangements with Human Resources to have these items picked up within a week of their termination date.

Housekeeping

All employees are expected to keep their work areas clean and organized. The use of personal floor, or desktop heaters, coffee makers, and mini-refrigerators is not permitted in the cubicles.

People using common areas such as lunch rooms, locker rooms, conference rooms, and restrooms are expected to use appropriate and courteous etiquette including keeping the common areas sanitary and in a clean state for the next person to use. Employees should clean up immediately after meals and dispose of trash properly. CalOptima encourages good health habits to prevent the spread of germs, colds, the flu, and other illnesses.

Off-Duty Use of Facilities

Employees are prohibited from remaining on CalOptima premises, or making personal use of CalOptima facilities while not on duty without prior permission from the Human Resources Department.

Cell Phones

Driving with Cell Phones:

In the interest of the safety of our employees and other drivers, and in compliance with state laws, CalOptima employees are prohibited from using cell phones without a hands-free device and prohibited from text messaging and/or searching the internet while driving on CalOptima business and/or driving during CalOptima time. If an employee's job requires that he or she keep his or her cell phone turned on while he or she is driving, he or she must use a hands-free device and operate the vehicle safely. Cell phones may not be used under any circumstances or in any manner that would distract an employee from the duty to drive in a safe and non-negligent manner.

Cell Phone Etiquette:

We ask that employees are considerate of others when using a cell phone during work hours and while on duty. Appropriate phone etiquette includes putting phones on silent, or vibrate, mode to minimize disruptions, and minimizing text messaging and internet surfing during meetings. Employees should refrain from excessive use of personal hand-held devices during work hours and while on duty for non-job related duties. Employees are asked to minimize personal cell phone calls and text messages or personal emails unrelated to CalOptima business on hand-held devices to avoid interruption of work. Employees are asked to refrain from using cell phones in restrooms. Employees are expected to use good judgment and, whenever possible, to limit these personal cell phone calls or use of hand-held devices to meal and break times.

Restrictions on Smoking and Unregulated Nicotine Products

As a public agency providing access to quality health care services, CalOptima endeavors to maintain a safe and healthful environment for its employees, members, and visitors to CalOptima property. In keeping with this philosophy, it is important that the workplace and office environment reflect CalOptima's concern for good health. Therefore, smoking, inclusive of electronic smoking devices, and the use of unregulated nicotine products is strictly prohibited inside the building, and is allowed only in designated outside smoking areas at least twenty-five (25) feet away from any CalOptima owned, or leased, building. Employees who wish to smoke, inclusive of electronic smoking devices, or use unregulated nicotine products, must limit their smoking or use of unregulated nicotine products to break and meal periods in areas outside of work premises and only in designated smoking areas.

See CalOptima Policy GA.8048: Restrictions on Smoking and Unregulated Nicotine Products

Computer, Email, and Internet Usage

CalOptima recognizes that use of the Internet has many benefits for CalOptima and its employees. The Internet and email make communication more efficient and effective. Therefore, employees are encouraged to use and access the Internet appropriately. Unacceptable use of the Internet and email can place CalOptima and others at risk. As a public agency, we must be mindful that our written communications, stored data and internet searches could constitute a public record. Therefore, all communications, including emails, and internet usage should be business appropriate.

The following guidelines have been established for using the Internet and email in an appropriate, ethical, and professional manner:

- CalOptima's Internet and email access may not be used for transmitting, retrieving, or storing of any

communications of a defamatory, discriminatory or harassing nature, or materials that are obscene, sexually suggestive, or explicit.

- No messages with derogatory, or inflammatory, remarks about an individual's race, age, disability, religion, national origin, physical attributes, or sexual preference shall be transmitted. Harassment and discrimination of any kind or form is strictly prohibited.
- Disparaging, abusive, profane, discriminatory, or offensive language and any illegal activities are forbidden. The posting, uploading, or downloading of pornographic or vulgar messages, photos, images, sound files, text files, video files, newsletters, or related materials is strictly prohibited.
- Each employee is responsible for the content of all text, audio, or images that he/she places or sends over CalOptima's Internet and email system. No email, or other electronic communications, may be sent that hides the identity of the sender or represents the sender as someone else.
- CalOptima recognizes that at times employees may receive personal emails related to doctor's visits, school information, etc. CalOptima employees should minimize the personal use of e-mail, or the Internet, and try to restrict personal email and Internet use to break periods. Employees are encouraged to use personal Internet email accounts to communicate regarding non-work-related matters and to keep this to a minimum.
- Users shall have no expectation or assumption of confidentiality, or privacy, of any kind related to the use of emails and the Internet. CalOptima has the right, with or without cause or notice, to access, examine, monitor, and regulate all electronic communications, including email messages, directories and files, as well as Internet usage. Also, the Internet is not secure, so employees should not assume that others cannot read, or possibly alter messages.
- Internal and external email messages are considered business records and may be subject to discovery in the event of litigation, or disclosure, in the event of a public records request. Be aware of this possibility when sending email within and outside CalOptima.
- Users shall ensure the security of Protected Health Information (PHI) in accordance with CalOptima's HIPAA policies.
- Users shall be responsible for using the Internet, email, InfoNet, and internal office communicator in an appropriate manner. CalOptima shall block access to categories of websites deemed inappropriate (illegal, pornographic, etc.) or unnecessary (entertainment, games, etc.).

All CalOptima-supplied technology, including computer systems and CalOptima-related work records, belong to CalOptima and not the employee. CalOptima may routinely monitor usage patterns for its email and Internet communications. Since all the computer systems and software, as well as the email and Internet connection, are CalOptima owned, all CalOptima policies are in effect at all times during usage. Any employee who abuses the privilege of access to email and/or the Internet may be denied access to the Internet and, if appropriate, be subject to disciplinary action up to and including termination.

CalOptima may periodically need to assign and/or change passwords and personal codes for voice mail, email or computer login. CalOptima reserves the right to keep a record of all passwords and codes used for CalOptima business and/or may be able to override any such password system.

CalOptima has separate agreements with wireless providers. As a result, CalOptima employees may be eligible for discounts with these providers. Please check with Human Resources for more information.

See Administrative Policy GA.5005b: E-mail and Internet Use

Solicitation, Distribution, and Bulletin Boards

CalOptima is an employer that values families and nonprofit organizations, and we want to support our employees with their fundraising activities. Employees should reserve fundraising activities for non-work time (breaks and

lunch, or after hours) and in non-work areas (break rooms). Solicitations should be discrete, courteous, and carried out in a manner that does not interfere with CalOptima's operations. Please make sure that any solicitation involves requests that are professional and in good taste.

An employee may distribute, or circulate, non-CalOptima written materials to other employees only during non-working time and only in non-work areas. If an employee is unclear whether an area is a work, or non-work, area, he or she should consult his or her immediate supervisor or the Human Resources Department for clarification.

Solicitation, or distribution, in any way connected with the sale of any goods or services for profit is strictly prohibited anywhere on CalOptima property at any time, unless otherwise approved by management. Similarly, solicitation, or distribution, of literature for any purpose by non-employees is strictly prohibited on CalOptima's property at any time.

CalOptima has a bulletin board located on each floor for the purpose of communicating with its employees. Postings on these boards are limited to CalOptima related material including statutory and legal notices, safety and work-related rules, CalOptima policies, memos of general interest relating to CalOptima and other items. All postings require the prior approval of the Human Resources Director, or designee.

Unauthorized posting of literature on CalOptima property (including bulletin boards, walls and the outside of cubicles) is strictly prohibited.

Photo-Identification Badges

Employees of CalOptima are required to wear their photo-identification badges while at CalOptima and, when appropriate, while conducting CalOptima business. Photo identification badges must be visible at all times while working on site. In addition, an employee's photo-identification badge also serves as a key to allow an employee access to his or her department, restrooms, break/lunch room, and other permitted areas within the building.

Photo-identification badges and/or key cards are not transferable to other CalOptima employees, vendors, or family members.

The employee's photo-identification badge is the property of CalOptima and must be returned when employment is terminated for any reason.

We also encourage employees to be aware of people in our work areas to make sure they are wearing a badge and are either CalOptima employees or escorted by CalOptima employees. If an employee notices someone who is not wearing a badge they are expected to report them to the Facilities Department.

Wages and Work Schedules

Work Schedules

CalOptima's normal hours of operation are between the hours of 8 a.m. and 5 p.m., Monday through Friday, and our reception area is open during these hours. You and your supervisor will work out your individual work schedule, meal period, and break times. All employees are expected to be at their desks, or work stations, at the start of their scheduled shifts, ready to work. CalOptima reserves the right to modify employees' starting and ending times and the number of hours worked.

Time-keeping Requirements

All hourly (non-exempt) employees are required to accurately record time worked for payroll purposes. Employees must record their own time at the start and at the end of each work day, including before and after unpaid lunch breaks. Except for scheduled break times, non-exempt employees also must record their time away from CalOptima premises whenever they leave the building for any reason other than CalOptima business. At the end of each pay period, each hourly (non-exempt) employee shall verify and approve this schedule through CalOptima's time-keeping system and submit it to his or her supervisor for approval. Any errors on an employee's timecard should be reported immediately to his or her immediate supervisor.

Supervisors will determine and notify employees of their regular work schedule/shift. Due to possible changes in work force and CalOptima's needs, CalOptima retains the right to change an employee's work schedule, or the number of hours worked in a day, subject to all applicable wage and hour laws.

Exempt employees are not required to complete timecards and are not eligible for overtime. However, as a public agency employer, CalOptima has expectations of employees that are established pursuant to principles of public accountability. Exempt employees are expected to work a regular work schedule based on CalOptima's core business hours and should notify their supervisors in advance and accurately record any exceptions to their regular work schedule including, but not limited to, hours used for PTO, jury duty, bereavement leave, etc. CalOptima looks to exempt employees to demonstrate the level of commitment and conscientiousness that is appropriate to their status. Exempt employees work a minimum of forty (40) hours per week (for full-time employees) and may need to work additional hours to complete projects and tasks. It is common for exempt employees to work more than a forty (40) hour work week. As a result, subject to prior supervisor approval, occasional short-term absences (for example, two (2) hours for a doctor's appointment) would not require the use of PTO accruals if the employee otherwise makes up the time away from work in the same pay period. Exempt employees are still required to be respectful and request this time off in advance from their supervisor. Supervisors will monitor an employee's time away from work and make up time to ensure accountability. Should an exempt employee work less than a full work day, and the employee does not otherwise make up the time off within the same pay period, the employee must request approval for PTO because this is lost time to the organization.

Workweek and Workday

The workweek on which weekly overtime calculations will be based begins each Sunday at midnight (12:01 a.m.) and ends the following Sunday at midnight. The work week will differ for employees working an alternative schedule such as 9/80 (see section regarding Alternative Work Schedules).

Payment and Wages

Normal paydays are every other Friday. Please consult CalOptima's pay schedule available through the Human Resources Department.

Each paycheck will include base earnings for all reported hours performed through the end of the payroll period. The payroll period ends the Sunday prior to pay day at 12 a.m. In the event that a regularly scheduled payday falls on a holiday, employees will receive their pay on the last day of the workweek preceding the day off. All employees will receive an itemized statement of wages each payday.

Payment on Resignation or Termination

According to California Labor Code Section 220 (b), as a public agency, CalOptima is not required to pay wages immediately upon termination. If an employee resigns, or is terminated, his or her final paycheck will be available on CalOptima's next regularly scheduled payday. The employee's final paycheck will include payment for all wages due and not previously paid and for accrued but unused PTO, minus authorized deductions.

Overtime

Hourly (Non-Exempt) Employees

Periodically, a need for overtime arises, either before or after the regular workday or on weekends. As a public agency, we follow federal wage and hour laws. Overtime will be provided for all **hours worked** in excess of forty (40) hours in any one (1) work week at the rate of 1½ times the non-exempt employee's regular rate of pay. Overtime must be approved in advance by management.

Salaried (Exempt) Employees

Exempt employees are not covered by the overtime provisions and do not receive overtime pay.

Meal and Rest Periods

CalOptima recognizes how important it is to have a break during the work day. As a result, CalOptima encourages employees who work for a period of more than five (5) hours to take an unpaid meal period of at least thirty (30) minutes. CalOptima also recommends a paid rest period of no more than fifteen (15) minutes to be taken approximately halfway through any work period of three and one-half (3.5) hours, or more. For example, employees should receive one (1) fifteen (15)-minute rest period in the first half of an eight (8)-hour shift, and one (1) fifteen (15)-minute rest period in the second half of an eight (8)-hour shift. Employees may not combine their breaks and lunch to alter their normal work hours.

Holiday Pay

Employees are paid their regular straight-time wages for CalOptima paid holidays as set forth in the Holidays section under Benefits in this handbook.

Make Up Time

CalOptima allows the use of makeup time when employees need time off to tend to personal obligations. For example, an employee might request makeup time in advance for the following situations:

- An employee needs to leave one (1) hour early for a doctor's appointment on Monday and asks to make up that time on Tuesday by working an hour later.
- An employee on a 9/80 workweek will receive eight (8) hours of holiday pay on a nine (9) hour day and he or she asks in advance to make up the additional hour rather than take it from his or her PTO accruals.

Make up time worked will not be paid at an overtime rate and the work week in which the makeup time occurs cannot exceed forty (40) hours. Employees may take time off and then make up the time later in the same work week or may work extra hours earlier in the work week to make up for time that will be taken off later in the work week.

Non-exempt employees should submit make up time requests **in advance** to their supervisor through CalOptima's time-keeping system and document their revised schedule into their timecard. Requests will be considered for approval based on the legitimate business needs of the department at the time the request is submitted. A separate written request is required for each occasion the employee requests make up time.

An employee's use of make-up time is completely voluntary. CalOptima does not encourage, discourage, or solicit the use of make-up time.

Supplemental Compensation

In certain instances, CalOptima offers supplemental compensation, in addition to an employee's regular base pay, to compensate for business needs. Supplemental compensation includes, but is not limited to, compensation for:

- **Overtime:** Non-exempt employees will be paid overtime pay at a rate of one and one-half (1.5) times the employee's base hourly rate of pay for all hours worked in excess of forty (40) hours in any one (1) workweek. Exempt employees are not covered by the overtime provisions and do not receive overtime pay.
- **Night Shift:** A non-exempt employee who works an assigned night shift shall, in addition to his or her regular base pay, be paid a supplemental night shift pay for each hour actually worked on the assigned night shift.
- **Bilingual Pay:** A supplemental bilingual pay may be paid to a qualified exempt and non-exempt employee holding a position requiring bilingual proficiency in a specific language as designated by the department director.
- **Call Back Pay:** In certain departments, non-exempt employees are eligible for call back pay should they be asked to return to work by their supervisor.
- **On Call Pay:** On occasion, employees may be asked to be on call. On call pay is compensation provided to employees who must remain accessible after hours and/or on the weekends via pager, or mobile phone, and be available to work via phone, fix problems or report to work, if necessary.
- **Certified Case Manager (CCM) Pay:** Supplemental pay may be paid to an RN who holds an active CCM certification.
- **Translation Pay:** The Cultural and Linguistic Services Program may compensate CalOptima employees outside of their department for translation work.

See Human Resources Policy GA.8042: Supplemental Compensation and Human Resources and Policy GA.8035: Translation Rates

Severance Pay

The Chief Executive Officer (CEO), in his sole and complete discretion, may authorize severance pay upon an employee's separation from service when it is deemed appropriate due to special circumstances; e.g., separations due to changing needs of CalOptima, a reorganization of functions or staffing, lack of work and/or changes in the technology or methods used for a specific position.

See Human Resources Policy GA.8047: Reduction in Force

Merit Pay

The annual performance review period established by the Chief Executive Officer is typically April 1–March 31, with the annual salary review date occurring in July. In the event a performance review date is delayed for an employee and a positive performance review is given for the covered period that results in a recommended salary increase, CalOptima may make salary adjustments retroactive to the original performance review date with the approval of the Human Resources Department and subject to the guidelines set by the Human Resources Department.

Unemployment Compensation

CalOptima pays into Unemployment Compensation on behalf of the employee. This insurance provides income in the event an employee loses his or her job through no fault of his or her own. Qualified employees should register at their nearest Employment Development Department in order to receive benefits. The amount of unemployment insurance payments varies according to income level.

Short-Term Disability

CalOptima does not participate in the State of California Disability Insurance Plan. Instead, CalOptima operates under an approved private plan of disability insurance. This plan provides for loss of income resulting from non-work related illness or injury, paying sixty percent (60%) of regular income for up to a maximum of twelve (12) weeks for all benefit-eligible employees. There is a fourteen (14)-day waiting/elimination period on illness-related and accident-related disabilities. CalOptima provides this benefit free of charge to employees.

Long-Term Disability

CalOptima provides a rich long-term disability program. Regular full-time, and part-time and limited term employees are eligible to receive long-term disability coverage, following a ninety (90)-day waiting period, during which short-term disability is provided the first month following ninety (90) days of employment. Regular Part-Time/Benefit, Regular Part-Time/Non-Benefit, Per Diem, and Temporary employees are not eligible for long-term disability benefits. All benefit eligible employees are automatically enrolled into this benefit.

Alternative Work Schedules (9/80)

CalOptima has established an alternative workweek schedule as another way for employees to manage work/life balance and provide CalOptima the opportunity to maintain productivity through different work schedules. Employees will be considered for alternative workweek scheduling on a case-by-case basis. The department director/manager is responsible for identifying if an alternative work week is practical and effective for their department by evaluating both the productivity and quality impacts of the schedule to the department and the needs of the department to ensure service goals can be consistently achieved.

The 9/80 alternate work schedule consists of eight (8) business days of nine (9) work hours per day and one (1) business day of eight (8) work hours for a total of eighty (80) hours during two (2) consecutive workweeks. The eight (8)-hour work day must be on the same day of the week as the employee's regularly scheduled day off. Therefore, under the 9/80 schedule, one calendar week will consist of forty-four (44) hours (four (4) nine (9)-hour days and one (1) eight (8)-hour day) and the alternating calendar week will consist of thirty-six (36) hours (four (4) nine (9)-hour days and one (1) day off). However, each work week will only consist of forty (40) hours, in accordance with the 9/80 Federal Labor Standards Act (FLSA) workweek.

Not every position at CalOptima is eligible for alternative work scheduling. Employees who are interested should discuss this with their supervisor. Employees must receive approval from their supervisor and Human Resources to participate in the 9/80 work schedule. Employees not meeting job standards or expectations and/or who are on a performance improvement plan may not participate in the compressed work schedule until performance standards are met. Managers will review such exceptions with Human Resources before denying the option. Transitioning to the new work week can result in either fewer, or more, than eighty (80) hours in a pay period. Human Resources will work with management to minimize incurring overtime during the transitional period.

Paid time off (PTO) accrual will remain the same for participating employees. When an employee takes a day off under the PTO policy, the accrual will be depleted by the number of scheduled hours for that day. For example, if an employee takes a PTO day on one (1) of their nine (9)-hour days, nine (9) hours of PTO time will be removed from their total available PTO hours. Holiday pay shall remain at eight (8) hours. When a holiday falls on a regular nine (9)-hour workday, the employee has the option of using one (1) hour of accrued PTO, or working one (1) hour of make-up time. Should a holiday fall on an employee's scheduled day off, the employee will be permitted to take another day off in the same work week.

Employees are expected to continue to provide the same level of excellent service expected of them. Department managers, at their discretion, may discontinue an individual's, group's, or department's participation in the 9/80 work schedule based on business needs. As a condition of participating in the 9/80 work schedule, employees must agree to work on a scheduled day off for an urgent situation, or as compelled by business needs as determined by the employee's manager.

The 9/80 alternate work schedule is an optional program. CalOptima reserves the right to discontinue the entire program, or an individual employee's participation in the program at any time, for any reason, at management discretion. Employees will not be eligible to participate in both the telework program and the 9/80 Work Schedule during the same period. Employees eligible for both may only request one (1) alternative at a time.

See Human Resources Policy GA.8020: 9/80 Work Schedule

Telecommuting

CalOptima is committed to providing a work environment that assists employees to achieve a proper balance between their work, home and family obligations. In some cases, this balance can best be achieved by allowing employees to perform some or all of their work from their homes when they can do so without compromising their work quality, efficiency, or productivity. Telework is not a universal employee benefit, or entitlement, but an alternative method of meeting the work needs of the organization through an innovative and flexible work structure. Telecommuting must be pre-approved by an employee's supervisor, director, Environmental Health & Safety Manager, and Human Resources. A Telecommuting Agreement must be completed before an employee may begin telecommuting.

CalOptima retains the right, in its sole discretion, to designate positions that are appropriate for telecommuting and approve employees for telecommuting. Telecommuting does not change the conditions of employment, or required compliance with all CalOptima policies and procedures. CalOptima reserves the right to change, or terminate, the Telecommuting Agreement at any time, with or without cause, or advance notice. An employee's ability to work under a Telecommuting Agreement rests in the sole discretion of CalOptima. Telecommuting is a privilege and may not be appropriate for all employees and/or all positions. Any employee wishing to telework must first discuss this option with his or her supervisor and Human Resources.

For exempt employees not in a teleworking position, an employee's manager has the discretion to allow an exempt employee, who is required to be present at his or her home for an unusual and reasonable purpose, to

work from home on an occasional basis. Occasional is defined as rare, infrequent and not regularly scheduled for brief periods (usually a day or part of a day); with no specific or implied expectation from an employee that he or she will be allowed to work from home. A Telecommuting Agreement, along with the Teleworker Home Inspection Checklists, must be completed and submitted before an employee may work from home.

Employees will not be eligible to participate in both the telework program and the 9/80 Work Schedule during the same period. Employees eligible for both may only request one (1) alternative at a time.

See Human Resources Policy GA.8044: Telework Program

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Leaves of Absence

Leaves of Absence Overview

CalOptima will grant a leave of absence (LOA) to eligible employees in accordance with CalOptima's respective policies and procedures and all applicable laws. An employee's manager may approve up to five (5) business days of excused absences for an illness, or pre-planned surgery; however, absences of more than five (5) days for illnesses, or pre-planned surgery must be submitted to and approved by HR. Use of PTO time for pre-planned vacations does not require HR approval.

If the LOA is granted, the start date of the LOA will be the first day of the requested, substantiated, and approved LOA. Requests for an LOA must be made through the Human Resources Department.

Employees who satisfy the eligibility requirements set out in CalOptima's respective policies and applicable laws will receive the following types of LOAs. These leaves include:

- a. Pregnancy Disability Leave
- b. Family Medical Leave
- c. California Family Rights Leave
- d. Military Family Leave
- e. Military Service Leave
- f. Military Spouse Leave
- g. Workers' Compensation Leave
- h. Jury or Witness Duty Leave
- i. Parental School Attendance
- j. Voting Leave
- k. Victims of Domestic Violence, Sexual Assault or Stalking Leave
- l. Victims of Crime Leave
- m. Volunteer Civil Service Leave
- n. Civil Air Patrol Leave
- o. Bereavement Leave
- p. Personal Leave

Employees taking any LOA must use their full balance of PTO before moving to unpaid leave, unless deemed otherwise by law (i.e., Pregnancy Disability Leave, etc.).

See Human Resource Policy GA.8037: Leave of Absence, GA.8038: Personal Leave of Absence, GA.8039: Pregnancy Disability Leave, GA.8040: Family and Medical Leave Act and California Family Rights Act Leave, GA.8041: Workers' Compensation Leave

Types of Leaves:

Pregnancy Disability Leave

Pursuant to the California Fair Employment and Housing Act (FEHA), Pregnancy Disability Leave (PDL) is available to eligible female employees who are temporarily disabled by pregnancy, childbirth, or a related medical condition. PDL is available for up to four (4) months, including intermittent periods.

An employee may request to use accumulated PTO during the PDL and is eligible for disability benefits. If PDL is foreseeable, and when practicable, a thirty (30)-day advance notice is required. Health benefits and other insurances will continue during the leave period, and the employee is required to pay her portion of coverage at

the active employee rate, either by the usual payroll deduction if the employee is still receiving a paycheck, or by making other payment arrangements with the CalOptima Human Resources Department.

See Human Resources Policy GA.8039: Pregnancy Disability Leave of Absence

Family Medical Leave Act and California Family Rights Act Leave

State and federal family and medical leave laws provide up to twelve (12) workweeks of unpaid family/medical leave within a twelve (12)-month period. Full-time and part-time employees must meet the following conditions:

- The employee must have a total of at least twelve (12) months of service at CalOptima.
- The employee must have worked at least one thousand two hundred fifty (1,250) hours during the previous twelve (12)-month period before the need for leave.

An eligible employee may take an unpaid leave of absence under the federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA) for the following reasons:

- To care for the employee's newborn child, or placement of a child with an employee for adoption, or foster care.
- To care for the employee's spouse, registered domestic partner, child or parent who has a serious health condition.
- For the employee's own serious health condition that makes the employee unable to work at all, or unable to perform the functions of his or her job (While an employee disabled by pregnancy, childbirth or related medical condition may qualify for a LOA under FMLA, such conditions do not qualify the employee for a LOA under CFRA.).
- To care for a spouse, child, or parent who is a covered military service member on active duty, or has been notified of an impending call, or order, to active duty.
- To care for a covered military service member with a qualifying serious injury or illness if the employee is the spouse, child, parent or next of kin of the military service member. Under FMLA, an eligible employee may take up to twenty-six (26) weeks, during a single twelve (12)-month period, of unpaid leave to care for a covered service member with a qualifying serious injury, or illness.

An employee is required to use accumulated PTO during FMLA and/or CFRA LOA, unless deemed otherwise by law and may be eligible for disability benefits if the LOA is due to his or her own illness. If FMLA/CFRA is foreseeable, and when practicable, a thirty (30)-day advance notice is required. Health benefits and other insurances will continue during the leave period and the employee is required to pay his or her portion of coverage at the active employee rate.

See Human Resources Policy GA.8040: Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) Leave of Absence

Coordination of PDL with FMLA and/or CFRA

If an employee takes PDL and is eligible for a LOA under FMLA and/or CFRA, CalOptima will continue to make payments towards group health insurance coverage during the period of the PDL, FMLA and/or CFRA, subject to the employee's timely payment of his or her portion of coverage at the active employee rate. For any leave taken under PDL, FMLA runs concurrently with PDL, and may run concurrently with CFRA if less than twelve (12) weeks of PDL are taken.

If an employee is ineligible under FMLA and CFRA for a LOA, CalOptima will continue to pay the employer's portion of payments to group health insurance coverage during the period of the PDL, subject to the employee's timely payment of his or her portion of coverage at the active employee rate. In some instances, CalOptima may recover premiums it paid to maintain health coverage for an employee if the employee fails to return to work following PDL.

If an employee exhausts her PDL, and the employee is granted a Personal LOA, the employee may elect to continue health insurance coverage through CalOptima in conjunction with federal COBRA guidelines by making timely monthly payments to CalOptima.

See Human Resources Policy GA.8040: Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) Leaves of Absence

Military Service Leave

CalOptima employees who are members of "uniformed services" (e.g., Army, Navy, Air Force, Marine Corps, Coast Guard, and the reserves of each of those branches: Army National Guard, Air National Guard or similar branches) will be granted, upon request, a cumulative of five years of leave of absence (with certain exceptions) without pay for both inactive and active duty (e.g., military training, drills, encampments, cruises, special exercises, or similar activities). All regular full-time and part-time employees are eligible for Military Service Leave.

In certain circumstances employees on a Military Service Leave may be entitled to up to thirty (30) days' salary and benefits continuation in any one (1) fiscal year.

Upon the exhaustion of pay and benefits for the first thirty (30) calendar days, an employee called to active duty, or active training duty, with the U.S. Armed Forces, or National Guard, as a result of the National Emergency arising from the War on Terror, may receive supplemental compensation and continuation of benefits during the Military Service Leave.

Employees will be required to complete a Leave of Absence Request form and provide a copy of all military orders to the Human Resources Department.

An employee who returns from a Military Service Leave will be reinstated to the same position, or a position of like seniority, status, and pay in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Section 395.1 of the California Military and Veteran's Code.

See Human Resources Policy GA.8037: Leave of Absence

Military Spouse Leave

In addition, employees who are regularly scheduled to work an average of twenty (20), or more, hours per week and who are spouses of qualified military service members, are eligible to take up to ten (10) days of unpaid leave when their spouses are on leave from active duty in the U.S. armed forces, reserves, or National Guard. Employees may use accrued PTO if sufficient PTO is accrued or may take this time as unpaid. Employees must give a minimum of two (2) days' notice of their need for leave and provide appropriate written documentation to the Human Resources Department.

See Human Resources Policy GA.8037: Leave of Absence

Workers' Compensation Leave

Employees who sustain a work-related injury will be granted a leave of absence as required by law. Subject to any limitations permitted by law, time off for work-related injuries shall be extended to the employee for the duration of the injury.

See Human Resources Policy GA.8041: Workers' Compensation Leave

Jury or Witness Duty Leave

CalOptima will grant a LOA with regular pay for those hours that coincide with the employee's regularly-scheduled working hours for the purpose of jury service, appearance as a witness in court (other than as a litigant, or to respond to an official order from another governmental jurisdiction for reasons not brought about through the connivance or misconduct of the employee.) Employees are required to provide reasonable advance notice of any need for such leave. On days employees are not required to report to court, or on days when the court either dismisses the employee early or requests that the employee report at a later time, whenever practical, the employee must report to work to perform regular duties prior to or after completing jury duty or appearing as a witness, unless the employee's manager approves that the remaining work time is less than reasonable travel time to court and work location. Employees are expected to work with and coordinate with their manager to ensure that their time away from work does not adversely impact business needs, their coworkers, or CalOptima's members. Employees seeking an official Jury Duty Leave should submit to their immediate supervisor a memo for absence accompanied by a copy of the official order not less than ten (10) days prior to the beginning of the date of the leave. The employee must submit to the Human Resources Department the payment received for the jury service, excluding payments for mileage.

See Human Resources Policy GA.8037: Leave of Absence

Parental School Attendance

Pursuant to Labor Code Section 230.8, employees can take time off up to eight (8) hours in one (1) month, or forty (40) hours each year to participate in school activities of their children, subject to conditions. Pursuant to Labor Code Section 230.7, employees can take time off to appear in the school pursuant to a request made under Education Code Section 48900.1 (suspension of pupil), subject to conditions. Employee may use accrued paid time off (PTO) if sufficient PTO is accrued or may take this time as unpaid.

Bereavement Leave

With approval of an employee's manager, an employee may take up to three scheduled workdays off with pay (maximum of twenty four (24) hours) in the event of a death of an employee's: current spouse; registered domestic partner; biological, adopted, step or foster child; biological, adopted, step or foster parent; legal guardian; brother; sister; grandparent; grandchild; parents-in-law; siblings-in-law; or child-in-law. The employee's manager may approve additional time off of up to five (5) business days to be taken as either PTO or unpaid time off. An employee must submit an LOA request form to HR and request a Personal LOA pursuant to Human Resources Policy GA. 8038: Personal Leave of Absence, if the employee plans to take additional unpaid time off exceeding five (5) days.

Time Off for Voting

CalOptima encourages employees to fulfill their civic responsibilities by voting. Employees who are unable to vote before or after work should request time off to vote from their supervisor at least two (2) working days prior to election day so that the necessary time off can be scheduled at the beginning or end of the work day, whichever provides the least disruption to the normal work schedule.

See California Elections Code 14000

Victims of Domestic Violence, Sexual Assault or Stalking Leave

Subject to the requirements under Labor Code Sections 230 and 230.1, an employee who is a victim of domestic violence, sexual assault, or stalking may, with reasonable advance notice, unless the advance notice is not feasible, request an LOA. Employees may elect to use accrued PTO, if available, when an LOA is granted; however, the PTO cannot be used to adjust the start date and will count as part of the LOA. This LOA is limited to twelve (12) weeks in a twelve (12)-month period. After an employee exhausts his or her PTO accruals, if elected, the remaining time off will be unpaid.

See Human Resources Policy GA.8037: Leave of Absence

Victims of Crime Leave

An employee who is a victim of a crime or whose immediate family member(s) is/are a crime victim may take time off to attend judicial proceedings related to that crime, subject to the procedural conditions imposed pursuant to Labor Code Section 230.2.

The absence from work must be in order to attend judicial proceedings related to a crime. To the extent feasible, before an employee is absent from work for such a reason, the employee must provide documentation of the scheduled proceeding. Such notice is typically given to the victim of the crime by a court, or government agency, setting the hearing, an attorney related to the case, or victim/witness office. Any absence from work to attend judicial proceedings will be unpaid, unless employee chooses to use PTO.

See Human Resources Policy GA.8037: Leave of Absence

Volunteer Civil Service Leave

A Civil Service LOA may be granted for employees who are required to perform emergency duty (reserve peace officers, volunteer firefighter, and emergency rescue personnel). There are no limitations to the amount of time an employee can use for volunteer civil service leave.

An employee who performs duty as a volunteer firefighter, a reserve peace officer, or as emergency rescue personnel is also permitted to take an LOA not to exceed an aggregate of fourteen (14) days per calendar year, for the purpose of fire, law enforcement, or emergency rescue training.

Any Volunteer Civil Service Leave can be taken unpaid, unless employee chooses to use accrued PTO. However, an employee cannot use PTO to adjust the start date of the required leave period and the time covered by PTO will still count as part of this leave.

Certification from emergency personnel office, or civil air authority, will be required to verify the employee's eligibility for leave requested.

See Human Resources Policy GA.8037: Leave of Absence

Civil Air Patrol Leave

Employees who have been employed for at least ninety (90) days may request a maximum total of ten (10) days per calendar year (three days maximum for a single emergency operational mission, unless otherwise authorized by HR) for Civil Air Patrol duty.

See Human Resources Policy GA.8037: Leave of Absence

Extended Disability Leave

Reasonable accommodations for a leave of absence will be granted for a recognized disability, including pregnancy disability and other serious medical conditions that prevent the employee from working. Human Resources will engage in the "interactive process" with the employee and his or her manager to help determine whether a reasonable accommodation is available in order to grant such leave request.

Employees are required to use PTO during the leave of absence. Group health insurance plans (health, dental and vision) will generally be made available via COBRA.

Personal Leave

All full-time and part-time employees are eligible to request a Personal Leave of Absence.

A Personal Leave of Absence, without pay, may be granted, in CalOptima's sole discretion, for a reasonable period of time of up to a total of ninety (90) days per twelve (12)-month period. Personal LOAs are entirely dependent on CalOptima's discretion and are only approved when it is determined that granting the LOA will not unduly interfere with CalOptima's operations.

Any accumulated PTO must be used during Personal LOA. However, the use of such PTO will not adjust the start date of the leave; i.e., time covered by PTO will still count as part of the Personal Leave.

CalOptima does not guarantee that an employee's position will remain vacant while the employee is on an approved Personal LOA. CalOptima may fill the employee's position for business reasons.

If an employee's position is filled while he or she is off on an approved Personal LOA, the employee may, at the conclusion of his or her scheduled leave, apply for any open position for which he or she is qualified at CalOptima. However, if no such position is available, the employee's employment will be terminated. If the employee fails to return to work at the agreed date, the employee will be treated as having voluntarily resigned his or her employment.

See Human Resources Policy GA.8038: Personal Leave of Absence

Kin Care

Employees may use up to half of their annual accrued PTO for preventative care or care of an existing health

condition for the employee or a family member as permitted under Labor Code, Sections 233 (generally known as “Kin Care,” but also referred to as “Protected Sick Leave”) and 246.5(a). Accrued PTO shall also be automatically used for time-off for Child-Related Activities, subject to the limitations under Labor Code Section 230.8.

For purposes of PTO use, a “child” is defined as a biological, foster, or adopted child; stepchild; or a legal ward. A “child” also may be someone for whom an employee has accepted the duties and responsibilities of raising, even if he or she is not their legal child.

A “parent” is an employee’s biological, foster, or adoptive parent; stepparent; or legal guardian.

A “spouse” is an employee’s legal spouse according to the laws of California, which do not recognize “common law” spouses (a union that has not been certified by a civil or religious ceremony). All conditions and restrictions placed on an employee’s use of PTO apply also to PTO used for care of a child, parent or spouse.

A “registered domestic partner” is another adult with whom an employee has chosen to share his or her life in an intimate and committed relationship of mutual caring, and with whom they have filed a Declaration of Domestic Partnership with the Secretary of State of California (or another state that allows for such).

A “registered domestic partner’s child” is the biological, foster or adopted child, stepchild or legal ward of an employee’s domestic partner. A “domestic partner’s child” also may be someone for whom an employee’s domestic partner has accepted the duties and responsibilities of raising, even if he or she is not the domestic partner’s legal child.

Safety and Security

Safety

CalOptima is committed to providing and maintaining a healthy and safe work environment for all employees. CalOptima believes that the establishment and maintenance of a safe work environment is the shared responsibility of CalOptima and employees at all levels of the organization. CalOptima will attempt to establish a safe environment in compliance with federal, state and local safety regulations.

Accordingly, CalOptima has instituted an Injury and Illness Prevention Program designed to protect the health and safety of all personnel. A complete copy of the Injury and Illness Prevention Program is kept in the Facilities Department and is available for employees' review.

Every employee is required to know and comply with CalOptima's general safety rules and to follow safe and healthy work practices at all times. Employees may be subject to discipline, up to and including termination, for engaging in any unsafe or unhealthy work practice or for violation of established safety rules. Each employee is also required to report to his or her supervisor any potential health or safety hazards and all injuries or accidents.

First aid supplies are located in each lunch/copy room. Please report any work-related injuries, or illnesses, immediately to the Environmental Health and Safety Manager and/or Human Resources Department. If an employee witnesses, or discovers an accident in which a CalOptima visitor, or employee, is injured, they are expected to assist the visitor or employee as much as possible, and if the situation is an emergency, to call 911. If the situation is not an emergency, employees should contact the Environmental Health and Safety Manager and/or Human Resources Department for further direction.

See Human Resources Policy GA.8016: Unusual Occurrence, Threats and Danger

Security

The security of employees, employee property, and CalOptima property is of vital importance. All employees share responsibility to ensure that proper security is maintained. Any breach of security should be reported promptly to the CalOptima security guard, manager or director of Facilities, and the Human Resources Department. Employees may call upon the CalOptima security guard for assistance by dialing zero (0) and having the receptionist page him/her. For immediate emergencies, dial 911.

The building security guard is stationed in the main lobby of the building. The building security guard hours are twenty-four (24) hours daily, Monday through Friday and all Friday night until 6 a.m. Saturday morning. If an employee is working late and requires an escort to his or her vehicle, the employee may call the building guard, number located on the InfoNet. If an employee experiences a problem while working on the weekend, or after regular working hours, he or she should call the building after hours emergency number located on the InfoNet.

Security Cameras

CalOptima takes the safety and security of its employees, members, and CalOptima guests very seriously. Proper video surveillance, where deemed appropriate and necessary, is one of the most effective means of helping to keep CalOptima facilities and properties operating in a safe and secure manner. Therefore, please be aware CalOptima has and monitors video surveillance cameras in common areas throughout its buildings and surrounding property for safety and security reasons. The use of video surveillance is solely for the purpose of controlling theft, ensuring the safety of CalOptima employees and members, and facilitating the identification of individuals who behave in a disruptive manner, cause damage to CalOptima property, or are otherwise in contravention of CalOptima's policies, procedures, and Code of Conduct.

Workplace Violence

CalOptima has a strong commitment to its employees and its members to provide a safe, healthy, and secure work environment. CalOptima has zero tolerance for acts of violence, threats, intimidation, or harassment, whether occurring on CalOptima property, or off CalOptima property but while conducting CalOptima business. All such acts and threats, even those made in apparent jest, will be taken seriously, and will lead to disciplinary action, up to and including termination.

It is every employee's responsibility to assist in establishing and maintaining a violence-free and safe work environment. Therefore, employees are expected and encouraged to report any incident which may be threatening to them or their co-workers or any event which they reasonably believe is suspicious activity, threatening, intimidating, or violent. Employees may report an incident to any supervisor, or manager.

A threat includes, but is not limited to, a statement (verbal, written, or physical) which is intended to intimidate by expressing the intent to either harass, hurt, take the life of another person, or damage, or destroy, property. This includes threats made in jest or as a joke, but which others could perceive as serious.

See CalOptima Policy GA.8053: Workplace Violence

Ergonomics

CalOptima is subject to Cal/OSHA ergonomics standards for minimizing workplace repetitive motion injuries. CalOptima will make necessary adjustments to reduce exposure to ergonomic hazards through modifications to equipment and processes and employee training. CalOptima encourages safe and proper work procedures and requires all employees to follow safety instructions and guidelines.

CalOptima believes that reduction of ergonomic risk is instrumental in maintaining an environment of personal safety and well-being, and is essential to our business. We intend to provide appropriate resources to create a risk-free environment. For more information, contact the Facilities Department.

Inspections, Searches, and Monitoring of CalOptima Premises

CalOptima believes that it is important to the efficient and safe conduct of its business to assure access at all times to any property, equipment, records, documents, and/or files, etc. on its premises. CalOptima also believes that maintaining a workplace that is free of drugs, alcohol, firearms, explosives, and other harmful and improper materials is vital to the health and safety of its employees and to the success of the organization. CalOptima also intends to protect against the unauthorized removal of its property from the premises. Accordingly, CalOptima reserves the right to access, inspect, and search CalOptima property and premises at any time according to this policy.

Prohibited materials, including weapons, explosives, alcohol and non-prescribed drugs, or medications, may not be placed or stored in employees' work spaces or desks. If such prohibited items are found, they will be confiscated by CalOptima and delivered to the proper authorities. In addition, CalOptima reserves the right to inspect personal belongings including, but not limited to, any package, container, bag, briefcase, etc. carried in or out of CalOptima by any employee, volunteer, or visitor when deemed appropriate by management and/or CalOptima's security guards. Employees who fail to cooperate in any inspection will be subject to disciplinary action, up to and including termination.

CalOptima is not responsible for any personal belongings or items placed, or stored, in a work space or desk that is lost, damaged, destroyed, or stolen. Employees have an obligation to cooperate fully with all inspections,

investigations, and searches conducted in accordance with this Section; failure to do so may result in disciplinary action, up to and including termination.

DRAFT

Termination

Employee References

All requests for references must be directed to the Human Resources Department. No other manager, supervisor, or employee is authorized to release references for current, or former, employees. By policy, CalOptima discloses only the dates of employment and the title of the last position held of former employees. If an employee authorizes the disclosure in writing, CalOptima will also inform prospective employers of the amount of salary, or wage the employee last earned.

Exit Interviews

At time of separation, employees will be scheduled for an exit interview with the Human Resources Department. This interview allows employees to communicate their views on their work with CalOptima, as well as provide input regarding the requirements, operations and training needs of their former position. It also provides employees an opportunity to discuss issues concerning benefits and insurance. At the time of the interview, employees must return all CalOptima-furnished property, e.g., uniforms, tools, equipment, I.D. cards, keys (electronic and regular), laptops, cell phones, and CalOptima-related documents. Arrangements for clearing any outstanding debts with CalOptima and for receiving final pay will also be made at this time.

Termination

We hope employees will enjoy a long and mutually rewarding employment relationship with CalOptima. Sometimes, however, an employee may find it desirable, or necessary, to resign and take employment elsewhere, or CalOptima may need to discharge an employee. In either case, it is important that employees who resign, or are terminated, are treated with mutual respect to achieve a professional, orderly transition.

An employee is considered to have voluntarily terminated his or her employment with CalOptima when the employee:

- Resigns from CalOptima.
- Fails to return from vacation or from an approved leave of absence at the scheduled time.
- Fails to report to work without notice or authorization for three consecutive days.

Employees who elect to resign are asked to provide CalOptima with at least two (2) week's notice prior to their final day of work.

From time-to-time, CalOptima may reduce the size of the work force by terminating employees for business, operational, or economic, reasons (such as lack of work, restructuring the workforce, reorganizing a department, or job elimination). Should CalOptima consider such terminations necessary, CalOptima will attempt to provide all affected employees with advance notice when practical. Employees affected by such reductions in force are considered to have been laid-off.

Confirmation of Receipt

DRAFT

Confirmation of Receipt

I have received my copy of CalOptima's Employee Handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by CalOptima. CalOptima reserves the right to change my hours, wages, benefits and/or working conditions at any time. I understand and agree that other than the Board and CEO of CalOptima, no manager, supervisor or representative of CalOptima has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will. I understand that if there is a conflict between a relevant law and this handbook, the law will supersede the handbook.

I understand and agree that nothing in the Employee Handbook creates or is intended to create a promise or representation of continued employment and that employment at CalOptima is employment at-will; employment may be terminated at the will of either CalOptima or me. My signature certifies that I understand that the foregoing agreement on my at-will status is the sole and entire agreement between CalOptima and me concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings and representations concerning my employment with CalOptima.

Employee's Name (Printed): _____

Department: _____

Employee's Signature: _____ Date: _____

Continued to March 2, 2017 Board Meeting

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken February 2, 2017 **Regular Meeting of the CalOptima Board of Directors**

Report Item

13. Consider Modifications to CalOptima Policy FF.2008 Health Insurance Premium Payment, and Wind Down and Termination of the Program

Contact

Candice Gomez, Executive Director, Program Implementation, (714) 246-8400

Recommended Actions

1. Authorize modification of CalOptima policy FF.2008 Health Insurance Premium Payment program consistent with guidance from the Department of Health Care Services (DHCS);
2. Authorize continuation of the Health Insurance Premium Payment program under the name "CalOptima Premium Payment" for current participants; and
3. Authorize the wind down and termination of the program by June 30, 2017.

Background

The Health Insurance Premium Payment (HIPP) program, established by the enactment of Assembly Bill 3328 (1986) and codified in the Welfare and Institutions Code section 14124.91, authorizes the Department of Health Care Services (DHCS), to pay private health coverage premiums for Medi-Cal beneficiaries whenever cost-effective.

In or about 1995, CalOptima developed and implemented an optional HIPP program for Medi-Cal members, modeled after DHCS's program. Claims Administration policy FF.2008 Health Insurance Premium Payment Program was approved by DHCS in August 2010 and subsequently ratified by the CalOptima Board of Directors on October 6, 2011. As of December 28, 2017 there were 22 CalOptima Medi-Cal members participating in this program.

CalOptima's policy, which has not been modified since approved by the Board, provides:

- Members must be eligible with CalOptima and:
 - Have a high cost condition (e.g., HIV/AIDS, cancer and organ transplants);
 - Have current private insurance, COBRA continuation plan or COBRA conversion plan that covers members' high cost-medical condition; and,
 - Must reapply every six (6) months.
- Claims and Health Services Departments determine member eligibility;
- Claims Department issues approval or denial notices and administers premium payments; and,
- Finance Department provides annual cost analysis to Claims Department.

On June 30, 2016, DHCS issued new guidance to Medi-Cal Managed Care Plans (MCPs) on premium payment programs. The new guidance permits plans to continue offering this optional program if certain changes are made. If the program is continued, CalOptima is required to make the following mandated policy changes:

Continued to March 2, 2017 Board Meeting

CalOptima Board Action Agenda Referral
Consider Modifications to CalOptima Policy FF.2008 Health Insurance
Premium Payment, and Wind Down and Termination of the Program
Page 2

- MCPs must not reference the name "HIPP" in its program materials and must explicitly state that it is not related to the DHCS program, resulting in the renaming of the program to "CalOptima Premium Payment";
- Funding for the operation and administration of the program must come from the MCP's own profit. DHCS will not reimburse any plan costs, including premiums related to operations and administration of the program; and,
- Member enrollment in the Other Health Coverage (OHC) must predate Medi-Cal enrollment.

Subsequent to the DHCS communication received on June 30, 2016 and based on DHCS's request, CalOptima staff conducted telephonic outreach to members currently enrolled in the HIPP program informing them that the program is no longer associated with DHCS and will be renamed. Additionally, no new members have been enrolled to the program.

Discussion

While the Welfare and Institutions Code section 14124.91, authorizes the Department of Health Care Services (DHCS), to pay private health coverage premiums for Medi-Cal beneficiaries whenever cost-effective, it does not specifically address whether a County Organized Health System (COHS) managed care plan, like CalOptima, is authorized to operate a HIPP program. Pursuant to the June 30, 2016 guidance, DHCS now defers to the COHS plans to determine if they want to independently operate a similar program. If the COHS plan elects to continue with a similar program, they are to modify their policies and procedures and other operational protocols to explicitly state that the plan's program is not in any way related to the DHCS program.

In California, CalOptima and five other COHS plans have operated HIPP programs. Of the other five COHS plans, four are continuing and one has terminated their program. The fifth plan was challenged by a commercial plan that asserted the COHS inappropriately enrolled members into the plan for economic reasons. Although CalOptima program parameters are different, the allegations against the other plan and absence of regulatory authority could potentially expose CalOptima to challenge. . Consequently, CalOptima staff recommends winding down the CalOptima HIPP program with termination effective on June 30, 2017.

In order to wind down and terminate the CalOptima HIPP program, CalOptima staff proposes the following:

- Maintain the restriction on enrolling new members (implemented on June 30, 2016);
- Immediately notify existing members, in writing and by phone, that the program will terminate effective June 30, 2017;
- Conduct additional outreach to members three months and 30 days prior to termination of the program wind down and termination;
- Refer all members to case management for continuity of care and notify affected health networks; and
- Retire CalOptima policy FF.2008 once all members have been dis-enrolled from the program.

Continued to March 2, 2017 Board Meeting

CalOptima Board Action Agenda Referral
Consider Modifications to CalOptima Policy FF.2008 Health Insurance
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Additionally, in order to separate the CalOptima program from the State's HIPP program, CalOptima policy FF.2008 Health Insurance Premium Payment and member facing materials will be updated according to DHCS guidance and renamed to "CalOptima Premium Payment."

Fiscal Impact

The CalOptima Fiscal Year 2016-17 Operating Budget approved by the Board on June 2, 2016, included program expenses for the HIPP program. The recommended action to sunset the HIPP program effective June 30, 2017, will have no fiscal impact in the current fiscal year. Based on current experience, the estimated annual savings in healthcare insurance premiums in future fiscal years is approximately \$260,000. However, there will be increased medical expenses for the members since the risk transfers back to CalOptima or health network.

Rationale for Recommendation

Winding down the premium payment program will mitigate litigation and other risks. In order to continue the program during the wind down period, CalOptima is required to update internal policy and procedures as well as member facing materials.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. October 6, 2011 Report Item VI.B., Ratify CalOptima's Health Insurance Premium Payment (HIPP) Program for Members
2. Revised CalOptima Policy FF.2008: Health Insurance Premium Payment Program (redlined and clean versions)

/s/ Michael Schrader
Authorized Signature

01/26/2017
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken October 6, 2011 **Regular Meeting of the CalOptima Board of Directors'**

Report Item

VI. B. Ratify CalOptima's Health Insurance Premium Payment (HIPP) Program for Members

Contact

Michael Engelhard, Chief Financial Officer, (714) 246-8400

Recommended Action

Ratify CalOptima's Health Insurance Premium Payment (HIPP) program for Medi-Cal Members.

Background

The Health Insurance Premium Payment (HIPP) program, established by the enactment of Assembly Bill 3328 (1986) and codified in the Welfare and Institutions Code section 14124.91, authorizes the Department of Health Care Services (DHCS), to pay private health coverage premiums for Medi-Cal beneficiaries whenever cost-effective.

The DHCS HIPP Program is available to beneficiaries in the Medi-Cal Fee-for-Service system when the expected Medi-Cal program savings is 110% or greater than the premium cost.

Eligibility requirements for the program include:

- Beneficiary must have current Medi-Cal eligibility;
- Beneficiary must have a high-cost medical condition, such as asthma, cancer, cirrhosis, cystic fibrosis, diabetes, Down's Syndrome, HIV/AIDS, organ transplant and spina bifida;
- Beneficiary must have current health coverage policy, COBRA continuation coverage, a HIPAA conversion policy or coverage through another source; and
- Beneficiary's health insurance policy must cover the high-cost medical condition.

If eligibility requirements are met, a beneficiary may apply for the program.

Discussion

As a Medi-Cal managed care plan, CalOptima developed a HIPP program in or about 1995 to pay private health insurance premiums for Members with high-cost medical conditions when it is cost-effective. The application and eligibility requirements for the CalOptima HIPP program closely align with those of DHCS. CalOptima requires that Members enrolled in the CalOptima HIPP program reapply every six (6) months. CalOptima has budgeted the estimated premium cost as a Medi-Cal medical expense for at least the past ten (10) years. In the process of updating CalOptima's internal policy for

this program, staff learned that there had never been formal Board of Directors approval. The policy was submitted to DHCS, which approved it in 2010 with the expectation that the Board would provide final approval.

Fiscal Impact

Qualification for the program is based on an analysis that the cost of the other health insurance premiums is less than what DHCS or CalOptima would pay with Medi-Cal coverage. The FY 2011-12 interim Medi-Cal Budget for this program is \$180,000. FY 2009-10 and FY 2010-11 actual spending were \$150,609 and \$193,770, respectively. Medical cost savings, especially in prescription drugs, can average \$1,000 per member per month or \$400,000 per year.

Participation in the HIPP program by paying Member private insurance premiums results in a lower overall cost to CalOptima and Medi-Cal as compared to having to pay for these high-cost medical services directly.

Rationale for Recommendation

Ratification of this program will allow CalOptima to continue to use its capitation dollars cost-effectively consistent with CalOptima's mission statement.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Richard Chambers
Authorized Signature

9/30/11
Date



Policy #: FF.2008
 Title: ~~Health Insurance~~ **CalOptima Premium Payment Program**
 Department: Claims Administration
 Section: Not Applicable
 CEO Approval: ~~Richard Chambers~~ Michael Schrader

Effective Date: 10/606/1
Last Review Date: 1
Last Revised Date: 02/02/17
 02/02/17

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I. PURPOSE

~~To describe CalOptima's Health Insurance~~ This policy describes the CalOptima Premium Payment (HIPP) Program ~~CPP) program~~ for eligible Members.

II. POLICY

- A. CalOptima shall administer a ~~HIPP Program~~ voluntary CalOptima Premium Payment (CPP) program by which it may pay private health insurance premiums for Members with high-cost medical conditions, as specified in this policy. A CPP program high-cost medical condition may include, but is not limited to:
 - 1. HIV/AIDS;
 - 2. Cancer; and
 - 3. Organ transplantation.
- B. CalOptima shall offer consideration for the ~~HIPP Program~~ CPP program to Members that meet the following conditions:
 - 1. Eligible with CalOptima;
 - 2. Have a current private health insurance policy, Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation plan, or a COBRA conversion policy, in effect; prior to enrollment in the Medi-Cal program;
 - 3. Have a high-cost medical condition as described in Section II.A. of this policy; and
 - 4. Be insured under a private health insurance policy that does not exclude the Member's high-cost medical condition.
- C. A Member's private health insurer is considered the primary payer of health services, while CalOptima is the payer of last resort.
- D. A Member's health insurance premium shall be current at the time of application. CalOptima shall not pay for premiums retroactively.

Policy #: FF.2008

Title: ~~Health Insurance~~ CalOptima Premium Payment Program

~~Effective~~ Revised ~~10/6/11~~ 02/02/17
Date:

1
2 E. The CPP program is not affiliated with the Health Insurance Premium Payment (HIPP) program as
3 administered by the California Department of Health Care Services (DHCS).

4
5 F. Enrollment, or disenrollment, from the CPP program does not affect a Member's eligibility for the
6 Medi-Cal program.

7
8 G. Funding for the CPP program is not reimbursable by DHCS and shall be excluded from financials
9 used to evaluate CalOptima expenses and rates.

10
11 H. Pursuant to guidance received from DHCS related to required changes to plan-administered
12 premium payment programs, the CPP program suspended new member enrollment as of June 30,
13 2016.

14
15 I. Effective July 1, 2017, CalOptima shall terminate the CPP program.

16
17 1. Prior to termination of the CPP, CalOptima shall notify all affected Members no later than three
18 (3) months prior to the termination date.

19
20 2. CalOptima shall refer all affected Members to case management for Continuity of Care and
21 notify the Member's Health Network.

22 23 **III. PROCEDURE**

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25 E.A. To apply for the ~~CalOptima HIPP Program~~ CPP program, a Member shall:

- 26
27 1. Complete and submit the ~~CalOptima HIPP Program~~ CPP program application to CalOptima;
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29 2. Submit a health insurance policy, or description of benefits, from the Member's private health
30 insurer, or employer;
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32 3. Submit copies of premium payment invoices from the Member's private health insurer for the
33 last three (3) consecutive months;
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35 4. Submit a list from the pharmacy of all medications utilized in the last three (3) consecutive
36 months; and
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38 5. Submit copies of the explanation of benefits from the primary health insurance for the past six
39 (6) consecutive months.

40
41 B. Upon receipt of the ~~CalOptima HIPP Program~~ CPP program application, the CalOptima Claims
42 Administration and ~~Health Services Case Management~~ Departments shall review the Member's
43 application and determine if the Member is eligible for the ~~Program~~ CPP program.

44
45 C. If a Member is eligible for ~~the CalOptima HIPP Program~~ CPP program, the Claims Department will
46 send the Member written notification and shall pay the private health insurance premium to:

- 47
48 1. The Member's employer;

Policy #: FF.2008

Title: ~~Health Insurance~~ CalOptima Premium Payment Program

~~Effective~~ Revised ~~10/6/11~~ 02/02/17
Date:

1 2. Health insurance company; or

2
3 3. Member for reimbursement.

4
5 D. If the Member is not eligible for ~~the CalOptima HIPP Program~~ CPP program, the Claims
6 Department will send the Member a Disapproval ~~letter.~~ Letter.

7
8 E. A Member may reapply for ~~the CalOptima HIPP Program~~ CPP program every six (6) months.

9
10 F. The CalOptima Finance Department shall provide the Claims Department with a cost analysis of
11 Members enrolled in the ~~CalOptima HIPP Program~~ CPP program on an annual basis.

12
13 **IV. ATTACHMENTS**

14
15 A. CalOptima ~~HIPP Program~~ CPP Member Evaluation and Re-evaluation Questionnaire

16 ~~B. CalOptima CPP Welcome Letter~~

17 ~~B.C. CalOptima HIPP Program~~ CPP Approval Letter

18 ~~D. CalOptima CPP Disapproval Letter~~

19 ~~E. CalOptima HIPP Program~~ CPP Disapproval Letter – Health Network Member

20 ~~C.F. CalOptima CPP Member Re-evaluation Reminder Letter~~

21 ~~D.G. CalOptima HIPP Program~~ CPP Termination Letter

22
23 **V. REFERENCES**

24
25 A. California Welfare and Institutions Code, ~~Section §~~ 14124.9

26 ~~B. Department of Health Care Services All County Welfare Directors Letter 09-02~~

27 ~~C.B. CalOptima Policy AA.1000: Glossary of Terms~~

28
29 ~~C. Department of Health Care Services, All County Welfare Directors Letter 09-02~~

30 ~~D. Department of Health Care Services (DHCS) Policy Guidance on MCP Administered Premium~~
31 ~~Assistance Programs, Issued June 30, 2016~~

32
33 **VI. REGULATORY AGENCY APPROVALS ~~OR~~**

34
35 ~~A. 08/13/10: Department of Health Care Services~~

36
37 **VI.VII. BOARD ACTION ~~ACTIONS~~**

38
39 ~~A. 10/6/11: _____ 02/02/17: _____ Regular Meeting of the~~ CalOptima Board of Directors
40 ~~8/13/10: _____ Department of Health Care Services~~

41
42 ~~B. 10/06/11: Regular Meeting of the CalOptima Board of Directors~~

43
44 **VH.VIII. REVIEW/REVISION HISTORY**

45
46 Not applicable

47
48 **VIII. KEYWORDS**

Policy #: FF.2008

Title: ~~Health Insurance~~ CalOptima Premium Payment Program

~~Effective~~ Revised ~~10/6/11~~ 02/02/17
Date:

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~~HIPP~~
~~Reimbursement~~

<u>Version</u>	<u>Date</u>	<u>Policy Number</u>	<u>Policy Title</u>	<u>Line(s) of Business</u>
<u>Effective</u>	<u>10/06/2011</u>	<u>FF.2008</u>	<u>Health Insurance Premium Payment Program</u>	<u>Administrative</u>
<u>Revised</u>	<u>02/02/2017</u>	<u>FF.2008</u>	<u>CalOptima Premium Payment Program</u>	<u>Administrative</u>

38

Policy #: FF.2008

Title: ~~Health Insurance~~ CalOptima Premium Payment Program

~~Effective~~ Revised 10/6/14 02/02/17
Date:

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IX. GLOSSARY

<u>Term</u>	<u>Definitions</u>
<u>Continuity of Care</u>	<u>Services provided to a Member rendered by an out-of-network provider with whom the Member has pre-existing provider relationship.</u>
<u>Health Network</u>	<u>A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.</u>
<u>Member</u>	<u>A Medi-Cal eligible beneficiary as determined by the County of Orange Social Services Agency, the California Department of Health Care Services (DHCS) Medi-Cal Program, or the United States Social Security Administration, who is enrolled in the CalOptima program.</u>

3
4



Policy #: FF.2008
Title: **CalOptima Premium Payment Program**
Department: Claims Administration
Section: Not Applicable

CEO Approval: Michael Schrader _____

Effective Date: 10/06/11
Last Review Date: 02/02/17
Last Revised Date: 02/02/17

1 **I. PURPOSE**

2
3 This policy describes the CalOptima Premium Payment (CPP) program for eligible Members.
4

5 **II. POLICY**

6
7 A. CalOptima shall administer a voluntary CalOptima Premium Payment (CPP) program by which it
8 may pay private health insurance premiums for Members with high-cost medical conditions, as
9 specified in this policy. A CPP program high-cost medical condition may include, but is not limited
10 to:

- 11 1. HIV/AIDS;
- 12 2. Cancer; and
- 13 3. Organ transplantation.

14
15
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17
18 B. CalOptima shall offer consideration for the CPP program to Members that meet the following
19 conditions:

- 20 1. Eligible with CalOptima;
- 21 2. Have a current private health insurance policy, Consolidated Omnibus Budget Reconciliation
22 Act (COBRA) continuation plan, or a COBRA conversion policy, in effect prior to enrollment
23 in the Medi-Cal program;
- 24 3. Have a high-cost medical condition as described in Section II.A. of this policy; and
- 25 4. Be insured under a private health insurance policy that does not exclude the Member's high-cost
26 medical condition.

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31 C. A Member's private health insurer is considered the primary payer of health services, while
32 CalOptima is the payer of last resort.

33
34
35 D. A Member's health insurance premium shall be current at the time of application. CalOptima shall
36 not pay for premiums retroactively.

37
38 E. The CPP program is not affiliated with the Health Insurance Premium Payment (HIPP) program as
39 administered by the California Department of Health Care Services (DHCS).

- 1
2 F. Enrollment, or disenrollment, from the CPP program does not affect a Member's eligibility for the
3 Medi-Cal program.
4
5 G. Funding for the CPP program is not reimbursable by DHCS and shall be excluded from financials
6 used to evaluate CalOptima expenses and rates.
7
8 H. Pursuant to guidance received from DHCS related to required changes to plan-administered
9 premium payment programs, the CPP program suspended new member enrollment as of June 30,
10 2016.
11
12 I. Effective July 1, 2017, CalOptima shall terminate the CPP program.
13
14 1. Prior to termination of the CPP, CalOptima shall notify all affected Members no later than three
15 (3) months prior to the termination date.
16
17 2. CalOptima shall refer all affected Members to case management for Continuity of Care and
18 notify the Member's Health Network.
19

20 **III. PROCEDURE**

- 21
22 A. To apply for the CPP program, a Member shall:
23
24 1. Complete and submit the CPP program application to CalOptima;
25
26 2. Submit a health insurance policy, or description of benefits, from the Member's private health
27 insurer, or employer;
28
29 3. Submit copies of premium payment invoices from the Member's private health insurer for the
30 last three (3) consecutive months;
31
32 4. Submit a list from the pharmacy of all medications utilized in the last three (3) consecutive
33 months; and
34
35 5. Submit copies of the explanation of benefits from the primary health insurance for the past six
36 (6) consecutive months.
37
38 B. Upon receipt of the CPP program application, the CalOptima Claims Administration and Case
39 Management Departments shall review the Member's application and determine if the Member is
40 eligible for the CPP program.
41
42 C. If a Member is eligible for CPP program, the Claims Department will send the Member written
43 notification and shall pay the private health insurance premium to:
44
45 1. The Member's employer;
46
47 2. Health insurance company; or
48
49 3. Member for reimbursement.
50

- 1 D. If the Member is not eligible for CPP program, the Claims Department will send the Member a
2 Disapproval Letter.
3
4 E. A Member may reapply for CPP program every six (6) months.
5
6 F. The CalOptima Finance Department shall provide the Claims Department with a cost analysis of
7 Members enrolled in the CPP program on an annual basis.
8

9 **IV. ATTACHMENTS**

- 10
11 A. CalOptima CPP Member Evaluation and Re-evaluation Questionnaire
12 B. CalOptima CPP Welcome Letter
13 C. CalOptima CPP Approval Letter
14 D. CalOptima CPP Disapproval Letter
15 E. CalOptima CPP Disapproval Letter – Health Network Member
16 F. CalOptima CPP Member Re-evaluation Reminder Letter
17 G. CalOptima CPP Termination Letter
18

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23 C. Department of Health Care Services, All County Welfare Directors Letter 09-02
24 D. Department of Health Care Services (DHCS) Policy Guidance on MCP Administered Premium
25 Assistance Programs, Issued June 30, 2016
26

27 **VI. REGULATORY AGENCY APPROVALS**

- 28
29 A. 08/13/10: Department of Health Care Services
30

31 **VII. BOARD ACTIONS**

- 32
33 A. 02/02/17: Regular Meeting of the CalOptima Board of Directors
34 B. 10/06/11: Regular Meeting of the CalOptima Board of Directors
35

36 **VIII. REVIEW/REVISION HISTORY**

37

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	10/06/2011	FF.2008	Health Insurance Premium Payment Program	Administrative
Revised	02/02/2017	FF.2008	CalOptima Premium Payment Program	Administrative

39

1 **IX. GLOSSARY**
2

Term	Definitions
Continuity of Care	Services provided to a Member rendered by an out-of-network provider with whom the Member has pre-existing provider relationship.
Health Network	A Physician Hospital Consortium (PHC), Physician Medical Group (PMG) under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima to provide Covered Services to Members assigned to that Health Network.
Member	A Medi-Cal eligible beneficiary as determined by the County of Orange Social Services Agency, the California Department of Health Care Services (DHCS) Medi-Cal Program, or the United States Social Security Administration, who is enrolled in the CalOptima program.

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**CalOptima Premium Payment (C.P.P)
Member Evaluation and Re-evaluation Questionnaire**

Welcome to CalOptima! Please assist us in helping plan for your health care by filling out this form completely. This information will be used to evaluate or re-evaluate your medical needs and identify your providers of care. *For re-evaluations, please return this form within the week of the specified date indicated in the attached letter.* You will be contacted by a medical case manager who will review your completed questionnaire and offer assistance in coordinating your care. Completion of this form does not guarantee approval for the C.P.P.

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is strictly voluntary. Disenrollment from CPP does not affect your Medi-Cal eligibility.

Please answer the following questions:

A) MEMBER INFORMATION:

Member Name: _____

New Same Address: _____

Phone Number: (____) _____

Social Security Number: _____ Date of Birth: _____

Private Insurance Company: _____ Phone Number: (____) _____

B) DIAGNOSIS:

C) PHARMACY:

Name of Pharmacy you use: _____

Phone Number: (_____) _____

MEDICATIONS:

***Please attach a list from your pharmacy of medications to report to the C.P.P.**

D) HEALTH CARE ACCESS:

1. How many times in the last six (6) months did you go to the **Emergency Room**? _____

Reason: _____

Do not write: INTERNAL USE ONLY						Date:				
Form:	Comp	Inc	Stat:	Nw	Revl	CM:	A	P	D	Intls:
Back to Agenda										

2. How many times in the last six (6) months were you **hospitalized**? _____

Reason: _____

3. Who is your **Primary/Family Doctor**? None

Primary/Family Doctor Name	Phone Number	No. of Visits for the last 6 Months

4. Who are your **Specialists**? None

Specialist's Name	Specialty	Phone Number	No. of Visits for the last 6 Months

E) EQUIPMENT:

1. What kind of **special equipment** have you used within the last six (6) months?

a) **None**

b) **Hospital Bed** **Supplier:** _____

Rent Own Funded By CalOptima Funded by Private Insurance

c) **Wheel Chair** **Supplier:** _____

Rent Own Funded By CalOptima Funded by Private Insurance

d) **Walker** **Supplier:** _____

Rent Own Funded By CalOptima Funded by Private Insurance

e) **Other:** _____ **Supplier:** _____

Rent Own Funded By CalOptima Funded by Private Insurance

F) SUPPLIES:

1. What kind of **medical supplies** have you used in the last six (6) months?

a) **None**

b) **Diapers** **Supplier:** _____

Funded By CalOptima Funded by Private Insurance

c) **Ostomy Supplies** **Supplier:** _____
 Funded By CalOptima Funded by Private Insurance

d) **Special Formulas/Feeding Supplies** **Supplier:** _____
Brand: _____ **Amount Use:** _____
 Funded By CalOptima Funded by Private Insurance

e) **Other** _____
Supplier: _____
 Funded By CalOptima Funded by Private Insurance

Comments Regarding Equipment and Supplies:

G) LAB/X-RAY:

1. Who do you receive **lab/x-ray** procedures from? None
 _____ Phone Number: (_____) _____

H) VISION:

1. Who do you receive **vision care** from? None
 _____ Phone Number: (_____) _____

I) HOME HEALTH CARE:

1. Who do you receive **home health care** from? None
 _____ Phone Number: (_____) _____

J) TREATMENTS:

1. In the next six (6) months, are you **scheduled for** or **receiving** the following?
 None Radiation Therapy Speech Therapy
 Dialysis Physical Therapy Chemo Therapy

- Surgery Occupational Therapy Transfusion
 Other: _____

Signature of Applicant/Beneficiary: _____ Date: _____

Thank you for filling out this form. Please return it to: **C.P.P Unit, 505 City Parkway West, Orange, California 92856**. If you have questions regarding this form, please call the **C.P.P. Unit** (714) 246-8669.

<i>Do not write: INTERNAL USE ONLY</i>										<i>Date:</i>	
Form:	Comp	Inc	Stat:	Nw	Revl	CM:	A	P	D	Intls:	

[Back to Agenda](#)

Date

Member's name and address

Dear Member:

Thank you for your recent inquiry regarding the CalOptima Premium Payment (C.P.P.) program. Enclosed is an application for the program. As you may know, CalOptima may pay a member's private premium payment if it is determined to be cost effective and the member has a high cost medical condition.

The following documents must be provided to CalOptima for possible consideration to the CPP:

- A completed Health Member Questionnaire
- Attending physician's statement of diagnosis, date of diagnosis and treatment plan
- Medical records, treatment plan and/or progress notes from your primary physician and/or specialist
- A copy of your primary health insurance card
- Copy of the latest premium payment notice or signed Cobra election form, showing:
 - Name and Address of where premium is to be sent
 - Amount of premium
 - Date premium is due
 - Cobra effective and expiration date (if applicable)
- A list **from your pharmacy**, if applicable, of the medications you have used for the last **three (3) months**. (A handwritten or typed list **will not be accepted**)

Please submit the above documents to CalOptima to the following address:

CalOptima Premium Payment program
505 City Parkway West
Orange, CA 92868
ATTN:

We will notify you if we will require additional information from you and/or to inform you of the status of your application.

Please note that providing an application does not constitute approval for the program. Furthermore, the program does not make payments for premiums paid by the member prior to application approval, or that are past due.

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is voluntary.

If you have any questions, please call the CPP Unit at (714) 246-8669, Monday through Friday, from 9:00 a.m. to 5:00 p.m. Thank you.

Sincerely,

CalOptima Premium Payment program
Enclosure

Date

Member's name and address

Dear Member:

The CalOptima Premium Payment (CPP) program has determined, based on a review of your application and supporting documents, that it would be cost-effective for CalOptima to pay your private premium payment. This letter will serve as an official notice that your health insurance premium payments will be covered by CalOptima effective from _____ **through** _____ on the basis of your continued Medi-Cal eligibility and CPP approved qualification status. **In the event of any changes to your primary health coverage or status, we will need to re-evaluate your case at any period of time in order to determine whether we will continue payment of your premium.**

Any change of coverage or cancellation by you of this health insurance without CalOptima Premium Payment (CPP) Unit approval can result to withdrawal of your Medi-Cal benefits and /or the CPP. **Please keep us informed about the status of your coverage.**

The CPP periodically re-evaluates your case in order to determine whether we will continue payment of your premium. To re-evaluate your case, the following items must be provided **within the week**:

- A completed Member Re-Evaluation Questionnaire
- All Explanation of Benefit (EOB) forms, if applicable, within the last **six (6) months** sent to you by your insurance carrier; or for HMO-eligible members, medical records, treatment plan and/or progress notes from your primary physician/specialist. **Please note, if you are Medicare eligible, you do not need to provide copies of your EOB forms or list of medical services.**
- A list from your pharmacy of the medications you have used for the last **three (3) months** (**A handwritten or typed list will not be accepted.**)
- Please call us immediately if you change your address or telephone # to avoid lapse in coverage.

Earlier submission of the questionnaire to CalOptima will be invalid and may delay the re-evaluation process. Furthermore, failure to provide the requested information within the specified date may result in cancellation of your eligibility from the CPP.

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is voluntary. Disenrollment from CPP does not affect your Medi-Cal eligibility.

If you have any questions, please call the **CPP** Unit at (714) 246-8669, Monday through Friday, from 8:00 a.m. to 4:00 p.m. Thank you.

Sincerely,

CalOptima Premium Payment program

Date

Member's name and address

Dear Member:

The CalOptima Premium Payment (CPP) program Unit received your application for possible consideration to the CPP on enter date. We have determined that your **coverage with (Carrier's name) ended effective ____, therefore you do not meet the requirements for the (CPP) . You must have a current health insurance policy or a COBRA conversion policy in order to be eligible for the CPP.**

Your Medi-Cal eligibility and benefits are not affected by this determination. Since your other health insurance has been terminated, you will receive health care services through CalOptima Direct. **Should you require assistance regarding the CalOptima Direct Program, please call the CalOptima Member Service Department at (714) 246-8500.**

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is voluntary.

If you have any questions regarding this notice, please contact the CPP Unit at (714) 246-8669, Monday through Friday, from 9:00 a.m. to 5:00 p.m. Thank you.

Sincerely,

CalOptima Premium Payment program

Date

Member's name and address

Dear Member:

The CalOptima Premium Payment (CPP) program has determined, based upon a review of your application and supporting documents, that it would **not** be cost effective for CalOptima to pay your private health insurance premium under the CPP.

Your Medi-Cal eligibility and benefits are not affected by this determination. You will receive health care services through CalOptima's network of health plans. These health plans have joined together with CalOptima to provide health care services for Orange County Medi-Cal beneficiaries.

Our records indicate you are currently enrolled in the following CalOptima health plan:

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima's Premium Payment program is voluntary.

You may remain enrolled in this health plan or you may choose to enroll in a different CalOptima health plan. If you have any questions concerning the enrollment process and need assistance in choosing a different health plan, please call the Customer Service Department at **(714) 246-8500 or (888) 587-8088.**

Sincerely,

CalOptima Premium Payment program

Date

Member's name and address

Dear Member:

This letter is a follow-up to the re-evaluation of your case. This is a courtesy reminder that the requested documents are **due within the week ending_____**. The following items must be provided.

- A completed Member-Re-Evaluation Questionnaire
- All Explanation of Benefit (EOB) forms, if applicable, within the past **six (6) months** sent to you by your insurance carrier, or for HMO members, current medical records, treatment plan and/or progress notes from your primary physician or specialist. (If you have been receiving your EOB forms through CalOptima, and were assured that CalOptima has copies of those EOB forms in your CPP file, you do not need to send copies. Please not, if you are Medicare eligible, you do not need to provide copies of your EOB forms or list of medical services.)
- A list **from your pharmacy**, if applicable, of the medications you have used for the last **three (3) months** (A handwritten or typed list **will not be accepted**.)

Please send the above requested items to:

**CalOptima Premium Payment program
505 City Parkway West
Orange CA 92868
ATTN:**

Failure to provide the requested information within the requested date may result in cancellation of your eligibility from the CalOptima Premium Payment program and non-payment of your monthly premium for your primary health coverage.

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is voluntary. Disenrollment from CPPP does not affect your Medi-Cal eligibility.

Your attention to this matter is greatly appreciated. If you have any questions, please call the CPP Unit at 714-246-8669.

Sincerely,

CalOptima Premium Payment program

Enclosure



Date

Member's name and address

Dear Member:

The CalOptima Premium Payment program has determined that **your COBRA coverage period ended on ____** . You must have a current health insurance policy or a COBRA conversion policy in order to continue with the CPP. **Your participation in the program has been discontinued by CalOptima effective ____.**

Your Medi-Cal eligibility and benefits are not affected by this determination. Since your other health insurance has been terminated, you will receive health care services through CalOptima Direct. Should you require assistance regarding the CalOptima Direct Program, please call the CalOptima Member Service Department at (714) 246-8500.

Please note: CalOptima Premium Payment program is in no way affiliated with DHCS HIPP Program. Participation in the CalOptima Premium Payment program is voluntary. Disenrollment from CPP does not affect your Medi-Cal eligibility.

If you have any questions regarding this notice, please contact the **CPP** Unit at (714) 246-8669, Monday through Friday, from 9:00 a.m. to 5:00 p.m. Thank you.

Sincerely,

CalOptima Premium Payment program

Board of Directors Meeting February 2, 2017

Member Advisory Committee Update

At the January 12, 2017 Member Advisory Committee (MAC) meeting, MAC members concurred with the recommendation from the MAC Nominations Ad Hoc Subcommittee to recommend appointment of Jaime Munoz as the representative to fill the vacant Foster Children's seat. MAC forwarded the recommended candidate to the Board of Directors for consideration. Chair Mallory Vega noted that the terms will expire on June 30, 2017 for the following two-year seats: Adult Beneficiaries, Family Support, Medi-Cal Beneficiaries, Persons with Disabilities, Recipients of CalWORKs and Seniors. Recruitment will begin soon, but committee members in those seats may reapply.

MAC members received several informational presentations. Melissa Tober, Manager, Strategic Projects, Orange County Health Care Agency, provided an overview on the county's pilot proposal for the Whole Person Care program. Ms. Tober explained that the main objectives are to reduce inappropriate or unnecessary emergency room and inpatient utilization and to meet the needs in real-time for homeless persons and homeless persons living with a serious mental illness. Marsha Choo, Manager, Quality Initiatives, presented the member experience survey results for the Medi-Cal and OneCare lines of business. Candice Gomez, Executive Director, Program Implementation, informed MAC that the transition of the Whole-Child Model, which moves California Children's Services (CCS) into managed care, is being postponed. Dr. Sharps, Medical Director, Behavioral Health, presented a status update on the implementation of Magellan Health, Inc. as CalOptima's new Managed Behavioral Health Organization (MBHO). MAC members requested a standing agenda item for CalOptima's MBHO at subsequent MAC meetings.

Also at the January 12, 2017 meeting, MAC members received the following updates from CalOptima's executive staff: Chief Executive Officer update; Chief Medical Officer update; Chief Operating Officer update; and State and Federal Legislative update.

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

Board of Directors Meeting February 2, 2017

Provider Advisory Committee (PAC) Update

December 8, 2016 PAC Meeting

Eleven (11) PAC members were in attendance at the December PAC meeting.

PAC members received an update from Chief Executive Officer Michael Schrader on the future of Medicaid expansion and the federal funding mechanism that is currently under discussion for Medicaid. Mr. Schrader also discussed the uncertain future of Cal MediConnect/OneCare Connect program with the PAC members. Knowing that the next few years may present unique challenges to the provider community, PAC wants to reiterate its commitment to CalOptima and its mission using the knowledge, skills and experience of the PAC members to assist in the decision-making process that will affect providers. The PAC and local trade organizations such as the Hospital Association of Southern California, California Association of Physician Groups, California Medical Association, and the Orange County Medical Association will support lobbying the appropriate government officials.

The PAC also received an update from Candice Gomez, Executive Director, Program Implementation on the Whole Child Model and the integration of the California Children's Services (CCS) into CalOptima. Based on the presentation, the PAC members understand that Department of Health Care Services may delay the implementation. Upon the confirmation of the implementation date, PAC members will assist in the recruitment of the new Clinical Advisory Committee and the preparation for the integration of the CCS program.

In addition to the Chief Financial Officer, Chief Medical Officer, and Chief Operating Officer reports, the PAC received a verbal State and Federal legislative update regarding the November election results and changes to the Orange County legislative delegation. Staff also provided the PAC with a matrix highlighting the percentage of CalOptima members within each legislative district, as well as district boundary maps.

The PAC will be focusing on its 2017/2018 Goals and Objectives in the coming months and will provide additional input to the Clinician and Group Consumer Assessment of Healthcare Providers and Systems (CGCAHPS) survey. Both items will be reported to the CalOptima Board of Directors at future meetings.

Once again, the PAC appreciates and thanks the CalOptima Board for the opportunity to present input and updates on the PAC's activities.

**Board of Directors Meeting
February 2, 2017**

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

At the December 22, 2016 meeting, OCC MAC members received an overview of the Multipurpose Senior Services Program (MSSP) from Jim Pijloo, MSSP Site Director, Long-Term Services and Supports. Mr. Pijloo explained the primary objective of MSSP is to avoid or delay the premature placement of people in nursing facilities. In addition, Sloane Petrillo, Interim Director, Case Management, provided an update on CalOptima and health network Personal Care Coordinators.

Chair Patty Mouton presented to the OCC MAC on the Orange County Advance Care Planning Partners (OCACPP), which is a program that provides advance care planning information and education on issues related to end of life care and planning.

Also at the December 22, 2016 meeting, OCC MAC members received the following updates from CalOptima's executive staff: Chief Executive Officer update; Chief Medical Officer update; State and Federal Legislative update; and OneCare Connect update.

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



CalOptima
Better. Together.

Financial Summary

December 2016

Board of Directors Meeting
February 2, 2017

Nancy Huang
Interim Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- December 2016 MTD:
 - Overall enrollment was 800,001 member months
 - Actual lower than budget by 3,893 or 0.5%
 - Medi-Cal: favorable variance of 1,058 members
 - OneCare Connect: unfavorable variance of 5,028 members
 - 0.2% or 1,442 increase from prior month
 - Medi-Cal: increase of 1,652 from November
 - OneCare: increase of 47 from November
 - PACE remained the same at 183 members
 - OneCare Connect: decrease of 257 from November

FY 2016-17: Consolidated Enrollment

- December 2016 YTD:
 - Overall enrollment was 4,792,229 member months
 - Actual lower than budget by 16,137 or 0.3%
 - Medi-Cal: favorable variance of 10,146 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 26,221 members or 19.8%
 - OneCare: unfavorable variance of 78 members or 1.1%
 - PACE: favorable variance of 16 members or 1.5%
 - 0.5% or 4,134 increase in enrollment from prior year

FY 2016-17: Consolidated Revenues

- December 2016 MTD:

- Actual higher than budget by \$2.5 million or 0.9%
 - Medi-Cal: favorable to budget by \$19.9 million
 - \$10.0 million for IGT and QAF revenue true-up from FY15
 - \$5.9 million of LTC revenue for non-LTC members
 - \$3.0 million of additional revenue for behavior health therapy benefits for Kaiser members, primarily prior year
 - OneCare Connect: unfavorable variance of \$17.8 million
 - Unfavorable price variance of \$7.4 million
 - CMC Medi-Cal capitation rate adjustment of (\$5.8 million) for prior year
 - Current year price variance of (\$1.6M) due to cohorts mix
 - Unfavorable volume variance of \$10.4 million due to lower enrollment
 - OneCare: favorable to budget by \$0.4 million

- December 2016 YTD:

- Actual lower than budget by \$10.7 million or 0.6%
 - Medi-Cal: favorable to budget by \$67.0 million
 - OneCare Connect: unfavorable variance of \$77.9 million

FY 2016-17: Consolidated Medical Expenses

- December 2016 MTD:
 - Actual higher than budget by \$2.2 million or 0.8%
 - Medi-Cal: unfavorable variance of \$19.5 million
 - MLTSS unfavorable variance \$15.1 million
 - IHSS related unfavorable variance approximately \$9.8 million
 - LTC unfavorable variance \$5.4 million
 - \$3.4 million higher LTC Claim expense due to less than anticipated members enrolling in OneCare Connect
 - \$2.0 million variance from FY17 mandated rate increase accrual
 - Professional Claims unfavorable variance of \$3.5 million due to higher IBNR expense in COD and Crossover categories
 - OneCare Connect: favorable variance of \$17.1
 - Favorable price variance of \$7.3 million
 - Lower than budget in LTC and prescription drug categories
 - Favorable volume variance of \$9.8 million

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

- December 2016 YTD:

- Actual higher than budget by \$9.2 million or 0.6%
 - Medi-Cal: unfavorable variance of \$84.2 million
 - Unfavorable price variance of \$81.2 million
 - IHSS estimated expense \$35.9 million higher than budget
 - Long Term Care expense \$22.5 million higher than budget
 - Facilities expense \$16.0 million higher than budget
 - Unfavorable volume variance of \$2.9 million
 - OneCare Connect: favorable variance of \$73.6 million
 - Favorable volume variance of \$50.7 million
 - Favorable price variance of \$22.9 million

- Medical Loss Ratio (MLR):

- December 2016 MTD: Actual: 96.3% Budget: 96.4%
- December 2016 YTD: Actual: 96.8% Budget: 95.6%

FY 2016-17: Consolidated Administrative Expenses

- December 2016 MTD:

- Actual lower than budget by \$2.2 million or 19.0%
 - Salaries and Benefits: favorable variance of \$1.8 million
 - Other categories: favorable variance of \$0.4 million

- December 2016 YTD:

- Actual lower than budget by \$15.3 million or 22.0%
 - Salaries and Benefits: favorable variance of \$10.5 million driven by lower than budgeted FTE of 437
 - Other categories: favorable variance of \$4.8 million

- Administrative Loss Ratio (ALR):

- December 2016 MTD: Actual: 3.3% Budget: 4.1%
- December 2016 YTD: Actual: 3.2% Budget: 4.1%

FY 2016-17: Change in Net Assets

- December 2016 MTD:

- \$2.5 million surplus
- \$3.8 million favorable to budget
 - Higher than budgeted revenue of \$2.5 million
 - Higher medical expenses of \$2.2 million
 - Lower administrative expenses of \$2.2 million
 - Higher investment income of \$1.1 million

- December 2016 YTD:

- \$3.1 million surplus
- \$2.5 million unfavorable to budget
 - Lower than budgeted revenue of \$10.7 million
 - Higher medical expenses of \$9.2 million
 - Lower administrative expenses of \$15.3 million
 - Higher investment income of \$1.6 million

Enrollment Summary: December 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
59,246	55,551	3,695	6.7%	Aged	348,935	330,936	17,999	5.4%
619	678	(59)	(8.7%)	BCCTP	3,744	4,058	(314)	(7.7%)
48,766	47,387	1,379	2.9%	Disabled	291,084	284,773	6,311	2.2%
334,073	341,728	(7,655)	(2.2%)	TANF Child	2,008,513	2,038,891	(30,378)	(1.5%)
101,296	109,238	(7,942)	(7.3%)	TANF Adult	616,009	657,470	(41,461)	(6.3%)
3,245	2,711	534	19.7%	LTC	19,568	16,137	3,431	21.3%
234,488	223,384	11,104	5.0%	MCE	1,389,942	1,335,387	54,555	4.1%
781,733	780,675	1,058	0.1%	Medi-Cal	4,677,795	4,667,649	10,146	0.2%
16,810	21,838	(5,028)	(23.0%)	OneCare Connect	106,103	132,324	(26,221)	(19.8%)
183	190	(7)	(3.7%)	PACE	1,081	1,065	16	1.5%
1,275	1,191	84	7.1%	OneCare	7,250	7,328	(78)	(1.1%)
800,001	803,894	(3,893)	(0.5%)	CalOptima Total	4,792,229	4,808,366	(16,137)	(0.3%)

Financial Highlights: December 2016

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
800,001	803,894	(3,893)	(0.5%)	Member Months	4,792,229	4,808,366	(16,137)	(0.3%)
284,981,150	282,457,437	2,523,714	0.9%	Revenues	1,680,187,510	1,690,855,264	(10,667,754)	(0.6%)
274,397,010	272,208,650	(2,188,360)	(0.8%)	Medical Expenses	1,625,698,293	1,616,486,375	(9,211,918)	(0.6%)
9,477,635	11,704,959	2,227,323	19.0%	Administrative Expenses	54,330,022	69,613,018	15,282,995	22.0%
1,106,505	(1,456,172)	2,562,677	(176.0%)	Operating Margin	159,195	4,755,872	(4,596,677)	(96.7%)
1,372,563	143,250	1,229,313	858.2%	Non Operating Income (Loss)	2,906,413	859,500	2,046,913	238.2%
2,479,068	(1,312,922)	3,791,990	288.8%	Change in Net Assets	3,065,608	5,615,372	(2,549,764)	(45.4%)
96.3%	96.4%	0.1%		Medical Loss Ratio	96.8%	95.6%	(1.2%)	
3.3%	4.1%	0.8%		Administrative Loss Ratio	3.2%	4.1%	0.9%	
<u>0.4%</u>	<u>(0.5%)</u>	0.9%		Operating Margin Ratio	<u>0.0%</u>	<u>0.3%</u>	(0.3%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

Consolidated Performance Actual vs. Budget: December 2016 (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>
0.4	(1.5)	1.9	Medi-Cal	(2.7)	3.0	(5.7)
0.3	0.0	0.3	OneCare	(0.4)	0.2	(0.6)
0.3	0.2	0.0	OCC	2.3	3.0	(0.6)
<u>0.1</u>	<u>(0.2)</u>	<u>0.4</u>	PACE	<u>0.9</u>	<u>(1.4)</u>	<u>2.3</u>
1.1	(1.5)	2.6	Operating	0.1	4.8	(4.6)
<u>1.3</u>	<u>0.1</u>	<u>1.2</u>	Inv./Rental Inc, MCO tax	<u>2.9</u>	<u>0.9</u>	<u>2.1</u>
1.3	0.1	1.2	Non-Operating	2.9	0.9	2.1
2.5	(1.3)	3.8	TOTAL	3.1	5.6	(2.5)

Consolidated Revenue & Expense: December 2016 MTD

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	552,963	228,770	781,733	1,275	16,810	183	800,001
REVENUES							
Capitation Revenue	\$ 151,057,449	\$ 103,728,418	\$ 254,785,867	\$ 1,740,853	\$ 27,219,789	\$ 1,234,641	\$ 284,981,150
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>151,057,449</u>	<u>103,728,418</u>	<u>254,785,867</u>	<u>1,740,853</u>	<u>27,219,789</u>	<u>1,234,641</u>	<u>284,981,150</u>
MEDICAL EXPENSES							
Provider Capitation	39,088,525	35,916,879	75,005,405	475,522	7,379,996	-	82,860,922
Facilities	29,221,584	31,699,067	60,920,651	246,359	6,576,350	207,168	67,950,528
Ancillary	-	-	-	47,325	774,298	-	821,623
Skilled Nursing	-	-	-	110,029	5,158,647	-	5,268,676
Professional Claims	13,447,567	7,858,631	21,306,197	-	-	210,989	21,517,186
Prescription Drugs	17,552,654	15,536,252	33,088,906	445,054	4,329,045	86,791	37,949,797
Quality Incentives	-	-	-	-	-	-	-
Long-term Care Facility Payments	46,560,982	6,134,677	52,695,659	-	-	2,297	52,697,956
Contingencies	-	-	-	-	-	-	-
Medical Management	3,129,613	-	3,129,613	30	1,047,645	391,666	4,568,953
Reinsurance & Other	(347,500)	912,437	564,937	4,500	90,464	101,466	761,368
Total Medical Expenses	<u>148,653,425</u>	<u>98,057,943</u>	<u>246,711,368</u>	<u>1,328,819</u>	<u>25,356,444</u>	<u>1,000,378</u>	<u>274,397,010</u>
Medical Loss Ratio	98.4%	94.5%	96.8%	76.3%	93.2%	81.0%	96.3%
GROSS MARGIN	2,404,024	5,670,475	8,074,499	412,034	1,863,345	234,263	10,584,140
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	5,211,983	(42,646)	864,690	95,288	6,129,315
Professional Fees	-	-	62,924	20,889	2,308	(9,691)	76,430
Purchased Services	-	-	797,821	37,822	178,224	5,821	1,019,688
Printing and Postage	-	-	320,761	34,085	232,019	275	587,140
Depreciation and Amortization	-	-	357,681	-	-	2,065	359,746
Other Expenses	-	-	916,914	0	35,738	8,175	960,827
Indirect Cost Allocation, Occupancy Expense	-	-	48,909	13,811	279,779	1,989	344,488
Total Administrative Expenses	-	-	<u>7,716,993</u>	<u>63,961</u>	<u>1,592,759</u>	<u>103,923</u>	<u>9,477,635</u>
Admin Loss Ratio	-	-	3.0%	3.7%	5.9%	8.4%	3.3%
INCOME (LOSS) FROM OPERATIONS	-	-	357,506	348,073	270,586	130,340	1,106,505
INVESTMENT INCOME	-	-	-	-	-	-	1,333,795
NET RENTAL INCOME	-	-	-	-	-	-	6,121
NET GRANT INCOME	-	-	32,648	-	-	-	32,648
CHANGE IN NET ASSETS	-	-	<u>\$ 390,154</u>	<u>\$ 348,073</u>	<u>\$ 270,586</u>	<u>\$ 130,340</u>	<u>\$ 2,479,068</u>
BUDGETED CHANGE IN ASSETS	-	-	(1,471,309)	19,289	225,345	(229,497)	(1,312,922)
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>1,861,463</u>	<u>328,783</u>	<u>45,241</u>	<u>359,837</u>	<u>3,791,990</u>

Consolidated Revenue & Expense: December 2016 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	3,986,735	691,060	4,677,795	7,250	106,103	1,081	4,792,229
REVENUES							
Capitation Revenue	\$ 1,156,299,527	\$ 313,684,901	\$ 1,469,984,429	\$ 7,696,695	\$ 194,860,506	\$ 7,645,881	\$ 1,680,187,510
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	1,156,299,527	313,684,901	1,469,984,429	7,696,695	194,860,506	7,645,881	1,680,187,510
MEDICAL EXPENSES							
Provider Capitation	325,265,834	120,093,879	445,359,713	2,362,691	44,289,857	-	492,012,261
Facilities	257,365,115	97,882,871	355,247,986	1,964,601	57,201,847	1,431,547	415,845,981
Ancillary	-	-	-	261,630	4,517,468	-	4,779,098
Skilled Nursing	-	-	-	304,101	36,113,339	-	36,417,440
Professional Claims	91,469,918	23,468,015	114,937,934	-	-	1,217,680	116,155,614
Prescription Drugs	156,770,274	50,153,940	206,924,214	2,638,435	33,328,250	513,463	243,404,362
Quality Incentives	-	-	-	-	-	-	-
Long-term Care Facility Payments	267,935,329	18,483,483	286,418,812	-	-	23,511	286,442,323
Contingencies	-	-	-	-	-	-	-
Medical Management	17,555,138	-	17,555,138	57,008	6,067,409	2,357,139	26,036,695
Reinsurance & Other	598,341	2,833,536	3,431,878	26,895	564,336	581,410	4,604,518
Total Medical Expenses	1,116,959,950	312,915,725	1,429,875,675	7,615,362	182,082,506	6,124,750	1,625,698,293
Medical Loss Ratio	96.6%	99.8%	97.3%	98.9%	93.4%	80.1%	96.8%
GROSS MARGIN	39,339,577	769,177	40,108,754	81,333	12,778,000	1,521,131	54,489,218
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	31,091,637	88,965	4,635,382	546,460	36,362,444
Professional Fees	-	-	683,740	98,070	308,290	5,000	1,095,099
Purchased Services	-	-	4,084,093	135,405	804,713	21,518	5,045,731
Printing and Postage	-	-	1,222,255	58,268	465,555	2,000	1,748,078
Depreciation and Amortization	-	-	1,834,477	-	-	12,247	1,846,725
Other Expenses	-	-	5,830,538	1,692	204,718	35,991	6,072,938
Indirect Cost Allocation, Occupancy Expense	-	-	(2,006,012)	140,030	4,011,099	13,891	2,159,008
Total Administrative Expenses	-	-	42,740,728	522,430	10,429,757	637,107	54,330,022
Admin Loss Ratio	-	-	2.9%	6.8%	5.4%	8.3%	3.2%
INCOME (LOSS) FROM OPERATIONS	-	-	(2,631,974)	(441,097)	2,348,243	884,024	159,195
INVESTMENT INCOME	-	-	-	-	-	-	2,895,674
NET RENTAL INCOME	-	-	-	-	-	-	29,776
NET GRANT INCOME	-	-	(19,659)	-	-	-	(19,659)
OTHER INCOME	-	-	623	-	-	-	623
CHANGE IN NET ASSETS	-	-	\$ (2,651,010)	\$ (441,097)	\$ 2,348,243	\$ 884,024	\$ 3,065,608
BUDGETED CHANGE IN ASSETS	-	-	3,021,093	171,808	2,981,950	(1,418,978)	5,615,372
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	(5,672,103)	(612,905)	(633,707)	2,303,002	(2,549,764)

Balance Sheet:

As of December 2016

ASSETS

Current Assets

Operating Cash	\$686,243,544
Catastrophic Reserves	11,637,915
Investments	1,291,463,357
Capitation receivable	323,152,084
Receivables - Other	24,819,684
Prepaid Expenses	11,088,967

Total Current Assets 2,348,405,551

Capital Assets Furniture and equipment	33,303,693
Leasehold improvements	7,785,652
505 City Parkway West	49,269,863
	<u>90,359,207</u>
Less: accumulated depreciation	(34,882,362)
Capital assets, net	<u>55,476,846</u>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	3,158,986
Long term investments	527,676,111
Total Board-designated Assets	<u>530,835,097</u>
Total Other Assets	<u>531,135,097</u>

Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS 2,940,020,510

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$41,160,847
Medical claims liability	717,681,422
Accrued payroll liabilities	8,691,224
Deferred revenue	962,318,501
Deferred lease obligations	267,070
Capitation and withholds	505,544,188
Total Current Liabilities	<u>2,235,663,252</u>

Other employment benefits liability	28,926,866
Net Pension Liabilities	10,543,065
Long Term Liabilities	100,000

TOTAL LIABILITIES 2,275,233,183

Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640

Tangible net equity (TNE)	94,663,492
Funds in excess of TNE	567,969,295

Net Assets 662,632,787

TOTAL LIABILITIES, INFLOWS & FUND BALANCES 2,940,020,510

Board Designated Reserve and TNE Analysis As of December 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	145,148,288				
	Tier 1 - Logan Circle	144,852,055				
	Tier 1 - Wells Capital	144,950,870				
Board-designated Reserve		434,951,213	277,968,755	437,668,289	156,982,458	(2,717,076)
TNE Requirement	Tier 2 - Logan Circle	95,883,884	94,663,492	94,663,492	1,220,392	1,220,392
	Consolidated:	530,835,097	372,632,247	532,331,781	158,202,850	(1,496,685)
	<i>Current reserve level</i>	1.99	1.40	2.00		



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UNAUDITED FINANCIAL STATEMENTS

December 2016

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**CalOptima - Consolidated
Financial Highlights
For the Six Months Ended December 31, 2016**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
800,001	803,894	(3,893)	(0.5%)	Member Months	4,792,229	4,808,366	(16,137)	(0.3%)
284,981,150	282,457,437	2,523,714	0.9%	Revenues	1,680,187,510	1,690,855,264	(10,667,754)	(0.6%)
274,397,010	272,208,650	(2,188,360)	(0.8%)	Medical Expenses	1,625,698,293	1,616,486,375	(9,211,918)	(0.6%)
9,477,635	11,704,959	2,227,323	19.0%	Administrative Expenses	54,330,022	69,613,018	15,282,995	22.0%
1,106,505	(1,456,172)	2,562,677	(176.0%)	Operating Margin	159,195	4,755,872	(4,596,677)	(96.7%)
1,372,563	143,250	1,229,313	858.2%	Non Operating Income (Loss)	2,906,413	859,500	2,046,913	238.2%
2,479,068	(1,312,922)	3,791,990	288.8%	Change in Net Assets	3,065,608	5,615,372	(2,549,764)	(45.4%)
96.3%	96.4%	0.1%		Medical Loss Ratio	96.8%	95.6%	(1.2%)	
3.3%	4.1%	0.8%		Administrative Loss Ratio	3.2%	4.1%	0.9%	
<u>0.4%</u>	<u>(0.5%)</u>	0.9%		Operating Margin Ratio	<u>0.0%</u>	<u>0.3%</u>	(0.3%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

**CalOptima
Financial Dashboard
For the Six Months Ended December 31, 2016**

MONTH

Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	781,733	780,675	↑	1,058 0.1%
OneCare	1,275	1,191	↑	84 7.1%
OneCare Connect	16,810	21,838	↓	(5,028) (23.0%)
PACE	183	190	↓	(7) (3.7%)
Total	800,001	803,894	↓	(3,893) (0.5%)

Change in Net Assets (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 390	\$ (1,471)	↑	\$ 1,861 126.5%
OneCare	348	19	↑	329 1704.5%
OneCare Connect	271	225	↑	45 20.1%
PACE	130	(229)	↑	360 156.8%
505 Bldg.	6	(65)	↑	71 109.4%
Investment Income & Other	1,334	208	↑	1,125 540.2%
Total	\$ 2,479	\$ (1,313)	↑	\$ 3,792 288.8%

MLR			
	Actual	Budget	% Point Var
Medi-Cal	96.8%	96.7%	↓ (0.1)
OneCare	76.3%	91.1%	↑ 14.7
OneCare Connect	93.2%	94.4%	↑ 1.2

Administrative Cost (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 7,717	\$ 9,163	↑	\$ 1,446 15.8%
OneCare	64	102	↑	38 37.5%
OneCare Connect	1,593	2,316	↑	723 31.2%
PACE	104	124	↑	20 16.2%
Total	\$ 9,478	\$ 11,705	↑	\$ 2,227 19.0%

Total FTE's Month			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	839	886	47
OneCare	3	3	0
OneCare Connect	222	239	16
PACE	42	57	14
Total	1,107	1,184	77

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	931	881	50
OneCare	426	397	29
OneCare Connect	76	92	(16)
PACE	4	3	1
Total	1,438	1,373	64

YEAR - TO - DATE

Year To Date Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	4,677,795	4,667,649	↑	10,146 0.2%
OneCare	7,250	7,328	↓	(78) (1.1%)
OneCare Connect	106,103	132,324	↓	(26,221) (19.8%)
PACE	1,081	1,065	↑	16 1.5%
Total	4,792,229	4,808,366	↓	(16,137) (0.3%)

Change in Net Assets (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ (2,651)	\$ 3,021	↓	\$ (5,672) (187.8%)
OneCare	(441)	172	↓	(613) (356.7%)
OneCare Connect	2,348	2,982	↓	(634) (21.3%)
PACE	884	(1,419)	↑	2,303 162.3%
505 Bldg.	30	(390)	↑	420 107.6%
Investment Income & Other	2,896	1,250	↑	1,646 131.7%
Total	\$ 3,066	\$ 5,615	↓	\$ (2,549) (45.4%)

MLR			
	Actual	Budget	% Point Var
Medi-Cal	97.3%	95.9%	↓ (1.3)
OneCare	98.9%	91.0%	↓ (7.9)
OneCare Connect	93.4%	93.7%	↑ 0.3

Administrative Cost (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 42,741	\$ 54,193	↑	\$ 11,452 21.1%
OneCare	522	582	↑	60 10.3%
OneCare Connect	10,430	14,134	↑	3,704 26.2%
PACE	637	704	↑	67 9.5%
Total	\$ 54,330	\$ 69,613	↑	\$ 15,283 22.0%

Total FTE's YTD			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	5,056	5,315	259
OneCare	22	18	(4)
OneCare Connect	1,350	1,432	81
PACE	238	339	101
Total	6,667	7,104	437

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	925	878	47
OneCare	333	407	(74)
OneCare Connect	79	92	(14)
PACE	5	3	1
Total	1,341	1,381	(40)

**CalOptima - Consolidated
Statement of Revenue and Expenses
For the One Month Ended December 31, 2016**

	Actual		Month Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	800,001		803,894		(3,893)	
Revenues						
Medi-Cal	\$ 254,785,867	\$ 325.92	\$ 234,873,714	\$ 300.86	\$ 19,912,153	\$ 25.06
OneCare	1,740,853	1,365.38	1,360,915	1,142.67	379,938	222.71
OneCare Connect	27,219,789	1,619.26	45,018,883	2,061.49	(17,799,094)	(442.23)
PACE	1,234,641	6,746.67	1,203,925	6,336.45	30,716	410.22
Total Operating Revenue	284,981,150	356.23	282,457,437	351.36	2,523,714	4.86
Medical Expenses						
Medi-Cal	246,711,368	315.60	227,181,889	291.01	(19,529,479)	(24.59)
OneCare	1,328,819	1,042.21	1,239,333	1,040.58	(89,486)	(1.63)
OneCare Connect	25,356,444	1,508.41	42,477,984	1,945.14	17,121,539	436.73
PACE	1,000,378	5,466.55	1,309,445	6,891.81	309,066	1,425.27
Total Medical Expenses	274,397,010	343.00	272,208,650	338.61	(2,188,360)	(4.38)
Gross Margin	10,584,140	13.23	10,248,787	12.75	335,354	0.48
Administrative Expenses						
Salaries and benefits	6,129,315	7.66	7,932,571	9.87	1,803,256	2.21
Professional fees	76,430	0.10	444,919	0.55	368,488	0.46
Purchased services	1,019,688	1.27	948,244	1.18	(71,444)	(0.10)
Printing and Postage	587,140	0.73	463,678	0.58	(123,462)	(0.16)
Depreciation and amortization	359,746	0.45	385,117	0.48	25,371	0.03
Other	960,827	1.20	1,103,125	1.37	142,298	0.17
Indirect Cost Allocation, Occupancy Expense	344,488	0.43	427,305	0.53	82,817	0.10
Total Administrative Expenses	9,477,635	11.85	11,704,959	14.56	2,227,323	2.71
Income (Loss) From Operations	1,106,505	1.38	(1,456,172)	(1.81)	2,562,677	3.19
Investment income						
Interest income	1,625,855	2.03	208,333	0.26	1,417,521	1.77
Realized gain/(loss) on investments	(28,046)	(0.04)	-	-	(28,046)	(0.04)
Unrealized gain/(loss) on investments	(264,014)	(0.33)	-	-	(264,014)	(0.33)
Total Investment Income	1,333,795	1.67	208,333	0.26	1,125,461	1.41
Net Rental Income	6,121	0.01	(65,083)	(0.08)	71,204	0.09
Other Income	-	-	-	-	-	-
Change in Net Assets	2,479,068	3.10	(1,312,922)	(1.63)	3,791,990	4.73
Medical Loss Ratio	96.3%		96.4%		0.1%	
Administrative Loss Ratio	3.3%		4.1%		0.8%	

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

** Includes MSSP

**CalOptima - Consolidated - Year to Date
Statement of Revenue and Expenses
For the Six Months Ended December 31, 2016**

	Actual		Year to Date Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	4,792,229		4,808,366		(16,137)	
Revenues						
Medi-Cal	\$ 1,469,984,429	\$ 314.25	\$ 1,402,935,988	\$ 300.57	\$ 67,048,441	\$ 13.68
OneCare	7,696,695	1,061.61	8,402,693	1,146.66	(705,998)	(85.04)
OneCare Connect	194,860,506	1,836.52	272,782,979	2,061.48	(77,922,473)	(224.96)
PACE	7,645,881	7,072.97	6,733,604	6,322.63	912,276	750.34
Total Operating Revenue	1,680,187,510	350.61	1,690,855,264	351.65	(10,667,754)	(1.04)
Medical Expenses						
Medi-Cal	1,429,875,675	305.67	1,345,721,948	288.31	(84,153,726)	(17.36)
OneCare	7,615,362	1,050.39	7,648,609	1,043.75	33,247	(6.64)
OneCare Connect	182,082,506	1,716.09	255,667,479	1,932.13	73,584,973	216.04
PACE	6,124,750	5,665.82	7,448,338	6,993.74	1,323,588	1,327.93
Total Medical Expenses	1,625,698,293	339.24	1,616,486,375	336.18	(9,211,918)	(3.05)
Gross Margin	54,489,218	11.37	74,368,889	15.47	(19,879,672)	(4.10)
Administrative Expenses						
Salaries and benefits	36,362,444	7.59	46,831,047	9.74	10,468,603	2.15
Professional fees	1,095,099	0.23	2,408,014	0.50	1,312,914	0.27
Purchased services	5,045,731	1.05	5,551,818	1.15	506,088	0.10
Printing and Postage	1,748,078	0.36	2,770,851	0.58	1,022,774	0.21
Depreciation and amortization	1,846,725	0.39	2,310,703	0.48	463,979	0.10
Other	6,072,938	1.27	7,171,906	1.49	1,098,968	0.22
Indirect cost allocation, Occupancy Expense	2,159,008	0.45	2,568,678	0.53	409,670	0.08
Total Administrative Expenses	54,330,022	11.34	69,613,018	14.48	15,282,995	3.14
Income (Loss) From Operations	159,195	0.03	4,755,872	0.99	(4,596,677)	(0.96)
Investment income						
Interest income	7,959,289	1.66	1,250,000	0.26	6,709,288	1.40
Realized gain/(loss) on investments	223,359	0.05	-	-	223,359	0.05
Unrealized gain/(loss) on investments	(5,286,973)	(1.10)	-	-	(5,286,973)	(1.10)
Total Investment Income	2,895,674	0.60	1,250,000	0.26	1,645,673	0.34
Net Rental Income	29,776	0.01	(390,500)	(0.08)	420,276	0.09
Other Income	623	0.00	-	-	623	0.00
Change In Net Assets	3,065,608	0.64	5,615,372	1.17	(2,549,764)	(0.53)
Medical Loss Ratio	96.8%		95.6%		(1.2%)	
Administrative Loss Ratio	3.2%		4.1%		0.9%	

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

** Includes MSSP

**CalOptima - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ended December 31, 2016**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	552,963	228,770	781,733	1,275	16,810	183	800,001
REVENUES							
Capitation Revenue	\$ 151,057,449	\$ 103,728,418	\$ 254,785,867	\$ 1,740,853	\$ 27,219,789	\$ 1,234,641	\$ 284,981,150
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>151,057,449</u>	<u>103,728,418</u>	<u>254,785,867</u>	<u>1,740,853</u>	<u>27,219,789</u>	<u>1,234,641</u>	<u>284,981,150</u>
MEDICAL EXPENSES							
Provider Capitation	39,088,525	35,916,879	75,005,405	475,522	7,379,996		82,860,922
Facilities	29,221,584	31,699,067	60,920,651	246,359	6,576,350	207,168	67,950,528
Ancillary				47,325	774,298	-	821,623
Skilled Nursing				110,029	5,158,647	-	5,268,676
Professional Claims	13,447,567	7,858,631	21,306,197	-	-	210,989	21,517,186
Prescription Drugs	17,552,654	15,536,252	33,088,906	445,054	4,329,045	86,791	37,949,797
Quality Incentives					-		-
Long-term Care Facility Payments	46,560,982	6,134,677	52,695,659	-	-	2,297	52,697,956
Contingencies	-	-	-	-	-	-	-
Medical Management	3,129,613	-	3,129,613	30	1,047,645	391,666	4,568,953
Reinsurance & Other	(347,500)	912,437	564,937	4,500	90,464	101,466	761,368
Total Medical Expenses	<u>148,653,425</u>	<u>98,057,943</u>	<u>246,711,368</u>	<u>1,328,819</u>	<u>25,356,444</u>	<u>1,000,378</u>	<u>274,397,010</u>
Medical Loss Ratio	98.4%	94.5%	96.8%	76.3%	93.2%	81.0%	96.3%
GROSS MARGIN	2,404,024	5,670,475	8,074,499	412,034	1,863,345	234,263	10,584,140
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			5,211,983	(42,646)	864,690	95,288	6,129,315
Professional Fees			62,924	20,889	2,308	(9,691)	76,430
Purchased Services			797,821	37,822	178,224	5,821	1,019,688
Printing and Postage			320,761	34,085	232,019	275	587,140
Depreciation and Amortization			357,681			2,065	359,746
Other Expenses			916,914	0	35,738	8,175	960,827
Indirect Cost Allocation, Occupancy Expense			48,909	13,811	279,779	1,989	344,488
Total Administrative Expenses			<u>7,716,993</u>	<u>63,961</u>	<u>1,592,759</u>	<u>103,923</u>	<u>9,477,635</u>
Admin Loss Ratio			3.0%	3.7%	5.9%	8.4%	3.3%
INCOME (LOSS) FROM OPERATIONS			357,506	348,073	270,586	130,340	1,106,505
INVESTMENT INCOME			-	-	-	-	1,333,795
NET RENTAL INCOME			-	-	-	-	6,121
NET GRANT INCOME			32,648	-	-	-	32,648
CHANGE IN NET ASSETS			<u>\$ 390,154</u>	<u>\$ 348,073</u>	<u>\$ 270,586</u>	<u>\$ 130,340</u>	<u>\$ 2,479,068</u>
BUDGETED CHANGE IN ASSETS			(1,471,309)	19,289	225,345	(229,497)	(1,312,922)
VARIANCE TO BUDGET - FAV (UNFAV)			<u>1,861,463</u>	<u>328,783</u>	<u>45,241</u>	<u>359,837</u>	<u>3,791,990</u>

**CalOptima - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Six Months Ended December 31, 2016**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	3,986,735	691,060	4,677,795	7,250	106,103	1,081	4,792,229
REVENUES							
Capitation Revenue	\$ 1,156,299,527	\$ 313,684,901	\$ 1,469,984,429	\$ 7,696,695	\$ 194,860,506	\$ 7,645,881	\$ 1,680,187,510
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>1,156,299,527</u>	<u>313,684,901</u>	<u>1,469,984,429</u>	<u>7,696,695</u>	<u>194,860,506</u>	<u>7,645,881</u>	<u>1,680,187,510</u>
MEDICAL EXPENSES							
Provider Capitation	325,265,834	120,093,879	445,359,713	2,362,691	44,289,857		492,012,261
Facilities	257,365,115	97,882,871	355,247,986	1,964,601	57,201,847	1,431,547	415,845,981
Ancillary				261,630	4,517,468	-	4,779,098
Skilled Nursing				304,101	36,113,339	-	36,417,440
Professional Claims	91,469,918	23,468,015	114,937,934	-	-	1,217,680	116,155,614
Prescription Drugs	156,770,274	50,153,940	206,924,214	2,638,435	33,328,250	513,463	243,404,362
Quality Incentives							
Long-term Care Facility Payments	267,935,329	18,483,483	286,418,812	-	-	23,511	286,442,323
Contingencies	-	-	-	-	-	-	-
Medical Management	17,555,138	-	17,555,138	57,008	6,067,409	2,357,139	26,036,695
Reinsurance & Other	598,341	2,833,536	3,431,878	26,895	564,336	581,410	4,604,518
Total Medical Expenses	<u>1,116,959,950</u>	<u>312,915,725</u>	<u>1,429,875,675</u>	<u>7,615,362</u>	<u>182,082,506</u>	<u>6,124,750</u>	<u>1,625,698,293</u>
Medical Loss Ratio	96.6%	99.8%	97.3%	98.9%	93.4%	80.1%	96.8%
GROSS MARGIN	39,339,577	769,177	40,108,754	81,333	12,778,000	1,521,131	54,489,218
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			31,091,637	88,965	4,635,382	546,460	36,362,444
Professional Fees			683,740	98,070	308,290	5,000	1,095,099
Purchased Services			4,084,093	135,405	804,713	21,518	5,045,731
Printing and Postage			1,222,255	58,268	465,555	2,000	1,748,078
Depreciation and Amortization			1,834,477			12,247	1,846,725
Other Expenses			5,830,538	1,692	204,718	35,991	6,072,938
Indirect Cost Allocation, Occupancy Expense			(2,006,012)	140,030	4,011,099	13,891	2,159,008
Total Administrative Expenses			<u>42,740,728</u>	<u>522,430</u>	<u>10,429,757</u>	<u>637,107</u>	<u>54,330,022</u>
Admin Loss Ratio			2.9%	6.8%	5.4%	8.3%	3.2%
INCOME (LOSS) FROM OPERATIONS			(2,631,974)	(441,097)	2,348,243	884,024	159,195
INVESTMENT INCOME			-	-	-	-	2,895,674
NET RENTAL INCOME			-	-	-	-	29,776
NET GRANT INCOME			(19,659)	-	-	-	(19,659)
OTHER INCOME			623	-	-	-	623
CHANGE IN NET ASSETS			<u>\$ (2,651,010)</u>	<u>\$ (441,097)</u>	<u>\$ 2,348,243</u>	<u>\$ 884,024</u>	<u>\$ 3,065,608</u>
BUDGETED CHANGE IN ASSETS			3,021,093	171,808	2,981,950	(1,418,978)	5,615,372
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(5,672,103)</u>	<u>(612,905)</u>	<u>(633,707)</u>	<u>2,303,002</u>	<u>(2,549,764)</u>

December 31, 2016 Unaudited Financial Statements

SUMMARY

MONTHLY RESULTS:

- Change in Net Assets is \$2.5 million, \$3.8 million favorable to budget
- Operating surplus is \$1.1 million with a surplus in non-operating of \$1.4 million

YEARLY RESULTS:

- Change in Net Assets is \$3.1 million, \$2.5 million unfavorable to budget
- Operating surplus is \$0.2 million with a surplus in non-operating of \$2.9 million

Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE			YEAR-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
0.4	(1.5)	1.9	Medi-Cal	(2.7)	3.0	(5.7)
0.3	0.0	0.3	OneCare	(0.4)	0.2	(0.6)
0.3	0.2	0.0	OCC	2.3	3.0	(0.6)
<u>0.1</u>	<u>(0.2)</u>	<u>0.4</u>	PACE	<u>0.9</u>	<u>(1.4)</u>	<u>2.3</u>
1.1	(1.5)	2.6	Operating	0.1	4.8	(4.6)
<u>1.3</u>	<u>0.1</u>	<u>1.2</u>	Inv./Rental Inc, MCO tax	<u>2.9</u>	<u>0.9</u>	<u>2.1</u>
1.3	0.1	1.2	Non-Operating	2.9	0.9	2.1
2.5	(1.3)	3.8	TOTAL	3.1	5.6	(2.5)

CalOptima
Enrollment Summary
For the Six Months Ended December 31, 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
59,246	55,551	3,695	6.7%	Aged	348,935	330,936	17,999	5.4%
619	678	(59)	(8.7%)	BCCTP	3,744	4,058	(314)	(7.7%)
48,766	47,387	1,379	2.9%	Disabled	291,084	284,773	6,311	2.2%
334,073	341,728	(7,655)	(2.2%)	TANF Child	2,008,513	2,038,891	(30,378)	(1.5%)
101,296	109,238	(7,942)	(7.3%)	TANF Adult	616,009	657,470	(41,461)	(6.3%)
3,245	2,711	534	19.7%	LTC	19,568	16,137	3,431	21.3%
234,488	223,384	11,104	5.0%	MCE	1,389,942	1,335,387	54,555	4.1%
781,733	780,675	1,058	0.1%	Medi-Cal	4,677,795	4,667,649	10,146	0.2%
16,810	21,838	(5,028)	(23.0%)	OneCare Connect	106,103	132,324	(26,221)	(19.8%)
183	190	(7)	(3.7%)	PACE	1,081	1,065	16	1.5%
1,275	1,191	84	7.1%	OneCare	7,250	7,328	(78)	(1.1%)
800,001	803,894	(3,893)	(0.5%)	CalOptima Total	4,792,229	4,808,366	(16,137)	(0.3%)

Enrollment (By Network)								
49,406	48,536	870	1.8%	HMO	290,834	285,522	5,312	1.9%
229,258	235,368	(6,110)	(2.6%)	PHC	1,385,205	1,406,720	(21,515)	(1.5%)
339,364	340,006	(642)	(0.2%)	Shared Risk Group	2,049,841	2,044,896	4,945	0.2%
163,705	156,767	6,938	4.4%	Fee for Service	951,915	930,519	21,396	2.3%
781,733	780,675	1,056	0.1%	Medi-Cal	4,677,795	4,667,649	10,146	0.2%
16,810	21,838	(5,028)	(23.0%)	OneCare Connect	106,103	132,324	(26,221)	(19.8%)
183	190	(7)	(3.7%)	PACE	1,081	1,065	16	1.5%
1,275	1,191	84	7.1%	OneCare	7,250	7,328	(78)	(1.1%)
800,001	803,894	(3,893)	(0.5%)	CalOptima Total	4,792,229	4,808,366	(16,137)	(0.3%)

CalOptima
Enrollment Trend by Network Type
Fiscal Year 2017

Network Type	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	MMs
HMO													
Aged	351	350	355	368	363	381	-	-	-	-	-	-	2,168
BCCTP	1	1	1	(8)	2	1	-	-	-	-	-	-	(2)
Disabled	1,799	1,797	1,813	1,866	1,853	1,858	-	-	-	-	-	-	10,986
TANF Child	24,211	24,455	24,733	24,928	24,987	25,083	-	-	-	-	-	-	148,397
TANF Adult	7,929	7,872	7,914	7,850	8,029	7,967	-	-	-	-	-	-	47,561
LTC	-	-	-	-	-	-	-	-	-	-	-	-	-
MCE	12,989	13,224	13,464	14,034	13,897	14,116	-	-	-	-	-	-	81,724
	47,280	47,699	48,280	49,038	49,131	49,406	-	-	-	-	-	-	290,834
PHC													
Aged	1,495	1,464	1,488	1,458	1,427	1,419	-	-	-	-	-	-	8,751
BCCTP	-	-	-	1	-	-	-	-	-	-	-	-	1
Disabled	7,903	7,872	7,862	7,865	7,804	7,779	-	-	-	-	-	-	47,085
TANF Child	169,358	168,529	169,733	169,714	168,615	168,294	-	-	-	-	-	-	1,014,243
TANF Adult	15,260	14,945	14,649	14,593	14,161	13,880	-	-	-	-	-	-	87,488
LTC	-	-	-	4	-	-	-	-	-	-	-	-	4
MCE	38,002	38,200	37,601	38,070	37,874	37,886	-	-	-	-	-	-	227,633
	232,018	231,010	231,333	231,705	229,881	229,258	-	-	-	-	-	-	1,385,205
Shared Risk Group													
Aged	7,658	7,627	7,635	7,726	7,528	7,546	-	-	-	-	-	-	45,720
BCCTP	-	-	-	8	1	-	-	-	-	-	-	-	9
Disabled	14,428	14,307	14,189	14,253	14,073	14,084	-	-	-	-	-	-	85,334
TANF Child	118,748	118,149	118,421	117,922	116,971	116,744	-	-	-	-	-	-	706,955
TANF Adult	63,849	62,814	62,579	62,266	61,355	60,893	-	-	-	-	-	-	373,756
LTC	-	-	-	3	3	3	-	-	-	-	-	-	9
MCE	140,640	140,811	137,172	139,776	139,565	140,094	-	-	-	-	-	-	838,058
	345,323	343,708	339,996	341,954	339,496	339,364	-	-	-	-	-	-	2,049,841
Fee for Service (Dual)													
Aged	43,684	45,173	45,173	45,522	46,007	46,233	-	-	-	-	-	-	271,792
BCCTP	27	26	24	23	23	23	-	-	-	-	-	-	146
Disabled	19,790	20,086	20,071	20,264	20,375	20,497	-	-	-	-	-	-	121,083
TANF Child	3	2	2	3	4	3	-	-	-	-	-	-	17
TANF Adult	1,179	1,162	1,184	1,197	1,181	1,216	-	-	-	-	-	-	7,119
LTC	2,868	2,910	2,941	2,906	2,940	2,914	-	-	-	-	-	-	17,479
MCE	2,960	2,975	2,721	2,750	2,822	2,893	-	-	-	-	-	-	17,121
	70,511	72,334	72,116	72,665	73,352	73,779	-	-	-	-	-	-	434,757
Fee for Service (Non-Dual)													
Aged	3,746	2,850	3,183	3,608	3,450	3,667	-	-	-	-	-	-	20,504
BCCTP	606	608	598	589	594	595	-	-	-	-	-	-	3,590
Disabled	4,533	4,269	4,390	4,368	4,488	4,548	-	-	-	-	-	-	26,596
TANF Child	22,710	23,011	22,504	23,069	23,658	23,949	-	-	-	-	-	-	138,901
TANF Adult	15,792	16,253	16,501	17,109	17,090	17,340	-	-	-	-	-	-	100,085
LTC	368	370	362	314	334	328	-	-	-	-	-	-	2,076
MCE	35,946	36,543	37,812	36,999	38,607	39,499	-	-	-	-	-	-	225,406
	83,701	83,904	85,350	86,056	88,221	89,926	-	-	-	-	-	-	517,158
MEDI-CAL TOTAL													
Aged	56,934	57,464	57,834	58,682	58,775	59,246	-	-	-	-	-	-	348,935
BCCTP	634	635	623	613	620	619	-	-	-	-	-	-	3,744
Disabled	48,453	48,331	48,325	48,616	48,593	48,766	-	-	-	-	-	-	291,084
TANF Child	335,030	334,146	335,393	335,636	334,235	334,073	-	-	-	-	-	-	2,008,513
TANF Adult	104,009	103,046	102,827	103,015	101,816	101,296	-	-	-	-	-	-	616,009
LTC	3,236	3,280	3,303	3,227	3,277	3,245	-	-	-	-	-	-	19,568
MCE	230,537	231,753	228,770	231,629	232,765	234,488	-	-	-	-	-	-	1,389,942
	778,833	778,655	777,075	781,418	780,081	781,733	-	-	-	-	-	-	4,677,795
PACE	177	179	179	180	183	183	-	-	-	-	-	-	1,081
OneCare	1,171	1,164	1,192	1,220	1,228	1,275	-	-	-	-	-	-	7,250
OneCare Connect	18,902	18,245	17,727	17,352	17,067	16,810	-	-	-	-	-	-	106,103
TOTAL	799,083	798,243	796,173	800,170	798,559	800,001	-	-	-	-	-	-	4,792,229

ENROLLMENT:

Overall MTD enrollment was 800,001

- Unfavorable to budget by 3,893
- Increased 1,442 or 0.2% from prior month
- Increased 4,134 or 0.5% from prior year (December 2015)

Medi-Cal enrollment was 781,733

- Favorable to budget by 1,058
 - Expansion favorable by 11,104
 - SPD favorable by 5,015
 - LTC favorable by 534
 - TANF unfavorable by 15,597
- Increased 1,652 from prior month

OneCare Connect enrollment was 16,810

- Unfavorable to budget by 5,028
- Decreased 257 from prior month

OneCare enrollment was 1,275

- Favorable to budget by 84
- Increased 47 from prior month

PACE enrollment at 183

- Under budget by 7
- No change from prior month

**CalOptima - MediCal Total
Statement of Revenues and Expenses
For the Six Months Ended December 31, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
781,733	780,675	1,058	0.1%	Member Months	4,677,795	4,667,649	10,146	0.2%
254,785,867	234,873,714	19,912,153	8.5%	Revenues				
254,785,867	234,873,714	19,912,153	8.5%	Capitation revenue	1,469,984,429	1,402,935,988	67,048,441	4.8%
				Total Operating Revenues	1,469,984,429	1,402,935,988	67,048,441	4.8%
				Medical Expenses				
75,005,405	75,177,809	172,405	0.2%	Provider capitation	445,359,713	449,943,056	4,583,343	1.0%
60,920,651	57,253,617	(3,667,034)	(6.4%)	Facilities	355,247,986	338,521,038	(16,726,948)	(4.9%)
21,306,197	17,763,617	(3,542,580)	(19.9%)	Professional Claims	114,937,934	102,128,046	(12,809,888)	(12.5%)
33,088,906	34,964,893	1,875,987	5.4%	Prescription drugs	206,924,214	205,874,044	(1,050,170)	(0.5%)
52,695,659	37,548,060	(15,147,599)	(40.3%)	MLTSS	286,418,812	222,708,815	(63,709,998)	(28.6%)
3,129,613	4,457,226	1,327,613	29.8%	Medical Management	17,555,138	26,446,950	8,891,812	33.6%
564,937	16,667	(548,271)	(3,289.6%)	Reinsurance & other	3,431,878	100,000	(3,331,878)	(3,331.9%)
246,711,368	227,181,889	(19,529,479)	(8.6%)	Total Medical Expenses	1,429,875,675	1,345,721,948	(84,153,726)	(6.3%)
8,074,499	7,691,825	382,674	5.0%	Gross Margin	40,108,754	57,214,039	(17,105,285)	(29.9%)
				Administrative Expenses				
5,211,983	6,846,893	1,634,910	23.9%	Salaries, wages & employee benefits	31,091,637	40,473,070	9,381,433	23.2%
62,924	329,112	266,188	80.9%	Professional fees	683,740	1,839,208	1,155,468	62.8%
797,821	746,298	(51,522)	(6.9%)	Purchased services	4,084,093	4,357,581	273,487	6.3%
320,761	311,420	(9,341)	(3.0%)	Printing and postage	1,222,255	1,877,445	655,191	34.9%
357,681	383,061	25,380	6.6%	Depreciation & amortization	1,834,477	2,298,366	463,889	20.2%
916,914	1,087,051	170,138	15.7%	Other operating expenses	5,830,538	6,586,640	756,103	11.5%
48,909	(540,702)	(589,611)	(109.0%)	Indirect cost allocation	(2,006,012)	(3,239,364)	(1,233,352)	(38.1%)
7,716,993	9,163,134	1,446,141	15.8%	Total Administrative Expenses	42,740,728	54,192,947	11,452,219	21.1%
				Operating Tax				
10,224,768	8,846,638	(1,378,130)	(15.6%)	Tax Revenue	73,556,907	52,928,297	(20,628,609)	(39.0%)
10,225,313	0	(10,225,313)	0.0%	Premium tax expense	61,351,878	0	(61,351,878)	0.0%
(545)	8,846,638	8,847,183	100.0%	Sales tax expense	12,205,028	52,928,297	40,723,269	76.9%
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
				Grant Income				
300,000	287,500	12,500	4.3%	Grant Revenue	607,500	1,725,000	(1,117,500)	(64.8%)
255,000	250,000	(5,000)	(2.0%)	Grant expense - Service Partner	516,375	1,500,000	983,625	65.6%
12,352	37,500	25,148	67.1%	Grant expense - Administrative	110,784	225,000	114,216	50.8%
32,648	0	32,648	0.0%	Total Net Grant Income	(19,659)	0	(19,659)	0.0%
0	0	0	0.0%	Other income	623	0	623	0.0%
390,154	(1,471,309)	1,861,463	126.5%	Change in Net Assets	(2,651,010)	3,021,093	(5,672,103)	(187.8%)
96.8%	96.7%	-0.1%	-0.1%	Medical Loss Ratio	97.3%	95.9%	-1.3%	-1.4%
3.0%	3.9%	0.9%	22.4%	Admin Loss Ratio	2.9%	3.9%	1.0%	24.7%

MEDI-CAL INCOME STATEMENT – DECEMBER MONTH:

REVENUES of \$254.8 million are favorable to budget by \$19.9 million, driven by:

- Price related favorable variance of: \$19.6 million due:
 - \$10.0 million for IGT and QAF revenue true-up from FY15
 - \$5.9 million of LTC revenue for non-LTC members
 - \$3.0 million of additional revenue for behavior health therapy benefits for Kaiser members, primarily from prior year
- Volume related favorable variance of: \$0.3 million

MEDICAL EXPENSES: Overall \$246.7 million, unfavorable to budget by \$19.5 million due to:

- **Long term care claim payments (MLTSS)** are unfavorable to budget \$15.1 million due to:
 - IHSS related unfavorable variance of approximately \$9.8 million
 - LTC unfavorable variance of \$5.4 million driven by:
 - \$3.4 million higher LTC claim expense due to less than anticipated members enrolling in OneCare Connect
 - \$2.0 million variance from FY17 mandated rate increase
- **Professional claims** are unfavorable to budget \$3.5 million due to:
 - Price related unfavorable variance of: \$3.5 million related to higher IBNR expense in COD and Crossiver categories

ADMINISTRATION EXPENSES are \$7.7 million, favorable to budget \$1.4 million, driven by:

- Salary & Benefits: \$1.6 million favorable to budget
- Non-Salary: \$0.2 million unfavorable to budget

CHANGE IN NET ASSETS is \$0.4 million for the month, favorable to budget by \$1.9 million

**CalOptima - OneCare Connect
Statement of Revenues and Expenses
For the Six Months Ended December 31, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
16,810	21,838	(5,028)	(23.0%)	Member Months	106,103	132,324	(26,221)	(19.8%)
				Revenues				
27,219,789	45,018,883	(17,799,094)	(39.5%)	Capitation revenue	194,860,506	272,782,979	(77,922,473)	(28.6%)
27,219,789	45,018,883	(17,799,094)	(39.5%)	Total Operating Revenue	194,860,506	272,782,979	(77,922,473)	(28.6%)
				Medical Expenses				
7,379,996	9,912,983	2,532,987	25.6%	Provider capitation	44,289,857	60,065,753	15,775,896	26.3%
6,576,350	11,464,354	4,888,004	42.6%	Facilities	57,201,847	69,081,726	11,879,879	17.2%
774,298	683,311	(90,987)	(13.3%)	Ancillary	4,517,468	4,140,385	(377,083)	(9.1%)
5,158,647	10,315,293	5,156,646	50.0%	Long Term Care	36,113,339	62,503,467	26,390,128	42.2%
4,329,045	8,196,206	3,867,161	47.2%	Prescription drugs	33,328,250	48,686,257	15,358,007	31.5%
1,047,645	1,276,923	229,278	18.0%	Medical management	6,067,409	7,379,111	1,311,701	17.8%
90,464	628,914	538,450	85.6%	Other medical expenses	564,336	3,810,780	3,246,444	85.2%
25,356,444	42,477,984	17,121,539	40.3%	Total Medical Expenses	182,082,506	255,667,479	73,584,973	28.8%
				Gross Margin	12,778,000	17,115,500	(4,337,500)	(25.3%)
1,863,345	2,540,899	(677,555)	(26.7%)	Administrative Expenses				
864,690	968,554	103,864	10.7%	Salaries, wages & employee benefits	4,635,382	5,674,126	1,038,744	18.3%
2,308	86,521	84,213	97.3%	Professional fees	308,290	439,520	131,230	29.9%
178,224	181,585	3,361	1.9%	Purchased services	804,713	1,071,822	267,109	24.9%
232,019	136,845	(95,175)	(69.5%)	Printing and postage	465,555	806,958	341,403	42.3%
35,738	4,560	(31,179)	(683.8%)	Other operating expenses	204,718	516,181	311,463	60.3%
279,779	937,491	657,712	70.2%	Indirect cost allocation, Occupancy Expense	4,011,099	5,624,944	1,613,845	28.7%
1,592,759	2,315,555	722,796	31.2%	Total Administrative Expenses	10,429,757	14,133,551	3,703,794	26.2%
				Operating Tax				
(184,247)	0	(184,247)	0.0%	Tax Revenue	(228,885)	0	(228,885)	0.0%
(184,247)	0	184,247	0.0%	Sales tax expense	(228,885)	0	228,885	0.0%
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
270,586	225,345	45,241	20.1%	Change in Net Assets	2,348,243	2,981,950	(633,707)	(21.3%)
				Medical Loss Ratio	93.4%	93.7%	0.3%	0.3%
93.2%	94.4%	1.2%	1.3%	Admin Loss Ratio	5.4%	5.2%	-0.2%	-3.3%
5.9%	5.1%	-0.7%	-13.8%					

ONECARE CONNECT INCOME STATEMENT – DECEMBER MONTH:

REVENUES of \$27.2 million are unfavorable to budget by \$17.8 million driven by:

- Price related unfavorable variance of: \$7.4 million due to cohort experience (\$1.6M), as well as a CMC Medi-Cal capitation rate adjustment for prior year (\$5.8M)
- Volume related unfavorable variance of: \$10.4 million due to lower than budgeted enrollment

MEDICAL EXPENSES are favorable to budget \$17.1 million due to:

- Corresponding to revenue, and lower prescription drug and long-term care experience

ADMINISTRATIVE EXPENSES are favorable to budget by \$0.7 million

CHANGE IN NET ASSETS is \$0.3 million, in line with budget

**CalOptima - OneCare
Statement of Revenues and Expenses
For the Six Months Ended December 31, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,275	1,191	84	7.1%	Member Months	7,250	7,328	(78)	(1.1%)
				Revenues				
1,740,853	1,360,915	379,938	27.9%	Capitation revenue	7,696,695	8,402,693	(705,998)	(8.4%)
1,740,853	1,360,915	379,938	27.9%	Total Operating Revenue	7,696,695	8,402,693	(705,998)	(8.4%)
				Medical Expenses				
475,522	368,906	(106,616)	(28.9%)	Provider capitation	2,362,691	2,280,945	(81,746)	(3.6%)
246,359	304,231	57,872	19.0%	Inpatient	1,964,601	1,872,362	(92,239)	(4.9%)
47,325	47,586	261	0.5%	Ancillary	261,630	290,001	28,371	9.8%
110,029	22,650	(87,379)	(385.8%)	Skilled nursing facilities	304,101	137,887	(166,214)	(120.5%)
445,054	455,022	9,968	2.2%	Prescription drugs	2,638,435	2,800,007	161,572	5.8%
30	50,848	50,818	99.9%	Medical management	57,008	159,156	102,148	64.2%
4,500	(9,910)	(14,410)	(145.4%)	Other medical expenses	26,895	108,251	81,356	75.2%
1,328,819	1,239,333	(89,486)	(7.2%)	Total Medical Expenses	7,615,362	7,648,609	33,247	0.4%
				Gross Margin	81,333	754,084	(672,751)	(89.2%)
				Administrative Expenses				
(42,646)	22,009	64,654	293.8%	Salaries, wages & employee benefits	88,965	128,204	39,239	30.6%
20,889	17,619	(3,270)	(18.6%)	Professional fees	98,070	84,286	(13,784)	(16.4%)
37,822	19,373	(18,450)	(95.2%)	Purchased services	135,405	116,344	(19,062)	(16.4%)
34,085	13,710	(20,375)	(148.6%)	Printing and postage	58,268	75,949	17,681	23.3%
0	89	89	100.0%	Other operating expenses	1,692	532	(1,160)	(218.3%)
13,811	29,494	15,683	53.2%	Indirect cost allocation, Occupancy Expense	140,030	176,961	36,931	20.9%
63,961	102,293	38,331	37.5%	Total Administrative Expenses	522,430	582,276	59,846	10.3%
348,073	19,289	328,783	1,704.5%	Change in Net Assets	(441,097)	171,808	(612,905)	(356.7%)
76.3%	91.1%	14.7%	16.2%	Medical Loss Ratio	98.9%	91.0%	-7.9%	-8.7%
3.7%	7.5%	3.8%	51.1%	Admin Loss Ratio	6.8%	6.9%	0.1%	2.0%

**CalOptima - PACE
Statement of Revenues and Expenses
For the Six Months Ended December 31, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
183	190	(7)	(3.7%)	Member Months	1,081	1,065	16	1.5%
				Revenues				
908,737	850,510	58,227	6.8%	Medi-Cal capitation revenue	5,753,876	4,765,098	988,777	20.8%
325,904	353,415	(27,511)	(7.8%)	MediCare capitation revenue	1,892,005	1,968,506	(76,501)	(3.9%)
1,234,641	1,203,925	30,716	2.6%	Total Operating Revenues	7,645,881	6,733,604	912,276	13.5%
				Medical Expenses				
297,160	405,480	108,320	26.7%	Clinical salaries & benefits	1,733,699	2,378,666	644,967	27.1%
0	0	0	0.0%	Pace Center Support salaries & benefits	0	0	0	0.0%
207,168	247,354	40,185	16.2%	Claims payments to hospitals	1,431,547	1,371,364	(60,183)	(4.4%)
210,989	263,277	52,287	19.9%	Professional Claims	1,217,680	1,450,263	232,582	16.0%
86,791	141,346	54,555	38.6%	Prescription drugs	513,463	783,645	270,182	34.5%
2,297	25,333	23,036	90.9%	Long-term care facility payments	23,511	140,452	116,941	83.3%
82,116	78,638	(3,477)	(4.4%)	Patient Transportation	403,909	435,983	32,074	7.4%
49,564	49,349	(215)	(0.4%)	Depreciation & amortization	293,934	296,094	2,160	0.7%
37,655	37,214	(441)	(1.2%)	Occupancy expenses	225,929	223,284	(2,645)	(1.2%)
7,286	13,833	6,547	47.3%	Utilities & Facilities Expense	102,688	82,998	(19,690)	(23.7%)
0	288	288	100.0%	Purchased Services	889	1,597	708	44.3%
10,084	24,547	14,463	58.9%	Indirect Allocation	107,468	147,282	39,814	27.0%
9,266	22,785	13,519	59.3%	Other Expenses	70,033	136,711	66,678	48.8%
1,000,378	1,309,445	309,066	23.6%	Total Medical Expenses	6,124,750	7,448,338	1,323,588	17.8%
234,263	(105,520)	339,782	322.0%	Gross Margin	1,521,131	(714,734)	2,235,865	312.8%
				Administrative Expenses				
95,288	95,116	(173)	(0.2%)	Salaries, wages & employee benefits	546,460	555,647	9,187	1.7%
(9,691)	11,667	21,358	183.1%	Professional fees	5,000	45,000	40,000	88.9%
5,821	988	(4,833)	(489.2%)	Purchased services	21,518	6,072	(15,446)	(254.4%)
275	1,703	1,428	83.9%	Printing and postage	2,000	10,499	8,499	81.0%
2,065	2,056	(9)	(0.4%)	Depreciation & amortization	12,247	12,337	90	0.7%
8,175	11,426	3,250	28.4%	Other operating expenses	35,991	68,553	32,562	47.5%
1,989	1,023	(966)	(94.5%)	Indirect cost allocation, Occupancy Expense	13,891	6,136	(7,754)	(126.4%)
103,923	123,977	20,055	16.2%	Total Administrative Expenses	637,107	704,244	67,137	9.5%
130,340	(229,497)	359,837	156.8%	Change in Net Assets	884,024	(1,418,978)	2,303,002	162.3%
81.0%	108.8%	27.7%	25.5%	Medical Loss Ratio	80.1%	110.6%	30.5%	27.6%
8.4%	10.3%	1.9%	18.3%	Admin Loss Ratio	8.3%	10.5%	2.1%	20.3%

OTHER STATEMENTS – DECEMBER MONTH:

ONECARE INCOME STATEMENT

REVENUES of \$1.7 million are favorable to budget by \$0.4 million due to actual membership experience

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

PACE INCOME STATEMENT

- **Change in Net Assets** for the month is \$130.3 thousand, which is operating favorable to budget by \$359.8 thousand

505 CITY PARKWAY BUILDING INCOME STATEMENT

- **Change in Net Assets** for the month is \$6.1 thousand which is favorable to budget \$71.2 thousand

**CalOptima
BALANCE SHEET
December 31, 2016**

ASSETS

Current Assets

Operating Cash	\$686,243,544
Catastrophic Reserves	11,637,915
Investments	1,291,463,357
Capitation receivable	323,152,084
Receivables - Other	24,819,684
Prepaid Expenses	11,088,967

Total Current Assets 2,348,405,551

Capital Assets Furniture and equipment	33,303,693
Leasehold improvements	7,785,652
505 City Parkway West	49,269,863
	<u>90,359,207</u>
Less: accumulated depreciation	(34,882,362)
Capital assets, net	<u><u>55,476,846</u></u>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	3,158,986
Long term investments	527,676,111
Total Board-designated Assets	<u>530,835,097</u>
Total Other Assets	<u><u>531,135,097</u></u>

Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS 2,940,020,510

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$41,160,847
Medical claims liability	717,681,422
Accrued payroll liabilities	8,691,224
Deferred revenue	962,318,501
Deferred lease obligations	267,070
Capitation and withholds	505,544,188
Total Current Liabilities	<u><u>2,235,663,252</u></u>

Other employment benefits liability	28,926,866
Net Pension Liabilities	10,543,065
Long Term Liabilities	100,000

TOTAL LIABILITIES 2,275,233,183

Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640
Tangible net equity (TNE)	94,663,492
Funds in excess of TNE	567,969,295

Net Assets 662,632,787

TOTAL LIABILITIES, INFLOWS & FUND BALANCES 2,940,020,510

CalOptima
Board Designated Reserve and TNE Analysis
as of December 31, 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	145,148,288				
	Tier 1 - Logan Circle	144,852,055				
	Tier 1 - Wells Capital	144,950,870				
Board-designated Reserve						
		434,951,213	277,968,755	437,668,289	156,982,458	(2,717,076)
TNE Requirement	Tier 2 - Logan Circle	95,883,884	94,663,492	94,663,492	1,220,392	1,220,392
	Consolidated:	530,835,097	372,632,247	532,331,781	158,202,850	(1,496,685)
	<i>Current reserve level</i>	1.99	1.40	2.00		

**CalOptima
Statement of Cash Flows
December 31, 2016**

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	2,479,068	3,065,608
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	359,746	1,846,725
Changes in assets and liabilities:		
Prepaid expenses and other	(36,815)	(4,304,720)
Catastrophic reserves		
Capitation receivable	241,834,170	138,779,239
Medical claims liability	(182,068,811)	118,986,564
Deferred revenue	91,075,933	371,615,860
Payable to providers	(5,967,450)	103,717,886
Accounts payable	9,592,622	32,605,001
Other accrued liabilities	861,342	5,144,365
Net cash provided by/(used in) operating activities	<u>158,129,806</u>	<u>771,456,528</u>
 GASB 68 CalPERS Adjustments	 -	 -
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	119,094,602	(272,198,725)
Purchase of property and equipment	(2,911)	(2,328,006)
Change in Board designated reserves	(5,330,285)	(54,999,731)
Net cash provided by/(used in) investing activities	<u>113,761,406</u>	<u>(329,526,462)</u>
 NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	 271,891,212	 441,930,065
 CASH AND CASH EQUIVALENTS, beginning of period	 <u>\$425,990,247</u>	 <u>255,951,393</u>
 CASH AND CASH EQUIVALENTS, end of period	 <u>\$ 697,881,459</u>	 <u>\$ 697,881,459</u>

BALANCE SHEET:

ASSETS Decreased \$84.0 million from November

- **Cash and Cash Equivalents** increased by \$271.9 million from November based upon timing of state checks received, month-end cut-off and cash funding requirements
- **Net Capitation Receivables** decreased \$246.9 million based upon payment receipt timing along with QAF and IGT payments received
- **Investments** decreased \$119.1 million due to payment receipt timing and cash funding requirements

LIABILITIES decreased \$86.5 million from November

- **Medical Claims Liability** decreased by \$182.1 million from November due to:
 - IGT & QAF payments
- **Total Capitation Payable** decreased \$6.0 million based upon timing of pool estimates, recalculations and payouts
- **Accrued Expenses** increased \$12.0 million due to monthly sales tax accrual

NET ASSETS are \$662.6 million

CalOptima Foundation
Statement of Revenues and Expenses
For the Six Months Ended December 31, 2016
Consolidated

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
				Revenues			
0	2,264	(2,264)	(100.0%)	Income - Grant	27,164	13,586	13,578 99.9%
2,083	0	2,083	100.0%	In Kind Revenue - HITEC Grant	66,163	0	66,163 100.0%
<hr/>				<hr/>			
2,083	2,264	(181)	(8.0%)	Total Operating Revenue	93,327	13,586	79,741 586.9%
<hr/>				<hr/>			
				Operating Expenditures			
0	6,184	6,184	100.0%	Personnel	27,195	37,105	9,910 26.7%
0	2,985	2,985	100.0%	Taxes and Benefits	26,240	17,909	(8,331) (46.5%)
0	0	0	0.0%	Travel	(3)	0	3 (100.0%)
0	0	0	0.0%	Supplies	7,009	10,000	2,991 29.9%
0	0	0	0.0%	Contractual	20,388	17,174	(3,214) (18.7%)
2,083	232,065	229,982	99.1%	Other	12,498	1,392,391	1,379,893 99.1%
<hr/>				<hr/>			
2,083	241,234	239,151	99.1%	Total Operating Expenditures	93,327	1,474,579	1,381,252 93.7%
<hr/>				<hr/>			
0	0	0	0.0%	Investment Income	0	0	0 0.0%
<hr/>				<hr/>			
0	(238,970)	(238,970)	(100.0%)	Program Income	0	(1,460,993)	(1,460,993) (100.0%)
<hr/>				<hr/>			
=====				=====			

**CalOptima Foundation
Balance Sheet
December 31, 2016**

<u>ASSETS</u>		<u>LIABILITIES & NET ASSETS</u>	
Operating cash	2,894,845	Accounts payable-Current	0
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
Total Current Assets	2,894,845	Grants-Foundation	0
		Total Current Liabilities	0
		Total Liabilities	0
		Net Assets	2,894,845
TOTAL ASSETS	2,894,845	TOTAL LIABILITIES & NET ASSETS	2,894,845

CALOPTIMA FOUNDATION – DECEMBER MONTH

INCOME STATEMENT:

Revenues

- Revenues from Health Information Technology for Economics and Clinical Health (HITEC) and in-kind contributions from CalOptima
 - The Foundation recognized \$93,327 FY17 YTD in total operating revenues.
 - HITEC Grant revenue totaled \$27,164 YTD which leaves zero balance in HITEC Grant funding as of December 2016
 - CalOptima in-kind contribution totaled \$66,163 YTD
- Revenue budget variances attributed to:
 - YTD: CalOptima grant budget is zero, as the ONC grant funding was to have ended in the previous fiscal year. The grant was extended through September 26, 2016.
 - CalOptima in-kind revenue was not included in FY17 budget

Expenses

- \$93,327 for grant related activities incurred YTD FY17
- Expense categories include staff services, travel and miscellaneous supplies
 - \$1,381,252 favorable variance YTD
 - FY17 budget was based on remaining fund balance in Foundation total assets
 - Actual expenses were much lower than anticipated for CalOptima support activities

BALANCE SHEET:

Assets

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

Liabilities

- Zero

**Budget Allocation Changes
Reporting changes for December 2016**

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	OneCare Connect	Office of Compliance - Professional Fees (Consultant for Annual CPE Audit & CMS Mock Audit)	Office of Compliance - Professional Fees - Consultant for DMHC Mock Audit	\$69,000	Re-purpose \$53,631 from Professional Fees (Consultant for Annual CPE Audit) and \$15,369 from Professional Fees (Consultant for CMS Mock Audit) to pay for consultant for DMHC Mock Audit	2017
July	COREC	REC - Other	REC - Comp Supply/Minor Equip	\$10,000	Re-allocate funds to cover costs for computer equipment upgrade which is approved ONC grant managers	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$63,810	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Ceridian Software Maintenance	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$15,010	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Talentova Learning Management System	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$23,900	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for Silk Road	2017
July	Medi-Cal	Claims Administration - Purchased Services - Integration of Claim Editing Software	Claims Administration - Purchased Services - LTC Rate Adjustments	\$98,000	Re-purpose funds from within Purchased Services (Integration of Claim Editing Software) to pay for LTC Adjustments (TriZetto Robot Process)	2017
July	Medi-Cal	Human Resources - Advertising, Travel, Comp Supply/Minor Equip, Subscriptions, Courier/Delivery	Human Resources - Professional Fees (Salary & Compensation Research), Public Activities, Office Supplies, Food Service Supplies, Professional Dues, Training & Seminars, Cert./Cont. Education	\$84,491	Re-allocate HR FY17 Budget based on HR dept's past spending trends to better meet department's need	2017
July	Medi-Cal	IS-Infrastructure - Telephone - General Telecommunication and Network Connectivity	IS-Infrastructure - Purchased Services - Disaster Recovery Services	\$35,575	Re-allocate funds from Telephone (General Telecommunication and Network Connectivity) to Purchased Services to pay for Disaster Recovery Services	2017
August	Medi-Cal	Other Pay	Quality Analytics - Purchased Services	\$67,000	Re-allocate funds to Quality Analytics Purchased Services for additional funds that is needed for CG-CAHPS survey	2017
August	Medi-Cal	Other Pay	Community Relations - Professional Fees & Printing	\$43,640	Re-allocate funds to Community Relations Professional Fees and Printing budgets for contracts with Tony Lam and Communications Lab and printing costs of Community Option Fair	2017
August	Medi-Cal	IS-Application Management - Purchased Services - Healthcare Productivity Automation	IS-Application Management - Purchased Services - Direct Hire Fees	\$10,957	Re-purpose funds from Purchased Services (Healthcare Productivity Automation) to pay for Direct Hire fees	2017
August	Medi-Cal	Other Pay	IS-Application Development - Comp Supplies/Minor Equipments	\$20,400	Re-allocate funds to cover costs of DocuSign, Box, and Primal Script 2016	2017
August	Medi-Cal	Claims Administration - Purchased Services	Claims Administration - Office Supplies, Training & Seminars, Printing	\$15,000	Re-allocate funds from Purchased Services (Integration of Claim Editing Software & Inventory Management Forecasting) to Office Supplies, Training & Seminars, and Printing to better meet department's needs	2017
September	Medi-Cal	Health Education & Disease Management - Professional Fees	Health Education & Disease Management - Other Operating Expenses	\$30,000	Re-allocate funds from Professional Fees (Childhood Obesity Program Design & Evaluation) to Member & Provider Incentives to support incentives for the Group Needs Assessment (GNA) and other Health Education / Disease Management activities.	2017
October	Capital	Facilities - Relocate Trash Enclosure	Facilities - 505 Sound Recording System	\$50,555	Re-allocate from Relocate Trash Enclosure project for additional funds that are needed for the 505 Sound Recording System project.	2017
October	Medi-Cal	IS-Infrastructure - Professional Fees - Enterprise Identity Access Management	IS-Infrastructure - HW/SW Maintenance - Information Security Data Loss Prevention Solution	\$21,041	Re-allocate from Professional Services for an Enterprise Identity Access Management to HW/SW Maintenance for Information Security Data Loss Prevention Solution Annual Maintenance on additional funds that are needed.	2017
October	Medi-Cal	Facilities - Computer Supply/Minor Equipment - Office Furniture & Equipment	Facilities - Computer Supply/Minor Equipment - Other Articles of Minor Equipment	\$27,000	Repurpose funds in Comp supply/minor equipment for re-upholstering chairs in the member service lobby and other minor equipment expenses to better meet the Department's need.	2017
December	Medi-Cal	Human Resources - Professional Fees - Executive Coaching	Human Resources - Professional Fees - Consultant Fees	\$20,000	Repurpose from Executive Coaching for interim director of HR consultant fees	2017
December	Medi-Cal	Health Education & Disease Management - Medical Management Activities	Health Education & Disease Management - Medical Management Activities	\$75,000	Repurpose funds for the department printing and postage needs	2017

This report summarizes budget transfers between general ledger classes that are greater than \$10,000 and less than \$100,000. This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.



CalOptima
Better. Together.

Financial Summary

November 2016

Board of Directors Meeting
February 2, 2017

Nancy Huang
Interim Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- November 2016 MTD:
 - Overall enrollment was 798,559 member months
 - Actual lower than budget by 4,430 or 0.6%
 - Medi-Cal: favorable variance of 398 members
 - OneCare Connect: unfavorable variance of 4,851 members
 - 0.2% or 1,611 decrease from prior month
 - OneCare Connect: decrease of 285 from October
 - Medi-Cal: decrease of 1,337 from October

FY 2016-17: Consolidated Enrollment

- November 2016 YTD:

- Overall enrollment was 3,992,228 member months
 - Actual lower than budget by 12,244 or 0.3%
 - Medi-Cal: favorable variance of 9,088 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 21,193 members or 19.2%
 - OneCare: unfavorable variance of 162 members or 2.6%
 - PACE: favorable variance of 23 members or 2.6%
 - 1.2% or 9,711 increase in enrollment from prior year

FY 2016-17: Consolidated Revenues

- November 2016 MTD:

- Actual lower than budget by \$10.1 million or 3.6%
 - Medi-Cal: favorable to budget by \$9.2 million
 - Favorable price variance of \$9.1 million
 - Recognition of fiscal 2017 DHCS long-term care payments for NON-LTC aid category members.
 - Offset by YTD IHSS rates adjustment for dual members.
 - Favorable volume variance of \$0.1 million
 - OneCare Connect: unfavorable variance of \$19.2 million
 - Unfavorable price variance of \$9.2 million
 - CMC Eligible capitation rate adjustment (\$6.3 million)
 - Saving target adjustments (\$1.7 million)
 - Unfavorable volume variance of \$10.0 million due to lower enrollment
 - OneCare: unfavorable to budget by \$0.1 million

- November 2016 YTD:

- Actual lower than budget by \$13.2 million or 0.9%
 - Medi-Cal: favorable to budget by \$47.1 million
 - OneCare Connect: unfavorable variance of \$60.1 million

FY 2016-17: Consolidated Medical Expenses

- November 2016 MTD:
 - Actual lower than budget by \$2.0 million or 0.8%
 - Medi-Cal: unfavorable variance of \$15.8 million
 - MLTSS unfavorable variance \$11.1 million
 - IHSS related unfavorable variance approximately \$5.3 million
 - LTC unfavorable variance \$5.4 million
 - \$3.4 million highest LTC Claim expense due to less than anticipated members enrolling in OneCare Connect
 - \$2.0 million variance from FY17 mandated rate increase accrual
 - Professional Claims unfavorable \$3.4 million due to higher IBNR expense in COD and Crossover categories
 - OneCare Connect: favorable variance of \$18.0 million (in-line with lower enrollment)
 - Favorable volume variance of \$9.3 million
 - Favorable price variance of \$8.7 million

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

- November 2016 YTD:

- Actual higher than budget by \$7.0 million or 0.5%
 - Medi-Cal: unfavorable variance of \$64.6 million
 - Unfavorable price variance of \$62.0 million
 - IHSS estimated expense \$26.1 million higher than budget
 - Long Term Care expense \$22.5 million higher than budget
 - Facilities expense \$13.1 million higher than budget
 - Unfavorable volume variance of \$2.6 million
 - OneCare Connect: favorable variance of \$56.5 million
 - Favorable volume variance of \$40.9 million
 - Favorable price variance of \$15.6 million

- Medical Loss Ratio (MLR):

- November 2016 MTD: Actual: 97.5% Budget: 94.8%
- November 2016 YTD: Actual: 96.9% Budget: 95.4%

FY 2016-17: Consolidated Administrative Expenses

- November 2016 MTD:

- Actual lower than budget by \$2.9 million or 26.0%
 - Salaries and Benefits: favorable variance of \$1.4 million
 - Other categories: favorable variance of \$1.5 million

- November 2016 YTD:

- Actual lower than budget by \$13.1 million or 22.5%
 - Salaries and Benefits: favorable variance of \$8.7 million driven by lower than budgeted FTE of 352
 - Other categories: favorable variance of \$4.4 million

- Administrative Loss Ratio (ALR):

- November 2016 MTD: Actual: 3.1% Budget: 4.0%
- November 2016 YTD: Actual: 3.2% Budget: 4.1%

FY 2016-17: Change in Net Assets

- November 2016 MTD:

- \$3.5 million deficit
- \$7.1 million unfavorable to budget
 - Lower than budgeted revenue of \$10.1 million
 - Lower medical expenses of \$2.0 million
 - Lower administrative expenses of \$2.9 million
 - Lower investment income of \$2.1 million

- November 2016 YTD:

- \$0.6 million surplus
- \$6.3 million unfavorable to budget
 - Lower than budgeted revenue of \$13.2 million
 - Higher medical expenses of \$7.0 million
 - Lower administrative expenses of \$13.1 million
 - Higher investment income of \$0.5 million

Enrollment Summary: November 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
58,775	55,394	3,381	6.1%	Aged	289,689	275,385	14,304	5.2%
620	677	(57)	(8.4%)	BCCTP	3,125	3,380	(255)	(7.5%)
48,593	47,415	1,178	2.5%	Disabled	242,318	237,386	4,932	2.1%
334,235	340,967	(6,732)	(2.0%)	TANF Child	1,674,440	1,697,163	(22,723)	(1.3%)
101,816	109,409	(7,593)	(6.9%)	TANF Adult	514,713	548,232	(33,519)	(6.1%)
3,277	2,702	575	21.3%	LTC	16,323	13,426	2,897	21.6%
232,765	223,119	9,646	4.3%	MCE	1,155,454	1,112,003	43,451	3.9%
780,081	779,683	398	0.1%	Medi-Cal	3,896,062	3,886,974	9,088	0.2%
17,067	21,918	(4,851)	(22.1%)	OneCare Connect	89,293	110,486	(21,193)	(19.2%)
183	185	(2)	(1.1%)	PACE	898	875	23	2.6%
1,228	1,203	25	2.1%	OneCare	5,975	6,137	(162)	(2.6%)
798,559	802,989	(4,430)	(0.6%)	CalOptima Total	3,992,228	4,004,472	(12,244)	(0.3%)

Financial Highlights: November 2016

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
798,559	802,989	(4,430)	(0.6%)	Member Months	3,992,228	4,004,472	(12,244)	(0.3%)
272,131,814	282,217,842	(10,086,029)	(3.6%)	Revenues	1,395,206,360	1,408,397,827	(13,191,467)	(0.9%)
265,428,827	267,474,487	2,045,660	0.8%	Medical Expenses	1,351,301,283	1,344,277,725	(7,023,558)	(0.5%)
8,359,143	11,289,937	2,930,794	26.0%	Administrative Expenses	44,852,387	57,908,059	13,055,672	22.5%
(1,656,156)	3,453,418	(5,109,574)	(148.0%)	Operating Margin	(947,310)	6,212,044	(7,159,354)	(115.2%)
(1,867,894)	143,250	(2,011,144)	(1403.9%)	Non Operating Income (Loss)	1,533,850	716,250	817,599	114.1%
(3,524,050)	3,596,668	(7,120,718)	198.0%	Change in Net Assets	586,540	6,928,294	(6,341,754)	(91.5%)
97.5%	94.8%	(2.8%)		Medical Loss Ratio	96.9%	95.4%	(1.4%)	
3.1%	4.0%	0.9%		Administrative Loss Ratio	3.2%	4.1%	0.9%	
<u>(0.6%)</u>	<u>1.2%</u>	(1.8%)		Operating Margin Ratio	<u>(0.1%)</u>	<u>0.4%</u>	(0.5%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

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

MONTH-TO-DATE			YEAR-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
(1.5)	2.8	(4.3)	Medi-Cal	(3.0)	4.5	(7.5)
(0.4)	0.0	(0.4)	OneCare	(0.8)	0.2	(0.9)
0.1	0.8	(0.7)	OCC	2.1	2.8	(0.7)
<u>0.1</u>	<u>(0.2)</u>	<u>0.3</u>	PACE	<u>0.8</u>	<u>(1.2)</u>	<u>1.9</u>
(1.7)	3.5	(5.1)	Operating	(1.0)	6.2	(7.2)
<u>(1.9)</u>	<u>0.1</u>	<u>(2.0)</u>	Inv./Rental Inc, MCO tax	<u>1.6</u>	<u>0.7</u>	<u>0.9</u>
(1.9)	0.1	(2.0)	Non-Operating	1.6	0.7	0.9
(3.5)	3.6	(7.1)	TOTAL	0.6	6.9	(6.3)

Consolidated Revenue & Expense: November 2016 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	551,311	228,770	\$ 780,081	1,228	17,067	183	798,559
REVENUES							
Capitation Revenue	139,937,775	103,728,418	\$ 243,666,193	\$ 1,256,380	\$ 25,962,132	\$ 1,247,109	\$ 272,131,814
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>139,937,775</u>	<u>103,728,418</u>	<u>243,666,193</u>	<u>1,256,380</u>	<u>25,962,132</u>	<u>1,247,109</u>	<u>272,131,814</u>
MEDICAL EXPENSES							
Provider Capitation	38,294,240	35,916,879	74,211,120	402,786	6,870,242	-	81,484,148
Facilities	26,985,687	31,699,067	58,684,754	526,778	11,551,878	215,410	70,978,820
Ancillary	-	-	-	34,477	781,312	-	815,789
Skilled Nursing	-	-	-	39,589	5,636,619	-	5,676,209
Professional Claims	12,695,005	7,858,631	20,553,636	-	-	242,071	20,795,707
Prescription Drugs	18,519,614	15,536,252	34,055,865	506,613	(1,871,960)	72,361	32,762,879
Quality Incentives	-	-	-	-	-	-	-
Long-term Care Facility Payments	41,654,481	6,134,677	47,789,159	-	-	(20,745)	47,768,414
Contingencies	-	-	-	-	-	-	-
Medical Management	2,829,075	-	2,829,075	39,400	1,083,159	114,219	4,065,853
Reinsurance & Other	(345,134)	912,437	567,303	5,210	75,828	432,668	1,081,009
Total Medical Expenses	<u>140,632,969</u>	<u>98,057,943</u>	<u>238,690,912</u>	<u>1,554,852</u>	<u>24,127,079</u>	<u>1,055,984</u>	<u>265,428,827</u>
Medical Loss Ratio	100.5%	94.5%	98.0%	123.8%	92.9%	84.7%	97.5%
GROSS MARGIN	(695,194)	5,670,475	4,975,281	(298,472)	1,835,053	191,125	6,702,987
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	5,192,240	20,683	810,331	97,413	6,120,667
Professional Fees	-	-	41,274	20,000	(18,359)	1,938	44,853
Purchased Services	-	-	739,830	12,829	103,578	5,283	861,519
Printing and Postage	-	-	180,834	8,441	20,177	0	209,452
Depreciation and Amortization	-	-	(6,450)	-	-	2,125	(4,325)
Other Expenses	-	-	793,525	0	33,373	5,817	832,715
Indirect Cost Allocation, Occupancy Expense	-	-	(479,627)	25,244	746,264	2,381	294,262
Total Administrative Expenses	-	-	<u>6,461,625</u>	<u>87,196</u>	<u>1,695,363</u>	<u>114,958</u>	<u>8,359,143</u>
Admin Loss Ratio	-	-	2.7%	6.9%	6.5%	9.2%	3.1%
INCOME (LOSS) FROM OPERATIONS	-	-	(1,486,344)	(385,669)	139,690	76,167	(1,656,156)
INVESTMENT INCOME	-	-	-	-	-	-	(1,859,450)
NET RENTAL INCOME	-	-	-	-	-	-	8,796
OTHER INCOME	-	-	95	-	-	-	95
CHANGE IN NET ASSETS	-	-	<u>\$ (1,503,584)</u>	<u>\$ (385,669)</u>	<u>\$ 139,690</u>	<u>\$ 76,167</u>	<u>\$ (3,524,050)</u>
BUDGETED CHANGE IN ASSETS	-	-	2,816,265	31,977	798,735	(193,559)	3,596,668
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>(4,319,848)</u>	<u>(417,646)</u>	<u>(659,045)</u>	<u>269,725</u>	<u>(7,120,718)</u>

Consolidated Revenue & Expense: November 2016 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	3,205,002	691,060	\$ 3,896,062	5,975	89,293	898	3,992,228
REVENUES							
Capitation Revenue	901,513,660	313,684,901	\$ 1,215,198,562	\$ 5,955,842	\$ 167,640,717	\$ 6,411,240	\$ 1,395,206,360
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>901,513,660</u>	<u>313,684,901</u>	<u>1,215,198,562</u>	<u>5,955,842</u>	<u>167,640,717</u>	<u>6,411,240</u>	<u>1,395,206,360</u>
MEDICAL EXPENSES							
Provider Capitation	250,260,429	120,093,879	370,354,308	1,887,169	36,909,861	-	409,151,339
Facilities	196,444,464	97,882,871	294,327,335	1,718,242	50,625,497	1,224,379	347,895,453
Ancillary	-	-	-	214,305	3,743,170	-	3,957,475
Skilled Nursing	-	-	-	194,072	30,954,692	-	31,148,765
Professional Claims	70,163,721	23,468,015	93,631,737	-	-	1,006,691	94,638,427
Prescription Drugs	123,681,368	50,153,940	173,835,308	2,193,381	28,999,205	426,671	205,454,565
Quality Incentives	-	-	-	-	-	-	-
Long-term Care Facility Payments	215,239,670	18,483,483	233,723,153	-	-	21,213	233,744,366
Contingencies	-	-	-	-	-	-	-
Medical Management	14,425,525	-	14,425,525	56,978	5,019,765	528,935	20,031,203
Reinsurance & Other	33,404	2,833,536	2,866,940	22,395	473,871	1,916,483	5,279,689
Total Medical Expenses	<u>870,248,582</u>	<u>312,915,725</u>	<u>1,183,164,307</u>	<u>6,286,543</u>	<u>156,726,062</u>	<u>5,124,372</u>	<u>1,351,301,283</u>
Medical Loss Ratio	96.5%	99.8%	97.4%	105.6%	93.5%	79.9%	96.9%
GROSS MARGIN	31,265,078	769,177	32,034,255	(330,701)	10,914,655	1,286,868	43,905,077
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	25,879,654	131,611	3,770,692	451,172	30,233,129
Professional Fees	-	-	620,816	77,181	305,981	14,691	1,018,669
Purchased Services	-	-	3,286,273	97,583	626,490	15,697	4,026,042
Printing and Postage	-	-	901,493	24,183	233,536	1,725	1,160,937
Depreciation and Amortization	-	-	1,476,796	-	-	10,182	1,486,978
Other Expenses	-	-	4,913,624	1,692	168,979	27,816	5,112,111
Indirect Cost Allocation, Occupancy Expense	-	-	(2,054,921)	126,219	3,731,320	11,902	1,814,520
Total Administrative Expenses	-	-	<u>35,023,735</u>	<u>458,469</u>	<u>8,836,999</u>	<u>533,184</u>	<u>44,852,387</u>
Admin Loss Ratio	-	-	2.9%	7.7%	5.3%	8.3%	3.2%
INCOME (LOSS) FROM OPERATIONS	-	-	(2,989,480)	(789,170)	2,077,657	753,684	(947,310)
INVESTMENT INCOME	-	-	-	-	-	-	1,561,879
NET RENTAL INCOME	-	-	-	-	-	-	23,655
OTHER INCOME	-	-	623	-	-	-	623
CHANGE IN NET ASSETS	-	-	<u>\$ (3,041,165)</u>	<u>\$ (789,170)</u>	<u>\$ 2,077,657</u>	<u>\$ 753,684</u>	<u>\$ 586,540</u>
BUDGETED CHANGE IN ASSETS	-	-	4,492,402	152,519	2,756,605	(1,189,481)	6,928,294
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>(7,533,567)</u>	<u>(941,688)</u>	<u>(678,948)</u>	<u>1,943,165</u>	<u>(6,341,754)</u>

Balance Sheet: As of November 2016

ASSETS

Current Assets

Operating Cash	\$414,359,258
Catastrophic Reserves	11,630,989
Investments	1,410,557,959
Capitation receivable	570,086,482
Receivables - Other	19,719,457
Prepaid Expenses	11,052,152

Total Current Assets 2,437,406,295

Capital Assets Furniture and equipment	33,303,693
Leasehold improvements	7,574,382
505 City Parkway West	49,269,863
	<u>90,147,938</u>
Less: accumulated depreciation	(34,314,257)
Capital assets, net	<u>55,833,681</u>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	6,673,435
Long term investments	518,831,377
Total Board-designated Assets	<u>525,504,812</u>
Total Other Assets	<u>525,804,812</u>

Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS 3,024,047,805

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$29,198,590
Medical claims liability	899,750,233
Accrued payroll liabilities	11,060,859
Deferred revenue	871,242,568
Deferred lease obligations	267,070
Capitation and withholds	511,511,638
Total Current Liabilities	<u>2,323,030,957</u>

Other employment benefits liability	28,661,208
Net Pension Liabilities	9,947,381
Long Term Liabilities	100,000

TOTAL LIABILITIES 2,361,739,547

Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640

Tangible net equity (TNE)	93,494,304
Funds in excess of TNE	566,659,415

Net Assets 660,153,719

TOTAL LIABILITIES, INFLOWS & FUND BALANCES 3,024,047,805

Board Designated Reserve and TNE Analysis As of November 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	145,070,963				
	Tier 1 - Logan Circle	144,757,660				
	Tier 1 - Wells Capital	144,884,826				
Board-designated Reserve						
		434,713,449	278,382,541	437,758,332	156,330,908	(3,044,883)
TNE Requirement	Tier 2 - Logan Circle	90,791,363	93,494,304	93,494,304	(2,702,941)	(2,702,941)
Consolidated:		525,504,812	371,876,845	531,252,636	153,627,967	(5,747,823)
<i>Current reserve level</i>		<i>1.98</i>	<i>1.40</i>	<i>2.00</i>		



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UNAUDITED FINANCIAL STATEMENTS

November 2016

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**CalOptima - Consolidated
Financial Highlights
For the Five Months Ended November 30, 2016**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
798,559	802,989	(4,430)	(0.6%)	Member Months	3,992,228	4,004,472	(12,244)	(0.3%)
272,131,814	282,217,842	(10,086,029)	(3.6%)	Revenues	1,395,206,360	1,408,397,827	(13,191,467)	(0.9%)
265,428,827	267,474,487	2,045,660	0.8%	Medical Expenses	1,351,301,283	1,344,277,725	(7,023,558)	(0.5%)
8,359,143	11,289,937	2,930,794	26.0%	Administrative Expenses	44,852,387	57,908,059	13,055,672	22.5%
(1,656,156)	3,453,418	(5,109,574)	(148.0%)	Operating Margin	(947,310)	6,212,044	(7,159,354)	(115.2%)
(1,867,894)	143,250	(2,011,144)	(1403.9%)	Non Operating Income (Loss)	1,533,850	716,250	817,599	114.1%
(3,524,050)	3,596,668	(7,120,718)	198.0%	Change in Net Assets	586,540	6,928,294	(6,341,754)	(91.5%)
97.5%	94.8%	(2.8%)		Medical Loss Ratio	96.9%	95.4%	(1.4%)	
3.1%	4.0%	0.9%		Administrative Loss Ratio	3.2%	4.1%	0.9%	
<u>(0.6%)</u>	<u>1.2%</u>	(1.8%)		Operating Margin Ratio	<u>(0.1%)</u>	<u>0.4%</u>	(0.5%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

CalOptima
Financial Dashboard
For the Five Months Ended November 30, 2016

MONTH

Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	780,081	779,683	398	0.1%
OneCare	1,228	1,203	25	2.1%
OneCare Connect	17,067	21,918	(4,851)	(22.1%)
PACE	183	185	(2)	(1.1%)
Total	798,559	802,989	(4,430)	(0.6%)

Change in Net Assets (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ (1,504)	\$ 2,816	\$(4,320)	(153.4%)
OneCare	(386)	32	(418)	(1306.1%)
OneCare Connect	140	799	(659)	(82.5%)
PACE	76	(194)	270	139.4%
505 Bldg.	9	(65)	74	113.5%
Investment Income & Other	(1,859)	208	(2,068)	(992.5%)
Total	\$ (3,524)	\$ 3,597	\$(7,121)	(198.0%)

MLR			
	Actual	Budget	% Point Var
Medi-Cal	98.0%	95.0%	(2.9)
OneCare	123.8%	90.7%	(33.1)
OneCare Connect	92.9%	93.2%	0.3

Administrative Cost (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 6,462	\$ 8,815	\$ 2,354	26.7%
OneCare	87	97	9	9.8%
OneCare Connect	1,695	2,260	564	25.0%
PACE	115	118	3	2.8%
Total	\$ 8,359	\$ 11,290	\$ 2,931	26.0%

Total FTE's Month			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	937	886	(51)
OneCare	5	3	(2)
OneCare Connect	229	239	10
PACE	43	57	13
Total	1,213	1,184	(29)

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	833	880	(48)
OneCare	256	401	(145)
OneCare Connect	75	92	(17)
PACE	4	3	1
Total	1,168	1,376	(208)

YEAR - TO - DATE

Year To Date Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	3,896,062	3,886,974	9,088	0.2%
OneCare	5,975	6,137	(162)	(2.6%)
OneCare Connect	89,293	110,486	(21,193)	(19.2%)
PACE	898	875	23	2.6%
Total	3,992,228	4,004,472	(12,244)	(0.3%)

Change in Net Assets (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ (3,041)	\$ 4,492	\$(7,534)	(167.7%)
OneCare	(789)	153	(942)	(617.4%)
OneCare Connect	2,078	2,757	(679)	(24.6%)
PACE	754	(1,189)	1,943	163.4%
505 Bldg.	24	(325)	349	107.3%
Investment Income & Other	1,563	1,042	521	50.0%
Total	\$ 587	\$ 6,928	\$(6,341)	(91.5%)

MLR			
	Actual	Budget	% Point Var
Medi-Cal	97.4%	95.8%	(1.6)
OneCare	105.6%	91.0%	(14.5)
OneCare Connect	93.5%	93.6%	0.1

Administrative Cost (\$000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 35,024	\$ 45,030	\$ 10,006	22.2%
OneCare	458	480	22	4.5%
OneCare Connect	8,837	11,818	2,981	25.2%
PACE	533	580	47	8.1%
Total	\$ 44,852	\$ 57,908	\$ 13,056	22.5%

Total FTE's YTD			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	4,225	4,430	205
OneCare	19	15	(4)
OneCare Connect	1,128	1,193	65
PACE	196	283	86
Total	5,568	5,920	352

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	922	878	45
OneCare	318	409	(91)
OneCare Connect	79	93	(13)
PACE	5	3	1
Total	1,324	1,382	(58)

**CalOptima - Consolidated
Statement of Revenue and Expenses
For the One Month Ended November 30, 2016**

	Actual		Month Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	798,559		802,989		(4,430)	
Revenues						
Medi-Cal	\$ 243,666,193	\$ 312.36	\$ 234,490,945	\$ 300.75	\$ 9,175,248	\$ 11.61
OneCare	1,256,380	1,023.11	1,375,447	1,143.35	(119,067)	(120.24)
OneCare Connect	25,962,132	1,521.19	45,183,804	2,061.49	(19,221,672)	(540.30)
PACE	1,247,109	6,814.80	1,167,646	6,311.60	79,463	503.20
Total Operating Revenue	<u>272,131,814</u>	<u>340.78</u>	<u>282,217,842</u>	<u>351.46</u>	<u>(10,086,029)</u>	<u>(10.68)</u>
Medical Expenses						
Medi-Cal	238,690,912	305.98	222,859,418	285.83	(15,831,494)	(20.15)
OneCare	1,554,852	1,266.17	1,246,844	1,036.45	(308,008)	(229.72)
OneCare Connect	24,127,079	1,413.67	42,125,308	1,921.95	17,998,229	508.28
PACE	1,055,984	5,770.40	1,242,917	6,718.47	186,933	948.07
Total Medical Expenses	<u>265,428,827</u>	<u>332.38</u>	<u>267,474,487</u>	<u>333.10</u>	<u>2,045,660</u>	<u>0.71</u>
Gross Margin	6,702,987	8.39	14,743,355	18.36	(8,040,369)	(9.97)
Administrative Expenses						
Salaries and benefits	6,120,667	7.66	7,530,106	9.38	1,409,440	1.71
Professional fees	44,853	0.06	439,633	0.55	394,780	0.49
Purchased services	861,519	1.08	947,800	1.18	86,280	0.10
Printing and Postage	209,452	0.26	469,143	0.58	259,692	0.32
Depreciation and amortization	(4,325)	(0.01)	385,117	0.48	389,442	0.49
Other	832,715	1.04	1,090,832	1.36	258,117	0.32
Indirect Cost Allocation, Occupancy Expense	294,262	0.37	427,305	0.53	133,043	0.16
Total Administrative Expenses	<u>8,359,143</u>	<u>10.47</u>	<u>11,289,937</u>	<u>14.06</u>	<u>2,930,794</u>	<u>3.59</u>
Income (Loss) From Operations	(1,656,156)	(2.07)	3,453,418	4.30	(5,109,574)	(6.37)
Investment income						
Interest income	1,503,697	1.88	208,333	0.26	1,295,363	1.62
Realized gain/(loss) on investments	(23,505)	(0.03)	-	-	(23,505)	(0.03)
Unrealized gain/(loss) on investments	(3,339,642)	(4.18)	-	-	(3,339,642)	(4.18)
Total Investment Income	<u>(1,859,450)</u>	<u>(2.33)</u>	<u>208,333</u>	<u>0.26</u>	<u>(2,067,784)</u>	<u>(2.59)</u>
Net Rental Income	8,796	0.01	(65,083)	(0.08)	73,879	0.09
Other Income	95	0.00	-	-	95	0.00
Change in Net Assets	<u>(3,524,050)</u>	<u>(4.41)</u>	<u>3,596,668</u>	<u>4.48</u>	<u>(7,120,718)</u>	<u>(8.89)</u>
Medical Loss Ratio	97.5%		94.8%		(2.8%)	
Administrative Loss Ratio	3.1%		4.0%		0.9%	

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

** Includes MSSP

**CalOptima - Consolidated - Year to Date
Statement of Revenue and Expenses
For the Five Months Ended November 30, 2016**

	Actual		Year to Date Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	3,992,228		4,004,472		(12,244)	
Revenues						
Medi-Cal	\$ 1,215,198,562	\$ 311.90	\$ 1,168,062,274	\$ 300.51	\$ 47,136,287	\$ 11.40
OneCare	5,955,842	996.79	7,041,778	1,147.43	(1,085,936)	(150.64)
OneCare Connect	167,640,717	1,877.42	227,764,096	2,061.47	(60,123,379)	(184.05)
PACE	6,411,240	7,139.46	5,529,679	6,319.63	881,560	819.83
Total Operating Revenue	1,395,206,360	349.48	1,408,397,827	351.71	(13,191,467)	(2.23)
Medical Expenses						
Medi-Cal	1,183,164,307	303.68	1,118,540,060	287.77	(64,624,247)	(15.92)
OneCare	6,286,543	1,052.14	6,409,276	1,044.37	122,733	(7.77)
OneCare Connect	156,726,062	1,755.19	213,189,495	1,929.56	56,463,433	174.37
PACE	5,124,372	5,706.43	6,138,894	7,015.88	1,014,522	1,309.45
Total Medical Expenses	1,351,301,283	338.48	1,344,277,725	335.69	(7,023,558)	(2.79)
Gross Margin	43,905,077	11.00	64,120,103	16.01	(20,215,025)	(5.01)
Administrative Expenses						
Salaries and benefits	30,233,129	7.57	38,898,476	9.71	8,665,347	2.14
Professional fees	1,018,669	0.26	1,963,095	0.49	944,426	0.24
Purchased services	4,026,042	1.01	4,603,575	1.15	577,532	0.14
Printing and Postage	1,160,937	0.29	2,307,173	0.58	1,146,236	0.29
Depreciation and amortization	1,486,978	0.37	1,925,586	0.48	438,608	0.11
Other	5,112,111	1.28	6,068,781	1.52	956,670	0.23
Indirect cost allocation, Occupancy Expense	1,814,520	0.45	2,141,373	0.53	326,853	0.08
Total Administrative Expenses	44,852,387	11.23	57,908,059	14.46	13,055,672	3.23
Income (Loss) From Operations	(947,310)	(0.24)	6,212,044	1.55	(7,159,354)	(1.79)
Investment income						
Interest income	6,333,434	1.59	1,041,667	0.26	5,291,767	1.33
Realized gain/(loss) on investments	251,405	0.06	-	-	251,405	0.06
Unrealized gain/(loss) on investments	(5,022,959)	(1.26)	-	-	(5,022,959)	(1.26)
Total Investment Income	1,561,879	0.39	1,041,667	0.26	520,212	0.13
Net Rental Income	23,655	0.01	(325,417)	(0.08)	349,072	0.09
Other Income	623	0.00	-	-	623	0.00
Change In Net Assets	586,540	0.15	6,928,294	1.73	(6,341,754)	(1.58)
Medical Loss Ratio	96.9%		95.4%		(1.4%)	
Administrative Loss Ratio	3.2%		4.1%		0.9%	

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

** Includes MSSP

**CalOptima - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ended November 30, 2016**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	551,311	228,770	\$ 780,081	1,228	17,067	183	798,559
REVENUES							
Capitation Revenue	139,937,775	103,728,418	\$ 243,666,193	\$ 1,256,380	\$ 25,962,132	\$ 1,247,109	\$ 272,131,814
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>139,937,775</u>	<u>103,728,418</u>	<u>243,666,193</u>	<u>1,256,380</u>	<u>25,962,132</u>	<u>1,247,109</u>	<u>272,131,814</u>
MEDICAL EXPENSES							
Provider Capitation	38,294,240	35,916,879	74,211,120	402,786	6,870,242		81,484,148
Facilities	26,985,687	31,699,067	58,684,754	526,778	11,551,878	215,410	70,978,820
Ancillary				34,477	781,312	-	815,789
Skilled Nursing				39,589	5,636,619	-	5,676,209
Professional Claims	12,695,005	7,858,631	20,553,636	-	-	242,071	20,795,707
Prescription Drugs	18,519,614	15,536,252	34,055,865	506,613	(1,871,960)	72,361	32,762,879
Quality Incentives							-
Long-term Care Facility Payments	41,654,481	6,134,677	47,789,159	-	-	(20,745)	47,768,414
Contingencies	-	-	-	-	-	-	-
Medical Management	2,829,075	-	2,829,075	39,400	1,083,159	114,219	4,065,853
Reinsurance & Other	(345,134)	912,437	567,303	5,210	75,828	432,668	1,081,009
Total Medical Expenses	<u>140,632,969</u>	<u>98,057,943</u>	<u>238,690,912</u>	<u>1,554,852</u>	<u>24,127,079</u>	<u>1,055,984</u>	<u>265,428,827</u>
Medical Loss Ratio	100.5%	94.5%	98.0%	123.8%	92.9%	84.7%	97.5%
GROSS MARGIN	(695,194)	5,670,475	4,975,281	(298,472)	1,835,053	191,125	6,702,987
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			5,192,240	20,683	810,331	97,413	6,120,667
Professional Fees			41,274	20,000	(18,359)	1,938	44,853
Purchased Services			739,830	12,829	103,578	5,283	861,519
Printing and Postage			180,834	8,441	20,177	0	209,452
Depreciation and Amortization			(6,450)			2,125	(4,325)
Other Expenses			793,525	0	33,373	5,817	832,715
Indirect Cost Allocation, Occupancy Expense			(479,627)	25,244	746,264	2,381	294,262
Total Administrative Expenses			<u>6,461,625</u>	<u>87,196</u>	<u>1,695,363</u>	<u>114,958</u>	<u>8,359,143</u>
Admin Loss Ratio			2.7%	6.9%	6.5%	9.2%	3.1%
INCOME (LOSS) FROM OPERATIONS			(1,486,344)	(385,669)	139,690	76,167	(1,656,156)
INVESTMENT INCOME			-	-	-	-	(1,859,450)
NET RENTAL INCOME			-	-	-	-	8,796
OTHER INCOME			95	-	-	-	95
CHANGE IN NET ASSETS			<u>\$ (1,503,584)</u>	<u>\$ (385,669)</u>	<u>\$ 139,690</u>	<u>\$ 76,167</u>	<u>\$ (3,524,050)</u>
BUDGETED CHANGE IN ASSETS			2,816,265	31,977	798,735	(193,559)	3,596,668
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(4,319,848)</u>	<u>(417,646)</u>	<u>(659,045)</u>	<u>269,725</u>	<u>(7,120,718)</u>

**CalOptima - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Five Months Ended November 30, 2016**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	3,205,002	691,060	\$ 3,896,062	5,975	89,293	898	3,992,228
REVENUES							
Capitation Revenue	901,513,660	313,684,901	\$ 1,215,198,562	\$ 5,955,842	\$ 167,640,717	\$ 6,411,240	\$ 1,395,206,360
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>901,513,660</u>	<u>313,684,901</u>	<u>1,215,198,562</u>	<u>5,955,842</u>	<u>167,640,717</u>	<u>6,411,240</u>	<u>1,395,206,360</u>
MEDICAL EXPENSES							
Provider Capitation	250,260,429	120,093,879	370,354,308	1,887,169	36,909,861		409,151,339
Facilities	196,444,464	97,882,871	294,327,335	1,718,242	50,625,497	1,224,379	347,895,453
Ancillary				214,305	3,743,170	-	3,957,475
Skilled Nursing				194,072	30,954,692	-	31,148,765
Professional Claims	70,163,721	23,468,015	93,631,737	-	-	1,006,691	94,638,427
Prescription Drugs	123,681,368	50,153,940	173,835,308	2,193,381	28,999,205	426,671	205,454,565
Quality Incentives							-
Long-term Care Facility Payments	215,239,670	18,483,483	233,723,153	-	-	21,213	233,744,366
Contingencies	-	-	-	-	-	-	-
Medical Management	14,425,525	-	14,425,525	56,978	5,019,765	528,935	20,031,203
Reinsurance & Other	33,404	2,833,536	2,866,940	22,395	473,871	1,916,483	5,279,689
Total Medical Expenses	<u>870,248,582</u>	<u>312,915,725</u>	<u>1,183,164,307</u>	<u>6,286,543</u>	<u>156,726,062</u>	<u>5,124,372</u>	<u>1,351,301,283</u>
Medical Loss Ratio	96.5%	99.8%	97.4%	105.6%	93.5%	79.9%	96.9%
GROSS MARGIN	31,265,078	769,177	32,034,255	(330,701)	10,914,655	1,286,868	43,905,077
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			25,879,654	131,611	3,770,692	451,172	30,233,129
Professional Fees			620,816	77,181	305,981	14,691	1,018,669
Purchased Services			3,286,273	97,583	626,490	15,697	4,026,042
Printing and Postage			901,493	24,183	233,536	1,725	1,160,937
Depreciation and Amortization			1,476,796			10,182	1,486,978
Other Expenses			4,913,624	1,692	168,979	27,816	5,112,111
Indirect Cost Allocation, Occupancy Expense			(2,054,921)	126,219	3,731,320	11,902	1,814,520
Total Administrative Expenses			<u>35,023,735</u>	<u>458,469</u>	<u>8,836,999</u>	<u>533,184</u>	<u>44,852,387</u>
Admin Loss Ratio			2.9%	7.7%	5.3%	8.3%	3.2%
INCOME (LOSS) FROM OPERATIONS			(2,989,480)	(789,170)	2,077,657	753,684	(947,310)
INVESTMENT INCOME			-	-	-	-	1,561,879
NET RENTAL INCOME			-	-	-	-	23,655
OTHER INCOME			623	-	-	-	623
CHANGE IN NET ASSETS			<u>\$ (3,041,165)</u>	<u>\$ (789,170)</u>	<u>\$ 2,077,657</u>	<u>\$ 753,684</u>	<u>\$ 586,540</u>
BUDGETED CHANGE IN ASSETS			4,492,402	152,519	2,756,605	(1,189,481)	6,928,294
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(7,533,567)</u>	<u>(941,688)</u>	<u>(678,948)</u>	<u>1,943,165</u>	<u>(6,341,754)</u>

November 30, 2016 Unaudited Financial Statements

SUMMARY

MONTHLY RESULTS:

- Change in Net Assets is (\$3.5) million, \$7.1 million unfavorable to budget
- Operating deficit is \$1.7 million with a deficit in non-operating of \$1.9 million

YEARLY RESULTS:

- Change in Net Assets is \$0.6 million, \$6.3 million unfavorable to budget
- Operating deficit is \$0.9 million with a surplus in non-operating of \$1.6 million

Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE			YEAR-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
(1.5)	2.8	(4.3)	Medi-Cal	(3.0)	4.5	(7.5)
(0.4)	0.0	(0.4)	OneCare	(0.8)	0.2	(0.9)
0.1	0.8	(0.7)	OCC	2.1	2.8	(0.7)
<u>0.1</u>	<u>(0.2)</u>	<u>0.3</u>	PACE	<u>0.8</u>	<u>(1.2)</u>	<u>1.9</u>
(1.7)	3.5	(5.1)	Operating	(1.0)	6.2	(7.2)
<u>(1.9)</u>	<u>0.1</u>	<u>(2.0)</u>	Inv./Rental Inc, MCO tax	<u>1.6</u>	<u>0.7</u>	<u>0.9</u>
(1.9)	0.1	(2.0)	Non-Operating	1.6	0.7	0.9
(3.5)	3.6	(7.1)	TOTAL	0.6	6.9	(6.3)

CalOptima
Enrollment Summary
For the Five Months Ended November 30, 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
58,775	55,394	3,381	6.1%	Aged	289,689	275,385	14,304	5.2%
620	677	(57)	(8.4%)	BCCTP	3,125	3,380	(255)	(7.5%)
48,593	47,415	1,178	2.5%	Disabled	242,318	237,386	4,932	2.1%
334,235	340,967	(6,732)	(2.0%)	TANF Child	1,674,440	1,697,163	(22,723)	(1.3%)
101,816	109,409	(7,593)	(6.9%)	TANF Adult	514,713	548,232	(33,519)	(6.1%)
3,277	2,702	575	21.3%	LTC	16,323	13,426	2,897	21.6%
232,765	223,119	9,646	4.3%	MCE	1,155,454	1,112,003	43,451	3.9%
780,081	779,683	398	0.1%	Medi-Cal	3,896,062	3,886,974	9,088	0.2%
17,067	21,918	(4,851)	(22.1%)	OneCare Connect	89,293	110,486	(21,193)	(19.2%)
183	185	(2)	(1.1%)	PACE	898	875	23	2.6%
1,228	1,203	25	2.1%	OneCare	5,975	6,137	(162)	(2.6%)
798,559	802,989	(4,430)	(0.6%)	CalOptima Total	3,992,228	4,004,472	(12,244)	(0.3%)

Enrollment (By Network)								
49,131	48,162	969	2.0%	HMO	241,428	236,986	4,442	1.9%
229,881	235,005	(5,124)	(2.2%)	PHC	1,155,947	1,171,352	(15,405)	(1.3%)
339,496	340,209	(713)	(0.2%)	Shared Risk Group	1,710,477	1,704,890	5,587	0.3%
161,573	156,307	5,266	3.4%	Fee for Service	788,210	773,752	14,458	1.9%
780,081	779,683	398	0.1%	Medi-Cal	3,896,062	3,886,974	9,087	0.2%
17,067	21,918	(4,851)	(22.1%)	OneCare Connect	89,293	110,486	(21,193)	(19.2%)
183	185	(2)	(1.1%)	PACE	898	875	23	2.6%
1,228	1,203	25	2.1%	OneCare	5,975	6,137	(162)	(2.6%)
798,559	802,989	(4,430)	(0.6%)	CalOptima Total	3,992,228	4,004,472	(12,244)	(0.3%)

CalOptima
Enrollment Trend by Network Type
Fiscal Year 2017

Network Type	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	MMs
HMO													
Aged	351	350	355	368	363	-	-	-	-	-	-	-	1,787
BCCTP	1	1	1	(8)	2	-	-	-	-	-	-	-	(3)
Disabled	1,799	1,797	1,813	1,866	1,853	-	-	-	-	-	-	-	9,128
TANF Child	24,211	24,455	24,733	24,928	24,987	-	-	-	-	-	-	-	123,314
TANF Adult	7,929	7,872	7,914	7,850	8,029	-	-	-	-	-	-	-	39,594
LTC	-	-	-	-	-	-	-	-	-	-	-	-	-
MCE	12,989	13,224	13,464	14,034	13,897	-	-	-	-	-	-	-	67,608
	47,280	47,699	48,280	49,038	49,131	-	-	-	-	-	-	-	241,428
PHC													
Aged	1,495	1,464	1,488	1,458	1,427	-	-	-	-	-	-	-	7,332
BCCTP	-	-	-	1	-	-	-	-	-	-	-	-	1
Disabled	7,903	7,872	7,862	7,865	7,804	-	-	-	-	-	-	-	39,306
TANF Child	169,358	168,529	169,733	169,714	168,615	-	-	-	-	-	-	-	845,949
TANF Adult	15,260	14,945	14,649	14,593	14,161	-	-	-	-	-	-	-	73,608
LTC	-	-	-	4	-	-	-	-	-	-	-	-	4
MCE	38,002	38,200	37,601	38,070	37,874	-	-	-	-	-	-	-	189,747
	232,018	231,010	231,333	231,705	229,881	-	-	-	-	-	-	-	1,155,947
Shared Risk Group													
Aged	7,658	7,627	7,635	7,726	7,528	-	-	-	-	-	-	-	38,174
BCCTP	-	-	-	8	1	-	-	-	-	-	-	-	9
Disabled	14,428	14,307	14,189	14,253	14,073	-	-	-	-	-	-	-	71,250
TANF Child	118,748	118,149	118,421	117,922	116,971	-	-	-	-	-	-	-	590,211
TANF Adult	63,849	62,814	62,579	62,266	61,355	-	-	-	-	-	-	-	312,863
LTC	-	-	-	3	3	-	-	-	-	-	-	-	6
MCE	140,640	140,811	137,172	139,776	139,565	-	-	-	-	-	-	-	697,964
	345,323	343,708	339,996	341,954	339,496	-	-	-	-	-	-	-	1,710,477
Fee for Service (Dual)													
Aged	43,684	45,173	45,173	45,522	46,007	-	-	-	-	-	-	-	225,559
BCCTP	27	26	24	23	23	-	-	-	-	-	-	-	123
Disabled	19,790	20,086	20,071	20,264	20,375	-	-	-	-	-	-	-	100,586
TANF Child	3	2	2	3	4	-	-	-	-	-	-	-	14
TANF Adult	1,179	1,162	1,184	1,197	1,181	-	-	-	-	-	-	-	5,903
LTC	2,868	2,910	2,941	2,906	2,940	-	-	-	-	-	-	-	14,565
MCE	2,960	2,975	2,721	2,750	2,822	-	-	-	-	-	-	-	14,228
	70,511	72,334	72,116	72,665	73,352	-	-	-	-	-	-	-	360,978
Fee for Service (Non-Dual)													
Aged	3,746	2,850	3,183	3,608	3,450	-	-	-	-	-	-	-	16,837
BCCTP	606	608	598	589	594	-	-	-	-	-	-	-	2,995
Disabled	4,533	4,269	4,390	4,368	4,488	-	-	-	-	-	-	-	22,048
TANF Child	22,710	23,011	22,504	23,069	23,658	-	-	-	-	-	-	-	114,952
TANF Adult	15,792	16,253	16,501	17,109	17,090	-	-	-	-	-	-	-	82,745
LTC	368	370	362	314	334	-	-	-	-	-	-	-	1,748
MCE	35,946	36,543	37,812	36,999	38,607	-	-	-	-	-	-	-	185,907
	83,701	83,904	85,350	86,056	88,221	-	-	-	-	-	-	-	427,232
MEDI-CAL TOTAL													
Aged	56,934	57,464	57,834	58,682	58,775	-	-	-	-	-	-	-	289,689
BCCTP	634	635	623	613	620	-	-	-	-	-	-	-	3,125
Disabled	48,453	48,331	48,325	48,616	48,593	-	-	-	-	-	-	-	242,318
TANF Child	335,030	334,146	335,393	335,636	334,235	-	-	-	-	-	-	-	1,674,440
TANF Adult	104,009	103,046	102,827	103,015	101,816	-	-	-	-	-	-	-	514,713
LTC	3,236	3,280	3,303	3,227	3,277	-	-	-	-	-	-	-	16,323
MCE	230,537	231,753	228,770	231,629	232,765	-	-	-	-	-	-	-	1,155,454
	778,833	778,655	777,075	781,418	780,081	-	-	-	-	-	-	-	3,896,062
PACE													
	177	179	179	180	183	-	-	-	-	-	-	-	898
OneCare													
	1,171	1,164	1,192	1,220	1,228	-	-	-	-	-	-	-	5,975
OneCare Connect													
	18,902	18,245	17,727	17,352	17,067	-	-	-	-	-	-	-	89,293
TOTAL	799,083	798,243	796,173	800,170	798,559	-	3,992,228						

ENROLLMENT:

Overall MTD enrollment was 798,559

- Unfavorable to budget by 4,430
- Decreased 1,611 or 0.2% from prior month
- Increased 9,711 or 1.2% from prior year (November 2015)

Medi-Cal enrollment was 780,081

- Favorable to budget by 398
 - Expansion favorable by 9,646
 - SPD favorable by 4,502
 - LTC favorable by 575
 - TANF unfavorable by 14,325
- Decreased 1,337 from prior month

OneCare Connect enrollment was 17,067

- Unfavorable to budget by 4,851
- Decreased 285 from prior month

OneCare enrollment was 1,228

- Favorable to budget by 25
- Increased 8 from prior month

PACE enrollment at 183

- Under budget by 2
- Increased 3 from prior month

**CalOptima - MediCal Total
Statement of Revenues and Expenses
For the Five Months Ended November 30, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
780,081	779,683	398	0.1%	Member Months	3,896,062	3,886,974	9,088	0.2%
243,666,193	234,490,945	9,175,248	3.9%	Revenues	1,215,198,562	1,168,062,274	47,136,287	4.0%
243,666,193	234,490,945	9,175,248	3.9%	Capitation revenue	1,215,198,562	1,168,062,274	47,136,287	4.0%
				Total Operating Revenues	1,215,198,562	1,168,062,274	47,136,287	4.0%
				Medical Expenses				
74,211,120	75,086,691	875,571	1.2%	Provider capitation	370,354,308	374,765,246	4,410,938	1.2%
58,684,754	55,912,951	(2,771,803)	(5.0%)	Facilities	294,327,335	281,267,421	(13,059,914)	(4.6%)
20,553,636	17,157,417	(3,396,219)	(19.8%)	Professional Claims	93,631,737	84,364,429	(9,267,308)	(11.0%)
34,055,865	33,746,937	(308,929)	(0.9%)	Prescription drugs	173,835,308	170,909,151	(2,926,157)	(1.7%)
47,789,159	36,645,317	(11,143,842)	(30.4%)	MLTSS	233,723,153	185,160,755	(48,562,398)	(26.2%)
2,829,075	4,293,439	1,464,364	34.1%	Medical Management	14,425,525	21,989,725	7,564,199	34.4%
567,303	16,667	(550,637)	(3,303.8%)	Reinsurance & other	2,866,940	83,333	(2,783,607)	(3,340.3%)
238,690,912	222,859,418	(15,831,494)	(7.1%)	Total Medical Expenses	1,183,164,307	1,118,540,060	(64,624,247)	(5.8%)
4,975,281	11,631,528	(6,656,246)	(57.2%)	Gross Margin	32,034,255	49,522,214	(17,487,960)	(35.3%)
5,192,240	6,504,265	1,312,025	20.2%	Administrative Expenses				
41,274	328,112	286,838	87.4%	Salaries, wages & employee benefits	25,879,654	33,626,177	7,746,522	23.0%
739,830	746,298	6,469	0.9%	Professional fees	620,816	1,510,096	889,281	58.9%
180,834	317,820	136,987	43.1%	Purchased services	3,286,273	3,611,282	325,010	9.0%
(6,450)	383,061	389,511	101.7%	Printing and postage	901,493	1,566,025	664,532	42.4%
793,525	1,076,408	282,884	26.3%	Depreciation & amortization	1,476,796	1,915,305	438,509	22.9%
(479,627)	(540,702)	(61,075)	(11.3%)	Other operating expenses	4,913,624	5,499,589	585,965	10.7%
6,461,625	8,815,263	2,353,638	26.7%	Indirect cost allocation	(2,054,921)	(2,698,662)	(643,741)	(23.9%)
				Total Administrative Expenses	35,023,735	45,029,813	10,006,078	22.2%
22,205,174	8,838,078	(13,367,096)	(151.2%)	Operating Tax				
10,225,313	0	(10,225,313)	0.0%	Tax Revenue	63,332,138	44,081,659	(19,250,479)	(43.7%)
11,979,861	8,838,078	(3,141,783)	(35.5%)	Premium tax expense	51,126,565	0	(51,126,565)	0.0%
0	0	0	0.0%	Sales tax expense	12,205,573	44,081,659	31,876,086	72.3%
100,000	287,500	(187,500)	(65.2%)	Total Net Operating Tax	0	0	0	0.0%
85,000	250,000	165,000	66.0%	Grant Income				
32,334	37,500	5,166	13.8%	Grant Revenue	307,500	1,437,500	(1,130,000)	(78.6%)
(17,334)	0	(17,334)	0.0%	Grant expense - Service Partner	261,375	1,250,000	988,625	79.1%
95	0	95	0.0%	Grant expense - Administrative	98,432	187,500	89,068	47.5%
(1,503,584)	2,816,265	(4,319,848)	(153.4%)	Total Net Grant Income	(52,307)	0	(52,307)	0.0%
				Other income	623	0	623	0.0%
				Change in Net Assets	(3,041,165)	4,492,402	(7,533,567)	(167.7%)
98.0%	95.0%	-2.9%	-3.1%	Medical Loss Ratio	97.4%	95.8%	-1.6%	-1.7%
2.7%	3.8%	1.1%	29.5%	Admin Loss Ratio	2.9%	3.9%	1.0%	25.2%

MEDI-CAL INCOME STATEMENT – NOVEMBER MONTH:

REVENUES of \$243.7 million are favorable to budget by \$9.2 million, driven by:

- Price related favorable variance of: \$9.1 million due to the recognition of fiscal year 2017 state long-term care payments for non-LTC members with nursing facility stays exceeding 90 days
- Volume related favorable variance of: \$0.1 million

MEDICAL EXPENSES: Overall \$238.7 million, unfavorable to budget by \$15.8 million due to:

- **Long term care claim payments (MLTSS)** are unfavorable to budget \$11.1 million due to:
 - Price related unfavorable variance of: \$11.1 million related to actuarial experience and County IHSS expense reporting
- **Professional claims** are unfavorable to budget \$3.4 million due to:
 - Price related unfavorable variance of: \$3.4 million related to claims actuarial experience

ADMINISTRATION EXPENSES are \$6.5 million, favorable to budget \$2.4 million, driven by:

- Salary & Benefits: \$1.3 million favorable to budget
- Non-Salary: \$1.1 million unfavorable to budget across most categories

CHANGE IN NET ASSETS is (\$1.5) million for the month, unfavorable to budget by \$4.3 million

**CalOptima - OneCare Connect
Statement of Revenues and Expenses
For the Five Months Ended November 30, 2016**

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
17,067	21,918	(4,851)	(22.1%)	89,293	110,486	(21,193)	(19.2%)
				Member Months			
				Revenues			
25,962,132	45,183,804	(19,221,672)	(42.5%)	167,640,717	227,764,096	(60,123,379)	(26.4%)
				Capitation revenue			
25,962,132	45,183,804	(19,221,672)	(42.5%)	167,640,717	227,764,096	(60,123,379)	(26.4%)
				Total Operating Revenue			
				Medical Expenses			
6,870,242	9,949,298	3,079,056	30.9%	36,909,861	50,152,770	13,242,909	26.4%
				Provider capitation			
11,551,878	11,379,933	(171,946)	(1.5%)	50,625,497	57,617,372	6,991,875	12.1%
				Facilities			
781,312	685,813	(95,499)	(13.9%)	3,743,170	3,457,075	(286,096)	(8.3%)
				Ancillary			
5,636,619	10,353,082	4,716,462	45.6%	30,954,692	52,188,174	21,233,482	40.7%
				Long Term Care			
(1,871,960)	7,913,884	9,785,845	123.7%	28,999,205	40,490,050	11,490,846	28.4%
				Prescription drugs			
1,083,159	1,212,080	128,921	10.6%	5,019,765	6,102,188	1,082,423	17.7%
				Medical management			
75,828	631,218	555,390	88.0%	473,871	3,181,866	2,707,994	85.1%
				Other medical expenses			
24,127,079	42,125,308	17,998,229	42.7%	156,726,062	213,189,495	56,463,433	26.5%
				Total Medical Expenses			
1,835,053	3,058,497	(1,223,443)	(40.0%)	10,914,655	14,574,601	(3,659,946)	(25.1%)
				Gross Margin			
				Administrative Expenses			
810,331	915,786	105,455	11.5%	3,770,692	4,705,573	934,881	19.9%
				Salaries, wages & employee benefits			
(18,359)	86,521	104,880	121.2%	305,981	352,999	47,018	13.3%
				Professional fees			
103,578	181,140	77,563	42.8%	626,490	890,237	263,748	29.6%
				Purchased services			
20,177	135,914	115,737	85.2%	233,536	670,113	436,577	65.1%
				Printing and postage			
33,373	2,910	(30,463)	(1,046.9%)	168,979	511,621	342,641	67.0%
				Other operating expenses			
746,264	937,491	191,227	20.4%	3,731,320	4,687,453	956,133	20.4%
				Indirect cost allocation, Occupancy Expense			
1,695,363	2,259,762	564,398	25.0%	8,836,999	11,817,996	2,980,998	25.2%
				Total Administrative Expenses			
				Operating Tax			
(41,722)	0	(41,722)	0.0%	(44,638)	0	(44,638)	0.0%
				Tax Revenue			
(41,722)	0	41,722	0.0%	(44,638)	0	44,638	0.0%
				Sales tax expense			
0	0	0	0.0%	0	0	0	0.0%
				Total Net Operating Tax			
139,690	798,735	(659,045)	(82.5%)	2,077,657	2,756,605	(678,948)	(24.6%)
				Change in Net Assets			
				Medical Loss Ratio			
92.9%	93.2%	0.3%	0.3%	93.5%	93.6%	0.1%	0.1%
				Admin Loss Ratio			
6.5%	5.0%	-1.5%	-30.6%	5.3%	5.2%	-0.1%	-1.6%

ONECARE CONNECT INCOME STATEMENT – NOVEMBER MONTH:

REVENUES of \$26.0 million are unfavorable to budget by \$19.2 million driven by:

- Price related unfavorable variance of: \$9.2 million due to cohort experience, along with rate and savings target adjustments
- Volume related unfavorable variance of: (\$10.0) million due to lower enrollment

MEDICAL EXPENSES are favorable to budget \$18.0 million due to:

- Corresponding to revenue, and lower prescription drug and long-term care experience

ADMINISTRATIVE EXPENSES are favorable to budget by \$0.6 million

CHANGE IN NET ASSETS is \$0.1 million, unfavorable to budget by \$0.7 million

**CalOptima - OneCare
Statement of Revenues and Expenses
For the Five Months Ended November 30, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,228	1,203	25	2.1%	Member Months	5,975	6,137	(162)	(2.6%)
1,256,380	1,375,447	(119,067)	(8.7%)	Revenues	5,955,842	7,041,778	(1,085,936)	(15.4%)
1,256,380	1,375,447	(119,067)	(8.7%)	Capitation revenue	5,955,842	7,041,778	(1,085,936)	(15.4%)
402,786	372,934	(29,852)	(8.0%)	Total Operating Revenue	5,955,842	7,041,778	(1,085,936)	(15.4%)
526,778	304,407	(222,371)	(73.1%)	Medical Expenses	6,286,543	6,409,276	122,733	1.9%
34,477	46,669	12,192	26.1%	Provider capitation	1,887,169	1,912,039	24,870	1.3%
39,589	22,141	(17,448)	(78.8%)	Inpatient	1,718,242	1,568,131	(150,111)	(9.6%)
506,613	459,618	(46,995)	(10.2%)	Ancillary	214,305	242,415	28,110	11.6%
39,400	50,848	11,448	22.5%	Skilled nursing facilities	194,072	115,237	(78,835)	(68.4%)
5,210	(9,773)	(14,982)	(153.3%)	Prescription drugs	2,193,381	2,344,985	151,604	6.5%
1,554,852	1,246,844	(308,008)	(24.7%)	Medical management	56,978	108,308	51,330	47.4%
(298,472)	128,603	(427,075)	(332.1%)	Other medical expenses	22,395	118,161	95,766	81.0%
20,683	20,627	(56)	(0.3%)	Total Medical Expenses	6,286,543	6,409,276	122,733	1.9%
20,000	13,333	(6,667)	(50.0%)	Gross Margin	(330,701)	632,502	(963,203)	(152.3%)
12,829	19,373	6,544	33.8%	Administrative Expenses	458,469	479,983	21,514	4.5%
8,441	13,710	5,269	38.4%	Salaries, wages & employee benefits	131,611	106,196	(25,415)	(23.9%)
0	89	89	100.0%	Professional fees	77,181	66,667	(10,514)	(15.8%)
25,244	29,494	4,250	14.4%	Purchased services	97,583	96,971	(612)	(0.6%)
87,196	96,625	9,429	9.8%	Printing and postage	24,183	62,239	38,056	61.1%
(385,669)	31,977	(417,646)	(1,306.1%)	Other operating expenses	1,692	443	(1,249)	(281.9%)
123.8%	90.7%	-33.1%	-36.5%	Indirect cost allocation, Occupancy Expense	126,219	147,468	21,249	14.4%
6.9%	7.0%	0.1%	1.2%	Total Administrative Expenses	458,469	479,983	21,514	4.5%
				Change in Net Assets	(789,170)	152,519	(941,688)	(617.4%)
				Medical Loss Ratio	105.6%	91.0%	-14.5%	-16.0%
				Admin Loss Ratio	7.7%	6.8%	-0.9%	-12.9%

**CalOptima - PACE
Statement of Revenues and Expenses
For the Five Months Ended November 30, 2016**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
183	185	(2)	(1.1%)	Member Months	898	875	23	2.6%
914,874	827,979	86,895	10.5%	Revenues	4,845,139	3,914,588	930,551	23.8%
332,235	339,666	(7,432)	(2.2%)	Medi-Cal capitation revenue	1,566,101	1,615,091	(48,990)	(3.0%)
1,247,109	1,167,646	79,463	6.8%	MediCare capitation revenue	6,411,240	5,529,679	881,560	15.9%
308,448	383,255	74,807	19.5%	Total Operating Revenues	5,124,372	6,138,894	1,014,522	16.5%
0	0	0	0.0%	Medical Expenses	1,436,539	1,973,186	536,647	27.2%
215,410	233,075	17,665	7.6%	Clinical salaries & benefits	0	0	0	0.0%
242,071	247,431	5,360	2.2%	Pace Center Support salaries & benefits	1,224,379	1,124,010	(100,368)	(8.9%)
72,361	133,187	60,826	45.7%	Claims payments to hospitals	1,006,691	1,186,986	180,295	15.2%
(20,745)	23,871	44,616	186.9%	Professional Claims	426,671	642,299	215,627	33.6%
93,519	74,099	(19,420)	(26.2%)	Prescription drugs	21,213	115,118	93,905	81.6%
51,002	49,349	(1,653)	(3.4%)	Long-term care facility payments	321,793	357,345	35,552	9.9%
37,655	37,214	(441)	(1.2%)	Patient Transportation	244,370	246,745	2,375	1.0%
25,411	13,833	(11,578)	(83.7%)	Depreciation & amortization	188,275	186,070	(2,205)	(1.2%)
150	271	121	44.6%	Occupancy expenses	95,401	69,165	(26,236)	(37.9%)
19,476	24,547	5,071	20.7%	Utilities & Facilities Expense	889	1,309	420	32.1%
11,226	22,785	11,559	50.7%	Purchased Services	97,384	122,735	25,351	20.7%
1,055,984	1,242,917	186,933	15.0%	Indirect Allocation	60,767	113,926	53,159	46.7%
191,125	(75,272)	266,396	353.9%	Other Expenses	5,124,372	6,138,894	1,014,522	16.5%
97,413	89,429	(7,984)	(8.9%)	Total Medical Expenses	1,286,868	(609,215)	1,896,083	311.2%
1,938	11,667	9,728	83.4%	Gross Margin	451,172	460,531	9,359	2.0%
5,283	988	(4,295)	(434.7%)	Administrative Expenses	14,691	33,333	18,642	55.9%
0	1,699	1,699	100.0%	Salaries, wages & employee benefits	15,697	5,084	(10,613)	(208.8%)
2,125	2,056	(69)	(3.4%)	Professional fees	1,725	8,796	7,071	80.4%
5,817	11,426	5,608	49.1%	Purchased services	10,182	10,281	99	1.0%
2,381	1,023	(1,358)	(132.8%)	Printing and postage	27,816	57,128	29,312	51.3%
114,958	118,287	3,329	2.8%	Depreciation & amortization	11,902	5,114	(6,788)	(132.7%)
76,167	(193,559)	269,725	139.4%	Other operating expenses	533,184	580,267	47,082	8.1%
84.7%	106.4%	21.8%	20.5%	Indirect cost allocation, Occupancy Expense	753,684	(1,189,481)	1,943,165	163.4%
9.2%	10.1%	0.9%	9.0%	Total Administrative Expenses	8.3%	10.5%	2.2%	20.7%
				Change in Net Assets				
				Medical Loss Ratio				
				Admin Loss Ratio				

OTHER STATEMENTS – NOVEMBER MONTH:

ONECARE INCOME STATEMENT

REVENUES of \$1.3 million are unfavorable to budget by \$0.1 million due to actual membership experience

CHANGE IN NET ASSETS is (\$0.4) million, \$0.4 million unfavorable to budget

PACE INCOME STATEMENT

- **Change in Net Assets** for the month is \$76.2 thousand, which is operating favorable to budget by \$269.7 thousand

505 CITY PARKWAY BUILDING INCOME STATEMENT

- **Change in Net Assets** for the month is \$8.7 thousand which is favorable to budget \$73.9 thousand

**CalOptima
BALANCE SHEET
November 30, 2016**

ASSETS

Current Assets

Operating Cash	\$414,359,258
Catastrophic Reserves	11,630,989
Investments	1,410,557,959
Capitation receivable	570,086,482
Receivables - Other	19,719,457
Prepaid Expenses	11,052,152

Total Current Assets

2,437,406,295

Capital Assets Furniture and equipment

Furniture and equipment	33,303,693
Leasehold improvements	7,574,382
505 City Parkway West	49,269,863
	<u>90,147,938</u>
Less: accumulated depreciation	(34,314,257)
Capital assets, net	<u>55,833,681</u>

Other Assets Restricted deposit & Other

Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	6,673,435
Long term investments	518,831,377
Total Board-designated Assets	<u>525,504,812</u>

Total Other Assets

525,804,812

Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS

3,024,047,805

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$29,198,590
Medical claims liability	899,750,233
Accrued payroll liabilities	11,060,859
Deferred revenue	871,242,568
Deferred lease obligations	267,070
Capitation and withholds	511,511,638
Total Current Liabilities	<u>2,323,030,957</u>

Other employment benefits liability

28,661,208

Net Pension Liabilities

9,947,381

Long Term Liabilities

100,000

TOTAL LIABILITIES

2,361,739,547

Deferred inflows of Resources - Excess Earnings

502,900

Deferred inflows of Resources - changes in Assumptions

1,651,640

Tangible net equity (TNE)

93,494,304

Funds in excess of TNE

566,659,415

Net Assets

660,153,719

TOTAL LIABILITIES, INFLOWS & FUND BALANCES

3,024,047,805

CalOptima
Board Designated Reserve and TNE Analysis
as of November 30, 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	145,070,963				
	Tier 1 - Logan Circle	144,757,660				
	Tier 1 - Wells Capital	144,884,826				
Board-designated Reserve						
		434,713,449	278,382,541	437,758,332	156,330,908	(3,044,883)
TNE Requirement	Tier 2 - Logan Circle	90,791,363	93,494,304	93,494,304	(2,702,941)	(2,702,941)
Consolidated:		525,504,812	371,876,845	531,252,636	153,627,967	(5,747,823)
	<i>Current reserve level</i>	1.98	1.40	2.00		

**CalOptima
Statement of Cash Flows
November 30, 2016**

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	(3,524,050)	586,540
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	(4,325)	1,486,978
Changes in assets and liabilities:		
Prepaid expenses and other	(543,928)	(4,267,905)
Catastrophic reserves		
Capitation receivable	(257,705,139)	(103,054,931)
Medical claims liability	298,208,218	301,055,375
Deferred revenue	11,868,252	280,539,927
Payable to providers	15,216,054	109,685,336
Accounts payable	9,922,927	23,012,379
Other accrued liabilities	874,454	4,283,023
Net cash provided by/(used in) operating activities	<u>74,312,463</u>	<u>613,326,722</u>
 GASB 68 CalPERS Adjustments	 -	 -
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	119,465,329	(391,293,327)
Purchase of property and equipment	(753,969)	(2,325,095)
Change in Board designated reserves	(49,519,710)	(49,669,447)
Net cash provided by/(used in) investing activities	<u>69,191,650</u>	<u>(443,287,868)</u>
 NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	 143,504,112	 170,038,853
 CASH AND CASH EQUIVALENTS, beginning of period	 <u>\$282,486,135</u>	 <u>255,951,393</u>
 CASH AND CASH EQUIVALENTS, end of period	 <u>\$ 425,990,247</u>	 <u>\$ 425,990,247</u>

BALANCE SHEET:

ASSETS Increased \$332.6 million from October

- **Cash and Cash Equivalents** increased by \$143.5 million from October based upon timing of state checks received, month-end cut-off and cash funding requirements
- **Net Capitation Receivables** increased \$254.2 million based upon payment receipt timing and receivables along with QAF and IGT receivables for cash received in December
- **Investments** decreased \$119.5 million due to payment receipt timing and receivables

LIABILITIES increased \$332.6 million from October

- **Medical Claims Liability** increased by \$298.2 million from October due to:
 - IGT accruals of \$70M and QAF FY15 accruals of \$222M
- **Total Capitation Payable** increased \$15.2 million based upon timing of pool estimates, recalculations and payouts
- **Accrued Expenses** increased \$9.9 million due to monthly sales tax accrual

NET ASSETS are \$660.2 million

CalOptima Foundation
Statement of Revenues and Expenses
For the Five Months Ended November 30, 2016
Consolidated

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
				Revenues			
0	2,264	(2,264)	(100.0%)	Income - Grant	27,164	11,322	15,842 139.9%
2,083	0	2,083	100.0%	In Kind Revenue - HITEC Grant	64,080	0	64,080 100.0%
<hr/>				<hr/>			
2,083	2,264	(181)	(8.0%)	Total Operating Revenue	91,244	11,322	79,922 705.9%
<hr/>				<hr/>			
				Operating Expenditures			
0	6,184	6,184	100.0%	Personnel	27,195	30,921	3,726 12.1%
0	2,985	2,985	100.0%	Taxes and Benefits	26,240	14,924	(11,316) (75.8%)
0	0	0	0.0%	Travel	(3)	0	3 100.0%
0	0	0	0.0%	Supplies	7,009	10,000	2,991 29.9%
0	0	0	0.0%	Contractual	20,388	17,174	(3,214) (18.7%)
2,083	232,065	229,982	99.1%	Other	10,415	1,160,326	1,149,911 99.1%
<hr/>				<hr/>			
2,083	241,234	239,151	99.1%	Total Operating Expenditures	91,244	1,233,345	1,142,101 92.6%
<hr/>				<hr/>			
0	0	0	0.0%	Investment Income	0	0	0 0.0%
<hr/>				<hr/>			
0	(238,970)	(238,970)	(100.0%)	Program Income	0	(1,222,023)	(1,222,023) (100.0%)
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**CalOptima Foundation
Balance Sheet
November 30, 2016**

<u>ASSETS</u>		<u>LIABILITIES & NET ASSETS</u>	
Operating cash	2,894,727	Accounts payable-Current	0
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	(118)
Total Current Assets	<u>2,894,727</u>	Grants-Foundation	0
		Total Current Liabilities	<u>(118)</u>
		Total Liabilities	(118)
		Net Assets	2,894,845
 TOTAL ASSETS	 <u><u>2,894,727</u></u>	 TOTAL LIABILITIES & NET ASSETS	 <u><u>2,894,727</u></u>

CALOPTIMA FOUNDATION – NOVEMBER MONTH

INCOME STATEMENT:

Revenues

- Revenues from Health Information Technology for Economics and Clinical Health (HITEC) and in-kind contributions from CalOptima
- The Foundation recognized \$2,083 for November, 2016
 - HITEC Grant revenue totaled \$27,164 YTD which leaves \$0.0 remaining in HITEC Grant funding as of November, 2016
 - CalOptima in-kind contribution totaled \$64,080 YTD
- Revenue budget variances attributed to:
 - Grant funding originally allocated July-September 2016 for original extension, later ONC extended it through September 2016
 - CalOptima in-kind revenue was not included in FY17 budget

Expenses

- \$91,244 for grant related activities incurred YTD FY17
- Expense categories include staff services, travel and miscellaneous supplies
 - \$1,142,101 favorable variance YTD
 - FY17 budget was based on remaining fund balance in Foundation total assets
 - Actual expenses were much lower than anticipated for CalOptima support activities

BALANCE SHEET:

Assets

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

Liabilities

- \$118 current month provider payable for HITEC grant services

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Budget Allocation Changes
Reporting changes for November 2016

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	OneCare Connect	Office of Compliance - Professional Fees (Consultant for Annual CPE Audit & CMS Mock Audit)	Office of Compliance - Professional Fees - Consultant for DMHC Mock Audit	\$69,000	Re-purpose \$53,631 from Professional Fees (Consultant for Annual CPE Audit) and \$15,369 from Professional Fees (Consultant for CMS Mock Audit) to pay for consultant for DMHC Mock Audit	2017
July	COREC	REC - Other	REC - Comp Supply/Minor Equip	\$10,000	Re-allocate funds to cover costs for computer equipment upgrade which is approved ONC grant managers	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$63,810	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Ceridian Software Maintenance	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$15,010	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Talentova Learning Management System	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$23,900	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for Silk Road	2017
July	Medi-Cal	Claims Administration - Purchased Services - Integration of Claim Editing Software	Claims Administration - Purchased Services - LTC Rate Adjustments	\$98,000	Re-purpose funds from within Purchased Services (Integration of Claim Editing Software) to pay for LTC Adjustments (TriZetto Robot Process)	2017
July	Medi-Cal	Human Resources - Advertising, Travel, Comp Supply/Minor Equip, Subscriptions, Courier/Delivery	Human Resources - Professional Fees (Salary & Compensation Research), Public Activities, Office Supplies, Food Service Supplies, Professional Dues, Training & Seminars, Cert./Cont. Education	\$84,491	Re-allocate HR FY17 Budget based on HR dept's past spending trends to better meet department's need	2017
July	Medi-Cal	IS-Infrastructure - Telephone - General Telecommunication and Network Connectivity	IS-Infrastructure - Purchased Services - Disaster Recovery Services	\$35,575	Re-allocate funds from Telephone (General Telecommunication and Network Connectivity) to Purchased Services to pay for Disaster Recovery Services	2017
August	Medi-Cal	Other Pay	Quality Analytics - Purchased Services	\$67,000	Re-allocate funds to Quality Analytics Purchased Services for additional funds that is needed for CG-CAHPS survey	2017
August	Medi-Cal	Other Pay	Community Relations - Professional Fees & Printing	\$43,640	Re-allocate funds to Community Relations Professional Fees and Printing budgets for contracts with Tony Lam and Communications Lab and printing costs of Community Option Fair	2017
August	Medi-Cal	IS-Application Management - Purchased Services - Healthcare Productivity Automation	IS-Application Management - Purchased Services - Direct Hire Fees	\$10,957	Re-purpose funds from Purchased Services (Healthcare Productivity Automation) to pay for Direct Hire fees	2017
August	Medi-Cal	Other Pay	IS-Application Development - Comp Supplies/Minor Equipments	\$20,400	Re-allocate funds to cover costs of DocuSign, Box, and Primal Script 2016	2017
August	Medi-Cal	Claims Administration - Purchased Services	Claims Administration - Office Supplies, Training & Seminars, Printing	\$15,000	Re-allocate funds from Purchased Services (Integration of Claim Editing Software & Inventory Management Forecasting) to Office Supplies, Training & Seminars, and Printing to better meet department's needs	2017
September	Medi-Cal	Health Education & Disease Management - Professional Fees	Health Education & Disease Management - Other Operating Expenses	\$30,000	Re-allocate funds from Professional Fees (Childhood Obesity Program Design & Evaluation) to Member & Provider Incentives to support incentives for the Group Needs Assessment (GNA) and other Health Education / Disease Management activities.	2017
October	Capital	Facilities - Relocate Trash Enclosure	Facilities - 505 Sound Recording System	\$50,555	Re-allocate from Relocate Trash Enclosure project for additional funds that are needed for the 505 Sound Recording System project.	2017
October	Medi-Cal	IS-Infrastructure - Professional Fees - Enterprise Identity Access Management	IS-Infrastructure - Software Maintenance - Security Solution Annual Maintenance	\$21,041	Re-allocate from Professional Services for an Enterprise Identity Access Management to HW/SW Maintenance for Information Security Data Loss Prevention Solution Annual Maintenance.	2017
October	Medi-Cal	Facilities - Computer Supply/Minor Equipment - Office Furniture & Equipment	Facilities - Computer Supply/Minor Equipment - Other Articles of Minor Equipment	\$27,000	Repurpose funds in Comp supply/minor equipment for re-upholstering chairs in the member service lobby and other minor equipment expenses to better meet the Department's need.	2017

This report summarizes budget transfers between general ledger classes that are greater than \$10,000 and less than \$100,000. This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters. No changes for November

Board of Directors' Meeting February 2, 2017

Monthly Compliance Report

The purpose of this report is to provide compliance updates to CalOptima's Board of Directors, including but may not be limited to, updates on internal and health network audits conducted by CalOptima's Audit & Oversight department, regulatory audits, privacy updates, fraud, waste, and abuse (FWA) updates, and any notices of non-compliance or enforcement action issued by regulators.

A. Updates on Regulatory Audits

1. OneCare Connect

- OneCare Connect DMHC Audit: The Department of Managed Health Care (DMHC) will audit the provision of Medicaid-based services in OneCare Connect from February 6-10, 2017. The DMHC will conduct this audit on behalf of the Department of Health Care Services (DHCS) as part of an inter-agency agreement. The DMHC audit will consist of an evaluation of CalOptima's compliance with its contract and regulations in the areas of utilization management, continuity of care, availability and accessibility of services, member rights, and quality management.

2. OneCare

- CY 2014 Medicare Advantage Risk Adjustment Data Validation (RADV): On January 27, 2016, CMS notified CalOptima of its participation for the CY 2014 Medicare Part C National Risk Adjustment Data Validation (RADV). CalOptima submitted all requested documentation prior to the June 20, 2016 deadline.

On December 15, 2016, CMS provided CalOptima with the CY 2014 RADV Final Findings Report and associated Technical Assistance Guide. Per the Technical Assistance Guide, CalOptima is required to report and return any overpayment to CMS within sixty (60) days of identifying an overpayment. CalOptima is in the process of reviewing the final report and assessing whether any overpayments are due to CMS.

- CMS Timeliness Monitoring of Organization Determinations, Appeals & Grievances (ODAG) and Part D Coverage Determinations, Appeals and Grievances (CDAG):

Beginning in January 2017, CMS will collect various ODAG and CDAG audit universes from each contract to assess timeliness and compliance in processing Part C and D requests and with forwarding cases to the Independent Review Entity (IRE). The request will be retrospective capturing the data from February 2016 through April 2016. CalOptima is currently waiting for the engagement notice from CMS, but has already collected the

required audit universes and is in the process of validating the data in anticipation of the audit.

3. PACE

- 2016 Annual PACE Audit: On September 29, 2016, CMS issued the final audit report to CalOptima PACE, which identified three (3) findings in the following areas --- Infection Control, Internal Quality Assessment and Performance Improvement Program Activities, and Transportation Services. On November 28, 2016, CMS accepted two (2) of the three (3) CAP responses submitted by CalOptima. CMS will keep the CAP related to the transportation services open for an additional three (3) months of monitoring to ensure consistent compliance.

4. Medi-Cal

- 2017 Medi-Cal Audit: The DHCS will conduct an onsite audit of CalOptima's Medi-Cal program from February 6-17, 2017. The DHCS Medi-Cal audit will consist of an evaluation of CalOptima's compliance with its contract and regulations in the areas of utilization management, case management and care coordination, access and availability, member rights and responsibilities, quality improvement system, organization and administration of CalOptima, facility site reviews, and medical records review.
- DMHC 1115 Waiver Seniors and Persons with Disabilities (SPDs) Audit: The DMHC will conduct an audit of Medi-Cal SPDs from February 6-10, 2017. The DMHC will conduct this audit on behalf of the DHCS as part of an inter-agency agreement. The DMHC audit will consist of an evaluation of CalOptima's compliance with its contract and regulations in the areas of utilization management, continuity of care, availability and accessibility of services, member rights, and quality management.

5. Other

- 2016 DMHC Routine Examination: The DMHC began an onsite routine examination of CalOptima's financial and administrative affairs on August 15, 2016. The onsite portion of the audit concluded the week ending September 16, 2016. The audit primarily focused on CalOptima's Healthy Families Program in place during the review period, and on CalOptima's organization-wide finances and administration. On November 21, 2016, the DMHC provided CalOptima with a Preliminary Report which identified one (1) finding. In response to the finding, CalOptima provided documentation to the DMHC on December 21, 2016, and additionally on January 17, 2017. CalOptima is pending closure of the CAP and the Final Report.

B. Regulatory Compliance Notices

1. CalOptima did not receive any compliance notices from its regulators for the months of November and December 2016.

C. Updates on Internal and Health Network Audits

1. Internal Audits: Medi-Cal

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

Month	Timeliness for Denials	Clinical Decision Making for Denials	Letter Score for Denials	Timeliness for Modifieds	Clinical Decision Making for Modifieds	Letter Score for Modifieds	Timeliness for Deferrals	Clinical Decision Making for Deferrals	Letter Score for Deferrals
August 2016	80%	87%	96%	25%	83%	86%	0%	72%	100%
September 2016	70%	70%	84%	80%	75%	100%	0%	72%	100%
October 2016	70%	67%	97%	83%	67%	85%	17%	89%	95%

- The lower scores for timeliness were due to the following reasons:
 - Failure to meet timeframe for decision (Routine – 5 business days)
 - Failure to meet provider delay notification timeframe (2 business days)
 - Failure to meet provider written notification timeframe (2 business days)
 - Failure to meet timeframe for provider initial notification (24 hours) to the requesting provider
 - Failure to meet timeframe for notification of delay in decision (14 calendar days)
- The lower scores for clinical decision making were due to the following reasons:
 - Failure to obtain adequate clinical information
 - Failure to use criteria for decision
- The lower letter scores were due to the following reasons:
 - Failure to provide description of services in lay language
 - Failure to use language assistance program (LAP) insert with approved threshold languages
 - Failure to describe why request did not meet criteria in lay language

- Medi-Cal Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	100%	100%	97%	70%
September 2016	100%	100%	100%	100%
October 2016	100%	100%	100%	100%

- The compliance rate for paid claims timeliness and paid claims accuracy remained stable at 100% from August 2016 through October 2016.
- The compliance rate for denied claims timeliness and denied claims accuracy has remained stable at 100% from September 2016 through October 2016.

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

Month	Letter Accuracy	Determination Timeliness	Acknowledgement Timeliness
August 2016	100%	50%	100%
September 2016	100%	100%	100%
October 2016	100%	100%	100%

- The compliance rate for letter accuracy and acknowledgement timeliness remained stable at 100% from August 2016 through October 2016.
- The compliance rate for determination timeliness has remained stable at 100% from September 2016 through October 2016.

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

Month	Medi-Cal Call Center	Member Liaison Call Center
August 2016	100%	97%
September 2016	98%	98%
October 2016	99%	100%

- The compliance rate for both the Medi-Cal and Member Liaison Call Centers has remained stable ranging from 97% to 100% from August 2016 through October 2016.

2. Internal Audits: OneCare

- OneCare Pharmacy: Formulary Rejected Claims Review

Month	% Claims Rejected in Error (Member Impact)
August 2016	0%
September 2016	0%
October 2016	0%

- No claims were rejected in error due to formulary restrictions from August 2016 through October 2016.

- OneCare Pharmacy: Coverage determination timeliness is reviewed on a daily basis to ensure that they are processed in the appropriate timeframe.

Month	% Compliant with Timeliness
August 2016	100%
September 2016	100%
October 2016	100%

- The compliance rate for coverage determination timeliness remained stable at 100% from August 2016 through October 2016.

- OneCare Pharmacy: Coverage determinations for protected classes of drugs are reviewed weekly to ensure that they are processed in accordance with regulatory requirements.

Month	Protected Drug Cases Reviewed	Protected Drug Cases Failed	Overall Compliance
August 2016	2	0	100%
September 2016	1	0	100%
October 2016	2	0	100%

- The compliance rate for protected classes of drugs has remained stable at 100% from August 2016 through October 2016.

- OneCare Pharmacy: Coverage determinations for unprotected classes of drugs are reviewed weekly to ensure that they are processed in accordance with regulatory requirements.

Month	Unprotected Drug Cases Reviewed	Unprotected Drug Cases Failed	Overall Compliance
August 2016	17	0	100%
September 2016	9	0	100%
October 2016	12	0	100%

- The compliance rate for unprotected classes of drugs remained stable at 100% from August 2016 through October 2016.

- OneCare Pharmacy: Direct member reimbursement (DMR) requests are reviewed on a monthly basis to ensure that they are processed in accordance with the regulatory requirements and appropriate timeframe.

Month	% of DMR Cases Compliant
August 2016	NA
September 2016	NA
October 2016	NA

- There were no DMR requests from August 2016 through October 2016.

- OneCare Utilization Management

Month	Timeliness for Expedited Initial Organization Determination (EIOD)	Clinical Decision Making for EIOD	Letter Score for EIOD	Timeliness for Standard Organization Determination (SOD)	Letter Score for SOD	Timeliness for Denials	Clinical Decision Making for Denials	Letter Score for Denials
August 2016	Nothing to Report	Nothing to Report	Nothing to Report	100%	33%	50%	50%	88%
September 2016	Nothing to Report	Nothing to Report	Nothing to Report	0%	33%	Nothing to Report	Nothing to Report	Nothing to Report
October 2016	Nothing to Report	Nothing to Report	Nothing to Report	0%	100%	Nothing to Report	Nothing to Report	Nothing to Report

- The lower scores for timeliness were due to the following reasons:
 - Failure to meet member notification within required timeframe (Routine – 2 business days)
 - Failure to meet provider notification within required timeframe (Routine - 2 business days)

- OneCare Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	100%	100%	100%	100%
September 2016	100%	100%	100%	93%
October 2016	100%	100%	100%	100%

- The compliance rate for paid claims timeliness, paid claims accuracy, and denied claims timeliness remained stable at 100% from August 2016 through October 2016.
- The compliance rate for denied claims accuracy has increased from 93% in September 2016 to 100% in October 2016.

- OneCare Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Accuracy	Letter Accuracy	Acknowledgement Timeliness	Check Lag
August 2016	100%	100%	100%	NA
September 2016	100%	100%	100%	NA
October 2016	100%	100%	100%	100%

- The compliance rate for determination accuracy, letter accuracy, and acknowledgement timeliness has remained stable at 100% from August 2016 through October 2016.

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

Month	OneCare Call Center
August 2016	99%
September 2016	100%
October 2016	100%

- The compliance rate for the OneCare Call Center has remained stable ranging from 99% to 100% from August 2016 through October 2016.

3. Internal Audits: OneCare Connect

- OneCare Connect Pharmacy: Formulary Rejected Claims Review

Month	% Claims Rejected in Error (Member Impact)
August 2016	0%
September 2016	0%
October 2016	0%

- No claims were rejected in error due to formulary restrictions from August 2016 to October 2016.

- OneCare Connect Pharmacy: Coverage determination timeliness is reviewed on a daily basis to ensure that they are processed in the appropriate timeframe.

Month	% Compliant with Timeliness
August 2016	100%
September 2016	100%
October 2016	99%

- The compliance rate for coverage determination timeliness remains stable ranging from 99% to 100% from August 2016 through October 2016.

- OneCare Connect Pharmacy: Coverage determinations for protected classes of drugs are reviewed weekly to ensure that they are processed in accordance with regulatory requirements.

Month	Protected Drug Cases Reviewed	Protected Drug Cases Failed	Overall Compliance
August 2016	36	0	100%
September 2016	32	1	97%
October 2016	25	0	100%

- The compliance rate for coverage determinations for protected drug cases remains stable ranging from 97% to 100% from August 2016 through October 2016.

- OneCare Connect Pharmacy: Coverage determinations for unprotected classes of drugs are reviewed weekly to ensure that they are processed in accordance with regulatory requirements.

Month	Unprotected Drug Cases Reviewed	Unprotected Drug Cases Failed	Overall Compliance
August 2016	84	1	98%
September 2016	88	0	100%
October 2016	125	1	99%

- The compliance rate for coverage determinations for unprotected classes of drugs remains stable ranging from 98% to 100% from August 2016 through October 2016.

- OneCare Connect Pharmacy: Direct member reimbursement (DMR) requests are reviewed on a monthly basis to ensure that they are processed in accordance with regulatory requirements and in the appropriate timeframe.

Month	DMR Cases Reviewed	DMR Cases Failed	Overall Compliance
August 2016	6	0	100%
September 2016	5	0	100%
October 2016	1	0	100%

- The compliance rate for DMRs has remained stable at 100% from August 2016 through October 2016.

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

Month	Timeliness for Urgents	Clinical Decision Making for Urgents	Letter Score for Urgents	Timeliness For Routine	Letter Score for Routine	Timeliness for Denials	Clinical Decision Making for Denials	Letter Score for Denials	Timeliness for Modified	Clinical Decision Making for Modified	Letter Score for Modified	Timeliness for Deferrals	Clinical Decision Making for Deferrals	Letter Score for Deferrals
August 2016	Nothing to Report	Nothing to Report	Nothing to Report	0%	100%	60%	60%	85%	N/A	N/A	N/A	N/A	N/A	N/A
September 2016	0%	N/A	90%	0%	89%	100%	67%	63%	N/A	N/A	N/A	N/A	N/A	N/A
October 2016	0%	N/A	75%	10%	75%	N/A	N/A	N/A	83%	67%	85%	17%	89%	95%

- The lower scores for timeliness were due to the following reasons:
 - Failure to meet timeframe for decision (Routine - 5 business days)
 - Failure to meet timeframe for provider initial notification (24 hours)

- Failure to provide proof of successful initial written notification to requesting provider (24 hours)
- Failure to meet timeframe for extended decision (14 calendar days)
- Failure to meet timeframe for provider delay notification (5 business days)
- The lower scores for clinical decision making were due to the following reasons:
 - Failure to obtain adequate clinical information
 - Failure to use criteria for decision
- The lower scores for letter review were due to the following reasons:
 - Failure to provide letter in member preferred language
 - Language assistance program (LAP) insert was not provided to member
 - Failure to provide letter with description of services in lay language
 - Failure to provide the reason why request did not meet the criteria in lay language
- OneCare Connect Claims: Professional and Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	70%	73%	100%	85%
September 2016	100%	100%	100%	100%
October 2016	100%	100%	100%	100%

- The compliance rate for paid claims timeliness, paid claims accuracy, denied claims timeliness and denied claims accuracy has remained stable at 100% from September 2016 through October 2016.
- OneCare Connect Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Accuracy	Letter Accuracy	Acknowledgement Timeliness	Check Lag
August 2016	100%	100%	100%	NA
September 2016	94%	100%	100%	67%
October 2016	88%	94%	100%	100%

- The compliance rate for determination accuracy decreased from 94% in September 2016 to 88% in October 2016 due to a provider dispute being upheld incorrectly.
- The compliance rate for letter accuracy has decreased from 100% in September 2016 to 94% in October 2016 due to incorrect dispute resolution provided.
- The compliance rate for acknowledgement timeliness has remained stable at 100% from August 2016 through October 2016.
- The compliance rate for check lag has increased from 67% in September 2016 to 100% in October 2016.

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

Month	OneCare Call Center
August 2016	99%
September 2016	99%
October 2016	99%

- The compliance rate for the OneCare Connect Call Center remained stable at 99% from August 2016 through October 2016.

4. Internal Audits: PACE

- PACE Claims: Professional Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	77%	100%	100%	100%
September 2016	100%	100%	100%	100%
October 2016	100%	100%	100%	100%

- The compliance rate for paid claims timeliness has remained stable at 100% for September 2016 through October 2016.
- The compliance rate for paid claims accuracy, denied claims timeliness, and denied claims accuracy has remained stable at 100% from August 2016 through October 2016.

- PACE Claims: Provider Dispute Resolutions (PDRs)

Month	Determination Accuracy	Letter Accuracy	Acknowledgement Timeliness	Check LAG
August 2016	100%	100%	100%	NA
September 2016	82%	100%	100%	NA
October 2016	83%	100%	100%	100%

- The compliance rate for determination accuracy has increased from 82% in September 2016 to 83% in October 2016. The lower score is due to incorrect amount of interest paid.
- The compliance rate for letter accuracy and acknowledgement timeliness remained stable at 100% from August 2016 to October 2016.

5. Health Network Audits: (Medi-Cal)

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

Month	Timeliness for Urgents	Clinical Decision Making for Urgents	Letter Score for Urgents	Timeliness for Routine	Timeliness for Denials	Clinical Decision Making for Denials	Letter Score for Denials	Timeliness for Modifieds	Clinical Decision Making for Modifieds	Letter Score for Modifieds	Timeliness for Deferrals	Clinical Decision Making for Deferrals	Letter Score for Deferrals
August 2016	87%	79%	86%	87%	72%	92%	89%	71%	94%	98%	100%	100%	93%
September 2016	57%	69%	93%	66%	60%	91%	86%	60%	87%	88%	100%	Nothing to Report	100%
October 2016	58%	Nothing to Report	Nothing to Report	68%	53%	89%	90%	47%	87%	88%	50%	83%	75%

- The lower scores for timeliness were due to the following reasons:
 - Failure to meet timeframe for decision (Urgent – 72 hours; Routine – 5 business days)
 - Failure to meet timeframe for member notification (Routine – 2 business days)
 - Failure to meet timeframe for provider initial notification (24 hours)
 - Failure to provide proof of successful initial written notification to requesting provider (24 hours)
- The lower scores for clinical decision making were due to the following reasons:
 - Failure to cite the criteria utilized to make the decision
 - No indication of adequate clinical information obtained to make the decision to deny
 - No indication that the medical reviewer was involved in the denial determination
- The lower letter scores were due to the following reasons:
 - Language assistance program (LAP) insert was not provided to member and typographical errors were identified throughout the document
 - Failure to provide letter with description of services in lay language
 - Failure to provide letter in member’s primary language
 - Failure to include name and contact information for health care professional responsible for decision to deny
 - Failure to provide information on how to file a grievance
 - Failure to outline reason for not meeting the criteria in lay language
 - Failure to provide referral back to Primary Care Provider (PCP) on denial letter
 - Failure to notify provider of delayed decision and anticipated decision date

- Medi-Cal Claims: Misclassified Claims

Month	Misclassified Paid Claims	Misclassified Denied Claims
August 2016	98%	97%
September 2016	98%	98%
October 2016	98%	100%

- The compliance rate for misclassified paid and denied claims remained stable ranging from 97% to 100% from August 2016 through October 2016.

- Medi-Cal Claims: Professional Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	97%	86%	98%	92%
September 2016	96%	93%	97%	92%
October 2016	99%	94%	100%	95%

- The compliance rate for paid and denied claims timeliness remained stable ranging from 96% to 100% from August 2016 through October 2016.
- The compliance rate for paid and denied claims accuracy has continued to improve and increase from August 2016 through October 2016.

- Medi-Cal Claims: Misclassified Hospital Claims

Month	Misclassified Paid Claims	Misclassified Denied Claims
August 2016	100%	100%
September 2016	100%	100%
October 2016	100%	100%

- The compliance rate for misclassified paid and denied claims remained at 100% from August 2016 through October 2016.

- Medi-Cal Claims: Hospital Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	100%	100%	100%	100%
September 2016	100%	100%	100%	100%
October 2016	100%	100%	100%	100%

- The compliance rate for paid claims timeliness, paid claims accuracy, denied claims timeliness and denied claims accuracy remained at 100% from August 2016 through October 2016.

6. Health Network Audits: OneCare

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

Month	Timeliness for Expedited Initial Organization Determination (EIOD)	Clinical Decision Making for EIOD	Letter Score for EIOD	Timeliness for Standard Organization Determination (SOD)	Letter Score for SOD	Timelines for Denials	Clinical Decision Making for Denials	Letter Score for Denials
August 2016	69%	Nothing to Report	88%	80%	87%	100%	83%	89%
September 2016	50%	Nothing to Report	93%	90%	90%	100%	65%	92%
October 2016	40%	0%	83%	90%	82%	100%	73%	94%

- The lower letter scores were due to the following reasons:
 - Failure to use approved CMS letter template
 - Failure to provide letter with description of services in lay language
 - Failure to offer to discuss decision with a reviewer
 - Failure to outline reason for not meeting the criteria in lay language
 - Failure to use the CalOptima logo on letter template
- The lower scores for timeliness were due to the following reasons:
 - Failure to meet timeframe for member oral notification (Expedited – 72 hours)
 - Failure to meet timeframe for member written notification (Expedited – 72 hours)
 - Failure to meet timeframe for provider notification (Expedited – 24 hours)
- The lower scores for clinical decision making were due to the following reasons:
 - Failure to cite the criteria utilized to make the decision

- No indication of adequate clinical information obtained to make the decision to deny
- Failure to have evidence of appropriate professional making decision

- OneCare Claims: Misclassified Claims

Month	Misclassified Paid Claims	Misclassified Denied Claims
August 2016	99%	97%
September 2016	100%	100%
October 2016	99%	100%

- The compliance rate for misclassified paid and denied claims remained stable ranging from 97% to 100% from August 2016 through October 2016.

- OneCare Claims: Professional Claims

Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	100%	46%	100%	92%
September 2016	98%	56%	100%	52%
October 2016	98%	58%	100%	54%

- The compliance rate for paid claims timeliness remained stable at 98% from September 2016 to October 2016.
- The compliance rate for paid claims accuracy increased to 58% from September 2016 to October 2016.
- The compliance rate for denied claims timeliness remained stable at 100% for October 2016.
- The compliance rate for denied claims accuracy increased to 54% from September 2016 to October 2016.

7. Health Network Audits: OneCare Connect

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

Month	Timeliness for Urgents	Clinical Decision Making for Urgents	Letter Score for Urgents	Timeliness For Routine	Letter Score for Routine	Timeliness for Denials	Clinical Decision Making for Denials	Letter Score for Denials	Timeliness for Modifieds	Clinical Decision Making for Modifieds	Letter Score for Modifieds	Timeliness for Deferrals	Clinical Decision Making for Deferrals	Letter Score for Deferrals
August 2016	59%	50%	65%	76%	72%	59%	87%	73%	93%	100%	94%	Nothing to Report	Nothing to Report	Nothing to Report
September 2016	50%	100%	69%	58%	75%	42%	66%	66%	0%	67%	100%	Nothing to Report	Nothing to Report	Nothing to Report
October 2016	48%	100%	72%	65%	73%	48%	82%	73%	52%	92%	99%	Nothing to Report	Nothing to Report	Nothing to Report

- The lower scores for timeliness were due to the following reasons:
 - Failure to meet timeframe for member notification (Routine - 2 business days)
 - Failure to meet timeframe for provider initial notification (24 hours)
 - Failure to provide proof of successful initial written notification to requesting provider (24 hours)
- The lower letter scores were due to the following reasons:
 - Failure to provide letter in member’s primary language
 - Failure to provide letter with description of services in lay language

- OneCare Connect Claims: Misclassified Claims

Month	Misclassified Paid Claims	Misclassified Denied Claims
August 2016	99%	98%
September 2016	99%	100%
October 2016	99%	100%

- The compliance rate for misclassified paid claims remained stable at 99% from August 2016 through October 2016.
- The compliance rate for misclassified denied claims remained stable at 100% from September 2016 to October 2016.

- OneCare Connect Claims: Professional Claims

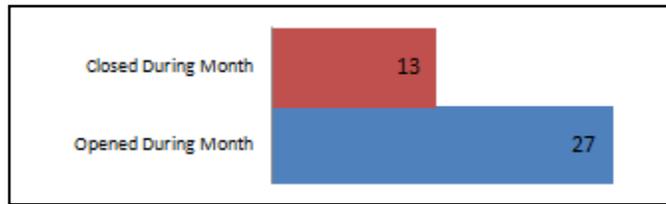
Month	Paid Claims Timeliness	Paid Claims Accuracy	Denied Claims Timeliness	Denied Claims Accuracy
August 2016	92%	40%	100%	84%
September 2016	94%	41%	100%	69%
October 2016	94%	49%	99%	78%

- The compliance rate for paid claims timeliness remained stable at 94% from September 2016 to October 2016.
- The compliance rate for paid claims accuracy increased to 49% from September 2016 to October 2016.
- The compliance rate for denied claims timeliness slightly decreased to 99% from September 2016 to October 2016 due to claims being processed outside of the sixty (60) calendar day requirement.
- The compliance rate for denied claims accuracy increased to 78% from September 2016 to October 2016.

D. Special Investigations Unit (SIU) / Fraud, Waste & Abuse (FWA) Investigations
 (November-December 2016)

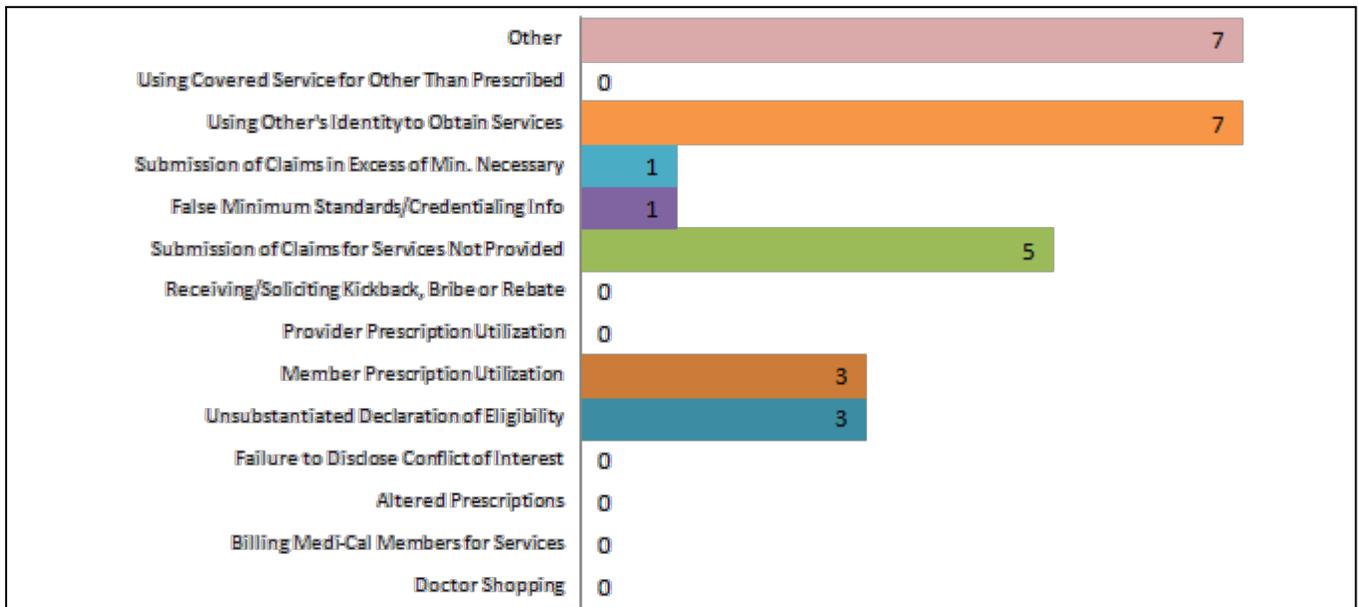
Case Status

Case status at the end of
 November-December 2016

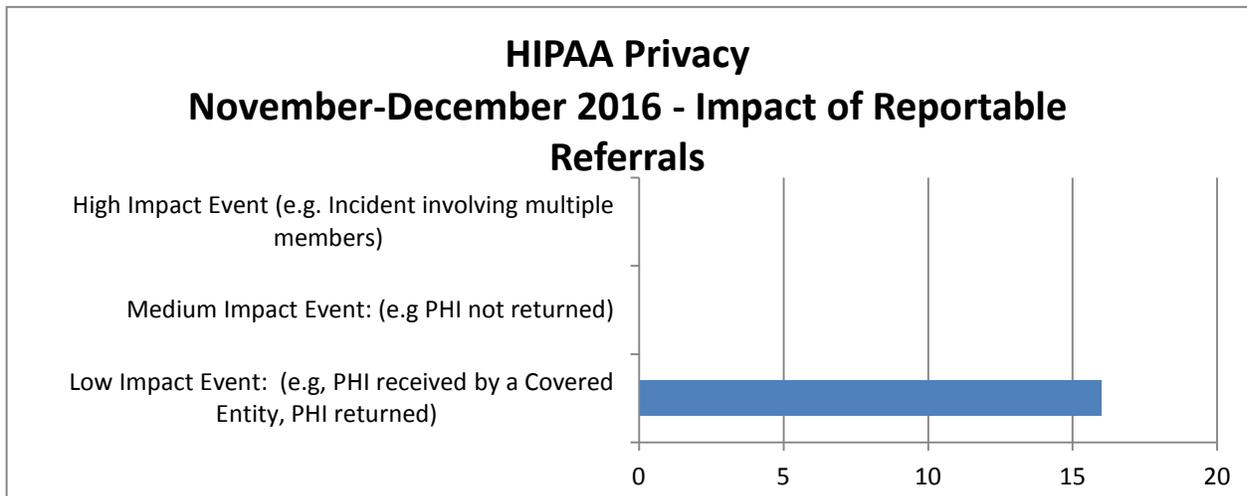
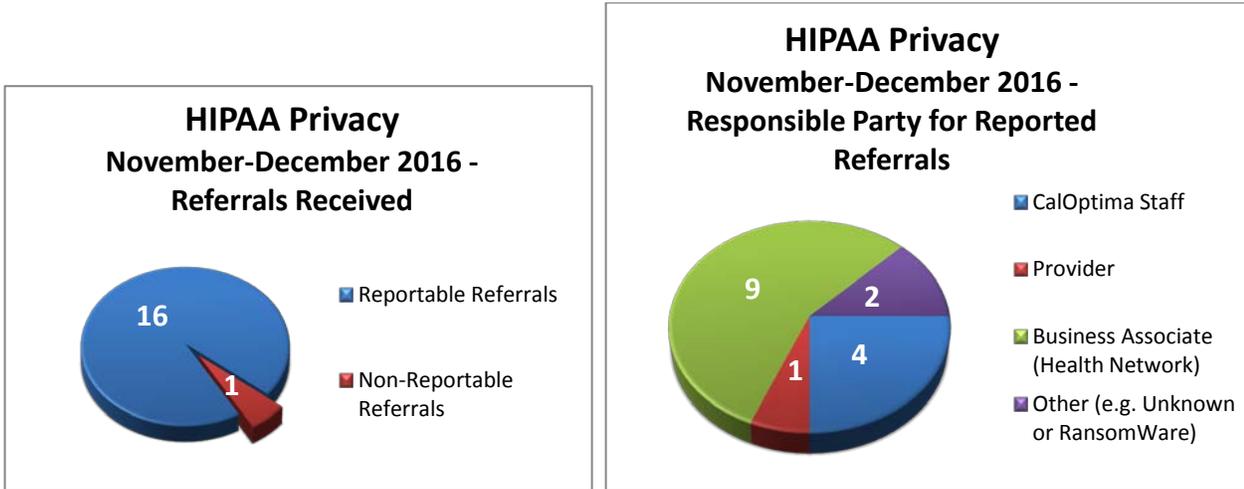


Note: Cases that are referred to DHCS or the MEDIC are not “closed” until CalOptima receives notification of case closure from the applicable government agency.

Types of FWA Cases: (Received in November-December 2016)



E. Privacy Update (November-December 2016)



PRIVACY STATISTICS

Total Number of Referrals Reported to DHCS (State)	15
Total Number of Referrals Reported to DHCS and Office for Civil Rights (OCR)	1
Total Number of Referrals Reported	16



CalOptima
Better. Together.

Federal & State Legislative Advocate Reports

**Board of Directors Meeting
February 2, 2017**

James McConnell / Edelstein Gilbert Robson & Smith

JAMES F. MCCONNELL
ATTORNEY-AT-LAW
1130 CONNECTICUT AVENUE, N.W.
SUITE 300
WASHINGTON, D.C. 20036
Mobile: 917-434-3603
E-mail: jmccconnell@tfgnet.com

CalOptima
Washington Report
January 16, 2017

The 115th Congress convened on January 3. While awaiting the inauguration of Donald J. Trump as 45th President, Congress began immediately to prepare for the repeal and replacement of the Affordable Care Act (ACA).

So eager is the Republican majority to abolish ACA that some Members are advocating an immediate repeal before a replacement can be agreed upon. That sentiment is at odds with both congressional leadership and the incoming Trump Administration.

On January 13, the House of Representatives adopted a new Fiscal Year 2017 budget resolution (S.Con.Res. 3) that would allow for subsequent legislation repealing parts of Obamacare to pass Senate with a simple majority and avoid a filibuster in that Chamber by Democrats. Budget reconciliation is the only legislative mechanism that allows for 51 vote majority passage of legislation in the Senate rather than the 60-vote filibuster proof margin.

The vote on S. Con. Res. 3 was 227-198, with 9 House Republicans joining all 189 House Democrats in voting against the resolution. Orange County Representatives Darrell Issa, Dana Rohrabacher, Ed Royce, and Mimi Walters voted for the resolution; while Members Lou Correa, Alan Lowenthal and Linda Sanchez opposed it. The Senate adopted same measure on January 12.

Republicans are acting in “bad faith” by steamrolling Democrats on repeal efforts and will get no help from Democrats in the future, Congresswoman Linda Sanchez, a member of the Ways and Means Committee, said on January 10.

The resolution contains instructions for committees to produce legislation to repeal the ACA by January 27. The measure would also set spending, revenue and deficit targets for FY 2017 through FY 2026 and calls for no net change in levels of federal revenue. It projects deficits throughout the period covered by the resolution, including a more than \$1 trillion annual deficit in FY 2026, when the total National Debt would reach \$29.1 trillion.

At the same time, House Speaker Paul Ryan (R-WI) said ACA replacement legislation would be brought forward “concurrently” with Obamacare repeal. A group of Freedom

Caucus (Tea Party) House conservatives said they wanted more details on what will take the health law's place.

Not surprisingly, Democrats criticized Republicans for trying to repeal the health law without first proposing a replacement, claiming it could disrupt the health insurance market. Speaker Ryan said the extent of replacement details included in the repeal bill to spin out of the budget would depend on Senate rules for so-called reconciliation bills.

Representative Michael Burgess (R-TX), chairman of the House Energy and Commerce Subcommittee on Health said he is supportive of immediate replacement of at least parts of the health law. However, he said the full replacement process could take a full year.

The budget reconciliation process only allows changes to laws that affect the federal budget, which will not include many insurance regulations. Republicans will need the assistance of eight Senate Democrats to bring non-budget-related changes to the President.



CalOptima Legislative Report

January 17, 2017

By Don Gilbert and Trent Smith

The Legislature returned to Sacramento on January 4 to start the first year of a two-year session. Several new members were elected to the State Legislature in November, including some from Orange County. Joining the Orange County delegation are Senator Josh Newman, Assemblyman Phillip Chen, Assemblyman Steven Choi, and Assemblywoman Quirk-Silva, who previously served one term in the Assembly. We are in the process of meeting all of these new legislators and introducing them to CalOptima. We have already had a brief meeting with Assemblyman Chen, who we learned spent 10 years staffing a Los Angeles County Supervisor on health policy. He has an interest in learning more about CalOptima.

Legislators have until the close of business on February 17 to introduce new bills. While some new bills are trickling in, the vast majority of bills will be introduced in the last week or two before the deadline. So far, we have not seen any bills of great interest to CalOptima, but we have heard rumors that another proposal is forthcoming to require County Organized Health Systems (COHS) to obtain a Knox-Keene License (KKL) with the Department of Managed Health Care (DHMC).

The biggest concern in Sacramento for CalOptima and many others is what Congress and President-Elect Trump will do with the Affordable Care Act (ACA). Both the President-Elect and the Republican-controlled Congress have stated that they want to repeal the ACA. However, neither the President-Elect nor Congress have put forth any details. Meanwhile, we wait to learn what “repeal” really means. There have been indications that the ACA will be replaced by a different plan, but again very few details have been put forth. Ultimately, the big concern for CalOptima and other Medi-Cal Managed Care Plans is the fate of approximately \$16 billion in federal funding that has been used to expand Medi-Cal enrollment over the last few years. If the President – Elect and Congress pull that money back as part of their “repeal and replace” plan, there is no way the state can backfill that much money.

For now, the Governor is proceeding as if the federal funds for Medi-Cal will continue to make their way to California. While presenting his Budget Proposal on January 10, the Governor was asked by reporters what would happen if California lost federal Medi-Cal dollars. The Governor responded by saying they would deal with that outcome if and when it happens.

The Governor’s Budget rolls back new spending and transforms existing programs to address a projected \$2 billion dollar deficit. The Governor urged the Legislature to remain fiscally conservative and plan for a rainy day, as economic projections show a slowing economy and declining state revenue.

With regards to Medi-Cal, the Budget increases funding for the optional expansion provisions of the ACA, from \$888 million to nearly \$1.6 billion. The Budget also assumes an increase in Medi-Cal enrollment for 4.1 million Californians. Again, the Governor's Budget reflects current law, and modifications will be made as necessary to address changes made at the federal level.

The most recent November Medi-Cal Estimate includes a \$338 million (2.14 percent) increase for managed care capitation rates, excluding the optional expansion for the 2017-18 fiscal year. Actual plan adjustments will be implemented based on the rate year experience data of each plan.

The Budget assumes a decrease in General Fund spending in the Medi-Cal program of approximately \$1.6 billion in 2017-18 and replaced with revenue generated from the Managed Care Organization (MCO) Tax.

The Budget proposal also includes a General Fund Savings of \$48 million from transitioning coverage for newly qualified immigrant adults without children from Medi-Cal to an Exchange health plan in 2017 – with DHCS providing premium and out of pocket payment assistance. This change is necessary because the Medi-Cal program is not formally certified as meeting the minimum essential coverage requirements, which makes these enrollees at risk for federal tax penalty for not being in a certified health plan.

The most significant change in the Budget Proposal from CalOptima's perspective is the "elimination" of the Coordinate Care Initiative (CCI). The CCI was created as a pilot program with the expectation that it would save the state money. However, those savings have failed to materialize.

Much of the CCI will continue to exist under the Cal MediConnect program, but without In Home Support Services (IHSS). Plans can continue providing coordinated services to seniors and persons with disabilities (SPD), but counties will be responsible for paying for IHSS. By removing IHSS, the state is able to achieve savings because the program reverts back to the original cost arrangement with the counties responsible for 35 percent of the IHSS costs. The net result from these changes is \$626.2 million in state savings. However, it is unclear how many counties will step forward to cover the costs of IHSS.

Another interesting development from the Budget is the manner in which Proposition 56 funds will be used. Proposition 56 raised the tax on tobacco products for the stated purpose of raising revenue to pay for various health services programs, including Medi-Cal. The California Medical Association (CMA) supported Proposition 56 believing some of the new revenue would be used to increase Medi-Cal provider reimbursement rates. The initiative included language stating that the Governor and Legislature could not supplant money that would otherwise be spent on Medi-Cal and replace it with Proposition 56 dollars, thus providing no net increase in money spent on Medi-Cal.

CMA and others were surprised to see that the Governor's Budget uses \$150 million from Proposition 56 to pay for increased Medi-Cal enrollment. CMA argues that this benefit should be paid for from the General Fund and that the Governor's proposal violates the Initiative's supplant language. The Governor's office argues that paying for new enrollment is a new expenditure and meets the standards established in Proposition 56. It is likely that CMA will file a lawsuit on this matter. In addition, this matter will be debated in the various budget subcommittees when they begin meeting in February.

2017-18 STATE LEGISLATIVE TRACKING MATRIX

Bill Number Author	Bill Summary	Bill Status	CalOptima Position
<u>AB 15</u> <u>Maienschein</u>	Requires DHCS to increase the Denti-Cal provider reimbursement rates to promote access to the 15 most common dental services. While the bill does not specify a dollar amount for the increase, it does note Denti-Cal's low utilization and funding levels, citing the need for increased reimbursement rates to attract additional providers. CalOptima members who receive Denti-Cal benefits outside of CalOptima may be affected by this proposed increase in funding. This bill would take effect on January 1, 2018.	12/05/2016 – Introduced	Watch
<u>AB 74</u> <u>Chiu</u>	Requires the California Department of Housing and Community Development (HCD) to establish a grant-based housing program for homeless Medi-Cal beneficiaries. The grants from the program would provide interim, supportive, and long-term rental assistance for individuals by awarding state grants to counties participating in the Whole Person Care (WPC) pilot or Health Homes Program (HHP). This bill could allow some of Orange County's homeless Medi-Cal members (approximately 13,000 CalOptima members) to be eligible for housing assistance through this program. This bill would take effect on or before October 1, 2018.	12/16/2016 – Introduced	Watch
<u>SB 17</u> <u>Hernandez</u>	States that overall health care spending in the U.S. has risen dramatically due to the rising costs of prescription drugs. Specifically, the bill states that approximately 75 percent of the increase in overall Medicaid spending on prescription drugs between 2013 and 2014 was due to increased prices. While the bill provides no specifics of how it will address these issues at this time, it does state that it intends to require that health care consumers and the public be notified in advance of drug price increases and be given justification of those increases. CalOptima may be affected by legislation dealing with prescription drug pricing and rate information reporting.	12/05/2016 – Introduced	Watch
<u>SB 34</u> <u>Bates</u>	Intends to address issues related to individuals in alcohol and drug recovery programs, as well as residential environments. While the bill provides no specifics at this time, CalOptima and/or its members may be affected by legislation dealing with substance use disorders (SUD) services. CalOptima provides SUD services, such as screenings, interventions, referrals, and treatment.	12/05/2016 – Introduced	Watch

The CalOptima Legislative Tracking Matrix includes information regarding legislation that directly impacts CalOptima and our members. These bills are closely followed and analyzed by CalOptima's Government Affairs Department throughout the legislative session. All official "Support" and "Oppose" positions are approved by the CalOptima Board of Directors. Bills with a "Watch" position are monitored by staff to determine the level of impact.

2017 STATE LEGISLATIVE DEADLINES

January 4: Legislature reconvenes

February 17: Last day for legislation to be introduced

April 28: Last day for policy committees to hear and report bills to fiscal committees

May 12: Last day for policy committees to hear and report non-fiscal bills to the floor

May 26: Last day for fiscal committees to report fiscal bills to the floor

May 30 – June 2: Floor session only

June 2: Last day to pass bills out of their house of origin

June 15: Budget bill must be passed by midnight

July 21 – August 21: Summer recess

September 1: Last day for fiscal committees to report bills to the floor

September 5 – 15: Floor session only

September 15: Last day for bills to be passed. Interim recess begins

October 15: Last day for Governor to sign or veto bills passed by the Legislature

About CalOptima

CalOptima is a county organized health system that administers health insurance programs for low-income children, adults, seniors and people with disabilities in Orange County. Our mission is to provide members with access to quality health care services delivered in a cost-effective and compassionate manner. As one of Orange County's largest health insurers, we provide coverage through four major programs: Medi-Cal, OneCare (HMO SNP) (a Medicare Advantage Special Needs Plan), OneCare Connect Cal MediConnect Plan (Medicare-Medicaid Plan) and PACE (Program of All-Inclusive Care for the Elderly).

If you have any questions regarding the above information, please contact:

Phil Tsunoda, Executive Director, Public Policy and Public Affairs
(714) 246-8632; ptsunoda@caloptima.org

Arif Shaikh, Director, Public Policy and Government Affairs
(714) 246-8418; ashaikh@caloptima.org

Shamiq Hussain, Senior Policy Analyst, Government Affairs
(714) 347-3208; shussain@caloptima.org

Sean McReynolds, Senior Policy Analyst, Government Affairs
(657) 900-1296; smcreynolds@caloptima.org

Board of Directors Meeting February 2, 2017

CalOptima Community Outreach Summary — December 2016 to January 2017

Background

CalOptima is committed to serving our community by sharing information with current and potential members and strengthening relationships with our community partners. One of the ways CalOptima accomplishes this is through our participation in public events. CalOptima participates in public activities that meet at least one of the following criteria:

- Member interaction/enrollment: The event/activity attracts a significant number of CalOptima members and/or potential members who could enroll in any of CalOptima's programs.
- Branding: The event/activity promotes awareness of CalOptima in the community.
- Partnerships: The event/activity has the potential to create positive visibility for CalOptima and create a long-term collaborative partnership between CalOptima and the requesting entity.

Requests for sponsorship are considered based on several factors including: the number of people the activity/event will reach; the marketing benefits for CalOptima; the strength of the partnership or level of involvement with the requesting entity; past participation; staff availability; and budget availability.

In addition to participating in community events, CalOptima staff actively participates in a number of community meetings including coalitions/collaboratives, committees and advisory groups focused on community health issues. CalOptima strives to address issues related to improving access to health care, reducing health disparities, strengthening the safety net system and promoting a healthier Orange County.

CalOptima Community Events Update

From July 1 to December 31, 2016, the Community Relations Department received and processed 107 requests for CalOptima's participation in community events. Approximately 94 percent (101 out of 107) of the requests met at least one of the criteria required for CalOptima's participation. CalOptima provided staff participation for 76 events and financial support, in the form of registration fees and sponsorships, for 29 events.

The community events attended provided information and resources to address health, literacy, and housing and, ranged from community resource fairs, back-to-school events, conferences and community celebrations throughout Orange County. CalOptima staff had the opportunity to interact with current and potential members of all ages and ethnic backgrounds to provide information about programs and services available to our members. Approximately 53 percent of the events provided outreach to children and families, 33 percent outreached to seniors, and 3 percent outreached to veterans. The remaining 11 percent of the events were educational seminars and conferences for staff development.

Among the events with CalOptima's participation, those with highest attendance include, but are not limited to the 28th Annual Senior Saturday Community Festival, 14th Annual Walk-A-Thon, Resource Fair and Festival, Vietnamese Physicians Associations of Southern California Free Health Fair, 13th Annual Orange County Veterans Resource Fair, Orange County Children and Families Services' Foster Family Picnic and Resource Fair, and State Council on Developmental Disabilities Community Options Fair.

For additional information or questions, please contact Tiffany Kaaiakamanu, Manager of Community Relations at 657-235-6872 or via email at tkaaiakamanu@caloptima.org.

Summary of Public Activities

CalOptima participated in 52 community events and coalition and committee meetings:

Date	Events/Meetings	Audience Reached
12/01/16	<ul style="list-style-type: none"> • Homeless Provider Forum • Orange County Women’s Health Project Advisory Board Meeting 	<p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p>
12/02/16	<ul style="list-style-type: none"> • Covered Orange County General Meeting 	Health and Human Service Providers
12/03/16	<ul style="list-style-type: none"> • Health Fair hosted by Cal State Fullerton and National Core 	Members/Potential Members
12/05/16	<ul style="list-style-type: none"> • Orange County Health Care Agency Mental Health Services Act Steering Committee Meeting 	Health and Human Service Providers
12/07/16	<ul style="list-style-type: none"> • Orange County Aging Services Collaborative Meeting 	Health and Human Service Providers
12/08/16	<ul style="list-style-type: none"> • FOCUS Collaborative Meeting 	Health and Human Service Providers
12/10/16	<ul style="list-style-type: none"> • 2016 Lung Cancer Community Forum hosted by Vietnamese American Cancer Foundation <i>(Registration Fee: \$500 included 1table and 2 chairs for outreach and recognition at event during opening ceremony)</i> 	Members/Potential Members
12/12/16	<ul style="list-style-type: none"> • Orange County Veterans and Military Families Collaborative Meeting • Fullerton Collaborative Meeting 	<p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p>
12/13/16	<ul style="list-style-type: none"> • Buena Clinton Neighborhood Coalition Meeting • Vietnamese American Human Service Providers Quarterly Networking Meeting • Alzheimer’s Orange County Latino Conference Wrap-Up Meeting 	<p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p>
12/15/16	<ul style="list-style-type: none"> • Orange County Children’s Partnership Committee • Surf City Senior Providers Network and Lunch • Open House hosted by Alzheimer’s Orange County 	<p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p> <p>Health and Human Service Providers</p>
12/17/16	<ul style="list-style-type: none"> • Breakfast with Santa hosted by Cambodian Family 	Members/Potential Members

Community Center, Asian Americans Advancing Justice and the Office of Supervisor Andrew Do
(Registration Fee: \$500 included 1 table and 2 chairs for outreach)

12/20/16	<ul style="list-style-type: none"> • Placentia Community Collaborative • Coordinated Entry's Healthcare and Housing Integration Workgroup Meeting 	<p>Health and Human Service Providers Health and Human Service Providers</p>
12/21/16	<ul style="list-style-type: none"> • La Habra Collaborative • Covered Orange County Steering Committee Meeting • Minnie Street Family Resource Center Professional Roundtable • Orange County Promotoras Meeting 	<p>Health and Human Service Providers Health and Human Service Providers Health and Human Service Providers Health and Human Service Providers</p>
12/26/16	<ul style="list-style-type: none"> • Community Health Research and Exchange Meeting • Stanton Collaborative Meeting • Town Hall Meeting hosted by Alzheimer's Orange County 	<p>Health and Human Service Providers Health and Human Service Providers Health and Human Service Providers</p>
12/27/16	<ul style="list-style-type: none"> • Orange County Senior Roundtable Meeting • Santa Ana Building Health Communities 	<p>Health and Human Service Providers Health and Human Service Providers</p>
01/03/17	<ul style="list-style-type: none"> • Collaborative to Assist Motel Families 	<p>Health and Human Service Providers</p>
01/05/17	<ul style="list-style-type: none"> • Refugee Forum of Orange County Meeting • Homeless Provider Forum 	<p>Health and Human Service Providers Health and Human Service Providers</p>
01/09/17	<ul style="list-style-type: none"> • Orange County Veterans and Military Families Collaborative Meeting • Fullerton Collaborative 	<p>Health and Human Service Providers Health and Human Service Providers</p>
01/10/17	<ul style="list-style-type: none"> • Buena Clinton Neighborhood Coalition Meeting • Susan G. Komen Orange County — Unidos Contra el Cancer de Seno Coalition Meeting • San Clemente Youth Wellness and Prevention Coalition Meeting • Orange County Strategic Plan for Aging — Social Engagement/Community Access Subcommittee Meeting 	<p>Health and Human Service Providers Health and Human Service Providers Health and Human Service Providers Health and Human Service Providers</p>
01/11/17	<ul style="list-style-type: none"> • Buena Park Collaboration Meeting • Anaheim Homeless Collaborative Meeting 	<p>Health and Human Service Providers Health and Human Service Providers</p>
01/12/17	<ul style="list-style-type: none"> • State Council on Developmental Disabilities Regional Advisory Committee Meeting 	<p>Health and Human Service Providers</p>

01/17/17	• Placentia Community Collaborative Meeting	Health and Human Service Providers
01/18/17	• Minnie Street Family Resource Center Professional Roundtable	Health and Human Service Providers
	• Orange County Promotoras Meeting	Health and Human Service Providers
01/19/17	• Orange County Children’s Partnership Committee Meeting	Health and Human Service Providers
01/23/17	• Stanton Collaborative Meeting	Health and Human Service Providers
	• Community Health Research Exchange Meeting	Health and Human Service Providers
01/24/17	• Orange County Senior Roundtable Meeting	Health and Human Service Providers
	• Orange County Transportation Authority Special Needs Advisory Meeting	Health and Human Service Providers
	• Santa Ana Building Healthy Communities	Health and Human Service Providers
01/26/17	• California Breastfeeding Summit hosted by Orange County Breastfeeding Coalition <i>(Registration Fee: \$350 included 1 table and 2 chairs for outreach, recognition on website, company’s name and contact information listed in program, and registration for 1 staff to attend all workshops)</i>	Health and Human Service Providers
01/27/17	• 2017 Tet Festival hosted by Union of Vietnamese Student Associations Southern California <i>(Sponsorship Fee: \$3,500 included 1 table and 2 chairs for outreach, company’s name on event banner, promotional materials, and website for 1 year, 25 admission tickets, 2 VIP admission badges and 2 VIP parking permits)</i>	Members/Potential Members
01/27/17	• 2017 Tet Festival hosted by the County of Orange <i>(Sponsorship Fee: \$3,500 included 2 tables and two chairs for outreach, company’s name on event banner, promotional materials and website for 1 year, 2 VIP parking permits, and short video display on stage at the festival)</i>	

CalOptima organized or convened the following 11 community stakeholder events, meetings and presentations:

Date	Event/Meeting	Audience Reached
12/09/16	• County Community Service Center Education Seminar — Topic: How Diabetes Affects the Asian Community (<i>Vietnamese</i>)	Member/Potential Member Providers

CalOptima Community Outreach Summary — December 2016 to January 2017

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12/13/16	• Community-Based Organization Presentation for Orange County School Readiness Nurses — Topic: CalOptima Overview	Health and Human Service Providers
12/14/16	• Community Alliances Forum — Topic: Orange County Community Indicators Report 2016: Addressing Orange County's Most Critical Issues	Health and Human Service Providers
12/30/16	• Community-Based Organization Presentation for Casa de la Familia — Topic: CalOptima Overview	Health and Human Service Providers
01/06/17	• County Community Service Center Education Seminar — Topic: What is CalOptima: Understanding Your Medi-Cal Benefits (<i>Vietnamese</i>)	Member/Potential Member Providers
01/12/17	• OneCare Connect Forum hosted for Vietnamese Community of Orange County — Topic: OneCare Connect	Member/Potential Member Providers
01/13/17	• County Community Service Center Education Seminar — Topic: What is CalOptima: Understanding Your Medi-Cal Benefits (<i>English</i>)	Member/Potential Member Providers
01/19/17	• Community-Based Organization Presentation for MOMs Orange County — Topic: CalOptima Overview	Health and Human Service Providers
01/20/17	• County Community Service Center Education Seminar — Topic: What is CalOptima: Understanding Your Medi-Cal Benefits (<i>Spanish</i>)	Member/Potential Member Providers
01/23/17	• County Community Service Center Education Seminar in partnership with Family Caregiver Resource Center — Topic: Community Care Options and Advanced Care Planning (<i>Vietnamese</i>)	Member/Potential Member Providers
01/25/17	• Community-Based Organization Presentation for Boat People SOS — Topic: CalOptima Overview (<i>Vietnamese</i>)	Member/Potential Member Providers

CalOptima endorsed the following 7 events during this reporting period (e.g., letters of support, program/public activity event with support, or use of name/logo):

1. Use of CalOptima Master Logo for Magellan Healthcare co-branding purposes.
2. Use of CalOptima PACE Logo on the Orange County Aging Services Collaborative webpage.

[Back to Agenda](#)

3. 2016 Lung Cancer Community Forum hosted by Vietnamese American Cancer Foundation .
(Listed in Public Activities)
4. Breakfast with Santa hosted by Cambodian Family Community Center, Asian Americans Advancing Justice and the Office of Supervisor Andrew Do . (Listed in Public Activities)
5. California Breastfeeding Summit hosted by Orange County Breastfeeding Coalition. (Listed in Public Activities)
6. 2017 Tet Festival hosted by Union of Vietnamese Student Associations Southern California. (Listed in Public Activities)
7. 2017 Tet Festival hosted by the County of Orange. (Listed in Public Activities)

CalOptima Board of Directors Community Activities

For more information on the listed items, contact Tiffany Kaaiakamanu, Manager of Community Relations, at 657-235-6872 or by email at tkaaiakamanu@caloptima.org.

Day/Date/Time	Name of Activity/Event	Type of Activity/Event	Location
<h1>February</h1>			
Wednesday, 2/1 10am-12pm	++Anaheim Human Services Meeting	Steering Committee Meeting: Open to Collaborative Members	250 E. Center St. Anaheim
Thursday, 2/2 9-11am	++Homeless Provider Forum	Steering Committee Meeting: Open to Collaborative Members	1855 Orange Olive Rd. Orange
Monday, 2/6 1-4pm	++OCHCA Mental Health Services Act Steering Committee	Steering Committee Meeting: Open to Collaborative Members	505 E. Central Ave. Santa Ana
Tuesday, 2/7 9:30-11am	++Collaborative to Assist Motel Families	Steering Committee Meeting: Open to Collaborative Members	250 E. Center St. Anaheim
Wednesday, 2/8 10-11:30am	++Buena Park Collaborative	Steering Committee Meeting: Open to Collaborative Members	7150 La Palma Ave. Buena Park
Wednesday, 2/8 12-1:30pm	++Anaheim Homeless Collaborative	Steering Committee Meeting: Open to Collaborative Members	500 W. Broadway Anaheim
Saturday, 2/11 8:30am-12pm	+Magnolia School District and USC Dental Clinic	Health/Resource Fair Open to the Public	1411 S. Gilbert St. Anaheim

* CalOptima Hosted

1 – Updated 2017-01-09

+ Exhibitor/Attendee

++ Meeting Attendee

Day/Date/Time	Name of Activity/Event	Type of Activity/Event	Location
Monday, 2/13 1-2:30pm	++OC Veterans and Military Families Collaborative Meeting	Steering Committee Meeting: Open to Collaborative Members	525 N. Cabrillo Park Dr. Santa Ana
Monday, 2/13 2:30-3:30pm	++Fullerton Collaborative	Steering Committee Meeting: Open to Collaborative Members	353 W. Commonwealth Ave. Fullerton
Tuesday, 2/14 11:30am-12:30pm	++Buena Clinton Neighborhood Coalition	Steering Committee Meeting: Open to Collaborative Members	12661 Sunswept Ave. Garden Grove
Wednesday, 2/15 11am-1pm	++Minnie Street Family Resource Center Professional Roundtable	Steering Committee Meeting: Open to Collaborative Members	1300 McFadden Ave. Santa Ana
Wednesday, 2/15 1-4pm	++Orange County Promotoras	Steering Committee Meeting: Open to Collaborative Members	Location Varies
Thursday, 2/16 8:30-10am	++Orange County Children's Partnership Committee	Steering Committee Meeting: Open to Collaborative Members	10 Civic Center Plaza Santa Ana
Thursday, 2/16 1-2:30pm	++Surf City Providers Network and Lunch	Steering Committee Meeting: Open to Collaborative Members	18041 Goldenwest St. Huntington Beach
Tuesday, 2/27-2/28 8am-5pm	+Family Voices of California 2017 Annual Health Summit and Legislative Advocacy Day	Presentation: Open to CBO's, Health Advocates, Service Providers Health/Resource Fair: Open to Public Registration recommended	1782 Tribute Rd. Sacramento
<h2>Events Pending</h2>			
Saturday, 2/25 10am-2pm	+The Green Foundation 2017 ACTNow Conference	Presentation: Open to CBO's, Health Advocates, Service Providers Health/Resource Fair: Open to Public Registration recommended	800 State College Blvd. Fullerton

* CalOptima Hosted

2 – Updated 2017-01-09

+ Exhibitor/Attendee

++ Meeting Attendee

Day/Date/Time	Name of Activity/Event	Type of Activity/Event	Location
Friday, 3/10 9am-12pm	+Senator Patricia Bates and Assemblyman William Brough's South Orange County Senior Day	Health/Resource Fair Open to the Public	24932 Veterans Way Mission Viejo

* *CalOptima Hosted*

+ *Exhibitor/Attendee*

++ *Meeting Attendee*

3 – Updated 2017-01-09