



CalOptima Health

Financial Summary

February 29, 2024

Board of Directors Meeting
April 4, 2024

Nancy Huang, Chief Financial Officer

Our Mission

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

Our Vision

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

Financial Highlights:

February 2024

February 2024					July 2023 - February 2024			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
934,373	869,811	64,562	7.4%	Member Months	7,705,898	7,464,139	241,759	3.2%
513,004,645	328,922,903	184,081,742	56.0%	Revenues	3,243,308,996	2,753,358,519	489,950,477	17.8%
483,409,848	303,384,348	(180,025,500)	(59.3%)	Medical Expenses	3,025,380,536	2,575,362,352	(450,018,184)	(17.5%)
18,678,602	21,227,858	2,549,256	12.0%	Administrative Expenses	149,470,165	167,186,805	17,716,640	10.6%
10,916,195	4,310,697	6,605,498	153.2%	Operating Margin	68,458,294	10,809,362	57,648,932	533.3%
				Non-Operating Income (Loss)				
7,551,280	2,083,330	5,467,950	262.5%	Net Investment Income/Expense	116,241,046	16,666,640	99,574,406	597.4%
(71,742)	(89,380)	17,638	19.7%	Net Rental Income/Expense	(87,129)	(545,039)	457,910	84.0%
79,875	-	79,875	100.0%	Net MCO Tax	784,631	-	784,631	100.0%
(4,800)	(1,003,219)	998,419	99.5%	Grant Expense	(29,485,861)	(28,025,755)	(1,460,106)	(5.2%)
15	-	15	100.0%	Other Income/Expense	(829,988)	-	(829,988)	(100.0%)
7,554,628	990,731	6,563,897	662.5%	Total Non-Operating Income (Loss)	86,622,699	(11,904,154)	98,526,853	827.7%
18,470,823	5,301,428	13,169,396	248.4%	Change in Net Assets	155,080,994	(1,094,792)	156,175,785	14265.3%
94.2%	92.2%	2.0%		Medical Loss Ratio	93.3%	93.5%	(0.2%)	
3.6%	6.5%	2.9%		Administrative Loss Ratio	4.6%	6.1%	1.5%	
<u>2.1%</u>	<u>1.3%</u>	0.8%		Operating Margin Ratio	<u>2.1%</u>	<u>0.4%</u>	1.7%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
91.5%	92.2%	(0.7%)		*MLR (excluding Directed Payments)	92.6%	93.5%	(0.9%)	
5.2%	6.5%	1.3%		*ALR (excluding Directed Payments)	5.1%	6.1%	1.0%	

*CalOptima Health updated the category of Directed Payments per Department of Health Care Services instructions

Financial Highlights Notes: February 2024

- Notable events/items in February 2024
 - \$147.5 million of Hospital Directed Payments (DP) were received in February 2024 for the period of January 2022 through June 2022
 - \$154.7 million were disbursed in March 2024 based on schedules provided by the Department of Health Care Services (DHCS)
 - \$70.7 million of Intergovernmental Transfers (IGT) were received in February 2024 for the period of January 2023 through June 2023
 - \$69.3 million were disbursed in March 2024

FY 2023-24: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) February 2024: \$18.5 million, favorable to budget \$13.2 million or 248.4%
 - Year To Date (YTD) July 2023 – February 2024: \$155.1 million, favorable to budget \$156.2 million or 14,265.3% due to favorable performance and net investment income
- Enrollment
 - MTD: 934,373 members, favorable to budget 64,562 or 7.4%
 - YTD: 7,705,898 member months, favorable to budget 241,759 or 3.2%

FY 2023-24: Management Summary (cont.)

○ Revenue

- MTD: \$513.0 million, favorable to budget \$184.1 million or 56.0% driven by the Medi-Cal (MC) Line of Business (LOB)
 - Due to Hospital DP, favorable enrollment, favorable membership mix and favorable capitation rates from DHCS
- YTD: \$3,243.3 million, favorable to budget \$490.0 million or 17.8%
 - Driven primarily by Hospital DP, CalAIM Incentive Payment Program (IPP), favorable capitation rates and favorable membership mix

FY 2023-24: Management Summary (cont.)

○ Medical Expenses

- MTD: \$483.4 million, unfavorable to budget \$180.0 million or 59.3%
 - Other Medical expense unfavorable variance of \$157.3 million due to Hospital DP
 - Professional Claims expense unfavorable variance of \$20.7 million due to volume, post Public Health Emergency (PHE) payments and Community Support (CS) services
- YTD: \$3,025.4 million, unfavorable to budget \$450.0 million or 17.5%
 - Driven primarily by Hospital DP, post PHE payments, CS services, and Housing and Homelessness Incentive Program (HHIP)

FY 2023-24: Management Summary (cont.)

- Administrative Expenses

- MTD: \$18.7 million, favorable to budget \$2.5 million or 12.0%
- YTD: \$149.5 million, favorable to budget \$17.7 million or 10.6%

- Non-Operating Income (Loss)

- MTD: \$7.6 million, favorable to budget \$6.6 million or 662.5% due primarily to net investment income
- YTD: \$86.6 million, favorable to budget \$98.5 million or 827.7% due primarily to net investment income

FY 2023-24: Key Financial Ratios

- Medical Loss Ratio (MLR)
 - MTD: Actual 94.2% (91.5% excluding DP), Budget 92.2%
 - YTD: Actual 93.3% (92.6% excluding DP), Budget 93.5%
- Administrative Loss Ratio (ALR)
 - MTD: Actual 3.6% (5.2% excluding DP), Budget 6.5%
 - YTD: Actual 4.6% (5.1% excluding DP), Budget 6.1%
- Balance Sheet Ratios
 - Current ratio*: 1.5
 - Board Designated Reserve level: 1.85
 - Net-position: \$1.8 billion, including required Tangible Net Equity (TNE) of \$126.5 million

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

Enrollment Summary: February 2024

February 2024				Enrollment (by Aid Category)	July 2023 - February 2024			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
137,846	135,551	2,295	1.7%	SPD	1,135,516	1,112,055	23,461	2.1%
270,127	275,855	(5,728)	(2.1%)	TANF Child	2,335,779	2,430,394	(94,615)	(3.9%)
151,241	132,217	19,024	14.4%	TANF Adult	1,150,274	1,040,451	109,823	10.6%
2,616	3,116	(500)	(16.0%)	LTC	22,722	24,940	(2,218)	(8.9%)
344,796	294,351	50,445	17.1%	MCE	2,828,915	2,621,298	207,617	7.9%
9,990	10,539	(549)	(5.2%)	WCM	88,125	89,430	(1,305)	(1.5%)
916,616	851,629	64,987	7.6%	Medi-Cal Total	7,561,331	7,318,568	242,763	3.3%
17,300	17,697	(397)	(2.2%)	OneCare	141,024	141,825	(801)	(0.6%)
457	485	(28)	(5.8%)	PACE	3,543	3,746	(203)	(5.4%)
488	568	(80)	(14.1%)	MSSP	3,965	4,544	(579)	(12.7%)
934,373	869,811	64,562	7.4%	CalOptima Health Total	7,705,898	7,464,139	241,759	3.2%

*CalOptima Health Total does not include MSSP

Consolidated Revenue & Expenses: February 2024 MTD

	Medi-Cal Classic/WCM	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	571,820	344,796	916,616	17,300		457	488	934,373
REVENUES								
Capitation Revenue	\$ 286,759,437	\$ 191,783,918	\$ 478,543,355	\$ 30,434,310	\$ (135)	\$ 3,812,628	\$ 214,488	\$ 513,004,645
Total Operating Revenue	286,759,437	191,783,918	478,543,355	30,434,310	(135)	3,812,628	214,488	513,004,645
MEDICAL EXPENSES								
Provider Capitation	62,806,651	46,498,758	109,305,409	13,796,408				123,101,817
Claims	75,172,723	47,320,142	122,492,865	4,254,984	29,727	1,541,283		128,318,859
MLTSS	41,936,533	5,382,366	47,318,899		(4,589)	(347)	28,871	47,342,834
Prescription Drugs	-			8,153,659		519,652		8,673,311
Case Mgmt & Other Medical	104,109,302	69,093,767	173,203,069	1,476,130	5,848	1,154,400	133,580	175,973,027
Total Medical Expenses	284,025,209	168,295,033	452,320,242	27,681,180	30,986	3,214,988	162,451	483,409,848
Medical Loss Ratio	99.0%	87.8%	94.5%	91.0%	-22952.6%	84.3%	75.7%	94.2%
GROSS MARGIN	2,734,228	23,488,885	26,223,113	2,753,129	(31,122)	597,640	52,037	29,594,797
ADMINISTRATIVE EXPENSES								
Salaries & Benefits			10,728,441	1,013,739		167,336	102,920	12,012,436
Non-Salary Operating Expenses			2,921,399	428,814		2,769	1,339	3,354,321
Depreciation & Amortization			651,473			1,113		652,586
Other Operating Expenses			2,223,555	62,067		7,748	6,239	2,299,609
Indirect Cost Allocation, Occupancy			(576,245)	915,251		14,484	6,161	359,651
Total Administrative Expenses			15,948,623	2,419,870	-	193,450	116,658	18,678,602
Administrative Loss Ratio			3.3%	8.0%	0.0%	5.1%	54.4%	3.6%
Operating Income/(Loss)			10,274,490	333,259	(31,122)	404,190	(64,621)	10,916,195
Investments and Other Non-Operating			79,890					7,554,628
CHANGE IN NET ASSETS			\$ 10,354,380	\$ 333,259	\$ (31,122)	\$ 404,190	\$ (64,621)	\$ 18,470,823
BUDGETED CHANGE IN NET ASSETS			5,671,639	(1,405,786)	-	117,907	(73,063)	5,301,428
Variance to Budget - Fav/(Unfav)	\$ 4,682,741	\$ 1,739,045	\$ (31,122)	\$ 286,283	\$ 8,442	\$ 13,169,396		

Consolidated Revenue & Expenses: February 2024 YTD

	Medi-Cal Classic/WCM	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	4,732,416	2,828,915	7,561,331	141,024		3,543	3,965	7,705,898
REVENUES								
Capitation Revenue	\$ 1,732,897,194	\$ 1,225,551,051	\$ 2,958,448,245	\$ 254,000,968	\$ (1,367,196)	\$ 30,517,407	\$ 1,709,573	\$ 3,243,308,996
Total Operating Revenue	1,732,897,194	1,225,551,051	2,958,448,245	254,000,968	(1,367,196)	30,517,407	1,709,573	3,243,308,996
MEDICAL EXPENSES								
Provider Capitation	482,427,682	382,129,957	864,557,639	105,503,091				970,060,730
Claims	613,795,824	391,052,444	1,004,848,268	51,434,017	29,505	12,512,453		1,068,824,243
MLTSS	352,953,832	47,014,919	399,968,751	-	(26,007)	38,169	198,804	400,179,717
Prescription Drugs	(11,660)		(11,660)	63,053,493	(1,822,942)	3,917,156		65,136,047
Case Mgmt & Other Medical	300,091,194	200,447,984	500,539,178	10,193,409	52,089	9,226,086	1,169,037	521,179,799
Total Medical Expenses	1,749,256,872	1,020,645,304	2,769,902,176	230,184,009	(1,767,354)	25,693,864	1,367,841	3,025,380,536
Medical Loss Ratio	100.9%	83.3%	93.6%	90.6%	129.3%	84.2%	80.0%	93.3%
GROSS MARGIN	(16,359,678)	204,905,747	188,546,069	23,816,958	400,158	4,823,542	341,732	217,928,461
ADMINISTRATIVE EXPENSES								
Salaries & Benefits			87,225,900	8,034,391	-	1,307,652	773,838	97,341,781
Non-Salary Operating Expenses			19,867,234	2,820,310	(4,364)	371,582	10,700	23,065,462
Depreciation & Amortization			6,996,700			8,960		7,005,660
Other Operating Expenses			18,481,272	477,793		71,942	45,043	19,076,050
Indirect Cost Allocation, Occupancy			(4,506,943)	7,322,007		116,864	49,284	2,981,212
Total Administrative Expenses			128,064,163	18,654,501	(4,364)	1,877,000	878,866	149,470,165
Administrative Loss Ratio			4.3%	7.3%	0.3%	6.2%	51.4%	4.6%
Operating Income/(Loss)			60,481,906	5,162,457	404,522	2,946,542	(537,135)	68,458,294
Investments and Other Non-Operating			(45,357)					86,622,699
CHANGE IN NET ASSETS	\$ 60,436,549	\$ 5,162,457	\$ 404,522	\$ 2,946,542	\$ (537,135)	\$ 155,080,994		
BUDGETED CHANGE IN NET ASSETS			29,351,089	(18,086,600)	-	128,339	(583,466)	(1,094,792)
Variance to Budget - Fav/(Unfav)	\$ 31,085,460	\$ 23,249,057	\$ 404,522	\$ 2,818,203	\$ 46,331	\$ 156,175,785		

Balance Sheet: As of February 2024

ASSETS

Current Assets	
Operating Cash	\$977,315,669
Short-term Investments	1,621,088,234
Receivables & Other Current Assets	966,773,129
Total Current Assets	3,565,177,032
Capital Assets	
Capital Assets	170,109,453
Less Accumulated Depreciation	(75,801,978)
Capital Assets, Net of Depreciation	94,307,475
Other Assets	
Restricted Deposits	300,588
Board Designated Reserve	629,745,898
Total Other Assets	630,046,486
TOTAL ASSETS	4,289,530,993
Deferred Outflows	75,969,067
TOTAL ASSETS & DEFERRED OUTFLOWS	4,365,500,060

LIABILITIES & NET POSITION

Current Liabilities	
Accounts Payable	\$358,693,823
Medical Claims Liability and Capitation Payable	1,943,001,332
Capitation and Withholds	116,988,475
Other Current Liabilities	35,389,873
Total Current Liabilities	2,454,073,503
Other Liabilities	
GASB 96 Subscription Liabilities	15,381,056
Postemployment Health Care Plan	19,317,593
Net Pension Liabilities	40,465,145
Total Other Liabilities	75,163,794
TOTAL LIABILITIES	2,529,237,298
Deferred Inflows	11,175,516
Net Position	
TNE	126,493,476
Funds in Excess of TNE	1,698,593,770
TOTAL NET POSITION	1,825,087,247
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,365,500,060

Board Designated Reserve and TNE Analysis: As of February 2024

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	253,399,856				
	Tier 1 - MetLife	251,193,802				
Board Designated Reserve		504,593,658	348,956,726	552,721,099	155,636,932	(48,127,441)
	Tier 2 - Payden & Rygel	62,740,993				
	Tier 2 - MetLife	62,411,247				
TNE Requirement		125,152,240	126,493,476	126,493,476	(1,341,237)	(1,341,237)
	Consolidated:	629,745,898	475,450,203	679,214,575	154,295,696	(49,468,677)
	<i>Current reserve level</i>	<i>1.85</i>	<i>1.40</i>	<i>2.00</i>		

Net Assets Analysis: As of February 2024

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 2/29/2024		\$1,825.1			100.0%
Resources Assigned	Board Designated Reserve ¹	\$629.7			34.5%
	Capital Assets, net of Depreciation ²	\$94.3			5.2%
Resources Allocated ³	Homeless Health Initiative ⁴	\$17.8	\$59.9	\$42.1	1.0%
	Housing and Homelessness Incentive Program ⁴	37.9	122.2	84.3	2.1%
	Intergovernmental Transfers (IGT)	57.8	111.7	53.9	3.2%
	Digital Transformation and Workplace Modernization	58.4	100.0	41.6	3.2%
	Mind OC Grant (Orange)	0.0	1.0	1.0	0.0%
	CalFresh Outreach Strategy	0.9	2.0	1.1	0.0%
	CalFresh and Redetermination Outreach Strategy	4.1	6.0	1.9	0.2%
	Coalition of Orange County Community Health Centers Grant	30.0	50.0	20.0	1.6%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.5	1.0	0.5	0.0%
	General Awareness Campaign	1.2	2.7	1.5	0.1%
	Member Health Needs Assessment	1.1	1.3	0.2	0.1%
	Five-Year Hospital Quality Program Beginning MY 2023	142.4	153.5	11.1	7.8%
	Medi-Cal Annual Wellness Initiative	1.9	3.8	1.9	0.1%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.5%
	In-Home Care Pilot Program with the UCI Family Health Center	1.3	2.0	0.7	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program	4.0	5.0	1.0	0.2%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	1.0%
	Stipend Program for Master of Social Work Students	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program	2.1	2.7	0.6	0.1%
	CalOptima Health Provider Workforce Development Fund	50.0	50.0	0.0	2.7%
	Distribution Event- Naloxone	2.5	15.0	12.5	0.1%
	Garden Grove Bldg. Improvement	10.3	10.5	0.2	0.6%
	Post-Pandemic Supplemental	50.8	107.5	56.7	2.8%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	2.1%
	Outreach Strategy for newly eligible Adult Expansion members	5.0	5.0	0.0	0.3%
	Quality Initiatives from unearned Pay for Value Program	23.3	23.3	0.0	1.3%
Subtotal:		\$568.9	\$922.1	\$353.2	31.2%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$532.1			29.2%

¹ Total of Board Designated Reserve and unallocated reserve amount can support approximately 98 days of CalOptima Health's current operations

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

³ Initiatives that have been paid in full in the previous year are omitted from the list of Resources Allocated

⁴ See HHI and HHIP summaries and Allocated Funds for list of Board approved initiatives

Homeless Health Initiative and Allocated Funds: As of February 2024

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-
Recuperative Care	6,194,190	6,194,190	-
Medical Respite	250,000	250,000	-
Day Habilitation (County for HomeKey)	2,500,000	2,500,000	-
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	750,133	213,128
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	3,420,400	6,468,514
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine	8,276,652	4,298,382	3,978,270
Outreach and Engagement	7,000,000	-	7,000,000
Housing and Homelessness Incentive Program (HHIP) ¹	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$ 100,000,000	\$ 42,127,867	\$ 57,872,133
Transfer of funds to HHIP ¹	(40,100,000)	-	(40,100,000)
Program Total	\$ 59,900,000	\$ 42,127,867	\$ 17,772,132

Notes:

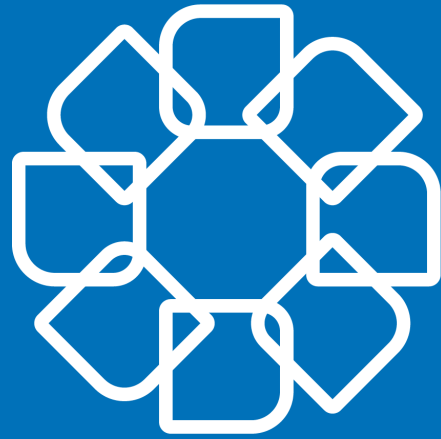
¹On September 1, 2022, CalOptima Health's Board of Directors approved reallocation of \$40.1M from HHI to HHIP.

Housing and Homelessness Incentive Program As of February 2024

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Office of Care Coordination	2,200,000	2,200,000	-
Pulse For Good	800,000	398,050	401,950
Consultant	600,000	-	600,000
Equity Grants for Programs Serving Underrepresented Populations	4,021,311	2,922,299	1,099,013
Infrastructure Projects	5,832,314	5,321,731	510,583
Capital Projects	98,247,369	73,300,000	24,947,369
System Change Projects	10,180,000	-	10,180,000
Non-Profit Healthcare Academy	354,530	112,025	242,505
Total of Approved Initiatives	\$122,235,524¹	\$ 84,254,105	\$ 37,981,420

Notes:

¹Total funding \$122.2M: \$40.1M Board-approved reallocation from HHI, \$47.2M from CalOptima Health existing reserves and \$34.8M from DHCS HHIP incentive payments



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