



CalOptima Health

Financial Summary

May 31, 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: May 2024

May 2024				July 2023 - May 2024				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
923,029	824,861	98,168	11.9%	Member Months	10,489,525	9,983,506	506,019	5.1%
388,993,781	312,684,759	76,309,022	24.4%	Revenues	4,437,384,901	3,707,628,201	729,756,700	19.7%
351,215,237	303,768,431	(47,446,806)	(15.6%)	Medical Expenses	4,050,601,031	3,491,666,511	(558,934,520)	(16.0%)
20,843,419	23,650,308	2,806,889	11.9%	Administrative Expenses	206,565,120	236,685,604	30,120,484	12.7%
16,935,124	(14,733,980)	31,669,104	214.9%	Operating Margin	180,218,750	(20,723,914)	200,942,664	969.6%
				Non-Operating Income (Loss)				
19,388,251	2,083,330	17,304,921	830.6%	Net Investment Income/Expense	159,592,790	22,916,630	136,676,160	596.4%
(10,349)	(89,380)	79,031	88.4%	Net Rental Income/Expense	(169,226)	(813,179)	643,953	79.2%
(14,257)	-	(14,257)	(100.0%)	Net MCO Tax	804,033	-	804,033	100.0%
-	(1,003,219)	1,003,219	(100.0%)	Grant Expense	(29,485,861)	(31,035,413)	1,549,552	5.0%
15	-	15	100.0%	Other Income/Expense	(829,913)	-	(829,913)	(100.0%)
19,363,659	990,731	18,372,928	1,854.5%	Total Non-Operating Income (Loss)	129,911,824	(8,931,962)	138,843,786	1,554.5%
36,298,783	(13,743,249)	50,042,033	364.1%	Change in Net Assets	310,130,573	(29,655,876)	339,786,449	1,145.8%
90.3%	97.1%	(6.9%)		Medical Loss Ratio	91.3%	94.2%	(2.9%)	
5.4%	7.6%	2.2%		Administrative Loss Ratio	4.7%	6.4%	1.7%	
4.4%	(4.7%)	9.1%		Operating Margin Ratio	4.1%	(0.6%)	4.6%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
90.3%	97.1%	(6.9%)		*MLR (excluding Directed Payments)	90.6%	94.2%	(3.6%)	
5.4%	7.6%	2.2%		*ALR (excluding Directed Payments)	5.0%	6.4%	1.4%	

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

Financial Highlights Notes:

May 2024

- Notable events/items in May 2024
 - \$143.3 million of Hospital Quality Assurance Fee (HQAF) paid out. This was a pass-through item with minimum impact to CalOptima Health's Change in Net Assets.
 - \$16.9 million of Skilled Nursing Facility (SNF) Workforce & Quality Incentive Program (WQIP) paid out.

FY 2023-24: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) May 2024: \$36.3 million, favorable to budget \$50.0 million or 364.1%
 - Year To Date (YTD) July 2023 – May 2024: \$310.1 million, favorable to budget \$339.8 million or 1,145.8% due to favorable performance and net investment income
- Enrollment
 - MTD: 923,029 members, favorable to budget 98,168 or 11.9%
 - YTD: 10,489,525 member months, favorable to budget 506,019 or 5.1%

FY 2023-24: Management Summary (cont.)

○ Revenue

- MTD: \$389.0 million, favorable to budget \$76.3 million or 24.4% driven by the Medi-Cal (MC) Line of Business (LOB)
 - Due to favorable enrollment, membership mix and capitation rates from the Department of Health Care Services (DHCS) and true-up of maternity kick supplemental payments due to logic update
- YTD: \$4,437.4 million, favorable to budget \$729.8 million or 19.7%
 - Driven primarily by Hospital Directed Payments (DP), CalAIM Incentive Payment Program (IPP), Housing and Homelessness Incentive Program (HHIP), favorable membership mix and capitation rates from DHCS

FY 2023-24: Management Summary (cont.)

○ Medical Expenses

- MTD: \$351.2 million, unfavorable to budget \$47.4 million or 15.6%
 - Professional Claims expense unfavorable variance of \$29.8 million due to Community Support (CS) services and increased utilization
 - Provider Capitation expense unfavorable variance of \$23.1 million due to volume, maternity kick claims true-up and post-Public Health Emergency (PHE) payments

- YTD: \$4,050.6 million, unfavorable to budget \$558.9 million or 16.0%
 - Driven primarily by Hospital DP, CS services, post-PHE payments and HHIP

FY 2023-24: Management Summary (cont.)

○ Administrative Expenses

- MTD: \$20.8 million, favorable to budget \$2.8 million or 11.9%
- YTD: \$206.6 million, favorable to budget \$30.1 million or 12.7%

○ Non-Operating Income (Loss)

- MTD: \$19.4 million, favorable to budget \$18.4 million or 1,854.5% due primarily to net investment income
- YTD: \$129.9 million, favorable to budget \$138.8 million or 1,554.5% due primarily to net investment income

FY 2023-24: Key Financial Ratios

- Medical Loss Ratio (MLR)
 - MTD: Actual 90.3% (90.3% excluding DP), Budget 97.1%
 - YTD: Actual 91.3% (90.6% excluding DP), Budget 94.2%
- Administrative Loss Ratio (ALR)
 - MTD: Actual 5.4% (5.4% excluding DP), Budget 7.6%
 - YTD: Actual 4.7% (5.0% excluding DP), Budget 6.4%
- Balance Sheet Ratios
 - Current ratio*: 1.6
 - Board Designated Reserve level: 1.76
 - Net-position: \$2.0 billion, including required Tangible Net Equity (TNE) of \$122.7 million

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

Enrollment Summary: May 2024

Actual	May 2024			Enrollment (by Aid Category)	Actual	July 2023 - May 2024		
	Budget	\$ Variance	% Variance			Budget	\$ Variance	% Variance
141,018	132,470	8,548	6.5%	SPD	1,554,619	1,512,550	42,069	2.8%
275,931	269,037	6,894	2.6%	TANF Child	3,194,497	3,244,215	(49,718)	(1.5%)
134,408	125,871	8,537	6.8%	TANF Adult	1,535,052	1,424,412	110,640	7.8%
2,558	3,116	(558)	(17.9%)	LTC	30,418	34,288	(3,870)	(11.3%)
341,555	265,804	75,751	28.5%	MCE	3,859,918	3,447,180	412,738	12.0%
9,913	10,582	(669)	(6.3%)	WCM	117,433	121,135	(3,702)	(3.1%)
905,383	806,880	98,503	12.2%	Medi-Cal Total	10,291,937	9,783,780	508,157	5.2%
17,159	17,478	(319)	(1.8%)	OneCare	192,598	194,491	(1,893)	(1.0%)
487	503	(16)	(3.2%)	PACE	4,990	5,235	(245)	(4.7%)
480	568	(88)	(15.5%)	MSSP	5,410	6,248	(838)	(13.4%)
923,029	824,861	98,168	11.9%	CalOptima Health Total	10,489,525	9,983,506	506,019	5.1%

*CalOptima Health Total does not include MSSP

Consolidated Revenue & Expenses: May 2024 MTD

	Medi-Cal Classic/WCM	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	563,828	341,555	905,383	17,159		487	480	923,029
REVENUES								
Capitation Revenue	\$ 206,521,921	\$ 135,642,652	\$ 342,164,574	\$ 42,519,810	\$ -	\$ 4,095,439	\$ 213,958	\$ 388,993,781
Total Operating Revenue	206,521,921	135,642,652	342,164,574	42,519,810	-	4,095,439	213,958	388,993,781
MEDICAL EXPENSES								
Provider Capitation	65,064,638	48,510,919	113,575,557	19,778,199				133,353,756
Claims	78,045,702	55,354,404	133,400,105	6,285,372	84,435	1,590,519		141,360,432
MLTSS	40,561,103	5,016,851	45,577,954		3,084	(12,041)	31,608	45,600,605
Prescription Drugs	-			9,417,660		583,367		10,001,026
Case Mgmt & Other Medical	10,631,365	6,312,938	16,944,303	2,560,971	(24,904)	1,237,078	181,969	20,899,418
Total Medical Expenses	194,302,808	115,195,112	309,497,920	38,042,203	62,615	3,398,924	213,576	351,215,237
Medical Loss Ratio	94.1%	84.9%	90.5%	89.5%	0.0%	83.0%	99.8%	90.3%
GROSS MARGIN	12,219,114	20,447,540	32,666,654	4,477,607	(62,615)	696,516	382	37,778,543
ADMINISTRATIVE EXPENSES								
Salaries & Benefits			11,870,896	1,067,243		159,354	91,600	13,189,092
Non-Salary Operating Expenses			3,648,976	430,631		144,072	1,333	4,225,012
Depreciation & Amortization			712,940			1,064		714,004
Other Operating Expenses			2,303,489	33,396		8,025	4,022	2,348,932
Indirect Cost Allocation, Occupancy			(610,897)	955,987		15,027	6,263	366,379
Total Administrative Expenses			17,925,404	2,487,256	-	327,542	103,218	20,843,419
Administrative Loss Ratio			5.2%	5.8%	0.0%	8.0%	48.2%	5.4%
Operating Income/(Loss)			14,741,250	1,990,351	(62,615)	368,974	(102,836)	16,935,124
Investments and Other Non-Operating				(14,242)				19,363,659
CHANGE IN NET ASSETS			\$ 14,727,008	\$ 1,990,351	\$ (62,615)	\$ 368,974	\$ (102,836)	\$ 36,298,783
BUDGETED CHANGE IN NET ASSETS			(11,489,591)	(3,059,799)	-	(105,995)	(78,595)	(13,743,249)
Variance to Budget - Fav/(Unfav)	\$ 26,216,599	\$ 5,050,150	\$ (62,615)	\$ 474,969	\$ (24,241)	\$ 50,042,033		

Consolidated Revenue & Expenses: May 2024 YTD

	Medi-Cal Classic/WCM	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	6,432,019	3,859,918	10,291,937	192,598		4,990	5,410	10,489,525
REVENUES								
Capitation Revenue	\$ 2,369,680,844	\$ 1,647,539,215	\$4,017,220,059	\$ 375,990,314	\$ (1,367,196)	\$ 43,188,193	\$ 2,353,532	\$ 4,437,384,901
Total Operating Revenue	2,369,680,844	1,647,539,215	4,017,220,059	375,990,314	(1,367,196)	43,188,193	2,353,532	4,437,384,901
MEDICAL EXPENSES								
Provider Capitation	655,746,996	522,358,085	1,178,105,080	163,037,627				1,341,142,707
Claims	845,294,947	541,698,185	1,386,993,132	71,174,454	117,631	17,725,025		1,476,010,242
MLTSS	472,120,020	61,941,334	534,061,354	-	(18,504)	(10,104)	288,327	534,321,074
Prescription Drugs	(11,660)		(11,660)	89,794,067	(1,822,942)	5,572,178		93,531,642
Case Mgmt & Other Medical	351,461,403	223,681,352	575,142,755	15,978,885	52,408	12,773,031	1,648,287	605,595,366
Total Medical Expenses	2,324,611,705	1,349,678,956	3,674,290,661	339,985,032	(1,671,407)	36,060,131	1,936,614	4,050,601,031
Medical Loss Ratio	98.1%	81.9%	91.5%	90.4%	122.3%	83.5%	82.3%	91.3%
GROSS MARGIN	45,069,138	297,860,259	342,929,398	36,005,281	304,210	7,128,062	416,918	386,783,870
ADMINISTRATIVE EXPENSES								
Salaries & Benefits			120,507,827	11,030,264	(0)	1,791,085	1,021,887	134,351,063
Non-Salary Operating Expenses			30,195,236	3,821,406	(4,364)	519,315	14,715	34,546,308
Depreciation & Amortization			7,184,064			12,365		7,196,429
Other Operating Expenses			25,628,740	686,970		93,095	63,310	26,472,115
Indirect Cost Allocation, Occupancy			(6,750,776)	10,515,853		165,238	68,890	3,999,205
Total Administrative Expenses			176,765,091	26,054,492	(4,364)	2,581,098	1,168,803	206,565,120
Administrative Loss Ratio			4.4%	6.9%	0.3%	6.0%	49.7%	4.7%
Operating Income/(Loss)			166,164,307	9,950,789	308,575	4,546,965	(751,885)	180,218,750
Investments and Other Non-Operating			(25,880)					129,911,824
CHANGE IN NET ASSETS			\$ 166,138,427	\$ 9,950,789	\$ 308,575	\$ 4,546,965	\$ (751,885)	\$ 310,130,573
BUDGETED CHANGE IN NET ASSETS			6,083,536	(25,985,673)	-	(11,385)	(810,392)	(29,655,876)
Variance to Budget - Fav/(Unfav)			\$ 160,054,891	\$ 35,936,462	\$ 308,575	\$ 4,558,350	\$ 58,507	\$ 339,786,449

Balance Sheet: As of May 2024

ASSETS		LIABILITIES & NET POSITION	
Current Assets		Current Liabilities	
Operating Cash	\$942,948,212	Accounts Payable	\$121,663,608
Short-term Investments	1,816,280,186	Medical Claims Liability	1,702,117,420
Receivables & Other Current Assets	586,117,414	Capitation and Withholds	168,796,501
Total Current Assets	3,345,345,813	Other Current Liabilities	91,446,930
		Total Current Liabilities	2,084,024,458
Capital Assets		Other Liabilities	
Capital Assets	176,264,688	GASB 96 Subscription Liabilities	16,955,572
Less Accumulated Depreciation	(80,373,854)	Postemployment Health Care Plan	19,466,727
Capital Assets, Net of Depreciation	95,890,834	Net Pension Liabilities	40,465,145
		Total Other Liabilities	76,887,444
Other Assets		TOTAL LIABILITIES	
Restricted Deposits	300,000		2,160,911,902
Board Designated Reserve	634,718,531	Deferred Inflows	11,175,516
Total Other Assets	635,018,531		
TOTAL ASSETS	4,076,255,178	Net Position	
		Required TNE	122,735,327
Deferred Outflows	75,969,067	Funds in Excess of TNE	1,857,401,500
		TOTAL NET POSITION	1,980,136,827
TOTAL ASSETS & DEFERRED OUTFLOWS	4,152,224,245	TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,152,224,245

Board Designated Reserve and TNE Analysis: As of May 2024

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	253,044,708				
	Tier 1 - MetLife	250,704,071				
Board Designated Reserve		503,748,780	382,646,422	599,238,601	121,102,358	(95,489,821)
	Tier 2 - Payden & Rygel	65,649,555				
	Tier 2 - MetLife	65,320,196				
TNE Requirement		130,969,751	122,735,327	122,735,327	8,234,424	8,234,424
	Consolidated:	634,718,531	505,381,749	721,973,928	129,336,782	(87,255,397)
	<i>Current reserve level</i>	<i>1.76</i>	<i>1.40</i>	<i>2.00</i>		

- On May 2, 2024, the Board approved modifications to GA.3001: Statutory and Board-Designated Reserve Funds effective June 1, 2024.

Spending Plan: As of May 2024

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 5/31/2024		\$1,980.1			100.0%
Resources Assigned	Board Designated Reserve ¹	\$634.7			32.1%
	Capital Assets, net of Depreciation ²	\$95.9			4.8%
Resources Allocated³	Homeless Health Initiative ⁴	\$17.8	\$61.7	43.9	0.9%
	Housing and Homelessness Incentive Program ⁴	26.5	87.4	60.8	1.3%
	Intergovernmental Transfers (IGT)	59.9	111.7	51.8	3.0%
	Digital Transformation and Workplace Modernization	52.8	100.0	47.2	2.7%
	Mind OC Grant (Orange)	0.0	1.0	1.0	0.0%
	CalFresh Outreach Strategy	0.3	2.0	1.7	0.0%
	CalFresh and Redetermination Outreach Strategy	2.2	6.0	3.8	0.1%
	Coalition of Orange County Community Health Centers Grant	30.0	50.0	20.0	1.5%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.2	0.5	0.3	0.0%
	General Awareness Campaign	2.0	4.7	2.7	0.1%
	Member Health Needs Assessment	1.1	1.3	0.2	0.1%
	Five-Year Hospital Quality Program Beginning MY 2023	138.4	153.5	15.1	7.0%
	Medi-Cal Annual Wellness Initiative	2.5	3.8	1.3	0.1%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.5%
	In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program	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	0.9%
	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	2.5%
	Distribution Event- Naloxone	2.5	15.0	12.5	0.1%
	Garden Grove Bldg. Improvement	10.1	10.5	0.4	0.5%
	Post-Pandemic Supplemental	24.3	107.5	83.2	1.2%
	CalOptima Health Community Reinvestment Program	37.1	38.0	0.9	1.9%
	Outreach Strategy for newly eligible Adult Expansion members	4.5	5.0	0.5	0.2%
	Quality Initiatives from unearned Pay for Value Program	23.3	23.3	0.0	1.2%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	1.0	1.0	0.0	0.1%
	Medi-Cal Provider Rate Increases	526.2	526.2	0.0	26.6%
	Subtotal:	\$1,048.5	\$1,417.8	\$369.3	52.9%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$201.1			10.2%

¹ Total of Board Designated Reserve and unallocated reserve amount can support approximately 71 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. Amount reported includes only portion funded by reserves

Homeless Health Initiative and Allocated Funds: As of May 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	780,255	183,006
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	3,421,240	6,467,674
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	10,076,652	6,088,877	3,987,775
Outreach and Engagement	7,000,000	-	7,000,000
Housing and Homelessness Incentive Program (HHIP) ²	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$101,800,000	\$43,949,325	\$57,850,675
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$61,700,000	\$43,949,325	\$17,750,675

Notes:

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

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

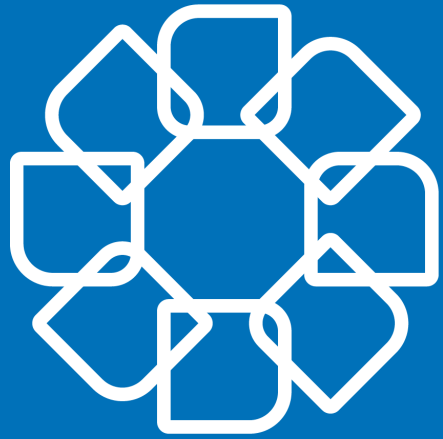
Housing and Homelessness Incentive Program As of May 2024

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	35,200,994	23,648,399	11,552,595	37,730,195 ¹
Existing Reserves & HHI Transfer	87,384,530	87,384,530	60,845,565	26,538,965	-
Total	160,315,719	122,585,524	84,493,965	38,091,560	37,730,195

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	800,000	418,000	382,000	HHI
Consultant	600,000	-	600,000	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,021,311	2,922,299	1,099,013	HHI & DHCS
Infrastructure Projects	5,832,314	5,321,731	510,583	HHI
Capital Projects	98,247,369	73,300,000	24,947,369	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	-	10,184,530	DHCS
Non-Profit Healthcare Academy	700,000	331,935	368,065	DHCS
Total of Approved Initiatives	\$122,585,524¹	\$84,493,965	\$38,091,560	

Notes:

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



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