



CalOptima Health

Financial Summary

January 31, 2025

Board of Director's Meeting

March 6, 2025

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: January 2025

January 2025				July 2024 - January 2025				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
915,151	900,180	14,971	1.7%	Member Months	6,392,580	6,303,938	88,642	1.4%
398,727,072	359,411,884	39,315,188	10.9%	Revenues	2,822,267,503	2,492,845,725	329,421,778	13.2%
354,104,305	355,767,909	1,663,604	0.5%	Medical Expenses	2,629,007,660	2,502,393,793	(126,613,867)	(5.1%)
23,715,309	26,138,683	2,423,374	9.3%	Administrative Expenses	145,245,575	171,309,235	26,063,660	15.2%
20,907,458	(22,494,708)	43,402,166	192.9%	Operating Margin	48,014,267	(180,857,303)	228,871,570	126.5%
				Non-Operating Income (Loss)				
15,418,624	6,666,660	8,751,964	131.3%	Net Investment Income/Expense	115,944,186	46,666,620	69,277,566	148.5%
(24,044)	(117,280)	93,236	79.5%	Net Rental Income/Expense	(355,949)	(820,960)	465,011	56.6%
(3,398)	-	(3,398)	(100.0%)	Net MCO Tax	(1,699)	-	(1,699)	(100.0%)
(815,467)	(1,178,825)	363,358	30.8%	Grant Expense	(13,356,363)	(8,160,866)	(5,195,497)	(63.7%)
1,404	-	1,404	100.0%	Other Income/Expense	70,850	-	70,850	100.0%
14,577,120	5,370,555	9,206,565	171.4%	Total Non-Operating Income (Loss)	102,301,025	37,684,794	64,616,231	171.5%
35,484,578	(17,124,153)	52,608,731	307.2%	Change in Net Assets	150,315,292	(143,172,509)	293,487,801	205.0%
88.8%	99.0%	(10.2%)		Medical Loss Ratio	93.2%	100.4%	(7.2%)	
5.9%	7.3%	1.3%		Administrative Loss Ratio	5.1%	6.9%	1.7%	
5.2%	(6.3%)	11.5%		Operating Margin Ratio	1.7%	(7.3%)	9.0%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
83.0%	94.1%	(11.1%)		*Adjusted MLR	87.4%	95.5%	(8.1%)	
5.9%	7.3%	1.3%		*Adjusted ALR	5.4%	6.9%	1.5%	

*Adjusted MLR /ALR excludes estimated Board-approved Provider Rate increases, Directed Payments and Community Reinvestment Accruals, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget.

Financial Highlights Notes: January 2025

- Notable events/items in January 2025
 - Revenue was estimated by utilizing the updated Calendar Year (CY) 2025 draft premium capitation rates from the Department of Health Care Services (DHCS)
 - CY 2025 draft rates came in favorable compared to our original budget. Staff anticipates additional rate amendments from DHCS due to program and member acuity changes
 - \$5.4 million in Student Behavioral Health Incentive Program (SBHIP) revenue recognized and paid during the month

FY 2024-25: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) January 2025: \$35.5 million, favorable to budget \$52.6 million or 307.2% primarily due to:
 - Favorable net investment income, enrollment and CY 2025 premium capitation rates
 - Year To Date (YTD) July 2024 – January 2025: \$150.3 million, favorable to budget \$293.5 million or 205.0% primarily due to:
 - Favorable net investment income, premium capitation rates and enrollment in the Medi-Cal (MC) Line of Business (LOB)

FY 2024-25: Management Summary (cont.)

○ Enrollment

- MTD: 915,151 members, favorable to budget 14,971 or 1.7%
- YTD: 6,392,580 member months, favorable to budget 88,642 or 1.4%

○ Revenue

- MTD: \$398.7 million, favorable to budget \$39.3 million or 10.9% primarily due to favorable enrollment, CY 2025 premium capitation rates and SBHIP
- YTD: \$2,822.3 million, favorable to budget \$329.4 million or 13.2% driven by MC LOB due to CY 2022 Hospital Directed Payments (DP), favorable enrollment and premium capitation rates

FY 2024-25: Management Summary (cont.)

○ Medical Expenses

- MTD: \$354.1 million, favorable to budget \$1.7 million or 0.5% driven by:
 - \$15.1 million in MC Facilities, Professional, and Managed Long-Term Services and Supports (MLTSS) Claims due to lower than expected utilization
 - Offset by:
 - \$5.4 million in MC Other Medical Expenses primarily due to CY 2025 Community Reinvestment and Quality Achievement accruals
 - \$4.9 million in MC Provider Capitation due to AltaMed's transition to HMO
 - \$4.2 million in MC Incentive Payments expenses due to SBHIP payments

FY 2024-25: Management Summary (cont.)

- Medical Expenses (cont.)
 - YTD: \$2,629.0 million, unfavorable to budget \$126.6 million or 5.1% driven by:
 - \$164.8 million in MC Other Medical Expenses due primarily to CY 2022 Hospital DP and CY 2025 Community Reinvestment and Quality Achievement accruals
 - Offset by \$16.4 million in MC Incentive Payments expenses due to the timing of Hospital Quality Program (HQP) accruals

FY 2024-25: Management Summary (cont.)

○ Administrative Expenses

- MTD: \$23.7 million, favorable to budget \$2.4 million or 9.3%
- YTD: \$145.2 million, favorable to budget \$26.1 million or 15.2%

○ Non-Operating Income (Loss)

- MTD: \$14.6 million, favorable to budget \$9.2 million or 171.4% primarily due to net investment income of \$8.8 million
- YTD: \$102.3 million, favorable to budget \$64.6 million or 171.5% primarily due to favorable net investment income of \$69.3 million, offset by unfavorable grant expense of \$5.2 million

FY 2024-25: Key Financial Ratios

○ Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	88.8%	99.0%	(10.2%)
	Adjusted MLR*	83.0%	94.1%	(11.1%)
YTD	MLR	93.2%	100.4%	(7.2%)
	Adjusted MLR*	87.4%	95.5%	(8.1%)

○ Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	5.9%	7.3%	1.3%
	Adjusted ALR*	5.9%	7.3%	1.3%
YTD	ALR	5.1%	6.9%	1.7%
	Adjusted ALR*	5.4%	6.9%	1.5%

* Adjusted MLR/ALR excludes estimated Board-approved Provider Rate Increases, Directed Payments and Community Reinvestment Accruals, but include costs associated with DTS.

FY 2024-25: Key Financial Ratios (cont.)

○ Balance Sheet Ratios

- Current ratio*: 1.9
- Board Designated Reserve level: 2.92
- Statutory Designated Reserve level: 1.05
- Net-position: \$2.6 billion, including required Tangible Net Equity (TNE) of \$129.3 million

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

Enrollment Summary: January 2025

January 2025				Enrollment (by Aid Category)	July 2024 - January 2025			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
147,236	137,885	9,351	6.8%	SPD	1,020,028	958,218	61,810	6.5%
265,619	271,904	(6,285)	(2.3%)	TANF Child	1,880,294	1,906,512	(26,218)	(1.4%)
131,708	138,169	(6,461)	(4.7%)	TANF Adult	918,001	965,465	(47,464)	(4.9%)
2,507	2,600	(93)	(3.6%)	LTC	17,429	18,245	(816)	(4.5%)
340,646	322,277	18,369	5.7%	MCE	2,364,937	2,263,266	101,671	4.5%
9,843	9,543	300	3.1%	WCM	68,010	66,913	1,097	1.6%
897,559	882,378	15,181	1.7%	Medi-Cal Total	6,268,699	6,178,619	90,080	1.5%
17,090	17,319	(229)	(1.3%)	OneCare	120,356	121,992	(1,636)	(1.3%)
502	483	19	3.9%	PACE	3,525	3,327	198	6.0%
533	568	(35)	(6.2%)	MSSP	3,522	3,976	(454)	(11.4%)
0	0	0	0.0%	Covered CA	0	0	0	0.0%
915,151	900,180	14,971	1.7%	CalOptima Health Total	6,392,580	6,303,938	88,642	1.4%

Note: MSSP enrollment is included in Medi-Cal Total.



Consolidated Revenue & Expenses: January 2025 MTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	897,559	17,090		502	533		915,151
REVENUES							
Capitation Revenue	\$ 357,619,458	\$ 36,232,949	\$ -	\$ 4,623,607	\$ 251,059	\$ -	\$ 398,727,072
Total Operating Revenue	357,619,458	36,232,949	-	4,623,607	251,059	-	398,727,072
MEDICAL EXPENSES							
Provider Capitation	116,284,008	15,584,301					131,868,310
Claims	128,145,167	6,828,260	(184,151)	1,760,384			136,549,659
MLTSS	41,390,297			4,846	39,371		41,434,514
Prescription Drugs		9,394,377		564,814			9,959,191
Case Mgmt & Other Medical	30,572,074	2,093,597		1,418,137	208,823		34,292,631
Total Medical Expenses	316,391,546	33,900,535	(184,151)	3,748,181	248,194	-	354,104,305
Medical Loss Ratio	88.5%	93.6%	0.0%	81.1%	98.9%	0.0%	88.8%
GROSS MARGIN	41,227,912	2,332,414	184,151	875,426	2,864	-	44,622,767
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	13,437,746	1,296,770		199,373	122,880		15,056,769
Non-Salary Operating Expenses	3,113,343	776,696		40,292	1,417		3,931,747
Depreciation & Amortization	735,753			1,003			736,756
Other Operating Expenses	3,374,444	219,421		11,672	8,001		3,613,538
Indirect Cost Allocation, Occupancy	(666,034)	1,019,094		16,799	6,639		376,498
Total Administrative Expenses	19,995,253	3,311,981	-	269,138	138,937	-	23,715,309
Administrative Loss Ratio	5.6%	9.1%	0.0%	5.8%	55.3%	0.0%	5.9%
Operating Income/(Loss)	21,232,659	(979,568)	184,151	606,288	(136,073)	-	20,907,458
Investments and Other Non-Operating	(1,994)						14,577,120
CHANGE IN NET ASSETS	\$ 21,230,665	\$ (979,568)	\$ 184,151	\$ 606,288	\$ (136,073)	\$ -	\$ 35,484,578
BUDGETED CHANGE IN NET ASSETS	(20,192,416)	(1,129,303)	-	(138,399)	(117,924)	(916,666)	(17,124,153)
Variance to Budget - Fav/(Unfav)	\$ 41,423,081	\$ 149,735	\$ 184,151	\$ 744,687	\$ (18,149)	\$ 916,666	\$ 52,608,731

Consolidated Revenue & Expenses: January 2025 YTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	6,268,699	120,356		3,525	3,522		6,392,580
REVENUES							
Capitation Revenue	\$ 2,554,971,986	\$ 238,295,364	\$ (3,197,365)	\$ 30,585,384	\$1,612,134	\$ -	\$ 2,822,267,503
Total Operating Revenue	2,554,971,986	238,295,364	(3,197,365)	30,585,384	1,612,134	-	2,822,267,503
MEDICAL EXPENSES							
Provider Capitation	797,430,624	101,974,263	(1,453,037)				897,951,850
Claims	923,882,801	42,906,351	(184,151)	11,187,791			977,792,792
MLTSS	344,027,689			83,147	260,873		344,371,710
Prescription Drugs		61,609,857		4,117,895			65,727,752
Case Mgmt & Other Medical	322,072,911	10,867,139		8,908,401	1,315,106		343,163,556
Total Medical Expenses	2,387,414,025	217,357,610	(1,637,188)	24,297,234	1,575,979	-	2,629,007,660
<i>Medical Loss Ratio</i>	93.4%	91.2%	51.2%	79.4%	97.8%	0.0%	93.2%
GROSS MARGIN	167,557,961	20,937,754	(1,560,177)	6,288,149	36,155	-	193,259,842
ADMINISTRATIVE EXPENSES							
Salaries & Benefits	79,969,756	7,659,276		1,183,775	711,732		89,524,539
Non-Salary Operating Expenses	24,718,086	3,600,259		404,382	9,940		28,732,668
Depreciation & Amortization	5,180,647			6,748			5,187,395
Other Operating Expenses	18,793,863	377,457		65,054	54,145		19,290,518
Indirect Cost Allocation, Occupancy	(5,505,592)	7,838,818		124,654	52,576		2,510,456
Total Administrative Expenses	123,156,760	19,475,809	-	1,784,612	828,394	-	145,245,575
<i>Administrative Loss Ratio</i>	4.8%	8.2%	0.0%	5.8%	51.4%	0.0%	5.1%
Operating Income/(Loss)	44,401,201	1,461,944	(1,560,177)	4,503,537	(792,239)	-	48,014,267
Investments and Other Non-Operating	69,151						102,301,025
CHANGE IN NET ASSETS	\$ 44,470,352	\$ 1,461,944	\$ (1,560,177)	\$ 4,503,537	\$ (792,239)	\$ -	\$ 150,315,292
BUDGETED CHANGE IN NET ASSETS	(169,662,466)	(8,606,907)	-	(875,151)	(796,113)	(916,666)	(143,172,509)
Variance to Budget - Fav/(Unfav)	\$ 214,132,818	\$ 10,068,851	\$ (1,560,177)	\$ 5,378,688	\$ 3,874	\$ 916,666	\$ 293,487,801

Balance Sheet: As of January 2025

ASSETS

Current Assets	
Operating Cash	\$470,286,895
Short-term Investments	1,717,421,060
Capitation Receivable	728,404,881
Receivables - Other	97,673,244
Prepaid Expenses	13,759,190
Total Current Assets	3,027,545,271
Capital Assets	
Capital Assets	192,809,346
Less Accumulated Depreciation	(91,301,191)
Capital Assets, Net of Depreciation	101,508,156
Other Assets	
Restricted Deposits	300,000
Board Designated Reserves	1,091,569,915
Statutory Designated Reserves	136,311,403
Total Other Assets	1,228,181,318
TOTAL ASSETS	4,357,234,744
Deferred Outflows	75,899,007
TOTAL ASSETS & DEFERRED OUTFLOWS	4,433,133,751

LIABILITIES & NET POSITION

Current Liabilities	
Accounts Payable	\$351,118,555
Medical Claims Liability	1,070,061,981
Accrued Payroll Liabilities	23,142,071
Deferred Revenue	44,342,333
Other Current Liabilities	-
Capitation and Withholds	128,169,083
Total Current Liabilities	1,616,834,023
Other Liabilities	
GASB 96 Subscription Liabilities	20,237,234
Community Reinvestment	128,162,741
Capital Lease Payable	266,593
Postemployment Health Care Plan	17,607,889
Net Pension Liabilities	45,981,359
Total Other Liabilities	212,255,816
TOTAL LIABILITIES	1,829,089,839
Deferred Inflows	8,646,445
Net Position	
Required TNE	129,294,670
Funds in Excess of TNE	2,466,102,797
TOTAL NET POSITION	2,595,397,467
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,433,133,751

Board Designated Reserve and TNE Analysis: As of January 2025

Board Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	545,821,093				
MetLife Tier One	545,748,822				
Board Designated Reserves	1,091,569,915	934,101,583	1,120,921,899	157,468,332	(29,351,985)

Current Reserve Level (X months of average monthly revenue)¹

2.92 2.50 3.00

Statutory Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	68,263,488				
MetLife Tier Two	68,047,915				
Statutory Designated Reserves	136,311,403	129,294,670	142,224,137	7,016,733	(5,912,734)

Current Reserve Level (X min. TNE)¹

1.05 1.00 1.10

¹ See CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds for more information.

Spending Plan: As of January 2025

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 1/31/2025		\$2,595.4			100.0%
Resources Assigned	Board Designated Reserve ¹	\$1,091.6			42.1%
	Statutory Designated Reserve ¹	\$136.3			5.3%
	Capital Assets, net of Depreciation ²	\$101.5			3.9%
Resources Allocated³	Homeless Health Initiative ³	\$16.0	\$61.7	\$45.7	0.6%
	Housing and Homelessness Incentive Program ³	22.1	87.4	65.3	0.9%
	Intergovernmental Transfers (IGT)	54.5	111.7	57.2	2.1%
	Digital Transformation and Workplace Modernization ⁴	43.2	100.0	56.8	1.7%
	Mind OC Grant (Orange)	0.1	1.0	0.9	0.0%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	2.0	6.0	4.0	0.1%
	Coalition of Orange County Community Health Centers Grant	20.0	50.0	30.0	0.8%
	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	1.2	4.7	3.5	0.0%
	Member Health Needs Assessment	1.1	1.3	0.2	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	127.1	153.5	26.4	4.9%
	Medi-Cal Annual Wellness Initiative	2.5	3.8	1.3	0.1%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.4%
	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 Grant	3.5	5.0	1.5	0.1%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	0.7%
	Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program Grant	2.1	2.7	0.6	0.1%
	CalOptima Health Provider Workforce Development Fund Grant	44.8	50.0	5.2	1.7%
	Distribution Event - Naloxone Grant	2.3	15.0	12.7	0.1%
	Garden Grove Bldg. Improvement	10.0	10.5	0.5	0.4%
	Post-Pandemic Supplemental	6.3	107.5	101.2	0.2%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.5%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	4.0	7.6	3.6	0.2%
	Quality Initiatives from unearned Pay for Value Program	19.2	23.3	4.1	0.7%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.7	1.0	0.3	0.0%
	Medi-Cal Provider Rate Increases	403.4	526.2	122.8	15.5%
	Homeless Prevention and Stabilization Pilot Program	0.3	0.3	0.0	0.0%
	Subtotal:	\$855.3	\$1,422.6	\$567.2	33.0%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$410.7			15.8%

¹ Total Designated Reserves and unallocated reserve amount can support approximately 142 days of CalOptima Health's current operations.

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

³ See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.

⁴ On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

Homeless Health Initiative and Allocated Funds: As of January 2025

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	871,058	92,203
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	3,883,740	6,005,173
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	10,076,652	7,327,227	2,749,425
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	\$45,740,977	\$56,059,023
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$61,700,000	\$45,740,977	\$15,959,023

Notes:

¹On March 7, 2024, CalOptima Health's Board of Directors approved \$5 million to expand the Street Medicine Program. \$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 (Anaheim) and Celebrating Life Community Health Center (Costa Mesa).

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

Housing and Homelessness Incentive Program

As of January 2025

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	54,930,994	28,988,750	25,942,244	18,000,195 ¹
Existing Reserves & HHI Transfer	87,384,530	87,384,530	65,316,753	22,067,777	-
Total	160,315,719	142,315,524	94,305,503	48,010,021	18,000,195

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	1,400,000	824,600	575,400	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,021,311	1,600,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,391,731	440,583	HHI
Capital Projects	108,247,369	77,195,575	31,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	4,863,856	5,320,674	DHCS
Non-Profit Healthcare Academy	700,000	508,429	191,571	DHCS
Total of Approved Initiatives	\$133,185,524¹	\$94,005,502	\$39,180,023	

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.



CalOptima Health

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