

Rec #	Recommendation	CalOptima Health Status	CalOptima Health's 60-Day Narrative Response <i>(250 words or less)</i>	CSA Due Date	CSA Status
1	<p>To ensure that it uses its existing surplus funds for the benefit of its members and to comply with county ordinance, by June 2024 CalOptima should create and implement a detailed plan to spend its surplus funds for expanding access, improving benefits, or augmenting provider reimbursement, or for a combination of these purposes. This plan should be reviewed by its board and approved in a public board meeting.</p>	<p>Not Fully Implemented</p>	<p>CalOptima Health senior leadership will continue to report to the Finance and Audit Committee and the Board of Directors on the status of reserves and expenditures, including a written report in the publicly available Board materials. The Board will review levels of total assets and Board-designated reserve funds on an annual basis, at minimum, during the development of the strategic plan and the annual operating budget.</p> <p><i>During this review, the Board will assess resources to be used for the purposes of expanding access, improving benefits, and/or augmenting provider reimbursement. The Board will determine when a spending plan(s) for various initiatives are appropriate.</i></p> <p>CalOptima Health has been drastically accelerating our efforts to improve access and quality of health care for the most vulnerable residents in Orange County. These efforts continued with the Board’s approval to allocate \$182 million in reserves at the June 1, 2023, CalOptima Health Board of Directors Meeting. The Board of Directors has and will continue to take separate actions to allocate available funds, and to do so wisely in a manner that best serves our members.</p> <p>As communicated previously, CalOptima Health must ensure tactical use of government funds to support our members and providers. It would not be fiscally prudent to spend all unallocated funds above the minimum reserve requirement within a defined period.</p>	<p>June 2024</p>	<p>TBD</p>

Rec #	Recommendation	CalOptima Health Status	CalOptima Health's 60-Day Narrative Response (250 words or less)	CSA Due Date	CSA Status
2	<p>To comply with county ordinance and to ensure that in the future it does not accumulate surplus funds in excess of its reserve policy, by June 2023 CalOptima should adopt a surplus funds policy or amend its policy for board designated reserves to provide that if surplus funds accrue, CalOptima will use those funds to expand access, improve member benefits, or augment provider reimbursement, or for a combination of these purposes. The policy should require that the board review the amount of surplus funds each year when it receives CalOptima's audited financial statements and direct staff to create an annual spending plan subject to the board's approval to use those funds within the next 12 months.</p>	Not Fully Implemented	<p>The CalOptima Health Board of Directors reviewed the current reserve policy at the June 1, 2023, Board of Directors meeting. In addition to the current reserve policy, the Board reviewed CalOptima Health's reserve position in comparison to other Medi-Cal managed care plans, reviewed scenarios for different minimum reserve levels and discussed pending DHCS financial performance guidance in the upcoming 2024 Medi-Cal contract. The Board directed staff to return with additional information on the status of the enacted State Budget and the federal debt ceiling negotiations, and DHCS's financial performance requirement. In light of this additional information, the Board will review and direct staff to formalize the current reserve process into policy at the September Board of Directors meeting.</p> <p>Given sufficient reserves are needed to provide stability in healthcare delivery, the minimum threshold, pending Board of Directors' adoption, does not mandate that reserves be drawn down to this level. The Board shall have discretion on the appropriate reserve level, above the minimum threshold, taking into account current and future economic conditions.</p> <p>The Board reviews levels of total assets and Board-designated reserve funds on an annual basis, at minimum, during the annual operating budget. During this review, the Board will assess resources to be used for the purposes of expanding access, improving benefits, and/or augmenting provider reimbursement. CalOptima Health must ensure tactical use of government funds to support our members and providers. It would not be fiscally prudent to spend all unallocated funds above the minimum reserve requirement within a defined period.</p>	June 2023	TBD
3	<p>To ensure that it can determine whether funds allocated to initiatives intended to improve the health of CalOptima members experiencing homelessness are accomplishing their intended purpose, by June 2023 CalOptima should develop a policy that requires it to do the following when spending those funds or allocating funds for that purpose in the future:</p> <ul style="list-style-type: none"> • Establish one or more goals for the use of the funds. • Establish one or more metrics signifying the successful accomplishment of its goals. • Measure progress toward the established metric and provide the board with periodic updates on the effectiveness of its use of funds based on those measurements. 	Fully Implemented	<p>CalOptima Health developed policy AA.1400: Grant Management (Attachment A1). This policy outlines the criteria and expectations to ensure consistency and accountability in managing discretionary Grant funding disbursed by CalOptima Health. CalOptima Health's Board of Directors approved the implementation of this policy on May 4, 2023.</p>	June 2023	TBD

CSA Audit Status Update (as of 7/1/23)

Rec #	Recommendation	CalOptima Health Status	CalOptima Health's 60-Day Narrative Response (250 words or less)	CSA Due Date	CSA Status
4	To ensure that members of CalOptima's board do not violate state law by entering into employment contracts made by the board on which they serve, by June 2023 CalOptima should amend its bylaws to prohibit all CalOptima board members from being employed by CalOptima for a period of one year after their term on the board ends.	Will Not Implement	CalOptima Health's By Laws reference and restrict Board Members' employment with the Agency pursuant to Section 14087.59 W&I and Section 1090 of the Government Code. Neither statutory provision includes a blanket restriction of employment with CalOptima Health for one year for all Board Members.	June 2023	TBD
5	To better protect itself from criticism about the objectivity, appropriateness, and transparency of its hiring practices and to help ensure that CalOptima attracts and selects the most qualified candidates, by June 2023 CalOptima's board should adopt a policy that governs its hiring processes for all positions, including executive positions. Such a policy should incorporate best practices, including the minimum length of time that CalOptima will advertise job openings, the minimum number of qualified candidates CalOptima will interview for each position, and a requirement that it will use the same interview method for each candidate for a position. These steps should be documented for each recruitment.	Fully Implemented	CalOptima Health developed policy GA.8060: Recruitment, Selection, and Hiring (Attachment A1). This policy incorporates best practices, including the minimum length of time that CalOptima Health will advertise job openings, the minimum number of qualified candidates CalOptima Health will interview for each position, and a requirement that it will use the same interview method for each candidate for a position. CalOptima Health's Board of Directors approved the implementation of this policy on May 4, 2023.	June 2023	TBD
6	To reduce the risk that it does not appropriately evaluate allegations of fraud, waste, and abuse and report them to DHCS, by June 2023 the FWA unit should revise its written procedures to clearly specify the types of cases that should be addressed through investigations and the types that should be addressed through monitoring activities. In addition, it should establish written procedures for conducting monitoring activities.	Fully Implemented	CalOptima Health updated policy HH.1107: Fraud, Waste, and Abuse Investigation and Reporting (Attachment A1). This policy has been updated to clearly specify that all allegations of suspected FWA shall be preliminarily researched, and all allegations received shall be documented in a FWA tracking log within one (1) business day. Allegations for which sufficient information is initially provided or garnered through preliminary investigation will undergo a full investigation. CalOptima Health's Board of Directors approved the implementation of this policy on June 1, 2023.	June 2023	TBD

Rec #	Recommendation	CalOptima Health Status	CalOptima Health's 60-Day Narrative Response (250 words or less)	CSA Due Date	CSA Status
7	To help ensure the maintenance of an atmosphere free from fear of retaliation for reporting misconduct, by October 2023 and annually thereafter, CalOptima should conduct or contract for an anonymous survey of staff and contractors to determine whether they understand how to make such reports and feel comfortable doing so.	Not Fully Implemented	<p>CalOptima Health launched a 2023 Best Places to Work Survey in March, 2023. An announcement was sent on March 15, 2023 to "All Email Users" stating that we would be participating in the 2023 Best Places to Work Survey from March 31, 2023 - April 21, 2023 (Attachment A1). This survey included questions developed by CalOptima Health's Compliance and Human Resources departments regarding retaliation (Attachment A2). In the weekly "Week Ahead" emails starting March 27th CalOptima Health's Human Resources sent an email to "All Email Users" encouraging employees to participate in the survey (Attachment A3). As of April 21st, CalOptima Health had a completion rate of 66% (Attachment A4). CalOptima Health will not know the final completion rate of the survey until late July.</p> <p>CalOptima Health is in the process of updating CalOptima Health policy HH. 3012 Non-retaliation for Reporting Violations to include a requirement for conducting an annual survey for all staff. This policy remains on track for October 2023.</p>	October 2023	TBD