

# Board of Directors Meeting Highlights

May 3, 2018

## FY 2018–19 Budget Will Hold Provider Rates Steady

CalOptima Chief Executive Officer Michael Schrader made a major financial announcement when he stated that CalOptima will not include a Medi-Cal provider rate reduction in the FY 2018–19 budget. Just days before this news, CalOptima had received its draft rates from the state, and the anticipated reduction for Medi-Cal Expansion members was not included, according to Greg Hamblin, Chief Financial Officer. Therefore, CalOptima will be able to hold provider rates steady with FY 2017–18 rates. The next step of the budget process will be the Finance and Audit Committee meeting on May 17, 2018, at which time staff will present the budget in detail. Then, on June 7, 2018, staff will seek approval of the budget from the full CalOptima Board.

## Medical Loss Ratio (MLR) Audit Shows Aggregate Health Network Spending at 91 Percent

Mr. Schrader reported that CalOptima is in the process of completing an MLR audit of our contracted health networks. The goal of the audit is to determine whether an appropriate portion of health networks' capitation pays for medical services. Health network contracts obligate them to spend 85 percent or more of their capitation revenue on member health expenses. Based on preliminary analysis, the aggregate MLR for all health networks is 91 percent, which is good news showing that networks took less than the maximum 15 percent for administrative costs and profit. Going forward, CalOptima plans to conduct MLR audits of the networks annually.

## Board Authorizes Reallocation of Intergovernmental Transfer (IGT) Funds for Personal Care Coordinators (PCCs)

Since May 2014, CalOptima's successful PCC program has been a central feature of CalOptima's model of care. PCCs assist members with navigating the health care system to ensure they have access to preventive care and treatment. CalOptima used dollars from multiple IGT transactions that are due to expire between now and June. The CalOptima Board approved two actions: 1) Extend the timeline to use IGT 2 dollars to fund the PCCs until exhausted (estimated to be September/October 2018) and 2) Allocate IGT 2 funds for PCCs for all CalOptima member populations, including OneCare, OneCare Connect, Seniors and Persons with Disabilities (SPDs) and all other vulnerable CalOptima populations. Given that this action only funds PCCs through September 2018, the FY 2018–19 budget that will be presented to the Board on June 7 will include a request for funding to continue from October 2018 to June 30, 2019.

## CalOptima to Support Iranian Community Event

The Board approved CalOptima staff participation in and financial support for the Orange County Iranian American Chamber of Commerce and Alzheimer's Orange County's OC Iranian Health Expo in June. This is the first time CalOptima has received a request to sponsor the Orange County Iranian Health Expo.

## 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 Connect Cal MediConnect Plan (Medicare-Medicaid Plan), OneCare (Medicare Advantage Special Needs Plan), and the Program of All-Inclusive Care for the Elderly (PACE).

If you have any questions, 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

Bárbara Kidder García  
Senior Policy Analyst  
Government Affairs  
657-900-1390  
barbara.kidder@caloptima.org