

**NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
PROVIDER ADVISORY COMMITTEE**

**THURSDAY, MARCH 9, 2017
8:00 A.M.**

**CALOPTIMA
505 CITY PARKWAY WEST, SUITE 109-N
ORANGE, CALIFORNIA 92868**

AGENDA

This agenda contains a brief, general description of each item to be considered. The Committee may take any action on all items listed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

Information related to this agenda may be obtained by contacting the CalOptima Clerk of the Board at 714.246.8806 or by visiting our website at www.caloptima.org. In compliance with the Americans with Disabilities Act, those requiring special accommodations for this meeting should notify the Clerk of the Board's office at 714.246.8806. Notification at least 72 hours prior to the meeting will allow time to make reasonable arrangements for accessibility to this meeting.

I. CALL TO ORDER

Pledge of Allegiance

II. ESTABLISH QUORUM

III. APPROVE MINUTES

A. Approve Minutes of the February 9, 2017 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC)

IV. PUBLIC COMMENT

At this time, members of the public may address the Committee on general topics. Public Comment on posted item(s) will follow staff presentation of the item(s) to the Committee. If you wish to speak on an item contained in the agenda, please complete a Public Comment Request Form(s) identifying the item(s) and submit the form to the assistant to the PAC. When addressing the Committee, it is requested that you state your name for the record. Please address the Committee as a whole through the Chair. Comments to individual Committee members or staff are not permitted. Speakers will be limited to three (3) minutes.

V. REPORTS

None

VI. CEO AND MANAGEMENT REPORTS

- A. Chief Executive Officer (CEO) Update
- B. Chief Operating Officer (COO) Update
- C. Chief Medical Officer (CMO) Update

VII. INFORMATION ITEMS

- A. Federal and State Legislative Update
- B. Whole Person Care Pilot
- C. PAC Member Updates

VIII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' PROVIDER ADVISORY COMMITTEE

February 9, 2017

A Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC) was held on Thursday, February 9, 2017, at the CalOptima offices located at 505 City Parkway West, Orange, California.

CALL TO ORDER

Teri Miranti, PAC Chair, called the meeting to order at 8:04 a.m., and Steven Flood led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Anjan Batra, M.D.; Donald Bruhns; Theodore Caliendo, M.D.; Stephen N. Flood; Pamela Kahn, R.N.; Teri Miranti; John Nishimoto, O.D.; Pamela Pimentel, R.N.; Suzanne Richards, RN, MBA, FACHE; Barry Ross, R.N., MPH, MBA; Jacob Sweidan, M.D.

Members Absent: Alan Edwards, M.D.; Jena Jensen; George Orras, Ph.D., FAAP; Mary Pham, Pharm.D., CHC

Others Present: Ladan Khamseh, Chief Operating Officer; Nancy Huang, Interim Chief Financial Officer; Gary Crockett, Chief Counsel; Candice Gomez, Executive Director, Program Implementation; Tracy Hitzeman, Executive Director, Clinical Operations; Caryn Ireland, Executive Director, Quality Analytics; Donald Sharps, M.D., Director, Behavioral Health Services; Cheryl Simmons, Staff to the PAC

MINUTES

Approve the Minutes of the December 8, 2016 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee

Action: On motion of Member Ross, seconded and carried, the Committee approved the minutes of the December 8, 2016 meeting. (Motion carried 11-0-0; Members Edwards, Jensen, Orras and Pham absent)

PUBLIC COMMENTS

No requests for public comment were received.

CEO AND MANAGEMENT REPORTS

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer, provided an update on the ongoing Department of Healthcare Services (DHCS) and Department of Managed Healthcare (DMHC) audits. Ms. Khamseh reported that in January 2017, the Governor released his proposed budget for Fiscal Year 2017-18. The proposed budget includes the continuation of Cal MediConnect (CMC) Program, including the OneCare Connect (OCC) program in Orange County, until December 31, 2019. The proposed budget discontinues the broader Coordinated Care Initiative (CCI) on January 1, 2018, and returns the In-Home Supportive Services (IHSS) program to the counties.

Chief Medical Officer Update

Richard Bock, M.D., Deputy Chief Medical Officer provided an update on the rising opioid epidemic. Dr. Bock agreed to present additional information at an upcoming PAC meeting.

PAC Chair Miranti reordered the agenda to hear Agenda Item VII.C, Pay for Value Update.

Pay for Value Update

Caryn Ireland, Executive Director, Quality Analytics, and Dr. Richard Bock, Deputy Chief Medical Officer, presented the Pay for Value (P4V) results for measurement year 2015 (HEDIS 2016). The 2017 proposed program scoring and payment methodology will reward providers for performance improvement. PAC members reiterated that they are willing to work with CalOptima staff and the health networks to educate providers to improve overall scores. Ms. Ireland noted that staff planned to present the draft changes to the P4V Program to the Board of Directors' Quality Assurance Committee for review prior to submitting the program to the CalOptima Board of Directors for consideration.

Chief Financial Officer Update

Nancy Huang, Interim Chief Financial Officer, presented CalOptima's Financial Report for December 2016, including a review of the Health Network Enrollment Summary for the month of December 2016.

INFORMATION ITEMS

Magellan Healthcare Update

Donald Sharps, M.D., Director, Behavioral Health Services, provided an update on the CalOptima transition of Managed Behavioral Health Organization (MBHO) to Magellan. He noted that 274 contracts have been completed or received by Magellan. These represent 83 percent of the 327 providers initially recruited for contracts. These providers represent approximately 95 percent of those who have existing provider relationships with CalOptima members. PAC members were interested in learning how Magellan's providers are sharing medical records with the clinics and providers. Dr. Sharps encouraged the networks to invite Magellan to the Interdisciplinary Care Team meeting for members who have behavioral health needs. He also informed the PAC that the State is working on the Drug Medi-Cal program.

PAC Member Comments

Chair Miranti reminded the members to provide input on the PAC Report to the Board to staff for inclusion in the next report. She also reminded the members that nominations for the following open PAC seats will be accepted beginning March 1, 2017 through March 31, 2017: Community Health Centers, Hospital, Physician and Traditional/Safety Net Representatives. Nominations for PAC Chair and Vice Chair will also be accepted.

Chair Miranti reported that the draft 2017-18 PAC Goals and Objectives will be reviewed at the March 9, 2017 PAC meeting.

ADJOURNMENT

There being no further business before the Committee, Chair Miranti adjourned the meeting at 9:33 a.m.

/s/ Cheryl Simmons
Cheryl Simmons
Staff to the PAC

Approved: March 9, 2017

MEMORANDUM

DATE: March 2, 2017
TO: CalOptima Board of Directors
FROM: Michael Schrader, CEO
SUBJECT: CEO Report
COPY: Suzanne Turf, Clerk of the Board; Member Advisory Committee; Provider Advisory Committee; OneCare Connect Member Advisory Committee

Program of All-Inclusive Care for the Elderly (PACE)

In February 2016, CalOptima's Board outlined next steps for PACE expansion via the Alternative Care Setting (ACS) model once the Garden Grove center's financial performance and enrollment trends were positive. Before PACE expansion, the Board directed that the Finance and Audit Committee (FAC) first receive a thorough analysis of existing PACE operations and of the ACS model using Community-Based Adult Services (CBAS) centers as satellite locations. FAC has received two presentations sharing extensive data, most recently on February 16, 2017. Performance indicators show that CalOptima PACE is on solid financial and operational footing, with six months of breakeven or better financial results and enrollment growth bringing the census to 195 participants. As part of the expansion plan, the Board also approved the submission to regulators of a PACE Service Area Expansion application for south Orange County and the initiation of a Request for Proposal (RFP) process for PACE satellite locations, including CBAS centers. CalOptima is ready to begin these two steps as we strive to offer PACE's comprehensive, community-based care to a wider geographic population of frail seniors. In another step for the longer term, the Board directed that once the Garden Grove center reaches 80 percent capacity, staff should request that the Board consider authorizing additional centers. At this time, center capacity is approximately 600 participants, so the center is not yet near that benchmark. Given the community's interest in our PACE expansion plans, I am including an Information Item on your agenda this month and will provide periodic updates as the process moves forward.

Regulatory Audit

From February 6–17, approximately 20 Department of Health Care Services (DHCS) and Department of Managed Health Care (DMHC) auditors conducted a major yet routine regulatory review of CalOptima. DHCS evaluated Medi-Cal's compliance with our contract and regulations in the areas of utilization management, case management and care coordination, access and availability, member rights and responsibilities, quality improvement system, CalOptima organization and administration, facility site reviews, and medical records review. DMHC reviewed Medi-Cal's compliance with the Seniors and Persons with Disabilities 1115 Waiver and OneCare Connect's provision of Medicaid-based services, evaluating compliance in the areas of utilization management, continuity of care, availability and accessibility of services, member rights, and quality management. CalOptima expects that DHCS will distribute a draft

findings report sometime in April, followed by an exit conference. A final report is expected about four weeks after the exit conference.

OneCare Connect

Health plans participating in Cal MediConnect (CMC), including CalOptima, are pleased that Gov. Brown's proposed Fiscal Year 2017–18 state budget includes an extension of the program until December 31, 2019. Advocacy to ensure that the provision remains in the final budget is ongoing. Toward this end, Local Health Plans of California held a legislative briefing on February 14 in Sacramento. I gave a joint presentation with another health plan CEO focused on the positive impact CMC plans have had in reducing costs and increasing quality. About 25 key staff from regulatory agencies and legislative committees attended. Separately, I had the opportunity while in Washington, D.C., to provide an update about OneCare Connect for two Centers for Medicare & Medicaid Services (CMS) officials: Tim Engelhardt, Director, Federal Coordinated Health Care Office, and Cheri Rice, Acting Deputy Center Director for the Center for Medicare. In these meetings, I shared about the continuation of CMC in the proposed state budget and our recent program innovations, including a new initiative to improve the level of care for OneCare Connect members who reside in long-term care facilities. Both officials were pleased about our continued commitment to the dual-eligible population. Further, to highlight the value of OneCare Connect in our community, I contributed an opinion article to the Orange County Register about the benefits of coordinated care in improving care, lowering costs and enhancing the patient experience. The piece ran February 23 in the print edition and online [here](#).

Affordable Care Act (ACA)

CalOptima continues to track potential changes to the ACA provisions involving Medicaid expansion and to advocate for the best possible outcome for Orange County. In February, I participated in Washington, D.C., fly-in sponsored by the Association for Community Affiliated Plans and in meetings organized by Local Health Plans of California (LHPC). LHPC's public managed care plans, including CalOptima, met with key staff from the four congressional committees working on ACA changes: Senate Finance; Senate Health, Education, Labor and Pensions; House Energy and Commerce; and House Ways and Means. Staff was interested in learning about how managed care plans in California are able to provide high-quality, cost-effective care. They asked that LHPC stay in contact to serve as an information resource as the process of changing ACA moves forward. While in Washington, I also met with Reps. Mimi Walters, Alan Lowenthal, Lou Correa and Dana Rohrabacher, and staff to Reps. Ed Royce and Darrell Issa, and Sens. Dianne Feinstein and Kamala Harris. My focus was sharing the economic impact of Medi-Cal growth in Orange County. As you know, Medi-Cal expansion has resulted in 234,000 new CalOptima members and \$1.1 billion in revenue. These two facts were of significant interest to the delegation, especially given that CalOptima's public-private partnership has increased revenue to hospitals by \$227 million and to health networks by \$565 million. Members of Congress and their staff appreciated the information and requested that CalOptima continue to provide details about the local impact of any potential ACA changes.

Informational Series on Opioid Epidemic

At your November 2016 strategic planning session, your Board highlighted the growing epidemic of opioid abuse in Orange County and charged CalOptima with addressing the problem

in our member population. On March 3, a CalOptima Informational Series event will raise community awareness about the issue and share our efforts to prevent opioid abuse. Featured speakers will include Board Member Dr. Nikan Khatibi, a pain management specialist, as well as Richard Bock, M.D., CalOptima's Deputy Chief Medical Officer, Sandra Fair from Orange County Health Care Agency Behavioral Health Services, and Bharath Chakravarthy, M.D., of SafeRx OC. Approximately 150 attendees are expected, including providers, member advocates and community-based organizations.

ORANGE COUNTY WHOLE PERSON CARE (WPC) PILOT PROPOSAL

Melissa Tober
Manager, Strategic Projects
Orange County Health Care Agency

TARGET POPULATIONS

- Persons who are Homeless
- Persons who are Homeless & Living with Serious Mental Illness

OBJECTIVES

- Reduce inappropriate or unnecessary ER/Inpatient Utilization
- Meet needs in real-time – social, medical, emotional
- Increase readiness for Coordinated Entry Process
- Improve/Increase success in housing placement

WPC SERVICES TO ALL POPULATIONS

- Emergency Room Notification System
- Social Services Referral System
- Recuperative/Respite Care
- Hospital and Clinic Based Care Navigation/Coordination
- Managed Care Personal Services Coordinator

ADDITIONAL WPC SERVICES TO THE HOMELESS AND SMI POPULATIONS

- Dedicated resource(s) to seek out and secure housing opportunities
- Housing sustainability services, including peer support

PARTNERS

- CalOptima
- Health Care Agency's Behavioral Health Services
- Orange County Community Resources (Housing)
- 2-1-1 Orange County
- Illumination Foundation
- Safety Net Connect
- Community Clinics: Share Our Selves, Lestonnac, Buena Park, Hurtt Family Medical, Serve the People, & Korean Community Services
- Hospitals: St Jude, St. Joseph, Hoag, Mission, UCI, Saddleback Memorial, and Orange Coast Memorial

QUESTIONS

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**CalOptima Board of Directors'
Provider Advisory Committee
Goals and Objectives
FY 2017/2018**

GOALS AND OBJECTIVES FY 2017-2018			
CalOptima Strategic Priority	CalOptima Goals	CalOptima Objectives	PAC Activities
I. Innovation	Pursue innovative programs and services to optimize member access to care	1. Delivery System Innovation - Utilize pay-for performance, creative partnerships, sponsored initiatives and technology to empower networks and providers to drive innovation and improve member access.	<p>Increase overall outcome of HEDIS metrics for cancer screenings, diabetes care and preventive care by:</p> <p>1) Obtaining and reviewing quarterly reports from CalOptima Management for HEDIS and CAHPS indicators blinded by Networks and Community Health Centers</p> <p>2) PAC membership addressing their constituencies to set a goal to improve HEDIS performance metrics. PAC Members to discuss ideas collected from their constituencies to develop a plan to reach the goal.</p> <p>3) Coordinating data from the community and CalOptima using CalOptima's data warehouse.</p>
		2. Program Integration - Implement programs and services that create an integrated service experience for members, including an integrated physical and behavioral health service model.	<p>1) Monitor access and coordination of behavioral health and medical services through regular updates from CalOptima and Magellan.</p> <p>2) Continue Whole Person Care Model updates.</p>
		3. Program Incubation - Incubate new programs and pursue service approaches to address unmet member needs by sponsoring program pilots addressing areas such as substance abuse, behavioral health services, childhood obesity and complex conditions.	PAC will provide input into IGT funding recommendations prior to board approval.
II. Value	Maximize the value of care for members by ensuring quality in a cost effective way	1. Data Analytics Infrastructure - Establish robust IT infrastructure and integrated data warehouse to enable predictive modeling, effective performance accountability and data-based decision making.	PAC Members to identify three (3) burdensome administrative pain points to improve efficiencies and work with CalOptima Staff to address these.

**CalOptima Board of Directors'
Provider Advisory Committee
Goals and Objectives
FY 2017/2018**

GOALS AND OBJECTIVES FY 2017-2018			
CalOptima Strategic Priority	CalOptima Goals	CalOptima Objectives	PAC Activities
II. Value (Cont.)	Maximize the value of care for members by ensuring quality in a cost effective way (Cont.)	2. Pay for Value - Launch pay-for performance and quality incentive initiatives that encourage provider participation, facilitate accurate encounter data submissions, improved clinical quality and member experience outcomes, and the spread of best practices.	<p>Increase overall outcome of HEDIS metrics for cancer screenings, diabetes care and preventive care by:</p> <p>1) Obtaining and reviewing quarterly reports from CalOptima Management for HEDIS and CAHPS indicators blinded by Networks and Community Health Centers</p> <p>2) PAC membership addressing their constituencies to set a goal to improve HEDIS performance metrics. PAC Members to discuss ideas collected from their constituencies to develop a plan to reach</p> <p>3) Coordinating data from community and CalOptima using CalOptima's data warehouse.</p>
		3. Cost Effectiveness - Implement efficient systems and processes to facilitate better understanding of internal cost drivers, eliminate administrative redundancies, and promote effective and standardized internal practices.	Explore ideas to broaden access for hard to find providers.
III. Partnership and Engagement	Engage providers and community partners in improving the health status and experience of our members	1. Provider Collaboration - Enhance partnerships with networks, physicians and the Provider Advisory Committee to improve service to providers and members, expand access, and advance shared health priorities.	Provide timely input on key issues prior to Board decision.
		2. Member Engagement - Seek input from the Member Advisory Committee and plan's diverse membership to better understand member needs, and ensure the implementation of services and programs that strengthen member choice and experience and improve health outcomes.	Hold a joint MAC/PAC Meeting once a year to share information if MAC is agreeable.

**CalOptima Board of Directors'
Provider Advisory Committee
Goals and Objectives
FY 2017/2018**

GOALS AND OBJECTIVES FY 2017-2018			
CalOptima Strategic Priority	CalOptima Goals	CalOptima Objectives	PAC Activities
III. Partnership and Engagement (Cont.)	Engage providers and community partners in improving the health status and experience of our members (Cont.)	3. Community Partnerships - Establish new organizational partnerships and collaborations to understand, measure and address social determinants of health that lead to health disparities among the plan's vulnerable populations.	Review quarterly reports from CalOptima Management for HEDIS and CAHPS indicators blinded by Networks and Community Health Centers
		4. Shared Advocacy - Utilize provider and community relationships to educate stakeholders about health policy issues impacting the safety-net delivery system and community members, and promote the value of CalOptima to members, providers, and the broader population health of the Orange County Community.	Support Board and CalOptima to proactively respond to ACA, OCC and Cal MediConnect changes.

Charge of the Advisory Committees pursuant to Resolution No. 2-14-95:

1. Provide advice and recommendations to the Board on issues concerning CalOptima as directed by the Board.
2. Engage in study, research and analysis on issues assigned by the Board or generated by the committees.
3. Serve as liaisons between interested parties and the Board.
4. Assist the Board in obtaining public opinion on issues related to CalOptima.
5. Initiate recommendations on issues of study to the Board for their approval and consideration.
6. Facilitate community outreach for CalOptima and the CalOptima Board.



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Financial Summary

January 2017

Nancy Huang
Interim Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- January 2017 MTD:
 - Overall enrollment was 795,352 member months
 - Actual lower than budget by 9,556 or 1.2%
 - Medi-Cal: unfavorable variance of 4,253 members
 - Decrease in Child and TANF members
 - OneCare Connect: unfavorable variance of 5,417 members
 - 0.6% or 4,649 decrease from prior month
 - Medi-Cal: decrease of 4,215 from December
 - OneCare: increase of 29 from December
 - PACE: increase of 1 from December
 - OneCare Connect: decrease of 464 from December

FY 2016-17: Consolidated Enrollment

- January 2017 YTD:

- Overall enrollment was 5,587,581 member months
 - Actual lower than budget by 25,693 or 0.5%
 - Medi-Cal: favorable variance of 5,893 members
 - Medi-Cal Expansion (MCE) growth higher than budget
 - SPD enrollment higher than budget due to less than anticipated dual eligible members transferring to OneCare Connect
 - Offset by lower than budget TANF enrollment
 - OneCare Connect: unfavorable variance of 31,638 members or 20.5%
 - OneCare: favorable variance of 47 members or 0.6%
 - PACE: favorable variance of 5 members or 0.4%

FY 2016-17: Consolidated Revenues

- January 2017 MTD:

- Actual lower than budget by \$14.3 million or 5.1%
 - Medi-Cal: favorable to budget by \$9.4 million
 - \$9.4 million of LTC revenue for non-LTC members
 - OneCare Connect: unfavorable variance of \$23.9 million or 54.6%
 - Unfavorable price variance of \$13.0 million
 - CMC Medicare Part A and B rate decreases due to base rate and RAF score changes
 - CMC Medi-Cal adjustments related to prior year updates
 - CMC Medi-Cal member mix true-up for February 2016 through current period
 - Unfavorable volume variance of \$10.9 million
 - OneCare: favorable to budget by \$0.2 million

FY 2016-17: Consolidated Revenues (con't.)

- January 2017 YTD:
 - Actual lower than budget by \$24.9 million or 1.3%
 - Medi-Cal: favorable to budget by \$76.4 million
 - OneCare Connect: unfavorable variance of \$101.8 million
 - Medi-Cal revenue unfavorable \$35.3 million
 - Medicare revenue unfavorable \$66.6 million

FY 2016-17: Consolidated Medical Expenses

- January 2017 MTD:
 - Actual lower than budget by \$13.3 million or 4.9%
 - Medi-Cal: unfavorable variance of \$4.7 million
 - MLTSS unfavorable variance \$7.1 million
 - LTC unfavorable variance \$5.5 million
 - \$3.5 million higher LTC Claim expense due to less than anticipated members enrolling in OneCare Connect
 - \$2.0 million variance from FY17 mandated rate increase
 - IHSS related unfavorable variance approximately \$1.4 million
 - Professional Claims favorable variance of \$4.5 million related to the transition of mental health services to capitation
 - OneCare Connect: favorable variance of \$18.0 million
 - Favorable price variance of \$7.6 million
 - Lower than budget in LTC and prescription drug categories
 - Favorable volume variance of \$10.4 million

FY 2016-17: Consolidated Medical Expenses (Cont.)

- January 2017 YTD:

- Actual lower than budget by \$4.1 million or 0.2%
 - Medi-Cal: unfavorable variance of \$88.8 million
 - Unfavorable price variance of \$87.1 million
 - IHSS estimated expense \$37.3 million higher than budget
 - Long Term Care expense \$31.9 million higher than budget
 - Facilities expense \$17.5 million higher than budget
 - Unfavorable volume variance of \$1.7 million
 - OneCare Connect: favorable variance of \$91.6 million
 - Favorable volume variance of \$61.1 million
 - Favorable price variance of \$30.5 million

- Medical Loss Ratio (MLR):

- January 2017 MTD: Actual: 97.0% Budget: 96.8%
- January 2017 YTD: Actual: 96.8% Budget: 95.8%

FY 2016-17: Consolidated Administrative Expenses

- January 2017 MTD:

- Actual lower than budget by \$1.6 million or 13.3%
 - Salaries and Benefits: favorable variance of \$1.1 million
 - Other categories: favorable variance of \$0.5 million

- January 2017 YTD:

- Actual lower than budget by \$16.8 million or 20.7%
 - Salaries and Benefits: favorable variance of \$11.5 million driven by lower than budgeted FTE
 - Other categories: favorable variance of \$5.3 million

- Administrative Loss Ratio (ALR):

- January 2017 MTD: Actual: 3.8% Budget: 4.2%
- January 2017 YTD: Actual: 3.3% Budget: 4.1%

FY 2016-17: Change in Net Assets

- January 2017 MTD:

- \$0.4 million surplus
- \$2.9 million favorable to budget
 - Lower than budgeted revenue of \$14.3 million
 - Lower than budgeted medical expenses of \$13.3 million
 - Lower than budgeted administrative expenses of \$1.6 million
 - Higher than budgeted investment income of \$2.2 million

- January 2017 YTD:

- \$3.4 million surplus
- \$0.3 million favorable to budget
 - Lower than budgeted revenue of \$24.9 million
 - Lower than budgeted medical expenses of \$4.1 million
 - Lower than budgeted administrative expenses of \$16.8 million
 - Higher than budgeted investment income of \$3.9 million

Enrollment Summary:

January 2017

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
59,480	55,713	3,767	6.8%	Aged	408,415	386,649	21,766	5.6%
613	678	(65)	(9.6%)	BCCTP	4,357	4,736	(379)	(8.0%)
48,701	47,356	1,345	2.8%	Disabled	339,785	332,129	7,656	2.3%
330,849	342,494	(11,645)	(3.4%)	TANF Child	2,339,362	2,381,385	(42,023)	(1.8%)
99,852	109,062	(9,210)	(8.4%)	TANF Adult	715,861	766,532	(50,671)	(6.6%)
3,276	2,718	558	20.5%	LTC	22,844	18,855	3,989	21.2%
234,747	223,750	10,997	4.9%	MCE	1,624,689	1,559,137	65,552	4.2%
777,518	781,771	(4,253)	(0.5%)	Medi-Cal	5,455,313	5,449,420	5,893	0.1%
16,346	21,763	(5,417)	(24.9%)	OneCare Connect	122,449	154,087	(31,638)	(20.5%)
184	195	(11)	(5.6%)	PACE	1,265	1,260	5	0.4%
1,304	1,179	125	10.6%	OneCare	8,554	8,507	47	0.6%
795,352	804,908	(9,556)	(1.2%)	CalOptima Total	5,587,581	5,613,274	(25,693)	(0.5%)

Financial Highlights: January 2017

Month-to-Date

Actual	Budget	\$ Variance	% Variance
795,352	804,908	(9,556)	(1.2%)
267,340,029	281,612,948	(14,272,919)	(5.1%)
259,238,500	272,572,197	13,333,697	4.9%
10,148,296	11,706,304	1,558,008	13.3%
(2,046,768)	(2,665,553)	618,785	(23.2%)
2,408,040	132,617	2,275,423	1715.8%
361,272	(2,532,936)	2,894,208	114.3%

97.0%	96.8%	(0.2%)
3.8%	4.2%	0.4%
<u>(0.8%)</u>	<u>(0.9%)</u>	0.2%
100.0%	100.0%	

Member Months
Revenues
Medical Expenses
Administrative Expenses
Operating Margin
Non Operating Income (Loss)

Change in Net Assets

Medical Loss Ratio
Administrative Loss Ratio
Operating Margin Ratio
Total Operating

Year-to-Date

Actual	Budget	\$ Variance	% Variance
5,587,581	5,613,274	(25,693)	(0.5%)
1,947,527,539	1,972,468,212	(24,940,673)	(1.3%)
1,884,936,793	1,889,058,571	4,121,778	0.2%
64,478,319	81,319,321	16,841,003	20.7%
(1,887,572)	2,090,319	(3,977,892)	(190.3%)
5,314,453	992,117	4,322,336	435.7%
3,426,881	3,082,436	344,444	11.2%

96.8%	95.8%	(1.0%)
3.3%	4.1%	0.8%
<u>(0.1%)</u>	<u>0.1%</u>	(0.2%)
100.0%	100.0%	

Consolidated Performance Actual vs. Budget: January 2017 (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
3.8	(1.9)	5.6	Medi-Cal	1.1	1.1	0.0
0.2	0.0	0.2	OneCare	(0.2)	0.2	(0.4)
(5.9)	(0.6)	(5.3)	OCC	(3.5)	2.4	(5.9)
<u>(0.2)</u>	<u>(0.2)</u>	<u>0.0</u>	PACE	<u>0.7</u>	<u>(1.6)</u>	<u>2.3</u>
(2.1)	(2.7)	0.6	Operating	(1.9)	2.1	(4.0)
<u>2.4</u>	<u>0.1</u>	<u>2.3</u>	Inv./Rental Inc, MCO tax	<u>5.4</u>	<u>1.0</u>	<u>4.4</u>
2.4	0.1	2.3	Non-Operating	5.4	1.0	4.4
0.4	(2.5)	2.9	TOTAL	3.4	3.1	0.3

Consolidated Revenue & Expense:

January 2017 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	542,771	234,747	777,518	1,304	16,346	184	795,352
REVENUES							
Capitation Revenue	\$ 134,511,567	\$ 110,165,292	\$ 244,676,859	\$ 1,623,489	\$ 19,825,206	\$ 1,214,476	\$ 267,340,029
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>134,511,567</u>	<u>110,165,292</u>	<u>244,676,859</u>	<u>1,623,489</u>	<u>19,825,206</u>	<u>1,214,476</u>	<u>267,340,029</u>
MEDICAL EXPENSES							
Provider Capitation	33,358,909	42,769,148	76,128,058	480,751	6,108,923	-	82,717,732
Facilities	27,610,371	30,634,643	58,245,014	298,313	6,969,066	380,523	65,892,916
Ancillary	-	-	-	59,631	697,313	-	756,944
Skilled Nursing	-	-	-	27,020	-	-	27,020
Professional Claims	4,816,665	8,660,863	13,477,529	-	-	239,904	13,717,432
Prescription Drugs	18,628,594	17,962,419	36,591,013	361,427	4,305,554	71,953	41,329,948
Long-term Care Facility Payments	42,640,015	2,084,458	44,724,472	-	4,848,306	12,542	49,585,320
Medical Management	3,005,920	-	3,005,920	62,855	940,033	393,867	4,402,676
Reinsurance & Other	(611,731)	1,171,383	559,651	5,376	80,398	163,086	808,512
Total Medical Expenses	<u>129,448,743</u>	<u>103,282,914</u>	<u>232,731,658</u>	<u>1,295,373</u>	<u>23,949,593</u>	<u>1,261,876</u>	<u>259,238,500</u>
Medical Loss Ratio	96.2%	93.8%	95.1%	79.8%	120.8%	103.9%	97.0%
GROSS MARGIN	5,062,823	6,882,378	11,945,201	328,115	(4,124,388)	(47,401)	8,101,529
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			5,723,326	22,988	912,218	98,213	6,756,746
Professional Fees			141,436	22,288	8,263	9,555	181,542
Purchased Services			657,393	30,171	123,973	6,935	818,473
Printing and Postage			212,249	1,849	(1,914)	196	212,381
Depreciation and Amortization			351,789	-	-	2,065	353,854
Other Expenses			1,372,638	379	44,656	14,519	1,432,193
Indirect Cost Allocation, Occupancy Expense			(286,561)	22,850	654,511	2,308	393,108
Total Administrative Expenses			<u>8,172,271</u>	<u>100,525</u>	<u>1,741,708</u>	<u>133,793</u>	<u>10,148,296</u>
Admin Loss Ratio			3.3%	6.2%	8.8%	11.0%	3.8%
INCOME (LOSS) FROM OPERATIONS			3,772,930	227,590	(5,866,095)	(181,193)	(2,046,768)
INVESTMENT INCOME			-	-	-	-	2,425,294
NET RENTAL INCOME			-	-	-	-	3,880
NET GRANT INCOME			(21,239)	-	-	-	(21,239)
OTHER INCOME			105	-	-	-	105
CHANGE IN NET ASSETS			<u>\$ 3,751,796</u>	<u>\$ 227,590</u>	<u>\$ (5,866,095)</u>	<u>\$ (181,193)</u>	<u>\$ 361,272</u>
BUDGETED CHANGE IN ASSETS			(1,874,498)	7,068	(576,696)	(221,426)	(2,532,936)
VARIANCE TO BUDGET - FAV (UNFAV)			<u>5,626,294</u>	<u>220,523</u>	<u>(5,289,399)</u>	<u>40,233</u>	<u>2,894,208</u>

Consolidated Revenue & Expense:

January 2017 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	3,830,624	1,624,689	5,455,313	8,554	122,449	1,265	5,587,581
REVENUES							
Capitation Revenue	\$ 966,488,093	\$ 748,173,194	\$ 1,714,661,288	\$ 9,320,184	\$ 214,685,712	\$ 8,860,356	\$ 1,947,527,539
Other Income	-	-	-	-	0	-	-
Total Operating Revenues	<u>966,488,093</u>	<u>748,173,194</u>	<u>1,714,661,288</u>	<u>9,320,184</u>	<u>214,685,712</u>	<u>8,860,356</u>	<u>1,947,527,539</u>
MEDICAL EXPENSES							
Provider Capitation	226,115,031	295,372,740	521,487,771	2,843,443	50,398,780	-	574,729,994
Facilities	197,454,715	216,038,285	413,493,000	2,262,914	64,170,913	1,812,070	481,738,897
Ancillary	-	-	-	321,261	5,214,781	-	5,536,042
Skilled Nursing	-	-	-	331,121	-	-	331,121
Professional Claims	67,097,290	61,318,172	128,415,462	-	-	1,457,584	129,873,046
Prescription Drugs	126,907,399	116,607,829	243,515,227	2,999,862	37,633,804	585,416	284,734,310
Long-term Care Facility Payments	317,328,273	13,815,012	331,143,285	-	40,961,645	36,053	372,140,982
Medical Management	20,561,058	-	20,561,058	119,863	7,007,442	2,751,007	30,439,371
Reinsurance & Other	(3,046,850)	7,038,379	3,991,529	32,271	644,734	744,496	5,413,030
Total Medical Expenses	<u>952,416,915</u>	<u>710,190,417</u>	<u>1,662,607,332</u>	<u>8,910,736</u>	<u>206,032,099</u>	<u>7,386,626</u>	<u>1,884,936,793</u>
Medical Loss Ratio	98.5%	94.9%	97.0%	95.6%	96.0%	83.4%	96.8%
GROSS MARGIN	14,071,178	37,982,777	52,053,955	409,448	8,653,612	1,473,730	62,590,746
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			36,814,963	111,954	5,547,600	644,673	43,119,190
Professional Fees			825,176	120,357	316,552	14,555	1,276,641
Purchased Services			4,741,487	165,576	928,687	28,454	5,864,203
Printing and Postage			1,434,504	60,117	463,642	2,196	1,960,459
Depreciation and Amortization			2,186,266	-	-	14,312	2,200,579
Other Expenses			7,203,176	2,071	249,374	50,510	7,505,131
Indirect Cost Allocation, Occupancy Expense			(2,292,573)	162,880	4,665,610	16,199	2,552,116
Total Administrative Expenses			<u>50,912,999</u>	<u>622,955</u>	<u>12,171,465</u>	<u>770,900</u>	<u>64,478,319</u>
Admin Loss Ratio			3.0%	6.7%	5.7%	8.7%	3.3%
INCOME (LOSS) FROM OPERATIONS			1,140,956	(213,507)	(3,517,852)	702,831	(1,887,572)
INVESTMENT INCOME			-	-	-	-	5,320,968
NET RENTAL INCOME			-	-	-	-	33,656
NET GRANT INCOME			(40,898)	-	-	-	(40,898)
OTHER INCOME			728	-	-	-	728
CHANGE IN NET ASSETS			<u>\$ 1,100,786</u>	<u>\$ (213,507)</u>	<u>\$ (3,517,852)</u>	<u>\$ 702,831</u>	<u>\$ 3,426,881</u>
BUDGETED CHANGE IN ASSETS			1,146,595	178,875	2,405,253	(1,640,404)	3,082,436
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(45,809)</u>	<u>(392,382)</u>	<u>(5,923,106)</u>	<u>2,343,235</u>	<u>344,444</u>

Balance Sheet:

As of January 2017

ASSETS

Current Assets

Operating Cash	\$382,502,374
Catastrophic Reserves	11,638,936
Investments	1,536,290,587
Capitation receivable	351,246,570
Receivables - Other	27,077,042
Prepaid Expenses	12,620,378

Total Current Assets 2,321,375,887

Capital Assets Furniture and equipment	33,303,693
Leasehold improvements	8,088,013
505 City Parkway West	49,269,863
	<u>90,661,568</u>
Less: accumulated depreciation	(35,444,574)
Capital assets, net	<u>55,216,995</u>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	5,042,719
Long term investments	526,732,438
Total Board-designated Assets	<u>531,775,157</u>
Total Other Assets	<u>532,075,157</u>

Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS 2,913,671,056

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$19,569,865
Medical claims liability	633,933,858
Accrued payroll liabilities	9,418,653
Deferred revenue	1,017,884,972
Deferred lease obligations	267,070
Capitation and withholds	526,955,408
Total Current Liabilities	<u>2,208,029,825</u>

Other employment benefits liability	29,212,495
Net Pension Liabilities	11,180,136
Long Term Liabilities	100,000

TOTAL LIABILITIES 2,248,522,456

Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640

Tangible net equity (TNE)	95,842,752
Funds in excess of TNE	567,151,307

Net Assets 662,994,059

TOTAL LIABILITIES, INFLOWS & FUND BALANCES 2,913,671,056

Board Designated Reserve and TNE Analysis As of January 2017

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
Board-designated Reserve	Tier 1 - Payden & Rygel	145,397,302				
	Tier 1 - Logan Circle	145,123,167				
	Tier 1 - Wells Capital	145,167,161				
		435,687,630	290,138,261	455,558,695	145,549,369	(19,871,065)
TNE Requirement	Tier 2 - Logan Circle	96,087,527	95,842,752	95,842,752	244,775	244,775
	Consolidated:	531,775,157	385,981,013	551,401,447	145,794,144	(19,626,290)
	<i>Current reserve level</i>	<i>1.93</i>	<i>1.40</i>	<i>2.00</i>		

HN Enrollment Summary - Medi-Cal

Health Network Name	FEBRUARY 2017	Percentage
CHOC Health Alliance (PHC20)	152,220	19.6%
Monarch Family HealthCare (HMO16)	87,811	11.3%
Arta Western Health Network (SRG66)	74,601	9.6%
CalOptima Community Network (CN)	70,830	9.1%
Family Choice Health Network (PHC21)	47,990	6.2%
Kaiser Permanente (HMO04)	45,570	5.9%
Alta Med Health Services (SRG69)	41,735	5.4%
United Care Medical Network (SRG67)	34,967	4.5%
Prospect Medical Group (SRG63)	34,300	4.4%
Noble Mid-Orange County (SRG64)	32,703	4.2%
Talbert Medical Group (SRG65)	24,664	3.2%
AMVI Care Health Network (PHC58)	22,220	2.9%
Heritage - Regal Medical Group (HMO15)	4,103	0.5%
OC Advantage (PHC35)	1,037	0.1%
Total Health Network Capitated Enrollment	674,750	87.0%
CalOptima Direct (all others)	100,500	13.0%
Total Medi-Cal Enrollment	775,250	100.0%

HN Enrollment Summary - OneCare

Health Network Name	FEBRUARY 2017	Percentage
Monarch HealthCare (PMG53DE)	732	54.5%
AMVI/Prospect Medical Group (PMG27DE)	311	23.2%
Talbert Medical Group (PMG52DE)	114	8.5%
Family Choice Medical Group (PMG21DE)	84	6.3%
Arta Western Health Network (PMG66DE)	40	3.0%
Alta-Med (PMG69DE)	32	2.4%
United Care Medical Group (PMG67DE)	23	1.7%
Noble Mid Orange County (PMG64DE)	7	0.5%
Total OneCare Enrollment	1,343	100.0%

HN Enrollment Summary – OneCare Connect

Health Network Name	FEBRUARY 2017	Percentage
Monarch HealthCare (HMO16DE)	5,170	31.8%
Propect Medical Group (SRG63DB)	3,108	19.1%
Family Choice Medical Group (SRG81DB)	1,899	11.7%
CalOptima Community Network (CN)	1,781	11.0%
Talbert Medical Group (SRG52DB)	1,202	7.4%
United Care Medical Group (SRG67DB)	602	3.7%
Arta Western Health Network(SRG66DB)	589	3.6%
AMVI Care Health Network (PHC58DB)	559	3.4%
Alta-Med (SRG69DB)	554	3.4%
Noble Mid Orange County (SRG64DB)	428	2.6%
Heritage - Regal Medical Group (HMO15)	251	1.5%
OC Advantage (PHC35DB)	117	0.7%
Total OneCare Connect Enrollment	16,260	100.0%



**PROVIDER ADVISORY COMMITTEE VOTING MEMBERS
FY 2016–2017**

CONSTITUENCY REPRESENTED/TERM	PAC MEMBER NAME and ADDRESS	CONTACT INFORMATION
TRADITIONAL/SAFETY NET Term: 7/1/15–6/30/17 Member since 2013	Jena Jensen Chief Government Relations Officer CHOC Children's 1201 W. La Veta Ave. Orange, CA 92868	Work Phone: 714-509-4206 Fax: 714-509-9023 Email: jjensen@choc.org Assistant: Stephanie Romo Work Phone: 714-509-8354 Email: sromo@choc.org
ALLIED HEALTH SERVICES Term: 7/1/15–6/30/18 Member since 2009 Previous term: 2009-2015	Pamela Pimentel, RN Chief Executive Officer MOMS Orange County 1128 W. Santa Ana Blvd. Santa Ana, CA 92703	Work Phone: 714-352-3423 Fax: 714-972-2620 Email: ppimentel@momsorangecounty.org Assistant: Cheryl Battiston Work Phone: 714-352-3415 Email: cbattiston@momsorangecounty.org
BEHAVIORAL/MENTAL HEALTH Term: 7/1/15-06/30/18 Member since 12/03/15	George Orras, PhD President and Chief Executive Officer Windstone Behavioral Health 151 Kalmus Dr., Suite K3 Costa Mesa, CA 92626	Work Phone: 714-384-3870 ext. 220 Fax: 714-844-4834 Email: gorris@windstonebehavioral.com Assistant: Katie Whitaker Work Phone: 714-384-3870 x266 Email: kwhitaker@windstonebehavioral.com
COMMUNITY HEALTH CENTERS Term: 7/1/15–6/30/17 Member since 2011	Barry Ross, RN, MPH, MBA Vice President, Healthy Communities St. Jude Neighborhood Health Centers 101 E. Valencia Mesa Dr. Fullerton, CA 92835	Work Phone: 714-992-3996 Fax: 714-992-3029 Email: barry.ross@stjoe.org
HEALTH NETWORK Term: 7/1/15–6/30/18 Member since 2015	Chair * Teri Miranti Executive Director of Government Programs Monarch HealthCare 11 Technology Drive MS 15 Irvine, CA 92618	Work Phone: 949-923-3310 Fax: 949-923-3596 Email: tmiranti@mhealth.com Assistant: Diane Moore Work Phone: 949-453-4302 Email: dmoore@mhealth.com

CONSTITUENCY REPRESENTED/TERM	PAC MEMBER NAME and ADDRESS	CONTACT INFORMATION
HOSPITAL Term: 7/1/15–6/30/17 Member since 2014	Vice-Chair * Suzanne Richards, MBA, FACHE CEO, KPC Healthcare, Inc. and CEO, Orange County Global Medical Center (Western Medical Center & Santa Ana) 1301 N. Tustin Ave. Santa Ana, CA 92705	Work Phone: 714-953-3652 Fax: 714-953-3613 Email: Suzanne.Richards@kpchealth.com Assistant: Maggie Irias Work Phone: 714-325-9241 Email: Margrett.Irias@kpchealth.com
LONG-TERM SERVICES AND SUPPORT Term: 7/1/16–6/30/19 Member since 2012	Stephen N. Flood Chief Operations Officer New Orange Hills Inc. 5017 E. Chapman Ave. Orange, CA 92869	Work Phone: 714-997-7090 Fax: 714-919-1038 Email: sflood@neworangehills.com
LONG-TERM SERVICES AND SUPPORT Term: 7/1/16–6/30/19 Member since 2016	Donald Bruhns 1406 S. Amberwick Lane Anaheim, CA 92804	Work Phone: Cell Phone: 805-551-2336 Fax: 714-826-5046 Email: Donald@renewhg.com
NON-PHYSICIAN MEDICAL PRACTITIONER Term: 7/1/16–6/30/19 Member since 2016	John H. Nishimoto, O.D. M.B.A, F.A.A.O 2575 Yorba Linda Blvd. Fullerton, CA 92831	Work Phone: 714-449-7409 Cell Phone: 714-788-3570 Fax: 714-992-7809 Email: jnishimoto@ketchum.edu
NURSE Term: 7/1/15–6/30/18 Member since 2015	Pamela Kahn, MPH, BS, RN Coordinator, Health & Wellness OC Department of Education 200 Kalmus Dr. Costa Mesa, CA 92626	Work Phone: 714-327-1057 Cell Phone: 714-668-7937 Email: pkahn@ocde.us Assistant: Work Phone: Email:
ORANGE COUNTY HEALTH CARE AGENCY Standing Seat Member since 2006	Alan Edwards, MD Medical Director Health Care Agency/Behavioral Health 405 W. Fifth St., Suite 479 Santa Ana, CA 92701	Work Phone: 714-568-5756 Fax: 714-834-6575 Email: aedwards@ochca.com Assistant: Roslyn Walton Email: rwalton@ochca.com

CONSTITUENCY REPRESENTED/TERM	PAC MEMBER NAME and ADDRESS	CONTACT INFORMATION
PHARMACY Term: 7/1/16–6/30/19 Member since 2014	Mary Pham, Pharm.D, CHC Orange County Pharmacy Association Board of Directors Pharm Consulting, LLC 13681 Newport Ave., Suite 8-223 Tustin, CA 92780	Work Phone: 714-586-5336 Fax: 714-600-4791 Email: mary@phamconsulting.org
PHYSICIAN Term: 7/1/16–6/30/19 Member since 2010	Theodore Caliendo, MD Pediatrician & Neonatologist Pediatric Practice in Mission Viejo 27800 Medical Center Rd., Suite 204 Mission Viejo, CA 92691	Work Phone: 949-364-3532 Fax: 949-347-7645 Email: tj@drkaliendo.com Assistant: Sylvia Caliendo Email: syl@drkaliendo.com
PHYSICIAN Term: 7/1/16–6/30/19 Member since 2016	Anjan Batra, MD, MBA, FHRS Professor, Division Chief and Vice Chair of Pediatrics University of California, Irvine 1140 W. La Veta Ave., Suite 750 Orange, CA 92868	Cell Phone: 949-307-2143 Fax: 714-581-4420 Email: abatra@uci.edu Assistant: Debbie McCart Phone: 714-581-4403 Email: mccartd@uci.edu
PHYSICIAN Term: 7/1/15–6/30/17 Member since 2009	Jacob Sweidan, MD, FAAP Pediatrician & Neonatologist Medical Group of Orange County Inc 12665 Garden Grove Blvd., Suite 713 Garden Grove, CA 92843	Work Phone: 714-754-4033 Fax: 714-537-2176 Email: jsweidan@aol.com
CalOptima Staff to the PAC	Cheryl Simmons Project Manager and CalOptima Staff to the PAC CalOptima 505 City Parkway West Orange, CA 92868	Work Phone: 714-347-5785 Fax: 714-571-2479 Email: csimmons@caloptima.org Cell: 813-731-0762

***Denotes Chair and Vice Chair of the PAC**