

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

**THURSDAY, JUNE 14, 2018
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 May 10, 2018 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee.

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
- [D. Chief Financial Officer \(CFO\) Update](#)
- E. Network Operations Update
- [F. Federal and State Legislative Update](#)

VII. INFORMATION ITEMS

- [A. Directed Payments to Hospitals](#)
- [B. Whole Child Model Update](#)
- [C. Palliative Care Update](#)
- D. PAC Member Updates

VIII. COMMITTEE MEMBER COMMENTS

IX. ADJOURNMENT

MINUTES

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

May 10, 2018

A Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee (PAC) was held on Thursday, May 10, 2018, 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 8:06 a.m., and Member Pimentel led the Pledge of Allegiance.

ESTABLISH QUORUM

Members Present: Teri Miranti, Chair; Suzanne Richards, MBA, FACHE, Vice Chair; Donald Bruhns; Theodore Caliendo, M.D.; Steve Flood; Jena Jensen (at 8:20 a.m.); Craig G. Myers; John Nishimoto, O.D; George Orras, Ph.D., FAAP; Mary Pham, Pharm.D., CHC (at 8:25 a.m.); Pamela Pimentel, R.N.; Jacob Sweidan, M.D.

Members Absent: Anjan Batra, M.D.; Pamela Kahn, R.N.

Others Present: Michael Schrader, Chief Executive Officer; Ladan Khamseh, Chief Operating Officer; Gary Crockett, Chief Counsel; Richard Bock, M.D., Deputy Chief Medical Officer; Candice Gomez, Executive Director, Program Implementation; Michelle Laughlin, Executive Director, Network Operations; Phil Tsunoda, Executive Director, Public Affairs; Francesco Federico, M.D., Medical Director; Cheryl Meronk, Director, Strategic Development; Debra Kegel, Manager, Business Integration; Cheryl Simmons, Staff to the PAC

MINUTES

Approve the Minutes of the April 12, 2018 Regular Meeting of the CalOptima Board of Directors' Provider Advisory Committee

Action: On motion of Vice Chair Richards, seconded and carried, the Committee approved the minutes of the April 12, 2018 meeting. (Motion carried 10-0-0; Members Batra, Jensen, Kahn and Pham absent)

PUBLIC COMMENTS

No requests for public comment were received.

REPORTS

Consider Approval of Fiscal Year (FY) 2018-19 PAC Meeting Schedule

PAC members reviewed the proposed FY 2018-19 meeting schedule. As proposed, the PAC will meet on a monthly basis on the second Thursday of the month except during the months of July 2018 and January 2019 when no meetings are scheduled.

Action: On motion of Vice Chair Richards seconded and carried, the Committee adopted the FY 2018-19 PAC Meeting Schedule reflecting monthly meetings except for July 2018 and January 2019. (Motion carried 10-0-0; Members Batra, Jensen, Kahn and Pham absent)

Consider Approval of FY 2017-18 PAC Accomplishments

The FY 2017–18 PAC Accomplishments were presented for approval. The accomplishments will be presented as an information item to the CalOptima Board of Directors at their June 7, 2018 meeting.

Action: On motion of Member Pimentel seconded and carried, the Committee approved the FY 2017-18 PAC Accomplishments. (Motion carried 10-0-0; Members Batra, Jensen, Kahn and Pham absent).

Chair Miranti reordered the agenda to hear CEO and Management Reports.

CEO AND MANAGEMENT REPORTS

Chief Operating Officer Update

Ladan Khamseh, Chief Operating Officer, asked Candice Gomez, Executive Director, Program Implementation, to present an update on the Whole Child Model and Proposition 56 (Tobacco Tax).

Ms. Gomez discussed the progress of the Whole Child Model and stressed that CalOptima places a high priority on this new program and continues its collaboration with the Orange County Health Care Agency (OCHCA). CalOptima is in the process of updating internal processes, reviewing its member communications, and finalizing its delivery model before the January 1, 2019 implementation date.

Ms. Gomez also provided an update on the Proposition 56. She noted that additional funding had been designated for physician services relating to 13 specific Current Procedure Terminology (CPT) codes for services rendered between July 1, 2017 and June 30, 2018. Ms. Gomez noted that the Department of Health Care Services (DHCS) provided clarification that only contracted network providers as defined by CalOptima's contracting regulations were

eligible for this payment. The provider must be contracted with CalOptima or one of CalOptima's health networks to be eligible to receive the additional payment.

Chief Financial Officer Update

Ms. Khamseh provided an update on CalOptima's Medi-Cal rates recently received from the state. Staff anticipates that the Medi-Cal rates will remain the same, and CalOptima plans to recommend extending the contracts with the health networks from July 1, 2018 through December 31, 2018 to the Board for consideration at the June meeting. Rates will be re-evaluated to determine further action before December 31, 2018. Ms. Khamseh noted that the Board of Directors' Finance and Audit Committee will meet on May 17, 2018 to review the proposed FY 2018-19 budget and that the budget will be presented to the Board of Directors at the June 7, 2018 meeting.

Ms. Khamseh presented an update on rebasing and noted that it was targeted for a January 2019 effective date with two to three planning meetings scheduled over the next two months to review the Milliman report and provide feedback to providers and the networks. It is anticipated that the draft Children's Health and Disability Prevention (CHDP) rates will be released within the next week, and proposed modifications to CalOptima's policies and procedures related to CHDP services for Medi-Cal members will be presented to the Board for consideration at the June 7, 2018 meeting.

Chief Medical Officer Update

Richard Bock M.D, Deputy Chief Medical Officer, reported that a Clinical Advisory Committee is being formed as part of the Whole Child Model program, and requested the PAC's assistance in recruiting candidates to fill the vacant seats on the Committee. It was noted that recommended candidates should have clinical level experience with the California Children's Services program.

Federal and State Legislative Update

Phil Tsunoda, Executive Director, Public Policy and Public Affairs provided a brief update on the anticipated release of Governor Brown's May revise of the State Budget and discussed the possible uses of the State's \$6.1B surplus. Mr. Tsunoda agreed to provide the PAC with an analysis of the May revise and any policy implications that may affect CalOptima or the Medi-Cal program. Vice Chair Richards asked Mr. Tsunoda about Assembly Bill (AB) 3087 which Mr. Tsunoda agreed to research and report back to the PAC with information on this item.

Chair Miranti reordered the agenda to hear Report Item V.C., Consider Recommendation of PAC Slate of Candidates, PAC Chairperson and Vice Chairperson.

Consider Recommendation of PAC Slate of Candidates, PAC Chairperson and Vice Chairperson

At the March 8, 2018 PAC meeting, a Nominations Ad Hoc Committee (Ad Hoc) comprised of Members Flood, Jensen and Dr. Sweidan was formed to review and recommend candidates for the upcoming open seats, as well as Chair and Vice Chair.

On behalf of the Ad Hoc, Member Flood summarized the recommendations for four expiring seats: Allied Health Services Representative, Behavioral Health Representative, Health Network Representative, and Nurse Representative.

The Ad Hoc reviewed ten (10) applications: four (4) for the Allied Health Services Representative seat; two (2) for the Behavioral Health Representative seat; three (3) for the Health Network Representative seat, and one (1) for the Nurse Representative seat.

The Ad Hoc recommended the following candidates: Dr. Brian S. Lee, L.Ac., Ph.D. (new appointment) for the Allied Health Services seat; Dr. Junelyn Lazo-Pearson, Ph.D. (new appointment) for the Behavioral Health seat; Teri Miranti (reappointment) for the Health Network seat; and Pamela Pimentel, R.N. (new appointment) for the Nurse seat.

Action: *On motion of Member Orras, seconded and carried, the Committee approved the recommendations of the PAC Nominations Ad Hoc Committee of the four expiring seats for a three-year term (July 2018-June 2021) as presented. Recommendations will be forwarded to the CalOptima Board of Directors for consideration at the June 7 meeting. (Motion carried 12-0; Members Batra and Kahn absent).*

On behalf of the Ad Hoc, Member Jensen reviewed the PAC Chair position and noted that members Batra, Nishimoto and Vice Chair Richards expressed an interest in serving as the PAC Chair. There were no additional nominations from the floor. After hearing comments from two of the candidates in attendance and a written statement from Member Batra, the following action was considered.

Action: *On motion of Member Jensen, seconded and carried, the PAC considered electing either Members Anjan Batra, M.D., John Nishimoto, O.D. or Vice Chair Suzanne Richards, M.B.A. for the position of PAC Chair for a term effective July 1, 2018 through June 30, 2019. Roll call votes to be cast by the showing of color cards, with a blue card registered as a vote for Member Batra, a green card registered as a vote for Member Nishimoto and a red card registered as a vote for Vice Chair Richards.*

Member Nishimoto was elected by roll call vote to the position of PAC Chair for a term effective July 1, 2018 through June 30, 2019. (Roll call vote: 0 votes cast for Member Batra; 8 votes cast for Member Nishimoto [Bruhns, Caliendo, Miranti, Myers, Nishimoto, Pham, Pimentel, Sweidan]; and 4 votes cast for Vice Chair Richards [Flood, Jensen, Orras, Richards]; Members Batra and Kahn absent). The recommendation will be forwarded to the CalOptima Board of Directors for consideration at the June 7 meeting.

On behalf of the Ad Hoc, Member Sweidan announced that Chair Miranti expressed interest in serving as Vice Chair for a term effective July 1, 2018 through June 30, 2019. There were no additional nominations from the floor.

Action: On motion of Member Pham, seconded and carried, the Committee approved the nomination of Teri Miranti as PAC Vice Chair for FY 2018-19. The recommendation will be forwarded to the CalOptima Board of Directors for consideration at the June 7 meeting. (Motion carried 12-0; Members Batra and Kahn absent).

INFORMATION ITEMS

Intergovernmental Transfer Funds (IGT) Update

Cheryl Meronk, Director, Strategic Development, presented the status of IGT 5, 6 and 7, and noted that the County of Orange has requested \$10M in IGT funding to assist with the homeless crisis. PAC members requested additional information on the County's planned use of these funds and requested that staff create a timeline of IGT 5 and 6/7 funds to understand where the funds could be best utilized. Ms. Meronk noted that proposed IGT 6/7 funding recommendations will be presented to the Board for consideration at a future meeting.

Health Homes Program Update

Debra Kegel, Manager, Business Integration, presented on the Health Homes Program (HHP). She discussed the background on how the HHP was developed and noted that CalOptima has a go-live date of July 1, 2019 for CalOptima members with chronic conditions only, and January 1, 2020 is the anticipated roll out for members with serious mental illness, with or without a chronic condition. She noted that a recent estimate indicated that approximately 2,800 CalOptima members are HHP eligible and have been included on the active engagement list. Several PAC members commented that there could be an overlap between HHP and other programs, such as the Whole Person Pilot, and should be reviewed for possible overlap prior to implementation.

Appropriate Use of Emergency Room Services

Francesco Federico, M.D., Medical Director, presented on the Emergency Room Appropriate Use and Collaboration Project. PAC members discussed the challenges faced in educating the Medi-Cal population and providers on when to use the emergency room and when to go to an urgent care facility.

PAC Goals and Objectives Update

PAC members reviewed the second quarter accomplishments as it relates to their goals and objectives. There were no changes to the second quarter accomplishments.

PAC Member Updates

Chair Miranti reminded the members that the next PAC meeting was scheduled for June 14, 2018 at 8:00 a.m. and asked the members to forward any agenda items to the Staff to the PAC.

ADJOURNMENT

There being no further business before the Committee, Chair Miranti adjourned the meeting at 10:17 a.m.

/s/ Cheryl Simmons
Cheryl Simmons
Staff to the PAC

Approved: June 14, 2018

MEMORANDUM

DATE: June 7, 2018
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

June Board Meeting Focuses on Strategic Priorities, Sets Stage for New Fiscal Year

CalOptima's June Board meeting reflects the agency's commitment to the 2017–2019 Strategic Plan and new fiscal year preparation. With the strategic priorities of innovation and value in mind, CalOptima is seeking Board approval to integrate two programs into Medi-Cal: behavioral health treatment for children without autism, starting July 1, 2018, and California Children's Services, starting January 1, 2019. Carving in programs simplifies the health care experience for vulnerable members. Partnerships are a key focus in the Strategic Plan as well, and to that end, CalOptima is enhancing support for providers who deliver quality care. Primary care providers, psychiatrists, hospitals, and long-term and hospice care facilities will receive rate increases for certain services as part of the FY 2018–19 \$3.5 billion operating budget. Further, engagement with our community stakeholders is essential in fulfilling CalOptima's mission, and proposed actions at the meeting uphold this priority, as we will appoint candidates for all three of our existing advisory committees and our new Whole-Child Model Family Advisory Committee. I look forward to working with the Board and our community to ensure CalOptima's success in the new year and beyond.

Hospitals Receive \$130.7 Million in Quality Assurance Fee (QAF) Distribution

Earlier this month, CalOptima distributed \$130.7 million in QAF dollars to 23 Orange County hospitals, representing dates of service from July–December 2016. For hospitals that serve Medi-Cal and uninsured patients, the supplemental funding is provided by the state, and the Hospital Association of Southern California supplies CalOptima with a distribution list of dollar amounts by hospital.

State Budget Includes a Surplus That May Impact Medi-Cal Spending

On May 11, Gov. Brown released the May Revision to his January budget proposal. He indicated that state revenue grew faster than expected and that the Department of Finance is predicting a surplus of approximately \$8 billion. At the same time, he advocated for fiscal restraint, recommending that much of the surplus be designated for the state's Rainy Day Fund. Proposed Medi-Cal spending remains essentially flat compared with the January budget proposal and reflects additional costs incurred by the state for current year Medi-Cal spending. However, the Legislature, perhaps in anticipation of the larger surplus, indicated its desire to spend a portion of it on existing state programs and services, including Medi-Cal. The Assembly Budget Subcommittee on Health and Human Services proposed an additional \$1 billion in health care

spending for FY 2018–19, including more than \$300 million for Medi-Cal. The Legislature and governor will negotiate a final spending plan soon, as California’s final budget must be adopted by June 15.

CalOptima Invites Community to Whole-Child Model (WCM) Meetings

Continuing our widely recognized WCM engagement strategy, CalOptima is inviting leaders from community-based organizations (CBOs) to participate in focus groups on June 14, 10 a.m.–noon, and June 15, 2–4 p.m., at CalOptima’s offices. The goal is to collaborate with CBOs and consider their feedback during WCM implementation in January 2019. For more information, contact BusinessIntegration@CalOptima.org.

Rep. Correa Tours CalOptima Program of All-Inclusive Care for the Elderly (PACE)

The PACE center welcomed U.S. Rep. Lou Correa for a one-hour visit and tour on May 25. Rep. Correa spent most of his time cordially interacting with participants, including speaking to those in the center’s English-learners class and wishing all a Happy Memorial Day. He also received an update about the PACE expansion initiatives of alternative care settings, service area expansion to South Orange County and community-based physicians. Rep. Correa expressed support for CalOptima PACE and was happy to hear about the current growth of the center.

Cal MediConnect Results in Improved Care Transitions, Report Says

In May, the University of California released a SCAN Foundation-funded [report](#) about coordinated care for dual eligibles through Cal MediConnect (CMC), known as OneCare Connect in Orange County. Findings show that CMC encourages provider collaboration, which improves transitions across care settings.



CalOptima

Better. Together.

Financial Summary

April 2018

Greg Hamblin
Chief Financial Officer

FY 2017-18: Consolidated Enrollment

- April 2018 MTD:

- Overall enrollment was 790,609 member months
 - Actual lower than budget by 14,008 or 1.7%
 - Medi-Cal: unfavorable variance of 13,239 members
 - TANF unfavorable variance of 14,984 members
 - Senior Persons with Disabilities (SPD) unfavorable variance of 4,074 members
 - Medi-Cal Expansion (MCE) favorable variance of 5,637 members
 - Long-Term Care (LTC) favorable variance of 182 members
 - OneCare Connect: unfavorable variance of 725 members
 - 1,909 increase from prior month
 - Medi-Cal: increase of 1,759 from March
 - OneCare Connect: increase of 118 from March
 - OneCare: increase of 30 from March
 - PACE: increase of 2 from March

FY 2017-18: Consolidated Enrollment

- April 2018 YTD:

- Overall enrollment was 7,907,768 member months
 - Actual lower than budget by 124,011 or 1.5%
 - Medi-Cal: unfavorable variance of 119,704 members or 1.5%
 - TANF unfavorable variance of 133,071 members
 - SPD unfavorable variance of 17,904 members
 - MCE favorable variance of 29,486 members
 - LTC favorable variance of 1,760 members
 - OneCare Connect: unfavorable variance of 4,353 members or 2.8%
 - OneCare: favorable variance of 87 members or 0.6%
 - PACE: unfavorable variance of 41 members or 1.7%

FY 2017-18: Consolidated Revenues

- April 2018 MTD:

- Actual higher than budget by \$46.8 million or 18.3%
 - Medi-Cal: favorable to budget by \$46.8 million or 20.6%
 - Unfavorable volume variance of \$3.8 million
 - Favorable price variance of \$50.6 million due to:
 - \$26.7 million of FY18 Proposition 56 revenue
 - \$4.8 million of FY18 LTC revenue
 - \$3.0 million of FY18 Applied Behavior Analysis (ABA) revenue
 - \$12.8 million of prior year In-Home Supportive Services (IHSS) revenue
 - \$3.1 million of prior year LTC revenue from non-LTC aid codes

FY 2017-18: Consolidated Revenues (cont.)

- April 2018 MTD:

- OneCare Connect: unfavorable to budget by \$0.02 million or 0.1%
 - Unfavorable volume variance of \$1.2 million due to lower enrollment
 - Favorable price variance of \$1.1 million due to FY18 rate adjustment
- OneCare: unfavorable to budget by \$64.2 thousand or 4.3%
 - Unfavorable volume variance of \$38.1 thousand
 - Unfavorable price variance of \$26.1 thousand
- PACE: favorable to budget by \$58.7 thousand or 3.3%
 - Unfavorable volume variance of \$54.0 thousand
 - Favorable price variance of \$112.7 thousand

FY 2017-18: Consolidated Revenues (cont.)

- April 2018 YTD:

- Actual higher than budget by \$122.2 million or 4.6%
 - Medi-Cal: favorable to budget by \$106.5 million or 4.5%
 - Unfavorable volume variance of \$36.3 million
 - Favorable price variance of \$142.8 million due to:
 - \$26.0 million of FY18 Proposition 56 revenue
 - \$21.3 million of FY18 ABA revenue
 - \$20.7 million of FY18 LTC revenue from non-LTC aid codes
 - \$32.7 million of prior year SPD revenue
 - \$30.2 million of prior year LTC revenue from non-LTC aid codes
 - \$8.4 million of prior year ABA revenue, offset by:
 - (\$15.7) million of Hepatitis C revenue

FY 2017-18: Consolidated Revenues (cont.)

- April 2018 YTD:
 - OneCare Connect: favorable to budget by \$15.9 million or 6.0%
 - Unfavorable volume variance of \$7.4 million
 - Favorable price variance of \$23.3 million
 - OneCare: Unfavorable to budget by \$1.1 million or 7.9%
 - Favorable volume variance of \$0.1 million
 - Unfavorable price variance of \$1.2 million
 - PACE: favorable to budget by \$0.9 million or 5.5%
 - Unfavorable volume variance of \$0.3 million
 - Favorable price variance of \$1.1 million

FY 2017-18: Consolidated Medical Expenses

- April 2018 MTD:

- Actual higher than budget by \$51.1 million or 20.9%
 - Medi-Cal: unfavorable variance of \$48.3 million
 - Favorable volume variance of \$3.7 million
 - Unfavorable price variance of \$52.0 million
 - Professional Claims unfavorable variance of \$24.8 million due to Proposition 56 and Behavioral Health Treatment (BHT) transition in-house
 - Managed Long-Term Services and Support (MLTSS) unfavorable variance of \$19.1 million due to prior year IHSS and LTC claims
 - Provider Capitation is unfavorable to budget \$7.6 million due to Proposition 56 and BHT transition in-house
 - Facilities favorable variance of \$4.9 million due Crossover claims and Shared Risk Pool (SRP)
 - OneCare Connect: unfavorable variance of \$2.4 million
 - Favorable volume variance of \$1.1 million due to lower enrollment
 - Unfavorable price variance of \$3.5 million due to prior year SRP

FY 2017-18: Consolidated Medical Expenses (cont.)

- April 2018 YTD:

- Actual higher than budget by \$146.7 million or 5.7%
 - Medi-Cal: unfavorable variance of \$134.3 million
 - Favorable volume variance of \$34.7 million
 - Unfavorable price variance of \$169.0 million
 - MLTSS expenses unfavorable variance of \$66.7 million
 - Professional Claims expenses unfavorable variance of \$62.5 million
 - Provider Capitation expenses unfavorable variance of \$17.6 million
 - OneCare Connect: unfavorable variance of \$14.0 million
 - Favorable volume variance of \$6.9 million
 - Unfavorable price variance of \$20.9 million

- Medical Loss Ratio (MLR):

- April 2018 MTD: Actual: 97.8% Budget: 95.8%
- April 2018 YTD: Actual: 96.6% Budget: 95.5%

FY 2017-18: Consolidated Administrative Expenses

- April 2018 MTD:
 - Actual lower than budget by \$1.5 million or 12.3%
 - Salaries, wages and benefits: favorable variance of \$0.6 million
 - Purchased Services: favorable variance of \$0.3 million
 - Other categories: favorable variance of \$0.6 million
- April 2018 YTD:
 - Actual lower than budget by \$23.6 million or 19.3%
 - Purchased Services: favorable variance of \$9.2 million
 - Salaries, wages and benefits: favorable variance of \$7.5 million
 - Other categories: favorable variance of \$6.8 million
- Administrative Loss Ratio (ALR):
 - April 2018 MTD: Actual: 3.4% Budget: 4.6%
 - April 2018 YTD: Actual: 3.5% Budget: 4.6%

FY 2017-18: Change in Net Assets

- April 2018 MTD:

- \$1.9 million deficit
- \$1.0 million unfavorable to budget
 - Higher than budgeted revenue of \$46.8 million
 - Higher than budgeted medical expenses of \$51.1 million
 - Lower than budgeted administrative expenses of \$1.5 million
 - Higher than budgeted investment and other income of \$1.8 million

- April 2018 YTD:

- \$13.6 million surplus
- \$12.2 million favorable to budget
 - Higher than budgeted revenue of \$122.2 million
 - Higher than budgeted medical expenses of \$146.7 million
 - Lower than budgeted administrative expenses of \$23.6 million
 - Higher than budgeted investment and other income of \$13.2 million

Enrollment Summary:

April 2018

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
63,042	65,354	(2,312)	(3.5%)	Aged	632,240	636,020	(3,780)	(0.6%)
633	618	15	2.4%	BCCTP	6,146	6,180	(34)	(0.6%)
47,047	48,824	(1,777)	(3.6%)	Disabled	473,779	487,869	(14,090)	(2.9%)
310,490	328,834	(18,344)	(5.6%)	TANF Child	3,204,387	3,294,422	(90,035)	(2.7%)
106,771	103,412	3,359	3.2%	TANF Adult	994,304	1,037,340	(43,036)	(4.1%)
3,450	3,268	182	5.6%	LTC	34,440	32,680	1,760	5.4%
242,647	237,010	5,637	2.4%	MCE	2,395,262	2,365,776	29,486	1.2%
774,080	787,319	(13,239)	(1.7%)	Medi-Cal	7,740,558	7,860,262	(119,704)	(1.5%)
14,911	15,636	(725)	(4.6%)	OneCare Connect	151,199	155,552	(4,353)	(2.8%)
253	261	(8)	(3.1%)	PACE	2,344	2,385	(41)	(1.7%)
1,365	1,401	(36)	(2.6%)	OneCare	13,667	13,580	87	0.6%
790,609	804,617	(14,008)	(1.7%)	CalOptima Total	7,907,768	8,031,779	(124,011)	(1.5%)

Financial Highlights:

April 2018

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
790,609	804,617	(14,008)	(1.7%)	Member Months	7,907,768	8,031,779	(124,011)	(1.5%)
302,427,059	255,644,949	46,782,110	18.3%	Revenues	2,797,169,134	2,674,990,020	122,179,114	4.6%
295,899,888	244,839,517	(51,060,371)	(20.9%)	Medical Expenses	2,700,837,408	2,554,108,292	(146,729,116)	(5.7%)
10,428,262	11,884,285	1,456,023	12.3%	Administrative Expenses	98,271,329	121,840,907	23,569,577	19.3%
(3,901,091)	(1,078,853)	(2,822,239)	(261.6%)	Operating Margin	(1,939,604)	(959,179)	(980,425)	(102.2%)
2,037,269	231,157	1,806,111	781.3%	Non Operating Income (Loss)	15,559,740	2,354,344	13,205,396	560.9%
(1,863,823)	(847,696)	(1,016,127)	(119.9%)	Change in Net Assets	13,620,136	1,395,166	12,224,971	876.2%
97.8%	95.8%	(2.1%)		Medical Loss Ratio	96.6%	95.5%	(1.1%)	
3.4%	4.6%	1.2%		Administrative Loss Ratio	3.5%	4.6%	1.0%	
<u>(1.3%)</u>	<u>(0.4%)</u>	(0.9%)		Operating Margin Ratio	<u>(0.1%)</u>	<u>(0.0%)</u>	(0.0%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

Consolidated Performance Actual vs. Budget: April (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>
(0.5)	(0.2)	(0.3)	Medi-Cal	(3.8)	3.1	(6.9)
(3.1)	(0.9)	(2.2)	OCC	1.2	(2.8)	4.0
(0.4)	(0.1)	(0.3)	OneCare	(0.6)	(1.2)	0.6
<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	PACE	<u>1.1</u>	<u>(0.0)</u>	<u>1.2</u>
(3.9)	(1.1)	(2.8)	Operating	(2.1)	(1.0)	(1.1)
<u>2.0</u>	<u>0.2</u>	<u>1.8</u>	Inv./Rental Inc, MCO tax	<u>15.7</u>	<u>2.4</u>	<u>13.3</u>
2.0	0.2	1.8	Non-Operating	15.7	2.4	13.3
(1.9)	(0.8)	(1.0)	TOTAL	13.6	1.4	12.2

Consolidated Revenue & Expense:

April 2018 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
Member Months	531,433	242,647	774,080	14,911	1,365	253	790,609
REVENUES							
Capitation Revenue	\$ 152,553,983	\$ 121,776,564	\$ 274,330,548	\$ 24,857,464	\$ 1,418,481	\$ 1,820,566	\$ 302,427,059
Other Income	-	-	-	-	0	-	-
Total Operating Revenues	<u>152,553,983</u>	<u>121,776,564</u>	<u>274,330,548</u>	<u>24,857,464</u>	<u>1,418,481</u>	<u>1,820,566</u>	<u>302,427,059</u>
MEDICAL EXPENSES							
Provider Capitation	38,956,238	55,459,970	94,416,208	11,811,706	460,472	-	106,688,386
Facilities	19,071,469	19,891,136	38,962,605	6,207,909	756,959	385,801	46,313,274
Ancillary	-	-	-	547,581	69,198	-	616,779
Skilled Nursing	-	-	-	-	31,323	-	31,323
Professional Claims	27,350,127	11,989,509	39,339,636	-	-	416,608	39,756,244
Prescription Drugs	18,370,120	19,723,630	38,093,749	4,837,117	390,222	129,697	43,450,786
Quality Incentives	-	-	-	-	-	-	-
MLTSS Facility Payments	48,048,607	3,204,871	51,253,478	1,430,557	-	-	52,684,036
Medical Management	2,484,887	930,776	3,415,663	1,141,921	32,928	527,293	5,117,806
Reinsurance & Other	514,121	307,468	821,588	294,338	10,000	115,329	1,241,255
Total Medical Expenses	<u>154,795,568</u>	<u>111,507,359</u>	<u>266,302,927</u>	<u>26,271,131</u>	<u>1,751,102</u>	<u>1,574,728</u>	<u>295,899,888</u>
Medical Loss Ratio	101.5%	91.6%	97.1%	105.7%	123.4%	86.5%	97.8%
GROSS MARGIN	(2,241,584)	10,269,205	8,027,620	(1,413,668)	(332,621)	245,839	6,527,171
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Benefits			5,621,480	789,134	20,593	75,736	6,506,943
Professional fees			74,711	4,167	13,333	15,600	107,811
Purchased services			976,023	198,606	17,584	15,115	1,207,327
Printing and Postage			407,084	34,839	6,960	6,151	455,034
Depreciation and Amortization			406,648	-	-	2,074	408,722
Other expenses			1,359,596	28,549	0	8,692	1,396,836
Indirect cost allocation, Occupancy expense			(306,090)	612,391	36,135	3,152	345,588
Total Administrative Expenses			<u>8,539,452</u>	<u>1,667,685</u>	<u>94,605</u>	<u>126,520</u>	<u>10,428,262</u>
Admin Loss Ratio			3.1%	6.7%	6.7%	6.9%	3.4%
INCOME (LOSS) FROM OPERATIONS			(511,832)	(3,081,353)	(427,226)	119,319	(3,901,091)
INVESTMENT INCOME							2,035,597
NET GRANT INCOME			1,672	-	-	-	1,672
IGT			(4,435,678)	-	-	-	0
QAF			4,435,678	-	-	-	0
CHANGE IN NET ASSETS			<u>\$ (510,160)</u>	<u>\$ (3,081,353)</u>	<u>\$ (427,226)</u>	<u>\$ 119,319</u>	<u>\$ (1,863,823)</u>

Consolidated Revenue & Expense:

April 2018 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
Member Months	5,345,296	2,395,262	7,740,558	151,199	13,667	2,344	7,907,768
REVENUES							
Capitation Revenue	\$ 1,398,018,377	\$ 1,089,044,718	\$ 2,487,063,095	\$ 280,310,337	13,059,575	\$ 16,736,127	\$ 2,797,169,134
Other Income	-	-	-	-	0	-	-
Total Operating Revenues	<u>1,398,018,377</u>	<u>1,089,044,718</u>	<u>2,487,063,095</u>	<u>280,310,337</u>	<u>13,059,575</u>	<u>16,736,127</u>	<u>2,797,169,134</u>
MEDICAL EXPENSES							
Provider Capitation	380,422,139	506,770,865	887,193,005	113,883,870	1,774,609	-	1,002,851,483
Facilities	216,315,029	206,090,796	422,405,825	34,244,190	5,132,694	3,103,255	464,885,963
Ancillary	-	-	-	6,274,489	565,755	-	6,840,244
Skilled Nursing	-	-	-	-	256,986	-	256,986
Professional Claims	148,588,189	56,311,475	204,899,664	-	-	3,699,061	208,598,725
Prescription Drugs	184,041,622	182,887,471	366,929,093	51,236,031	4,421,494	1,298,117	423,884,736
MLTSS Facility Payments	468,645,237	25,992,066	494,637,303	44,391,572	-	17,988	539,046,864
Medical Management	19,838,332	7,440,979	27,279,311	10,132,676	521,765	5,317,935	43,251,686
Reinsurance & Other	5,443,473	3,014,510	8,457,982	1,677,925	71,146	1,013,667	11,220,720
Total Medical Expenses	<u>1,423,294,022</u>	<u>988,508,162</u>	<u>2,411,802,183</u>	<u>261,840,752</u>	<u>12,744,449</u>	<u>14,450,024</u>	<u>2,700,837,408</u>
Medical Loss Ratio	101.8%	90.8%	97.0%	93.4%	97.6%	86.3%	96.6%
GROSS MARGIN	(25,275,644)	100,536,556	75,260,912	18,469,585	315,126	2,286,103	96,331,726
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Benefits			54,912,248	7,688,429	233,566	771,712	63,605,954
Professional fees			1,379,759	258,789	146,015	54,108	1,838,671
Purchased services			6,886,539	1,735,782	189,699	95,202	8,907,223
Printing and Postage			3,254,267	617,668	69,221	31,119	3,972,275
Depreciation and Amortization			4,114,724	-	-	21,326	4,136,050
Other expenses			11,789,751	422,075	(578)	125,217	12,336,464
Indirect cost allocation, Occupancy expense			(3,411,561)	6,520,510	305,371	60,373	3,474,692
Total Administrative Expenses			<u>78,925,725</u>	<u>17,243,253</u>	<u>943,293</u>	<u>1,159,058</u>	<u>98,271,329</u>
Admin Loss Ratio			3.2%	6.2%	7.2%	6.9%	3.5%
INCOME (LOSS) FROM OPERATIONS			(3,664,814)	1,226,332	(628,167)	1,127,045	(1,939,604)
INVESTMENT INCOME			-	-	-	-	15,624,253
NET RENTAL INCOME			-	-	-	-	54,103
NET GRANT INCOME			(118,615)	-	-	-	(118,615)
OTHER INCOME			993	-	-	-	993
CHANGE IN NET ASSETS			<u>\$ (3,782,436)</u>	<u>\$ 1,226,332</u>	<u>\$ (628,167)</u>	<u>\$ 1,127,045</u>	<u>\$ 13,621,130</u>

Balance Sheet:

As of April 2018

ASSETS

Current Assets

Operating Cash	\$824,639,879
Investments	624,461,924
Capitation receivable	200,095,669
Receivables - Other	22,499,666
Prepaid Expenses	6,944,627
Total Current Assets	<u>1,678,641,764</u>

Capital Assets Furniture and equipment	34,328,849
Building/Leasehold improvements	5,990,043
505 City Parkway West	<u>49,743,943</u>
	90,062,834
Less: accumulated depreciation	<u>(39,647,404)</u>
Capital assets, net	<u>50,415,430</u>

Other Assets Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	21,897,434
Long term investments	<u>514,142,267</u>
Total Board-designated Assets	536,039,701
Total Other Assets	<u>536,339,701</u>

Deferred outflows of Resources - Pension Contributions	5,234,198
Deferred outflows of Resources - Difference in Experience	1,072,771
Deferred outflows of Resources - Excess Earnings	<u>5,270,171</u>

TOTAL ASSETS & OUTFLOWS	<u>2,276,974,035</u>
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LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$28,739,671
Medical claims liability	1,304,233,540
Accrued payroll liabilities	12,024,970
Deferred revenue	55,163,337
Deferred lease obligations	133,535
Capitation and withholds	<u>101,811,861</u>
Total Current Liabilities	<u>1,502,106,913</u>

Other employment benefits liability	30,321,020
Net Pension Liabilities	16,026,570
Long Term Liabilities	<u>100,000</u>
TOTAL LIABILITIES	<u>1,548,554,503</u>

Deferred inflows of Resources - Excess Earnings	-
Deferred inflows of Resources - Changes in Assumptions	1,340,010
Tangible net equity (TNE)	87,500,253
Funds in excess of TNE	<u>639,579,269</u>

Net Assets	<u>727,079,522</u>
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TOTAL LIABILITIES, INFLOWS & FUND BALANCES	<u>2,276,974,035</u>
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Board Designated Reserve and TNE Analysis

As of April 2018

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
Board-designated Reserve	Tier 1 - Payden & Rygel	146,658,083				
	Tier 1 - Logan Circle	146,601,781				
	Tier 1 - Wells Capital	146,033,660				
		439,293,524	295,459,331	459,584,867	143,834,193	(20,291,343)
TNE Requirement	Tier 2 - Logan Circle	96,746,176	87,500,252	87,500,252	9,245,924	9,245,924
Consolidated:		536,039,701	382,959,584	547,085,120	153,080,117	(11,045,419)
<i>Current reserve level</i>		1.96	1.40	2.00		

HN Enrollment Summary - Medi-Cal

Health Network Name	MAY 2018	% of Total MCAL	% of HN Enrollment
CHOC Health Alliance (PHC20)	147,565	19.3%	22.5%
Monarch Family HealthCare (HMO16)	81,676	10.7%	12.5%
CalOptima Community Network (CN)	74,875	9.8%	11.4%
Arta Western Health Network (SRG66)	66,234	8.7%	10.1%
Family Choice Health Network (PHC21)	46,571	6.1%	7.1%
Alta Med Health Services (SRG69)	45,846	6.0%	7.0%
Kaiser Permanente (HMO04)	45,593	6.0%	7.0%
Prospect Medical Group (HMO17)	34,151	4.5%	5.2%
United Care Medical Network (SRG67)	32,527	4.3%	5.0%
Noble Mid-Orange County (SRG64)	25,726	3.4%	3.9%
Talbert Medical Group (SRG65)	23,799	3.1%	3.6%
AMVI Care Health Network (PHC58)	22,643	3.0%	3.5%
Heritage - Regal Medical Group (HMO15)	5,601	0.7%	0.9%
OC Advantage (PHC35)	2,089	0.3%	0.3%
Total Health Network Capitated Enrollment	654,895	85.7%	100.0%
CalOptima Direct (all others)	109,329	14.3%	
Total Medi-Cal Enrollment	764,224	100.0%	

HN Enrollment Summary – OneCare Connect

Health Network Name	MAY 2018	Percentage
Monarch HealthCare (HMO16DB)	4,833	32.4%
Propect Medical Group (HMO17DB)	2,704	18.1%
Family Choice Medical Group (SRG81DB)	1,828	12.2%
CalOptima Community Network (CN)	1,717	11.5%
Talbert Medical Group (SRG52DB)	1,122	7.5%
Arta Western Health Network(SRG66DB)	535	3.6%
Alta-Med (SRG69DB)	526	3.5%
United Care Medical Group (SRG67DB)	497	3.3%
Noble Mid Orange County (SRG64DB)	457	3.1%
AMVI Care Health Network (PHC58DB)	429	2.9%
Heritage - Regal Medical Group (HMO15)	212	1.4%
OC Advantage (PHC35DB)	76	0.5%
Total OneCare Connect Enrollment	14,936	100.0%

HN Enrollment Summary - OneCare

Health Network Name	MAY 2018	Percentage
Monarch HealthCare (PMG53DE)	681	50.6%
AMVI/Prospect Medical Group (PMG27DE)	294	21.8%
Talbert Medical Group (PMG52DE)	121	9.0%
Arta Western Health Network (PMG66DE)	76	5.6%
Alta-Med (PMG69DE)	70	5.2%
Family Choice Medical Group (PMG21DE)	61	4.5%
United Care Medical Group (PMG67DE)	30	2.2%
Noble Mid Orange County (PMG64DE)	14	1.0%
Total OneCare Enrollment	1,347	100.0%



2018 Orange County Legislative Delegation June 5, 2018 Primary Results

Congress (7)	Status of November 2018 General Election/Notes
CD 38 – Linda Sánchez (D)	Linda Sanchez (D)/Ryan Downing (R)
CD 39 – Ed Royce (R) (Retiring)	Young Kim (R)/Gil Cisneros (D)
CD 45 – Mimi Walters (R)	Mimi Walters (R)/Katie Porter (D)
CD 46 – Lou Correa (D)	Lou Correa (D)/Russell Lambert (R)
CD 47 – Alan Lowenthal (D)	Alan Lowenthal (D)/John Briscoe (R)
CD 48 – Dana Rohrabacher (R)	Dana Rohrabacher (R)/Hans Keirstead (D)/Harley Rouda (D) Too close to call for second spot
CD 49 – Darrell Issa (R) (Retiring)	Diane Harkey (R)/Mike Levin (D)

State Senate (5)	Status of November 2018 General Election/Notes
SD 29 – Josh Newman (D) (Recalled)	Ling-Ling Chang (R) Elected to fill seat for the remainder of the term, from approx. July 2018 to December 2020
SD 32 – Tony Mendoza (D) (Resigned)	Rita Topalian (R)/Vanessa Delgado (D) Top two advance to Special General Election on August 7 to fill vacancy for remainder of term, from approx. September 2018 to December 2018 Rita Topalian (R)/Bob Archuleta (D) Top two advance to General Election on November 6 for new term beginning January 2019
SD 34 – Janet Nguyen (R)	Janet Nguyen (R)/Tom Umberg (D)
SD 36 – Pat Bates (R)	Pat Bates (R)/Margarie Castellano (D)
SD 37 – John Moorlach (R)	Current term to 2020

State Assembly (7)**Status of November 2018 General Election/Notes**

AD 55 – Phillip Chen (R)	Phillip Chen (R)/Gregg Fritchle (D)
AD 65 – Sharon Quirk-Silva (D)	Sharon Quirk-Silva (D)/Alexandria Coronado (R)
AD 68 – Steven S. Choi (R)	Steven S. Choi (R)/Michelle Duman (D)
AD 69 – Tom Daly (D)	Tom Daly (D)/TBD
AD 72 – Travis Allen (R) (Ran for Governor)	Josh Lowenthal (D)/Tyler Diep (R)
AD 73 – William Brough (R)	William Brough (R)/Scott Rhinehart (D)
AD 74 – Matthew Harper (R)	Matthew Harper (R)/Cottie Petrie-Norris (D)

Board of Supervisors (5)**Status of November 2018 General Election/Notes**

DIS 1 – Andrew Do	Current term to 2020
DIS 2 – Michelle Steel	Michelle Steel Re-elected to 4-year term, 2018-2022
DIS 3 – Todd Spitzer (Running for Orange County DA)	Current term to 2020
DIS 4 – Shawn Nelson (Termed out)	Tim Shaw (R)/Doug Chaffee/Joe Kerr (D) Too close to call for second spot
DIS 5 – Lisa Bartlett	Lisa Bartlett Re-elected to 4-year term, 2018-2022

June 13, 2018

Hussain, Shamiq

From: Hussain, Shamiq
Sent: Wednesday, June 13, 2018 3:01 PM
To: Rizzuto, Janis
Subject: RE: CalOptima Grant Announcement

Greetings Community Partners-

Thank you for your ongoing interest in CalOptima community grants, offered through our Intergovernmental Transfer (IGT) program. We are pleased to announce that the opportunity to submit Requests for Information (RFIs) for \$14.4 million in IGT 5 grants is now open! You may view details about our Request for Information (RFI) and find links to our online submission system at <https://www.caloptima.org/CommunityGrants>.

If you have a program or service to propose in one of these eight areas, we want to hear from you. The priority areas are:

- 1) Adult mental health services
- 2) Mental health/socialization services for older adults
- 3) Mental health/developmental services for children
- 4) Nutrition education and fitness program for children
- 5) Medi-Cal benefits education and outreach
- 6) Primary care services and social determinants of health programs
- 7) Adult dental services
- 8) Children's dental services

ALL RFI RESPONSES ARE DUE NO LATER THAN JULY 9, 2018! Written questions regarding the RFIs are due by June 18th. Answers will be posted on the CalOptima Community Grant site on June 22, 2018.

CalOptima will review the responses to determine which suggested programs and services are the best options to fulfill the priority areas. Then, CalOptima will release Requests for Proposal (RFPs) in September 2018. You do not have to submit an RFI response to respond to the RFP.

Remember to visit the [Community Grants](#) page of CalOptima's website for the latest information and FAQs.

For additional questions regarding the RFI, please see the online application instructions for information on how to submit your question.

Best regards,

Tiffany Kaaiakamanu
Manager
Community Relations



CalOptima, A Public Agency
505 City Parkway West, Orange, CA 92868
Direct: 657.235.6872 | Cell: 714.222.0637 | Fax: 714-338-3141
www.caloptima.org | Facebook | Twitter

California's Top-Rated Medi-Cal Plan
—NCQA's Medicaid Health Insurance Plan Ratings 2017–2018



Intergovernmental Transfer (IGT) Community Grants Timeline

IGT 5 — \$14.4 Million

June 8, 2018	Release Requests for Information (RFIs)
July 9, 2018	RFI responses due
September 7, 2018	Release Requests for Proposal (RFPs)
October 5, 2018	RFP responses due
December 6, 2018	Award grants

IGT 6/7 — \$13.6 Million

October 19, 2017	Release Letters of Interest/Information (LOIs) — <i>completed</i>
November 13, 2017	LOI responses due — <i>completed</i>
August 3, 2018	Release Requests for Proposal (RFPs)
September 14, 2018	RFP responses due
December 6, 2018	Award grants

Dates are tentative

Intergovernmental Transfer (IGT) Community Grants Definitions

Definitions

Intergovernmental Transfer (IGT)	A financial transaction that results in additional funding for programs and services that fulfill unmet needs of Medi-Cal members; CalOptima's Board governs the agency's IGT transactions.
Grant	A financial award given by CalOptima to an eligible recipient to achieve a particular purpose or project.
Letter of Interest/ Information (LOI)	A document declaring an organization's interest/information to help define the scope of work for a Request for Proposal. (Synonymous with RFI)
Request for Information (RFI)	A document used to gather written information to help define the scope of work for a Request for Proposal. (Synonymous with LOI)
Request for Proposal (RFP)	A document used to solicit proposals from potential grantees.



CalOptima

Better. Together.

Fiscal Year 2017-18 Directed Payments

PAC Meeting
June 14, 2018

Greg Hamblin, Chief Financial Officer & Treasurer

FY 2017 - 2018 Directed Payments

Proposition 56
Physician
Supplemental
Payments

Public Hospital
Enhanced
Payment
Program (EPP)

Public Hospital
Quality Incentive
Pool (QIP)

Private Hospital
Directed
Payment (PHDP)

Prop 56 Physician Directed Payments

- Providers subject to Prop 56

- Primary Care Physicians (PCPs)
- Specialty Physicians
- Mental Health Outpatient Providers

- Specified rate for each of the 13 E/M Codes

- 10 PCP/Specialty codes (99201-99205; 99211-99215)
- 3 Mental Health Outpatient codes (90791; 90792; 90863)

- Risk-Based To Health Plan

- Add-on will be delivered based on anticipated utilization of the applicable E/M code reimbursement increases.
- FQHCs are excluded.

- Requirements

- Eligible providers must be paid the defined E/M code supplemental payment as outlined in APL 18-010.
- Complete, accurate and timely encounter reporting on utilization
- July 2017 – June 2018 for first year.

Public Hospital Enhanced Payment Program (EPP)

• Providers subject to EPP

- Designated Public Hospitals (DPHs) and University of CA, UC System
- Pooled amount (no risk to Health Plans) – Statewide total approximately **\$1.5 billion**

• Policy

- Includes IP (IP and LTC) and Non-IP (OP, ER, PCP, SP, NPP and MHOP)
- Excludes Full Duals and CBRC, FQHC, HIS and RHC utilization.

• Requirements

- Complete, accurate and timely encounter reporting on utilization
- Plans are expected to work with DPHs/UCs to evaluate encounter utilization data.
- DHCS to provide Volume Charts at Plan/Hospital level to assist in this effort.

Public Hospital Quality Incentive Pool (QIP)

- Providers subject to QIP

- DPHs and UCs
- Pooled amount (no risk to Health Plans) – statewide total \$640 million

- Policy

- Participating DPHs and UCs must report on at least 20 to 25 quality measures.
- Full Duals are excluded

Private Hospital Directed Payment (PHDP)

• Previous Methodology – HQAF

- To Reimburse Hospital services for Medi-Cal enrollees
- CMS Regulations – Final rule May, 2016 and Jan 2017
- All other direction of payment is disallowed

• New Methodology - PHDP

- Final Payments to reflect actual utilization – Projected payment Sep/Oct 2019
- HQAF Pass-Through subject to 10-year phase down - CMS approved Mar 2018

• Providers subject to PHDP

- Private Hospitals
- Pooled amount (no risk to Health Plans) statewide total **\$2.1 billion**

• Policy

- Includes IP and Non-IP (OP and ER) – Two Pools
- Excludes Full Duals and FQHC, RHC, CBRC, and IHC utilization.

• Requirements

- Complete, accurate and timely encounter reporting on utilization
- Plans are expected work with Hospitals to evaluate encounter utilization data.
- DHCS to provide Volume Charts at the Plan/Hospital level to assist in the effort.
- July1, 2017 – June 30, 2018 – all data due by Dec 31, 2018

Private Hospital Directed Payment (PHDP)

• Data Elements

- Who is contracted with whom?
- For what Services? Has to be MediCal covered service.
- For which members?
- For What Time period?

• Contracting

- Direct Contracts
- Delegated Contracts
- Hospital to Hospital Contracts

• Delegated Contracts

- Contracting arrangements - LOA's not considered "contracted"
- Services under contract
- Populations under contract
- Contracting periods

DHCS Directed Payments Webinar

- DHCS will be providing an overview of the policy and encounter data logic for the state fiscal year 2017-18 Private Hospital Directed Payment (PHDP) program and designated public hospital Enhanced Payment Program (EPP).
- The Department has sent separate webinar notices for private hospitals (to discuss the PHDP program) and designated public hospitals (to discuss the EPP)
 - Private Hospitals:
 - June 18, 2018, 11am to 1pm
 - June 19, 2018, 1pm to 3pm
 - Public Hospitals:
 - June 20, 2018, 1pm to 3pm





CalOptima
Better. Together.

Whole-Child Model (WCM) Update

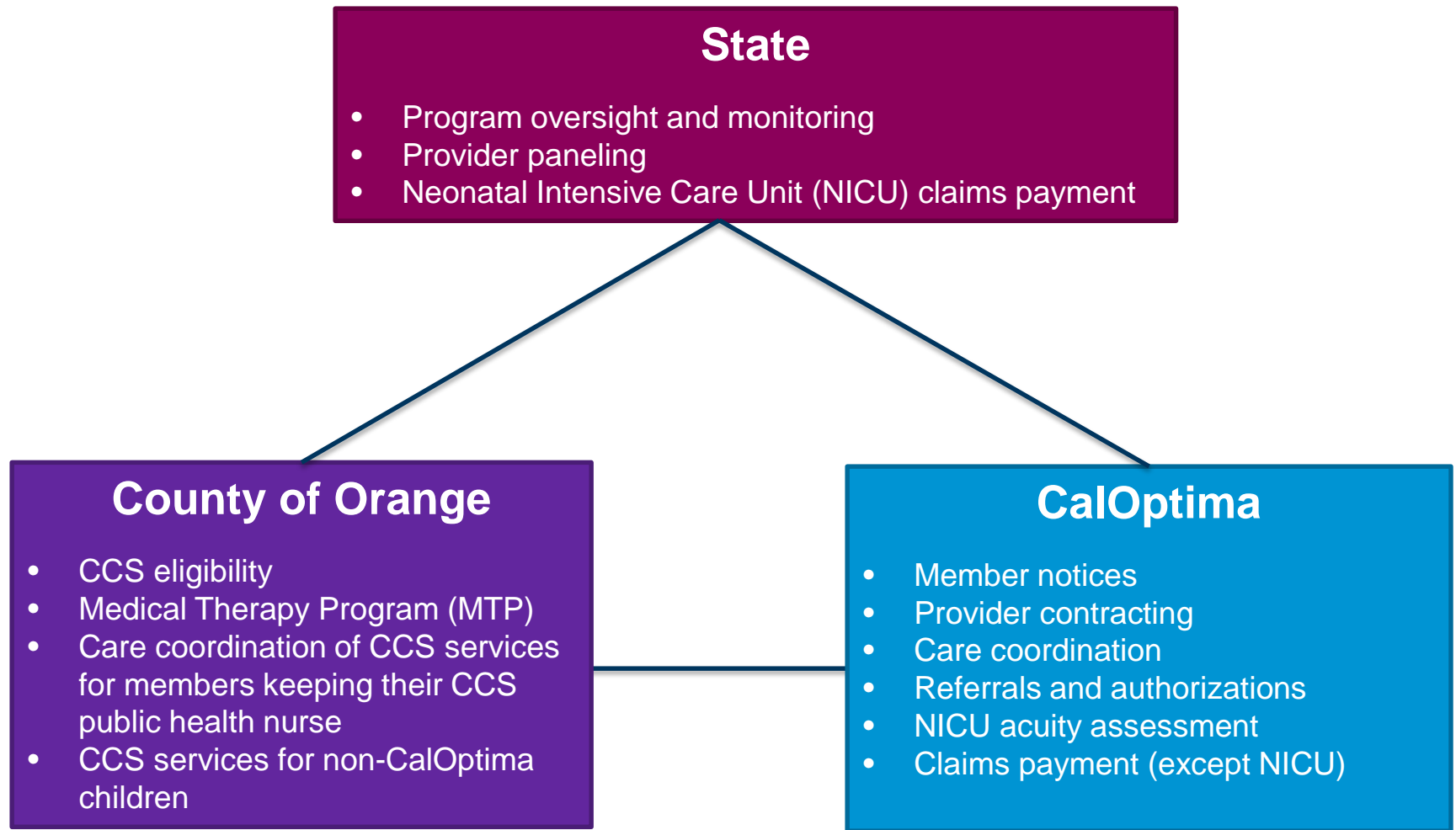
Candice Gomez, Executive Director
Program Implementation

Provider Advisory Committee
June 14, 2018

Whole-Child Model (WCM) Overview

- California Children's Services (CCS) is a statewide program providing medical care and case management for children under 21 with certain medical conditions.
 - Locally administered by Orange County Health Care Agency
- The Department of Health Care Services (DHCS) is implementing WCM to integrate CCS services into select Medi-Cal plans.
 - CalOptima will implement WCM effective January 1, 2019.
 - All Plan Letter 18-011 released June 7, 2018

Division of WCM Responsibilities



CCS Demographics

- About 13,000 Orange County children are receiving CCS services.
 - 90 percent are CalOptima members

Languages

- | | |
|-------------------|-----|
| • English = | 51% |
| • Spanish = | 43% |
| • Vietnamese = | 4% |
| • Other/unknown = | 2% |

City of Residence (Top 5)

- | | |
|------------------|-----|
| • Santa Ana = | 23% |
| • Anaheim = | 18% |
| • Garden Grove = | 8% |
| • Orange = | 6% |
| • Fullerton = | 4% |

Data as of April 2018

Distribution by Health Network

Health Network	Percent of CCS Members
CHOC Health Alliance	54.3%
CalOptima Direct	8.3%
Monarch Family HealthCare	8.0%
Kaiser Permanente	7.9%
Arta Western Health Network	6.3%
AltaMed Health Services	3.0%
United Care Medical Group	2.8%
Family Choice Health Network	2.7%
Noble Mid-Orange County	2.1%
Prospect Medical Group, Inc.	1.7%
Talbert Medical Group	1.4%
AMVI Care Health Network	1%
HPN – Regal Medical Group	0.2%
OC Advantage	0.0%

WCM Requirements

- Required use of CCS paneled providers and facilities, including network adequacy certification
- Memorandum of Understanding with Orange County Health Care Agency (OC HCA) to support coordination of services
- Maintenance and transportation (travel, food and lodging) to access CCS services
- WCM specific reporting requirements
- Permit selection of a CCS paneled specialist to serve as a CCS member's primary care provider (PCP)
- Establish WCM clinical and member/family advisory committees

Proposed Delivery Model

- Leverage existing delivery model using health networks, subject to Board approval
 - Reflects the spirit of the law to bring together CCS services and non-CCS services into a single delivery system
- Using existing model creates several advantages
 - Maintains relationships between CCS-eligible children, their chosen health network and primary care provider
 - Improves clinical outcomes and health care experience for members and their families
 - Decreases inappropriate medical and administrative costs
 - Reduces administrative burden for providers

Financial Approach

- DHCS will establish a single capitation rate that includes CCS and non-CCS services
- Limited historical CCS claims payment detail available
- CalOptima Direct and CalOptima Community Network
 - Follow current fee-for-service methodology and policy
 - CCS specific policy
 - Providers are reimbursed at 140 percent Medi-Cal
- Health Network
 - Keep health network risk and payment structure similar to current methodologies in place
 - Develop risk corridors to mitigate risk

Financial Approach (cont.)

- Health network risk and payment structure considerations
 - Risk Structure: Full risk, shared risk and (fee for service) FFS
 - Payment Structure: Single capitation for CCS and non-CCS services
 - Carve-Outs: Follow current Division of Financial Responsibility (DOFR) and policy
 - Policy Modifications: Reinsurance, capitation, shared risk pool, high cost exclusions
 - Risk Corridors
 - Other considerations
 - Maintenance and transportation
 - Out-of-area
 - Members enrolled with Kaiser

Clinical Operations

- Providing CCS-specific case management, care coordination, provider referral and authorizations
- Supporting new services such as high-risk infant follow-up authorization, maintenance and transportation (lodging, meals and other travel-related services)
- Facilitating transitions of care
 - Risk stratification, health risk assessment and care planning for children and youth transitioning to WCM
 - Between CalOptima, OC HCA and other counties
 - Age-out planning for members who will become ineligible for CCS when they turn 21 years of age

Provider Impact and Network Adequacy

- CalOptima and delegated networks must have adequate network of CCS paneled and approved providers
 - CCS panel status will be part of credentialing process
 - CCS members will be able to select their CCS specialists as primary care provider
 - CalOptima is in process of contracting with CCS providers in Orange County and specialized providers outside of county providing services to existing members
 - Documentation of network adequacy will be submitted to DHCS by September 28, 2018

Advisory Committees

- Clinical Advisory Committee

- Development included in 2018 Quality Improvement Program approved by CalOptima Board of Directors in March, 2018
- Membership to include:
 - County CCS Medical Director
 - Minimum of four CCS-paneled providers
 - CalOptima Chief Medical Officer

- Family Advisory Committee

- Seats: Seven–nine family seats and two–four community-based organization/advocate seats
- Applications closed March 31, 2018
- Board of Directors appointed six family seats
- CalOptima expects to return to the Board in September for additional appointments

Stakeholder Engagement

- CalOptima is committed to keeping our stakeholders informed and providing opportunities for feedback
- Recent events:
 - January 2018 — General Stakeholder event
 - February 2018 — Family events
 - March 2018 — CalOptima employee focus group
- Upcoming events:
 - June 2018 — CBO focus group
 - July 25, 2018 — General Stakeholder event
 - Additional general and family events planned through end of year

Next Steps

- Continue development of Model of Care processes, departmental workflows and desktop procedures
- Prepare for DHCS submissions
 - Board approval of new and revised policies
 - Transition plan
 - Network adequacy
- Member communications
 - 30/60 day member letters
 - Call campaign script
- Continued engagement with county and health networks on clinical and operational processes

Additional Information

- CalOptima WCM implementation information, including prior event materials
 - www.caloptima.org
 - Sign-up for periodic updates
- DHCS WCM Implementation
 - Program information:
 - <http://www.dhcs.ca.gov/services/ccs/Pages/CCSWholeChildModel.aspx>
 - <http://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2018/APL18-011.pdf>
 - CCS Advisory Group:
 - <http://www.dhcs.ca.gov/services/ccs/Pages/AdvisoryGroup.aspx>

CalOptima's Mission

To provide members with access to quality health care services delivered in a cost-effective and compassionate manner



Palliative Care Update

Provider Advisory Committee

June 14, 2018

Tracy Hitzeman, RN, CCM, Executive Director Clinical Operations

Legislative Background

- Senate Bill 1004 requires the Department of Health Care Services (DHCS) to establish standards and provide technical assistance to ensure delivery of palliative care services by Managed Care Plans
- DHCS All Plan letter for Palliative Care (17-015) became effective January 1, 2018

DHCS' Target Population

General Eligibility Criteria

- Using/likely to use hospital or ED to manage disease
- Advanced stage of illness
- Death within 1 year would not be unexpected
- Willing to participate in advanced care planning discussions
- Not eligible for or declines hospice
- Received appropriate desired medical therapy or therapy is no longer effective
- Willing to receive disease management/palliative care



Has One of Four Diagnoses

- Advanced Cancer
- Chronic Obstructive Pulmonary Disease (COPD)
- Congestive Heart Failure (CHF)
- Liver Disease

Notes:

- *Each diagnosis has specific criteria, which may require file review*
- *Plans/HNs may chose to offer Palliative Care based on broader clinical criteria.*

CalOptima Implementation

- DHCS Target Population- starting point
- Includes members appropriate for palliative care with other conditions
- Coordinated by Health Networks with Plan oversight
- Delivery models:
 - Vendor
 - Direct contracts with providers
 - In house
- Provider community education
- Clinical staff training
- First quarter DHCS report submitted May 2018

Palliative Care Results-Qtr 1

Referral Category	Volume
Requested	124
Approved	97
Declined (Member)	27
Denied	0

Condition Category	Volume
Cancer	51
Heart Failure	9
COPD	2
Liver Disease	2
Other	22

Challenges

- Member acceptance of palliative care
 - Knowledge deficit
 - Cultural beliefs
- Available data insufficient to make referrals-record review necessary
- Reporting difficult-no unique CPT codes exist

Next Steps

- Community education event
- Ongoing provider community education
- Encourage referrals
- Clinical staff additional training and feedback
- Continued tracking of participation
 - Members
 - Palliative Care Providers
- As initiative matures, evaluation of outcome metrics
 - Impact to member care (e.g. appropriate utilization, member/family satisfaction, provider satisfaction)

Resources

- DHCS' Palliative Care website
 - <http://www.dhcs.ca.gov/provgovpart/Pages/Palliative-Care-and-SB-1004.aspx>
- DHCS All Plan Letter
 - <http://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2017/APL17-015.pdf>

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