



CalOptima Health

CalOptima Health
A Public Agency
505 City Parkway West
Orange, CA 92868
714-246-8400
TTY: 711
caloptima.org

CONTACT:

Janis Rizzuto
Director, Communications
jrizzuto@caloptima.org
714-246-8837

FOR IMMEDIATE RELEASE

CALOPTIMA HEALTH INVESTS HISTORIC \$526.2 MILLION TO RAISE RATES FOR HOSPITALS, PHYSICIANS, CLINICS SERVING OC SAFETY NET

Rate increase aims to improve member access to care, sustain the managed care network and is the largest in CalOptima Health history

ORANGE, Calif. (June 17, 2024) — The CalOptima Health Board of Directors has approved an investment of \$526.2 million to increase rates paid to health networks, hospitals, physicians, community clinics, behavioral health providers and ancillary services providers in Orange County. It is the largest provider rate increase of its kind in CalOptima Health’s nearly 30-year history. This investment is intended to support timely access to critical health care services for members and promote longer-term financial stability of the managed care network over a 30-month period from July 2024 through December 2026.

This unprecedented provider rate increase comes at a much needed time to counteract some of the financial uncertainty due to the California state budget deficit and its potential impact on health care programs, including Medi-Cal. The complex nature of the ongoing budget negotiations underscores why CalOptima Health’s action to deliver a separate provider rate increase is so significant. Based on prior fiscal prudence and in accordance with its founding ordinance, CalOptima Health is using unallocated reserve funds to expand access and augment provider reimbursement.

CalOptima Health provides health insurance benefits to nearly one in three Orange County residents. It serves more than 928,000 low-income children, adults, seniors and people with disabilities through a managed care delivery model, including health network partners, hospitals, physician groups, community health centers, skilled nursing facilities, behavioral health providers and other ancillary service providers. Together, these organizations are the health care safety net for Orange County.

“Historically, Medi-Cal reimbursement has been a barrier to access for patients and their families,” said Michael Hunn, CEO of CalOptima Health. “We ask a lot of our hospitals, doctors and others who provide life-saving care to our members. During the public health emergency, CalOptima Health supported providers with temporary, short-term supplemental payments. These new rate increases will help ensure member access, provider financial stability, network access and medical care for CalOptima Health members throughout Orange County over the next two and a half years.”

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About CalOptima Health

A county organized health system, CalOptima Health provides quality health care coverage for low-income children, adults, seniors and people with disabilities in Orange County, California. CalOptima Health’s mission is to serve member health with excellence and dignity, respecting the value and needs of each person. CalOptima Health serves more than 928,000 members with a network of 10,900 primary care doctors and specialists and 39 acute and rehab hospitals.

See Page 2 for Quotes From Health Care Leaders

WHAT THEY'RE SAYING

Reactions from health care leaders across Orange County

“These rate increases by CalOptima Health put members’ health care needs first and foremost. All of the hospitals, community clinics, physicians and others who care for CalOptima Health members appreciate the recognition and validation of our important role in supporting the health care safety net in Orange County. We thank CalOptima Health for its historic investment.”

—*Robert Braithwaite, President and CEO of Hoag Memorial Hospital Presbyterian and Chair of the Orange County Area for the Hospital Association of Southern California*

“On behalf of the physician community, the Orange County Medical Association applauds this important action by CalOptima Health in making a substantial investment in the health care delivery system in Orange County. Not only does this help support the providers, but more importantly, it will help to increase access to care in the network that serves one out of every three residents in our community.”

—*Jim Peterson, Executive Director, Orange County Medical Association*

“This landmark decision underscores CalOptima Health’s unwavering commitment to enhancing the quality of care for the communities we serve. The increased funding will significantly bolster the ability of the Behavioral Health and Applied Behavior Analysis provider community to attract and retain behavior therapists, and ultimately provide the highest standard of care to our patients. The increase means more comprehensive and accessible mental health services and behavioral interventions. It will allow us to expand our reach to underserved populations, reduce wait times, and deliver individualized, evidence-based care that addresses the unique needs of each patient. We are excited about the opportunities this rate increase brings.”

—*Junie Lazo-Pearson, Ph.D., BCBA-D, Chief Clinical Officer, Advanced Behavioral Health*

“Orange County pediatricians appreciate that CalOptima Health’s rate increase is designed to ensure that physicians are adequately reimbursed for the excellent care they deliver. Also, the increase will serve to improve health care disparities for the population served, resulting in better health outcomes and decreased overall costs. We applaud CalOptima Health for understanding and recognizing the importance of the patient-centered medical home as well as assuring continuity of care for our patients.”

—*Reshmi Basu, M.D., FAAP, President, American Academy of Pediatricians–Orange County Chapter*

“As a family physician working at a training program within a Federally Qualified Health Center, our goal is to provide high-quality clinical care to our community while training future physicians to dedicate their careers to caring for the underserved. Ultimately, we aim to train physicians who expand their services to meet the needs of the communities they serve, including services such as medication-assisted treatment of opioid use disorder, treatment of Hepatitis C, and complex prenatal care. Provider rate increases represent an opportunity for us to be appropriately compensated for the significant impact broadly trained primary care physicians have on the health care system, and for us to continue to focus our efforts on providing our patients timely access to the highest standards of needs-focused care.”

—*Matteo Leveroni, M.D., Medical Director of Family Medicine, UCI Family Health Center–Santa Ana*

“Family Choice Health Services fully supports the provider rate increases being implemented by CalOptima Health, starting July 1, 2024. Family Choice expects that the added upfront monthly capitation provided will be sufficient to pay for the higher provider rates being implemented. With the proper balance in increased funding between physicians, hospitals, health networks, FQHCs and other health care providers, quality patient care and access throughout Orange County will be improved and ensured.”

—*Toan Tran, M.D., Chief Executive Officer, Family Choice Health Services*