



CalOptima Health

Financial Summary

December 31, 2024

Board of Directors Meeting
February 6, 2025

Nancy Huang, Chief Financial Officer

Our Mission

To serve member health with excellence and dignity, respecting the value and needs of each person.

Our Vision

By 2027, remove barriers to health care access for our members, implement same-day treatment authorizations and real-time claims payments for our providers, and annually assess members' social determinants of health.

Financial Highlights: December 2024

December 2024				July - December 2024				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
917,669	899,701	17,968	2.0%	Member Months	5,477,429	5,403,758	73,671	1.4%
450,096,983	355,329,026	94,767,957	26.7%	Revenues	2,423,540,430	2,133,433,841	290,106,589	13.6%
355,307,821	364,200,901	8,893,080	2.4%	Medical Expenses	2,274,903,355	2,146,625,884	(128,277,471)	(6.0%)
22,056,419	24,684,749	2,628,330	10.6%	Administrative Expenses	121,530,266	145,170,552	23,640,286	16.3%
72,732,743	(33,556,624)	106,289,367	316.7%	Operating Margin	27,106,809	(158,362,595)	185,469,404	117.1%
				Non-Operating Income (Loss)				
11,715,529	6,666,660	5,048,869	75.7%	Net Investment Income/Expense	100,525,561	39,999,960	60,525,601	151.3%
(62,891)	(117,280)	54,389	46.4%	Net Rental Income/Expense	(331,905)	(703,680)	371,775	52.8%
(2,091)	-	(2,091)	(100.0%)	Net MCO Tax	1,699	-	1,699	100.0%
(10,014,657)	(1,178,825)	(8,835,832)	(749.5%)	Grant Expense	(12,540,896)	(6,982,041)	(5,558,855)	(79.6%)
1,566	-	1,566	100.0%	Other Income/Expense	69,446	-	69,446	100.0%
1,637,455	5,370,555	(3,733,100)	(69.5%)	Total Non-Operating Income (Loss)	87,723,905	32,314,239	55,409,666	171.5%
74,370,198	(28,186,069)	102,556,267	363.9%	Change in Net Assets	114,830,714	(126,048,356)	240,879,070	191.1%
78.9%	102.5%	(23.6%)		Medical Loss Ratio	93.9%	100.6%	(6.8%)	
4.9%	6.9%	2.0%		Administrative Loss Ratio	5.0%	6.8%	1.8%	
16.2%	(9.4%)	25.6%		Operating Margin Ratio	1.1%	(7.4%)	8.5%	
100.0%	100.0%			Total Operating	100.0%	100.0%		
72.4%	97.6%	(25.1%)		*Adjusted MLR	88.1%	95.7%	(7.6%)	
4.9%	6.9%	2.0%		*Adjusted ALR	5.3%	6.8%	1.5%	

*Adjusted MLR /ALR excludes estimated Board-approved Provider Rate increases, Directed Payments and Community Reinvestment Accruals, but includes costs associated with CalOptima Health's Digital Transformation Strategy (DTS) budget.

Financial Highlights Notes: December 2024

- Notable events/items in December 2024
 - \$39.3 million net change in revenue related to Calendar Year (CY) 2024 Department of Health Care Services (DHCS) capitation rate true-up
 - \$32.9 million for CalAIM's Incentive Payment Program (IPP) funding received from DHCS
 - \$160.5 million of Intergovernmental Transfers (IGT) were received in December 2024 for the period of January 2023 through December 2023
 - \$158.5 million disbursed to qualifying funding partners in January 2025

FY 2024-25: Management Summary

- Change in Net Assets Surplus or (Deficit)
 - Month To Date (MTD) December 2024: \$74.4 million, favorable to budget \$102.6 million or 363.9% primarily due to:
 - Favorable net investment income, CalAIM IPP, and updated CY 2024 premium capitation rates from DHCS
 - Lower than expected utilization for the month
 - Year To Date (YTD) July - December 2024: \$114.8 million, favorable to budget \$240.9 million or 191.1% primarily due to:
 - Favorable net investment income, premium capitation rates and enrollment in the Medi-Cal (MC) Line of Business (LOB)

FY 2024-25: Management Summary (cont.)

○ Enrollment

- MTD: 917,669 members, favorable to budget 17,968 or 2.0%
- YTD: 5,477,429 member months, favorable to budget 73,671 or 1.4%

○ Revenue

- MTD: \$450.1 million, favorable to budget \$94.8 million or 26.7% primarily due to updated CY 2024 premium capitation rates, CalAIM IPP and favorable enrollment
- YTD: \$2,423.5 million, favorable to budget \$290.1 million or 13.6% driven by MC LOB due to CY 2022 Hospital Directed Payments (DP), favorable enrollment and premium capitation rates

FY 2024-25: Management Summary (cont.)

○ Medical Expenses

- MTD: \$355.3 million, favorable to budget \$8.9 million or 2.4% driven by:
 - Net \$20.4 million in MC Facilities, Professional, and Managed Long-Term Services and Supports (MLTSS) Claims due to lower than expected utilization
 - \$7.6 million in MC Incentive Payments expenses due to the timing of Hospital Quality Program (HQP) accruals
 - Offset by:
 - \$11.5 million in MC Other Medical Expenses primarily due to CY 2024 Community Reinvestment and Quality Achievement accruals
 - \$9.0 million in MC Provider Capitation due to AltaMed's transition to HMO and CY 2022 Proposition 56 adjustments

FY 2024-25: Management Summary (cont.)

- Medical Expenses (cont.)
 - YTD: \$2,274.9 million, unfavorable to budget \$128.3 million or 6.0% driven by:
 - \$159.4 million in MC Other Medical Expenses due primarily to CY 2022 Hospital DP and Community Reinvestment and Quality Achievement accruals
 - Offset by \$20.5 million in MC Incentive Payments expenses due to the timing of HQP accruals

FY 2024-25: Management Summary (cont.)

- Administrative Expenses
 - MTD: \$22.1 million, favorable to budget \$2.6 million or 10.6%
 - YTD: \$121.5 million, favorable to budget \$23.6 million or 16.3%
- Non-Operating Income (Loss)
 - MTD: \$1.6 million, unfavorable to budget \$3.7 million or 69.5% primarily due to unfavorable grant expense of \$8.8 million, offset by net investment income of \$5.0 million
 - YTD: \$87.7 million, favorable to budget \$55.4 million or 171.5% primarily due to favorable net investment income of \$60.5 million, offset by unfavorable grant expense of \$5.6 million

FY 2024-25: Key Financial Ratios

○ Medical Loss Ratio (MLR)

		Actual	Budget	Variance (%)
MTD	MLR	78.9%	102.5%	(23.6%)
	Adjusted MLR*	72.4%	97.6%	(25.1%)
YTD	MLR	93.9%	100.6%	(6.8%)
	Adjusted MLR*	88.1%	95.7%	(7.6%)

○ Administrative Loss Ratio (ALR)

		Actual	Budget	Variance (%)
MTD	ALR	4.9%	6.9%	2.0%
	Adjusted ALR*	4.9%	6.9%	2.0%
YTD	ALR	5.0%	6.8%	1.8%
	Adjusted ALR*	5.3%	6.8%	1.5%

* Adjusted MLR/ALR excludes estimated Board-approved Provider Rate Increases, Directed Payments and Community Reinvestment Accruals, but include costs associated with DTS.

FY 2024-25: Key Financial Ratios (cont.)

○ Balance Sheet Ratios

- Current ratio*: 1.8
- Board Designated Reserve level: 2.64
- Statutory Designated Reserve level: 1.04
- Net-position: \$2.6 billion, including required Tangible Net Equity (TNE) of \$130.1 million

*Current ratio compares current assets to current liabilities. It measures CalOptima Health's ability to pay short-term obligations

Enrollment Summary: December 2024

December 2024				Enrollment (by Aid Category)	July - December 2024			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
147,617	137,572	10,045	7.3%	SPD	872,792	820,333	52,459	6.4%
267,710	271,813	(4,103)	(1.5%)	TANF Child	1,614,675	1,634,608	(19,933)	(1.2%)
132,049	138,015	(5,966)	(4.3%)	TANF Adult	786,293	827,296	(41,003)	(5.0%)
2,532	2,601	(69)	(2.7%)	LTC	14,922	15,645	(723)	(4.6%)
340,594	322,140	18,454	5.7%	MCE	2,024,291	1,940,989	83,302	4.3%
9,624	9,545	79	0.8%	WCM	58,167	57,370	797	1.4%
900,126	881,686	18,440	2.1%	Medi-Cal Total	5,371,140	5,296,241	74,899	1.4%
17,037	17,535	(498)	(2.8%)	OneCare	103,266	104,673	(1,407)	(1.3%)
506	480	26	5.4%	PACE	3,023	2,844	179	6.3%
519	568	(49)	(8.6%)	MSSP	2,989	3,408	(419)	(12.3%)
917,669	899,701	17,968	2.0%	CalOptima Health Total	5,477,429	5,403,758	73,671	1.4%

Note: MSSP enrollment is included in Medi-Cal Total.



Consolidated Revenue & Expenses: December 2024 MTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	900,126	17,037		506	519	917,669
REVENUES						
Capitation Revenue	\$ 411,265,383	\$ 34,230,598	\$ -	\$ 4,364,762	\$ 236,240	\$ 450,096,983
Total Operating Revenue	411,265,383	34,230,598	-	4,364,762	236,240	450,096,983
MEDICAL EXPENSES						
Provider Capitation	120,338,569	13,862,511				134,201,079
Claims	112,498,894	7,170,718		1,580,417		121,250,029
MLTSS	51,569,460			45,347	33,486	51,648,293
Prescription Drugs		8,679,023		559,060		9,238,082
Case Mgmt & Other Medical	36,303,384	1,173,287		1,312,034	181,631	38,970,336
Total Medical Expenses	320,710,308	30,885,538	-	3,496,858	215,117	355,307,821
<i>Medical Loss Ratio</i>	78.0%	90.2%	0.0%	80.1%	91.1%	78.9%
GROSS MARGIN	90,555,075	3,345,060	-	867,904	21,123	94,789,162
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	10,971,365	1,039,630		170,795	99,329	12,281,118
Non-Salary Operating Expenses	5,032,011	542,328		124,045	1,421	5,699,805
Depreciation & Amortization	758,991			986		759,977
Other Operating Expenses	3,016,634	24,776		8,070	8,105	3,057,585
Indirect Cost Allocation, Occupancy	(1,682,436)	1,899,944		26,252	14,174	257,934
Total Administrative Expenses	18,096,566	3,506,677	-	330,148	123,028	22,056,419
<i>Administrative Loss Ratio</i>	4.4%	10.2%	0.0%	7.6%	52.1%	4.9%
Operating Income/(Loss)	72,458,509	(161,617)	-	537,756	(101,905)	72,732,743
Investments and Other Non-Operating	(526)					1,637,455
CHANGE IN NET ASSETS	\$ 72,457,983	\$ (161,617)	\$ -	\$ 537,756	\$ (101,905)	\$ 74,370,198
BUDGETED CHANGE IN NET ASSETS	(31,546,182)	(1,743,236)	-	(154,877)	(112,329)	(28,186,069)
Variance to Budget - Fav/(Unfav)	\$ 104,004,165	\$ 1,581,619	\$ -	\$ 692,633	\$ 10,424	\$ 102,556,267

Consolidated Revenue & Expenses: December 2024 YTD

	Medi-Cal	OneCare	OneCare Connect	PACE	MSSP	Consolidated
MEMBER MONTHS	5,371,140	103,266		3,023	2,989	5,477,429
REVENUES						
Capitation Revenue	\$ 2,197,352,528	\$ 202,062,415	\$ (3,197,365)	\$ 25,961,777	\$ 1,361,075	\$ 2,423,540,430
Total Operating Revenue	2,197,352,528	202,062,415	(3,197,365)	25,961,777	1,361,075	2,423,540,430
MEDICAL EXPENSES						
Provider Capitation	681,146,616	86,389,962	(1,453,037)			766,083,541
Claims	795,737,634	36,078,091		9,427,408		841,243,133
MLTSS	302,637,393			78,301	221,502	302,937,196
Prescription Drugs		52,215,480		3,553,081		55,768,560
Case Mgmt & Other Medical	291,500,836	8,773,542		7,490,264	1,106,283	308,870,925
Total Medical Expenses	2,071,022,479	183,457,075	(1,453,037)	20,549,054	1,327,785	2,274,903,355
<i>Medical Loss Ratio</i>	94.3%	90.8%	45.4%	79.2%	97.6%	93.9%
GROSS MARGIN	126,330,049	18,605,340	(1,744,328)	5,412,723	33,291	148,637,075
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	66,532,010	6,362,506		984,402	588,852	74,467,769
Non-Salary Operating Expenses	21,604,744	2,823,564		364,090	8,524	24,800,921
Depreciation & Amortization	4,444,894			5,745		4,450,639
Other Operating Expenses	15,419,419	158,035		53,382	46,144	15,676,980
Indirect Cost Allocation, Occupancy	(4,839,559)	6,819,724		107,856	45,937	2,133,958
Total Administrative Expenses	103,161,508	16,163,828	-	1,515,474	689,457	121,530,266
<i>Administrative Loss Ratio</i>	4.7%	8.0%	0.0%	5.8%	50.7%	5.0%
Operating Income/(Loss)	23,168,542	2,441,512	(1,744,328)	3,897,250	(656,166)	27,106,809
Investments and Other Non-Operating	71,145					87,723,905
CHANGE IN NET ASSETS	\$ 23,239,687	\$ 2,441,512	\$ (1,744,328)	\$ 3,897,250	\$ (656,166)	\$ 114,830,714
BUDGETED CHANGE IN NET ASSETS	(149,470,050)	(7,477,604)	-	(736,752)	(678,189)	(126,048,356)
Variance to Budget - Fav/(Unfav)	\$ 172,709,737	\$ 9,919,116	\$ (1,744,328)	\$ 4,634,002	\$ 22,023	\$ 240,879,070

Balance Sheet: As of December 2024

ASSETS

Current Assets	
Operating Cash	\$688,117,507
Short-term Investments	1,757,022,283
Capitation Receivable	685,650,501
Receivables - Other	95,208,691
Prepaid Expenses	14,803,823
Total Current Assets	3,240,802,805
Capital Assets	
Capital Assets	192,033,901
Less Accumulated Depreciation	(89,900,223)
Capital Assets, Net of Depreciation	102,133,678
Other Assets	
Restricted Deposits	300,000
Board Designated Reserves	1,036,698,175
Statutory Designated Reserves	135,603,541
Total Other Assets	1,172,601,716
TOTAL ASSETS	4,515,538,199
Deferred Outflows	75,899,007
TOTAL ASSETS & DEFERRED OUTFLOWS	4,591,437,206

LIABILITIES & NET POSITION

Current Liabilities	
Accounts Payable	\$410,582,067
Medical Claims Liability	1,240,732,265
Accrued Payroll Liabilities	26,697,567
Deferred Revenue	14,309,427
Other Current Liabilities	-
Capitation and Withholds	122,901,380
Total Current Liabilities	1,815,222,705
Other Liabilities	
GASB 96 Subscription Liabilities	21,301,538
Community Reinvestment	122,500,439
Capital Lease Payable	270,397
Postemployment Health Care Plan	17,601,435
Net Pension Liabilities	45,981,359
Total Other Liabilities	207,655,168
TOTAL LIABILITIES	2,022,877,873
Deferred Inflows	8,646,445
Net Position	
Required TNE	130,121,242
Funds in Excess of TNE	2,429,791,647
TOTAL NET POSITION	2,559,912,889
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	4,591,437,206

Board Designated Reserve and TNE Analysis: As of December 2024

Board Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	518,375,635				
MetLife Tier One	518,322,540				
Board Designated Reserves	1,036,698,175	981,101,907	1,177,322,288	55,596,269	(140,624,113)
<i>Current Reserve Level (X months of average monthly revenue) ¹</i>	<i>2.64</i>	<i>2.50</i>	<i>3.00</i>		

Statutory Designated Reserves

Investment Account Name	Market Value	Benchmark		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	67,902,768				
MetLife Tier Two	67,700,773				
Statutory Designated Reserves	135,603,541	130,121,242	143,133,366	5,482,299	(7,529,825)
<i>Current Reserve Level (X min. TNi</i>	<i>1.04</i>	<i>1.00</i>	<i>1.10</i>		

¹ See CalOptima Health policy GA.3001 Statutory and Board-Designated Reserve Funds for more information.

Spending Plan: As of December 2024

Category	Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @ 12/31/2024		\$2,559.9			100.0%
Resources Assigned	Board Designated Reserve ¹	\$1,036.7			40.5%
	Statutory Designated Reserve ¹	\$135.6			5.3%
	Capital Assets, net of Depreciation ²	\$102.1			4.0%
Resources Allocated³	Homeless Health Initiative ³	\$16.3	\$61.7	\$45.4	0.6%
	Housing and Homelessness Incentive Program ³	22.1	87.4	65.2	0.9%
	Intergovernmental Transfers (IGT)	54.6	111.7	57.1	2.1%
	Digital Transformation and Workplace Modernization ⁴	45.8	100.0	54.2	1.8%
	Mind OC Grant (Orange)	0.0	1.0	1.0	0.0%
	CalFresh Outreach Strategy	0.0	2.0	2.0	0.0%
	CalFresh and Redetermination Outreach Strategy	2.0	6.0	4.0	0.1%
	Coalition of Orange County Community Health Centers Grant	20.0	50.0	30.0	0.8%
	Mind OC Grant (Irvine)	0.0	15.0	15.0	0.0%
	OneCare Member Health Rewards and Incentives	0.2	0.5	0.3	0.0%
	General Awareness Campaign	1.3	4.7	3.4	0.1%
	Member Health Needs Assessment	1.1	1.3	0.2	0.0%
	Five-Year Hospital Quality Program Beginning MY 2023	128.5	153.5	25.0	5.0%
	Medi-Cal Annual Wellness Initiative	2.5	3.8	1.3	0.1%
	Skilled Nursing Facility Access Program	10.0	10.0	0.0	0.4%
	In-Home Care Pilot Program with the UCI Family Health Center	2.0	2.0	0.0	0.1%
	National Alliance for Mental Illness Orange County Peer Support Program Grant	3.5	5.0	1.5	0.1%
	Community Living and PACE center (previously approved for project located in Tustin)	17.6	18.0	0.4	0.7%
	Stipend Program for Master of Social Work Students Grant	0.0	5.0	5.0	0.0%
	Wellness & Prevention Program Grant	2.1	2.7	0.6	0.1%
	CalOptima Health Provider Workforce Development Fund Grant	45.6	50.0	4.4	1.8%
	Distribution Event - Naloxone Grant	2.3	15.0	12.7	0.1%
	Garden Grove Bldg. Improvement	10.0	10.5	0.5	0.4%
	Post-Pandemic Supplemental	6.3	107.5	101.2	0.2%
	CalOptima Health Community Reinvestment Program	38.0	38.0	0.0	1.5%
	Dyadic Services Program Academy	1.0	1.9	0.9	0.0%
	Outreach Strategy for newly eligible Adult Expansion members	4.2	7.6	3.4	0.2%
	Quality Initiatives from unearned Pay for Value Program	21.4	23.3	1.9	0.8%
	Expansion of CalOptima Health OC Outreach and Engagement Strategy	0.6	1.0	0.4	0.0%
	Medi-Cal Provider Rate Increases	421.0	526.2	105.2	16.4%
	Legal Services for CalOptima Health FY2024-2025	1.8	1.8	0.0	0.1%
	Homeless Prevention and Stabilization Pilot Program	0.3	0.3	0.0	0.0%
	Medi-Cal FFS Hospital Services with U of CA, Irvine--UCI Health/Placentia-Linda	0.9	0.9	0.0	0.0%
	Subtotal:	\$883.0	\$1,425.2	\$542.2	34.5%
Resources Available for New Initiatives	Unallocated/Unassigned ¹	\$402.5			15.7%

¹ Total Designated Reserves and unallocated reserve amount can support approximately 136 days of CalOptima Health's current operations.

² Increase due to the adoption of GASB 96 Subscription-Based Information Technology Arrangements.

³ See HHI and HHIP summaries and Allocated Funds for list of Board Approved Initiatives. Amount reported includes only portion funded by reserves.

⁴ On June 6, 2024, the Board of Directors approved an update to the Digital Transformation Strategy which will impact these figures beginning July 2024.

Homeless Health Initiative and Allocated Funds: As of December 2024

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-
Recuperative Care	6,194,190	6,194,190	-
Medical Respite	250,000	250,000	-
Day Habilitation (County for HomeKey)	2,500,000	2,500,000	-
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-
CalOptima Health Homeless Response Team	1,681,734	1,681,734	-
Homeless Coordination at Hospitals	10,000,000	9,956,478	43,522
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support	963,261	858,018	105,243
FQHC (Community Health Center) Expansion	21,902	21,902	-
HCAP and CalOptima Health Days	9,888,914	3,833,740	6,055,173
Vaccination Intervention and Member Incentive Strategy	123,348	54,649	68,699
Street Medicine ¹	10,076,652	7,076,530	3,000,122
Outreach and Engagement	7,000,000	-	7,000,000
Housing and Homelessness Incentive Program (HHIP) ²	40,100,000	-	40,100,000
Subtotal of Approved Initiatives	\$101,800,000	\$45,427,240	\$56,372,759
Transfer of funds to HHIP ²	(40,100,000)	-	(40,100,000)
Program Total	\$61,700,000	\$45,427,240	\$16,272,759

Notes:

¹On March 7, 2024, CalOptima Health's Board of Directors approved \$5 million to expand the Street Medicine Program. \$3.2 million remaining from Street Medicine Initiative (from the HHI reserve) and \$1.8 million from existing reserves to fund 2-year agreements to Healthcare in Action (Anaheim) and Celebrating Life Community Health Center (Costa Mesa).

²On September 1, 2022, CalOptima Health's Board of Directors approved reallocation of \$40.1 million from HHI to HHIP.

Housing and Homelessness Incentive Program

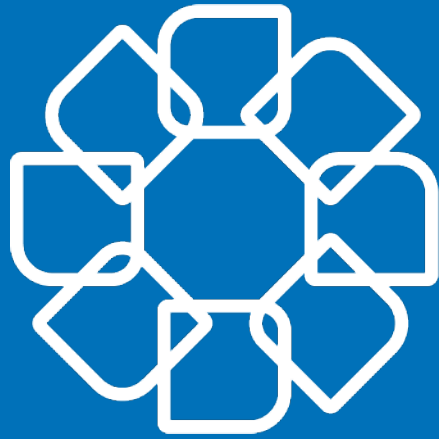
As of December 2024

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	72,931,189	54,930,994	28,932,737	25,998,257	18,000,195 ¹
Existing Reserves & HHI Transfer	87,384,530	87,384,530	65,249,003	22,135,527	-
Total	160,315,719	142,315,524	94,181,740	48,133,784	18,000,195

Funds Allocation, approved initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Office of Care Coordination	2,200,000	2,200,000	-	HHI
Pulse For Good	800,000	756,850	43,150	HHI
Consultant	600,000	-	600,000	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,021,311	1,600,000	HHI & DHCS
Infrastructure Projects	5,832,314	5,391,731	440,583	HHI
Capital Projects	108,247,369	77,195,575	31,051,794	HHI, DHCS & Existing Reserves
System Change Projects	10,184,530	4,863,856	5,320,674	DHCS
Non-Profit Healthcare Academy	700,000	452,417	247,583	DHCS
Total of Approved Initiatives	\$133,185,524¹	\$93,881,740	\$39,303,785	

Notes:

¹Total funding \$160.3 million: \$40.1 million Board-approved reallocation from HHI, \$47.2 million from CalOptima Health existing reserves and \$73.0 million from DHCS HHIP incentive payments.



CalOptima Health

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