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May 2, 2022

UPDATED/RECEIVED
05/19/2022

The Honorable Rudy Salas, Chair
Joint Legislative Audit Committee
The State Capitol, Room 107
Sacramento, CA 95814

Re: Assemblywoman Quirk-Silva State Audit Request on CalOptima

Dear Chair Salas,

I am requesting the Joint Legislative Audit Committee to support a programmatic audit related to budgetary and organizational concerns with CalOptima.

Background

According to CalOptima's website, CalOptima is the single largest health insurer in Orange County, providing coverage for one in four residents through four programs; Medi-Cal, OneCare Connect, OneCare, and PACE. They were created in 1993 by the community to fill a critical need. CalOptima manages programs that are funded by the state and federal government, but operates independently, under the leadership of a Board of Directors made up of members, providers, business leaders and local government representatives.

CalOptima claims that about 96 cents of every dollar they receive goes directly to medical care and that their administrative costs are among the lowest in California, compared with other public and commercial health plans. From the information provided on their website as well as additional web searches, information on CalOptima's budget, including reserves, fails to show how much comes in and how much was spent on areas of need. Transparency, not only with the community, but with the partner organizations they work with to provide services to Orange County, is needed.

For over a decade, there have been a number of concerns raised publically related to CalOptima. Some of the most notable include high turnover of senior executives, conflict of interest of board members, allegations of misconduct and inappropriate actions, mistrust from member and partner organizations providing services to CalOptima patients, delays in care for CalOptima's homeless patients, and lack of budgetary transparency. As Orange County's largest healthcare delivery system for our most vulnerable, it is important that we have answers to any budgetary or delivery services concerns.

Request and Scope of the Audit

I respectfully request the Joint Legislative Audit Committee approve an audit of CalOptima's budget,

delivery services and programs, as well as organizational changes. The audit should address and look into the following areas:

- 1) What is the full budget of CalOptima including what money comes in both on the state and federal level as well as privately?
- 2) What are CalOptima's reserves since the Affordable Care Act went into effect in 2014. What is it, specifically when compared to the Department of Health Care Services requirement? What is it compared to the reserves of other public Medi-Cal managed care plans?
- 3) How are the dollars collected and how much does CalOptima retain based on their Intergovernmental Transfer Program (IGT)? In addition, how does it compare to all Medi-Cal managed care plans? What is the balance as well as how much was spent of Cal Optima's portion of IGT funding?
- 4) What are the programs that are in place to serve OC's homeless population that are patients of CalOptima? What is required to be provided based on State and Federal funding?
- 5) How much was placed in the budget for homelessness? What the current balance is and how much was spent as well as what the money was spent on?
- 6) What has CalOptima pledged/promised (voluntarily) based on program and services to the homeless patients? What has been the successes of any of the program? What has been the challenges?
- 7) What are the reasons of the high turnover rates of the executive staff, especially since 2014? What is the comparison of turnover against other public Medi-Cal managed care plans?
- 8) What are the hiring practices? What are the salaries and credential requirements compared to other county healthcare systems?
- 9) How will CalOptima ensure transparency with their budget, what funds are coming in, what funds are expended and how?
- 10) How will CalOptima ensure that their member and partner organizations that they contract with have a clear path for communication without the fear of retaliation?
- 11) How will Cal Optima ensure that patients receive timely access to care, including those who are homeless?

Thank you for your consideration of this request. If you have any questions about this request, please do not hesitate to contact me.

Sincerely,



SHARON QUIRK-SILVA
65th Assembly District