

**MINUTES  
REGULAR MEETING  
OF THE  
CALOPTIMA HEALTH BOARD OF DIRECTORS**

**September 7, 2023**

A Regular Meeting of the CalOptima Health Board of Directors (Board) was held on September 7, 2023, at CalOptima Health, 505 City Parkway West, Orange, California. The meeting was held in person and via Zoom webinar as allowed for under Assembly Bill (AB) 2449, which took effect after Governor Newsom ended the COVID-19 state of emergency on February 28, 2023. The meeting recording is available on CalOptima Health's website under Past Meeting Materials. Chair Corwin called the meeting to order at 1:58 p.m., and Director Jose Mayorga, M.D., led the Pledge of Allegiance.

**ROLL CALL**

Members Present: Clayton Corwin, Chair; Blair Contratto, Vice Chair; Debra Baetz (non-voting); Isabel Becerra; Supervisor Doug Chaffee; Norma García Guillén; Jose Mayorga, M.D.; Supervisor Vicente Sarmiento (at 2:05 p.m.); Trieu Tran, M.D.

(All Board members in attendance participated in person)

Members Absent: None.

Others Present: Michael Hunn, Chief Executive Officer; Yunkyung Kim, Chief Operating Officer; James Novello, Outside General Counsel, Kennaday Leavitt; Nancy Huang, Chief Financial Officer; Richard Pitts, D.O., Ph.D., Chief Medical Officer; Sharon Dwiers, Clerk of the Board

**PRESENTATIONS/INTRODUCTIONS**

None.

The Clerk noted for the record that staff is recommending that the Board hear Agenda Item 3 prior to hearing Agenda Item 2.

Chair Corwin announced that the Board will hear Agenda Item 20 after Closed Session.

**MANAGEMENT REPORTS**

**1. Chief Executive Officer Report**

Michael Hunn, Chief Executive Officer (CEO), presented his report and started by providing an update on Medi-Cal redetermination efforts. Mr. Hunn thanked Director Bates, who is also the Interim Director at the Orange County Health Care Agency, and An Tran, Director of the Social Services Agency (SSA), for their collaboration regarding Medi-Cal redetermination. He noted that, starting in January 2024, individuals regardless of age that are undocumented will now be eligible for full scope Medi-Cal benefits. Mr. Hunn also noted that the requirement to disclose ownership in housing drops off in January and is no longer an impediment to anyone who may have been ineligible as a result of real estate holdings.

Mr. Hunn and Yunkyung Kim, Chief Operating Officer, responded to Board member questions regarding redetermination efforts.

Supervisor Chaffee thanked staff at CalOptima Health and county staff for continuing to educate him on

membership qualifications and benefits. Supervisor Chaffee also mentioned that CalOptima Health has a presentation coming up in Fullerton and noted that since that city is in the Fourth District, to please include him in those presentations, and he can reinforce the message. Supervisor Chaffee also noted that Supervisor Sarmiento would appreciate the same when CalOptima Health gives presentations to cities in the Second District.

Mr. Hunn reviewed the Fast Facts data, noting that currently CalOptima Health serves 979,618 individuals. CalOptima Health spends 87.9% of every dollar on medical care, and 4.6% is the overhead cost to administer the program.

CalOptima Health's Board-designated reserves are \$579.0 million; its capital assets are \$83.9 million; its resources committed by the Board are \$650.4 million; and its unallocated and unassigned resources are \$397.0 million. Mr. Hunn noted that CalOptima Health's total net assets are currently \$1.7 billion.

Mr. Hunn also reviewed the CalOptima Health personnel data and noted that there are over 1,500 employees with a vacancy/turnover rate of about 5.96% as of the August 12, 2023, pay period. CalOptima Health's vacancy/turnover target is to be at less than 12.5% to 15% at any given time.

Mr. Hunn reviewed the provider data, noting that CalOptima Health has over 9,943 providers, 1,292 primary care providers, and 8,651 specialists; 560 pharmacies; 43 acute and rehab hospitals; 52 community health centers; and 104 long term care facilities.

Mr. Hunn reviewed CalOptima Health's treatment authorizations, noting that this data is as of June 30, 2023. For urgent inpatient treatment authorizations, the average approval is within 18.68 hours; the state-mandated response is 72 hours. For urgent prior authorizations, the average approval is within 17.24 hours; the state-mandated response is 72 hours. And for routine prior authorizations, the average approval is 1.84 days; the state-mandated response is 5 days.

Mr. Hunn updated the Board on several other topics which included: Street Medicine Program success, the media event on August 15 at which Representatives Lou Correa and Young Kim awarded \$2 million to support the CalOptima Health Traffic Control Command Center that will be located on the third floor of the 500 Building, and the first report on CalAIM services. Mr. Hunn also updated the Board and members of the public on another funding opportunity related to the Nonprofit Healthcare Academy, which is part of the Housing and Homelessness Incentive Program.

Mr. Hunn announced that CalOptima Health is excited to welcome three new medical directors who recently joined CalOptima Health: Natalie Do, Pharm.D., D.O. as Medical Director of Behavioral Health; Robin Hatam, D.O., Medical Director of Chronic and End-Stage Kidney Disease; and Claus Hecht, M.D., Medical Director of Street Medicine.

### 3. CalAIM Workforce Development Program Results

Kelly Bruno-Nelson, Executive Director, Medi-Cal and CalAIM, introduced Mark Loranger, Chief Executive Officer, Chrysalis, to share some of the innovative ways that CalOptima Health's CalAIM initiatives are assisting in workforce development.

Mr. Loranger provided background on Chrysalis and how funding through CalOptima Health's CalAIM initiative in workforce development is making a difference in the lives of members experiencing homelessness in Orange County. Mr. Loranger explained that Chrysalis is a workforce development

agency that is focused on getting people back to work. The people that Chrysalis serves, are ready, willing and able to go back to work, but they may not know quite how to do it because some of the barriers they faced in life. They may have been housing insecure; they may have had interactions with the criminal justice system or other recovery issues. That is where Chrysalis comes in and helps address those barriers. Through its five offices in Southern California, including in Anaheim and Orange, in Orange County, Chrysalis takes a trauma informed case management approach to make sure each of its clients is treated with respect, with dignity, and are able to achieve their own career goals. They map what they want to lay out for their life. Mr. Loranger added that most would agree that a job is much more than a paycheck. It means dignity, it means respect, and it means being able to reconnect with family and with the community. Mr. Loranger shared a video of Chrysalis workers at a Fullerton recuperative care and short term and emergency shelter run by the Illumination Foundation.

## 2. Update on Board Designated Reserve Levels

Nancy Huang, Chief Financial Officer provided an update on the Board-designated reserve analysis. Ms. Huang briefly reviewed the federal debt ceiling legislation, the Fiscal Year 2023-24 state budget, and the new 2024 Department of Health Care Services (DHCS) managed care contract requirements with the Board. Ms. Huang noted that CalOptima Health is not proposing any change in the Board-designated reserves policy as it aligns with 2024 DHCS managed care contract requirements.

## PUBLIC COMMENTS

1. Dr. Pooja Bhalla, Illumination Foundation: Oral re: Thanking CalOptima Health for support of unhoused members.
2. Dr. Clark Lew, Illumination Foundation: Oral re: Thanking CalOptima Health and the importance of work being done in support of unhoused members.
3. Whitney Ayers, Hospital Association of Southern California: Oral re: Letter to the CalOptima Health Board of Directors and working together with the Orange County hospitals.
4. Shamiesha Ebhotemen, HERstory, Inc.: Oral re: Agenda Item 17 Approve Actions Related to Provision of Doula Services as a Covered Medi-Cal Benefit

## CONSENT CALENDAR

### 4. Minutes

- a. Approve Minutes of the August 3, 2023 Regular Meeting of the CalOptima Health Board of Directors and the Minutes of the June 29, 2023 Special Meeting of the CalOptima Health Board of Directors

### 5. Approve Modifications to CalOptima Health Policy GA.3202: CalOptima Health Signature Authority

### 6. Approve New CalOptima Health Policy GG.1630: Reporting Communicable Diseases

### 7. Authorize and Direct Execution of a new “Companion Contract” with the California Department of Health Care Services for the CalOptima Health Program of All-Inclusive Care for the Elderly

### 8. Appointment to the CalOptima Health Board of Directors’ Member Advisory Committee

### 9. Receive and File:

- a. July 2023 Financial Summaries
- b. Compliance Report
- c. Federal and State Legislative Advocates Reports
- d. CalOptima Community Outreach and Program Summary

**Action:**            *On motion of Supervisor Sarmiento, seconded and carried, the Board of Directors approved the Consent Calendar Agenda Items 4 through 9, as presented. (Motion carried 8-0-0)*

### **REPORTS/DISCUSSION ITEMS**

#### **10. Election of Officers of the Board of Directors for Fiscal Year 2023-24**

James Novello, Outside General Counsel, Kennaday Leavitt, provided an update, noting that he has compiled a significant amount of data around public agencies in Orange County and how they conduct their elections, including the Board of Supervisors, and also looked at other similarly situated public agencies that provide medical benefits around the state on practices of other public agencies as it relates to election of officers and other Board governance items. Mr. Novello added his first recommendation would be to form an Ad Hoc around corporate governance where the Board can vet the information and decide how it wants to move forward not only with the election process but with other corporate governance matters that are in front of this Board.

After considerable discussion, the Board took the following action:

**Action:**            *On motion of Chair Corwin, seconded and carried, the Board of Directors extended the Terms of the Current Chair and Vice Chair of the Board of Directors (Board) until the November 2, 2023 Board Meeting. (Motion carried; 5-2-1; Chair Corwin; Vice Chair Contratto; Directors Becerra, Mayorga and Tran voting yes; Supervisors Chaffee and Sarmiento voting no and Director García Guillén abstained)*

#### **11. Approve Modifications to CalOptima Health Board-Designated Reserve Funds Policy**

Ms. Huang briefly introduced this item.

**Action:**            *On motion of Vice Chair Contratto, seconded and carried, the Board of Directors approved modifications to CalOptima Health Policy GA.3001: Board-Designated Reserve Funds. (Motion carried; 8-0-0)*

#### **12. Approve Modifications to CalOptima Health Office of Compliance Policy HH.3012: Non-Retaliation for Reporting Violations**

**Action:**            *On motion of Supervisor Sarmiento, seconded and carried, the Board of Directors approved updated Office of Compliance Policy HH.3012: Non-Retaliation for Reporting Violations. (Motion carried; 8-0-0)*

#### **13. Approve Contract for State and Local Advocacy Services**

Supervisor Sarmiento requested that staff provide additional details going forward with items that go out to bid, such as scoring sheets, which would be helpful to understand the decisions to move one vendor forward even though that vendor is a more expensive firm.

**Action:** *On motion of Supervisor Sarmiento, seconded and carried, the Board of Directors authorized the Chief Executive Officer to execute a contract with Strategies 360, Inc. (Strategies 360) for state and local advocacy services, effective October 1, 2023, through October 31, 2026. (Motion carried; 8-0-0)*

14. Ratify the Temporary, Short-Term Supplemental Medi-Cal Payment Increase for Contracted Fee-for-Service Physicians, Except Physicians Employed by UCI Health or the University of California, Irvine, to Support Expenses for Services Provided to Members during the Transition out of the Public Health Emergency

Director Garica Guillen did not participate in this item due to potential conflicts of interest. Supervisor Sarmiento did not participate in this item in an abundance of caution due to possible campaign contributions under the Levine Act. Director Tran did not participate in this item due to his role as a Physician Specialist.

**Action:** *On motion of Director Mayorga, seconded and carried, the Board of Directors: 1.) Ratified a temporary, short-term supplemental Medi-Cal rate increases of up to 7.5% for contracted fee-for-service physicians, except physicians employed by UCI Health or the University of California, Irvine, for the period of July 1, 2023, through August 31, 2024; 2.) Ratified contract amendments and policies and procedures that implement these temporary, short-term public health emergency transition supplemental Medi-Cal rate increases; and 3.) Ratified unbudgeted expenditures from existing reserves in an amount up to \$10.2 million to support the public health emergency transition supplemental payment program for all contracted fee-for-service physicians. (Motion carried; 5-0-0; Director García Guillén; Supervisor Sarmiento; and Director Tran recused)*

15. Ratify a Temporary, Short-Term Supplemental Medi-Cal Payment Increase for Contracted Fee-for-Service Physicians Employed by UCI Health or the University of California, Irvine to Support Expenses for Services Provided to Members during the Transition out of the Public Health Emergency

Director Garica Guillen did not participate in this item due to potential conflicts of interest. Director Mayorga did not participate in this item due to his role as Executive Director at UC Irvine Health. Supervisor Sarmiento did not participate in this item in an abundance of caution due to possible campaign contributions under the Levine Act.

**Action:** *On motion of Vice Chair Contratto, seconded and carried, the Board of Directors: 1.) Ratified the temporary, short-term supplemental Medi-Cal rate increases of up to 7.5% for contracted fee-for-service physicians employed by UCI Health or the University of California, Irvine for the period of July 1, 2023, through August 31, 2024; and 2.) Ratified contract amendments and policies and procedures to implement these temporary, short-term public health emergency transition supplemental Medi-Cal rate increases. (Motion carried; 5-0-0; Director García Guillén; Director Mayorga; and Supervisor Sarmiento recused)*

16. Authorize Pursuit of Proposals with Qualifying Funding Partners to Secure Medi-Cal Funds



Through the Voluntary Rate Range Intergovernmental Transfer Program for Calendar Year 2022

Director Mayorga did not participate in this item due to his role as Executive Director at UC Irvine Health and Supervisor Sarmiento did not participate in this item in an abundance of caution as the County of Orange is one of the funding partners.

**Action:**            *On motion of Vice Chair Contratto, seconded and carried, the Board of Directors authorized the following activities to secure Medi-Cal funds through the Voluntary Rate Range Intergovernmental Transfer (IGT) for Calendar Year 2022 (IGT 12): 1.) Submission of a proposal to the California Department of Health Care Services (DHCS) to participate in IGT 12; 2.) Pursuit of funding partnerships with the University of California-Irvine, First 5 Orange County (Children & Families Commission), the County of Orange, the City of Orange, the City of Newport Beach, and the City of Huntington Beach to participate IGT 12; and 3.) Authorized the Chief Executive Officer to execute agreements with these entities and their designated providers (as necessary) to seek IGT 12 funds. (Motion carried 6-0-0; Director Mayorga recused, and Supervisor Sarmiento abstained)*

17. Approve Actions Related to Provision of Doula Services as a Covered Medi-Cal Benefit

After hearing public comment on this item, the Board took the following action:

**Action:**            *On motion of Supervisor Chaffee, seconded and carried, the Board of Directors: 1.) Authorized implementation of new Medi-Cal Ancillary Services Contract template for doula services, effective September 1, 2023; and 2.) Authorized reimbursement for doula services at 100% of the CalOptima Health Medi-Cal Fee Schedule. (Motion carried 8-0-0)*

18. Authorize Employee and Retiree Group Health Insurance and Wellness Benefits for Calendar Year 2024

**Action:**            *On motion of Supervisor Sarmiento, seconded and carried, the Board of Directors: 1.) Authorized the Chief Executive Officer to enter into contracts and/or amendments to existing contracts, as necessary, to continue to provide group health insurance, including medical, dental, and vision, for CalOptima Health employees and eligible retirees (and their dependents); basic life, accidental death and dismemberment (ADD), short-term disability (STD) and long-term disability (LTD) insurance; an employee assistance program; and flexible spending accounts (FSA) for Calendar Year (CY) 2024 in an amount not to exceed \$32.0 million, which includes the following recommended program updates with estimated cost changes: a.) The renewal of the current Blue Shield of California Health Maintenance Organization (HMO) plans, Preferred Provider Organization (PPO) plan, PPO Savings High Deductible Health Plan (HDHP), Blue Shield of California Dental HMO and PPO plans, Kaiser Permanente (Kaiser) HMO, Kaiser Senior Advantage, AmWins Retiree Medicare Supplement Plan, VSP vision, New York Life Basic Life/ADD, STD, LTD, Aetna Resources for Living Employee Assistance*

*Program (EAP), and Wex Flexible Spending Account (FSA) plans and COBRA administration with no changes in plan designs; b.) An increase in employer contributions for active and retiree medical plans of 7.9% or \$2,159,825 from CY 2023 due to an overall rise in premium rates. The total employer contribution for CY 2024 is \$24,519,676. The total employee contribution will remain unchanged from CY 2023; c.) An increase in employer contributions of 28.0% or \$73,150 from CY 2023 to fund the Health Savings Accounts (HSA) for employees anticipated to enroll in the Blue Shield PPO Savings HDHP. The total employer contribution for CY 2024 is \$334,400; d.) The elimination of the spousal surcharge imposed on employees who cover a spouse who has access to alternative group health plans. The total net fiscal impact to CalOptima Health is \$247,200 in CY 2024; e.) The addition of \$51,000 in funding to offer on-site and virtual counseling and mental health services through Aetna Resources for Living EAP; and 2.) Authorized the receipt and expenditures for CalOptima Health staff wellness programs of \$75,000 in funding from Blue Shield of California for CY 2024. (Motion carried 8-0-0)*

19. Authorize Action Related to California Public Employees' Retirement System Unfunded Accrued Liability

**Action:** *On motion of Supervisor Chaffee, seconded and carried, the Board of Directors authorized the Chief Executive Officer (CEO) to execute a one-time additional discretionary payment of \$49,999,717 to fully fund the California Public Employees' Retirement System Unfunded Accrued Liability balance as of June 30, 2022. (Motion carried 8-0-0)*

As noted at the top of the agenda, the Board will hear Agenda Item 20 after Closed Session.

**ADVISORY COMMITTEE UPDATES**

21. Regular Joint Meeting of the Member Advisory Committee and Provider Advisory Committee Update

Maura Byron, Chair of the Member Advisory Committee (MAC) updated the Board on recent activities at the Joint Meetings of the MAC and the Provider Advisory Committee.

**CLOSED SESSION**

The Board adjourned to Closed Session at 4:21 p.m. pursuant to Government Code Section 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS, Under Negotiation: Price and terms of payments, Property: 7900 Garden Grove Avenue Boulevard, Garden Grove, CA 92841, Agency Negotiators: David Kluth, and Mai Hu, Newmark Knight Frank, Negotiating Parties: Lvt, Inc. and pursuant to Government Code Section 54956.9(d)(1), CONFERENCE WITH LEGAL COUNSEL – STRATEGY ON EXISTING LITIGATION.

Rev.  
9/22/23

The Board returned to open session at 5:02 p.m. and the Clerk re-established a quorum.

## **ROLL CALL**

Members Present: Clayton Corwin, Chair; Blair Contratto, Vice Chair; Debra Baetz (non-voting); Isabel Becerra; Supervisor Doug Chaffee; Norma García Guillén; Jose Mayorga, M.D.; Supervisor Vicente Sarmiento; Trieu Tran, M.D.

(All Board members in attendance participated in person)

Members Absent: None.

Others Present: Michael Hunn, Chief Executive Officer; Yunkyung Kim, Chief Operating Officer; James Novello, Outside General Counsel, Kennaday Leavitt; Nancy Huang, Chief Financial Officer; Richard Pitts, D.O., Ph.D., Chief Medical Officer; Sharon Dwiers, Clerk of the Board

## **CLOSED SESSION**

### **CS-1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Government Code Section 54956.8**

Under Negotiation: Price and terms of payments

Property: 7900 Garden Grove Avenue Boulevard, Garden Grove, CA 92841

Agency Negotiators: David Kluth, and Mai Hu, Newmark Knight Frank

Negotiating Parties: Lvt, Inc.

Rev.  
9/22/23

Mr. Novello, Outside General Counsel, Kennaday Leavitt, read the following action taken in Closed Session for item CS-1:

***Action: On motion of Supervisor Sarmiento, seconded by Chair Corwin, the Board of Directors has unanimously voted to approve the acquisition of the property at 7900 Garden Grove Avenue Boulevard, Garden Grove, California 92841 for a purchase price of \$8 million. (Motion carried 8-0-0)***

Rev.  
9/22/23

### **CS-2. CONFERENCE WITH LEGAL COUNSEL – STRATEGY ON EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)1**

Chair Corwin noted for the record that there was no reportable action taken in Closed Session for item CS-2.

### **20. Approve Actions Related to the Garden Grove Street Medicine Pilot Program and Support Center**

***Action: On motion of Supervisor Chaffee, seconded and carried, the Board of Directors: 1.) Authorized the Chief Executive Officer (CEO) to: a.) Solicit, select and contract for general contractor services and furniture, fixtures, and equipment for the Street Medicine Support Center at 7900 Garden Grove Boulevard, Garden Grove, California; b.) Execute a contract amendment with Totum Corporation to complete full scope design, including assessments, architecture and engineering, project management, local engagement, permits, and fees for the Street Medicine***



***Support Center at 7900 Garden Grove Boulevard, Garden Grove, California for the nine-month period of September 1, 2023, through May 31, 2024; c.) Execute a contract amendment with RiverRock Real Estate Group, Inc. (RiverRock) for property management, maintenance and security services at 7900 Garden Grove Boulevard for the nine-month period of September 1, 2023, through May 31, 2024; 2.) Authorized unbudgeted expenditures in an amount up to \$10.51 million in undesignated reserves to fund the Recommended Action 1; 3.) Authorized the CEO to negotiate an amendment to the existing contract with Healthcare in Action to include additional services to be provided at the Street Medicine Support Center; and 4.) Made exceptions to CalOptima Health Policy GA.5002: Purchasing Policy related to Recommended Actions 1b, 1c, and 3. (Motion carried 8-0-0)***

Ms. Kim thanked the Board for its support of the Garden Grove Street Medicine Support Center.

#### **BOARD MEMBER COMMENTS AND BOARD COMMITTEE REPORTS**

Supervisor Chaffee commented regarding the ad hoc committee on Corporate Governance, stating that he does not want to be on the ad hoc committee but would like to make two suggestions. One, the election should be conducted by a neutral party. He noted that almost universally and on other boards that he sits on, they use legal counsel to run the election and take it out of the hands of the people who might be elected. Another possibility would be to have the Clerk of the Board run the election. Supervisor Chaffee also suggested that an easier way to draft Board rules is to adopt something like Robert Rules of Order, the Board would need to read through the Robert Rules of Order and could adopt portions of it. Supervisor Chaffee also reported that his office created a program for the Fullerton Police Department where they are hiring social workers to be a part of the department and hopefully de-escalate issues.

Vice Chair Contratto thanked Nancy Huang and her team for their due diligence on the CalPERS performance and the decision to fund unfunded employee retirement benefits.

#### **ADJOURNMENT**

Chair Corwin adjourned the meeting in a somber tone, sharing sad news that one of CalOptima Health's Information Technology Services (ITS) team members suddenly passed away two weeks ago. Phillip Marquez, III was a valued member of the Service Desk team for over six years and always had a passion for helping others. On behalf of the Board, Chair Corwin offered the Board's sincere condolences to Phillip's family, his four children, the ITS team and everyone at CalOptima Health who had the privilege of working with him.

Regular Meeting of the  
CalOptima Health Board of Directors  
September 7, 2023  
Page 10

Hearing no further business, Chair Corwin adjourned the meeting in memory of Phillip Marquez, III at 5:15 p.m.

/s/ Sharon Dwiers  
Sharon Dwiers  
Clerk of the Board

*Approved:      October 5, 2023*