Financial Summary
July 31, 2026

Board of Directors Meeting

September 3, 2026

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

Provide all members with access to care and supports to achieve optimal health and well-being through an equitable and high-quality health care system.

Financial Highlights Notes: July 2026

- Enrollment in July 2026 was favorable to budget by 19,531 or 2.5%, primarily driven by lower than projected disenrollment trend in Medi-Cal Family and Expansion categories
- Provider Rate Increases approved as part of the Fiscal Year (FY) 2026-27 budget were implemented in July 2026
- $979.6K in Other Non-Operating Expenses due primarily to $802.6K in updated Managed Care Organization (MCO) Taxes

CalOptima Health

Financial Highlights
July 2026

	July 2026			
	Actual	Budget	$ Variance	% Variance
Member Months	801,483	781,952	19,531	2.5%
Revenues	383,108,590	375,300,818	7,807,772	2.1%
Medical Expenses[1]	360,303,603	363,405,391	3,101,788	0.9%
Administrative Expenses	22,808,051	25,918,873	3,110,822	12.0%
Operating Margin	(3,064)	(14,023,446)	**14,020,382**	**100.0%**
Non-Operating Income (Loss)				
Net Investment Income/Expense	8,548,471	8,333,330	215,141	2.6%
Grant Expense	(739,907)	-	(739,907)	(100.0%)
Community Reinvestment	219,351	-	219,351	100.0%
Other Income/Expense	(975,589)	(172,007)	(803,582)	(467.2%)
Total Non-Operating Income (Loss)	**7,052,327**	**8,161,323**	(1,108,996)	(13.6%)
Change in Net Assets	**7,049,263**	(5,862,123)	**12,911,386**	**220.3%**
Medical Loss Ratio	*94.0%*	*96.8%*	*(2.8%)*	
Administrative Loss Ratio	*6.0%*	*6.9%*	*1.0%*	
Operating Margin Ratio	*(0.0%)*	*(3.7%)*	*3.7%*	
Total Operating	*100.0%*	*100.0%*		

[1]Actual Medical Expenses include the Board-approved Provider Rate increases

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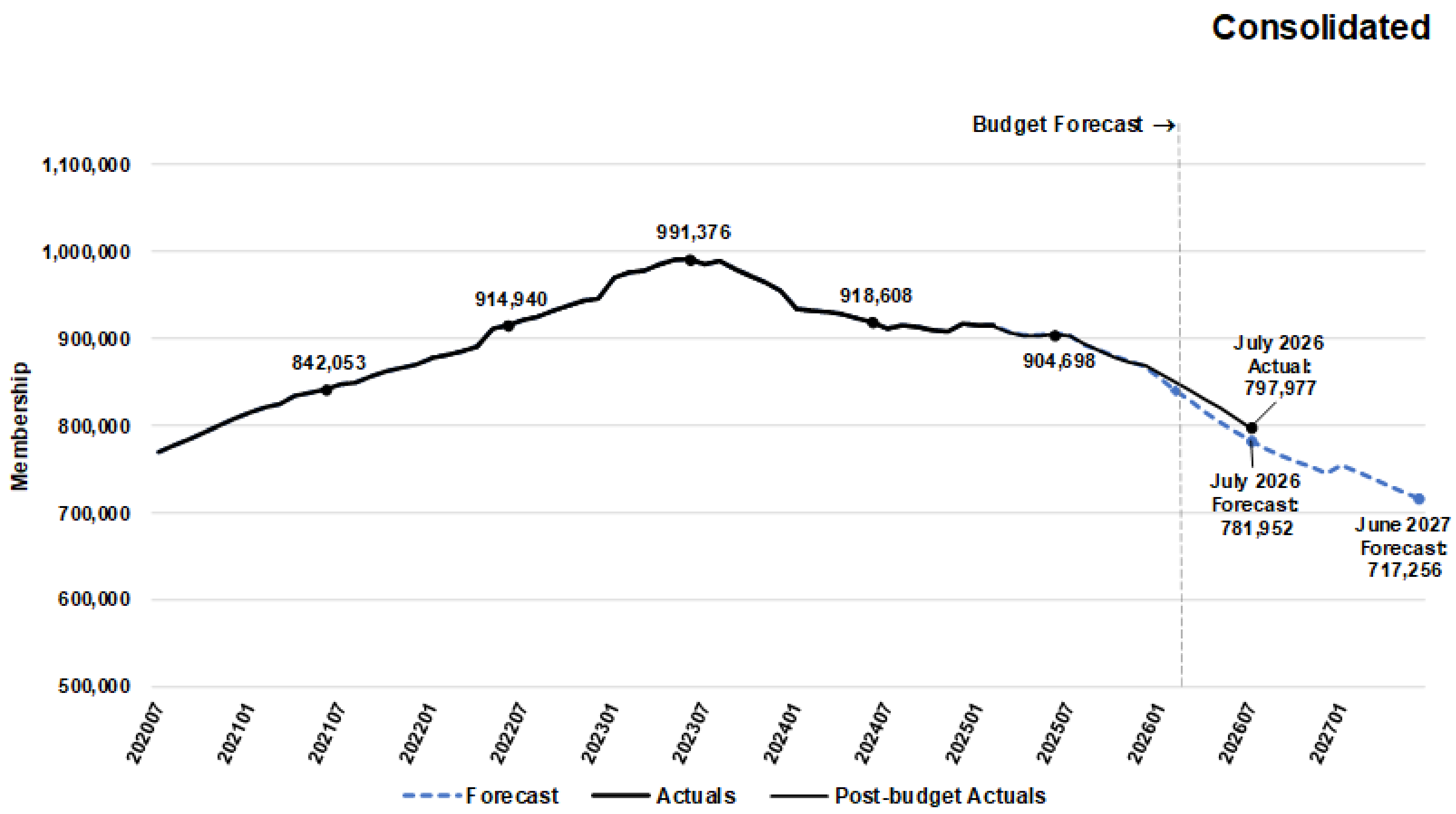
Actuals v. Budget – Total Membership



Notes:
- Data included in this report are based on member eligibility months rather than booked enrollment (as used in the financials).
- Includes data as of July 10, 2026

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FY 2026-27: Management Summary

- Change in Net Assets Surplus or (Deficit)
  - Month To Date (MTD) July 2026: $7.0 million, favorable to budget $12.9 million or 220.3% driven by favorable enrollment and timing of administrative expense activities

- Enrollment
  - MTD: 801,483 members, favorable to budget 19,531 or 2.5% due to lower-than-expected disenrollment driven by federal and state policy changes and eligibility redetermination

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FY 2026-27: Management Summary (cont.)

- Revenue
  - MTD: $383.1 million, favorable to budget $7.8 million or 2.1% due to:
    - $9.1 million favorable to budget in Medi-Cal (MC) Line of Business (LOB) due to higher enrollment
    - Offset by $1.2 million unfavorable to budget in OneCare (OC) LOB

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FY 2026-27: Management Summary (cont.)

- Medical Expenses
  - MTD: $360.3 million, favorable to budget $3.1 million or 0.9% due to:
    - $6.8 million in Facilities Claims due to lower utilization
    - $3.3 million in Medical Management
    - $1.1 million in Incentive Payments
    - Offset by unfavorable variances to budget:
      - $5.2 million in Professional Claims
      - $1.5 million in Managed Long-term Services and Supports (MLTSS)
      - $1.1 million in Provider Capitation

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FY 2026-27: Management Summary (cont.)

- Administrative Expenses
  - MTD: $22.8 million, favorable to budget $3.1 million or 12.0% due to the timing of administrative expense activities
- Non-Operating Income (Loss)
  - MTD: $7.1 million, unfavorable to budget $1.1 million or 13.6% due to:
    - $0.8 million in Net Operating Tax Expense
    - $0.7 million in Grant Expense for Workforce Development

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FY 2026-27: Key Financial Ratios

- Medical Loss Ratio (MLR)

	Actual	Budget	Variance (%)
MTD	94.0%	96.8%	(2.8%)

- Administrative Loss Ratio (ALR)

	Actual	Budget	Variance (%)
MTD	6.0%	6.9%	1.0%

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FY 2026-27: Key Financials Ratios (cont.)

- Balance Sheet Ratios
  - Current ratio*: 1.9
  - Board Designated Reserve level: 3.78
  - Statutory Designated Reserve level: 1.05
  - Net-position: $3.1 billion, including required TNE of $134.2 million

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

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Enrollment Summary: <u>July 2026</u>

Enrollment (by Aid Category)	July 2026 Actual	Budget	$ Variance	% Variance
FAM	106,020	103,030	2,990	2.9%
CHD	232,888	229,678	3,210	1.4%
MCE	283,253	273,664	9,589	3.5%
LTC	3,004	3,176	(172)	(5.4%)
SPD	148,169	143,874	4,295	3.0%
WCM	8,613	8,580	33	0.4%
Medi-Cal Total	**781,947**	**762,001**	**19,946**	**2.6%**
OneCare	**18,963**	**19,379**	(416)	(2.1%)
PACE	**573**	**572**	**1**	**0.2%**
MSSP*	**566**	**577**	(11)	(1.9%)
CalOptima Health Total	**801,483**	**781,952**	**19,531**	**2.5%**

*MSSP enrollment is included in Medi-Cal total

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Consolidated Revenue & Expenses: July 2026 MTD

	Medi-Cal	OneCare	PACE	MSSP	Covered CA	Consolidated
MEMBER MONTHS	781,947	18,963	573	566		801,483
REVENUES						
Capitation Revenue	$ 340,143,267	$ 37,475,661	$ 5,255,390	$ 234,272	$ -	$ 383,108,590
Total Operating Revenue	**340,143,267**	**37,475,661**	**5,255,390**	**234,272**	**-**	**383,108,590**
MEDICAL EXPENSES						
Provider Capitation	110,787,432	13,807,844				124,595,276
Facility and Professional Claims	139,563,813	9,568,455	1,927,948			151,060,216
MLTSS	50,252,124		64,852	19,336		50,336,312
Prescription Drugs		10,515,579	561,912			11,077,491
Case Mgmt & Other Medical	18,973,010	2,560,873	1,515,669	184,756		23,234,308
Total Medical Expenses	**319,576,380**	**36,452,750**	**4,070,380**	**204,092**	**-**	**360,303,603**
Medical Loss Ratio	*94.0%*	*97.3%*	*77.5%*	*87.1%*	*0.0%*	*94.0%*
GROSS MARGIN	**20,566,886**	**1,022,911**	**1,185,010**	**30,180**	**-**	**22,804,988**
ADMINISTRATIVE EXPENSES						
Salaries & Benefits	12,390,483	1,144,103	225,151	116,481	274,984	14,151,201
Non-Salary Operating Expenses	3,066,964	438,119	30,786	1,530	278,841	3,816,240
Depreciation & Amortization	1,403,013		1,128			1,404,141
Other Operating Expenses	2,880,991	37,934	7,920	6,783	1,341	2,934,970
Indirect Cost Allocation, Occupancy	(697,296)	1,173,670	17,296	7,830		501,500
Total Administrative Expenses	**19,044,154**	**2,793,826**	**282,281**	**132,624**	**555,167**	**22,808,051**
Administrative Loss Ratio	*5.6%*	*7.5%*	*5.4%*	*56.6%*	*0.0%*	*6.0%*
Operating Income/(Loss)	**1,522,732**	(1,770,915)	**902,729**	(102,443)	(555,167)	(3,064)
Investments and Other Non-Operating	(606,715)					7,052,327
CHANGE IN NET ASSETS	**$ 916,017**	$ (1,770,915)	**$ 902,729**	$ (102,443)	$ (555,167)	**$ 7,049,263**
BUDGETED CHANGE IN NET ASSETS	(11,200,011)	(1,430,025)	49,452	(137,560)	(1,305,301)	(5,862,123)
Variance to Budget - Fav/(Unfav)	$ 12,116,028	$ (340,889)	$ 853,278	$ 35,117	$ 750,135	$ 12,911,386

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Balance Sheet: As of July 2026

ASSETS	
Current Assets	
Operating Cash	$307,617,458
Short-term Investments	1,766,257,739
Capitation Receivable	604,121,761
Receivables - Other	19,467,547
Prepaid Expenses	20,717,916
Total Current Assets	**2,718,182,421**
Capital Assets	
Capital Assets	219,624,819
Less: Accumulated Depreciation	(105,745,832)
Capital Assets, Net of Depreciation	**113,878,987**
Other Assets	
Restricted Deposit & Other	4,369,081
Board Designated Reserves	1,639,075,098
Statutory Designated Reserves	141,467,152
Total Other Assets	**1,784,911,332**
TOTAL ASSETS	**4,616,972,740**
Deferred Outflows	**30,923,013**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$4,647,895,753**

LIABILITIES & NET POSITION	
Current Liabilities	
Accounts Payable	$103,412,813
Medical Claims Liability	343,092,696
Accrued Payroll Liabilities	26,840,572
Deferred Revenue	43,890,070
Due to State of California and CMS	756,102,881
Capitation and Withholds	127,705,858
Total Current Liabilities	**1,401,044,889**
Other Liabilities	
GASB 96 Subscription Liabilities	25,241,157
Community Reinvestment	66,721,987
Capital Lease Payable	192,481
Post Employment Health Benefits Liability	15,791,312
Net Pension Liabilities	0
Total Other Liabilities	**107,946,937**
TOTAL LIABILITIES	**1,508,991,826**
Deferred Inflows	**16,723,193**
Net Position	
Required TNE	134,233,293
Funds in Excess of TNE	2,987,947,441
TOTAL NET POSITION	**3,122,180,734**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$4,647,895,753**

CalOptima Health

Board Designated Reserve and TNE Analysis: As of July 2026

Board Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier One	818,695,221				
MetLife Tier One	820,379,877				
Board Designated Reserves	1,639,075,098	1,082,765,463	1,732,424,741	556,309,635	(93,349,643)
Current Reserve Level (X months of average monthly revenue) [1]	*3.78*	*2.50*	*4.00*		

Statutory Designated Reserves

Investment Account Name	Market Value	CalOptima Policy Compliance Level		Variance	
		Low	High	Mkt - Low	Mkt - High
Payden & Rygel Tier Two	70,797,857				
MetLife Tier Two	70,669,295				
Statutory Designated Reserves	141,467,152	134,233,293	147,656,622	7,233,860	(6,189,470)
Current Reserve Level (X min. TNE) [1]	*1.05*	*1.00*	*1.10*		

[1] *See CalOptima Health Policy GA.3001: Statutory and Board-Designated Reserve Funds for more information.*

CalOptima Health

Spending Plan: As of July 2026

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Total Net Position @7/31/2026	**$3,122.2**			**100.0%**
Resources Assigned				
Board Designated Reserve[1]	**$1,639.1**			**52.5%**
Statutory Designated Reserve[1]	**$141.5**			**4.5%**
Capital Assets, net of Depreciation	**$113.9**			**3.6%**
Resources Allocated				
Homeless Health Initiative (HHI)[2]	14.1	63.3	49.2	0.5%
Housing and Homelessness Incentive Program (HHIP)[2]	25.2	87.4	62.2	0.8%
Intergovernmental Transfers (IGT)	34.6	52.1	17.5	1.1%
Digital Transformation and Workplace Modernization[3]	20.3	100.0	79.7	0.6%
CalFresh and Redetermination Outreach Strategy	1.6	6.0	4.4	0.1%
Coalition of Orange County Community Health Centers Grant	10.7	50.0	39.3	0.3%
General Awareness Campaign	0.0	4.7	4.7	0.0%
Member Health Needs Assessment	0.3	1.3	1.0	0.0%
Five-Year Hospital Quality Program Beginning MY 2023	103.3	153.5	50.2	3.3%
Skilled Nursing Facility Access Program	10.0	10.0	-	0.3%
National Alliance for Mental Illness Orange County Peer Support Program Grant	2.0	5.0	3.0	0.1%
Stipend Program for Master of Social Work Students Grant	-	5.0	5.0	0.0%
Wellness & Prevention Program Grant	1.0	2.7	1.7	0.0%
CalOptima Health Provider Workforce Development Fund Grant	38.8	50.0	11.2	1.2%
Garden Grove Bldg. Improvement	16.0	17.5	1.5	0.5%

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Spending Plan: As of July 2026 (cont.)

Item Description	Amount (millions)	Approved Initiative	Expense to Date	%
Dyadic Services Program Academy	0.2	1.9	1.7	0.0%
Medi-Cal Provider Rate Increases (07/2024 - 12/2026)	87.7	526.2	438.5	2.8%
Medi-Cal Provider Rate Increases (07/2026 - 12/2028)	415.3	429.6	14.3	13.3%
Homeless Prevention and Stabilization Pilot Program	0.2	0.3	0.1	0.0%
OneCare Member Engagement and Education	0.0	0.3	0.2	0.0%
Medi-Cal Eligibility Outreach Strategy	19.8	21.8	2.0	0.6%
Supplemental food support for Medi-Cal members	3.8	8.0	4.2	0.1%
Orange County Community Health Assessment and Improvement Plan	0.5	1.0	0.5	0.0%
PACE Facility - Irvine	29.1	29.5	0.4	0.9%
Subtotal	**834.4**	**1,627.0**	**792.6**	**26.7%**
Resources Available for New Initiatives				
Unallocated/Unassigned1	**$393.4**			**12.6%**

[1] Total Designated Reserves and unallocated reserve amount can support approximately 192 days of CalOptima Health's current operations.

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

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

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Homeless Health Initiative and Allocated Funds: As of July 2026

Summary by Funding Source:	Total Funds	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
HHI - IGT'S	61,496,005	61,496,005	49,245,355	12,250,650	-
HHI - Existing Reserves	1,800,000	1,800,000	-	1,800,000	-
HHIP	40,100,000	40,100,000	-	40,100,000	-
Total	**103,396,005**	**103,396,005**	**49,245,355**	**54,150,650**	**-**

Funds Allocation, Approved Initiatives:	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funding Source(s)
Enhanced Medi-Cal Services at the Be Well OC Regional Mental Health and Wellness Campus	11,400,000	11,400,000	-	IGT's
Recuperative Care	6,194,190	6,194,190	-	IGT's
Medical Respite	250,000	250,000	-	IGT's
Day Habilitation (County for HomeKey)[4]	-	-	-	IGT's
Clinical Field Team Start-up & Federally Qualified Health Center (FQHC)	1,600,000	1,600,000	-	IGT's
CalOptima Homeless Response Team	1,681,734	1,681,734	-	IGT's
Homeless Coordination at Hospitals	10,000,000	10,000,000	-	IGT's
CalOptima Health Days, Homeless Clinical Access Program (HCAP) and FQHC Administrative Support[5]	925,540	925,540	-	IGT's
FQHC (Community Health Center) Expansion	21,902	21,902	-	IGT's
HCAP and CalOptima Health Days	9,888,914	5,034,955	4,853,959	IGT's
Vaccination Intervention and Member Incentive Strategy[2]	54,649	54,649	-	IGT's
Street Medicine[3]	14,279,077	9,806,371	4,472,706	IGT's & Existing Reserves
Outreach and Engagement	7,000,000	2,276,015	4,723,985	IGT's
Housing and Homelessness Incentive Program (HHIP)[1]	40,100,000	-	40,100,000	IGT's & Existing Reserves
Subtotal of Approved Initiatives	**103,396,005**	**49,245,355**	**54,150,650**	
Transfer of funds to HHIP[4]	(40,100,000)	-	(40,100,000)	
Program Total	**63,296,005**	**49,245,355**	**14,050,650**	

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

[2]On June 5, 2025, CalOptima Health's Board of Directors approved the close out of the Vaccination Intervention and Member Incentive Strategy program and transfer of the remaining funds of $68,699 to unallocated reserves for new initiatives.

[3]On August 7, 2025, CalOptima Health's Board of Directors approved $9.3 million to expand the Street Medicine Program ($3.2 million remaining from Street Medicine Initiative (from the Homeless Health Initiatives Reserve), $1.8 million from Existing Reserves, and $4.3 million from Intergovernmental Transfer balance resulting from a June 5, 2025, Board action), to fund 2-year grant agreements to Healthcare in Action (Anaheim), Celebrating Life Community Health Center (Costa Mesa), and AltaMed (Santa Ana).

[4]On February 5, 2026, CalOptima Health's Board of Directors approved the closeout of the Day Habilitation (County for HomeKey) and designated the remaining balance of $2.5 million as available for allocation to deliver enhanced services for Medi-Cal members.

[5]On April 2, 2026, CalOptima Health's Board of Directors approved the closeout of the CalOptima Days, HCAP and FQHC Administrative Support and make $37,721 in IGT 8 funds available toward future IGT initiatives to deliver covered services for Medi-Cal members.

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Housing and Homelessness Incentive Program: As of July 2026

Summary by Funding Source:	Total Funds[1]	Allocated Amount	Utilized Amount	Remaining Approved Amount	Funds Available for New Initiatives
DHCS HHIP Funds	65,931,189	65,931,189	34,733,595	31,197,594	-
Existing Reserves & HHI Transfer	87,384,530	87,384,530	62,153,879	25,230,651	-
Street Medicine Support Center - GG Building[2]	7,000,000	7,000,000	-	7,000,000	-
Total	**160,315,719**	**160,315,719**	**96,887,474**	**63,428,245**	-

Funds Allocation, Approved Initiatives:	Allocated Amount	Utilized Amount	Remaining	Funding Source(s)
Office of Care Coordination	2,200,000	2,056,488	143,512	HHI
Pulse For Good	1,400,000	913,500	486,500	HHI
Equity Grants for Programs Serving Underrepresented Populations	4,621,311	3,821,311	800,001	HHI & DHCS
Infrastructure Projects	5,832,314	5,832,310	4	HHI
Capital Projects	126,247,564	73,640,270	52,607,294	HHI, DHCS & Existing Reserves
System Change Projects	19,314,530	9,968,205	9,346,325	DHCS
Non-Profit Healthcare Academy	700,000	655,391	44,609	DHCS
Total of Approved Initiatives	**160,315,719**	**$96,887,474**	**$63,428,245**	
Transfer of funds to Street Medicine Support Center-GG Building	**(7,000,000)**	**-**	**($7,000,000)**	Existing Reserves
Program Total	**153,315,719**	**96,887,474**	**56,428,245**	

[1]Total 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.

[2]On October 7, 2025, CalOptima Health's Board of Directors approved up to $7.0 million for general contractor services & furniture, fixtures & equipment for the Street Medicine Support Center.

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