

Date of Hearing: March 24, 2026

ASSEMBLY COMMITTEE ON HEALTH
Mia Bonta, Chair
AB 2194 (Valencia) – As Introduced February 19, 2026

SUBJECT: Medi-Cal: special commissions.

SUMMARY: Makes targeted changes to the governance of the Orange County Health Authority (which administers CalOptima, the county organized health system (COHS) health plan that serves Medi-Cal members in Orange County). Specifically, **this bill:**

- 1) Creates staggered terms for the Authority’s governing board (hereafter, CalOptima board) by requiring, for a term beginning after January 1, 2027, members occupying three specified seats of the CalOptima board to serve a two-year term, and thereafter requiring such members to serve a four-year term.
- 2) Clarifies processes related to board vacancies by requiring board members who are appointed to fill the unexpired term of a vacant seat to have an initial term that corresponds to the unexpired term of the vacant seat, and by prohibiting a vacancy that occurs in the last 90 days of a term from being filled until the expiration of the term.
- 3) Requires CalOptima to provide access to any books, documents, or records that are reasonably necessary to review the conduct of its activities to any authorized representative of the Orange County Board of Supervisors.

EXISTING LAW:

- 1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which health care services are provided to qualified, low-income people. [Welfare and Institutions Code (WIC) § 14000, *et seq.*]
- 2) Authorizes a county board of supervisors, by ordinance, to establish a commission to negotiate an exclusive contract with DHCS to provide, or arrange for the provision of, health care services under the Medi-Cal program. This system of services provided by or through a county under these provisions is known as a COHS. Requires the enabling ordinance to, among other things, specify the membership of the county commission, the qualifications for individual members, the manner of appointment, and how long they will serve. [WIC § 14087.54]
- 3) Specifies additional details about the governance of CalOptima (the Orange County COHS), namely:
 - a) Establishes the 10-member CalOptima board, comprised of nine voting members plus the Director of the Orange County Health Care Agency, who is a nonvoting member. (The Orange County Health Care Agency is a separate entity from the Orange County Health Authority). [WIC § 14087.59]

- b) Requires the nine voting members to be nominated by the Orange County Health Care Agency and to be appointed by a majority vote of the Orange County Board of Supervisors. [*Ibid.*]
- c) Requires two of the voting members to be members of the Orange County Board of Supervisors, with one additional member of the Board of Supervisors to serve as an alternate. Limits the term for these county supervisor members to one year. [*Ibid.*]
- d) Requires each remaining seven of the voting members to represent a designated role, as specified, including a hospital administrator, clinic representative, public member, and others. Requires these seven members of the CalOptima board to serve four-year terms and prohibits these members from serving more than two consecutive terms. [*Ibid.*]
- e) Requires each member of the CalOptima board to reside in, or be employed in, Orange County, and to be generally representative of the diverse backgrounds, interests, and demography of persons residing in Orange County. Requires the board members to have requisite skills and knowledge, to have the responsibility and duty to follow federal and state law and regulation, and to have a commitment to improving health care, as specified. [*Ibid.*]
- f) Permits a member of the CalOptima board to be removed by a vote of at least two-thirds of the Orange County Board of Supervisors. Permits the CalOptima board, subject to a two-thirds vote of the full membership, to increase the number of public members, or the number of members who are current CalOptima members or family members, subject to an affirmative vote by a majority of the Orange County Board of Supervisors. [*Ibid.*]

FISCAL EFFECT: Unknown. This bill has not been analyzed by a fiscal committee.

COMMENTS:

- 1) **PURPOSE OF THIS BILL.** According to the author, CalOptima serves nearly one in three Orange County residents, and its governance structure needs to be strong enough to match that responsibility. The author explains that CalOptima faces two challenges with its current board structure. First, all seven four-year board member terms expire at the same time, presenting the risk of sudden mass turnover and the loss of institutional knowledge. Additionally, the board's alternate member lacks access to critical information needed to step in effectively. This bill addresses both issues by staggering board terms to ensure continuity of leadership and clarifying that alternate members may access the information necessary to perform their role, bringing CalOptima in line with standard practice across California's COHS plans.
- 2) **BACKGROUND.**
 - a) **COHS.** In each California county, DHCS contracts with one or more Medi-Cal managed care plans to deliver health care services to the large majority of Medi-Cal members. In a "COHS model" county, DHCS contracts with a Medi-Cal managed care plan that is run by a county government entity and is the sole plan operating in the county. State law allows a county board of supervisors to establish, by ordinance, a commission to negotiate a COHS contract with DHCS. The commission serves as an independent oversight entity for the delivery of Medi-Cal managed care services in that county. The

COHS model exists in 34 counties, most of which are in the rural north under Partnership Health Plan. The COHS model also has a footprint in the larger Bay Area and through the Central Coast.

- b) **CalOptima History.** CalOptima Health Plan was founded in 1993 and began operation as a COHS for Orange County in 1995. CalOptima is governed by a 10-member board, which is the statutory commission overseeing the plan.

As of January 31, 2026, CalOptima serves nearly 858,000 Orange County residents and has an annual budget of about \$4.7 billion. CalOptima offers the following plans to members residing in Orange County:

- i) **Medi-Cal:** Serves low-income adults, families with children, seniors, and people with disabilities.
- ii) **OneCare (Medicare Advantage Special Needs Plan):** Coordinates services for dually eligible Medicare/Medi-Cal members.
- iii) **Program of All-Inclusive Care for the Elderly (PACE):** Cares for dually eligible Medicare/Medi-Cal members aged 55 and older who live in the service area and are eligible for nursing facility services but able to live in the community with support.

- c) **Governance Controversies and Reforms.** Over the last 15 years, CalOptima has been the subject of public controversy, grand jury and audit reports, and periodic interventions from the Orange County Board of Supervisors that have attempted to exert greater control over the operations of CalOptima. In recent years, CalOptima has made reforms to address 2023 State Auditor recommendations related to financial reserves, programs, services, and organizational hiring practices; the auditor's office lists all seven of their recommendations as fully implemented. In addition, questions raised about the multiyear tenure on the CalOptima board of former Orange County Supervisor Andrew Do, who pled guilty in 2024 to federal bribery charges related to county contracts, have recently been addressed. On February 18, 2026, CalOptima released a summary of results of a forensic audit related to former Supervisor Do's tenure. The report found no evidence of fraud within CalOptima operations but found opportunities for identifying and managing conflicts of interest, which CalOptima has also acted upon.

- d) **Why is This Level of Detail in Statute?** While other COHS plans have flexibility to adopt governance policies through local ordinance, past controversies have prompted the Legislature to intervene and codify CalOptima's governance policies. Despite some local opposition at the time, SB 4 (Mendoza), Chapter 479, Statutes of 2017, codified the governance of the CalOptima governing body, including the nine voting members, one nonvoting member, the membership categories of the CalOptima board, the duties of board members, and their terms, including term limits. AB 498 (Quirk-Silva), Chapter 430, Statutes of 2022, eliminated the 2023 sunset on CalOptima's board, added requirements related to conflict of interest, and required board member commitment to certain principles such as transparency and improvement.

Because CalOptima's governance rules are now in statute, including the requirement to serve four-year terms, the board cannot choose to stagger terms through an ordinance; it must be done through changes to statute. Statute does not provide details on the role of

the alternate county supervisor member nor their access to confidential documents, which this bill would also address.

- 3) **SUPPORT.** This bill is sponsored by Orange County who states this bill would strengthen the governance structure of the CalOptima Health Board of Directors while maintaining accountability, transparency, and operational stability. CalOptima Health is a COHS created by the Orange County Board of Supervisors in 1993. It is Orange County's largest health insurance provider, serving nearly 900,000 low-income families, seniors and people with disabilities. While it manages programs funded by the state and federal government, CalOptima Health operates independently under the leadership of a 10-member Board of Directors appointed by the Orange County Board of Supervisors, with seven designated seats for individuals representing members, providers, hospitals, community health centers and others, two members of the Board of Supervisors, and the Orange County Health Care Agency Director (non-voting.) A third member of the Board of Supervisors serves as an Alternate Director. This bill will also modernize the CalOptima Health Board of Directors' operations without expanding authority, increasing costs, or altering its mission to provide critical health care services to Orange County's most vulnerable or at-risk residents.

4) **PREVIOUS LEGISLATION.**

- a) AB 498 (Quirk-Silva), Chapter 430, Statutes of 2022 eliminates the 2023 sunset on CalOptima's board, adds requirements related to conflict of interest, and requires board member commitment to certain principles.
- b) SB 4 (Mendoza), Chapter 479, Statutes of 2017 codifies the governance structure of CalOptima, specifies membership categories for the board and defines the board members' terms.

- 4) **AMENDMENTS.** The author indicates the provision of the bill requiring CalOptima to provide books, documents, and records to any authorized representative of the Orange County Board of Supervisors is intended to clarify that a county supervisor member of the CalOptima board that is in an alternate role has the same access to documents and closed session materials as a regular board member. However, the language in the bill is overbroad to accomplish that purpose. The author has proposed amendments to narrow the scope of that provision, as follows:

Delete:

~~*(h) The commission shall provide access to any books, documents, or records that are reasonably necessary to review the conduct of its activities to any authorized representative of the Board of Supervisors of the County of Orange.*~~

Insert:

(A) Two members shall each be a member of the Board of Supervisors of the County of Orange, with one additional member of the Board of Supervisors of the County of Orange to serve as an alternate. **The alternate member from the Board of Supervisors shall have the same right of access as any other member to the commission's books, communications, documents, and records, including, but not limited to, confidential materials in connection with closed session items.**

REGISTERED SUPPORT / OPPOSITION:

Support

County of Orange (sponsor)

Opposition

None on file

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