
SENATE COMMITTEE ON HEALTH

Senator Akilah Weber Pierson, Chair

BILL NO: AB 2194
AUTHOR: Valencia
VERSION: March 26, 2026
HEARING DATE: June 3, 2026
CONSULTANT: Natalie Gehred

SUBJECT: Medi-Cal: special commissions

SUMMARY: Makes changes to the makeup of the Orange County Health Authority (CalOptima) board to stagger the terms of board members, and authorizes the alternate board member to access the same information as any other board members.

Existing law:

- 1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which low-income individuals are eligible for medical coverage. [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 is known as a county organized health system (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) Establishes a 10-member governing board (“the board”) for the County of Orange’s COHS, CalOptima, nine of whom are voting members nominated by the Orange County Health Care Agency and appointed by a majority vote of the Orange County Board of Supervisors. The tenth non-voting member is the Director of the Orange County Health Care Agency. Specifies the requirements for board composition:
 - a) Two members of the Orange County Board of Supervisors, with one additional member of the Orange County Board of Supervisors serving as an alternate;
 - b) One current or former hospital administrator;
 - c) One representative of a community clinic;
 - d) One member of the public, who is a legal resident of Orange County;
 - e) One practicing licensed medical provider who is not an owner, officer, or member of the board of directors of a contracted independent physician’s association or provider network;
 - f) One current CalOptima member or a family member of a current CalOptima member;
 - g) One accounting or public finance professional, or an attorney who is an active member of the State Bar; and,
 - h) One practicing licensed physician who is a representative of the board of directors of a contracted independent physician’s association or provider network. [WIC §14087.59]
- 4) Requires the Orange County Board of Supervisors to consult with stakeholders to identify qualified individuals, residing or employed in Orange County, to be considered as members of the CalOptima board. Requires the CalOptima board to generally be representative of the diverse backgrounds, interests, and demography of persons residing in the County, and to

have a commitment to a health care system that seeks to deliver and improve access to high-quality care and is financially viable. [WIC §14087.59]

- 5) Requires CalOptima board members to serve four-year terms, except for those who are members of the Orange County Board of Supervisors, who serve a one-year term. Prohibits a CalOptima board member who is a member of the Orange County Board of Supervisors from being appointed to serve a four-year term immediately following the expiration of their one-year term. Prohibits members serving four-year terms from being appointed to serve more than two consecutive terms. [WIC §14087.59]

This bill:

- 1) Creates staggered terms for CalOptima board members by requiring the following members beginning terms after January 1, 2027 to serve a single two-year term, after which they will serve a four-year term subject to the term limits described in 5) of existing law above:
 - a) The current or former hospital administrator;
 - b) The practicing licensed medical provider who is not an owner or officer or member of the board of directors of a contracted independent physician’s association or provider network; and,
 - c) The accounting or public finance professional or attorney.
- 2) Requires the alternate member from the Orange County Board of Supervisors to have the same right of access as any other CalOptima board member to any of CalOptima’s books, communications, documents, and records, including confidential materials in connection with closed session items.

FISCAL EFFECT: According to the Assembly Appropriations Committee, this bill will result in no state costs.

PRIOR VOTES:

Assembly Floor:	68 - 0
Assembly Appropriations Committee:	14 - 0
Assembly Health Committee:	16 - 0

COMMENTS:

- 1) *Author’s statement.* 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. Currently, CalOptima faces two challenges with its current 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.
- 2) *COHS.* According to DHCS, a COHS is one of the five main models of Medi-Cal managed care plans. Under the COHS model, DHCS contracts with a managed care plan run by a county government entity, which is the sole Medi-Cal managed care plan operating in the county. COHS are generally exempt from many federal managed care organization requirements, including plan choice, and are exempt from state Knox-Keene Act licensure

requirements. California COHS include CalOptima Health (Orange County), Health Plan of San Mateo (San Mateo County), Gold Coast Health Plan (Ventura County), CenCal Health (San Louis Obispo and Santa Barbara Counties), Central California Alliance for Health (Mariposa, Merced, Monterey, San Benito, and Santa Cruz Counties), and the Partnership Health Plan of California, which operates across 24 Northern California counties.

To establish a COHS, a county's Board of Supervisors establishes, 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. COHS commissions are often comprised of representatives from county administration, health care facilities, providers, and plan members. Most COHS' governing ordinances do not explicitly require staggered terms or alternates on their commissions.

- 3) *CalOptima*. CalOptima is the COHS offered to residents of Orange County, which was established in 1993 and has been enrolling residents since 1995. According to CalOptima, 841,313 people are enrolled as of March 31, 2026—nearly one in three Orange County residents. CalOptima offers insurance to low-income individuals and families, seniors, and adults with disabilities through Medi-Cal, OneCare (a Medicare Advantage plan for those dually-eligible for Medicare and Medi-Cal), and the Program of All-Inclusive Care for the Elderly (PACE, a Medi-Cal/Medicare program that offers a range of health and social services that help seniors live independently), with a majority of enrollees on the Medi-Cal plan. As of April 23, 2026, CalOptima has a contracted network of 1,299 primary care providers, 8,265 specialists, 43 acute and rehabilitation hospitals, 73 community health centers, 247 long-term care facilities, and 499 pharmacies. CalOptima is also preparing to launch a plan through Covered California in January of 2027 to help maintain continuity of care for those transitioning out of Medi-Cal. CalOptima's Medi-Cal plan is accredited by the National Committee for Quality Assurance for their use of standardized data collection and measurement to understand health needs and address disparities, and the CalOptima PACE plan received a 94% satisfaction rating among enrollees in 2023—the second-highest score among all PACE programs in the state.
- 4) *CalOptima's governance concerns*. Controversies surrounding the governance and administration of CalOptima over the past fifteen years have resulted in the state codifying the composition and appointment structure of CalOptima's Board of Directors. In 2011, the Orange County Board of Supervisors amended the county ordinance governing CalOptima to extend the term of the member from the Board of Supervisors, reduce the number of consumers, and increase the number of providers on the board. The *Voice of OC* reported that within fifteen months of the reorganization, sixteen senior executives left CalOptima. In 2017, Supervisor Andrew Do sought to expand county administrators' representation on the CalOptima board by proposing the board be restructured to include all five supervisors and two county agency heads, according to reporting in the *Voice of OC*. However, the Legislature blocked the effort through SB 4 (Mendoza, Chapter 479, Statutes of 2017), which codified the board's composition as it existed in 2016. Concerns about CalOptima's governance resurfaced in 2021-2022 when local media reported that the CalOptima Chair, Supervisor Do, hired a former aide into a new high-ranking executive role, instituted large pay raises for executive staff without public discussion, and purged CalOptima's in-house legal counsel. A 2023 state audit of CalOptima found that CalOptima retained more in funds from intergovernmental transfers than other managed care plans, accumulated an excessive surplus of funds without a clear plan for spending it, and engaged in irregular hiring practices

for executive positions. AB 498 (Quirk-Silva, Chapter 430, Statutes of 2022) was intended to provide key guardrails to protect against further politicization of CalOptima.

- 5) *Double referral.* This bill is double referred. Should it pass out of this committee, it will be referred to the Senate Committee on Local Government.
- 6) *Prior legislation.* AB 498 (Quirk-Silva, Chapter 430, Statutes of 2022) made permanent the requirement for nine voting members and one nonvoting member of the CalOptima governing board, the required membership categories, the duties of board members, their terms, and procedures related to conflicts of interest. AB 498 also imposed additional requirements on the Orange County Board of Supervisors related to stakeholder consultation and a one year “cooling off” period for subsequent service as a non-board of supervisor member of the CalOptima governing board.

SB 4 (Mendoza, Chapter 479, Statutes of 2017) requires governance of CalOptima to be vested in a governing body consisting of nine voting members and one nonvoting member, and specifies the membership categories, duties, and terms of board members. SB 4 included a January 1, 2023 sunset date.

- 7) *Support.* Orange County, the sponsor of this bill, writes that this bill strengthens the governance structure of the CalOptima Health Board of Directors while maintaining accountability, transparency, and operational stability. Orange County states that the current governance framework creates vacancies of all seven Orange County Board of Supervisor-appointed positions simultaneously, creating a risk of sudden turnover and loss of experienced leadership. This bill mitigates this risk by staggering appointments so that no more than four of the seven terms will expire in any given year. The alternate director from the Orange County Board of Supervisors is also currently unable to access confidential information that might have been discussed during a closed session, limiting their ability to perform oversight or prepare to act as a substitute director. This bill solves this issue by allowing the alternate director to have the same level of access to these materials as any other director. Orange County believes this bill modernizes CalOptima’s governance without expanding authority, increasing costs, or altering its mission, and more closely aligns CalOptima’s governance framework with other COHS statewide.
- 8) *Support if amended.* CalOptima broadly supports the provision of the bill that implements staggered terms for board members that serve four-year terms, noting that this was a recommended reform from the board’s former Governance Ad Hoc Committee. However, they note concerns about the provision that grants the alternate board member the same right of access to CalOptima Health materials as all other board members, which they claim is an unprecedented departure from Brown Act practice and raises concerns regarding confidentiality, attorney-client privilege, and protected health information. CalOptima requests an amendment to remove this provision from the bill.
- 9) *Policy comment.* Because closed session items usually pertain to specific personnel matters, contracts, and other negotiations, it may not be necessary for the alternate member of the board to have access to this information when not seated to vote on the matter at hand. The author may want to consider whether this provision is sufficiently narrow to allow the alternate member to fulfill their duty while not being so broad as to require the forwarding of potentially sensitive information to someone who may not be voting on the issue.

SUPPORT AND OPPOSITION:

Support: County of Orange (sponsor)

Oppose: None received.

-- END --