

CONCURRENCE IN SENATE AMENDMENTS

AB 2194 (Valencia)

As Amended August 19, 2026

Majority vote

SUMMARY

Makes targeted changes to the governance of the Orange County Health Authority (CalOptima Board) and requires an independent audit of the CalOptima Board. (The CalOptima Board governs CalOptima, the county organized health system (COHS) health plan that serves Medi-Cal members in Orange County).

Senate Amendments

- 1) Modify how terms for the CalOptima board are staggered.
- 2) Add a provision requiring the CalOptima board to authorize and pay for an independent external audit of the board's governance procedures and practices, and lists items that the audit must evaluate, including conflict of interest rules, roles and responsibilities, and other items.
- 3) Delete a provision allowing an alternate county supervisor member access to confidential documents.

COMMENTS

COHS. In each California county, the Department of Health Care Services (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.

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:

- 1) Medi-Cal: Serves low-income adults, families with children, seniors, and people with disabilities.
- 2) OneCare (Medicare Advantage Special Needs Plan): Coordinates services for dually eligible Medicare/Medi-Cal members.

- 3) 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.

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.

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.

According to the Author

CalOptima is Orange County's county organized health system serving nearly one million residents, including low-income children, adults, seniors, and people with disabilities. Currently, all seven four-year board member terms expire at the same time, leading to sudden mass turnover and loss of institutional knowledge. This bill staggers these terms so that seats expire on a rolling basis, preserving experience and continuity through any transition. Further, this bill requires an external audit of CalOptima's policies, bylaws, and board actions to ensure they are acting in the best interests of Medi-Cal patients and are not led by a single member to benefit special interests. The recommendations that will ultimately come from the audit will only help to improve services for our families, seniors and children. Through these changes, this bill aims to ensure that every dollar CalOptima manages delivers full value for its members.

Arguments in Support

None relevant to the current version of the bill.

Arguments in Opposition

None relevant to the current version of the bill.

FISCAL COMMENTS

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

VOTES:**ASM HEALTH: 16-0-0**

YES: Bonta, Chen, Addis, Aguiar-Curry, Pacheco, Caloza, Carrillo, Mark González, Johnson, Patel, Patterson, Rogers, Sanchez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Arambula, Caloza, Dixon, Fong, Mark González, Krell, Muratsuchi, Pacheco, Pellerin, Solache, Ta, Tangipa

ABS, ABST OR NV: Calderon

ASSEMBLY FLOOR: 68-0-12

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Arambula, Berman, Bonta, Dixon, Flora, Harabedian, Hart, Hoover, Irwin, Papan, Celeste Rodriguez, Schiavo

SENATE FLOOR: 40-0-0

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

UPDATED

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