



Board of Commissioners Meeting Agenda

April 22, 2026: 8:00 a.m. – 8:30 a.m.

In-person Location:

Hotel Katerina, Ribbon Ballroom, 1930 Baney Ln, Chico, CA 95928

Public Participation

Public comment is welcome during designated "Public Comments" time frames or by emailing comments to the Board Clerk at Board_FinanceClerk@partnershiphp.org by 5:00p.m on April 21, 2026. Comments received will be read during the meeting.

8:00A.M – Opening			
1.1	Call to Order	Dean Germano, Chair	
1.2	Roll Call	Clerk	
1.3	ACTION: Approval of Agenda and Board Meeting Minutes for February 25, 2026	1-16	Chair
1.4	Commissioner Comment	Chair	
1.5	Public Comment	Chair	
1.6	INFORMATION: Board Correspondence	17	Chair
8:05A.M. – Consent Calendar			
2-3	ACTION: Consent Calendar 2.1 Resolution to Approve Edits to Partnership's Annual Investment Policy (FIN-501) 3.1 Resolution to Accept all Committee Minutes and Policy & Program Updates Approved by PAC. 3.2 Resolution to Approve the Cultural & Linguistic Program Description, as Approved by PAC Cultural & Linguistic Program Description (clean) Cultural & Linguistic Program Description (redline) 3.3 Resolution to Approve the Proposed 2026 6-Month Perinatal Quality Improvement Program (PQIP) Measurement Set as Approved by PAC.	18-49 50-51 52-53 54-58	Chair

	▪ 3.4 Resolution to Approve the Appointment of Brenda Shipp to the Strategic Planning Committee. ▪ 3.5 Resolution to Approve the Care Coordination Program Description, MPCD2013, as Approved by PAC Care Coordination Program Description (clean) Care Coordination Program Description (redline)	59-60 61-62	
PAC Approved Policy Updates Finance Committee – March 2026 Finance Committee – April 2026 Governance and Compliance Committee – March 2026 Physician Advisory Committee for March 2026 Physician Advisory Committee for April 2026 Quality and Utilization Advisory Committee (Q/UAC) – March 2026 Quality and Utilization Advisory Committee (Q/UAC) – April 2026 Community Advisory Committee – March 2026 Strategic Planning Committee – April 2026			
8:10A.M. – Regular Agenda Items			
4.1	ACTION: Resolution to Approve Budget Revisions for FY 2025-2026	63-66	Jennifer Lopez
4.2	ACTION: Approve Budget Assumptions for Fiscal Year 2026-2027	67-77	Jennifer Lopez
4.3	ACTION: Resolution to Approve Six Applicants to the Community Advisory	78-90	Wendi Davis
Regular Reports			
5.1	INFORMATION: Metrics and Financial Update	91-104	Written Report
5.2	INFORMATION: Legislative and Media Updates	105-109	Written Report
8:30 A.M. – Adjournment			

Upcoming Meetings: 06/24/2026 – June Board Meeting 08/26/2026 – August Board Meeting 10/21/2026 – October Board Meeting	
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Government Code §54957.5 requires that public records related to items on the open session agenda for a regular commission meeting be made available for public inspection. Records distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Commission. The Commission has designated the Board Clerk as the contact for Partnership HealthPlan of California located at 4665 Business Center Drive, Fairfield, CA 94534, for the purpose of making those public records available for inspection. The Board Meeting Agenda and supporting documentation is available for review from 8:00 AM to 5:00 PM, Monday through Friday at all PHC regional offices (see locations above). It can also be found online at www.partnershiphp.org. PHC meeting rooms are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the Board Clerk at least ten (10) days prior to the scheduled meeting at (707) 863-4516 or by email at Board_FinanceClerk@partnershiphp.org. Notification in advance of the meeting will enable the Board Clerk to make reasonable arrangements to ensure accessibility to this meeting and to materials related to it.



**MINUTES OF THE MEETING OF
PARTNERSHIP HEALTHPLAN OF CALIFORNIA BOARD OF COMMISSIONERS**
Held at Partnership Offices:

4605 Business Center Drive, Fairfield, CA (Conference Center)

2525 Airpark Dr., Redding, CA

1036 Fifth Street, Eureka, CA

495 Tesconi Circle, Santa Rosa, CA

249-299 Nevada Street, Auburn, CA

1000 Fortress Street, Chico, CA

External Site:

Plumas District Hospital located at 1065 Bucks Lake Rd., Quincy, CA

On

February 25, 2026

Members Present: Darcie Antle, Gaby Bernal Leroi, Jayme Bottke, Gena Bravo, Ranell Brown, Brion Burkett, Christopher Champlin, Cathryn Couch, Emery Cowan, Lisa Davies, Shelly Davis, Dean Germano (Chair), Ryan Gruver, Liz Hamilton, Alicia Hardy, JoDee Johnson, Dave Jones, Seth Kaufman, M.D., Elizabeth Kelly, Scott Kennelly, Belle Knight, Liz Lara-O'Rourke, Phuong Luu, M.D., Jennifer Malone, Andrew Miller, M.D., Monica Morales, Robert Oldham, M.D., Jonathan Porteus, PhD, Tiffany Rowe, Stacy Sphar, Nancy Starck, Nolan Sullivan, Kim Tangermann, Pedro Toledo, Jennifer Yasumoto, Jim Yoder

Members Excused: Jonathon Andrus, Christy Coleman, Nunie Matta, Dr. Lisa Warhuus

Staff: Marc Agudelo, Leigha Andrews, Katherine Barresi, Jill Blake, Isaac Brown, Tina Buop, Greg Cafiero, Jessica Cifolelli, Dell Coats, Wendi Davis, Marisa Dominguez, Theresa DuPont, Naomi Gordon, Amber Gross, Kristine Gual, Curtis Hardwick, Mohamed Jalloh, PharmD, Kermit Jones, M.D., Vicky Klakken, Marshall Kubota, M.D., James Legere, Jennifer Lopez, Richard Matthews, M.D., Matthew Morris, M.D., Robert Moore, M.D., Danielle Ogren, Kathryn Power,

AGENDA ITEM	DISCUSSION	MOTION / ACTION
1.0 Opening	Commissioner Kim Tangermann, Board Chair, called the bi-monthly meeting to order and welcomed everyone to the meeting in person and at all remote Partnership HealthPlan offices. Board members were reminded to abstain from voting on any agenda item where they might have a conflict of interest, and to state their name before asking questions or making motions. As a reminder, Commissioner Tangermann read the Partnership Mission Statement: “to help our members, and the communities we serve, be healthy.” She also stated that members of the public would have an opportunity to speak at designated times throughout the agenda.	None
1.2 Roll Call	Ashlyn Scott, Clerk of the Commission, called the roll indicating there was a quorum.	None
1.3 Approval of Agenda and the Board Meeting Minutes for December 3, 2025	Chairwoman Tangermann asked if anyone had changes for the agenda or corrections to the December 3, 2025, minutes. Hearing no requests for modification, she asked for a motion to approve the agenda and minutes.	<i>Commissioner Jones moved to approve the agenda and minutes as presented, seconded by Commissioner Yoder.</i> <u>ACTION SUMMARY:</u> Yes: 35 No: 0 Abstention: 0 Excused: 4 (Andrus, Coleman, Matta, Warhuus) MOTION CARRIED
1.4 Resolution to Approve the New Board Vice Chair Nomination and Board Chair Rotation	Sonja Bjork, CEO, reported that the Auburn Region Commissioners met on December 3, 2025, to recommend the next Vice Chair of the Partnership Board. The Commissioners nominated Jonathan Porteus to serve a two-year term as Vice Chair beginning February 25, 2026, pending Board approval. After completing this term, Commissioner Porteus will rotate into the role of Board Chair for an additional two-year term. Sonja further noted that Dean Germano, the current Vice Chair, will succeed Kim Tangermann as Board Chair effective February 25, 2026, contingent on approval of this resolution. Commissioner Germano will serve a two-year term, ending in February 2028.	<i>Commissioner Burkett moved to approve agenda item 1.4 as presented, seconded by Commissioner Davies.</i> <u>ACTION SUMMARY:</u> Yes: 34 No: 0

		<i>Abstention: 1 (Porteus)</i> <i>Excused: 4 (Andrus, Coleman, Matta, Warhuus)</i> MOTION CARRIED
1.5 Resolution to Approve Commendations and Appreciation for Kim Tangermann's Service to Partnership as Board Chair	Ms. Bjork expressed appreciation for Commissioner Kim Tangermann's leadership, dedicated service, and strategic guidance during her tenure as Chair of the Board of Commissioners. She noted that Commissioner Tangermann's integrity, vision, and commitment have made a lasting and positive impact on the HealthPlan, its members, and its partners.	<i>Commissioner Knight moved to approve agenda item 1.5 as presented, seconded by Commissioner Jones.</i> <u>ACTION SUMMARY:</u> <i>Yes: 34</i> <i>No: 0</i> <i>Abstention: 1 (Tangermann)</i> <i>Excused: 4 (Andrus, Coleman, Matta, Warhuus)</i> MOTION CARRIED
1.6 Resolution to Accept Commissioner Jonathon Andrus' Resignation from the Board and Finance Committee as a Siskiyou County Representative	Ms. Bjork announced that Commissioner Jonathon Andrus has resigned from the Partnership Board and the Finance Committee. She acknowledged Commissioner Andrus's many significant contributions since joining the Board in February 2018. His expertise has been an asset to Partnership and that he has consistently centered the needs of members, providers, and the community in his work.	<i>Commissioner Jones moved to approve agenda item 1.6 as presented, seconded by Commissioner Knight.</i> <u>ACTION SUMMARY:</u> <i>Yes: 35</i> <i>No: 0</i> <i>Abstention: 0</i> <i>Excused: 4 (Andrus, Coleman, Matta, Warhuus)</i> MOTION CARRIED
1.7 Resolution to Accept the Board	Ms. Bjork introduced Shelly Davis, Siskiyou County Director of the Public Health Division and Correctional Health Services, who has been appointed by the Siskiyou County Board of Supervisors to serve on the Partnership Board as a County Representative.	<i>Commissioner Luu moved to approve agenda item 1.7 as presented, seconded by Commissioner Hamilton.</i>

Commissioner Appointment of Shelly Davis as a Siskiyou County Representative		<u>ACTION SUMMARY:</u> Yes: 35 No: 0 Abstention: 0 Excused: 3 (Coleman, Matta, Warhuus) MOTION CARRIED
1.8 Resolution to Approve Recognition for the Hospital QIP Top Performers for 2024- 2025	Dr. Robert Moore, Chief Medical Officer, recognized the eight top-performing hospitals in Partnership’s Hospital Quality Incentive Program (HQIP) for measurement year 2024–2025. He commended the following hospitals for their exceptional performance: Providence Petaluma Valley Hospital (Petaluma, Sonoma) – 100% Sonoma Valley Hospital (Sonoma, Sonoma) – 100% Surprise Valley Hospital (Cedarville, Modoc) – 100% Banner Lassen Medical Center (Susanville, Lassen) – 95% Adventist Howard Memorial Hospital (Ukiah, Mendocino) – 93% Providence Queen of the Valley Medical Center (Napa, Napa) – 92% MarinHealth Medical Center (Greenbrae, Marin) – 92% Providence St. Joseph Hospital (Eureka, Humboldt) – 92% Hospital representatives attending the meeting in person were presented with a recognition plaque.	<i>Commissioner Tangermann moved to approve agenda item 1.8 as presented, seconded by Commissioner Porteus.</i> <u>ACTION SUMMARY:</u> Yes: 36 No: 0 Abstention: 0 Excused: 3 (Coleman, Matta, Warhuus) MOTION CARRIED
1.6 Commissioner Comment	Chairman Germano asked if there were any Commissioner comments. There were none.	None
1.7 Public Comment	Chairman Germano asked for any public comments. Partnership member and Community Advisory Committee member Harry Boggs provided public comment from the Auburn office. Mr. Boggs reported that Nevada County recently held a film festival alongside an Earth Fair, during which fundraising efforts supported contributors to local arts and culture. He noted that funding for the California Conservation Corps has been reduced due to State and federal cuts associated with H.R.1. Mr. Boggs asked whether there is a potential mechanism for establishing a “unit of labor” or “unit of health care” as an alternative to cash contributions. He shared that community members are interested in whether this concept is being considered by others. These activities could be counted as an individual’s community engagement.	None

	Elise Jones, Director of Lake County Behavioral Health, addressed the Board to describe a deteriorating relationship between her department and Partnership. Ms. Jones stated that she had notified Partnership about concerns involving a community-based provider whom she believes is posing a risk to the community. She reported that despite multiple follow-ups, she received no response until last week, when Partnership replied promptly after a fiscal issue arose. She expressed concern about a lack of responsiveness to safety-related matters. Ms. Jones requested that the Commission direct the Executive Team to respond to her concerns by the end of the week and to meet with Lake County representatives within two weeks. Ms. Bjork responded that Partnership’s leadership is fully aware of the provider issue described. Compliance-related issues must follow specific procedures, some of which must remain confidential. She noted that Partnership’s Compliance Officer, Danielle Ogren, is leading the investigation into the concerns raised regarding the provider. Compliance matters are also reviewed by the Governance–Compliance Committee, which reports to the Board. Certain issues are reported to the State as required by our contract with DHCS. Ms. Bjork assured Ms. Jones that the issue is being addressed through appropriate channels and that Partnership leadership will follow up with her. <i>Commissioner Malone noted that, because Ms. Jones made her request directly to the Commission, she wanted assurance that the requested actions would occur.</i> <i>Ms. Bjork responded that Partnership will bring this issue to the Governance/Compliance Committee and will provide a follow-up to the Board at the April meeting outlining the actions taken.</i>	
1.8 CEO Report	Ms. Bjork began her CEO Report by recognizing Commissioner Dr. Phuong Luu, whom Partnership nominated for the Association for Community Affiliated Plans’ (ACAP) 2026 Leadership in Advocacy Award. She announced that Dr. Luu was selected as the award recipient and received the honor at yesterday’s ACAP Fly-In in Washington, D.C. Ms. Bjork congratulated Dr. Luu for her steadfast leadership in Yuba and Sutter Counties and for her work implementing the Justice-Involved Reentry Initiative. <i>DHCS Audit</i> – Ms. Bjork reported that Partnership’s DHCS annual audit is scheduled for April. She noted that the audit will include significant focus on fraud, waste, and abuse, including privacy-related concerns. DHCS will also continue to monitor the status of the MOUs required with	None

each of the 24 counties in Partnership's service area. Nevada County currently leads with the highest number of fully executed MOUs, with Mendocino County and others close behind.

Commissioner Germano questioned whether there is a deadline for MOU completion.

Ms. Bjork stated that while there is no formal deadline, outstanding MOUs may result in audit findings and follow-up actions from DHCS.

April Board Strategic Planning Retreat – The primary focus for this year's retreat will be member experience, given Partnership's low CAHPs scores and the significant financial implications tied to quality performance. She also reviewed key themes from the 2025 retreat:

- Advocacy
- Communication
- Commitment to Rural Equity
- Regional Presence and Community Engagement
- Organizational Capacity, Leadership Development, and Infrastructure
- Access and Quality of Care for Members
- Cross-System Coordination and Innovation

Ms. Bjork noted that Bobbie Wunsch will facilitate the 2026 retreat and that the agenda will include a keynote speaker as well as remarks from Partnership's Sacramento lobbyist at the April 21 dinner.

2026 Partnership Member Scholarship Program – Partnership is now accepting applications for its scholarship program. The program offers one \$10,000 scholarship and four \$5,000 scholarships. Awards will be based on the quality of applicants' essay responses, demonstrated interest in a career in health care, social services, or public service, and a letter of recommendation. Partnership will review all submissions and announce scholarship recipients in Summer 2026. A flyer is included in the Board packet.

Commissioner Bernal-Leroi asked when the Board could expect a D-SNP update.

Ms. Bjork explained that Partnership was unable to launch a D-SNP line of business in January. Partnership must submit a bid to CMS this summer in order to go live on January 1, 2027, and a status update will be provided at the April meeting.

Commissioner Germano asked about the State's expectations regarding January 2027 D-SNP implementation.

Ms. Bjork noted that developing a D-SNP product is a significant undertaking. She reported that a key vendor Partnership had been working with unexpectedly withdrew, creating delays. She added that Amy Turnipseed, Chief Strategy and Government Affairs Officer, meets with DHCS every two weeks to provide status updates.

	<i>Commissioner Toledo asked about rural health transformation funding and whether any steps were needed to ensure alignment with Partnership’s priorities.</i> <i>Ms. Bjork stated that Partnership is closely monitoring developments. HCAI is administering the program and will determine which projects will receive funding. An advisory council will provide guidance, and our association (LHPC) will have a seat. We would also like one of our clinical leaders to serve in an advisory capacity. She emphasized that although the funding amount is modest, Partnership is committed to maximizing its impact.</i> <i>Commissioner Yoder announced that Glenn County received the 2025 Innovation Award from the California State Association of Counties. He expressed appreciation to Partnership for consistently stepping up and supporting Glenn County with innovative ideas.</i>	
2 & 3 Consent Calendar	Chairman Germano stated that all items on the consent calendar would be approved with one motion unless someone requests to pull an item for further discussion. Hearing no requests, she asked for a motion to approve the Consent Calendar and resolutions 3.1, 3.2, 3.3, and 3.4: ▪ 2.1 Resolution to Accept Commissioner Chris Champlin’s Appointment to the Finance Committee as a Sutter County Representative ▪ 3.1 Resolution to Accept all Partnership Committee Minutes, Partnership Policies and Program Descriptions Approved by the Physician Advisory Committee ▪ 3.2 Resolution to Approve Membership Changes to the Physician Advisory Committee ▪ 3.3 Resolution to Approve T Abraham’s Resignation from the Strategic Planning Committee ▪ 3.4 Resolution to Approve Meghan Hardin’s Appointment to the Strategic Planning Committee	<i>Commissioner Knight moved to approve Resolutions 2.1, 3.1, 3.2, 3.3, and 3.4 as presented, seconded by Commissioner Starck.</i> <u>ACTION SUMMARY:</u> <i>Yes: 35 No: 0 Abstention: 1 (Champlin) Excused: 3 (Coleman, Matta, Warhuus)</i> MOTION CARRIED
4.1 Resolution to Approve the Semi-Annual Board Dashboard	Wendi Davis, Chief Operating Officer, presented the Semi-Annual Board Dashboard, a comprehensive overview of the organization’s strategic priorities and performance metrics. This dashboard enables the Board to monitor progress across key operational areas. • Membership Dashboard: Partnership’s membership levels have declined over the past several months. Ms. Davis also reviewed membership figures by county. Currently, Partnership serves 871,834 members. • Call Center Dashboard: Call centers continue to meet the 30-second wait time benchmark. Carelon, Partnership’s behavioral health delegate, also continues to maintain wait times under 30 seconds. • Transportation Dashboard: Transportation utilization continues to trend upward, with a 7% increase in total trips from Q3 FY 2024/25 to Q2 FY 2025/26. Despite increased volume, transportation call performance has continued to improve.	<i>Commissioner Porteus moved to approve Resolution 4.1 as presented, seconded by Commissioner Knight.</i> <u>ACTION SUMMARY:</u> <i>Yes: 36 No: 0 Abstention: 0 Excused: 3 (Coleman, Matta, Warhuus)</i> MOTION CARRIED

	• Medical Utilization Dashboard: Over the past two quarters, inpatient days, average length of stay, and emergency department visits have declined. Primary care provider visits remain above the established threshold. • Delegate Utilization Dashboard: Partnership continues to closely monitor delegate performance to ensure adequate member access to services. Behavioral health utilization has increased to 9.5%, exceeding the statewide average of 7%. • TAR Dashboard: TAR processing performance remained above required thresholds, with pharmacy TAR timeliness consistently nearly meeting 100%. • Claims Dashboard: 99% of claims are adjudicated and processed within 30 days, well ahead of the state's 45-day requirement, with a 98% accuracy rate. • Grievance Dashboard: The Grievance Department consistently maintains timeliness Levels above the DHCS-Mandated timeframes, however last quarter, timeliness levels dipped to 98.3%. • HR Dashboard: There has been a modest increase in positions remaining open beyond 90 days, though the organization's overall turnover rate remains low. • Specialty Access & Provider Satisfaction Dashboard: Provider satisfaction remains exceptionally high, with 99% of providers reporting positive experiences with Partnership. • IT Dashboard: All systems maintained uptime above performance targets, and no security breaches were reported. <i>Commissioner Oldham recommended adding a metric to the Grievance Dashboard to reflect the percentage of total cases that proceed to state fair hearings, rather than reporting only the total number of cases.</i> <i>Ms. Davis responded that this metric can be added. She noted that approximately 47% of grievance cases are transportation-related; however, these cases are not all denials and may include issues such as taxi availability or driver concerns.</i> <i>Commissioner Starck asked how the behavioral health utilization threshold was determined.</i> <i>Ms. Bjork explained that Partnership worked with its delegate, Carelon, which operates nationwide, to establish the benchmark. She noted that the average provided excludes members with serious mental illness (SMI), as those members fall under county jurisdiction.</i>	
4.2 Resolution to Approve Three Applicants to the Community Advisory Committee	Ms. Davis stated that the Board is responsible for appointing and replacing Consumer Advisory Committee (CAC) members. She noted that if a CAC seat becomes vacant due to resignation or removal, the CAC selection committee must make a good-faith effort to fill the vacancy within 60 calendar days, while ensuring CAC membership reflects the MCP's service area demographics. The following nominees applied to serve on the CAC:	<i>Commissioner Jones moved to approve Resolution 4.2 as presented, seconded by Commissioner Knight.</i> <u>ACTION SUMMARY:</u> Yes: 36 No: 0 Abstention: 0 Excused: 3 (Coleman, Matta, Warhuus)

	Placer – Marisol Duran-Garcia Lassen – Itha “Bev” Banghart Shasta – Nani Mingo	MOTION CARRIED
4.3 Resolution to Accept Quality Investment Funding	Ms. Jennifer Lopez, Chief Financial Officer, presented a resolution requesting Board approval to allocate up to \$2 million in Quality Investment funding within the 10-county expansion region. She explained that the Department of Health Care Services (DHCS) has implemented the Community Reinvestment Policy through All-Plan Letter (APL) 25-004, requiring Medi-Cal Managed Care Plans with annual positive net income to reinvest a portion of their earnings into local communities beginning in 2026, based on 2024 financial data. The required reinvestment amount will also be tied to each plan’s performance on the Managed Care Accountability Set (MCAS) quality measures. Partnership’s 10-county expansion region will not be subject to these reinvestment requirements until 2028, based on 2025 financial data. She further noted that DHCS has implemented quality sanctions and quality rate withholds across the state. As DHCS and Partnership continue to prioritize high-quality care for members, Partnership remains committed to investing in quality initiatives throughout the region. Under the proposed allocation, up to \$2 million in Quality Investment funding would be distributed as follows: 1. \$50,000 per county to support local quality improvement activities, and 2. Up to \$1.5 million for provider quality grant initiatives across the full 10-County region. <i>Commissioner Luu encouraged Partnership to clearly communicate that the funding is being provided voluntarily and is not required. She emphasized that the funding is being offered because it is fair to do so and encouraged involvement of county leadership and Health and Human Services departments to maximize the benefit of the funds.</i> <i>Ms. Bjork responded that, given anticipated financial constraints, Partnership wants to ensure counties take advantage of available funding opportunities while they exist, particularly since Partnership would not be subject to the community reinvestment policy in the absence of net positive income. She also noted that Partnership has engaged in community reinvestment efforts long before such actions were mandated.</i> <i>Commissioner Miller noted that DHCS has indicated that Community Reinvestment funds are intended for upstream activities and are not tied to quality measures and asked whether the proposed funding would be subject to the same restrictions.</i>	<i>Commissioner Germano moved to approve Resolution 4.3 as presented, seconded by Commissioner Jones.</i> <u>ACTION SUMMARY:</u> Yes: 22 No: 0 Abstention: 14 (Bottke, Champlin, Davies, Gruver, Johnson, Kelly, Kennelly, Luu, Malone, Miller, Oldham, Porteus, Rowe, Yoder) Excused: 3 (Coleman, Matta, Warhuus) MOTION CARRIED

	<i>Ms. Bjork responded that Partnership intends to use this opportunity to focus on initiatives directly related to quality, as these funds are not subject to the community reinvestment requirements outlined in DHCS policy. She added that the initial round of funding will prioritize activities that enhance quality outcomes.</i>	
5.1 Metrics and Financial Update	Jennifer Lopez, Chief Financial Officer, presented the financial metrics for the month ending December 31, 2025. At month-end, Partnership reported a surplus of \$8.6 million, bringing the year-to-date surplus to \$18.2 million. Total Revenue is lower than budget by \$49.0 million for the month and \$305.5 million for year-to-date. She noted continued favorability in interest income, which was \$5.2 million favorable year-to-date, however, rate cuts are anticipated and could affect future earnings. Total Healthcare Costs are \$57.9 million below budget for the month and \$304.2 million below budget year-to-date, largely due to directed payment-related timing and offsets. Ms. Lopez reported that Non-Capitated Physician and Ancillary expenses are \$87.1 million unfavorable to budget, primarily due to adjustments to the IBNR reserves reflecting the most current cost and utilization trends, which Partnership staff continues to closely monitor. Administrative costs are overall favorable to budget by \$6.7 million for the month and \$31.0 million for the year-to-date. Membership Update Ms. Lopez presented membership trend slides to the committee. She reported that Partnership currently has approximately 98,000 members with Unsatisfactory Immigration Status (UIS) who may be at risk of losing access to the Medi-Cal Managed Care delivery system. Partnership has experienced an overall 2.62% membership decline in total since December, a level of decrease not seen in several years. Compared to our sister plans, we fall in the mid-range in terms of overall membership reductions. She noted that the drop among Child, non-ACA adults (ages 19–64), and ACA adults is particularly concerning, Ms. Lopez shared that numerous questions have been raised during the all-plan CFO meetings with DHCS regarding membership decreases. Some of the decline is believed to be tied to California’s updated asset tests which were expected as revised asset thresholds means certain individuals no longer qualify for Medi-Cal. The state is also working with counties to resolve duplicate CINs in enrollment files. Partnership is conducting a deeper analysis to understand the characteristics of members who are disenrolling, examining factors such as prior utilization and recent access to care. Due to the volatility in membership, staff have not yet been able to finalize a revised budget for presentation to the Finance Committee and Board; it is anticipated an updated budget will be brought forward in April.	None

	<i>Commissioner Hamilton shared concerns that mixed-status households, often consisting of citizens living with non-citizens, may be withdrawing from government services out of caution.</i> <i>Commissioner Gruver noted that Nevada and Sierra Counties are the only two counties that have not experienced membership declines and observed that these counties are also the least diverse.</i> <i>Commissioner Porteus asked whether analysis on membership losses has been conducted by race and ethnicity.</i> <i>Ms. Lopez responded that citizen versus non-citizen data has been reviewed, but further analysis has not yet been conducted to determine whether membership declines are related to mixed-status households. She added that staff plans to further analyze whether recent membership losses involve higher- or lower-utilizing members.</i> <i>Commissioner Toledo asked whether Kaiser is also experiencing membership declines.</i> <i>Ms. Davis confirmed that Kaiser's Medi-Cal membership is also declining.</i>	
5.2 Operations Update	Written Report	None
5.3 Media & Legislative Update	Written Report	None
5.4 CMO Report on Quality	Dr. Moore presented the Chief Medical Officer Report, providing updates on obstetric quality metrics, and upcoming changes to the hospice provider network and utilization management processes. <i>Hospital Obstetrics Quality Metrics</i> Dr. Moore reviewed hospital obstetrics quality metrics and provided honorable mention to: MarinHealth Medical Center, for scoring above average in all categories and maintaining a robust midwifery service Adventist Clearlake, for scoring above average in four categories despite a low delivery volume Sutter Davis, for scoring above average in available categories and maintaining a robust midwifery service. <i>Hospice Network and Utilization Management Changes</i> Dr. Moore reported on upcoming changes to hospice services in response to federal concerns regarding inappropriate hospice utilization for Medicare beneficiaries and similar concerns raised by DHCS in California. DHCS has issued a policy directive requiring: A narrower network of hospice providers recognized for high-quality and appropriate care; and New processes to evaluate hospice appropriateness without the use of prior authorization.	None

	He stated that Partnership is finalizing plans to establish a network of 19 high-quality hospice providers that will ensure both network adequacy and quality of care. Of these providers, 17 are not-for-profit organizations with strong Medicare quality scores and a history of providing home hospice services; all but one are located within Partnership's 24-county service area. Dr. Moore further reported that significant changes to the hospice election intake process are under development and will be phased in as system capabilities allow. Partnership anticipates announcing the final hospice network and revised utilization management process in March, with full implementation targeted for June.	
5.5 Health Services Update	Ms. Barresi presented the Health Services Board Report, highlighting care coordination, utilization management, behavioral health, enhanced health services, and health equity activities. During Q4 2025, Care Coordination supported over 12,000 cases, with the majority related to Access to Care, and completed more than 2,100 CCS Whole Child Model care plan updates. A two-way texting pilot was launched to support Transitional Care Services and prepare for DHCS RSST requirements. Utilization Management continued to manage high TAR volumes while exceeding regulatory timeliness standards and preparing for the upcoming DHCS medical audit. Behavioral Health services successfully completed the first quarter of fully insourced operations, showing increased member engagement and improved referral follow-up. Enhanced Health Services maintained stable TAR and referral volumes and announced a process change effective March 1, 2026, shifting responsibility for TAR accuracy to ECM/Community Supports providers. Ms. Barresi also reported the successful implementation of the DHCS-approved Partnership C.A.R.E.S. Training under APL 24-016.	None

6.1 Community Reinvestments	Ms. Lopez and Dr. Jalloh presented an overview of the Community Reinvestment policy and Partnership’s planning efforts related to the implementation of DHCS requirements beginning in Calendar Year (CY) 2024. The presentation reviewed policy requirements, funding methodology, reinvestment planning processes, and anticipated timelines. Community Reinvestment Policy: Pursuant to DHCS policy (APL 25-004), Medi-Cal managed care plans are required to reinvest a portion of their annual net income into local communities to address unmet health-related social needs and support community well-being. The requirement is contingent upon the plan having positive net income and is based on CY 2024 financial performance and quality achievement under the Medi-Cal Managed Care Accountability Set (MCAS). Reinvestment plans will cover a three-year investment period and will be required annually for each year the plan has positive net income. Funding Methodology and County Allocations: Ms. Lopez presented the minimum funding calculations, including base reinvestment requirements and potential additional contributions tied to quality performance. DHCS will calculate Partnership’s annual net income on a statewide aggregate basis using CY 2024 financial data and will notify plans in Q2 2026 of required county-level investment amounts. Funding allocations will be adjusted based on quality achievement and Medi-Cal membership size. Partnership’s 10-county expansion region will not be subject to reinvestment requirements until 2028. Timeline and Process: Dr. Jalloh shared the anticipated timelines for stakeholder engagement activities, submission of Partnership’s Community Reinvestment Investment Plan to DHCS by September 1, 2026, DHCS review, and the expected launch of investments upon approval. The Board was advised that reinvestment requirements apply only in years when Partnership has positive net income. Allowable Uses of Reinvestment Funds: The Board reviewed high-level DHCS guidance on allowable and disallowed reinvestment activities. The reinvestment funds may be used for non-clinical community-based initiatives, such as workforce development, community infrastructure, and other activities addressing social determinants of health, but may not be used to fund services already covered under the Medi-Cal managed care contract. Reinvestment Planning Methodology: Dr. Jalloh described the methodology used to develop reinvestment funding options, including review of DHCS requirements, health disparities assessments, Community Health Assessments (CHA), Community Health Improvement Plans (CHIP), access improvement assessments, and stakeholder input from county public health directors, behavioral health directors, Community Advisory Committee members, and other community partners. Internal and external feedback resulted in the identification of prioritized reinvestment options.	None
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	What Counties Can Do Now: Counties are encouraged to begin preparing by identifying a central point of contact, engaging local stakeholders, reviewing potential reinvestment options aligned with their Community Health Improvement Plans, and narrowing priorities to one or two focus areas. Current Unknowns: Several details remain unknown at this time, including the exact amount each county will receive, final approval timelines from DHCS, and the timing of fund disbursement.	
Adjournment	Chairman Germano adjourned the meeting at 1:51PM	None

Respectfully submitted by:
Ashlyn Scott, Board Clerk

Board Approval Date: 4/22/2026

Signed: _____
Ashlyn Scott, Clerk



My Congratulatory surprise wishes from Partnership.

This recent CAC meeting became a profound reminder of what it means to be truly seen. Coming from a culture where silence was expected and speaking up was discouraged, finding my voice has been a long and courageous journey. For years, I carried my community's stories and experiences from the Marin County that I served as well as SF Bayarea region that I belong beyond into these meetings, even when I wasn't sure anyone was listening. Yet this time, something shifted—in the most unexpected and uplifting way.

Through her genuine kindness, Ms. Leigha Andrews, our PHP Marin–Sonoma Regional Director and her team, showed me that empathy can change the way we experience the world. She took the time to learn what mattered to me and surprised me with balloons, flowers, and a heartfelt card (signed by everyone in PHP team) on the eve of my final exams and the completion of two degrees. That simple act carried a powerful message: *you are valued, you belong, your voice matters.*

Her gesture reminded me that when we choose to see one another—beyond titles, beyond roles—we create spaces where people can rise. It is a testament to the power of humanity in leadership, and to the beauty of lifting others up. I hope my story encourages someone else who has felt unheard to keep showing up. Sometimes, it takes just one person to turn a room from a place of silence into a place of belonging.

AGENDA REQUEST FOR RATIFICATION
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Meeting Date: March 18, 2026

Agenda Item Number:
2.1

Board Meeting Date: April 22, 2026

Resolution Sponsor:
Jennifer Lopez, Partnership HealthPlan of CA

Approved by:
Partnership Staff

Topic Description:

Partnership's Annual Investment Policy, FIN-501, establishes the investment guidelines used for all operating funds and Board designated reserve funds for the Health Plan and requires edits.

Reason for Resolution:

To obtain approval for the recommended changes to Partnership's Annual Investment Policy.

Financial Impact:

There is no financial impact to the plan.

Requested Action of the Board:

Based on the recommendation of Partnership Staff, the Board is asked to approve Partnership's Annual Investment Policy.

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Meeting Date: March 18, 2026
Board Meeting Date: April 22, 2026

Agenda Item Number:
2.1

Resolution Number:
26-

**IN THE MATTER OF: APPROVING PARTNERSHIP’S ANNUAL INVESTMENT POLICY,
FIN-501**

Recital: Whereas,

- A. The Board has fiduciary responsibility for the operation of the organization.
- B. The Board has responsibility to review and approve the HealthPlan policies and benefits.
- C. It is important to establish investment guidelines to ensure Partnership’s funds are prudently invested according to the Board of Commissioners’ objectives.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve Partnership’s annual investment policy, FIN-501

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd of April 2026, by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____

Ashlyn Scott, Clerk

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
POLICY/ PROCEDURE

Policy/Procedure Number: <u>FIN - 501</u> ~~(Previously FIN 700 501)~~			Lead Department: <u>Finance</u> Business Unit: <u>Accounting</u> ~~Finance~~	
Policy/Procedure Title: <u>Annual Investment Policy May 1, 2010</u> ~~Investment~~ Policy			☒ External Policy _____ ☒ Internal Policy _____	
Original Date: <u>05/01/2010</u>		Next Review Date: <u>02/01/2027</u> : ~~09/01/2022~~ Last Review Date: <u>10/27/2021</u> ~~07/31/2021~~		
Applies to:	☒ Medi-Cal	☒ ~~Healthy Kids~~ Partnership Advantage		☐ Employees
Reviewing Entities:	☐ IQI	☐ P & T	☐ QUAC	
	☐ OPERATIONS	☐ EXECUTIVE	☐ COMPLIANCE	☐ DEPARTMENT
Approving Entities:	☒ BOARD	☐ COMPLIANCE	☒ FINANCE	☐ PAC
	☒ CEO ☐ COO	☐ CREDENTIALING	☒ DEPT. DIRECTOR/OFFICER	
Approval Signature: <u>Name of approver</u>			Approval Date: <u>Enter as mm/dd/yyyy</u> ~~09/08/2021~~	

I. RELATED POLICIES:

- A. CMP-21 – Conflict of Interest Code
- B. CMP-21 – Conflict of Interest Code – Attachment A
- C. FIN-502 – Investment Procedures
- ~~C.D. FIN-503 – Leasing and~~ Rental Revenue Requirements

II. IMPACTED DEPTS:

- A. FINANCE

III. DEFINITIONS:

- A. See Attachment A – Glossary

IV. ATTACHMENTS:

- A. ~~Table~~ Figure 1 – Allowable Investments Instruments per State Government Code (As of January 1, ~~2020~~ 2026) Applicable to All Local Agencies
- B. ~~Table~~ Figure 2 – Comparison and Interpretation of Credit Ratings
- ~~B.C.~~ Attachment A – Glossary

V. PURPOSE:

Investment Policy sets forth the investment guidelines for all Operating Funds as required by California Government Code §53646.

VI. POLICY / PROCEDURE:

<u>Policy/Procedure Number:</u> FIN - 501			<u>Lead Department:</u> Business Unit: Accounting
<u>Policy/Procedure Title:</u> Investment Policy			☒ <u>External Policy</u> ☒ <u>Internal Policy</u>
<u>Original Date:</u> 05/01/2010			<u>Next Review Date:</u> 023/001/2027 <u>Last Review Date:</u> 10/27/2021
<u>Applies to:</u>	☒ <u>Medi-Cal</u>	☒ <u>Partnership Advantage</u>	☐ <u>Employees</u>

1.1 To establish the investment guidelines for all operating funds and Board designated reserve funds of Partnership HealthPlan of California (~~PHC~~)Partnership invested on and after May 1, 2010. The objective is to ensure ~~PHC's~~Partnership's funds are prudently invested according to the Board of Commissioners' objectives to preserve capital, provide necessary liquidity, and to achieve a market average rate of return through economic cycles.

2.0 Policy:

2.1 This Annual Investment Policy sets forth the investment guidelines for all Operating Funds, which conforms to California Government Code §53600 of Title 5. Local Agencies of the California Government Code (the Code), as well as to customary standards of prudent investment management. Any investment instruments not specifically approved in this policy will not be entered into without the prior consent of the Investment/Finance Committee and the Board of Commissioners of ~~PHC~~Partnership. Irrespective of these policy provisions, should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered immediately, adhered to, and incorporated into the Annual Investment Policy.

2.2 Investment Objectives

In accordance with the regulations cited herein, ~~PHC's~~Partnership's primary annual investment objectives are in order of priority, as follows:

2.2.1 Safety and Preservation of Capital

Each investment transaction shall seek to ensure that the capital losses are avoided due to market erosion of security value and institutional default or broker-dealer default. ~~PHC~~Partnership shall seek to preserve capital by mitigating the two types of risk, Credit Risk and Market Risk, as follows:

2.2.1.1.1 Credit Risk will be mitigated through diversification of the investment portfolio.

2.2.1.1.2 Market Risk will be mitigated by matching Maturity dates to coincide, as much as possible, with ~~PHC's~~Partnership's cash flow requirements. It is explicitly recognized herein; however, that in a diversified portfolio, occasional capital losses are inevitable and must be considered within the context of the overall investment return.

2.2.2 Liquidity and Flexibility

The portfolio investments need to be comprised of investments for which there is a secondary market and which offer the flexibility to be sold at any time at prevailing market values with minimal risk of loss of principal and interest.

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2.2.3 Total Return

~~PHC~~Partnership's portfolio will be designed to achieve a market average rate of return similar to other authorized instruments and securities which have similar security, maturities and levels of risk.

2.3 Authority to Invest:

2.3.1 In accordance with authority granted by the Board of Commissioners, the Chief Financial Officer (CFO) of ~~PHC~~Partnership is authorized to invest and manage the investment portfolio in accordance with this investment policy. All will be pooled in an actively managed portfolio. The Investment Pool or "Portfolio" will be referred to as the "Fund" throughout the remainder of this document.

2.3.2 The CFO may designate an Investment Manager(s) and/or subordinate, to manage all or such portions of ~~PHC's~~Partnership's funds as the CFO shall determine from time to time. Such Investment Manager(s) shall be subject to this policy and any directions provided by the CFO. The CFO will be responsible for all actions undertaken and shall establish a system on internal controls to regulate the activities of subordinate officials, including the Investment Manager(s). Additional information regarding Investment Manager(s) can be found in Paragraph 2.~~56~~.

2.3.3 No person may engage in an investments transaction except as provided herein and in the procedures established by the CFO and/or Board of Commissioners.

2.4 Prudence

2.4.1 ~~PHC's~~Partnership's Board of Commissioners, CFO, and persons authorized to make investment decisions on behalf of ~~PHC~~Partnership are trustees and fiduciaries subject to the Prudent Investment Standards, as defined in Government Code §53600.3:

2.4.1.1 The "prudent person" standard specifies when investing, reinvesting, purchasing, acquiring, exchanging, and selling the CFO shall act with care, skill, prudence, and diligence under prevailing circumstances, including but not limited to, the general economic conditions and the anticipated needs of ~~PHC~~Partnership, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of ~~PHC~~Partnership. The Prudent Investment Standard shall be applied in the context of managing an overall portfolio.

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<u>Policy/Procedure Title:</u> Investment Policy			☒ <u>External Policy</u> ☒ <u>Internal Policy</u>
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<u>Applies to:</u>	☒ <u>Medi-Cal</u>	☒ <u>Partnership Advantage</u>	☐ <u>Employees</u>

2.4.1.2 The CFO acting in accordance with written procedures, and the Annual Investment Policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security credit risk or market changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments. Additionally, the CFO shall act in accordance with written procedures, investment policy, and exercise due diligence to control adverse developments.

2.5 Ethics and Conflict ~~Of~~ Interest

2.5.1 ~~PHC's~~Partnership's officers and employees involved in the investment process or having authority or influence over such activities, shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

2.5.2 ~~PHC's~~Partnership's officers and employees involved in the investment process or having authority or influence over such activities, are not permitted to have any material financial interests in financial institutions that conduct business with ~~PHC~~Partnership, and they are not permitted to have any personal financial or investment holding that could be materially related to the performance of ~~PHC's~~Partnership's investments.

2.5.3 Partnership's officers and employees involved in the investment process or having authority or influence over such activities, will follow applicable compliance policies related to disclosure of potential conflicts to the extent the personal business activity or material financial interest is one capable of being known.

2.6 Investment Manager

2.6.1 The CFO, when cost beneficial, may designate an Investment Manager(s) to manage any portion of the investment portfolio. Any designated Investment Manager(s) shall be a fiduciary subject to the Prudent Investor Standard in Section 2.4.1.1 with respect to the funds under management.

2.6.2 The CFO will:

2.6.2.1 Evaluate candidates for the role of Investment Manager(s). The selected candidates will be reviewed and approved by the Chief Executive Officer (CEO), and Finance Committee and the Board of Commissioners.

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- 2.6.2.2 Obtain certification from outside Investment Managers that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with Government Code Section 53601.5 and the Annual Investment Policy.
- 2.6.2.3 Provide all Investment Manager(s) with copy of Annual Investment Policy which will be included in the Investment Manager's contract.
- 2.6.2.4 Establish and review the targeted average maturities periodically with the Investment Manager(s).
- 2.6.2.5 Review the investment diversification and portfolio performance monthly to ensure that the Investment Manger's compliance with this policy, risk levels and returns are reasonable, and that investments are diversified in accordance with this policy.
- 2.6.2.6 Investigate any investment made by the Investment Manager(s) which is not authorized by this policy for possible cause for termination of contract.
- 2.6.2.7 Ensures that the investment advisor prepares monthly reports on its portfolio that include all required information for PHCPartnership to comply with its reporting requirement, and applicable State and Local laws and regulations.

3.0 Reporting (Government Code § 53646)

3.1 Quarterly Review

3.2 At a minimum, the CFO will or cause to, present a quarterly report with investments transaction information in adequate detail to allow the Finance Committee to review the investment activity of PHCPartnership.

3.23.3 The quarter report will be summarized and presented as a report from the Finance Committee to the full Board of Commissioners in accordance with Government Code §53646(b).

4.0 Performance Standards

4.1 The investment portfolio shall be managed in accordance with the parameters specified in this policy. Consequently, the investment portfolio shall be designed to achieve a market average rate of return through economic cycles similar to authorized investment instruments, which have similar security maturities and levels of risk.

4.2 The performance benchmarks for the investment portfolio will be based upon the market indices for short term investments of comparable risk and

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duration. These performance benchmarks will be agreed to by the CFO, and the Investment Manager(s), and the relative performance of the investment portfolio will be reviewed with the Finance Committee, quarterly.

- 4.3 For planning purposes, we expect the Fund to return a money market rate of return. For comparison purposes, the one (1) to three (3) year treasury index and the state pool (LAIF) will be used.

5.0 Monitoring

5.1 Chief Financial Officer (CFO)

The CFO and staff are responsible for the day-to-day management of ~~PHC's~~Partnership's portfolio and the making of specific investments that comply with this policy.

5.2 Board of Commissioners

5.2.1 The CFO is responsible for providing the Board of Commissioners with an Annual Investment Policy, and the Board of Commissioners is responsible for adopting the Annual Investment Policy and ensuring investments are made in compliance with the ~~FIN-700~~-501, Annual Investment Policy. This Annual Investment Policy shall be reviewed and approved annually by the Board of Commissioners at a public meeting pursuant to Section 53646(a)(2) of the California Government Code.

5.2.2 The CFO is responsible for directing ~~PHC's~~Partnership's investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The CFO shall provide a quarterly report to the Board of Commissioners. The CFO shall also provide the Board of Commissioners with a quarterly report of investment transactions.

5.3 Finance Committee

5.3.1 The duties and responsibilities of the Finance Committee shall consist of the following:

5.3.2 Review of the Annual Investment Policy annually before its consideration by the Board of Commissioners and recommend revisions.

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- 5.3.3 Review ~~PHC's~~Partnership's investment portfolio quarterly to confirm compliance with the Annual Investment Policy, including its diversification and maturity guidelines.
- 5.3.4 Provide comments to the CFO regarding potential investments and potential investment strategies.
- 5.3.5 Periodically review investment security diversification and investment strategies with Investment Manager(s).
- 5.3.6 Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the Board of Commissioners.

5.4 Audit

Investment transactions of ~~PHC~~Partnership may be reviewed during the annual audit performed by the public accounting firm selected by the Finance Committee, and approved by the Board of Commissioners. The results of the audit of the investment transactions shall be presented in a report prepared by the auditors to the Finance Committee and the Board of Commissioners for their review, acceptance, and action as the Board of Commissioners deems necessary. A full audit of the investment of ~~PHC~~Partnership may be requested by the Finance Committee or Board of Commissioners at any time.

6.0 Safekeeping of Securities

Investments purchased shall be held by a custodian bank acting as agent for ~~PHC~~Partnership, and such custody agreement shall be in compliance with Government Code §53601 and §53608.

7.0 Authorized Investments

~~PHC~~Partnership has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. ~~PHC~~Partnership operates its pooled idle cash to afford a broad spectrum of investment opportunities that are deemed prudent, and are legally allowable under the Code and other regulations. Additionally, ~~PHC~~Partnership recognizes that it has an equal obligation to be aware of the social and political impacts of its investments, and subsequently, to act responsibly in making its financial decisions. ~~PHC~~Partnership shall not knowingly, make any investments in any institution, company, corporation, subsidiary or affiliate that practices or supports directly or indirectly through its actions discrimination on the basis of race, religion, color, creed, national or ethnic origin, age, sex, sexual preference, or physical disability.

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As stated above, ~~PHC~~Partnership is governed by the Code §53600-53609. Within the context of these limitations, the following investments are authorized, as further limited herein. ~~TableFigure 1~~ summarizes the allowable Investment instruments per California State Code. ~~TableFigure 2~~ illustrates comparison and interpretation of credit ratings. Attachment A is a Glossary of common investment terms.

7.1 Maturity and Terms

All investments are subject to a maximum five (5) year Maturity or Term.

8.0 Eligible Investments

~~PHC's~~Partnership's policy is to invest in the high-quality instruments as permitted by the Government Code, subject to the limitations of the Annual Investment Policy.

8.1 United States Treasuries (Government Code §53601(b))

These investments are direct obligations of the US and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith of the US.

<i>Types of US Treasuries</i>	<i>Description</i>
Treasury Bills	Short-term obligations that mature in ~~3- months, 6 months, and one year securities and traded at a discount.~~ one year or less ~~and are sold~~ at a discount..
Treasury Notes and Bonds	~~Interest bearing instruments issued with maturities of 2 to 5 years~~ Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.
Treasury STRIPS	US Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record keeping system.
Treasury coupon and principal STRIPS	These are not to be considered to be derivatives for the purpose of the Annual Investment Policy and are permitted investments.

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8.1.1 Maximum Term/Restrictions: Code specifies five (5) years and there is no limitation as to the percentage of the fund which can be invested.

8.2 Federal Agencies and U.S. Sponsored Enterprises (Government Code § 53601(f))

These are U.S. Government related organizations, the largest of which are intermediaries assisting credit markets, are often simply referred to as “agencies”. Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically listed below, is not a permitted investment interment:

<i>“Agencies” are limited to:</i>	
Federal Agriculture Mortgage Association	FAMC
Federal Home Loan Banks	FHLB
Federal Home Loan Mortgage Corporation	FHLMC
Federal National Mortgage Association	FNMA
Federal Farm Credit Banks	FFCB
Student Loan Marketing Association	SLMA
Government National Mortgage Association	GNMA
Small Business Administration	SBA
Export-Import Bank of the United States	Ex-Im Bank
U.S. Maritime Administration	MARAD
U.S. Department of Housing and Urban Housing	HUD

8.2.1 Maximum Term: 5 years and

8.2.2 Restrictions: Despite the implied government guarantee, Agencies that are not direct obligations of the U.S. Government will be limited to 50 percent of the portfolio in aggregate and no more than 25 percent of the portfolio may be in any one Agency. Investments of inverse floaters, range notes, interest-only strips derived from mortgage pools, and securities that could result in zero- interest accrual if held to maturity are prohibited.

8.3 State of California and Local Agency Obligations (Government Code § 53601(a) (c) (e))

8.3.1 Such obligations must be rated A-1, P-1, or equivalent or better short term; or Aa3/AA-, or equivalent or better long term, by an Approved NRSRO. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as permitted investments.

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8.3.2 Maximum Term: Five (5) Years

8.4 Other States' Obligations (Government Code § 53601(d)(g))

8.4.1 Other State's obligations are permitted provided that:

8.4.1.1 Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. However, ownership of out of state local agency bonds is not allowed.

8.4.1.2 Such obligations must be rated A-1, P-1, or equivalent or better short term; or AA/Aa2, or equivalent or better long term, by an approved NRSRO.

8.5 Banker Acceptances (BA) (Government Code § 53601(g))

8.5.1 These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client), as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

8.5.2 Eligible Bankers' Acceptance are Bankers' Acceptances that are eligible for purchase by the Federal Reserve, and;

8.5.3 Drawn on and accepted by a bank rated F1 or better by Fitch, or are rated A-1 for short-term deposits by Standard and Poor's or P-1 for short-term deposits by Moody's (a rating matrix is found ~~at attachment B~~ in Figure 2).

8.5.4 Maximum Term: 180 days.

8.5.5 Restrictions: No more than 5 percent of ~~PHC's~~Partnership's Portfolio be invested in banker's acceptances issued by any one bank.

8.5.6 No more than 40 percent of the portfolio may be in banker's acceptances.

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8.6 Commercial Paper (CP): Non-Pooled Funds (Government Code § 53601(h)-(2)-(e))

8.6.1 CP is unsecured promissory notes issued by companies and government entities at a discount. CP is negotiable, although it is typically held to maturity.

8.6.2 CP must be:

8.6.2.1 Rated A-1 or better by an Approved NRSRO.

8.6.2.2 Issued by corporations rated A-3 or better, or equivalent, or higher by an Approved NRSRO on longer term debt, if any, and;

8.6.2.3 Issued by U.S. corporations organized or non-U.S. Corporation organized and operating within the U.S. and having assets in excess of \$500 million.

8.6.2.4 Asset backed Commercial Paper issued by special purpose vehicles (structure investments vehicles) are prohibited.

8.6.2.5 ~~PHC's~~Partnership's investment funds may not be used to purchase more than 10 percent of the outstanding paper issued by any single issuing corporation.

8.6.2.6 Maximum Term: ~~270~~397 days

~~8.0.1.1 Restrictions: Total investments in commercial paper may not exceed 25 percent of the portfolio (AB 609 7/13/01).~~

8.6.2.7 Restrictions: Less than one hundred million dollars (\$100,000,000) of investment assets under management, may invest no more than 25 percent of their moneysportfolio in eligible commercial paper. Those that have one hundred million dollars (\$100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneysportfolio in eligible commercial paper.

8.7 Negotiable Certificates of Deposits (CD) (Government Code § 53601(i))

8.7.1 A negotiable (marketable or transferable) receipt for a time deposit at a bank or financial institution for a fixed time and interest rate. Negotiable Certificates of Deposits must be issued by a nationally or state chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated as F1 or better by Fitch, or rated as A-1 for short

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<u>Applies to:</u>	☒ <u>Medi-Cal</u>	☒ <u>Partnership Advantage</u>	☐ <u>Employees</u>

term-deposits by Standard & Poor's, or P-1 for short-term deposits Moody's or are comparably rated by a nationally recognized agency.

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<u>Original Date:</u> 05/01/2010			<u>Next Review Date:</u> 023/001/2027 <u>Last Review Date:</u> 10/27/2021
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8.7.2 Maximum Term: five (5) years

8.7.3 Restrictions: Eligible banks must also have no long term ratings below A or equivalent. No more than 5 percent of the fund may be invested in CDs of one issuer and no more than 30 percent of the portfolio may be invested in CDs.

8.7.4 Except, **PHCPartnership** may not invest in a CD of a state or federal credit union, where any person with investment decision making authority at **PHCPartnership** also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

8.8 Non-Negotiable Certificates of Deposit (CD) (Government Code § 53601.8 & 53635.8)

8.8.1 Investment funds managed by an external investment Manager may not invest in Non-Negotiable Certificates of Deposits.

8.8.2 **PHCPartnership** must choose a nationally or state charter commercial bank, savings & loan association, or credit union in this state to invest funds, which shall be known as the "Selected" depository institution.

8.8.3 The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

8.8.4 The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or National Credit Union Administration.

8.8.5 Maximum Term: Five (5) years

8.9 Repurchase Agreements (Government Code § 53601(j))

8.9.1 Repurchase Agreements cover a purchase of securities under a simultaneously agreement to sell these securities back at a fixed price in the future, are permitted provided that:

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~~8.9.1.1~~ PHCPartnership may enter into Repurchase Agreements with banks and dealers that:

~~8.9.1.1~~ 8.9.1.2 A broker dealer master Repurchase Agreement must be signed by the Investment Manager (acting as “Agent”) and approved by the Investment Professional prior to entering into any repurchase transactions.

~~8.9.1.2~~ 8.9.1.3 The securities used to make the reverse repurchase have been held for a minimum of thirty (30) days prior to the transaction

~~8.9.1.3~~ 8.9.1.4 The securities are held free and clear of any lien by PHC’sPartnership’s Custodian or Agent for the Custodian, and such third party is a:

~~8.9.1.3.1~~ 8.9.1.4.1 Federal Reserve Bank, or

~~8.9.1.3.2~~ 8.9.1.4.2 A bank which is a member of the Federal Deposit Insurance Corporation (FDIC) and which has a combined capital surplus and undivided profits of not less than \$50 million.

8.9.2 A perfected first security interest under the uniform code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq., or C.F.R. 350.0 et seq. in such securities is created for the benefit of PHC’sPartnership’s Custodian.

8.9.3 The repurchase positions must be collateralized at 102 percent for Treasuries, Agencies, and eligible money market instruments; and Corporates and other eligible collateral will be collateralized at 105 percent. Securities held as collateral for Repurchase Agreements can only be those marketable securities, eligible for investment by PHCPartnership are permitted.

8.9.4 Repurchase Agreements will be conducted with only primary dealers.

8.9.5 Maximum Term: Repurchase Agreements shall not exceed ~~90 days; however, the code authorizes one year when all requirements are met.~~

8.9.6 Restrictions: Reverse Repurchase Agreements are not allowed.

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8.10 Medium-Term Maturity Corporate Securities (Government code § 53601(k))

8.10.1 Medium-Term Maturity Corporate Securities, are corporate and depository institution debt securities with a maximum remaining maturity of five years (5) or less. Medium Term Maturity Corporate Securities must:

8.10.1.1 Be issued by corporations organized and operating within the U.S. or any state or by depository institutions licensed by the U.S. or any state operating within the U.S. that have total assets in excess of \$500 million.

8.10.1.2 Have a rating of A or better by an approved NRSROs with a maturity of five (5) years or less.

8.10.2 Represent no more than 5 percent of the issue amount in the case of a specific public offering. This limitation does not apply to debt that is “continuously offered” in a mode similar to Commercial Paper. (i.e., Medium- Term Notes (MTN’s)), and;

8.10.3 Represent no more than 5 percent of the portfolio for either MTNs or any corporate security of any one corporate issuer.

8.10.4 Maximum Term: Maturity a maximum of five (5) years.

8.10.5 No more than 30 percent of the fund may be invested in Medium-Term Notes or other Corporates.

8.11 Money Market and Mutual Funds (Government Code § 53601(4) and 53601(n))

8.11.1 Investments in shares of beneficial interest issued by diversified management companies (Money Market Funds or Mutual Funds) must be with a company that:

8.11.1.1 Attain the highest ranking or the highest letter and numerical rating provided, by not less than two of the three largest nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission (SEC) with not less than five (5) years of experience investing in the securities and obligations as authorized above, and with assets under

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management in excess of \$500 million.

8.11.2 If unrated, all funds must be invested 100 percent in government securities or securities backed by government collateral.

8.11.3 The price of shares of beneficial interest (mutual funds) shall not include any commission that these companies may charge at the time of purchase or redemption.

8.11.4 Restrictions: No more than 20 percent of the portfolio may be invested in mutual funds.

8.11.4.1 No more than 10 percent invested in any one mutual fund. However, Money Market Funds are not subject to a maximum investment limitation per fund.

8.12 Mortgage or Asset-Backed Securities (ABS) (Government Code § 53601(o))

8.12.1 These securities may contain a third-party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of “backed” debt instruments have assets (such as leases or consumer receivables) pledged to support the debt service. However, Mortgage Backed Securities primarily backed by sub-prime collateral are not allowed.

8.12.2 Investments in any Mortgage Pass-through securities, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer-receivable pass-through certificate, or consumer-receivable-backed bond must be:

8.12.2.1 Rated AA, or its equivalent or better by an Approved NRSRO, and

8.12.2.2 Issued by an issuer rated A- or equivalent or better, by an approved NRSRO for its long term debt.

8.12.3 Maximum Term/Restrictions: Five (5) year maturity or less.

8.12.3.1 Partnership will continue to buy only AAA-rated ABS. Total investment in this category may not exceed 20 percent of the ~~fund~~agency's surplus money.

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8.13 Pooled Funds (Government Code § 27133, 53601(p), 16429.1, 16340)

8.13.1 Investments are permitted in Government Pooled Funds including, but not limited to, County Pooled Investment Funds, Joint Powers Authority Pools, the Local Agency Investment Fund, and the Voluntary Investment Program Fund.

~~8.13.2~~ 8.13.2 A Joint Powers Authority Pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five (5) years of experience investing in instruments authorized by Government Code Sections 53601(a) to (o).

~~8.13.28.13.3~~ 8.13.28.13.3 Any investments in the Voluntary Investment Program Fund must be between \$200 million and \$10 billion and must be approved by the Board of Commissioners.

~~8.13.38.13.4~~ 8.13.38.13.4 For any investments in the Local Agency Investment Fund or County Pooled Investment Fund, the CFO may provide to the Board of Commissioners, and the auditor, the most recent statement or statements received from those institutions, in lieu of the information otherwise required to be provided in the quarterly reports pursuant to Paragraph 5.2.2.

~~8.13.48.13.5~~ 8.13.48.13.5 Maximum Term: Five (5) years

8.14 Insured passbook savings account demand deposits in commercial banks and savings and loan companies.

8.14.1 Maximum Term/Restrictions: The deposit shall not exceed the total net worth of any depository savings association or federal association, except that deposits not exceeding a total of \$500,000 may be made to a savings association or federal association without regard to the net worth of that depository, such deposits are insured or secured by law.

8.15 Supranational Obligations (Government Code § 53601(q))

8.15.1 Certain supranational obligations are permitted, provided that the obligations are:

8.15.1.1 U.S. Dollars denominated,

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8.15.1.2 Senior Obligations,

8.15.1.3 Issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank,

8.15.1.4 Eligible for purchase and sale within the United States, and

8.15.1.5 Rated AA or equivalent or better by an Approved NRSRO.

~~8.15.1.5~~8.15.1.6 No more than 30 percent of the portfolio may be invested in Supranational Obligations.

8.15.2 Maximum Term: Five (5) years or less

8.16 Securities Lending

8.16.1 Securities lending is allowed but are subject to the conditions and restrictions in the California Government Code Sections 53601(j) and 53601(l).

8.17 Derivatives

8.17.1 Investments in derivative securities are not allowed, except as permitted by this Annual Investment Policy, including but not limited to, US Treasury STRIPS as discussed in Section 8.1.

8.18 Investments Restrictions and Prohibited Transactions.

8.18.1 Any investment not authorized by the Codes §53601 and §53635 are prohibited, including but not limited to, common stocks, derivatives such as inverse floaters, mismatched floaters, yield curve notes and other securities that magnify interest rate risk, are expressly prohibited. Additionally, Corporates including Medium-Term Notes (MTN) rated A, may not be purchased if they are currently on the downgrade list at either Moody's or S&P or Commercial Paper of issuers with long term ratings of single A, may not be purchased if the issuer is currently on the downgrade list of either S&P or Moody's. Also, private placements are not acceptable investments.

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8.19 Diversification Guidelines

8.19.1 Investment Security Diversification at the time of purchase:

<i>Type of Security</i>	<i>Maximum Portfolio %</i>
Treasuries, including STRIPS	100%
Federal Agencies, and US Government Enterprises	100%
State Obligations (CA and others) and CA Local <u>Obligations</u>	25%
Bankers Acceptances	40% ~~40%~~ 40%
Commercial Paper	~~25~~ 40%
Negotiable Certificates of Deposit	30%
Non-Negotiable Certificates of Deposit	100%
Placement Service Deposits	30%
Repurchase Agreements	100%
Medium Term Maturity Corporate Securities	30%
Money Market Funds and Mutual Funds Combined	20%
Mortgage and Asset Backed Securities	20%
Variable and Floating Rate Securities	0%*
Government Pooled Funds	100%
Certain Supranational Obligations	30%

* Maximum holding percentage is based on underlying security type limits listed

8.19.2 Issuer / Counterparty Diversification Guidelines:

<i>Issuer / Counterparty</i>	<i>Maximum Portfolio %</i>
Any one Federal Agency or Government Sponsored Enterprise	100%
Any one Repurchase Agreement counterparty name:	
_____ If Maturity / Term is less than or equal to 7 days	50%
_____ If Maturity / Term is greater than 7 days	25%

8.19.3 For all other securities described under Authorized Investments that are permitted investments, no more than 2 percent of ~~PHC's~~Partnership's funds may be invested with any one company, corporation, bank, local agency, or other investment vehicle, unless otherwise stated.

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8.20 Leverage

8.20.1 The investment portfolio, or investment portfolios managed by an Investment Manager cannot be used as collateral to obtain additional investment funds.

9.0 Underlying Nature of Investments

- 9.1 ~~PHC~~Partnership and its Investment Manager(s) shall not make investments in organizations which have a line business that is visibly in conflict with public health or the mission of ~~PHC~~Partnership.
- 9.2 ~~PHC~~Partnership and its Investment Manager(s) shall not make investments in Negotiable Certificates of Deposit of a state or federal credit union, if a member of its Board or Executive Officers also serves on the Board of Commissioners of that credit union.
- 9.4 ~~PHC~~Partnership will provide the Investment Manager(s) with a list of corporations that do not comply with the Annual Investment Policy and shall notify its Investment Manager(s) of any changes.
- 9.5 Investment Manager(s) will not enter into any investments with any institutions with which the Investment Manager is affiliated.

10.0 Rating Downgrades

- 10.1 ~~PHC~~Partnership may from time to time be invested in a security whose rating is downgraded below the quality permitted in this Annual Investment Policy.
- 10.2 Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade, shall be immediately reviewed for action. The decision to retain the security until maturity, sell or put the security, or other action shall be approved by the CFO.

11.0 Rating Guidelines

- 11.1 A security must be rated by one or more of the following Approved NRSROs: 1) Standard and Poor's 2) Moody's, or 3) Fitch Ratings. Unless specifically stated otherwise for a specific asset class, if a security is rated at different rating levels by two or more Approved NRSRO's, the highest rating will apply.

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11.2 All investments must adhere to rating requirements out lined under the sections authorizing their purchase under section 2.3.

11.3 Notwithstanding Section 8.13, ~~PHC~~Partnership may invest in Government Pooled funds that invest only in high grade securities or obligations.

VII. REFERENCES:

- A. Government Code of Regulations (CCR), §§53600-53609 and 53646
- B. Local Agency Investment Guidelines: ~~Update for 2020~~Updated as of January 2026, produced by the California Debt and Investment Advisory Commission (CDIAC) (~~Table~~Figure 1, Glossary)

VIII. DISTRIBUTION:

- A. SharePoint
- B. Executive Team

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE: CFO

X. REVISION DATES:

02/08/2015
10/27/2021
02/10/2026

PREVIOUSLY APPLIED

TO: N/A

**ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2026)^A
APPLICABLE TO ALL LOCAL AGENCIES^{B 1}**

See “Table of Notes for Figure 1” on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM REMAINING MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOVERNMENT CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations: CA and Others	5 years	None	None	53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers’ Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper: Non-pooled Funds ^F (Under \$100,000,000 of investments)	397270 days or less	25% of the agency’s money ^G	Highest letter and number rating by an NRSRO ^H	53601(h)(2)(C)
Commercial Paper: Non-Pooled Funds (min. \$100,000,000 of investments)	397270 days or less	40% of the agency’s money	Highest letter and number rating by an NRSRO	53601(h)(2)(c)
Commercial Paper: Pooled Funds ^I	397270 days or less	40% of the agency’s money ^G	Highest letter and number rating by an NRSRO ^H	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% ^J	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^K	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^K	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^L	20% of the base value of the portfolio	None ^M	53601(j)
Medium-term Notes ^N	5 years or less	30%	“A” rating category or its equivalent or better	53601(k)
Mutual Funds and Money Market Mutual Funds	N/A	20% ^O	Multiple ^{P,Q}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^R	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^S	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^T	N/A	None	None	16340
Supranational Obligations ^U	5 years or less	30%	“AA” rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

¹ Local Agency Investment Guidelines: Update for 2021, produced by the California Debt and

FIGURE 1

TABLE OF NOTES FOR FIGURE 1	
^A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603. ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here. ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit. ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions. ^E No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank. ^F Applies to local agencies, other than counties or a city and county, with less than \$100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body. ^G Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer. ^H Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization. ^I Applies to counties or a city and county, and the City of Los Angeles that have \$100 million or more of investment assets under management. ^J Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601 (h)(2)(C). ^K No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601 (i). ^L Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601 (i)). On January 1, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.	^M Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security. ^N Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days. ^O "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States." ^P No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds. ^Q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635. ^R A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million. ^S Investments in notes, bonds, or other obligations under Section 53601 (n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements. ^T Security types authorized under Section 53601 (o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601 (o)(2)(A)(B). ^U A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (e). ^V Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account. ^W Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

TABLE 2**FIGURE 2**Comparison and Interpretation of Credit Ratings¹**Long Term Debt Ratings****Long Term Debt Ratings**

Rating Interpretation	Moody's	Standard & Poor's	Fitch IBCA
Best-quality grade	Aaa	AAA	AAA
High-quality grade	Aa1- Aa2 Aa3	AA+ ~~AA~~ ~~AA~~ ~~AA~~ -	AA+ AA ~~AA~~ -
Upper medium grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	-	CCC	-
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD- DD- D

Short Term/Commercial Paper Investment Grade Ratings**Short Term/Commercial Paper Investment Grade Ratings**

Rating Interpretation	Moody's	Standard & Poor's	Fitch IBCA
Superior Capacity	P-1	A-1+/A-1	F1+F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

¹ These are general credit rating guidelines and are for information only.

ATTACHMENT A

GLOSSARY

Agent - An independent third party acting for the Custodian. The Investment Manager may act as Agent.

Approved NRSRO - Approved NRSROs consists of the following NRSROs: 1) Standard and Poor's, 2) Moody's, and 3) Fitch Ratings.

Arbitrage- Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions.

Asset Allocation-The division of an investment portfolio among different asset categories, such as stocks, bonds, and cash.

Asset-Back Securities-Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

Bankers' Acceptance- A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Bond Proceeds-The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

Bonds-A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

Broker-Someone who brings buyers and sellers together and is compensated for his/her service.

Certificate of Deposit- A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

Negotiable Certificates of Deposit-Generally- short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by FDIC up to \$250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit - CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with

other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National

CD Placement Service - A service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See "CDARS".

CDARS (Certificate of Deposit Account Registry System) - A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

County Pooled Investment Funds - The aggregate of all funds from public agencies placed in the custody of the County Treasurer or Chief Finance Officer for investment and reinvestment.

Coupon - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

Credit Risk - The risk of principal loss due to the failure of the issuer of the security

Custodian - A bank or other financial institution that keeps custody of stock certificates and other assets.

Dealer - Someone who acts as a principal in all transactions, including buying and selling from his/her own account.

Defeased Bond Issues - Issues that have sufficient money to retire outstanding debt when due so that the agency is released from the contracts and covenants in the bond document.

Derivative - Securities that are based on, or derived from, some underlying asset, reference date or index.

Diversification - The reduction of risk by investing in a variety of assets which ensures that a portfolio is not concentrated in securities of any one type, industry, or entity.

Duration - A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the approximate percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

Federal Agencies and U.S. Government Sponsored Enterprises - Investments which are obligations, participations, and other instruments of, or issued by, a federal agency or a United States

government sponsored enterprise, including instruments issued by, or fully guaranteed as to principal and interest by the issuers.

Fiduciary-An individual who holds something in trust for another and bears liability for its safekeeping.

Floating Rate Securities-Securities that provide for the automatic adjustments of its interest rate whenever a specified interest rate changes.

Government Accounting Standards Board (GASB)-A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

Government Pooled Funds-Funds of various governmental agencies that are pooled together for investment purposes.

Government Sponsored Enterprises (GSE)-Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries.

Guaranteed Investment Contracts (GICs)-An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

Investment Manager-An individual designated by the Chief Financial Officer (CFO) to manage all or any part of the investment portfolio.

Joint Powers Authority (JPA) California Government Code Section 6500, ET. Seq. provides that two or more public agencies may, by agreement, exercise any power common to the contracting parties.

Liquidity -An asset that can easily and rapidly be converted into cash without significant loss of value.

Local Agency Investment Fund-A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's office.

Local Government Investment Pool (LGIP)-Investment pools that range from the State Treasurers Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

London Interbank Offered Rate (LIBOR)-The average interest rate that leading banks in London charge when lending to other banks and used as a benchmark for Finance.

Market Risk-The risk of market value fluctuations due to economic change in the interest rate markets.

Market Value-The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

Maturity- The date on which the principal or stated value of an investment becomes due and payable.

Medium-Term Note--Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in the California Government Code) with a remaining maturity of five years or less.

Money Markets--A component of financial markets for assets involved in short- term borrowing and lending with original maturities of one year or shorter time frames.

Mortgage or Asset Backed Securities--Securities whereby cash flow from the mortgages, receivables and other assets underlying the security are passed-through as principal and interest payments to the investor.

Mutual Funds--An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

Nationally Recognized Statistical Rating Organization (NRSRO)--A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The SEC's Office of Credit Ratings administers the SEC's rules relating to NRSROs, in addition to performing various other functions with respect to NRSROs.

Negotiable Certificates of Deposit/Time Deposits--A negotiable receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

Note -A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par Value -The amount of principal that must be paid at maturity; also referred to as the face amount of a bond, normally quoted in \$ 1,000 increments per bond.

Principal--The face value or par value of a debt instrument or the amount of capital invested in a given security.

Prospectus--A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

Portfolio--Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent or other asset. The purpose of a portfolio is to reduce risk by diversification.

Prudent Investor Standard -A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Repurchase Agreements -An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

Reverse Repurchase Agreements-An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule G-37 of the Securities Rulemaking Board-Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

Safekeeping Service -Offers storage and protection of assets provided by an institution serving as an agent.

State of California and Local Agency Obligations-Registered state warrants, treasury notes or bonds of the State of California and bonds, notes and warrants or other evidence of indebtedness of any local agency of the state including bonds payable solely out of the revenue from a revenue producing property owned, controlled, or operated by the State or local agency or by a department, board, agency, or authority of the State or local agency.

Securities and Exchange Commission (SEC)-The federal agency responsible for supervising and regulating the securities industry.

Securities Lending Agreement -An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third-party custodian to hold the securities and collateral. Economically similar to reverse-repurchase agreement.

Tax and Revenue Anticipation Notes (TRANs)-Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

Trustee or trust company or trust department of a bank-A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

Term-The remaining time to Maturity when the asset is purchased.

Underwriter -A dealer which purchases a new issue of municipal securities for resale.

US Treasury Obligations -Debt obligations of the United States Government sold by the Treasury Department in the forms of Bills, Notes, and Bonds. Bills are short-term obligations that mature in 1 year or less and are sold on the basis of a rate of discount. Notes are obligations that mature between 1 year and 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

Variable Rate Securities-Securities that provide for the automatic establishment of a new interest rate on set dates.

Weighted Average Maturity (WAM) -The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

Yield-The current rate of return on an investment security generally expressed as a percentage of the securities current price.

Yield Curve-A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.1

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:
Partnership Advisory Groups and Committees

Topic Description:

Partnership HealthPlan of California has a number of advisory groups and committees established by the Commission (known as the Board) with direct reporting responsibilities. These are the Compliance / Governance Committee, Consumer Advisory Committee, Finance Committee, Personnel Committee, Physician Advisory Committee and Strategic Planning Committee.

The Physician Advisory Committee (PAC) has responsibility for oversight and monitoring of quality and cost-effectiveness of medical care provided to Partnership's members. A number of other advisory groups and committees have direct reporting responsibilities to PAC. These include the Credentials Committee, Internal Quality Improvement Committee, Member Grievance Review Committee, Over/Under Utilization Workgroup, Pediatric Quality Committee, Peer Review Committee, Pharmacy & Therapeutics Committee, Population Health Management & Health Equity Committee, Member Grievance Review Committee, Quality/Utilization Advisory Committee, Substance Use Services Internal Quality Improvement Subcommittee and Provider Engagement Group.

The Board is responsible for reviewing and accepting all minutes and packets approved by the various advisory groups and committees, and approving the policies, program descriptions, and QIP changes that were approved by the PAC, in February 2026 through April 2026.

Reason for Resolution:

To provide the Board the opportunity to review and accept Partnership advisory committee minutes and packets. In addition, to provide the Board with all Partnership policy and program description changes approved and recommended by PAC.

Financial Impact:

Any financial impact to the HealthPlan is included in the budget.

Requested Action of the Board:

Based on the recommendation of Partnership's advisory groups & committees, the Board is asked to accept receipt of all Partnership's committee minutes and committee packets and to approve all policy and program description changes approved by PAC, linked in the agenda.

**CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.1

Resolution Number:
26-

**IN THE MATTER OF: ACCEPTING ALL PARTNERSHIP HEALTHPLAN OF CALIFORNIA
ADVISORY COMMITTEE MINUTES AND COMMITTEE PACKETS AND TO APPROVE
POLICY AND PROGRAM DESCRIPTION CHANGES APPROVED BY THE PHYSICIAN
ADVISORY COMMITTEE (PAC)**

Recital: Whereas,

- A. The Board has fiduciary responsibility for the operation of the organization.
- B. The Board has responsibility to review and accept all Partnership committee minutes and packets and to review and approve all policy and program description changes approved by PAC.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To accept receipt of all Partnership committee minutes and committee packets.
- 2. To obtain approval for policy and program description changes approved and recommended by PAC.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026 by motion of Commissioner seconded by Commissioner and by the following votes:

AYES: Commissioners:

NOES: Commissioners

ABSTAINED: Commissioners

ABSENT: Commissioners

EXCUSED: Commissioners

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:

April 22, 2026

Agenda Item Number:

3.2

Resolution Sponsor:

Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:

Quality / Utilization Advisory Committee & Physician Advisory Committee

Topic Description:

Partnership's Cultural & Linguistic Program Description demonstrates the commitment of Partnership HealthPlan of California (Partnership) to deliver culturally and linguistically appropriate health care services to a culturally and linguistically diverse population of members and potential members in a way that promotes Health Equity for all members.

Reason for Resolution:

To allow the full Board the opportunity to review and approve Partnership's Cultural & Linguistic Program Description when there are edits and on an annual basis.

Financial Impact:

There is no measurable financial impact to the HealthPlan.

Requested Action of the Board:

Based on the recommendation of the Quality / Utilization Advisory Committee and the Physician Advisory Committee, the full Board is asked to approve Partnership's Cultural & Linguistic Program Description.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.2

Resolution Number:
26-

IN THE MATTER OF: APPROVING THE CULTURAL & LINGUISTIC PROGRAM DESCRIPTION

Recital: Whereas,

- A. The Board has the authority and responsibility for ensuring Partnership has a cohesive plan for providing high quality of care, positive health outcomes, and timely access to care for all members.
- B. The Board has ultimate responsibility for approving Partnership programs.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve Partnership's Cultural & Linguistic Program Description.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.3

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Approved by:
Physician Advisory Committee and Partnership Staff

Topic Description:

In order to provide high quality and timely prenatal and postpartum care to Partnership members, the Physician Advisory Committee and Partnership staff are proposing changes to the 2026 6-month Perinatal Quality Improvement Program (PQIP) measurement set (see attached summary).

Reason for Resolution:

To optimize the Perinatal QIP to improve quality of care.

Financial Impact:

The impact to the HealthPlan is included in the budget assumptions.

Requested Action of the Board:

Based on the recommendation of the Physician Advisory Committee and Partnership staff, the Board is asked to approve proposed changes to the 2026 6-month Perinatal Quality Improvement Program measurement set.

**CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.3

Resolution Number:
26-

**IN THE MATTER OF: APPROVING PROPOSED CHANGES TO THE 2026 6-MONTH
PERINATAL QUALITY IMPROVEMENT PROGRAM (PQIP) MEASUREMENT SET**

Recital: Whereas,

- A. The Board has responsibility to review and approve policies, programs, and benefits.
- B. The Board has fiduciary responsibility for the operation of the organization.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve proposed changes to the Perinatal Quality Improvement Program (PCPQIP) measurement set.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

**Proposed 2026 6-Month
Perinatal Quality Improvement Program (PQIP)
Measurement Set**

I. Summary of Current and Proposed Measures and/or Measure Changes

(A) Gateway Measure – Measure 1

DataLink allows for data exchange from Provider Electronic Health Records to PARTNERSHIP to capture depression screening and follow-up care. DataLink implementation is a vital component of furthering PQIP technical advancement through the capture of claims and electronic data directly exported from participating providers Electronic Health Records (EHR) systems

(B) Clinical Measures – Measures 2-6

PHPS practices and select perinatal providers who provide quality and timely prenatal and postpartum care to PARTNERSHIP members have the option to earn additional financial incentives. The PQIP framework offers a simple and meaningful measurement set developed for PCPs and OB/GYNs and includes the following clinical measures: Timely Immunization Status - Tdap and Influenza Vaccine, Timely Prenatal Care, Late Entry to Care with Depression Screening ≥ 14 weeks gestation, Timely Postpartum Care and Timely Assessments (monitoring only measure).

Key:

Change to Measure Design

Current FY2024-25 Measures	Proposed FY2025-26 Measures
ECDS & Clinical Domains	
Perinatal Medicine: 1. Electronic Clinical Data Systems (ECDS) 2. Prenatal Immunization 3. Timely Prenatal Care 4. Depression Screening 5. Timely Postpartum Care 6. Timely Comprehensive Assessments Monitoring	Perinatal Medicine: 1. Electronic Clinical Data Systems (ECDS) 2. Prenatal Immunization 3. Timely Prenatal Care 4. Depression Screening 5. Timely Postpartum Care 6. Timely Comprehensive Assessments Monitoring

PROPOSED CHANGES FOR THE PQIP 2026 6-MONTH MEASURE SET

Programmatic Changes:

Due to a new federal regulation that went into effect at the end of 2025, the Perinatal Quality Incentive Program must transition to a calendar year program by January 2027. Therefore, the proposed changes below pertain to the proposed abbreviated six-month bridge measurement set covering the period of July 1, 2026, through December 31, 2026. There are no new measures proposed for this set, but some revisions are suggested

In general, all the reporting timelines for any measures included in this set have been adjusted to correlate to the six-month period. Those revisions are not presented here. What follows are the proposed measure changes with their rationales.

A. GATEWAY MEASURE 1: ELECTRONIC CLINICAL DATA SYSTEMS (ECDS) – DATALINK IMPLEMENTATION

This measure supports the allowance of data exchange from provider Electronic Health Records to Partnership to capture clinical screenings, follow-up care and outcomes. ECDS participation is a vital component of furthering the quality of care for covered Partnership members. Note that NCQA is converting most hybrid measures to ECDS measures in the coming years. DHCS continues to make Partnership accountable for several ECDS measures. Partnership partnered with DataLink (a qualified HEDIS data aggregator) who can pull a much larger scope of measures than what is currently required for the Perinatal QIP. The DataLink process will continue to increase in emphasis and is now a gateway measure to the Perinatal QIP.

Proposal: It is proposed to keep the gateway measure the same except for changing the dates to align with the 6-month period of July 1, 2026 – December 31, 2026. This means contracting and connecting would still be a gateway to earning perinatal incentive.

B. CLINICAL MEASURES

I. Measure 3. Timely Prenatal Care (<14 Weeks of Gestation)

Measure Summary:

Timely prenatal care services rendered to pregnant Partnership members in the first trimester, as defined as less than 14 weeks of gestation, or within 42 days of enrollment in the organization.

Proposal:

Since DataLink connections and extractions have occurred for many PQIP providers, it is proposed to add monthly DataLink extractions as **Option 1** to submit monthly perinatal visits and depression screening data. The current process for manual

submissions would become **Option 2**. Below is the suggested language change for the reporting section of the measure.

Reporting
(Applies to Measures 3 & 4)

There are two options for submitting monthly visits with depression screenings to Partnership.

Option 1: Monthly DataLink Extractions

PQIP providers must have an active connection with DataLink and have successfully completed the extraction process to utilize this option. Counts of qualifying prenatal visits will be gathered through the DataLink extraction process. Partnership reserves the right to periodically request manual submissions to validate extracted data.

Option 2: Monthly Manual submissions

II. Measure 4: Depression Screening at First Prenatal Visit with Late Entry to Care (≥ 14 weeks Gestation)

Measure Summary:

Prenatal care visits to an OB/GYN or other perinatal care practitioner or PCP in the first trimester (less than 14 weeks of gestation, as documented in the medical record) will be eligible for the incentive payment.

Proposal:

It is proposed to change the title of this measure to add the words “**with Late Entry to Care**”. This helps clarify the intent of the measure for providers.

It is also proposed that Measure 4 have the same **Option 1** and **Option 2** as noted in the Measure 3 proposal.

III. Measure 5: Timely Postpartum Care

Measure Summary: Timely postpartum care is a measure of quality care and can contribute to healthier outcomes for women after delivery. Postpartum visits are an important opportunity to educate new mothers on expectations about motherhood, address concerns, and reinforce the importance of routine preventive health care.

Proposal: It is proposed to adjust the Index period by which women with live births are identified from an April through April date to April through October date as noted below. This allows for consistency in our data collection and will avoid gaps in the measure.

Measurement Period

April 7, 2026, to October 7, 2026: Index period by which women with live births are identified.

**AGENDA REQUEST FOR RATIFICATION
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

Strategic Planning Committee Meeting

Meeting Date: April 15, 2026

Board Meeting Date: April 22, 2026

Agenda Item Number:

3.4

Resolution Sponsor:

Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:

The Strategic Planning Committee and Partnership Staff

Topic Description:

Brenda Shipp has expressed interest in joining the Strategic Planning Committee (SPC).

Reason for Resolution:

Brenda Shipp is the CEO of Marin Community Clinics.

Financial Impact:

There is no financial impact to the HealthPlan.

Requested Action of the Board:

Based on the recommendation of the Strategic Planning Committee the Board is being asked to accept the appointment of Brenda Shipp to the committee as a new member.

**AGENDA REQUEST FOR RATIFICATION
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA**

Board / Strategic Planning Committee Meeting (when applicable) Agenda Item Number:

Meeting Date: April 15, 2026

3.4

Board Meeting Date: April 22, 2026

Resolution Number:

26-

**IN THE MATTER OF: APPROVING THE NEW APPOINTMENT OF BRENDA SHIPP TO
THE STRATEGIC PLANNING COMMITTEE**

Recital: Whereas,

- A. Brenda Shipp is well qualified for the Strategic Planning Committee and has expressed an interest in joining the committee.
- B. The committee has a vacant seat available.
- C. The Board has authority to appoint advisory committee members.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To accept the appointment of Brenda Shipp to the Strategic Planning Committee.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California on this 22nd day of April 2026 by motion of Commissioner seconded by Commissioner and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.5

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:
Quality / Utilization Advisory Committee & Physician Advisory Committee

Topic Description:

Partnership's Care Coordination Program offers basic to complex services to all eligible members. Partnership staff work collaboratively with the member's primary care and other providers to coordinate clinical and supportive services to decrease the potential for fragmentation of care. The services help us fulfill our mission to help the members and the communities we serve be healthy.

Reason for Resolution:

To allow the full Board the opportunity to review and approve the Care Coordination Program Description annually.

Financial Impact:

There is no measurable financial impact to the HealthPlan.

Requested Action of the Board:

Based on the recommendation of the Quality / Utilization Advisory Committee and the Physician Advisory Committee, the full Board is asked to approve the Care Coordination Program Description, MPCD2013.

CONSENT AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
3.5

Resolution Number:
26-

**IN THE MATTER OF: APPROVING THE CARE COORDINATION PROGRAM
DESCRIPTION, MPCD2013**

Recital: Whereas,

- A. The Board has the authority and responsibility for ensuring Partnership has a comprehensive Care Coordination Program.
- B. The Board has ultimate responsibility for approving the Care Coordination Program.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve the Care Coordination Program Description, MPCD2013.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Finance Committee Meeting Date: April 15, 2026
Board Meeting Date: April 22, 2026

Agenda Item Number:
4.1

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:
Partnership Staff

Topic Description:

Partnership's FY 2025–26 approved budget requires revisions to reflect evolving operational, programmatic and financial priorities identified by management.

Reason for Resolution:

To request approval of FY 2025-26 rebudget to allow flexible reallocation authority across budget categories. Such adjustments will not increase the overall approved budget but if necessary will permit management to reallocate funds across budget categories.

Financial Impact:

There is no significant financial impact associated with these revisions, as they do not increase the overall approved budget.

Requested Action of the Board:

Based on the recommendation of Partnership staff, the Board is asked to authorize the CEO and CFO to implement and manage the revised FY 2025-2026 budget and to make additional intra-budget adjustments in accordance with the parameters outlined above.

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Finance Committee Meeting Date: April 15, 2026
Board Meeting Date: April 22, 2026

Agenda Item Number:
4.1

Resolution Number:
26-

IN THE MATTER OF: APPROVING BUDGET REVISIONS FOR FY2025-2026

Recital: Whereas,

- A. The Board is responsible for budget approval with flexible reallocation authority.
- B. The FY2025-2026 budget requires allocation revisions.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve revisions to the FY2025-2026 budget.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026, by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

Profit & Loss Statement

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses

Annual Capital & Operating Budget

	2025-26 Budget	2024-25 Budget	\$ VARIANCE	2025-26 Budget PMPM	2024-25 Budget PMPM
Membership at Fiscal Year End	913,879	858,157	55,722		
Total Member Months	10,946,668	10,528,712	417,956		
REVENUE					
State Capitation Revenue	7,046,897,376	5,538,765,135	1,508,132,241	643.75	526.06
Interest Income	80,779,000	70,743,000	10,036,000	7.38	6.72
Other Revenue	2,447,000	2,335,100	111,900	0.22	0.22
TOTAL REVENUE	7,130,123,376	5,611,843,235	1,518,280,141	651.35	533.00
HEALTHCARE COSTS					
Physician Services					
PCP Capitation	119,415,716	106,664,971	(12,750,745)	10.91	10.13
Specialty Capitation	2,570,827	2,628,366	57,539	0.23	0.25
Non-Capitated Physician Services	1,022,631,615	845,399,200	(177,232,415)	93.42	80.29
Total Physician Services	1,144,618,158	954,692,537	(189,925,621)	104.56	90.68
Inpatient Hospital					
Hospital Capitation	206,752,864	214,000,006	7,247,142	18.89	20.33
Inpatient Hospital - FFS	1,423,506,378	1,465,895,850	42,389,472	130.04	139.23
Hospital Stoploss	9,999,852	19,200,000	9,200,148	0.91	1.82
Total Inpatient Hospital	1,640,259,094	1,699,095,856	58,836,762	149.84	161.38
Long Term Care	740,374,189	634,948,033	(105,426,156)	67.63	60.31
Ancillary Services					
Ancillary Services - Capitated	16,574,512	14,635,449	(1,939,063)	1.51	1.39
Ancillary Services - Non-Capitated	1,228,900,510	969,400,736	(259,499,774)	112.26	92.07
Total Ancillary Services	1,245,475,022	984,036,185	(261,438,837)	113.78	93.46

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses

Annual Capital & Operating Budget

	2025-26 Budget	2024-25 Budget	\$ VARIANCE	2025-26 Budget PMPM	2024-25 Budget PMPM
Other Medical					
Quality Assurance	92,329,487	87,600,012	(4,729,475)	8.43	8.32
Healthcare Investment Funds	241,427,350	210,369,671	(31,057,679)	22.05	19.98
Advice Nurse	1,729,200	1,729,200	-	0.16	0.16
Transportation	159,645,568	135,094,176	(24,551,392)	14.58	12.83
Total Other Medical	495,131,605	434,793,059	(60,338,546)	45.23	41.30
DHCS Facility Directed Payment Programs	1,426,371,794	753,440,101	(672,931,693)	130.30	71.56
Quality Improvement Programs	89,200,150	100,009,080	10,808,930	8.15	9.50
TOTAL HEALTHCARE COSTS	6,781,430,012	5,561,014,851	(1,220,415,161)	619.50	528.18
ADMINISTRATIVE COSTS					
Employee	247,828,143	193,794,546	(54,033,597)	22.64	18.41
Travel And Meals	2,294,006	1,992,350	(301,656)	0.21	0.19
Occupancy	33,393,279	40,233,429	6,840,150	3.05	3.82
Operational	10,909,163	10,865,941	(43,222)	1.00	1.03
Professional Services	39,490,454	36,009,640	(3,480,814)	3.61	3.42
Computer And Data	53,983,631	28,587,942	(25,395,689)	4.93	2.72
TOTAL ADMINISTRATIVE COSTS	387,898,676	311,483,848	(76,414,828)	35.44	29.58
Medi-Cal Managed Care Tax	-	-	-	-	-
Surplus / (Deficit)	(39,205,312)	(260,655,464)	221,450,152	(3.58)	(24.76)

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Finance Committee Meeting Date: April 15, 2026
Board Meeting Date: April 22, 2026

Agenda Item Number:
4.2

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:
Partnership Staff

Topic Description:

The Partnership budget approval process is a three-step process, in which, budget assumptions are presented to the Finance Committee and full Board in April, a preliminary health care budget is presented to the Finance Committee in May and the final budget (health care, administrative, and operations) is presented to the Finance Committee and full Board for approval in June.

Reason for Resolution:

To provide the Board with the attached budget assumptions for fiscal year 2026-2027, and to direct staff to prepare a full operational budget.

Financial Impact:

The financial impact is significant.

Requested Action of the Board:

Based on the recommendation of Partnership staff, the Board is asked to approve budget assumptions for fiscal year 2026-2027.

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board / Finance Committee (when applicable)
Finance Committee Meeting Date: April 15, 2026
Board Meeting Date: April 22, 2026

Agenda Item Number:
4.2

Resolution Number:
26-

IN THE MATTER OF: APPROVING BUDGET ASSUMPTIONS FOR FY 2026-2027

Recital: Whereas,

- A. The Board is responsible for approving budget assumptions to direct staff to prepare the full operational budget.
- B. The Board is responsible for approving the annual budget.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve budget assumptions for FY 2026-2027.
- 2. To direct staff to prepare a full operational budget for FY 2026-2027

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026, by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners:

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

Date

ATTEST:

BY: _____
Ashlyn Scott, Clerk

Partnership HealthPlan of California

2026-27 Budget Assumptions

April 2026

Introduction

Each year, starting in January, Partnership HealthPlan of California (Partnership) begins building the annual budget for Board of Commissioner review and approval in June. Currently Partnership is developing its fiscal year (FY) 2026-27 budget for the period of July 1, 2026 through June 30, 2027. As part of this process, Partnership presents to the Finance Committee and the Board the key components of the budget. Specifically, in April the draft budget assumptions are presented, followed by the draft health care expense budget in May. In June, the final budget will reflect previously reviewed components which will be adjusted based on more recent available information. The June final budget will also include the administrative and capital components, all of which will be presented to the Board for final review and approval. This document outlines the Plan's draft budget assumptions that inform Partnership's revenue and cost projections as impacted by estimated changes in enrollment, health care costs, administrative costs, as well as disposition of reserves.

Outlook for 2026-27

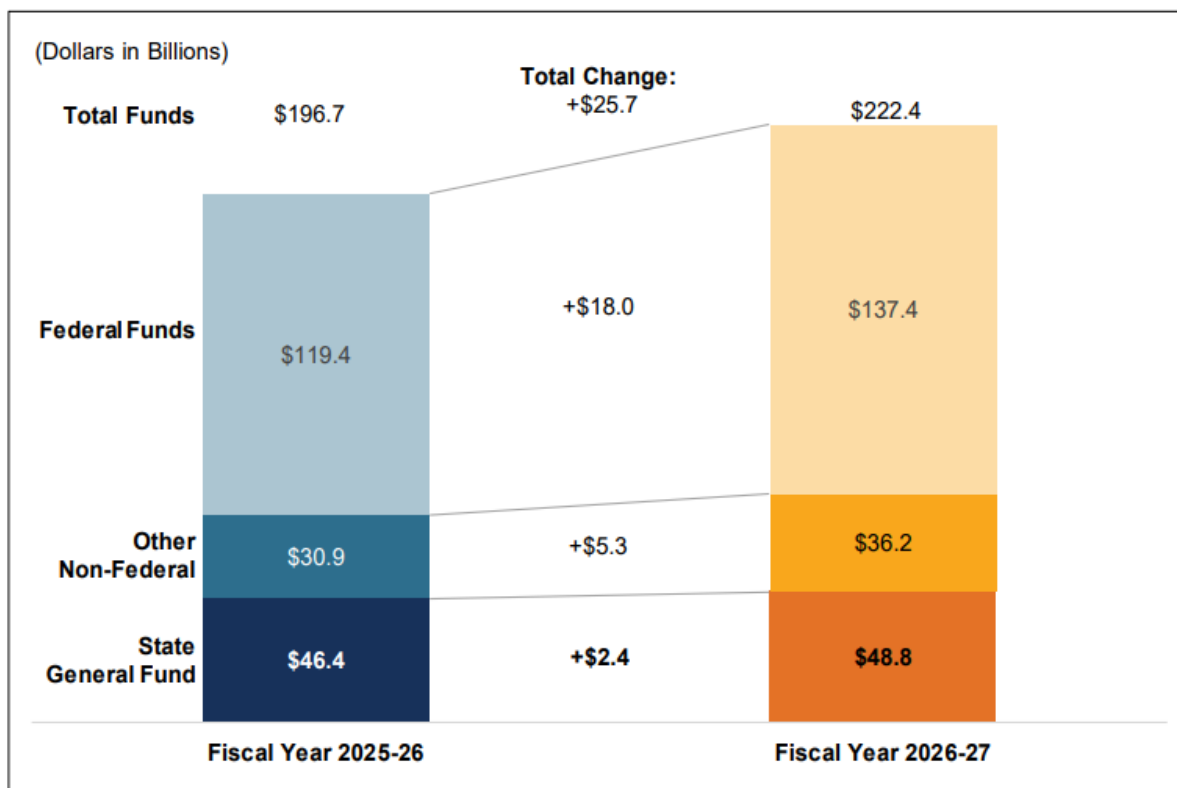
As of the Governor's proposed January FY 2026-27 Budget, the State of California projected a \$2.9 billion shortfall. The proposed budget used a "workload budget" approach which aims to maintain core services as the State awaits firmer revenue numbers that will be released in the May Revise. While the budget includes increased reserve deposits, the state continues to rely on reserves and borrowing to address deficits, and the budget proposed borrowing increases of nearly \$6 billion. Since the release of the January budget, the Legislative Analyst's Office (LAO) has projected a \$2.5 billion budget improvement due to higher revenues and recommends using these windfalls to reduce reliance on reserves and borrowing, rather than drawing on them during periods of revenue growth.

While the overall state budget deficit is smaller than in prior years, the LAO has cautioned that California faces a significant, chronic structural deficit. The LAO further noted that, despite a more optimistic administration forecast, the State continues to spend more than it collects, largely driven by rising Medi-Cal costs, even amid revenue growth. Given the overall fiscal outlook, tough budget discussions are expected to occur over the proceeding months.

The Department of Health Care Services (DHCS) budget chart¹ below outlines the year-over-year Medi-Cal program spend that was assumed in the January budget. The budget assumed a FY 2026-27 total Medi-Cal budget of \$222.4 billion (\$48.8 billion General). The proposed budget estimates 14.02 million individuals would receive health care coverage through the Medi-Cal program, which is a 3.5% decrease from the prior year. Recent declines in Medi-Cal managed care enrollment indicate the May Revise may reflect greater enrollment reductions than projected in the January budget.

The \$25.7 billion year-over-year increase in total fund costs is primarily driven by higher per-member costs, the loss of financing offsets, and federal policy changes. Although the Governor presented a balanced budget in January, significant impacts from H.R. 1 are not fully reflected. Key cost pressures—including unbudgeted administrative workload for Medi-Cal and CalFresh, churn and re-enrollment costs, and the absence of a clear plan to replace MCO tax revenue after December 2026—remain unresolved. Over the long term, coverage losses are expected to shift fiscal pressure to counties, hospitals, and the broader safety-net system.

Year-over-Year Change from FY 2025-26 to FY 2026-27



Additional environmental cost pressures still loom for the following:

- Whether Medi-Cal Members with Unsatisfactory Immigration Status (UIS) will remain enrolled in Managed Care** - The Centers for Medicare & Medicaid Services (CMS) issued Medicaid guidance prohibiting risk-based managed care payments for undocumented individuals tied to allowable federally funded services, these include emergency services (both inpatient and outpatient) and pregnancy related services. Based on the federal guidance there are essentially two options that State can take
 - The State can provide UIS coverage entirely through the Medi-Cal Fee-for-Service (FFS) delivery system – meaning that UIS members could be carved-out of Medi-Cal managed care.
 - The State can enter into contracts with Prepaid Inpatient Health Plans (PIHPs) and/or Prepaid Ambulatory Health Plans (PAHPs) which are types of managed care organizations to provide non-risk health care services for federally claimable services. For the non-federally claimable services, the State can continue to fund these services through Medi-Cal managed care. There are significant operational complexities surrounding this sort of relationship such as outlining which services at the individual procedure code are federal claimable. This also requires a robust

annual reconciliation of actual costs and any profits must be returned given the prohibition on risk-based relationship, and would have a high administrative burden on the State and managed care organizations if this path is chosen.

It is currently unclear how the State will choose to come into compliance with these new requirements and we are eagerly awaiting the release of the May Revise for direction. As of today, with the State's current budget condition, we are planning for a worst-case scenario where Partnership loses all UIS membership to the Medi-Cal FFS delivery system and will update our assumption based on what we learn in May Revise.

Partnership provides coverage to just over 90,000 UIS members today, which makes up approximately 11% of our membership. A membership reduction of this size will have a significant impact on overall finances.

- ***Expected Medi-Cal Managed Care revenue belt tightening*** - In previous times of budgetary hardship, the State has implemented a variety of cost cutting measures in the Medi-Cal program and specifically in Medi-Cal managed care. The State continues to focus on cost-effective spending in managed care and we expect:
 - Increased Efficiency Adjustments – The State has informed managed care plans that additional rate efficiency adjustments (revenue reductions) will be implemented in January 2027. The State is in the process of determining which new efficiencies will be implemented and has been engaging with managed care plans. DHCS has indicated the following new efficiency adjustments are being considered for implementation: readmissions, short hospital stays, cesarean mix, cellulitis, durable medical equipment, and outlier radiology utilization. Implementation of new revenue reductions through efficiency adjustments will create additional fiscal pressure.
 - As noted in our prior budget, Partnership has faced increased scrutiny from DHCS on contracted health care cost levels in general, some of which resulted in prior year's downward rate adjustments. We expect these pressures to be amplified given the State's current budget outlook.
- ***Structure changes to Medi-Cal Financing and Provider Directed Payments*** – H.R. 1 limits provider tax mechanisms and State directed payments levels. Beginning in 2028, directed payments levels will be phased down over a multiyear period not to exceed Medicare payment levels. These financing changes will put pressure on hospital financing and create contracting pressures. The State has advised that directed payment reductions for these programs will not be backfilled. It is imperative that the State shares this same message with providers, as this level of transparency will be needed to navigate the fiscal pressures that both plans and providers will face in the coming years.
- ***Risk-Based Hospital Directed Payments beginning January 2027***– Due to federal regulation changes California is required to incorporate over \$17.5 billion dollars in hospital directed payments into risk-based managed care payments statewide. Today, plans have limited enrollment and utilization risk tied to these directed payments because program revenue and payment determinations are made after the directed payment period. With the federal regulation changes, revenue and payment amounts will need to be determined before the start of the program period. While full details of risk-based directed payment implementation are unknown at this time, what we do know is

enrollment uncertainty tied to H.R. 1 and other State policy changes will create utilization uncertainty. This uncertainty will, along with the directed payment changes, create significant fiscal pressure on plans, hospitals, and the State. Beginning in January 2027, plans will carry significantly more fiscal risk tied to the infusion of billions of dollars of directed payment obligations into plan base revenue. This change will in turn put strain on health plan reserves.

- ***DHCS remains focused on California Advancing and Innovating Medi-Cal (CalAIM), however, some benefit changes are expected.***
 - Transitional Rent – DHCS received federal waiver authority approval to implement up to 6-months of transitional rent as a permanent Medi-Cal benefit for a defined population. While the new benefit went live on January 1, 2026, DHCS is in the process of finalizing the policies tied to this new benefit. Partnership is currently working on expanding our network for this new benefit.
 - Community Supports and Enhanced Care Management (ECM) – The State is currently negotiating their 2027 Medicaid waiver with CMS. Changes to Community Support services are expected as a result of waiver negotiations and general State revenue constraints. ECM benefit changes are also expected. The State has advised that the ECM benefit is much “shallower” than expected, resulting in less acute members receiving these services. The state would like to see more intensive services provided. The State has further highlighted the modality for the delivery of this benefit has shifted largely to telephonic, when the original benefit was designed to rely more heavily on in-person engagement. DHCS has signaled changes to these services are coming, as a result we anticipate changes to how we will be reimbursed for these services.
- ***Quality Monitoring*** – DHCS continues to emphasize quality monitoring. Managed care plans are held to a 1% quality withhold which is assessed against revenue. Partnership has the ability to earn back withheld funds so long as we meet State defined quality benchmarks and metrics. DHCS has indicated they intend to increase the quality benchmarks annually. Beginning in calendar year (CY) 2027 and in subsequent years, it will be harder for Partnership to earn our quality withhold back. While DHCS has held the withhold to 1%, the withhold percentage is also at risk of being increased in subsequent years. Given that much of our footprint is rural with challenged quality performance, the quality withhold continues to pose financial risk to Partnership’s overall revenue levels.
 - In addition to the quality withhold, DHCS continues to sanction Medi-Cal managed care plans who do not meet defined quality targets. Over the last three fiscal years Partnership has received monetary sanctions for not meeting state quality requirements. Partnership has appealed the monetary sanctions for CY 2023 and CY 2024 due identified data deficiencies outside of the plans control. A final determination on our appeal has not been made to date. However, given prior quality performance we anticipate quality sanctions to continue to occur.
- ***Additional Proposition 35 Investments*** – California voters approved Proposition 35 in November of 2024, which dedicated MCO tax revenues towards Medi-Cal provider increases. These increases were put on pause until further details were known surrounding H.R. 1. provider tax limitations and approvals. Now that the MCO tax has been approved through December 2026, additional time-limited provider

augmentations are expected to be implemented for July 1, 2026 dates of service. Details surrounding these time-limited augmentations are unknown at this time. If there are not enough details to estimate these increases, a rebudget may be needed to account for the revenues and associated costs.

- **Office of Health Care Affordability (OHCA)** –Starting in CY 2026, OHCA will begin applying statewide healthcare cost growth requirements to payers and providers, including Medi-Cal managed care plans. OHCA has set a Total Health Care Expenditure (THCE) growth benchmark of 3.5%, intended to limit the overall pace of healthcare spending growth across the system. Organizations with spending growth above the target may be subject to performance reviews and corrective action requirements. While formal enforcement is not expected until 2028, OHCA will use CY 2026 as the baseline measurement period, creating near-term accountability for cost performance.
 - Health plans will be required to submit annual THCE data using OHCA-defined methodologies, covering both claims and non-claims expenditures. The framework also establishes a multi-year cost growth path with increasingly tighter targets, signaling greater regulatory oversight and sustained scrutiny of cost drivers over time.

OHCA further emphasizes increased investment in primary care, behavioral health, and alternative payment models, expanding expectations for both financial performance and care delivery transformation among Medi-Cal managed care plans.

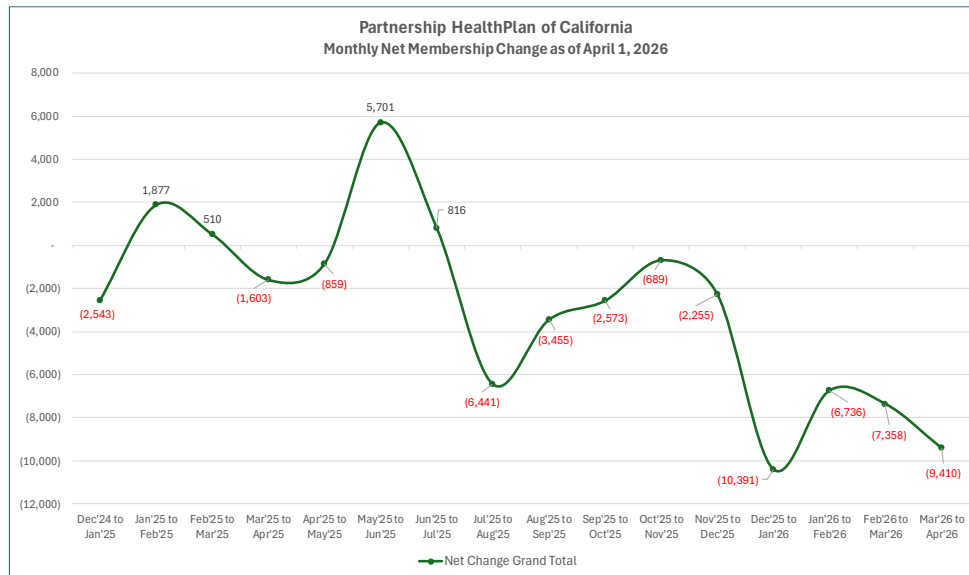
- Although enforcement actions are not anticipated until 2028, Medi-Cal managed care plans face immediate financial, regulatory, and operational risk. The requirements introduce a new level of cost accountability that may not fully align with the Medi-Cal rate-setting processes, plan influence over key cost drivers, network capacity, and the added administrative and reporting burden required to comply.
- **Dual Special Needs Plan (D-SNP) Implementation** – Partnership continues to work toward the implementation of our D-SNP. D-SNPs are Medicare Advantage plans that provide specialized care to beneficiaries dually eligible for Medicare and Medi-Cal. To comply with this State requirement, the plan has undertaken significant efforts to operationalize our D-SNP. Partnership anticipates increased staffing costs, consulting costs, and capital costs associated with D-SNP systems and infrastructure needs in the upcoming FY 2026-27 period.

Enrollment

Partnership lost 33,895 members (nearly a 4% membership reduction) between January 2026 and April 2026. As displayed in chart below, sizeable declines outside of prior eligibility trends have been observed in both the UIS category and in the members with satisfactory immigration status (SIS) category.

UIS membership declines are largely explainable due to recent federal and state policy changes along with dual SIS membership declines which can be attributed to the increased Medi-Cal eligibility asset limits that went into effect in January 2026. Outside of the explainable membership losses, Partnership continues to see declines in the Child, Adult, and ACA Expansion

SIS categories. We believe the required DHCS monthly eligibility data scrubbing against HHS eligibility lists, mixed immigration status households, and general confusion on when federal H.R. 1 policy changes go into effect are contributors to these declines.



Net Membership Change by Immigration Status	Dec'24 to Jan'25	Jan'25 to Feb'25	Feb'25 to Mar'25	Mar'25 to Apr'25	Apr'25 to May'25	May'25 to Jun'25	Jun'25 to Jul'25	Jul'25 to Aug'25	Aug'25 to Sep'25	Sep'25 to Oct'25	Oct'25 to Nov'25	Nov'25 to Dec'25	Dec'25 to Jan'26	Jan'26 to Feb'26	Feb'26 to Mar'26	Mar'26 to Apr'26
SIS	(4,997)	810	(1,027)	(1,288)	(1,594)	4,489	220	(5,583)	(2,712)	(1,849)	(253)	(1,576)	(8,507)	(4,671)	(4,593)	(6,243)
UIS	2,454	1,067	1,537	(315)	735	1,212	596	(858)	(743)	(724)	(436)	(679)	(1,884)	(2,065)	(2,765)	(3,167)
Net Change Grand Total	(2,543)	1,877	510	(1,603)	(859)	5,701	816	(6,441)	(3,455)	(2,573)	(689)	(2,255)	(10,391)	(6,736)	(7,358)	(9,410)
Membership Net % Change	Dec'24 to Jan'25	Jan'25 to Feb'25	Feb'25 to Mar'25	Mar'25 to Apr'25	Apr'25 to May'25	May'25 to Jun'25	Jun'25 to Jul'25	Jul'25 to Aug'25	Aug'25 to Sep'25	Sep'25 to Oct'25	Oct'25 to Nov'25	Nov'25 to Dec'25	Dec'25 to Jan'26	Jan'26 to Feb'26	Feb'26 to Mar'26	Mar'26 to Apr'26
SIS	-0.62%	0.10%	-0.13%	-0.16%	-0.20%	0.56%	0.03%	-0.69%	-0.34%	-0.23%	-0.03%	-0.20%	-1.07%	-0.60%	-0.59%	-0.81%
UIS	2.48%	1.05%	1.50%	-0.30%	0.71%	1.16%	0.56%	-0.81%	-0.70%	-0.69%	-0.42%	-0.66%	-1.83%	-2.04%	-2.79%	-3.29%
SIS/UIS Membership Net % Change	-0.28%	0.21%	0.06%	-0.18%	-0.09%	0.63%	0.09%	-0.71%	-0.38%	-0.29%	-0.08%	-0.25%	-1.16%	-0.76%	-0.84%	-1.08%

Data refreshed as of April 7, 2026 834 Monthly file.

We are continuing to monitor membership trends on a monthly basis; these emerging trends will be used to project the FY 2026-27 enrollment for the upcoming budget.

We will also project eligibility changes tied to the forthcoming implementation of work requirements and semi-annual redeterminations for the ACA Expansion population that go into effect in January 2027. These new federal policies are expected to amplify membership reductions in the upcoming budget year. Increased member churn is also expected due to more frequent eligibility reviews, member administrative burdens, and potential county backlogs created by these new policy changes. Enrollment projections will be finalized in June in the final budget. This will allow Partnership to account for membership changes observed in the remaining months of the current fiscal year and to incorporate any new policy changes included in the May Revision.

Enrollment loss represents the plan's greatest fiscal risk in the coming year, as declining membership directly reduces revenue and is expected to compress margins.

Revenue

Partnership will review draft CY 2026 revenue levels to determine the most appropriate basis for budgeting. Partnership staff will make revenue assumptions specific to enrollment, member acuity, the new efficiency adjustments, and other emerging factors for the upcoming fiscal year. Further revenue assumptions will be applied to the second 6 months of the fiscal year as CY 2027

rates will not be released until later this calendar year. Staff will also account for known program updates that have been applied to prior cycles and Medi-Cal program changes that are included in the forthcoming May Revise.

- **Supplemental Revenue:** Supplemental revenue changes tied to the MCO tax, risk-based hospital directed payments, and Proposition 35 additional funding will be estimated based on best available information. There are several unknowns given the impending changes and anticipated volatility in membership. A new MCO tax is anticipated but it is expected to be significantly reduced given the federal policy changes on provider taxes.
 - Partnership anticipates Proposition 56 supplemental payments for Development Screening, Family Planning, and Adverse Childhood Experience Screening programs to continue and will budget for these accordingly.
- **Interest Income:** During the March 2026 Federal Open Market Committee (FOMC) meeting, the committee maintained its targeted federal funds rate range of 3.50% to 3.75%. According to the Federal Reserve, the FOMC is prepared to adjust the stance of monetary policy as appropriate if risks emerge which would impede the attainment of its goals of achieving maximum employment while returning inflation to its 2 percent objective. During the March meeting, the Federal Reserve acknowledged that the uncertainty around the economic outlook remains elevated and stated rate adjustments would be considered if supported by the data. While there is not a direct correlation between the federal funds rate and the interest rate earned on deposits or investments, Partnership's overall yield tends to follow a similar direction. The Plan expects to assume an annual rate of return of 3.00% for FY 2026-27. Partnership will revise the rate accordingly based on any future actions taken by the Federal Reserve and/or best available information prior to finalizing our budget.
- **Rental Income:** Currently, Partnership leases space to 12 tenants in Fairfield, four in Auburn, three in Eureka, three in Redding, and one in Napa. Four additional spaces are available for tenant leases. Total Rental income will be estimated based on existing and anticipated lease agreements. For anticipated leases, rental income will be projected using lease rates that are approximately 90% of current market rates. Building maintenance costs associated with the leased space will be included in administrative costs.

Health Care Costs

Health care cost projections for FY 2026-27 will be based on the Plan's historical claims experience for covered Medi-Cal members and benefits adjusted for higher acuity given the anticipated membership decline of healthy members. Given the uncertainty tied to whether UIS members will remain in managed care, costs will be separately analyzed for UIS and SIS members. At this time, Partnership anticipates utilizing cost experience from January 2024 through December 2025 for our respective counties which serve as the base data for budget development. Additional completion factors will be incorporated where appropriate to account for incurred but not yet reported (IBNR) claims. Partnership continues to closely monitor health care costs and membership changes and will adjust our budget methodology based on emerging information prior to budget finalization.

The base period costs will be adjusted for:

- Actuarial assumptions regarding underlying utilization trends
- Anticipated impacts of case management, utilization management, and specific disease management programs from year-to-year, or newly developed programs.
- Changes in provider contracting such as new payment amendments.

Administrative Costs

- **Staff:** As Partnership continues infrastructure building to meet the needs of the DHCS contract and implementation of the D-SNP, Partnership will propose staffing augmentations commensurate with meeting these responsibilities. Given the uncertainty with the State and Federal budget and proposed Medicaid impacts, the Plan will continue to consider the utilization of contingent resources that could be scaled accordingly dependent on final need. Staffing changes are currently being reviewed by Finance and Human Resources. Final proposed staffing levels will be presented in June.

- **Benefits:** Partnership is currently researching employer benefit trends and will present the estimated percentage change for employee medical, dental and vision benefits during the final budget presentation in June. All other benefits impacted by IRS limits will be projected accordingly. Any proposed benefit changes, to be approved by the Board, will also be incorporated.

- **Salaries:** According to the January 2026 Economic News Release from the U.S. Bureau of Labor Statistics, the Western Region of the U.S. employment cost index (ECI) for the 12 months ending December 2025 ranged from 2.6 percent to 3.6 percent. Partnership will wait for the March ECI to be released in April to obtain a better gauge on salary changes.

- **Capital:** New capital purchase recommendations, primarily related to IT and Facilities will be included on the final detailed capital expenditures budget list. Depreciation will be calculated based on anticipated purchase dates, completion dates for those items that are considered construction in progress, and existing capital assets.

Reserves

The Total Fund Balance includes reserves for the State Financial Performance Guarantee, Capital Assets, and Strategic Use of Reserves (SUR). The State Financial Performance Guarantee is calculated at an amount equal to two months (2x) of the Plan's state capitation revenue (based on a 12-month rolling average) and also fulfills the State Tangible Net Equity (TNE) requirements under Knox-Keene. Net capital assets are similarly included as part of the Fund Balance.

SURs represent initiatives previously approved by the Board. Over the years, these reserves have been used to expand member access, increase provider reimbursement, and enhance operational efficiency. Partnership will continue to use these funds for their approved purposes.

The projected Fund Balance as of June 30, 2027, will incorporate all reserves noted above and will be presented with the final budget.

Off-Cycle Budget

Partnership staff may need to complete an off-cycle budget to account for Medi-Cal program changes that may occur subsequent to the finalization and approval of Partnership's budget in June of 2025 such as unanticipated impacts tied to H.R. 1 implementation and/or additional federal and state policy changes.

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
4.3

Resolution Sponsor:
Sonja Bjork, CEO, Partnership HealthPlan of CA

Recommendation by:
Partnership Staff

Topic Description:

The Board serves as the selection committee for the Community Advisory Committee (CAC). As such, the Board is responsible for selecting new CAC members and/or replacing former CAC members whose position has been vacated. If a CAC member resigns or is asked to resign, the CAC selection committee must make their best effort to promptly replace a vacant CAC seat within 60 calendar days of the CAC vacancy, ensuring that CAC membership continues to be reflective of, and responsive to, the MCP's Service Area demographics.

The following nominees have applied to serve as members of the CAC:

Amy Christensen, Placer County
Isabell VanMerlin, Butte County
Ursula Williams, Butte County
Harkirandish Kaur, Sutter County
Paula Kahrau, Solano County
Shaneata Bomkamp, Shasta County

Reason for Resolution:

To obtain Board approval to approve the appointment of six nominees as members of the Community Advisory Committee.

Financial Impact:

There is no financial impact to the HealthPlan.

Requested Action of the Board:

Based on the recommendation of Partnership staff, the Board is asked to approve the nominees below to serve as members of the CAC.

Amy Christensen, Placer County
Isabell VanMerlin, Butte County
Ursula Williams, Butte County
Harkirandish Kaur, Sutter County
Paula Kahrau, Solano County
Shaneata Bomkamp, Shasta County

REGULAR AGENDA REQUEST
for
PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Board Meeting Date:
April 22, 2026

Agenda Item Number:
4.3

Resolution Number:
26-

**IN THE MATTER OF: APPROVING SIX COMMUNITY ADVISORY COMMITTEE
NOMINEES**

Recital: Whereas,

- A. The Board serves as the Selection Committee for the Community Advisory Committee and has ultimate responsibility for approving appointments.
- B. Partnership is committed to conducting business in compliance with all required standards and regulations.

Now, Therefore, It Is Hereby Resolved As Follows:

- 1. To approve the six nominations to the Community Advisory Committee.

PASSED, APPROVED, AND ADOPTED by the Partnership HealthPlan of California this 22nd day of April 2026 by motion of Commissioner, seconded by Commissioner, and by the following votes:

AYES: Commissioners:

NOES: Commissioners

ABSTAINED: Commissioners:

ABSENT: Commissioners:

EXCUSED: Commissioners:

Dean Germano, Chair

ATTEST:

BY:

Ashlyn Scott, Clerk



Community Advisory Committee

Member Selection Evaluation Packet

April 2026



Community Advisory Committee (CAC)

CAC Member Selection Committee

Auburn Regional Office





Community Advisory Committee

Member Summary Form

Applicant Name:	Amy Christensen
County of Residence:	Placer
Demographics:	Age Group: 45-64 Language: English Ethnicity: White
Available Seats:	There are two (2) available seats in Placer County
Applicant Summary:	Amy shared that she is the full-time caregiver to her disabled adult son, a role that has shaped her long-term experience navigating healthcare systems, services, and benefits on behalf of both herself and her family. Through this work, she has developed a strong understanding of the challenges families face when information is overwhelming or fragmented, as well as the importance of clear communication and having a reliable point of contact within the system. She explained that her personal experiences within the school system led her to become a special education teacher, a role she held for twelve years with the intention of helping improve outcomes for students and families navigating similar challenges. She stepped away from teaching last year in order to provide full-time care for her son. In addition to her background in education, she has professional experience in human resources, which has contributed to her understanding of benefits structures and organizational systems. In group settings, she described her approach as respectful and collaborative, emphasizing the importance of finding common ground even when perspectives differ. She values equitable understanding and believes meaningful progress comes from listening, clarity, and shared goals. She is motivated to serve on the CAC to contribute informed, practical insights and represent the perspectives of families navigating complex, long-term care needs.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.



Community Advisory Committee (CAC)

CAC Member Selection Committee

Chico Regional Office





Community Advisory Committee

Member Summary Form

Applicant Name:	Isabell VanMerlin
County of Residence:	Butte
Demographics:	Age Group: 65+ Language: English Ethnicity: White
Available Seats:	There are four (4) available seats in Butte County
Applicant Summary:	Isabell first learned about the CAC by attending the Oroville Member Informative Session and went on to attend her first CAC meeting in March as a member of the public. At that meeting, she offered thoughtful and meaningful input to the discussion, demonstrating her ability to listen, reflect and contribute constructively. She brings a depth of lived experience, creativity, and community awareness that would support the CAC's work in elevating community voice and perspective. Isabell offers a rich blend of insight and community-rooted wisdom. Having lived in many places, she brings a broad perspective shaped by lifelong learning and curiosity. She is a strong advocate for seniors in her community, informed by close relationships and deep respect for the challenges seniors may face in navigating systems, accessing resources, and being heard. She is committed to ensuring that senior voices are represented, understood, and valued in community conversations. A poet and a storyteller at heart, she fostered creative connection by hosting an open mic for 13 years, creating welcoming spaces for creative self-expression. She continues her writing journey by working on her aunt's biography, honoring personal family histories through narrative. Overall, Isabell approaches community engagement with a grounded, reflective, and open-hearted presence, guided by a strong appreciation for creativity, learning, and meaningful human connection.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.



Community Advisory Committee

Member Summary Form

Applicant Name:	Ursula Williams
County of Residence:	Butte
Demographics:	Age Group: 45-64 Language: English Ethnicity: Black / African American
Available Seats:	There are four (4) available seats in Butte County
Applicant Summary:	Inspired by the opportunity to advocate for her community members and contribute her perspectives in a meaningful and constructive way, Ursula attended the March CAC meeting as a member of the public. The meeting reinforced her interest in becoming more involved and supporting community representation. Ursula is a benefits coordinator who relocated from Louisiana and has lived in Butte County for the past five years. As a single mom, she brings empathy, resilience, and a grounded understanding of community needs. Her background includes work as a medical provider, shaping her understanding of systems of care and the perspectives of those delivering services. This positions her well to serve as a point of connection between providers and the CAC, helping translate community experiences into insight that can inform discussion and decision making. She enjoys connecting with people and listening with intention, strengths that support trust and respectful engagement across different viewpoints. She believes that everyone is entitled to their own views and makes a thoughtful effort to consider cultural backgrounds and lived experiences. She brings a thoughtful and compassionate approach to community representation and is especially interested in advocating for awareness and access to community resources, while serving as a reliable bridge between the committee, providers, and the broader community.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.



Community Advisory Committee

Member Summary Form

Applicant Name:	Harkirandish Kaur
County of Residence:	Sutter
Demographics:	Age Group: 20-44 Language: English Ethnicity: Asian
Available Seats:	There are two (2) available seats in Sutter County
Applicant Summary:	Harkirandish is a mother of two boys, ages eight and one, and a resident of Yuba City. She values connection and is interested in meeting new people while finding meaningful ways to serve her community. Her role as a parent strongly informs her desire to be engaged and contribute to a supportive and informed community environment. When engaging in conversations where people hold differing opinions, Harkirandish recognizes that everyone brings their own mindset and lived experiences. She approaches discussions with respect, recognizing that differing viewpoints deserve to be heard and valued. This experience would be meaningful to her because she believes that knowledge is power. She is motivated by the opportunity to learn, become more involved in the community, and use that knowledge to better support those around her. Through participation on the CAC, she hopes to strengthen her connections, build understanding, and contribute as an engaged and informed community representative. Harkirandish learned about the Community Advisory Committee by attending a Member Informative Session in Yuba City, which introduced her to opportunities for community involvement and engagement.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.



Community Advisory Committee (CAC)

CAC Member Selection Committee

Fairfield Regional Office





Community Advisory Committee

Member Summary Form

Applicant Name:	Paula Kahrau
County of Residence:	Solano
Demographics:	Age Group: 45-64 Language: English Ethnicity: White
Available Seats:	There are two (2) available seats in Solano County
Applicant Summary:	Paula brings a depth of life experience shaped by years of professional work, including her time working at Travis Air Force Base. Following a major transition in her life, she found herself navigating a new and unfamiliar chapter. During this time, she sought assistance from the county and describes the experience as unexpectedly positive and supportive. When she first walked into the county office, she assumed she would qualify only for food assistance and was surprised to learn she was eligible for Medi-Cal. She describes Medi-Cal as a blessing and shares how meaningful that support has been in her life. While it was difficult to take the step of asking for help, she reflects with gratitude on the respect and care she received. In conversations where people hold different points of view, Paula describes herself as opinionated but genuinely enjoys listening to others, whether or not they agree. She values open dialogue and believes there is insight to be gained from hearing diverse perspectives. This experience would be meaningful to her because she hopes to help others in the way she has been helped. Drawing from her own life experience, she wants to offer understanding, encouragement, and support, especially to individuals who may feel hesitant or uncertain about reaching out for assistance.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.



Community Advisory Committee (CAC)

CAC Member Selection Committee

Redding Regional Office





Community Advisory Committee

Member Summary Form

Applicant Name:	Shaneata Bomkamp
County of Residence:	Shasta
Demographics:	Age Group: 45-64 Language: English Ethnicity: White
Available Seats:	There are three (3) available seats in Shasta County
Applicant Summary:	Shaneata learned about the CAC by attending the Shasta Lake Member Informative Session and expressed interest in joining as a way to contribute her perspective to meaningful member advocacy. She brings a thoughtful and informed viewpoints shaped by navigating complex care across multiple providers and specialties. She described challenges navigating the healthcare system prior to receiving clear answers about her care, which required constant self-advocacy and active coordination. These experiences have informed her understanding of the barriers members can face and the importance of elevating member voices within healthcare decision-making. Shaneata approaches conversation in a respectful and non-confrontational way, acknowledging that people bring different lived experiences while still valuing the importance of being heard and understood. She is motivated to serve on the CAC to contribute insights from the perspective of members with complex medical needs and to help elevate the voices of individuals who must actively advocate for themselves within the healthcare system. She shared a strong sense of readiness to contribute and is eager to be helpful in efforts that support more coordinated and informed care for members.
CAC Team Recommendation:	The CAC Team, in consultation with the Health Equity Officer, recommends the appointment of this member to the Community Advisory Committee.

FINANCIAL HIGHLIGHTS

Of The Partnership HealthPlan of California

For the Period Ending February 28, 2026

Financial Analysis for the Current Period

Total Surplus

For the month ending February 28, 2026, Partnership reported a surplus of \$17.3 million, bringing the to-date surplus to \$31.6 million. Key variances are outlined below.

Revenue

Total Revenue is lower than budget by \$46.0 million for the month and \$395.2 million for year-to-date. The following summarizes the year-to-date variances. Medi-Cal revenue is \$74.4 million favorable to budget primarily due to retro membership and the prior and current period risk corridor adjustments. Directed Payments are \$488.0 million unfavorable to budget due to lower than anticipated rates with a corresponding offset recorded in Healthcare Investment Funds (HCIF). Supplemental revenues were \$8.2 million above budget, reflecting higher Proposition 56 revenue and higher than expected volumes for Maternity Kick, partially offset by the timing of DHCS submissions for American Indian Health Services (AIHS) payments. Interest income is \$7.4 million favorable to budget due to higher than anticipated interest rates. The remaining favorable variance is attributed to other revenues.

Healthcare Costs

Total Healthcare Costs are lower than budget by \$41.5 million for the month and \$400.8 million year-to-date. The following summarizes the year-to-date variances. Non-Capitated Physician and Ancillary expenses are \$117.8 million unfavorable to budget primarily due to adjustments to IBNR reserves which reflect the latest cost and utilization trends. Capitation expenses are \$8.0 million favorable to budget due to changes in the funding methodologies for certain healthcare providers. Long-term care costs are unfavorable to budget by \$4.5 million due to higher prior period rate adjustments. Inpatient Hospital Fee-For-Service (FFS) expenses are favorable to budget by \$40.2 million, driven by adjustments to IBNR reserves attributed to lower utilization. HCIF expenses are \$465.7 million favorable to budget due to lower than anticipated Directed Payment rates. Transportation costs are \$3.8 million unfavorable to budget, attributed to increased utilization and an accrual for an increase in the GEMT-PP rate. Quality Assurance expenses are \$12.8 million favorable to budget due to the timing of medical administrative costs.

Administrative Costs

Total Administrative costs are overall favorable to budget by \$9.8 million for the month and \$48.4 million for the year-to-date. The primary positive variance is in Employee costs due to the timing of the filling of open positions geared towards fulfilling our regulatory requirements; this variance offsets some of the utilization of consultants in the Professional Services category. An additional variance is in Occupancy due to the timing of building related costs including repairs, maintenance, and utilities, as well as the depreciation expenses that accompany capital asset purchases. Lastly, an additional variance in Computer and Data is due to the timing of software purchases, which typically correlates to the variance in staffing.

Balance Sheet / Cash Flow

Total Cash & Cash Equivalents increased by \$50.1 million for the month. Typical significant cash

FINANCIAL HIGHLIGHTS
Of The Partnership HealthPlan of California
For the Period Ending February 28, 2026

transactions include State Capitation payments received; healthcare cost payments to providers; and administrative and capital payments out to vendors, employees, and other entities. There are no significant items of note for the month.

General Statistics**Membership**

Membership had a total net decrease of 9,243 members for the month.

Utilization Metrics and High Dollar Case

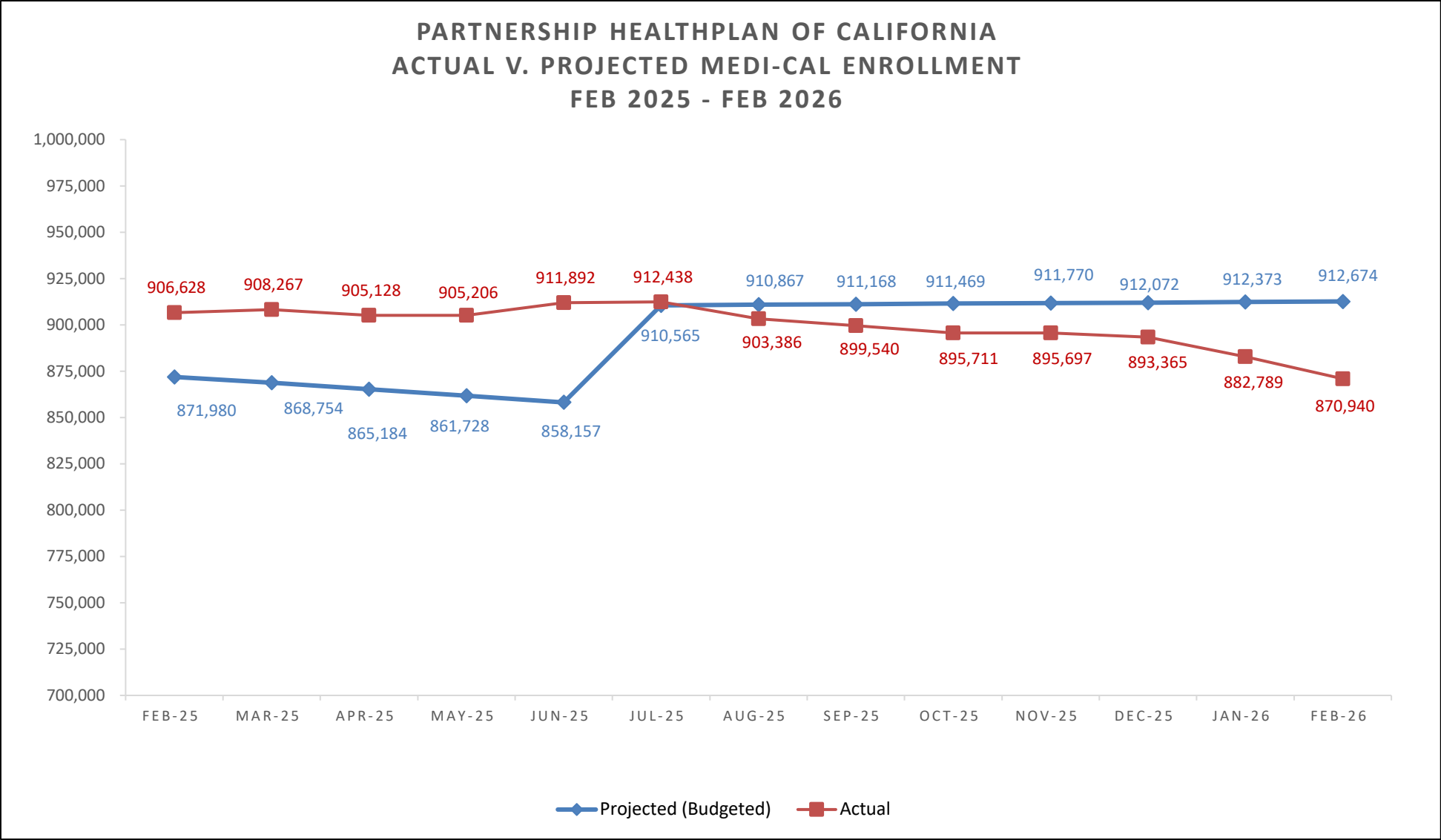
For the fiscal year 2025/26 through February 2026, 512 members reached the \$250,000 threshold with an average cost of \$506,554. For fiscal year 2024/25, 1,282 members reached the \$250,000 threshold with an average cost per case of \$515,543. For fiscal year 2023/24, 900 members reached the \$250,000 threshold with an average claims cost of \$512,454.

Current Ratio/Reserved Funds

Current Ratio Including Required Reserves:	1.44
Current Ratio Excluding Required Reserves:	1.01
Required Reserves:	\$ 1,449,235,829
Total Fund Balance:	\$ 1,489,178,704

Days of Cash on Hand

Including Required Reserves:	122.96
Excluding Required Reserves:	56.56



Member Months by County:

County	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Solano	102,511	102,443	102,189	102,658	103,987	104,011	102,676	102,240	101,767	101,583	101,555	98,608	97,031
Napa	27,197	27,289	27,339	27,450	27,826	27,732	27,619	27,642	27,529	27,480	27,355	26,951	26,540
Yolo	52,963	53,239	53,213	53,722	55,109	54,845	54,223	54,152	53,995	54,252	54,140	53,283	52,229
Sonoma	112,863	112,617	112,643	111,321	112,499	112,958	111,588	110,631	110,400	109,596	109,061	107,549	104,697
Marin	46,859	47,015	46,629	46,873	47,047	47,313	46,806	46,609	46,235	46,089	45,096	44,197	43,709
Mendocino	40,899	41,086	40,682	40,941	40,852	41,104	40,506	40,390	40,244	40,200	40,229	39,247	39,125
Lake	34,229	34,164	34,124	34,105	33,983	33,960	33,568	33,236	33,298	33,359	33,389	33,107	32,715
Del Norte	12,513	12,468	12,246	12,336	12,400	12,362	12,314	12,197	12,191	12,220	12,169	12,188	12,077
Humboldt	58,577	58,588	58,149	57,830	57,528	57,819	56,962	56,678	56,451	56,095	55,976	55,830	55,208
Lassen	8,825	8,821	8,767	8,764	8,656	8,575	8,358	8,439	8,412	8,406	8,491	8,375	8,305
Modoc	3,990	4,011	4,013	3,930	3,893	3,878	3,888	3,827	3,743	3,747	3,845	3,836	3,703
Shasta	65,800	66,052	65,219	65,101	65,377	65,400	64,714	64,742	64,786	65,062	64,124	64,876	63,940
Siskiyou	17,706	17,777	17,605	17,791	18,056	18,058	17,782	17,760	17,739	17,786	17,928	17,691	17,590
Trinity	5,348	5,345	5,321	5,325	5,250	5,193	5,220	5,103	5,169	5,118	5,081	4,955	4,955
Butte	85,539	86,256	85,897	85,920	85,649	84,789	84,665	84,532	84,241	84,407	84,874	84,412	83,486
Colusa	10,232	10,288	10,340	10,306	10,362	10,260	10,152	9,996	9,913	9,968	10,006	10,025	9,825
Glenn	13,623	13,786	13,690	13,682	13,647	13,764	13,687	13,672	13,523	13,497	13,456	13,358	13,182
Nevada	28,736	28,570	28,579	28,602	28,731	28,787	28,464	28,369	28,250	28,148	28,633	28,415	28,427
Placer	60,860	61,013	61,260	61,300	62,271	62,355	61,883	61,676	61,371	61,679	61,561	60,619	59,451
Plumas	5,858	5,925	5,886	5,807	5,755	5,784	5,783	5,616	5,575	5,478	5,429	5,395	5,292
Sierra	888	868	862	832	862	851	825	832	820	810	813	828	823
Sutter	43,691	43,601	43,739	43,829	44,348	44,796	44,471	44,294	43,923	44,223	44,067	43,956	43,584
Tehama	30,240	30,059	30,011	29,932	30,038	30,166	29,626	29,551	29,266	29,219	29,095	29,098	29,019
Yuba	36,681	36,986	36,725	36,849	37,766	37,678	37,606	37,356	36,870	37,275	36,992	35,990	36,027
All Counties Total	906,628	908,267	905,128	905,206	911,892	912,438	903,386	899,540	895,711	895,697	893,365	882,789	870,940

Medi-Cal Region 1: Sonoma, Solano, Napa, Yolo & Marin; Medi-Cal Region 2: Mendocino & Rural 8 Counties; Medi-Cal Region 3: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama & Yuba

Partnership HealthPlan of California
Comparative Financial Indicators Monthly Report
Fiscal Year 2025 - 2026 & Fiscal Year 2024 - 2025

FINANCIAL INDICATORS	Avg / Month As of												
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26					YTD Feb-26
Total Enrollment	911,768	903,653	898,537	895,299	893,778	892,208	880,183	870,940					7,146,366 893,296
Total Revenue	593,945,794	596,614,742	614,951,654	605,173,794	589,922,935	597,186,401	597,564,630	582,105,182					4,777,465,132 597,183,142
Total Healthcare Costs	498,796,206	506,539,614	512,291,047	520,182,134	500,456,939	496,774,321	509,948,545	476,842,427					4,021,831,236 502,728,905
Total Administrative Costs	24,791,602	22,017,598	26,477,113	24,878,941	26,778,257	26,528,471	26,108,033	23,515,181					201,095,196 25,136,900
Medi-Cal Hospital & Managed Care Taxes	66,396,128	65,722,340	65,436,800	65,176,911	65,100,207	65,268,296	65,351,788	64,457,740					522,910,210 65,363,776
Total Current Year Surplus (Deficit)	3,961,858	2,335,190	10,746,694	(5,064,192)	(2,412,468)	8,615,313	(3,843,736)	17,289,834					31,628,490 3,953,561
Total Claims Payable	629,390,689	669,310,022	649,369,505	691,165,158	693,242,993	695,889,424	733,344,288	698,356,590					698,356,590 682,508,584
Total Fund Balance	1,461,512,071	1,463,847,260	1,474,593,953	1,469,529,761	1,467,117,293	1,475,732,606	1,471,888,870	1,489,178,704					1,489,178,704 1,471,675,065
Reserved Funds													
State Financial Performance Guarantee	1,135,173,000	1,146,059,000	1,166,267,000	1,181,553,000	1,195,372,000	1,208,212,000	1,221,224,000	1,191,261,000					1,191,261,000 1,180,640,125
Board Approved Capital and Infrastructure Purchases	100,733,349	100,103,601	98,688,437	97,620,158	94,941,438	93,782,664	92,028,380	90,442,990					90,442,990 96,042,627
Capital Assets	161,362,815	161,328,374	162,223,752	162,679,193	164,744,577	165,348,675	166,558,763	167,531,839					167,531,839 163,972,249
Strategic Use of Reserve-Board Approved	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	68,377,668	68,377,668					68,377,668 70,346,418
Unrestricted Fund Balance	(6,759,761)	(14,646,383)	(23,587,903)	(43,325,258)	(58,943,390)	(62,613,402)	(76,299,941)	(28,434,793)					(28,434,793) (39,326,354)
Fund Balance as % of Reserved Funds	99.54%	99.01%	98.43%	97.14%	96.14%	95.93%	95.07%	98.13%					98.13% 97.40%
Current Ratio (including Required Reserves)	1.49:1	1.46:1	1.44:1	1.45:1	1.43:1	1.43:1	1.46:1	1.44:1					1.44:1 1.45:1
Medical Loss Ratio w/o Tax	94.55%	95.41%	93.23%	96.33%	95.36%	93.39%	95.82%	92.12%					94.53% 94.53%
Admin Ratio w/o Tax	4.70%	4.15%	4.82%	4.61%	5.10%	4.99%	4.91%	4.54%					4.73% 4.73%
Profit Margin Ratio	0.75%	0.44%	1.96%	-0.94%	-0.46%	1.62%	-0.72%	3.34%					0.74% 0.74%

FINANCIAL INDICATORS	Avg / Month As of												
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	YTD Jun-25
Total Enrollment	898,490	898,153	897,450	895,408	895,235	905,698	901,907	904,947	906,317	904,513	903,817	910,264	10,822,199 901,850
Total Revenue	516,467,263	505,732,274	517,421,674	517,491,108	507,895,691	520,768,067	518,706,967	759,253,557	692,900,747	592,855,121	595,592,203	643,816,561	6,888,901,232 574,075,103
Total Healthcare Costs	455,570,291	455,587,935	449,203,390	445,671,531	422,571,150	440,227,707	443,280,032	430,197,038	480,694,520	490,255,409	527,157,036	443,488,949	5,483,904,985 456,992,082
Total Administrative Costs	17,164,116	20,965,109	20,303,694	22,663,983	19,787,655	21,565,508	23,537,967	22,873,201	21,628,246	26,832,114	23,265,462	26,309,568	266,896,625 22,241,385
Medi-Cal Hospital & Managed Care Taxes	46,566,563	46,437,851	46,436,856	46,083,262	46,460,193	46,509,845	46,696,106	298,302,026	105,449,368	66,370,265	66,176,548	66,663,236	928,152,119 77,346,010
Total Current Year Surplus (Deficit)	(2,833,707)	(17,258,621)	1,477,734	3,072,332	19,076,693	12,465,007	5,192,862	7,881,292	85,128,613	9,397,333	(21,006,843)	107,354,808	209,947,503 17,495,625
Total Claims Payable	884,509,979	911,448,691	890,651,592	852,864,933	830,533,762	775,002,932	770,859,204	759,273,827	639,166,969	601,722,478	648,998,299	613,302,418	613,302,418 764,861,257
Total Fund Balance	1,244,769,003	1,227,510,382	1,228,988,116	1,232,060,447	1,251,137,140	1,263,602,149	1,268,795,012	1,276,676,303	1,361,804,917	1,371,202,250	1,350,195,407	1,457,550,213	1,457,550,213 1,294,524,278
Reserved Funds													
State Financial Performance Guarantee	1,092,899,000	1,093,798,000	1,096,923,000	1,100,211,000	1,102,840,000	1,046,032,000	1,049,745,000	1,091,605,000	1,119,293,000	1,130,765,000	1,143,805,000	1,121,915,000	1,121,915,000 1,099,152,583
Board Approved Capital and Infrastructure Purchases	79,941,518	79,360,193	77,250,794	76,202,434	75,447,816	73,742,888	72,667,651	71,478,836	70,124,244	66,296,695	66,344,624	63,186,278	63,186,278 72,670,331
Capital Assets	134,500,819	148,731,129	150,227,245	152,420,562	152,556,243	152,888,655	154,088,260	154,631,556	155,340,379	157,165,923	157,852,579	160,862,612	160,862,612 152,605,497
Strategic Use of Reserve-Board Approved	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668	71,002,668 71,002,668
Unrestricted Fund Balance	(133,575,002)	(165,381,608)	(166,415,591)	(167,776,217)	(150,709,587)	(80,064,063)	(78,708,568)	(112,041,757)	(53,955,374)	(54,028,036)	(88,809,464)	40,583,655	40,583,655 (100,906,801)
Fund Balance as % of Reserved Funds	90.31%	88.13%	88.07%	88.01%	89.25%	94.04%	94.16%	91.93%	96.19%	96.21%	93.83%	102.86%	102.86% 92.77%
Current Ratio (including Required Reserves)	1.45:1	1.41:1	1.40:1	1.40:1	1.40:1	1.39:1	1.41:1	1.37:1	1.44:1	1.45:1	1.43:1	1.48:1	1.48:1 1.42:1
Medical Loss Ratio w/o Tax	96.95%	99.19%	95.38%	94.54%	91.58%	92.82%	93.91%	93.33%	81.83%	93.12%	99.57%	76.84%	92.00% 92.00%
Admin Ratio w/o Tax	3.65%	4.56%	4.31%	4.81%	4.29%	4.55%	4.99%	4.96%	3.68%	5.10%	4.39%	4.56%	4.48% 4.48%
Profit Margin Ratio	-0.60%	-3.76%	0.31%	0.65%	4.13%	2.63%	1.10%	1.71%	14.49%	1.78%	-3.97%	18.60%	3.52% 3.52%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA
Membership and Financial Summary
For The Period Ending February 28, 2026

CURRENT MONTH	PRIOR MONTH	INC / DEC	MEMBERSHIP SUMMARY	CURRENT YTD AVG	PRIOR YTD AVG	VARIANCE
870,940	880,183	(9,243)	Total Membership	893,296	893,296	-
ACTUAL MONTH	BUDGET MONTH	\$ VARIANCE MONTH	FINANCIAL SUMMARY	ACTUAL YTD	BUDGET YTD	\$ VARIANCE YTD
582,105,182	628,169,661	(46,064,479)	Total Revenue	4,777,465,132	5,172,678,387	(395,213,255)
476,842,427	518,362,605	41,520,178	Total Healthcare Costs	4,021,831,236	4,422,633,480	400,802,244
23,515,181	33,306,398	9,791,217	Total Administrative Costs	201,095,196	249,467,559	48,372,363
64,457,740	66,458,394	2,000,654	Medi-Cal Managed Care Tax	522,910,210	532,927,618	10,017,408
17,289,834	10,042,264	7,247,570	Total Current Year Surplus (Deficit)	31,628,490	(32,350,270)	63,978,760

92.12%	92.28%	Medical Loss Ratio (HC Costs as a % of Rev, excluding Managed Care Tax)	94.53%	95.32%
4.54%	5.93%	Admin Ratio (Admin Costs as a % of Rev, excluding Managed Care Tax)	4.73%	5.38%

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Balance Sheet As Of February 28, 2026

	<u>February 2026</u>	<u>January 2026</u>
A S S E T S		
Current Assets		
Cash & Cash Equivalents	1,091,895,890	1,041,845,707
Receivables		
Accrued Interest	786,200	395,400
State DHS - Cap Rec	1,810,528,538	1,689,463,344
Other Healthcare Receivable	43,764,153	42,135,030
Miscellaneous Receivable	6,246,807	6,227,236
Total Receivables	1,861,325,698	1,738,221,010
Other Current Assets		
Payroll Clearing	20,348	7,271
Prepaid Expenses	15,708,212	14,904,828
Total Other Current Assets	15,728,560	14,912,099
Total Current Assets	2,968,950,148	2,794,978,816
Non-Current Assets		
Fixed Assets		
Motor Vehicles	1,096,330	1,096,330
Furniture & Fixtures	7,701,728	7,377,822
Computer Equipment	21,508,743	20,328,283
Computer Software	9,048,571	9,048,571
Leasehold Improvements	124,288	124,288
Land	11,330,439	11,330,439
Building	79,474,549	79,474,549
Building Improvements	46,066,130	40,418,839
Accum Depr - Motor Vehicles	(535,464)	(507,941)
Accum Depr - Furniture	(6,747,988)	(6,728,673)
Accum Depr - Comp Equipment	(18,897,639)	(18,751,680)
Accum Depr - Comp Software	(8,976,338)	(8,960,974)
Accum Depr - Leasehold Improvements	(124,288)	(124,288)
Accum Depr - Building	(15,568,687)	(15,398,870)
Accum Depr - Bldg Improvements	(17,867,220)	(17,632,886)
Construction Work-In-Progress	59,898,686	65,464,952
Total Fixed Assets	167,531,840	166,558,761
Other Non-Current Assets		
Deposits	83,280	-
Board-Designated Reserves	1,281,403,990	1,312,952,380
Knox-Keene Reserves	300,000	300,000
Prepaid - Other Non-Current	12,296,816	12,411,847
Net Pension Asset	5,714,523	5,714,523
Deferred Outflows Of Resources	2,745,009	2,745,009
Net Subscription Asset	3,120,175	3,120,175
Total Other Non-Current Assets	1,305,663,793	1,337,243,934
Total Non-Current Assets	1,473,195,633	1,503,802,695
Total Assets	4,442,145,781	4,298,781,511

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Balance Sheet As Of February 28, 2026

	<u>February 2026</u>	<u>January 2026</u>
LIABILITIES & FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	305,405,310	246,149,657
Unearned Income	53,599,270	56,352,383
Suspense Account	12,762,926	12,388,172
Capitation Payable	4,119,709	4,199,992
State DHS - Cap Payable	32,633,113	32,633,113
Accrued Healthcare Costs	1,723,573,478	1,622,533,749
Claims Payable	359,263,343	296,854,340
Incurred But Not Reported-IBNR	339,093,247	436,489,948
Quality Improvement Programs	113,181,060	109,955,666
Total Current Liabilities	2,943,631,456	2,817,557,020
Non-Current Liabilities		
Deferred Inflows Of Resources	6,657,637	6,657,637
Net Subscription Liability	2,677,984	2,677,984
Total Non-Current Liabilities	9,335,621	9,335,621
Total Liabilities	<u>2,952,967,077</u>	<u>2,826,892,641</u>
Fund Balance		
Unrestricted Fund Balance	(28,434,793)	(76,299,941)
Reserved Funds		
State Financial Performance Guarantee	1,191,261,000	1,221,224,000
Board Approved Capital and Infrastructure Purchases	90,442,990	92,028,380
Capital Assets	167,531,839	166,558,763
Strategic Use of Reserve-Board Approved	68,377,668	68,377,668
Total Reserved Funds	1,517,613,497	1,548,188,811
Total Fund Balance	<u>1,489,178,704</u>	<u>1,471,888,870</u>
Total Liabilities And Fund Balance	<u>4,442,145,781</u>	<u>4,298,781,511</u>

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Cash Flow

For The Period Ending February 28, 2026

	<u>Current Month Activity</u>	<u>Year-To-Date Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From:		
Capitation from California Department of Health Care Services	507,607,240	4,720,123,199
Other Revenues	224,975	2,049,606
Cash Payments to Providers for Medi-Cal Members		
Capitation Payments	(17,967,091)	(163,470,972)
Medical Claims Payments	(418,612,558)	(3,524,934,307)
Drug Medi-Cal		
DMC Receipts from Counties	3,256,128	50,171,345
DMC Payments to Providers	(5,232,463)	(42,316,825)
Cash Payments to Vendors	(33,655,160)	(659,206,918)
Cash Payments to Employees	(21,381,931)	(160,722,822)
Net Cash Provided by Operating Activities	<u>14,239,140</u>	<u>221,692,306</u>
CASH FLOWS FROM CAPITAL FINANCING & RELATED ACTIVITIES:		
Purchases of Capital Assets	(2,243,733)	(12,123,836)
Net Cash (Used) by Capital Financial & Related Activities	<u>(2,243,733)</u>	<u>(12,123,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Board-Designated Reserve Transfers	31,548,390	(96,602,712)
Interest and Dividends on Investments	6,506,386	61,321,196
Net Cash (Used) Provided by Investing Activities	<u>38,054,776</u>	<u>(35,281,516)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	50,050,183	174,286,954
CASH & CASH EQUIVALENTS, BEGINNING	<u>1,041,845,707</u>	<u>917,608,936</u>
CASH & CASH EQUIVALENTS, ENDING	<u><u>1,091,895,890</u></u>	<u><u>1,091,895,890</u></u>
RECONCILIATION OF TOTAL OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
TOTAL OPERATING (LOSS) INCOME	10,392,648	(29,515,405)
DEPRECIATION	612,313	4,728,402
CHANGES IN ASSETS AND LIABILITIES:		
Other Receivables	(1,648,696)	14,789,240
California Department of Health Services Receivable	(121,065,194)	(55,618,983)
Other Assets	(126,368)	(3,902,064)
Accounts Payable and Accrued Expenses	157,836,741	172,585,753
Accrued Claims Payable	(34,987,698)	85,054,172
Quality Improvement Programs	3,225,394	33,571,191
Net Cash Provided by Operating Activities	<u><u>14,239,140</u></u>	<u><u>221,692,306</u></u>

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

Statement of Revenues and Expenses For The Period Ending February 28, 2026

The Notes to the Financial Statement are an Integral Part of this Statement

ACTUAL MONTH	BUDGET MONTH	\$ VARIANCE MONTH	ACTUAL MONTH PMPM	BUDGET MONTH PMPM		ACTUAL YTD	BUDGET YTD	\$ VARIANCE YTD	ACTUAL YTD PMPM	BUDGET YTD PMPM
870,940	870,940	-			TOTAL MEMBERSHIP	7,146,366	7,146,366	-		
					REVENUE					
572,228,393	621,764,361	(49,535,968)	657.02	713.90	State Capitation Revenue	4,711,821,841	5,117,288,077	(405,466,236)	659.33	716.07
6,897,186	6,196,750	700,436	7.92	7.12	Interest Income	61,143,896	53,778,890	7,365,006	8.56	7.53
2,979,603	208,550	2,771,053	3.42	0.24	Other Revenue	4,499,394	1,611,420	2,887,974	0.63	0.23
582,105,182	628,169,661	(46,064,479)	668.36	721.25	TOTAL REVENUE	4,777,465,132	5,172,678,387	(395,213,255)	668.52	723.82
					HEALTHCARE COSTS					
					Physician Services					
8,414,375	9,433,862	1,019,487	9.66	10.83	Pcp Capitation	69,079,943	77,681,174	8,601,231	9.67	10.87
204,304	201,844	(2,460)	0.23	0.23	Specialty Capitation	1,696,930	1,673,635	(23,295)	0.24	0.23
83,591,055	76,784,771	(6,806,284)	95.98	88.16	Non-Capitated Physician Services	725,482,060	657,621,201	(67,860,859)	101.52	92.02
92,209,734	86,420,477	(5,789,257)	105.87	99.22	Total Physician Services	796,258,933	736,976,010	(59,282,923)	111.43	103.12
					Inpatient Hospital					
16,549,835	16,151,556	(398,279)	19.00	18.54	Hospital Capitation	136,044,134	134,281,008	(1,763,126)	19.04	18.79
97,668,523	107,495,609	9,827,086	112.14	123.42	Inpatient Hospital - Ffs	885,549,922	925,780,010	40,230,088	123.92	129.55
787,440	787,440	-	0.90	0.90	Hospital Stoploss	6,502,225	6,502,225	-	0.91	0.91
115,005,798	124,434,605	9,428,807	132.04	142.86	Total Inpatient Hospital	1,028,096,281	1,066,563,243	38,466,962	143.87	149.25
56,949,785	57,848,070	898,285	65.39	66.42	Long Term Care	496,237,318	491,784,667	(4,452,651)	69.44	68.82
					Ancillary Services					
1,435,134	1,304,163	(130,971)	1.65	1.50	Ancillary Services - Capitated	9,648,760	10,797,376	1,148,616	1.35	1.51
100,530,693	88,963,205	(11,567,488)	115.43	102.15	Ancillary Services - Non-Capitated	853,908,807	803,982,630	(49,926,177)	119.49	112.50
101,965,827	90,267,368	(11,698,459)	117.08	103.65	Total Ancillary Services	863,557,567	814,780,006	(48,777,561)	120.84	114.01
					Other Medical					
5,365,117	8,149,312	2,784,195	6.16	9.36	Quality Assurance	46,153,861	58,935,891	12,782,030	6.46	8.25
85,710,469	132,546,059	46,835,590	98.41	152.19	Healthcare Investment Funds	623,889,066	1,089,616,720	465,727,654	87.30	152.47
111,500	130,900	19,400	0.13	0.15	Advice Nurse	995,500	1,136,710	141,210	0.14	0.16
12,440,897	11,482,514	(958,383)	14.28	13.18	Transportation	108,395,580	104,593,103	(3,802,477)	15.17	14.64
103,627,983	152,308,785	48,680,802	118.98	174.88	Total Other Medical	779,434,007	1,254,282,424	474,848,417	109.07	175.52
7,083,300	7,083,300	-	8.13	8.13	Quality Improvement Programs	58,247,130	58,247,130	-	8.15	8.15
476,842,427	518,362,605	41,520,178	547.49	595.16	TOTAL HEALTHCARE COSTS	4,021,831,236	4,422,633,480	400,802,244	562.80	618.87
					ADMINISTRATIVE COSTS					
15,328,465	22,069,437	6,740,972	17.60	25.34	Employee	126,978,180	159,189,682	32,211,502	17.77	22.28
46,332	173,665	127,333	0.05	0.20	Travel And Meals	686,215	1,508,154	821,939	0.10	0.21
1,460,211	3,161,720	1,701,509	1.68	3.63	Occupancy	10,535,712	20,151,180	9,615,468	1.47	2.82
508,555	825,828	317,273	0.58	0.95	Operational	4,953,406	7,171,428	2,218,022	0.69	1.00
3,085,416	2,989,332	(96,084)	3.54	3.43	Professional Services	28,259,335	25,959,822	(2,299,513)	3.95	3.63
3,086,202	4,086,416	1,000,214	3.54	4.69	Computer And Data	29,682,348	35,487,293	5,804,945	4.15	4.97
23,515,181	33,306,398	9,791,217	26.99	38.24	TOTAL ADMINISTRATIVE COSTS	201,095,196	249,467,559	48,372,363	28.13	34.91
64,457,740	66,458,394	2,000,654	74.01	76.31	Medi-Cal Managed Care Tax	522,910,210	532,927,618	10,017,408	73.17	74.57
17,289,834	10,042,264	7,247,570	19.87	11.54	TOTAL CURRENT YEAR SURPLUS (DEFICIT)	31,628,490	(32,350,270)	63,978,760	4.42	(4.53)

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

February 28, 2026

1. ORGANIZATION

The Partnership HealthPlan of California (the HealthPlan) was formed as a health insurance organization and is legally a subdivision of the State of California but is not part of any city, county or state government system. The HealthPlan has quasi-independent political jurisdiction to contract with the State for managing Medi-Cal beneficiaries who reside in various Northern California counties. The HealthPlan is a combined public and private effort engaged principally in providing a more cost-effective method of healthcare. The HealthPlan began serving Medi-Cal eligible persons in Solano County in May 1994. That was followed by additional Northern California counties in March 1998, March 2001, October 2009, two counties in July 2011, and eight counties in September 2013. Beginning July 2018 and in accordance with direction from the Department of Health Care Services (DHCS), the HealthPlan consolidated its reporting from these fourteen counties into two regions, which are in alignment with the two DHCS rating regions. Beginning January 2024, the HealthPlan expanded into ten additional counties, which comprise a third region.

As a public agency, the HealthPlan is exempt from state and federal income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES:

The accounting and reporting policies of the HealthPlan conform to Generally Accepted Accounting Principles and general practices within the healthcare industry.

PROPERTY AND EQUIPMENT:

Effective July 2015, property and equipment totaling \$10,000 or more are recorded at cost; this includes assets acquired through capital leases and improvements that significantly add to the productive capacity or extend the useful life of the asset. Costs of maintenance and repairs are expensed as incurred. Depreciation for financial reporting purposes is provided on a straight-line method over the estimated useful life of the asset. The costs of major remodeling and improvements are capitalized as building or leasehold improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the applicable lease or their estimated useful life. Building improvements are depreciated over their estimated useful life.

INVESTMENTS:

The HealthPlan investments can consist of U.S. Treasury Securities, Certificates of Deposits, Money Market and Mutual Funds, Government Pooled Funds, Agency Notes, Repurchase

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

February 28, 2026

Agreements, Shares of Beneficial Interest and Commercial Paper and are carried at fair value.

RESERVED FUNDS:

As of February 2026, the HealthPlan has Total Reserved Funds of \$1.5 billion. This includes \$68.4 million of funds set aside for Board approved Strategic Use of Reserve (SUR) initiatives; this also includes funding for the Wellness & Recovery program. The total SUR amount represents the net amount remaining for all SUR projects that have been approved to date and is periodically adjusted as projects are completed. Reserved Funds also includes \$0.3 million of Knox-Keene Reserves.

RECLASSIFICATIONS:

Certain reclassifications of prior period balances have been made to conform with the current period presentations. Such reclassifications do not affect the total increase in net position or total current or noncurrent assets or liabilities.

3. STATE CAPITATION REVENUE

Medi-Cal capitation revenue is based on the monthly capitation rates, as provided for in the State contract, and the actual number of Medi-Cal eligible members. Capitation revenues are paid by the State on a monthly basis in arrears based on estimated membership. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the State for projected changes in membership and trued up monthly through a State reconciliation process. These estimates are continually monitored and adjusted, as necessary, as experience develops or new information becomes known.

4. HEALTHCARE COST

The HealthPlan continues to develop completion factors to calculate estimated liability for claims Incurred But Not Reported. These factors are reviewed and adjusted as more historical data becomes available. Budgeted capitation revenues and healthcare costs are adjusted each month to reflect changes in enrollee counts.

5. QUALITY IMPROVEMENT PROGRAM

The HealthPlan maintains quality improvement contracts with acute care hospitals and primary care physicians. As of February 2026, the HealthPlan has accrued a Quality Improvement Program payout of \$113.2 million.

PARTNERSHIP HEALTHPLAN OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

February 28, 2026

6. **ESTIMATES**

Due to the nature of the operations of the HealthPlan, it is necessary to estimate amounts for financial statement presentation. Substantial overstatement or understatement of these estimates would have a significant impact on the statements. The items estimated through various methodologies are:

- Value of Claims Incurred But Not Reported
- Quality Incentive Payouts
- Earned Capitation Revenues
- Total Number of Members
- Retro Capitation Expense for Certain Providers

7. **COMMITMENTS AND CONTINGENCIES**

In the ordinary course of business, the HealthPlan is party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, the HealthPlan's Management is of the opinion that any liability which may ultimately be incurred as a result of claims or legal actions will not have a material effect on the financial position or results of the operations of the HealthPlan.

8. **UNUSUAL OR INFREQUENT ITEMS REPORTED IN CURRENT MONTH'S FINANCIAL STATEMENTS**

None noted.

Partnership HealthPlan of California
Investment Schedule
February 28, 2026

Name of Investment	Investment Type	Yield to Maturity	Trade Date	Maturity Date	Call Date	Face Value	Purchase Price	Market Value	Credit Rating Agency	Credit Rating
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FUNDS HELD FOR INVESTMENT:

Highmark Money Market	Cash & Cash Equiv	NA	Various	NA	NA	NA	\$ 1,818,189	\$ 1,818,189	NA	NR
Certificate of Deposit for Knox Keene	Cash & Cash Equiv	0.0405	1/31/2025	1/30/2030	NA	\$ 300,000	\$ 300,000	\$ 300,000	NA	NR

FUNDS HELD FOR OPERATIONS:

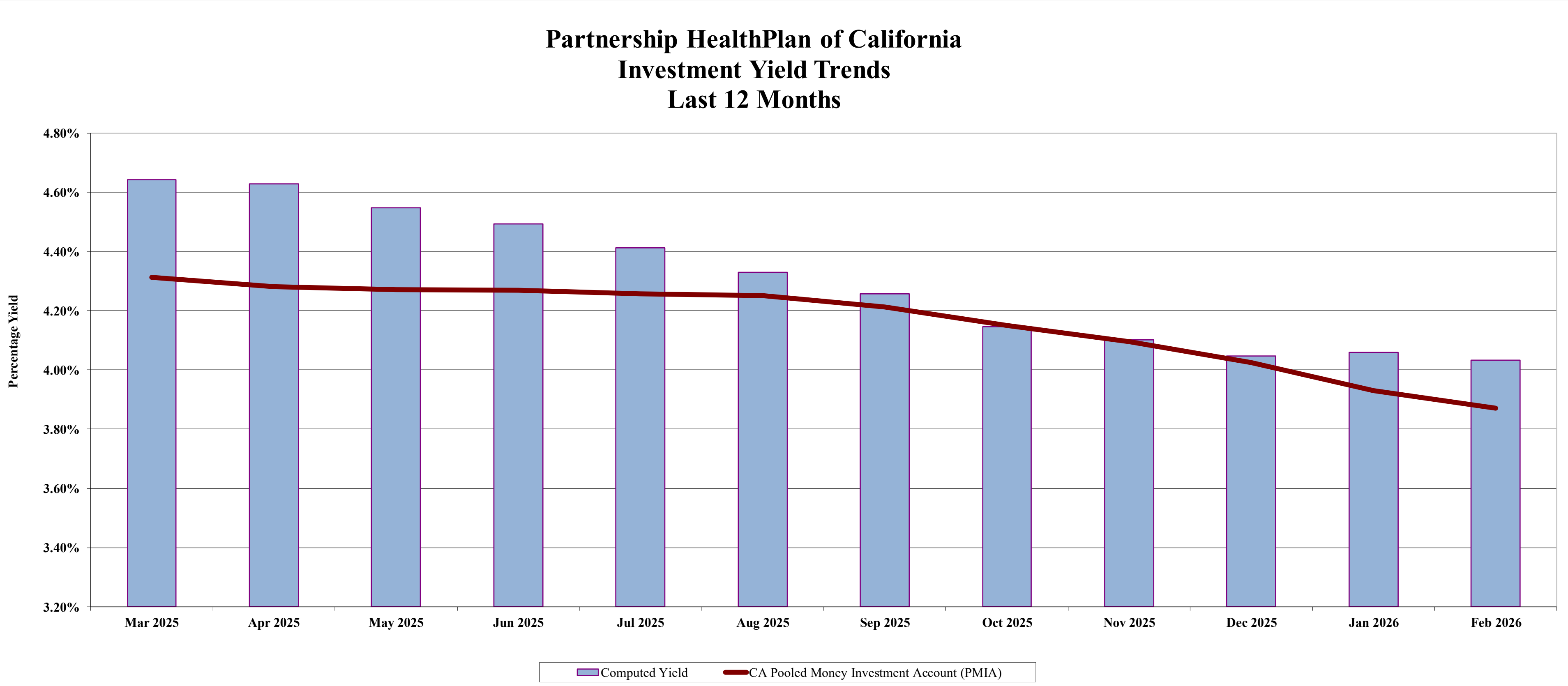
Merrill Lynch Institutional	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 80,872,501		
Merrill Lynch MMA - Checking	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 516,497		
US Bank - General, MMA, and Sweeps	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 2,168,774,588		
Government Investment Pools (LAIF)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 75,000,000		
Government Investment Pools (County)	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 46,166,511		
West America Payroll	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 148,294		
Petty Cash	Cash for Operations	NA	NA	NA	NA	NA	NA	\$ 3,300		

GRAND TOTAL:

\$ 2,373,599,880

Partnership HealthPlan of California
Investment Yield Trends

PERIOD		Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026
Interest Income		8,765,710	8,403,962	7,671,506	7,390,920	7,568,557	7,456,341	7,941,176	8,116,523	6,918,278	7,880,097	8,365,738	6,897,186
Cash & Investments at Historical Cost	(1)	2,431,749,222	2,298,648,325	2,207,098,027	2,102,710,214	2,160,202,257	2,286,589,057	2,474,845,534	2,254,168,286	2,239,590,881	2,602,840,892	2,355,098,087	2,373,599,880
Computed Yield	(2)	4.64%	4.63%	4.55%	4.49%	4.41%	4.33%	4.26%	4.15%	4.10%	4.05%	4.06%	4.03%
CA Pooled Money Investment Account (PMIA)	(3)	4.31%	4.28%	4.27%	4.27%	4.26%	4.25%	4.21%	4.15%	4.10%	4.03%	3.93%	3.87%



NOTES:

- (1) Investment balances include Restricted Cash and Board Designated Reserves
- (2) Computed yield is calculated by dividing the past 12 months of interest by the average cash balance for the past 12 months.
- (3) LAIF limits the amount a single government entity can deposit into LAIF; currently that amount is set at \$75 million.

H.R. 1 RELATED BILLS

SB 987 (Weber Pierson) California Health Access Fund

This bill would create the California Health Access Fund, to be administered by the department. Under the bill, moneys in the fund would include deposits, through any applicable transfers made by the Legislature, equal to the amount of any savings to the state resulting from decreased enrollment in the Medi-Cal program caused by enrollment barriers created by the above-described federal law. moneys in the fund would, upon appropriation, be used to ensure that California residents losing health care coverage due to the impacts of the federal law or due to any other divestments from the health care system can continue to receive health care services and that health care providers are reimbursed for these services.

SB 1202 (Weber Pierson) Medi-Cal: dashboard and outreach

This bill would require DHCS to establish a data dashboard that provides data on applications, enrollment, redeterminations, disenrollments, and terminations, stratified by county and demographic data including age, race, ethnicity, language, and gender related to the impact of H.R.1 on Medi-Cal eligibility and enrollment. The bill would require the dashboard to track and report on the specific data for work or community engagement requirements and exemptions. The bill would require DHCS to operationalize the dashboard and to post the information on a monthly basis in a downloadable format. The bill would require DHCS to undertake efforts to conduct outreach about work requirements, more frequent redeterminations, and changes to retroactive eligibility to impacted Medi-Cal beneficiaries, and to conduct listening sessions. Outreach and education would be coordinated across public social services programs to help minimize barriers to administrative disenrollments and require counties to make a good faith effort to collaborate with CBOs.

The bill would require a Medi-Cal managed care plan to establish and conduct an outreach and education plan for its enrollees about the work or community engagement guidelines set forth in federal law based on guidance provided by DHCS. The bill would require the plan to address certain information on Medi-Cal eligibility, due process rights, and resources, and to meet certain cultural and linguistic standards.

SB-1422 (Durazo) Medi-Cal: eligibility: immigration status

This bill would reverse the decision to freeze Medi-Cal enrollment for people with unsatisfactory immigration status and would instead make individuals with UIS 19 years of age or older eligible for the full scope of Medi-Cal benefits subject to certain limitations, such as the payment of premiums and certain dental benefits.

AB 2161 (Bonta) Medi-Cal: redeterminations and work or community engagement

During county redeterminations, AB 2161 would expand the form delivery mechanisms to include the telephone, online, or commonly available electronic means, including specified methods of signatures, and to adopt regulations by July 1, 2028. The bill would require DHCS, before verifying an individual's application, to ensure and confirm that systems are programmed to maintain coverage with minimal data request to a beneficiary. *For beneficiaries who cannot be deemed compliant via ex parte review, the bill requires counties to request a Medi-Cal managed care plan to provide any data that will verify that a beneficiary is exempted or meets the requirements before requesting information directly from the beneficiary.* AB 2161 would not apply every 6-month redeterminations on “individuals whose Medicaid eligibility is not specifically required by federal law.”

AB 2201 (Boerner) Medi-Cal: eligibility redetermination

During annual and semi-annual redeterminations, this bill would require the county to verify countable income and assets without requesting additional verification information or documentation if any of specified sets of conditions are met, relating to certain financial data sources.

AB 2208 (Stefani) Medi-Cal: cost sharing, retroactivity, and accessibility

This bill would preserve the ability of Medi-Cal enrollees to apply for up to three months of retroactive Medi-Cal coverage despite changes included in H.R.1. The bill would implement \$.01 cost-sharing for non-emergency services, for specified Medi-Cal populations; and, makes a number of changes to improve the usability of smart phones and devices for the state's Medi-Cal application, and conforms the application process to new eligibility requirements under federal law.

AB 2368 (Bonta) Indigent health care: information and planning

This bill would require DHCS, by July 1, 2027, to establish an internet website where the public can access information on safety-net health care services in the state. The bill would require that the website include certain information and resources including information about each county medically indigent health care program for uninsured individuals. The bill would require DHCS, in consultation with certain entities, to review the information and resources on the website. The bill would require each county, no later than January 1, 2028, to prepare and submit to DHCS a plan to operate programs to provide health care to medically indigent individuals, as necessary to meet additional need due to reduced access to health care coverage. The bill would require that the plan include information on projected caseload and expenditure increases, projected investment, and assessment of funding sources.

Other Bills

AB 1923 (Sori) Distressed Hospital Loan Program

This bill would make any **hospital**, regardless of ownership type or system affiliation, eligible for state assistance under the program for awards provided on or after the effective date of this act, as specified, if it meets the applicable criteria for significant financial distress as established by the department and the authority. The bill would require the projections that determine financial distress to account for impacts of federal and state policy changes affecting **hospital** reimbursement or health care coverage, including, but not limited to, the federal One Big Beautiful Bill Act.

AB 1979 (Bonta) Health care services: artificial intelligence (AI)

This bill would prohibit a health facility, clinic, physician's office, or office or a group practice from using or deploying a tool, system, or device that includes AI for any activity requiring the use of professional judgment by a licensed health care professional and would prohibit the use of AI to direct, guide, supervise, or instruct unlicensed personnel in performing any function that requires a professional license. The bill would authorize the appropriate professional licensing board to pursue an injunction or restraining order to enforce these provisions to the extent that a violation constitutes the practice of a health care profession without a license. The bill would specify that these provisions do not prohibit the use of AI for documentation and communication that does not involve the application of professional judgment, including automated messages to inform patients of updates to their health records.

AB 2138 (Krell) Medi-Cal: enhanced care management: peer support specialists

This bill requires every ECM provider to integrate at least one certified peer support specialist into each interdisciplinary team. Requires DHCS to ensure that MCP contracts reflect the requirement and establish monitoring and compliance mechanisms to ensure implementation. Prohibits DHCS, MCPs, and providers from disqualifying a peer support specialist due to a criminal background check or similar screening as a condition of employment, contracting, certification, enrollment, or participation in peer support services.

News Updates

April 2026

Partnership Press Releases:

[Partnership Hosts Spring Maternity Photoshoot to Support Expectant Members in Solano County](#)

Partnership HealthPlan of California

April 1, 2026

Partnership HealthPlan of California is hosting a Spring Maternity Photoshoot on Friday, April 17, 2026, 10 a.m. to 3 p.m., offering a family-centered event designed to support maternal health and strengthen connections to local resources.

[Your Partner in Health: Reports from the Cancer Front](#)

Partnership HealthPlan of California – Kermit Jones, M.D., J.D.

March 10, 2026

While many people trace modern cancer research to President Nixon's 1971 "War on Cancer," the disease has affected humans for thousands of years, including in the ancient Egyptian Edwin Smith Papyrus dating back to around 1600 BCE.

[Dr. Phuong Luu, Bi-County Health Officer for Yuba and Sutter \(Calif.\) Counties, Recognized with ACAP Leadership in Advocacy Award](#)

Association for Community Affiliated Plans and Partnership HealthPlan of California

February 24, 2026

The Association for Community Affiliated Plans (ACAP) today announced Dr. Phuong Luu, who serves as the bi-county health officer for Yuba and Sutter counties (Calif.), to be the winner of its fourteenth annual Leadership in Advocacy Award.

[Partnership Opens Chico Regional Office to Better Serve Northern Sacramento Valley Communities](#)

Partnership HealthPlan of California

February 18, 2026

On Tuesday, Partnership HealthPlan of California marked the official opening of its Chico regional office, expanding its local presence to better serve members, providers, and community partners across Butte, Colusa, Glenn, Sutter, and Yuba counties.

Partnership Mentioned:

[California kids are going without vision care, and the problem is getting worse](#)

CalMatters

April 2, 2026

Amy Turnipseed, chief strategy and government affairs officer for Partnership HealthPlan of California, said rural parts of the state struggle to find enough providers.

News Updates

April 2026

[YoloCares expands Medi-Cal recovery, respite services through new partnerships](#)

The Sacramento Bee

March 11, 2026

The agreements with Molina Healthcare and Partnership HealthPlan of California will allow the Davis-based nonprofit to offer additional community support services through California's CalAIM initiative, a statewide program aimed at expanding care for Medi-Cal patients.

[Partnership HealthPlan of California Hosts Member Sessions](#)

National Today

March 9, 2026

Partnership HealthPlan of California is hosting a pair of member information sessions on Monday, March 9, 2026 at the Sutter County Public Health Auditorium in Yuba City.

[Bi-County Health Leader Honored](#)

Territorial Dispatch

March 3, 2026

Luu also thanked Partnership HealthPlan of California, the region's Medi-Cal managed care plan, for collaborating with the counties to implement CalAIM Justice-Involved services.

[Black History celebrants swell with pride as black history declared U.S. history, in show of unity](#)

Lake County Record-Bee

March 2, 2026

It is financially supported by fee for service contracts through a collaboration of two organizations: Partnership Health Plan and Kaiser Independent Living.

[Supervisors to consider state grant for sewer improvements, disaster resilience update and temporary rent aid](#)

Lake County News

February 23, 2026

At 11:30 a.m., the board will consider the request from the Lake County Behavioral Health to provide transitional rent assistance starting this year through an agreement with Partnership HealthPlan of California.

[Partnership HealthPlan opens Chico office](#)

Chico Enterprise Record

February 18, 2026

Partnership HealthPlan of California announced its Chico regional office opened on Tuesday at 1000 Fortress Street.