

September 23, 2013

David Baker, Ed.D.  
Foreperson  
Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, CA 92701

Re: Status of Response to Recommendations contained in the Grand Jury Report dated January 25, 2013 regarding CalOptima

Dear Dr. Baker:

As requested, I am providing a progress report on our implementation of Recommendations No. 3 and 4 from the 2012/2013 Grand Jury Report regarding CalOptima:

- R3.** *In order to attract more qualified individuals to fill vacant positions, offer salaries and incentive packages that are competitive in the health care industry.*

The Board of Directors has retained the firm of Pearl Meyer & Partners, LLC to conduct the independent compensation survey and to develop the comprehensive compensation guidelines. The proposed Compensation Philosophy was submitted by the firm to the Board in July and approved at the August 1, 2013 Board of Directors Meeting. This adopted Compensation Philosophy will guide the development of the comprehensive guidelines, which also incorporate the results of the compensation survey, which is currently underway. We anticipate Board consideration of the comprehensive compensation guidelines by the December 2013 Board of Directors Meeting.

- R4.** *Educate CalOptima's Board of Directors on the agency's role now and in 2014; why it operated effectively as a hybrid between private industry and County agency; its relevance to the County's less fortunate well-being and health care needs and why CalOptima should be free from lobbyists and those who want to use it for political gain.*

A Special Board of Directors workshop was held on April 26 and 27 to review the current mission and goals for CalOptima and to guide the update of its Strategic Plan. On September 5, 2013, the Board of Directors adopted its new Strategic Plan to guide CalOptima through the next three years. This adopted plan reaffirms CalOptima's mission and commitment to providing quality health care to the County's most vulnerable and less fortunate residents. In addition, the adopted Strategic Plan recognizes CalOptima's unique role as both a public agency and community health plan.

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Please contact me at (714) 246-8458 if you have any questions or need additional information.  
We will keep you apprised of our progress regarding these recommendations.

Sincerely,

A handwritten signature in black ink that reads "MSQ. Qer". The letters are cursive and somewhat stylized.

Michael Schrader  
Chief Executive Officer