

April 5, 2013

Honorable Thomas J. Borris
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Re: Response to Orange County Grand Jury Report

Dear Judge Borris:

The Orange County Health Authority (CalOptima) is pleased to respond to the findings and recommendations of the January 25, 2013 Orange County Grand Jury report entitled: "CalOptima Burns While Majority of Supervisors Fiddle" (Report).

CalOptima appreciates the Grand Jury's civil watch dog role in ensuring that local public agencies operate efficiently and transparently, and that public funds are handled appropriately. CalOptima also takes the concerns raised in the Report very seriously; however, we wish to note that the basis for some of the findings and recommendations is not substantiated in the Report, which makes it difficult for the CalOptima Board of Directors to respond. Although there may be various interpretations of the Report and its implications, we have limited our response to the actual language in the Report. We also wish to note that the Report represents a prior snapshot in time, and may not reflect current conditions. While there is always room for improvement in any organization, we believe the Report has painted a much more negative picture of the current state of the organization than is warranted, and certainly does not reflect actual performance and recent accomplishments.

Response to Grand Jury Findings

F5. A CalOptima Board member and two CalOptima lawyers have been disruptive and created an atmosphere that according to current and former CalOptima employees is "unsafe for senior executives."

RESPONSE: CalOptima wholly disagrees with the finding. The Report does not contain adequate documentation or any substantiated basis for this finding. The new CEO has indicated that the executive team has not been reluctant to express their views or recommendations on any issues.

F7. Several current CalOptima Board members and recent hires lack the healthcare experience to understand the complexity of CalOptima as proven by their comments and questions during CalOptima Board meetings.

RESPONSE: CalOptima wholly disagrees with the finding. The Report does not contain adequate documentation or any substantiated basis for this finding.

Response to Grand Jury Recommendations

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

RESPONSE: The recommendation requires further analysis and will be addressed through an independent compensation survey and proposed policy guidelines to be considered by the CalOptima Board of Directors by July 2013.

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's well-being and healthcare needs and why CalOptima should be free from lobbyists and those who want to use it for political gain.*

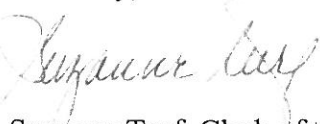
RESPONSE: The recommendation has not yet been implemented, but will be implemented in the future. It was partially implemented through the informational workshop held at the December 6, 2012 CalOptima Board of Directors Meeting. It will be further implemented through the Board's annual planning meeting planned for late April 2013.

R5. *Ensure CalOptima Board members reaffirm their accountability to Members, Member organizations, staff and each other and refrain from leaking closed session details or partial reports to the media.*

RESPONSE: The recommendation has been implemented. As part of the orientation process for new Board members, training and reference materials are provided on the Brown Act and other public agency requirements. In addition, CalOptima's Compliance Department reviews such matters and provides ongoing training and education to Board members, and legal counsel advises the Board on related matters. Board member accountability is reflected in the Board's diligence in ensuring that all interested stakeholders have an opportunity to provide input on matters considered by the Board, and by the Board's Member focus and commitment to transparency and accountability.

On behalf of the Orange County Health Authority, we thank you for allowing us the opportunity to comment on the Grand Jury's report. Should you have question, please feel free to contact our offices at (714) 246-8400.

Sincerely,



Suzanne Turf, Clerk of the Board
On behalf of the CalOptima Board of Directors

cc: Orange County Grand Jury