HealthPlan OF SAN MATEO
Healthy is for everyone

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THE SAN MATEO HEALTH COMMISSION
Regular Meeting
May 10, 2023 - 12:30 p.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

AGENDA

1. **Call to Order/Roll Call**
2. **Public Comment/Communication**
3. **Approval of Agenda**
4. **Consent Agenda***
   - 4.1 Finance Committee Minutes, March 2023
   - 4.2 Approval of Amendment to Agreement with the San Mateo County Health System for Rate Range Intergovernmental Transfer (IGT) Funding for State CY 2021
   - 4.3 Approval of San Mateo Health Commission Meeting Minutes from April 12, 2023
5. **Specific Discussion/Action Items**
   - 5.1 Medicare D-SNP Update
   - 5.2 PACE Update
   - 5.3 Compliance Program Education Session
   - 5.4 HPSM Investment Framework
6. **Report from Chairman/Executive Committee**
7. **Report from Chief Executive Officer**
8. **Other Business**
9. **CLOSED SESSION**

   CONFERENCE WITH LEGAL COUNSEL – Existing Litigation (Gov't Code section 54956.9(d)(1)) Koval v. American Logistics LLC, Anas Ali Artimeh, Sultan Almakanin, Let's Move Limo LLC, Pacifica Linda Mar, Inc., Health Plan of San Mateo, San Mateo Health Commission, Does 1 to 100, 21-CIV-02032, Superior Court for the County of San Mateo

   CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation (Gov't Code section 54956.9(d)(2)) (3 cases)

10. **Report Out on Closed Session**
11. **Adjournment**

**Items for which Commission action is requested.*

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 Clerk of the San Mateo Health Commission located at 801 Gateway Boulevard, Suite 100, South San Francisco, CA 94080, for the purpose of making those public records available for inspection. Meetings 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 Clerk of the Commission at least two (2) working days before the meeting at (650) 616-0050. Notification in advance of the meeting will enable the Commission to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

Draft

FINANCE/EXECUTIVE COMMITTEE MEETING
Meeting Summary
March 27, 2023 – 12:30 pm

Agenda Item: 4.1
Date: May 10, 2023

Criminal Justice Training Center, 400 County Center, Redwood City, CA 94064

-or-

Health Plan of San Mateo -Boardroom 801 Gateway Blvd, South San Francisco, CA 94080

Member's present: Mike Callagy, Bill Graham, George Pon, Si France, M.D.
Members absent: Ligia Andrade-Zuniga

Staff present: Trent Ehrgood, Pat Curran, Chris Baughman, Eben Yong, Francine Lester, Carl Smith, Jr., Corinne Burgess, Glenn Smith, Michelle Heryford

Guests: Rianne Suico, CPA, Moss-Adams; Chris Pritchard, CPA, Moss-Adams

1.0 Call to Order – The meeting was called to order by Commissioner Graham at 12:30 pm.

2.0 Public Comment – There was no public comment.

3.0 Approval of Meeting Summary for February 27, 2023 – The meeting summary was approved as presented. **Pon/France second. A roll call vote was unanimous.**

4.0 Presentation of Draft Audited Financial Statements for the 12-month period ending December 31, 2022 – Rianne Suico, CPA Moss -Adams LLP and Christopher Pritchard, CPA Moss-Adams, LLP provided draft results of HPSMs 2022 financial audit. Mr. Pritchard introduced the Moss- Adams team. He noted it is the same team that has worked with HPSM for many years now. He turned it over to Ms. Suico who reminded the group the objective of the audit is to provide an opinion on whether the financial statements put together by the management team is reasonably stated in accordance with General Accepted Accounting Principles (GAAP). Because HPSM is a quasi-governmental entity they report under governmental accounting standards not the regular financial accounting standards for non-governmental entities. HPSM is required by the Department of Managed Health Care (DMHC) to have an annual audit and to provide the audit report to DMHC at the end of April. She went over required communications, as well as their plans, scope, and timing. Moss- Adams conducted the audit under the purview of auditing standards issued by the American Institute of Certified Public Accountants (AICPA). The audit planning phase commenced in

October of 2022. They looked at internal controls as it relates to financial reporting, claims processing, revenue recognition, payroll, accounts payable, and investments. This information is used to create the audit plan which includes analytical procedures, looking at trends of revenues and expenses and substantive procedures they perform during the field work to test year end balances. This is where they confirm bank balances with financial institutions holding assets for HPSM.

Ms. Suico went over items deemed to be significant risks. These items are inherently riskier because they often include big estimates that management has to do on a monthly or annual basis. The first is revenue recognition of the capitation revenue. All revenue comes from the State of California or from The Centers for Medicare and Medicaid Services (CMS). While there are only two payers there are many estimates and reconciliations for the management team to go through. The next item is the incurred but not reported claims payable. These are medical claims whereby services have been provided by HPSM Providers but has not yet been reported to the Health Plan. They also look at how claims are being processed and how claims are being paid to make sure that they are in accordance with key schedules. There are significant investments that need to be confirmed with financial institutions that are tested to make sure they are recorded at fair market value. HPSM also has a single employer pension plan in their financial statement. As part of the audit, they look at the different assumptions that were made by management and their actuary to come up with pension liability or asset.

Ms. Suico reviewed the scope of services which include the annual financial statement audit for the year ended December 31, 2022, and to assist HPSM management with drafting the financial statements for the 2022 year. She went over financial statements which consists of management discussion and analysis. This is a requirement from the Governmental Accounting Standards Board (GASB). There is also an independent auditor's report and the following financial statements; the statement of net position known as the balance sheet, the income statement or statement of revenues, expenses and changes in net position, cash flow and the notes to the financial statements.

Moss-Adams issued an unmodified audit option stating that HPSM financial statements are fairly presented in accordance with GAAP. This is the highest level of opinion they can give; this opinion has been consistent since they have been engaged as an auditor for HPSM.

Ms. Suico went through the composition of HPSM assets and liability accounts and explained changes in ending balances year over year. She broke down the Income Statements and discussed the increase in revenue from 2021-2022, which is mainly due to an increase in members. New programs such as CalAIM, which commenced in 2022, also brought in more revenue and an overall increase in capitation rates. She went over healthcare expenses as a percentage of revenue. Pharmacy expenses went down from 16% to 6% of revenue after the State took over pharmacy benefits at the beginning of 2022. Overall profit increased from 2% to 11% of revenue year-over-year.

Mr. Pritchard went over the estimated claims liability at year-end compared to what subsequently settled. HPSM is in a good position with estimates just slightly higher than what was settled, which is conservative. Mr. Ehrgood noted estimates were conservative, but he would like it to be even a little bit tighter. Q4 in 2022 however was an unusually low utilization quarter. One of the dynamics was that many members had other health coverage (OHC) and kept their Medi-Cal coverage because the redetermination process was on hold. Overall healthcare costs have been smaller because of that dynamic. Redetermination will commence on April 1st. This will cycle through the year on every members' anniversary date. As this occurs, membership will decrease and the average cost per member will go up because members with OHC are likely to lose their coverage as many will no longer qualify.

Mr. Pritchard went over Tangible Net Equity, which has had consistent increases since 2020 and HPSM has retained their equity as an organization. HPSM has gone from retaining 10 times what is required by the State to 13 times what is required. There has been concern from other health plans that the State may be looking at ways to bring that down. Other health plans have looked at creative ways to move some of that off

their balance sheet but still have access to it. The committee discussed using some of the reserves in a strategic way to reinvest in the community and HPSM membership. The new 2024 contract with DHCS will have a requirement for health plans in years where they have a surplus, to invest approximately 5-7% of the surplus in the community.

The Committee looked over the breakdown of investments. They briefly discussed banking options and a recommendation to spread money over to other banks in light of recent banking collapses. Specifically, the concern is whether HPSM has the infrastructure in place to protect themselves if they need to move money quickly. HPSM and the Finance Committee will consider the suggestions discussed.

In closing, Mr. Pritchard went over important board communications. There are significant accounting policies in the financial statements the organization follows. Moss- Adams has read them and they are in compliance with GAAP. There were no audit adjustments or disagreements with management over the way things were accounted for. There was no issue from a material fraud perspective and no problem with compliance of laws and regulations.

HPSM's Controller, Francine Lester, went over preliminary versus audited financials for CY 2022, and the client proposed adjustments made during the audit. There were some behavioral health therapy and maternity capitation payments from the State that was received a bit later totaling around $1.8M. A portion of that HPSM owes Kaiser in the form of global cap expense totaling $477K. Given the market, the net pension asset on the retirement valuation turned to a net pension liability, creating a $1.3M expense in addition to the administrative expenses after evaluation. The GASB 87 lease adjustment moved some of the dollars around in non-operating revenue totaling $83K. The overall net change to the bottom line was an increase in surplus of $75K.

The Committee also spoke briefly about scheduling conversations about how the State is planning to move to a different revenue methodology, called regional rate

setting, This will be implemented no sooner than 2025. In this scenario, HPSM will be paired up with other counties and rates will be averaged together, which has potential for risk. The audit results were approved as presented. **France/Callagy second. A roll call vote was unanimous.**

5.0 **Other Business –** Mr. Ehrgood reminded the Committee about the recent changes they agreed to at the last Finance Executive Committee meeting around the purchasing policy. He will be taking this item to the full Commission at the April meeting.

6.0 **Adjournment –** The meeting was adjourned at 1:27 pm by Commissioner Bill Graham.

Respectfully submitted:

M. Heryford

M. Heryford
Assistant Clerk to the Commission

MEMORANDUM

AGENDA ITEM: 4.2

DATE: May 10, 2023

DATE: April 27, 2023

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer
Trent Ehrgood, Chief Financial Officer

RE: Amendment #10 to Agreement with County of San Mateo dba San Mateo County Health for Rate Range Intergovernmental Transfer (IGT) Funding for Calendar Year 2021.

Recommendation

Approve an amendment to agreement with San Mateo County Health System to provide additional funding related to IGTs for Calendar Year 2021.

Background and Discussion

Federal Medicaid law allows local public entities such as counties to transfer permissible public funds to the State Medicaid agency (the Department of Health Care Services) to be used as the nonfederal share of Medicaid expenditures, which are then eligible for federal matching funds. San Mateo County has used this mechanism to increase funding for San Mateo Medical Center (SMMC) and the San Mateo County Health System for many years. County funds transferred to the State have funded the nonfederal share of Medi-Cal managed care capitation payment increases paid by the State to HPSM. The federal Medicaid program matches these funds and the entire amount is paid to HPSM through increased Medi-Cal capitation. HPSM has then paid the entire amount to SMMC or the Health System.

Since 2005, when San Mateo County and HPSM began implementing IGTs, the Commission has approved agreements with San Mateo Medical Center (SMMC) or the Health System to allow increased reimbursement to the hospital and the Health System.

Starting in 2017, the supplemental IGT provides for additional funding related to the Medi-Cal Managed Care Rate Ranges. The available IGT amount is the difference between the Medi-Cal managed care plan's contracted capitation rates and the top of the plan's actuarially sound rate range, as determined by the Department of Health Care Services.

This agreement provides for the payment to the County Health System of the total amount of the increased capitation due to the rate range IGT. In return, the County Health System agrees to remain a participating provider in the Plan, maintain current emergency room licensure status, maintain current surgery suites, and maintain the provision of mental health and substance use services and community-based services.

Fiscal Impact

Since this is a pass through arrangement, there is no fiscal impact to HPSM. The term of the agreement is July 1, 2015 through December 31, 2024.

DRAFT

RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION

IN THE MATTER OF APPROVAL OF AMENDMENT TO AGREEMENT WITH SAN MATEO COUNTY HEALTH SYSTEM RELATED TO MEDI-CAL MANAGED CARE RATE RANGES FOR THE CY 2021 INTERGOVERNMENTAL TRANSFER FUNDING

RESOLUTION 2023 -

RECITAL: WHEREAS,

A. Since 2005, the San Mateo Health Commission has approved participation in Intergovernmental Transfer (IGT) Funding with the federal government of matching funds paid to HPSM in order to increase payment to the San Mateo Medical Center (SMMC) or the San Mateo County Health System;

B. This amendment related to the Base Rate IGT for CY 2021 will make provision for the payment to the County Health System of the total amount of the increased capitation due to the Medi-Cal Managed Care Rate Ranges IGT.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. Authorize the Chief Executive Officer to execute Amendment #10 to the agreement with San Mateo County Health System for additional funding related to the Medi-Cal Managed Care Rate Ranges IGT for Calendar Year 2021.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 10th day of May, 2023 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____
George Pon, Chairperson

ATTEST:

BY: _____
C. Burgess, Clerk

APPROVED AS TO FORM:

_____
Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

SAN MATEO HEALTH COMMISSION
Meeting Minutes
April 12, 2023 – 12:30 p.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

AGENDA ITEM: 4.3

DATE: May 10, 2023

Commissioners Present:	Jeanette Aviles	George Pon, R. Ph., Chair
	David J. Canepa	Kenneth Tai, M.D.
	Raymond Mueller	Ligia Andrade Zuniga
Commissioners Absent:	Michael Callagy, Si France, M.D., Bill Graham, Vice-Chair, Barbara Miao, Manny Santamaria	
Counsel:	Kristina Paszek	
Guest:	Wendy Todd	
Staff Present:	Corinne Burgess, Pat Curran, Trent Ehrgood, Chris Esguerra, M.D., Colleen Murphey, Courtney Sage, Amy Scribner.	

1. **Call to order/roll call**
   The meeting was called to order at 12:40 p.m. by Commissioner Pon, Chair. A quorum was present.

2. **Public Comment**
   No public comments made at this time.

3. **Approval of Agenda**
   Commissioner Canepa moved to approve the agenda as presented (Second: Aviles) **M/S/P.**

4. **Approval of Consent Agenda**
   Commissioner Canepa moved to approve the Consent Agenda as presented (Second: Aviles) **M/S/P.**

5. **Specific Discussion/Action Items**

5.1 Audited Financial Statements for the Twelve-Month Period Ending December 31, 2022

Mr. Curran introduced Trent Ehrgood, Chief Financial Officer, to review the audited financials and report as prepared by external auditors, Moss Adams. He noted that these communications and financial statements have been reviewed by the Finance Committee at its March 27, 2023 meeting and were recommended for approval.

Mr. Ehrgood reviewed the communications from Moss Adams which were included in the meeting materials, and his presentation which is attached to these minutes. He reported that Moss Adams had no adjustments to the financials however the accounting department has proposed some adjustments based on newer information. He explained there were several estimates within the financial statements, and staff have fine tuned those estimates.

Moss Adams submits two documents to the commission as a result of their audit: Communication to the Commissioners; and the financial statements with audit report and footnotes to the financial statements. Both of these documents have been submitted within the meeting materials to the commission prior to this meeting. The "Communication to the Commissioners" explains Moss Adams' responsibility as the auditors, HPSM as the company, and their scope of work as well as any findings. The financial statements include an audit report with their opinion and footnotes.

Moss Adams, after performing their audit, did issue an "unmodified opinion" meaning that the financial statements are fairly presented in accordance with generally accepted accounting principles and is the best opinion that can be received.

Mr. Ehrgood reported the actual results of the financials indicate a surplus of $115 million which is consistent with the reporting that has taken place throughout the year. He pointed out that the meeting packet includes the February 2023 meeting minutes which reflect the 4th quarter preliminary financial statements and now the final financial statements being presented include the adjustments made to fine tune the financials. The difference between the two statements in the net income/(loss) is an additional $75K surplus which represents these adjustments mentioned earlier. He added that about $19M of the $115M surplus is attributable to prior year adjustments. The main driver of these surpluses is the extension of the redetermination process for Medi-Cal over the past three years which resulted in retention of members who are low or no utilizers during that period. As redeterminations begin again and ramp up, we will see a drop off of the low utilizers.

Commissioner Aviles asked about the health care cost drop and how that relates to the redeterminations. Mr. Ehrgood stated that as healthcare revenue went up because of the growth in membership, and the cost per member went down. Mr. Curran added that approximately 19% of members had other health coverage and contributed to our lower healthcare costs. Discussion ensued on the effects of COVID to the membership during this period.

Commissioner Canepa moved to approve the audited Financial Statements for the Twelve-Month Period Ending December 31, 2022 (Second: Muller). **M/S/P.**

5.2 Approval of Updated Purchasing Policy

Mr. Ehrgood, Chief Financial Officer, explained the changes being proposed to the current Purchasing Policy which establishes the operational policy within the Finance Department. Specifically, this update will change the minimum contract dollar amount by which Commission approval is required in any 12 month period from $100,000 to $250,000. He noted that this change will not likely affect a large number of contracts that would require commission approval and would lighten the administrative load of smaller contracts. He further explained that if an expenditure is outlined in the annual budget, it would not need to be approved again by the commission which also reduces the number of contracts individually presented to the commission for approval throughout the year. Lastly, the one exception included in this change to the purchasing policy is the addition of an agreement with a vendor that facilitates claim recovery which is paid on a contingency basis.

Commissioner Canepa moved to approve the Updated HPSM Purchasing Policy effective July 1, 2023, as presented. (Second: Aviles) **M/S/P**

[Commissioner Mueller left the meeting at this time]

5.3 Update on Strategic Planning Process

Mr. Curran introduced Colleen Murphey, HPSM Chief Operating Officer, and Wendy Todd, consultant. They reviewed the presentation (attached) to update the commission on the strategic planning process staff has been working on over the past several months.

Ms. Murphey noted that the previous the five year strategic plan is wrapping up this year and the development of the upcoming five year plan development. She presented the questions to the commission as part of the development of this strategic plan related to our role as a health plan and will guide our planning going forward to understand what our members need to have their healthcare needs met. This includes what are the roles of HPSM in meeting those needs, what are the requirements for our partners that we need to support, and how are we meeting the HealthEquity needs of our members as we include this in our mission.

Ms. Murphey described some of the processes that will take place in developing this plan. Staff began data collection and will be working with that to bring more information to the commission in August as they refine their goals. This data will frame early priorities and goals for the commission to give feedback for next steps for anticipated review and approval in November. She noted the impacts of CalAIM and the unique changes within

at the state level that led to innovations in care and the challenges they present in our role as the health plan. Improved outcomes will be more of the focus. She noted the impact that the state's agreement with Kaiser will be a change in the healthcare environment with a competitive nature we have not encountered in the past. She also noted the change in the workforce with more remote and hybrid workers.

Ms. Todd touched on her work with the commissioners to gather information and what emerged related to Health Equity, the role of the health plan, and partnerships to cultivate or sustain. Through the strategic planning, we will get clarity around Health Equity and more consistency around guaranteed access, learning more why disparities exist and removing barriers to health care access. Themes that emerged through this process was improved outcomes, impact on health related to housing, health care access and housing as related to health equity. The commission has interest in all of these roles however, there was cautionary to ensuring that the role of health payer that there is sufficient resources to do the work we are mandated to do.

Ms. Todd reviewed what they have labeled as "SWOT" – Strengths, Weaknesses, Opportunities, and Threats. She reviewed the detailed list of each and the approach of information gathering across the staff, leadership, commissioners, partners and providers. Key points emerged were reviewed.

Commissioner Canepa asked how the Kaiser contract will impact HPSM. Mr. Curran commented that in May we will talk about opportunities and the PACE program. And talk about the Medicare plan and Medi-Cal and will touch on this more in May.

Ms. Murphey talked about next steps to taking a deeper look into the SWOT analysis and the timeframes leading to a presentation in August with what has been learned related to building and prioritizing organizational goals.

5.4 Presentation on Primary Care Investments

Mr. Curran introduced Dr. Chris Esguerra, Chief Medical Officer, and Dr. Miriam Sheinbein, Medical Director who gave a presentation on strategic investments outlined for 2023. Their presentation is attached to these minutes. Mr. Curran noted that this update is a continuation of discussions se are a continuation of the conversations which began last year around areas of investment in our primary care.

Dr. Esguerra explained that while we know where we are headed, there is still a lot to build out and the challenges we are facing. He touched on the competition in two major areas: Kaiser contract, and quality outcomes. He noted that confusion for our members in the

transition related to Kaiser such as with Long Term Care are already apparent. The goal is to minimize the impact on members. As well, HPSM needs to do more to continue to be known in the community and distinguish even our dental program. Speaking of quality outcomes, he noted that Kaiser scores well which then is direct competition for HPSM. We will be pushing to continue to do well on particular outcomes and improve in the area where improvement is needed.

Regarding the D-SNP (Duals Special Needs Plan) which is transitioning from the Cal MediConnect which has now ended. The state is still working towards all plans being D-SNP plans. HPSM has experience with the D-SNP which help in having a good transition, however, there was some confusion for our members with all of the competitive marketing materials they receive. In Cal MediConnect, HPSM did not market with mailings as other plans did. He touched on our marketing and brand refresh that staff is working on noting the local aspect of HPSM and the value that brings to our members.

Dr. Esguerra explained that our new contract with the state in 2024 and how we provide information to the state will affect regional rates. We work closely with our sister plans and have good partnership with many organizations locally. We continue to forge new partnerships and we will leverage this locally and at the state level around our results, outcomes and efforts including our work with health equity. Our three main areas are primary care, oral health and PACE in the future.

Dr. Sheinbein continued the presentation on the primary care investment strategy noting that improving primary care is the path to better health outcomes, lower care costs, and better care quality. Primary Care is in crisis, lacking the bandwidth and resources to meet the needs of our members. This stems from financial neglect, overloading of patients assigned to one practice, and along with COVID has led to staff burnout. This particularly affects low income, elderly, and minority populations. Staff have been working on developing a primary care investment strategy that addresses the primary care crisis and promotes advanced primary care.

At the end of 2022, beginning of 2023 staff began a discovery process interviewing practice organization, FQHC physicians, large systems, and private practices as well as subject matter experts across the nation to learn how best to invest in primary care. Through this process we learned where our members are being seen and how the burden sits on the primary care provider and their teams (medical assistants, pharmacists, behavioral health, etc.). In terms of challenges, recruitment and retention of a diverse workforce rose to the top. This also came up within specialty care, particularly in North County. There were many recurring themes, and opportunities on how to manage patients on a population level. The idea of partnering and workforce development with interoperability through

data sharing to help with population health management, care coordination, and working together and using social supports. There was support for the health plan's primary care learning collaboratives as a space of convening, learning and growth. The unique position of the health plan is the local aspect. Local planning and local relationships uniquely position us in terms of primary care investments and how to best invest our resources. Dr. Sheinbein added that this is not a one-size fits-all approach. This plan must include options for the different practices, large health systems and small practices which have different capacities and capabilities. Then, we must align what we do with principles of advanced primary care. She spoke about the beginning of discussions for the need to increase primary care rates throughout the state and nationally. As well, funding the infrastructure for the future of primary care. Dr. Sheinbein noted that they will be bringing more information to future meetings.

Dr. Esguerra reviewed the status of the integration of oral health. The next stage for dental is to improve the benefit now that we have been underway, seeing patients and paying claims. He talked about the growth in the number of providers since we began this process going from 40 to about 170 contracted dental providers. He reported that they will be rolling out better benefits soon. The emphasis is preventing, increasing access to primary dental care, and a special attention to kids and their oral health.

Dr. Esguerra talked about PACE and wanting to ensure it adds value to our members. Dr. Moore will attend our next commission meeting to present on PACE.

Commissioners Tai and Aviles applauded this work around primary care and shared their thoughts around the importance of this focus and direction. Commissioner Zuniga added that specialty care is an area where sometimes the patient loses faith with the referral process. She hopes there is some way of creating more understanding and learning about the patient before they get to the clinic.

5.5 Update on Modular RFP

Ms. Murphey talked about the technologies around interoperability and data, and foundational investments looking at the core business needs of HPSM. They are working to find one or more vendors that can work well together to provide one platform to serve our needs and save on costs. Staff is currently working on a modular request for proposal (RFP). We expect to have more information to share with the commission in Q3 and an implementation plan in 2024. We are looking for internal and external tools to support our STAR ratings and identify the care gaps. This would help us receive and retain accurate revenue. Externally, we are hoping to identify and close gaps in primary care. The initial RFP resulting in 23 vendor responses with very detailed technical and business information. Nine of these vendors are in the process of presenting their demos with our provider panel.

6. **Report from Chairman/Executive Committee**
   There were no comments or reports from the Executive Committee at this time.

7. **Report from Chief Executive Officer**
   Mr. Curran reported that our meetings over the next few months will be focused on some of the information presented today related to strategic investment planning and requests.

8. **Other Business**
   No other business was discussed at this time.

9. **Adjournment:** The meeting was adjourned at 2:02 p.m.

Submitted by:

C. Burgess

C. Burgess, Clerk of the Commission

Attachment 1 to minutes

2022 Financial Audit Results

Presentation to Commission

April 12, 2023

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2022 Financial Audit Summary

- Moss Adams performed interim audit procedures in October 2022, final field work in February 2023, and finalized adjustments and prepared financial statements and footnotes in early March 2023.
- No audit adjustments were made by the auditors, but HPSM accounting staff proposed some adjustments based on updated information, which were incorporated into the financials.
- Moss Adams presented the details of their process and their findings to Finance/Exec Committee on March 27th.
- Final approval by HPSM Commission today, April 12, 2023.
- Approved audited financials are due to DMHC by April 30, 2023.

Audit Deliverables

- Communication to the Commissioners
- Financial statements with audit report and footnotes to the financial statements

Report of Independent Auditors

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Unmodified Opinion

Financial statements are fairly presented in accordance with generally accepted accounting principles.

Statement of Revenue and Expenses
Final Audited

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	2022	2021
Capitation revenue	969,027,381	931,522,153
Healthcare cost	772,465,342	822,725,388
Administrative expenses	54,383,580	51,474,667
MCO Tax	38,472,420	34,808,380
Income/(loss) from operations	103,706,039	22,513,718
Non-operating revenue	11,418,377	4,595,101
Net income/(loss)	115,124,416	27,108,819

Balance Sheet – Final Audited

	2022	2021
Assets:		
Cash and Investments	590,619,358	437,059,016
Capitation and other receivables	210,190,031	246,459,618
Other current assets	11,478,611	8,340,702
Capital assets	60,977,607	62,881,892
Other LT assets and deferred outflows	10,496,136	9,044,009
Total assets and deferred outflows	883,761,743	763,785,237
Liabilities:		
Medical claims payable	100,748,474	101,141,724
Provider incentives payable	12,737,495	9,095,674
Amounts due to the State of California	174,363,272	153,300,138
Accounts payable and accrued liabilities	109,492,738	131,731,595
Net pension liability and deferred outflows	10,917,265	8,138,023
Total liabilities	408,259,244	403,407,154
Net Position (reserves)	475,502,499	360,378,083

Commission Action Item

- Questions?
- Action item to accept/approve audited financial statements.

Thank you

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Attachment 2 to minutes

HPSM Purchasing Policy

Proposed changes to HPSM's Commission

April 12, 2023

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HPSM's Purchasing Policy Update

- HPSM's purchasing policy has various levels of internal controls for approving administrative expenses, including authority limits for different levels of management.
- These approval limits for management are being adjusted to increase authority and accountability.
- At the same time, we are proposing changes to the criteria requiring Commission approval to increase efficiency and accountability.
- The Finance/Exec Committee reviewed this change in detail at their Feb 27th meeting and support these changes.

Proposed Changes

- Increase dollar limit requiring Commission approval from $100,000 to $250,000.
- Add new exception for claim recovery vendors paid on a commission basis.

Note: Budgeted software license renewals for existing applications are a current exception.

Local Health Plan Comparison

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What are other health plan limits?

15 out of 16 local health plans responded to survey.

Plan ID	Board limit
1	via Budget
2	via Budget
3	via Budget
4	via Budget
5	via Budget
6	via Budget
7	2,000,000
8	1,500,000
9	1,000,000
10	250,000
11	200,000
12	200,000
13	200,000
14	200,000
15	100,000

2022 HPSM Expense Resolutions

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At $250K, three expense resolutions would not have required Commission approval.

Count	Annual Dollar Amount	Note
1	~~91,600~~	$275K over three years
2	~~92,000~~	$276K over three years
3	95,000	Adding additional $95K
4	107,000	
5	126,000	
6	185,000	
7	275,000	
8	277,000	
9	300,000	
10	312,000	
11	324,000	
12	325,000	
13	350,000	
14	350,000	
15	485,000	
16	550,000	
17	1,000,000	
18	1,095,000	
19	1,700,000	
20	3,000,000	

Commission Action Item

- Questions?
- Action item to approve changes to HPSM's purchasing policy.

Attachment 3 to minutes

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Update on Strategic Planning Process

San Mateo Health Commission

4/12/2023

Key Questions to Answer with Strategic Planning Process

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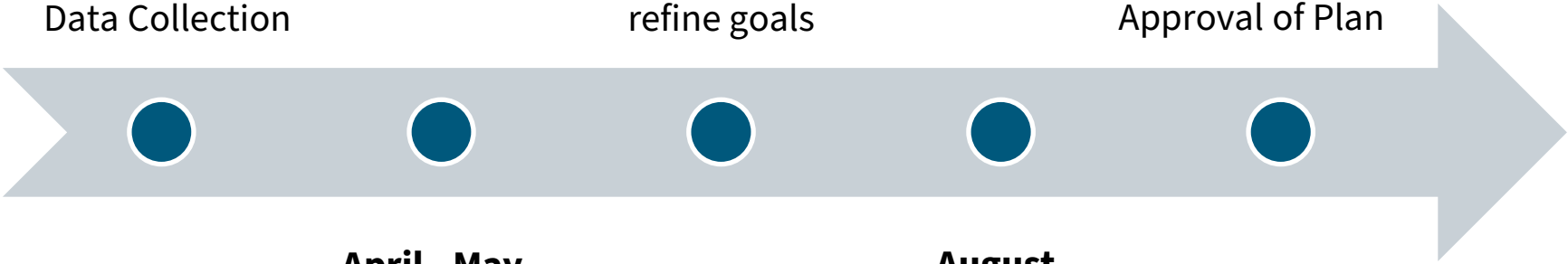
1. What do low-income San Mateo County **residents need to support their health and well-being** and what do residents want from their healthcare providers and insurance company?
2. What **role should HPSM play in the future**, given its commitment to health equity and addressing needs of low-income San Mateo County residents, and changes in the healthcare policy and fiscal environments?
3. What **partnerships are most important** for HPSM to cultivate and sustain to best fulfill its mission?
4. What might HPSM do differently to **achieve health equity** in partnership with key stakeholders?
5. What **internal shifts** may be needed to support HPSM's evolving role in the future?

Strategic Planning Timeline



February - March
Kickoff
Data Collection

April - May
Meetings to discuss data collection results

June - July
Draft and refine goals

August - September
Test draft goals with Commission and other stakeholders

November
Commission Approval of Plan

The Process: Gathering Data and Input

Environmental Scan

- Statewide care transformation
- Accountability for Health Outcomes and Health Equity
- Growing competitive pressure
- Lasting impacts of the COVID-19 Public Health Emergency
- Shifting focus on financial risk

Insights from Commissioner Interviews

- Health equity
  - Guaranteed access and meet people where the are at
- HPSM Roles
  - Data provider, provider influencer, partner convener, educator and advocate, resource connector
- HPSM Partnerships
  - Identify communities where inequities exist and then partner with organizations serving specific populations

SWOT Snapshot

Internal Strengths

1. **Medi-Cal members' immunization rates, perinatal/postpartum care, Diabetes mgmt., dental care**
2. Care Advantage member satisfaction
3. Solid track record serving Duals
4. **Employee satisfaction + competitive in workforce**
5. Provider and partner satisfaction
6. Good fiscal management + healthy reserves
7. Staff committed to members
8. Strong external reputation

Internal Weaknesses

1. Limited provider network is access to care barrier
2. Health disparities
3. Communication to providers
4. Communication across departments
5. Below national averages for health care quality
6. **Employee engagement disparities**

External Opportunities

1. **Provider workforce pipeline**
2. **Innovate**
3. **Invest/fund beyond benefits + expand programs**
4. **Partner with community-based organizations to address social determinants**
5. Use data to improve member health and advocate for policy change

External Threats

1. Limited provider network
2. HPSM talent recruitment and retention given competitive marketplace
3. **Competition with Kaiser for members**
4. **Constant regulatory changes strains bandwidth**
5. **Shifting community needs and community-based org. capacity**

Bold = new or different

Next Steps

- **Currently:** SWOT analysis and deep-dive discussions with:
  - Member-Centered Advisory Task Force
  - Leadership Team
  - HPSM employees via brown bag session
  - Provider and partner focus group

- **May**: Beginning draft goal development

- **June:** SMHC update and discussion

- **August:** SMHC in-person retreat to do a deeper dive on learnings, and build / prioritize organizational goals together

Appendix

Strategic Framework and Documents

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5-10 years

Mission, Vision and Values

These are durable statements that guide all other work.

3-5 years

Strategic Plan

*This document builds on the MVV and considers the major internal/external influences that shape our work. Our current plan has **three strategic priorities**: (1) Access to High-Quality Care and Services; (2) Strong Internal Operations; and (3) Financial Stability.*

What work will we do to execute our plan?

Annual

Company Initiatives – *This document uses the three strategic priorities to identify annual initiatives, monitored by the Leadership Team quarterly.*

Monthly

Organizational Priorities List – *Tracks major time-limited projects that are multi-departmental in nature and/or resource intensive. The Leadership Team reviews and updates this document monthly.*

How do we know it's working?

Annual

Company Metrics –*8-10 metrics we use to measure our progress on our Strategic Plan, aligned to the three strategic priorities*

Annual

Department Goals– *("Goal Boards") track initiatives and metrics for each department, aligned to the three strategic priorities*

Insights from Community Needs Assessments:

- **Mental/Behavioral Health** prioritized community need across all three hospitals
- **Access to health care, economic security and housing and homelessness** identified as priority (Dignity and Sutter)
- **Chronic diseases** high priority (Dignity and Children's) and moderate priority for Sutter
- **Diabetes and obesity** high priority for Children's and moderate priority for Sutter
- **COVID-19 and preventive care** prioritized by Dignity (only)

Attachment 4 to minutes

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Primary Care as a Common Good

Update: Primary Care Investment Strategy
April 12, 2023

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PERSON & FAMILY CENTERED

CONTINUOUS

COMPREHENSIVE & EQUITABLE

TEAM BASED & COLLABORATIVE

Shared Principles of Primary Care

COORDINATED & INTEGRATED

ACCESSIBLE

HIGH VALUE

Primary care is the only health care component where an increased supply is associated with better population health and more equitable outcomes (NASEM).

The Design Process

Our Progress to Date

- Discovery
  - Interviewed 10 practice organizations (SMMC, 2 other FQHCs, 2 large systems, 5 private practices), with input from 14 providers
  - Conducted 15 conversations (5 group discussions, 1 webinar, 9 individual interviews) with 17 subject matter experts
  - Synthesize insights
- Define
- Ideate
- Prototype
- Test

What we heard from our PCPs

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Who are our Primary Care Providers?

Our primary care providers are motivated by a shared mission to provide quality care to those who are most in need.

Among our providers are

- a mix of 1 public hospital/clinic system, 4 FQHCs, 50 small independent practices, and 5 large health systems
- a spectrum of team-based care from PCP-led practices to teamlets (PCP/MA) to interprofessional care teams
- with variation in standardized work and delegation of administrative tasks (shared care).

Opportunities for Growth (Barriers)

- Recruiting and retaining a diverse workforce
- Bandwidth, limited resources, and administrative burden
- Access to specialty care (esp for N County)
- Population Health Management and Performance

HPSM as a Resource

- Workforce Development
- Interoperability
- Learning Collaboratives
- Care coordination
- Social Supports

What we learned from our SMEs

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Primary Care Investment

- Not One Size Fits All
  - We must vary our approach and our investments for different practices and needs
  - We must mobilize and engage our network to direct our investments
- Promote and Align with principles of Advanced Primary Care
  - Use these principles to monitor the value of our investment (rather than performance metrics)
  - Refine objectives and desired outcomes to distinguish expectations for all practices versus expectations to advance primary care (higher tier practices)
  - Support: financial, operational, workforce development
- Increase primary care spend
  - Measure, target, increase proportion over time
  - Pay for what's important to our primary care community.
  - Fund infrastructure, not just for outcomes
  - Ensure increased spend goes to primary care, not disseminated throughout system.
  - Fund adequately.
- Align with other payers
  - Small share of business requires multi-payer alignment to promote buy-in
  - Invest together

Areas of Friction

- That whatever we do is significant/salient enough to effect change in PC
  - Goal is transformation, not improvement at the margins
  - Engaging/mobilizing our network (big and small) towards Advanced PC
  - Limited PCP interest in assuming risk, which is a powerful tool for change
  - Ensuring investments are actually incentives for change and money flows directly to PC
  - PPS rates' effects on investments/incentives
- Different needs/capabilities among large systems and small independent practices*
- PC Bandwidth and Competing Priorities:
  - staffing/burnout makes it difficult to focus on quality metrics/PHM
  - access to specialty care affects PCP workload (chicken or the egg?)
  - reduced administrative burden for PCPs in conflict with HPSM process/outcome priorities
- Stakeholder Representation:
  - misalignment between clinical, operational and finance
- Balancing flexibility and prescriptiveness of investments
- Other:
  - Helping to grow a diverse workforce*
  - Limited knowledge about CalAIM
  - Incentivizing member engagement/behavior change

*Also areas of alignment

What does success look like?

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Primary care is

- Person & family centered; continuous; comprehensive & equitable; team-based & collaborative; coordinated & integrated; accessible; and high value.

Primary care providers/teams are

- Working at top of license; interprofessional; paid on par with specialists;
- Easy to recruit and retain; engaged; happy; not burnt out; proud to be serving HPSM members
- Have the resources they need to provide advanced primary care and can focus on patient care rather than administrative tasks.

Our members are

- Satisfied, engaged in their care, and healthy.

Data is

- Clean, easy to access, and at everyone's fingertips

HPSM

- Has direct and ongoing communication with at least one clinical AND operational partner at each primary care organization
- Measures primary care spend, increasing the proportion each year; PC spend is now ≥12.% of total spend.

HPSM is

- A 5-star plan, driven by member and provider satisfaction and outcomes on CAHPS and HEDIS.
- Seen as an expert in primary care investment.
- A collaborator and a convener.
- Internally resourced to continue scaling investment efforts and data integration.

We can’t solve problems by using the same kind of thinking we used when we created them.

Albert Einstein

San Mateo Primary Care Interviews

- Dignity Health
  - Marie President
- Family Care Associates
  - Aaron Roland
- Live Well Pediatrics
  - Maria Luisa Osmeña
- North East Medical Services
  - Kenneth Tai, Helen Wong
- Other
  - Angelo Arcilla
  - Lornalyn Carrillo
- Pacific Family Medicine
  - Thanh Huynh
- Planned Parenthood Mar Monte
  - Margaux Lazarin, Cassie Friedrich
- Ravenswood Family Health Network
  - Jaime Chavarria
- San Bruno Pediatrics
  - Maria Abunto
- San Mateo Medical Center
  - Jeanette Aviles, Mithu Tharayil

Expert Interviews

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- Elena Alcala
  - Deputy Directory, Community Health Partnership
- Anna Lee Amarnath
  - Align Measure Perform General Manager, Integrated Health Association
- Palav Babaria
  - Chief Quality Officer and Deputy Director of Quality and PHM, DHCS
- Thomas (Tom) Bodenheimer
  - Founding Director, Center for Excellence in Primary Care, UCSF
- Jason Cunningham
  - CEO, West County Health Centers
- Crystal Eubanks
  - Vice President, Care Transformation, Purchaser Business Group on Health
- Kevin Grumbach
  - Founding Director, Center for Excellence in Primary Care, UCSF
- Chris Koller
  - President, Milbank Memorial Fund
- Lance Lang
  - Physician Leader, Health Policy Consultant
- Melissa Marshall
  - CEO, CommuniCare Health Centers
- Katrina Miller Parrish
  - Chief Quality and Information Executive, LA Care
- Robert (Bob) Moore
  - CMO, Partnership Health Plan
- Lindsay Petersen
  - Senior Manager, Care Transformation, Purchaser Business Group on Health
- Kathryn Phillips
  - Associate Director, Improving Access, CHCF
- Diane Rittenhouse
  - Senior Fellow, Mathematica
- Michael (Mike) Witte
  - CMO, California Primary Care Association
- Dolores Yanagihara
  - Vice President, Strategic Initiatives, Integrated Health Association

Agenda Item: 5.1
Date: May 10, 2023

CareAdvantage
by Health Plan of San Mateo

San Mateo Health Commission

May 2023

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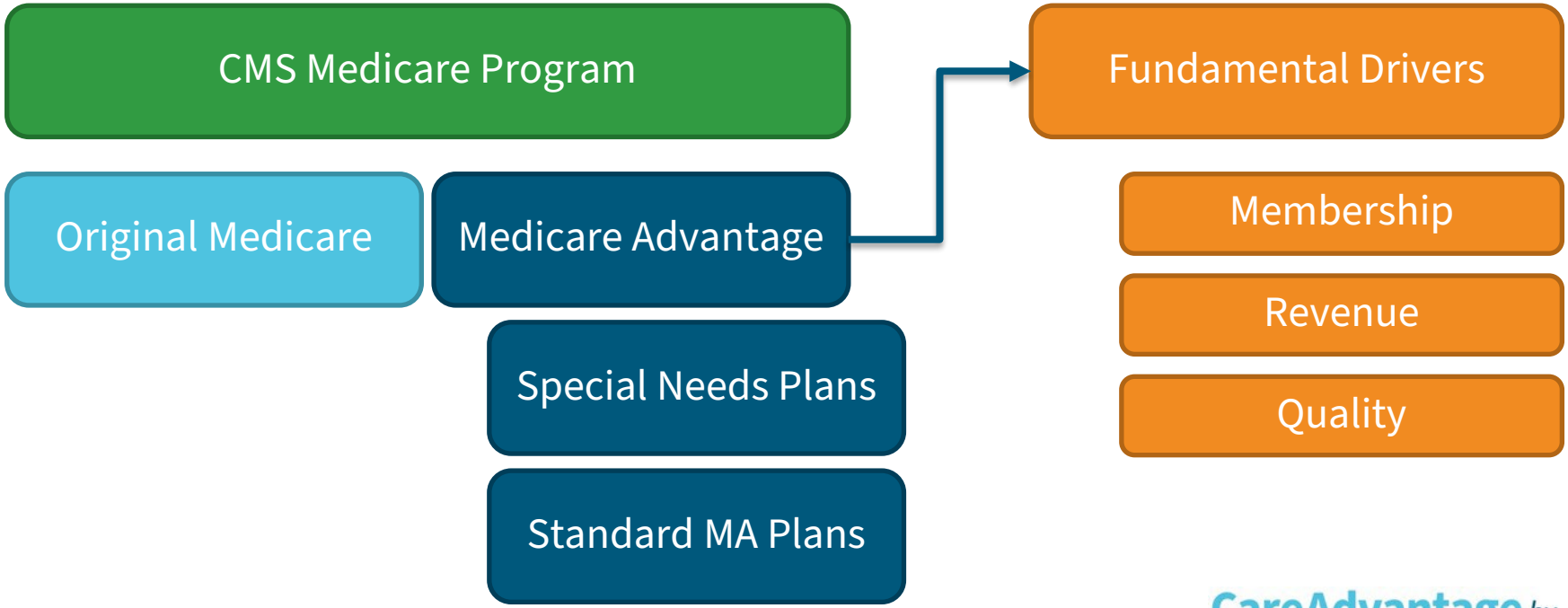
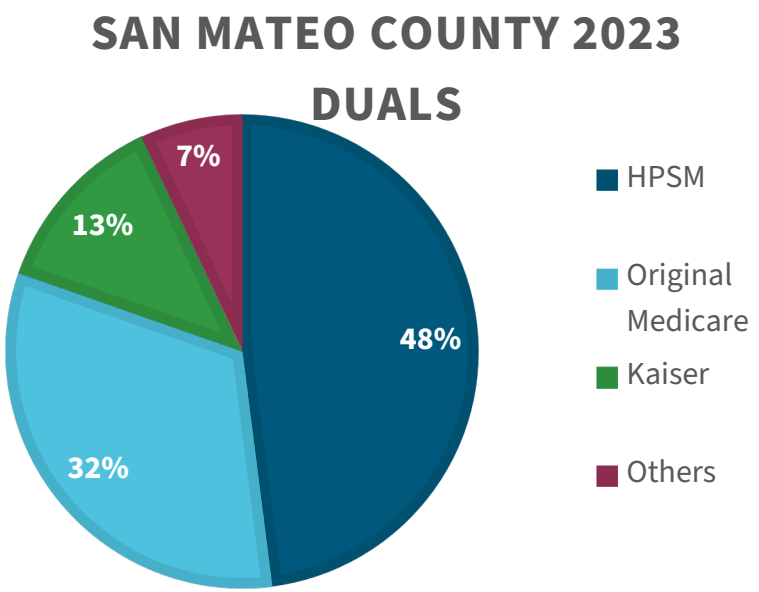
Our Agenda


3. Scaling CareAdvantage
(Regional D-SNP)
2. Current State
1. CareAdvantage and Medicare

Medicare Primer



Focusing on Dually Eligible Members



San Mateo County "Duals" ~16,000

~5900 remain with Original Medicare

~2300 went with Kaiser

~8800 with CareAdvantage

HPSM's CareAdvantage Program is larger than 62% of D-SNPs nationally

We are Now a D-SNP

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2006 - 2016
- HPSM operated a D-SNP

2014 - 2022
- CMS Financial Alignment Initiative – Cal MediConnect
- Pilot ended 12/31/2022

2023
- Transition to D-SNP (H6019)

We continue to advocate for our CareAdvantage and other dually eligible members

Despite the push of aligned enrollment, we are competing with other plans

CareAdvantage by HealthPlan OF SAN MATEO

We are New Again (Somewhat)

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New (or New-ish)

- Contract ID H6019
- Stars Rating
- CMS Bid Process
- Supplemental Benefits
- Marketing and Sales

What we already do

- Operations (Claims, UM, Model of Care, Compliance, Appeals/Grievances, Member Services, Network, Pharmacy, Encounters/Revenue Capture)
- Partnerships

CareAdvantage by HealthPlan OF SAN MATEO

Our Strengths

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Foundations

Partnerships

We are Local

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Our Opportunities

Outcomes

Community Presence

Member Growth

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Scaling Local – Regional D-SNP Model

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Challenge

Other local plans must have a D-SNP by 2026

Establishing a D-SNP is costly and breakeven may be by year 3 or 4

Opportunity

HPSM already has a D-SNP

Innovative way for local plans to work together to scale local

Care Advantage Structure

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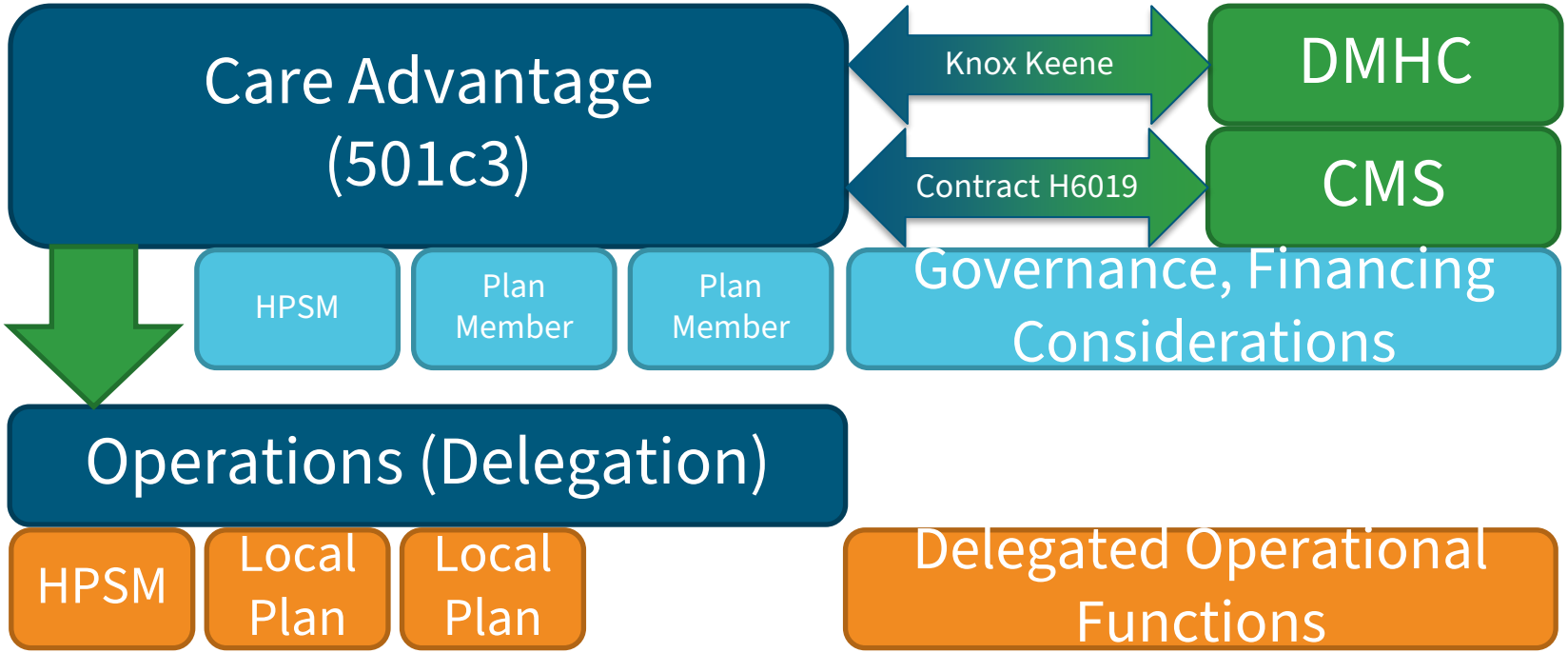
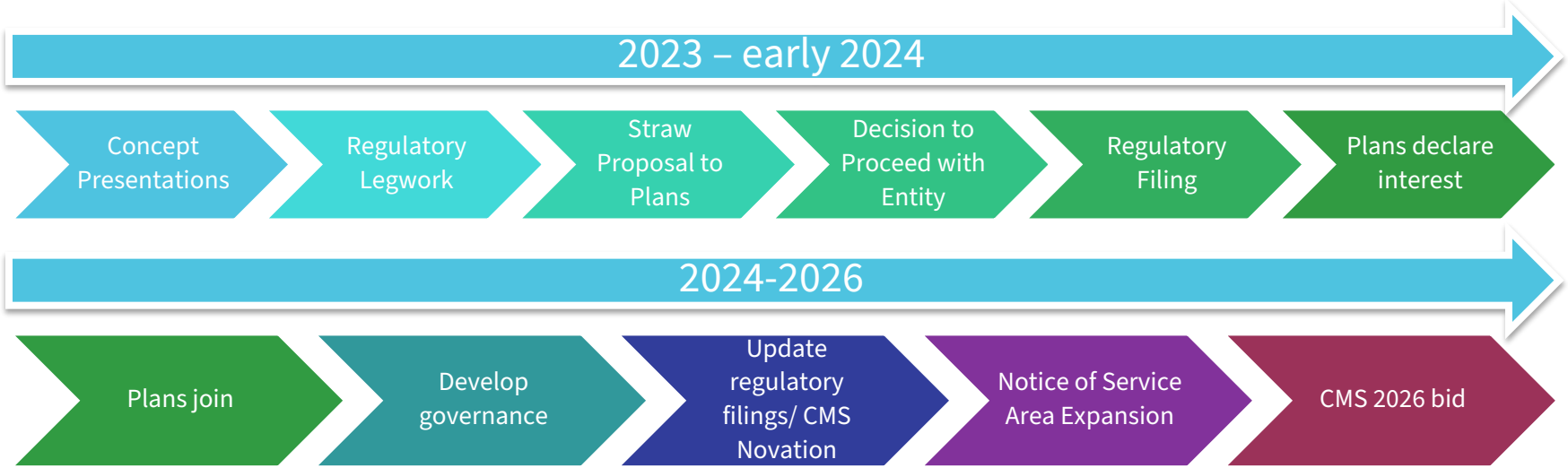
Regional Strategy, Locally Integrated



Regional D-SNP Model - Timeline



What is Next? (Timeline in more detail)

- Exploration of local plan interest and identification of regulatory barriers, if any: March 2023
- HPSM Commission approval to create subsidiary (based on results of initial exploration): August 2023
- Creation of LLC: September-October 2023
- Initiate filing Knox Keene License for new entity: November 2023
- Deadline for local plans to join: April 2024
- CMS and DMHC Service Area Expansion applications: November 2024
- CMS bid submission for newly expanded service area: June 2025
- DHCS demonstration of EAE: ?
- Go-live date for expanded service area: January 2026

Thank you

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AGENDA ITEM: 5.2

DATE: May 10, 2023

Meeting materials are not included

for Item – 5.2 PACE Update

Agenda Item: 5.3
Date: May 10, 2023

Mitigating Risks & Compliance Issues

Ian Johansson, Chief Compliance Officer

May 10, 2023

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Background

- Status & Activities
  - Report provides a summary of HPSM's Compliance efforts
  - Enables you to:
    - To be knowledgeable about the Compliance Program
    - To exercise reasonable oversight

Our Goal

- To establish a culture of compliance at HPSM that helps the organization and its employees “do the right thing”
- Achieved through:
  - Maintaining and implementing a Compliance Program
  - Educating our employees
  - Identifying and resolving compliance risks
  - Providing opportunities to engage our staff and stakeholders

Agenda

- Review Risk Assessment Process
- Review Compliance Issue Process
- How and when do risks/issues come to the Commission?

What is risk assessment?

- A process to identify compliance risks and the potential impact those risks have on HPSM
- HPSM maintains a tool to aggregate compliance risks identified from:
  - Internal audits and monitoring
  - External audits
  - Regulatory agency areas of concern
  - Stakeholder input

What is it used for?

- Provides an opportunity to assess compliance risks across HPSM, and
  - Provide updates to the Compliance Committee on the scope of each risk
  - Determine if adequate resources are allocated to each risk
  - Identify additional risks, actions, or other information critical to risk mitigation

Risk Mitigation

- Effort(s) to resolve a compliance risk
- Can be broad efforts, or targeted
- Broad effort example:
  - Risk:
    - Readiness for a CMS Compliance Program Effectiveness (CPE) Audit
  - Mitigation:
    - Survey stakeholders for concerns and risk areas
    - Solicit consulting support to support business owners in resolving identified concerns

Risk Mitigation

- Targeted risk example:
  - Risk:
    - Timeliness for Organization Determinations (prior authorization) is below threshold
  - Mitigation:
    - Compliance issue investigation opened
    - Business owner contacted; root cause identified; resolution tracked and documented
    - Issue monitored to ensure compliance is maintained

Commission Disclosure

- HPSM maintains a policy on disclosure of compliance issues
- All compliance issues are disclosed to the:
  - The Chief Compliance Officer, and
  - The Compliance Committee
- The CEO, CCO, and the Compliance Committee can recommend a case be disclosed to the Commission
- Examples include:
  - Confirmed cases of fraud, waste, and abuse;
  - Confirmed privacy breaches;
  - Other compliance issues with regulatory action / penalty

Commission Disclosure

- Where disclosure is made:
  - External audit risks / issues are reported to at regular Commission meetings
  - Issues involving FWA, privacy, or regulatory action are disclosed at the Finance/Executive Committee
- Disclosure is made as soon as possible, given the status of the given investigation

2023 Update Schedule

- August
  - 2022 Compliance Program Survey results
  - External audit activity update
  - NCQA Resurvey results
- November
  - 2024 Contract
  - 2024 Outlook

Questions?

- Contact me @
  - ian.johansson@hpsm.org
- Hotline available 24/7
  - 844-965-1241

Thank You

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AGENDA ITEM: 5.4

DATE: May 10, 2023

Meeting materials are not included

for Item 5.4 – HPSM Investment Framework

MEMORANDUM

AGENDA ITEM: 7.0

DATE: May 10, 2023

DATE: May 2, 2023

TO: San Mateo Health Commission

FROM: Patrick Curran

RE: CEO Report – May 2023

State Budget and Legislative Process

The California legislature is now conducting hearings on bills for inclusion in the final June budget. The next major announcement is the revision based on updated state economic conditions, known as the "May Revise." As mentioned in last month's memo, we are following two bills in particular. *Here is an update to the two bills we are tracking:*

- **SB311** – This bill was introduced by Senator Eggman and would require the State Department of Healthcare Services (DHCS) to enter into an agreement with the Center for Medicare and Medicaid Services (CMS) to pay the Part A Medicare premium for qualified beneficiaries. HPSM is supporting this bill because it would expand Medicare coverage for those individuals who qualify but who cannot afford or cannot navigate the system to qualify for full Medicare benefits in addition to their Medi-Cal benefits*. Update: This bill continues to be discussed in hearings and we are optimistic about passage.*
- **AB1230** – This bill was introduced by Assemblymember Valencia and would require that DHCS contract with Medicare special needs plans which are designated as Fully Integrated Dual Eligible Special Needs Plans (so-called FIDE SNPs) and Highly Integrated Dual Eligible Special Needs Plans (so-called HIDE SNPs). HPSM is opposing this bill. Similar to the state's direct contract with Kaiser, this bill would further undermine the County Organized Health System (COHS) model by allowing any Medicare plan to offer a FIDE or HIDE SNP and require the state to contract with that plan for Medi-Cal services, which means that the members would no longer have Medi-Cal coverage through HPSM. *Update: This bill was pulled and classified as a two-year bill, which means that it may be reintroduced next year.*

Managed Care Organization (MCO) Tax

As I reported last month, the state of California has historically received federal approval to place a "tax" on managed care organizations. This mechanism of taxing all health plans helps fund the Medi-Cal program through a complex financing formula. The state discontinued this tax in 2022 but is now proposing to re-establish the tax.

We continue to follow the efforts through the budgeting process to re-establish the MCO tax, as well as efforts to place an initiative on the November 2024 ballot to fund a permanent MCO tax.

Healthworx Program Evaluation

As mentioned in the February 2023 CEO Report, HPSM operates the Healthworx program, which is licensed by the Department of Managed Health Care (DMHC) as a commercial health plan and serves approximately 1,200 members, most of whom are enrolled through San Mateo County's agreement with In-Home Supportive Services (IHSS) workers, as well as a small number of retirees from the City of San Mateo.

We have faced increasing regulatory oversight from the DMHC due to the plan's status as a commercial health plan, as well as experiencing financial losses. We anticipate increasing our premium significantly (20-30%) for 2024, to better staff the additional work and correct the financial losses, and we will provide an update to the Health Commission at either the June or July meeting.