Health Plan of San Mateo
Healthy is for everyone

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THE SAN MATEO HEALTH COMMISSION
Regular Meeting
March 12, 2025 - 12:30 p.m.
Health Plan of San Mateo
801 Gateway Blvd., Boardroom
South San Francisco, CA 94080

This meeting of the San Mateo Health Commission will be held in the Boardroom at 801 Gateway Blvd., South San Francisco. Members of the public wishing to view this meeting remotely may access the meeting via YouTube Live Stream using this link: https://youtube.com/live/TjBVyrW-bU0?feature=share Please note that while there will be an opportunity to provide public comment in person, there is no means for doing so via the Live Stream link.

AGENDA

1. **Call to Order/Roll Call**
2. **Public Comment/Communication**
3. **Approval of Agenda***
4. **Consent Agenda***
   - 4.1 Finance/Compliance Report – February 24, 2025
   - 4.2 Waive Request for Proposal process and Approve Amendment to the Agreement with Toney Healthcare Consulting
   - 4.3 Approval of San Mateo Health Commission Meeting Minutes from February 12, 2025
5. **Specific Discussion/Action Items**
   - 5.1 Approval of Capacity Funding Grants from Primary Care Investment Fund*
   - 5.2 Preliminary Retreat Discussion
6. **Report from Chief Executive Officer**
7. **Other Business**
8. **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.

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AGENDA ITEM: 4.1

DATE: March 12, 2025

M E M O R A N D U M

Date: March 1, 2025
To: San Mateo Health Commission
From: Trent Ehrgood, Chief Financial Officer

Subject: **Financial report for the twelve-month period ending December 31, 2024**

Preliminary 2024 Financial Results All Lines of Business

Q4 2024 preliminary financial results for all lines of business is a deficit of $7.4M, with a YTD total surplus of $58.1M, compared to the annual budget surplus of $30.2M.

These financial statements are preliminary pre-audit and include some year-end adjustments that were recorded in Q4, including updated Medi-Cal rates. Additional adjustments will be made as part of the final audited financials.

DHCS CalAIM revenue and expenses were recorded in Q4, with a net positive of $6M added to the bottom line for the year. Although this temporarily adds to reserve levels, most of the surplus dollars from these programs will be utilized in subsequent years.

Attached is presentation material from our Finance/Compliance meeting on February 24th. Detailed Statements of Revenue and Expense on a consolidated basis, as well as for each line of business, are provided after the presentation slides.

Financial Update

Q4 2024 preliminary pre-audit
Presentation to Finance/Compliance Committee

February 24, 2025

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2024 Budget by Quarter

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	Q1	Q2	Q3	Q4	Total
Capitation revenue	278,251,545	270,376,856	267,479,774	267,479,774	**1,083,587,950**
Healthcare cost	244,457,413	236,785,413	234,094,216	234,033,056	**949,370,098**
Administrative expenses	20,450,626	18,544,037	19,096,791	18,795,995	**76,887,449**
MCO Tax	13,688,653	13,108,437	12,895,507	12,895,507	**52,588,105**
Income/(loss) from operations	(345,148)	1,938,970	1,393,260	1,755,217	**4,742,299**
Non-operating revenue	6,363,016	6,371,475	6,371,475	6,371,475	**25,477,441**
Net income/(loss)	6,017,868	8,310,445	7,764,735	8,126,691	**30,219,739**

Q4 2024 Preliminary Financial Results

	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)	YTD Total	YTD Budget	Budget Variance
Operating Revenue:							
Capitation	375,040,869	293,423,415	329,754,669	294,152,323	1,292,371,276	1,083,587,950	208,783,326
UIS Risk Corridor				(46,300,000)	(46,300,000)	-	(46,300,000)
DHCS Incentives				11,432,374	11,432,374	-	11,432,374
Total Operating Revenue	375,040,869	293,423,415	329,754,669	259,284,697	1,257,503,650	1,083,587,950	173,915,700
Healthcare cost	329,717,779	251,707,268	274,271,117	235,998,664	1,091,694,828	949,370,098	(142,324,730)
Administrative expenses	18,967,270	17,184,266	17,785,367	15,918,201	69,855,104	76,887,449	7,032,345
MCO Tax	15,238,091	10,827,926	27,992,478	24,667,666	78,726,161	52,588,105	(26,138,056)
Income/(loss) from operations	11,117,729	13,703,955	9,705,707	(17,299,834)	17,227,557	4,742,298	12,485,259
Non-operating revenue	9,649,216	10,635,452	10,717,259	9,918,719	40,920,646	25,477,441	15,443,205
Net income/(loss)	20,766,945	24,339,407	20,422,966	(7,381,115)	58,148,203	30,219,739	27,928,464

YTD December 2024 – PY/CY

	YTD by PY/CY			Current Year YTD		
	Prior Year	Current Year	Total	Current Year	Budget	CY Variance
Operating Revenue:						
Capitation	155,500,664	1,136,870,612	1,292,371,276	1,136,870,612	1,083,587,950	53,282,662
UIS Risk Corridor		(46,300,000)	(46,300,000)	(46,300,000)	-	(46,300,000)
DHCS Incentive		11,432,374	11,432,374	11,432,374	-	11,432,374
Total Operating Revenue	155,500,664	1,102,002,986	1,257,503,650	1,102,002,986	1,083,587,950	18,415,036
Healthcare cost	146,666,523	945,028,305	1,091,694,828	945,028,305	949,370,098	4,341,793
Administrative expenses	-	69,855,104	69,855,104	69,855,104	76,887,449	7,032,345
MCO Tax	(228,035)	78,954,196	78,726,161	78,954,196	52,588,105	(26,366,091)
Income/(loss) from operations	9,062,176	8,165,381	17,227,557	8,165,381	4,742,298	3,423,083
Non-operating revenue	6,352	40,914,294	40,920,646	40,914,294	25,477,441	15,436,853
Net income/(loss)	9,068,528	49,079,675	58,148,203	49,079,675	30,219,739	18,859,936

Summary of Prior-Year Adjustments

		YTD Sep '24	YTD Dec '24	
M-Cal COA mix/directed pmt.	Rev/HC Cost	(12,656,000)	(5,648,000)	+
M-Care risk adj and Pt-D adj.	Rev	5,480,000	6,121,000	+
M-Cal supplemental rev.	Rev	1,938,000	1,988,000	
Non-Op revenue (rent)	Rev	6,000	6,000	
PY IBNR adj.	HC Cost	5,416,000	5,650,000	
PY Kaiser cap recon	HC Cost	(104,000)	857,000	+
Misc. other (reinsurance)	HC Cost	2,480,000	1,276,000	-
Provider incentive adj	HC Cost	963,000	(1,410,000)	-
MCO tax	Tax	228,000	228,000	
		3,751,000	9,068,000	

Average Membership

Variance to Budget

LOB	Avg. Actual	Avg. Budget	Variance	% Var
Medi-Cal	75,480	73,443	2,037	2.8%
Medi-Cal Expansion	53,514	49,877	3,637	7.3%
Whole Child Model	1,143	1,142	1	0.1%
Medi-Cal Full Duals	7,628	6,967	660	9.5%
Sub-total Medi-Cal	137,764	131,430	6,335	4.8%
Medicare D-SNP	8,296	8,367	(71)	-0.9%
HealthWorx	1,256	1,215	41	3.4%
Total at Risk	147,316	141,012	6,304	4.5%
+ ACE	1,399	2,101	(703)	-33.4%
Grand Total	148,715	143,113	5,602	3.9%

Budget Variance by Major Drivers

favorable/(unfavorable)

		YTD Dec		Revenue	Expense
1	Prior year adjustments not in the budget	9,068,523			
	Current year variances:				
2	Membership higher than budget	5,807,792	<<	32,693,142	(26,885,349)
3.a	Revenue: Yield PMPM variance to budget	2,402,727			
3.b	Revenue: UIS Risk Corridor	(46,300,000)			
4	Revenue: Maternity supplemental payment	3,718,763			
5	Healthcare cost: CY PMPM variance to budget	27,744,655			
6	Healthcare cost: directed payments	(403,698)			
7	ECM (rev-exp variance)	1,679,659	<<	(7,650,733)	9,330,392
8	DHCS Incentive Program (rev-exp)	5,988,166	<<	11,432,374	(5,444,208)
9	Administrative cost variance to budget	7,032,345			
10	MCO Tax variance (rev-exp variance)	(4,247,327)	<<	22,118,764	(26,366,091)
11	Non-op revenue (*CY portion) variance to budget*	15,436,857			
	Total current year	18,859,939			
	Total consolidated budget variance	**27,928,462**			

Healthcare Cost

Detail by Category of Service

		YTD Actual					
		Total	Prior Year	Current Year	YTD Budget	Variance	% Var.
1	Provider Capitation	25,940,033	(857,442)	26,797,475	25,390,298	(1,407,177)	-5.5%
2	Hospital Inpatient	190,111,575	(2,491,148)	192,602,723	216,487,987	23,885,264	11.0%
3	LTC/SNF	160,826,766	(2,104,017)	162,930,783	174,399,371	11,468,588	6.6%
4	Pharmacy	66,845,315	356,074	66,489,241	64,012,524	(2,476,717)	-3.9%
5	Physician FFS	100,146,964	(669,893)	100,816,857	97,168,261	(3,648,595)	-3.8%
6	Hospital Outpatient	113,408,819	(820,306)	114,229,124	107,302,733	(6,926,391)	-6.5%
7	Other Medical Claims	109,269,035	(557,613)	109,826,648	104,938,863	(4,887,785)	-4.7%
8	Other HC Services	7,283,288	449,113	6,834,175	6,402,913	(431,261)	-6.7%
9	Directed Payments	198,445,092	153,039,830	45,405,262	45,001,564	(403,698)	-0.9%
10	Long Term Support Services	1,803,813	(11,317)	1,815,130	1,544,433	(270,696)	-17.5%
11	CPO/In-lieu of Services	12,046,857	549,917	11,496,939	9,081,333	(2,415,607)	-26.6%
12	Dental	40,056,915	97,927	39,958,987	25,447,587	(14,511,401)	-57.0%
13	ECM	3,118,437	200,994	2,917,443	12,247,836	9,330,392	76.2%
14	Provider Incentives	22,250,532	1,409,865	15,396,459	17,914,000	2,517,541	14.1%
15	Provider Incentives (DHCS/CalAIM)			5,444,208	-	(5,444,208)	n/a
16	Supplemental Benefits (D-SNP)	2,572,108	-	2,572,108	2,998,109	426,002	14.2%
17	Transportation	17,236,634	(403)	17,237,037	14,537,972	(2,699,065)	-18.6%
18	Indirect Health Care Benefits	(3,071,075)	(1,922,322)	(1,148,753)	1,620,364	2,769,117	170.9%
19	UMQA	23,403,723	(2,736)	23,406,459	22,873,949	(532,511)	-2.3%
	Total Healthcare Cost	1,091,694,828	146,666,523	945,028,305	949,370,098	4,341,792	0.5%

DHCS Incentive Programs

	Program	Start	End	A HPSM Max Potential	B Earned Incentive Revenue	C Incurred Program Expense *	D [B - C] Net Revenue less Expense	E HPSM Admin Expense	F [D - E] Balance Including HPSM Admin
1	Behavior Health Integration Prog. (BHIIP)	Jan-21	Dec-22	$ 1,880,227	$ 1,089,169	$ 889,169	$ 200,000	200,000	$ -
2	Vaccine Incentive Program	Sep-21	Dec-22	$ 2,713,266	$ 1,834,692	$ 1,096,690	$ 738,002	335,000	$ 403,002
3	Student Behavior Health Incentive Prog. (SBHIP)	Jan-22	Dec-24	$ 4,406,197	$ 3,639,650	$ 3,304,650	$ 335,000	335,000	$ -
4	CalAIM Incentive Program (IPP)	Jan-22	Dec-24	$ 17,279,780	$ 14,016,583	$ 7,214,686	$ 6,801,897	89,287	$ 6,712,610
5	Housing and Homeless Incentieve Progg (HHIP)	Jan-22	Dec-23	$ 14,981,079	$ 11,741,264	$ 2,643,000	$ 9,098,264	775,000	$ 8,323,264
	Total			$ 41,260,549	$ 32,321,358	$ 15,148,195	$ 17,173,163	$ 1,734,287	$ 15,438,876

CalAIM Programs

** Program Expense includes paid and committed dollars to providers and community organizations.*

DHCS Incentive Programs

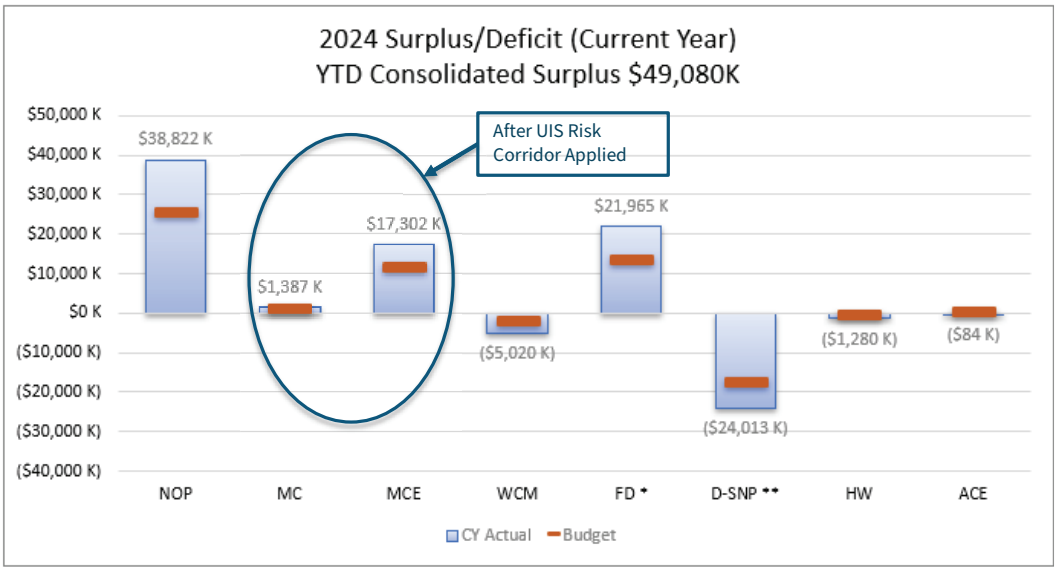
Program Revenue/Expense by Year

	Program	Net Revenue/Expense (excl. HPSM Admin) Booked in 2022	Booked in 2023	Booked in 2024	Cumulative
1	Behavior Health Integration Prog. (BHIIP)	$ 200,000	$ -	$ -	$ 200,000
2	Vaccine Incentive Program	$ 738,002	$ -	$ -	$ 738,002
3	Student Behavior Health Incentive Prog. (SBHIP)	$ -	$ 335,000	$ -	$ 335,000
4	CalAIM Incentive Program (IPP)	$ -	$ 6,452,090	$ 349,807	$ 6,801,897
5	Housing and Homeless Incentieve Progg (HHIP)	$ -	$ 3,459,905	$ 5,638,359	$ 9,098,264
	Total	$ 938,002	$ 10,246,995	$ 5,988,166	$ 17,173,163

CalAIM Programs

	CY 2022	CY 2023	CY 2024	Cumulitive
Revenue	2,532,934	18,356,050	11,432,374	32,321,358
Expense	1,594,932	8,109,055	5,444,208	15,148,195
Net	938,002	10,246,995	5,988,166	17,173,163

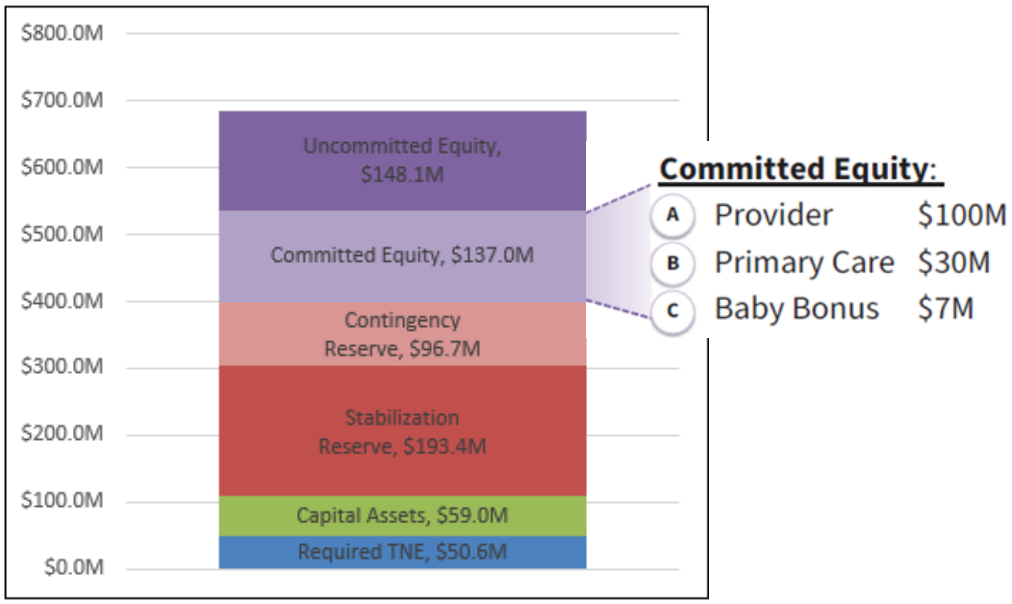
CY YTD Surplus/Deficit by LOB



* FD includes M-Cal portion of D-SNP
** D-SNP includes Medicare portion only

Tangible Net Equity (TNE)

Draft at 12/31/2024 = $684.8M
Uncommitted portion = $148.1M



Q4 2024 Summary

- DHCS backed away from 2024 rate decreases published in September by adjusting rates back up slightly in December, retro to January. This resulted in a revenue pick-up in Q4.
- Healthcare cost is lower in Q4, mostly from continued lower utilization from UIS population.
- The UIS Risk Corridor was recorded in Q4, thus lowering Medi-Cal revenue for 2024 by $46.3M.
- DHCS CalAIM incentive revenue and expense were recorded in Q4, which added around $6.0M to the bottom line. Cumulatively, these programs have added $15.4M to reserves over the past three years (2022-2024). Although these are not officially committed reserves, much of these dollars will be used in subsequent years for continued support of the intended programs.

Questions?

Health Plan of San Mateo
Consolidated Balance Sheet
December 31, 2024 and November 30, 2024

	Current Month	Prior Month	PY 12/31
ASSETS			
Current Assets			
Cash and Equivalents	$ 680,831,174	$ 665,663,911	$ 552,675,606
Investments	188,123,682	188,123,682	185,724,686
Capitation Receivable from the State	100,162,863	120,235,895	185,457,468
Capitation Receivable from CMS	57,941,579	57,589,191	75,192,823
Other Receivables	21,047,898	16,092,135	17,269,702
Prepaids and Other Assets	11,990,113	10,667,629	9,914,698
Total Current Assets	1,060,097,310	1,058,372,444	1,026,234,983
Capital Assets, Net	58,729,818	58,778,365	59,364,273
Assets Restricted As To Use	300,000	300,000	300,000
Other Assets & Outflows	17,803,535	11,025,448	11,025,448
Total Assets & Deferred Outflows	$ 1,136,930,664	$ 1,128,476,256	$ 1,096,924,703
LIABILITIES			
Current Liabilities			
Medical Claims Payable	85,448,893	101,463,659	76,163,330
Provider Incentives	11,243,577	17,529,283	11,255,574
Amounts Due to the State	178,995,115	132,612,004	161,788,284
Accounts Payable and Accrued Liabilities	160,190,563	156,525,519	209,223,927
SBITA Liability	4,378,929	1,216,580	1,216,580
Total Current Liabilities	440,257,077	409,347,045	459,647,695
Other Liabilities & Inflows	11,867,417	10,619,040	10,619,040
Total Liabilities & Deferred Inflows	$ 452,124,493	$ 419,966,085	$ 470,266,735
NET POSITION			
Invested in Capital Assets	58,729,818	58,778,365	59,364,273
Restricted By Legislative Authority	300,000	300,000	300,000
Unrestricted			
Stabilization/Contingency Reserve	290,072,600	290,072,600	376,750,900
Committed/Uncommitted Reserve	335,703,752	359,359,207	190,242,796
Net Position	684,806,170	708,510,172	626,657,968
Total Liabilities & Net Position	$ 1,136,930,664	$ 1,128,476,256	1,096,924,703
Change in Net Position	$ 58,148,202	$ 81,852,203	0

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Unit: HPALL

Health Plan of San Mateo
Consolidated Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	YTD Actual	YTD Budget	YTD Variance	% Var
OPERATING REVENUE							
Capitation and Premiums							
Medi-cal (includes Offsets)	$ 189,177,761	$ 208,071,032	$(18,893,271)	$1,010,068,354	$ 845,935,253	$ 164,133,101	19.4%
HealthWorx	2,025,060	1,895,810	129,249	7,856,506	7,600,969	255,537	3.4%
Medicare (includes CA-CMC)	56,649,501	57,512,932	(863,431)	228,146,416	230,051,727	(1,905,312)	-0.8%
Medi-Cal Incentives	11,432,374	-		11,432,374	-	-	-
Total Operating Revenue	259,284,696	267,479,774	(8,195,078)	1,257,503,650	1,083,587,950	173,915,700	16.0%
OPERATING EXPENSE							
Healthcare Expense							
Provder Capitation	5,670,039	6,000,473	330,434	25,940,033	25,390,298	(549,735)	-2.2%
Hospital Inpatient	48,179,665	53,376,803	5,197,137	190,111,575	216,487,987	26,376,412	12.2%
LTC/SNF	40,058,493	42,990,962	2,932,469	160,826,766	174,399,371	13,572,605	7.8%
Pharmacy	16,287,189	16,001,632	(285,557)	66,845,315	64,012,524	(2,832,791)	-4.4%
Medical	90,896,062	88,845,956	(2,050,106)	528,553,197	360,814,336	(167,738,862)	-46.5%
Long Term Support Services	542,478	381,375	(161,103)	1,803,813	1,544,433	(259,379)	-16.8%
CPO/In-lieu of Services	3,201,878	2,243,519	(958,359)	12,046,857	9,081,333	(2,965,524)	-32.7%
Dental Expense	11,824,193	6,251,202	(5,572,991)	40,056,915	25,447,587	(14,609,328)	-57.4%
Enhanced Care Management	1,261,345	3,012,710	1,751,365	3,118,437	12,247,836	9,129,398	74.5%
Provider Incentives	9,502,363	4,405,499	(5,096,863)	22,250,532	17,914,000	(4,336,532)	-24.2%
Supplemental Benefits	653,972	749,527		2,572,108	2,998,109	-	-
Transportation	4,336,876	3,567,411	(769,465)	17,236,634	14,537,972	(2,698,662)	-18.6%
Indirect Health Care Expenses	(2,750,036)	398,164	3,148,200	(3,071,075)	1,620,364	4,691,439	289.5%
UMQA, Delegated and Allocation	6,334,148	5,807,822	(526,326)	23,403,723	22,873,949	(529,774)	-2.3%
Total Healthcare Expense	235,998,665	234,033,056	(1,965,609)	1,091,694,828	949,370,098	(142,324,731)	-15.0%
Administrative Expense							
Salaries and Benefits	15,490,841	15,734,822	243,982	59,754,197	59,969,230	215,033	0.4%
Staff Training and Travel	104,251	130,700	26,449	393,183	512,300	119,117	23.3%
Contract Services	4,262,398	4,603,275	340,877	15,733,217	19,134,100	3,400,883	17.8%
Office Supplies and Equipment	115,087	1,924,355	1,809,268	6,454,893	9,293,670	2,838,777	30.5%
Occupancy and Depreciation	901,694	1,091,525	189,831	3,671,339	4,503,300	831,961	18.5%
Postage and Printing	615,885	591,025	(24,860)	2,378,417	2,300,000	(78,417)	-3.4%
Other Administrative Expense	563,742	442,406	(121,336)	4,057,990	3,699,925	(358,065)	-9.7%
UM/QA Allocation	(6,135,697)	(5,722,114)	413,583	(22,588,132)	(22,525,076)	63,056	-0.3%
Total Admin Expense	15,918,201	18,795,995	2,877,794	69,855,104	76,887,449	7,032,345	9.1%
Premium Taxes	24,667,666	12,895,507	(11,772,158)	78,726,161	52,588,105	(26,138,056)	-49.7%
Total Operating Expense	276,584,532	265,724,558	(10,859,974)	1,240,276,094	1,078,845,651	(161,430,442)	-15.0%
Net Income/Loss from Operations	(17,299,836)	1,755,217	19,055,052	17,227,556	4,742,299	(12,485,258)	363.3%
Interest Income, Net	9,645,732	6,000,000	3,645,732	39,508,306	24,000,000	15,508,306	64.6%
Rental Income, Net	209,236	318,129	(108,892)	1,157,339	1,263,105	(105,765)	-8.4%
Third Party Administrator Revenue	63,750	53,346	10,404	255,000	214,336	40,664	19.0%
Net Non-operating Revenue	9,918,719	6,371,475	3,547,244	40,920,646	25,477,441	15,443,205	60.6%
Net Income/(Loss)	$ (7,381,117)	8,126,691	(15,507,808)	$ 58,148,202	$ 30,219,739	$ 27,928,463	-92.4%
Admin exp as % of Net Rev (adj for Tax)	*6.78%*	*7.38%*		*5.93%*	*7.46%*		
Medical Loss Ratio (adj for Tax)	*100.59%*	*91.93%*		*92.61%*	*92.08%*		

Health Plan of San Mateo
ALL LOB UNITS Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	$ 235,837,842	$ 209,293,826	$ 26,544,016	12.7%	$1,046,728,234	$ 850,968,577	$ 195,759,657	23.0%
MC Supplemental Cap	5,243,469	2,971,505	2,271,964	76.5%	17,803,907	12,096,793	5,707,114	47.2%
HealthWorx Premium	2,025,060	1,895,810	129,249	6.8%	7,856,506	7,600,969	255,537	3.4%
CareAdvantage Premiums	56,649,501	57,512,932	(863,431)	-1.5%	228,146,416	230,051,727	(1,905,312)	-0.8%
MC Cap Offset	(51,903,550)	(4,194,299)	(47,709,251)	1137.5%	(54,463,787)	(17,130,117)	(37,333,670)	217.9%
Medi-Cal Incentives	11,432,374	-		-	11,432,374	-	11,432,374	-
Total Operating Revenue	259,284,696	267,479,774	(8,195,078)	-3.1%	1,257,503,650	1,083,587,950	173,915,700	16.0%
OPERATING EXPENSE								
Provider Capitation	5,670,039	6,000,473	330,434	-5.5%	25,940,033	25,390,298	(549,735)	2.2%
Hospital Inpatient	48,179,665	53,376,803	5,197,137	-9.7%	190,111,575	216,487,987	26,376,412	-12.2%
LTC/SNF	40,058,493	42,990,962	2,932,469	-6.8%	160,826,766	174,399,371	13,572,605	-7.8%
Pharmacy	16,287,189	16,001,632	(285,557)	1.8%	66,845,315	64,012,524	(2,832,791)	4.4%
Physician Fee for Service	26,046,808	23,914,580	(2,132,228)	8.9%	100,146,964	97,168,261	(2,978,702)	3.1%
Hospital Outpatient	26,093,544	26,435,123	341,578	-1.3%	113,408,819	107,302,733	(6,106,085)	5.7%
Other Medical Claims	30,166,858	25,869,363	(4,297,495)	16.6%	109,269,035	104,938,863	(4,330,172)	4.1%
Other HC Services	458,077	1,577,927	1,119,850	-71.0%	7,283,288	6,402,913	(880,374)	13.7%
Directed Payments	8,130,775	11,048,963	2,918,189	-26.4%	198,445,092	45,001,564	(153,443,528)	341.0%
Long Term Support Services	542,478	381,375	(161,103)	42.2%	1,803,813	1,544,433	(259,379)	16.8%
CPO/In-lieu of Services	3,201,878	2,243,519	(958,359)	42.7%	12,046,857	9,081,333	(2,965,524)	32.7%
Dental Expense	11,824,193	6,251,202	(5,572,991)	89.2%	40,056,915	25,447,587	(14,609,328)	57.4%
Enhanced Care Management	1,261,345	3,012,710	1,751,365	-58.1%	3,118,437	12,247,836	9,129,398	-74.5%
Provider Incentives	9,502,363	4,405,499	(5,096,863)	115.7%	22,250,532	17,914,000	(4,336,532)	24.2%
Supplemental Benefits	653,972	749,527	95,556	-12.7%	2,572,108	2,998,109	426,002	-14.2%
Transportation	4,336,876	3,567,411	(769,465)	21.6%	17,236,634	14,537,972	(2,698,662)	18.6%
Indirect Health Care Expenses	(2,750,036)	398,164	3,148,200	-790.7%	(3,071,075)	1,620,364	4,691,439	-289.5%
UMQA (Allocation & Delegated)	6,334,148	5,807,822	(526,326)	9.1%	23,403,723	22,873,949	(529,774)	2.3%
Total Health Care Expense	235,998,665	234,033,056	(1,965,609)	0.8%	1,091,694,828	949,370,098	(142,324,731)	15.0%
G&A Allocation	15,918,201	18,795,995	2,877,794	-15.3%	69,855,104	76,887,449	7,032,345	-9.1%
Premium Tax	24,667,666	12,895,507	(11,772,158)	91.3%	78,726,161	52,588,105	(26,138,056)	49.7%
Total Operating Expense	276,584,532	265,724,558	(10,859,974)	4.1%	1,240,276,094	1,078,845,651	(161,430,442)	15.0%
NON-OPERATING REVENUE								
Interest, Net	9,645,732	6,000,000	3,645,732	60.8%	39,508,306	24,000,000	15,508,306	64.6%
Rental Income, Net	209,236	318,129	(108,892)	-34.2%	1,157,339	1,263,105	(105,765)	-8.4%
Third Party Administror Revenue	63,750	53,346	10,404	19.5%	255,000	214,336	40,664	19.0%
Total Non-Operating	9,918,719	6,371,475	3,547,244	55.7%	40,920,646	25,477,441	15,443,205	60.6%
Net Income/(Loss)	$ (7,381,117)	$ 8,126,691	(15,507,808)	-190.8%	$ 58,148,202	$ 30,219,739	$ 27,928,462	92.4%
Medical Loss Ratio (adj MCO)	100.59%	91.93%			92.61%	92.08%		
Member Counts	472,023	446,397	25,626	5.7%	1,884,135	1,817,769	66,366	3.7%

Health Plan of San Mateo
Medi-Cal UNITS Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	$ 235,837,842	$ 209,293,826	$ 26,544,016	12.7%	$1,046,728,234	$ 850,968,577	$ 195,759,657	23.0%
MC Supplemental Cap	5,243,469	2,971,505	2,271,964	76.5%	17,803,907	12,096,793	5,707,114	47.2%
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	(51,903,550)	(4,194,299)	(47,709,251)	1137.5%	(54,463,787)	(17,130,117)	(37,333,670)	217.9%
Medi-Cal Incentives	11,432,374	-		-	11,432,374	-	11,432,374	-
Total Operating Revenue	200,610,136	208,071,032	(7,460,896)	-3.6%	1,021,500,728	845,935,253	175,565,475	20.8%
OPERATING EXPENSE								
Provider Capitation	4,538,324	4,971,710	433,386	-8.7%	20,658,438	20,285,246	(373,192)	1.8%
Hospital Inpatient	32,378,090	36,889,952	4,511,862	-12.2%	129,066,904	150,538,417	21,471,513	-14.3%
LTC/SNF	35,805,671	39,933,005	4,127,333	-10.3%	145,849,916	162,167,541	16,317,625	-10.1%
Pharmacy	(2,925)	-	2,925	-	(15,020)	-	15,020	-
Physician Fee for Service	19,120,433	18,443,206	(677,227)	3.7%	76,499,286	75,279,788	(1,219,499)	1.6%
Hospital Outpatient	19,384,373	18,991,320	(393,054)	2.1%	84,214,159	77,523,024	(6,691,135)	8.6%
Other Medical Claims	22,689,980	20,221,459	(2,468,521)	12.2%	83,590,017	82,346,208	(1,243,809)	1.5%
Other HC Services	458,078	1,577,927	1,119,850	-71.0%	7,283,348	6,402,913	(880,434)	13.8%
Directed Payments	8,130,775	11,048,963	2,918,189	-26.4%	198,445,092	45,001,564	(153,443,528)	341.0%
Long Term Support Services	542,478	381,375	(161,103)	42.2%	1,803,813	1,544,433	(259,379)	16.8%
CPO/In-lieu of Services	3,092,054	2,122,269	(969,785)	45.7%	11,717,385	8,596,333	(3,121,052)	36.3%
Dental Expense	11,824,193	6,251,202	(5,572,991)	89.2%	40,056,915	25,447,587	(14,609,328)	57.4%
Enhanced Care Management	1,259,785	2,814,499	1,554,714	-55.2%	3,108,749	11,454,993	8,346,244	-72.9%
Provider Incentives	9,289,903	4,030,554	(5,259,349)	130.5%	20,817,678	16,414,045	(4,403,634)	26.8%
Transportation	4,334,262	3,567,411	(766,851)	21.5%	17,234,020	14,537,972	(2,696,048)	18.5%
Indirect Health Care Expenses	(2,141,940)	325,140	2,467,080	-758.8%	(2,584,002)	1,328,202	3,912,204	-294.5%
UMQA (Allocation & Delegated)	4,803,647	4,364,639	(439,009)	10.1%	17,606,378	17,192,589	(413,789)	2.4%
Total Health Care Expense	175,507,183	175,934,632	427,449	-0.2%	855,353,076	716,060,854	(139,292,221)	19.5%
G&A Allocation	11,066,756	13,168,864	2,102,108	-16.0%	46,812,429	53,879,627	7,067,198	-13.1%
Premium Tax	24,667,666	12,895,507	(11,772,158)	91.3%	78,726,161	52,588,105	(26,138,056)	49.7%
Total Operating Expense	211,241,604	201,999,003	(9,242,602)	4.6%	980,891,666	822,528,586	(158,363,080)	19.3%
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	$ (10,631,469)	$ 6,072,029	(16,703,498)	-275.1%	$ 40,609,062	$ 23,406,667	$ 17,202,395	73.5%
Medical Loss Ratio (adj MCO)	99.75%	90.14%			90.73%	90.26%		
Member Counts	440,028	410,613	29,415	7.2%	1,751,626	1,674,487	77,139	4.6%

Health Plan of San Mateo
CareAdvantage Units Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	56,649,501	57,512,932	(863,431)	-1.5%	228,146,416	230,051,727	(1,905,312)	-0.8%
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	56,649,501	57,512,932	(863,431)	-1.5%	228,146,416	230,051,727	(1,905,312)	-0.8%
OPERATING EXPENSE								
Provider Capitation	1,131,715	1,028,763	(102,952)	10.0%	5,281,595	5,105,052	(176,543)	3.5%
Hospital Inpatient	15,721,350	16,254,901	533,551	-3.3%	59,774,322	65,019,603	5,245,281	-8.1%
LTC/SNF	4,252,821	3,057,957	(1,194,864)	39.1%	14,976,850	12,231,830	(2,745,020)	22.4%
Pharmacy	15,524,992	15,360,205	(164,786)	1.1%	63,982,996	61,440,822	(2,542,174)	4.1%
Physician Fee for Service	6,637,835	5,152,950	(1,484,885)	28.8%	22,114,382	20,611,801	(1,502,580)	7.3%
Hospital Outpatient	6,433,407	6,962,711	529,305	-7.6%	27,844,135	27,850,846	6,711	0.0%
Other Medical Claims	7,330,021	5,536,930	(1,793,091)	32.4%	25,053,658	22,147,719	(2,905,939)	13.1%
Other HC Services	0	-	0	-	(60)	-	60	-
CPO/In-lieu of Services	109,824	121,250	11,426	-9.4%	329,472	485,000	155,528	-32.1%
Enhanced Care Management	1,560	198,211	196,651	-99.2%	9,688	792,843	783,155	-98.8%
Provider Incentives	251,463	356,489	105,026	-29.5%	1,416,354	1,425,955	9,602	-0.7%
Supplemental Benefits	653,972	749,527	95,556	-12.7%	2,572,108	2,998,109	426,002	-14.2%
Transportation	2,614	-	(2,614)	-	2,614	-	(2,614)	-
Indirect Health Care Expenses	(620,248)	65,808	686,055	-1042.5%	(532,925)	263,230	796,155	-302.5%
UMQA (Allocation & Delegated)	1,466,084	1,393,446	(72,639)	5.2%	5,523,533	5,485,530	(38,003)	0.7%
Total Health Care Expense	58,897,410	56,239,148	(2,658,262)	4.7%	228,348,719	225,858,339	(2,490,381)	1.1%
G&A Allocation	4,553,695	5,355,531	801,836	-15.0%	20,025,519	21,897,322	1,871,803	-8.5%
Total Operating Expense	63,451,105	61,594,679	(1,856,426)	3.0%	248,374,238	247,755,661	(618,578)	0.2%
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	$ (6,801,604)	$ (4,081,747)	(2,719,857)	66.6%	$ (20,227,823)	$ (17,703,933)	$ (2,523,889)	14.3%
Medical Loss Ratio (adj MCO)	103.97%	97.79%			100.09%	98.18%		
Member Counts	24,686	25,872	(1,186)	-4.6%	100,651	103,488	(2,837)	-2.7%

Health Plan of San Mateo
HealthWorx Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	2,025,060	1,895,810	129,249	6.8%	7,856,506	7,600,969	255,537	3.4%
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	2,025,060	1,895,810	129,249	6.8%	7,856,506	7,600,969	255,537	3.4%
OPERATING EXPENSE								
Hospital Inpatient	80,225	231,950	151,725	-65.4%	1,270,349	929,967	(340,382)	36.6%
Pharmacy	765,122	641,426	(123,696)	19.3%	2,877,339	2,571,703	(305,636)	11.9%
Physician Fee for Service	288,540	318,424	29,884	-9.4%	1,533,296	1,276,672	(256,623)	20.1%
Hospital Outpatient	275,764	481,091	205,327	-42.7%	1,350,525	1,928,864	578,339	-30.0%
Other Medical Claims	146,858	110,975	(35,883)	32.3%	625,360	444,936	(180,424)	40.6%
Other HC Services	0	-	0	-	0	-	0	-
Provider Incentives	(39,003)	18,457	57,460	-311.3%	16,500	74,000	57,500	-77.7%
Indirect Health Care Expenses	12,151	7,216	(4,935)	68.4%	45,852	28,932	(16,920)	58.5%
UMQA (Allocation & Delegated)	64,416	49,738	(14,678)	29.5%	273,812	195,830	(77,982)	39.8%
Total Health Care Expense	1,594,073	1,859,276	265,203	-14.3%	7,993,033	7,450,904	(542,129)	7.3%
G&A Allocation	192,974	220,227	27,253	-12.4%	840,460	900,451	59,991	-6.7%
Total Operating Expense	1,787,047	2,079,503	292,457	-14.1%	8,833,493	8,351,355	(482,138)	5.8%
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	$ 238,013	$ (183,693)	421,706	-229.6%	$ (976,987)	$ (750,386)	$ (226,602)	30.2%
Medical Loss Ratio (adj MCO)	78.72%	98.07%			101.74%	98.03%		
Member Counts	3,868	3,636	232	6.4%	15,072	14,578	494	3.4%

Health Plan of San Mateo
ACE Statement of Revenue & Expense
for the Period Ending December 31, 2024

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	-	-	-	-	-	-	-	-
OPERATING EXPENSE								
Total Health Care Expense	-	-	-	-	-	-	-	-
G&A Allocation	82,901	51,373	(31,528)	61.4%	339,476	210,049	(129,427)	61.6%
Total Operating Expense	82,901	51,373	(31,528)	61.4%	339,476	210,049	(129,427)	61.6%
NON-OPERATING REVENUE								
Third Party Administror Revenue	63,750	53,346	10,404	19.5%	255,000	214,336	40,664	19.0%
Total Non-Operating	63,750	53,346	10,404	19.5%	255,000	214,336	40,664	19.0%
Net Income/(Loss)	$ (19,151)	$ 1,973	(21,124)	-1070.5%	$ (84,476)	$ 4,287	$ (88,763)	-2070.6%
Medical Loss Ratio (adj MCO)	-	-			-	-		
Member Counts	3,441	6,276	(2,835)	-45.2%	16,786	25,216	(8,430)	-33.4%

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Draft

FINANCE/COMPLIANCE COMMITTEE MEETING

Meeting Summary

February 24, 2024, 12:30 pm

County Executive Conference Room, 500 County Center, Redwood City, CA 94064
-or-
Health Plan of San Mateo-Boardroom 801 Gateway Blvd, South San Francisco, CA 94080

Member's present: Bill Graham, Manuel Santamaria, Mike Callagy

Members absent: Si France, M.D.

Staff present: Trent Ehrgood, Pat Curran, Chris Esguerra, M.D., Colleen Murphey, Amy Scribner, Francine Lester, Ian Johansson, Corinne Burgess, Michelle Heryford

1.0 **Call to Order –** The meeting was called to order by Commissioner Graham at 12:34 pm. A quorum was met. The committee welcomed Commissioner Manuel Santamaria to the group.

2.0 **Public Comment –** There was no public comment.

3.0 **Approval of Meeting Summary for November 4, 2024 –** The meeting summary for November 4, 2024, was approved as presented. **Callagy/Graham M/S/P**

4.0 **Preliminary Financial Report for the 12-month period ending December 31, 2024** – Trent Ehrgood, HPSM CFO, reviewed the financial report for 2024. The fourth quarter has a loss of $7.4M, however this was expected and was discussed at a recent San Mateo Health Commission (SMHC) meeting when going over the budget. In the 4th quarter, they recorded a deduction to revenue as a risk corridor for the unsatisfactory immigration status (UIS) members due to lower-than-expected utilization. They estimate that they will have to give back about $46M. That is driving the negative results in Q4 of 2024 and leaves HPSM with a $58M surplus for the year. These are the preliminary pre-audit financials. In March they will be going over the final 2024 financials based on the annual financial audit. He also reminded the group of the Department of Health Care Services (DHCS) incentive dollars that was planned to be recorded in Q4, which was $11.4M. That does have an offset,

a corresponding expense of $5.4M paid or committed to providers and community organizations. The DHCS incentive revenue and expense adds $6M to the bottom line.

He broke down the $58M surplus for the year and noted how much are from prior year adjustments. The total amount pushed through this year related to prior year has a positive impact of $9M. If you remove that and look at what is related to the current year, the real surplus is more like $49 million. There was discussion about how DHCS forecasts revenue, the goal in rate setting is a 2% profit margin. There has been a lot of transitioning populations in 2024, which contributed to variation in utilization. Kaiser went out and the undocumented population came in. Redetermination was also a factor; all of these combined made it difficult to estimate health care costs in rate setting.

Mr. Ehrgood provided a summary of the prior-year adjustments which went from $3.7M in September to $9M in December. Some of the big contributors to the $9M prior-year adjustments is the incurred but not reported (IBNR) expense, this is the claims estimate, which came to about $5M, and prior year Medicare revenue adjustments. There were more Medi-Cal members in 2024 than was anticipated in the budget. The budget variance by major drivers shows that HPSM has $27M in actual savings compared to budget. They had anticipated approximately $24M in interest in non-operating revenue and ended up with almost $40M.

He went over healthcare costs by category of service. He highlighted adjustments made to the prior year, which were negative expense adjustments. The prior year claims adjustment was around $5M. Current year healthcare cost savings were mostly with hospital inpatient and skilled nursing/LTC, mostly due to lower utilization of the UIS population.

Mr. Ehrgood went over the DHCS CalAIM incentive revenue and expense in more detail from the beginning of the program. The amount recorded in Q4 2024 added around $6M to the bottom line and cumulatively added $17M over the past three years (before administrative expenses). DHCS created these incentive programs for health plans to perform certain tasks and they are rewarded for achieving certain outcomes.

He reviewed the current year to date surplus/deficit by lines of business. Most noteworthy are the Medi-Cal and Medi-Cal Expansion lines. Because of the risk corridor and reduced revenue, these are now closer to budget than what was reported in September of 2024. Tangible net equity, HPSMs reserves are at $684M, $137M in Committed Equity has been set aside for the Provider rate increase, investments in Primary Care and the Baby Bonus program. There is $148M in uncommitted dollars. There will be discussion at the April Commission retreat to talk about investing opportunities. It was noted that the non-operating revenue benefited from high interest rates and is a big contributor to the surplus.

Amy Scribner, Chief Health Officer, went over the CalAIM incentive programs in more detail to better explain the cumulative impact to HPSM's financials mentioned by Mr. Ehrgood. DHCS has dedicated more than $3B statewide in one time funding for managed care plans (MCP) and providers to address the following issues – Behavioral Health Access, Homelessness, Social Determinants of Health (SDOH) and Health Equity. Money for these programs are attached to metrics, specifically improvement in metrics. The first is the Student Behavioral Health Incentive Program (SBHIP). This was a partnership between HPSM and the Office of Education. It ran from January 2022 through December 2024. The goal was to increase behavioral health/substance abuse disorder (BH/SUD) assessments and services in and around schools and to develop infrastructure for data sharing and billing between schools and MCPs. Redwood City and South San Francisco (SSF) both opened Wellness Centers at their schools. SSF also focused on substance abuse treatments. Though the program is over, there is a new Medi-Cal benefit to get behavioral health and substance abuse services in schools. HPSM has been awarded $3.6M, and all of this passed through to Local Education Agencies (LEAs).

The Housing and Homelessness Incentive Program (HHIP) ran from January 2022 – December 2023. The goal was to improve offerings and service utilization for homeless members and develop data sharing between homeless services and MCPs. It was done in collaboration with the County Human Services Agency (HSA). A street medicine program was developed and this program ended up being in some of the community supports

housing related services. They were awarded almost $12M and still have a balance of just over $8M after cumulative payments and/or commitments. One of the reasons for the balance is that they have already done several partnerships with the county on a number of initiatives related to housing and homelessness. They are looking into ways in which to utilize these dollars as it relates to housing and homelessness.

Lastly, she went over the Incentive Payment Program (IPP). This program went from January 2022 through December 2024. The goal is to improve data sharing/systems and increase capacity for Enhanced Care Management and Community Supports (ECM/CS). To date HPSM was awarded just over $14M, there is a balance of close to $7M at this time after cumulative payments and/or commitments. There is a new requirement for closed loop referrals for ECM/CS, which helps to keep the referring provider, the members' PCP and HPSM, aware of services rendered. They have current ECM/CS providers who have improved their data systems as a result of these dollars. Ms. Scribner noted that providers are also able to draw down on what they refer to as PATH dollars which are direct dollars from the State to providers. This has enabled places like the County to blend the IPP dollars and PATH dollars to create even bigger Infrastructure capacity.

Other non-CalAIM incentives:

- The Behavioral Health Integration Incentive Program (BHIIP), completed in December of 2022. The Funds distributed are based on metrics for behavioral health integration into Primary Care.
- The Covid Vaccine Incentive was completed in December of 2022. Funds were distributed to primary care providers based on metrics for Covid vaccination.
- The Equity Practice Transformation is a current program. Funds are distributed through HPSM for practices DHCS had selected which are focused on health equity and population health approaches.

Some of the challenges with these programs were that dollars awarded were based on improvement activities which could be both internal and Provider related. She also noted that the uptake of HHIP and IPP were initially slow. Another issue is that dollars are dependent on metrics and improvements with multiple iterations, it is hard to track in real time how many dollars are coming to HPSM.

The financial report was approved as presented. **Callagy/Santamaria MSP**

6.0 Compliance Report Q1 2023- Chief Government Affairs and Compliance Officer, Ian Johansson went over the Compliance Report for Q1 of 2025. Mr. Johansson noted the external audits in the report. There were no corrective action plans (CAP) included in the report, he will be using the generation of this report to disclose any new CAPs received from the external audits HPSM participates in going forward. He is expecting to receive an external audit report from DHCS and one from the Department of Managed Health Care (DMHC). When received they will be included in the Finance/Compliance Committee packet. The report lists all of the audits and the phases of those audits. It is not uncommon to see a CAP from the year prior overlapping with a new audit. The report also lists internal audits. This reflects activity that the Compliance team performs where they audit business units against regulatory requirements. HPSM also conducts delegation oversight. This is the process where they perform oversight of entities with which HPSM subcontracts. They are sometimes referred to as vendors, subcontractors, or delegates. Essentially, it is someone HPSM contracts with to provide a service. There is an obligation under state and federal regulations to have some form of oversight of those subcontractors to ensure that they are performing services to state or federal standards. He spoke about fraud, waste, and abuse. HPSM has a compliance hotline where individuals can report anonymously any potential compliance issues that are identified and whether or not fraud, waste or abuse is the root cause of the issues. Also, whether HIPAA privacy or the Medical Information Act was violated. This is also for non-compliance issues which are often not privacy or fraud related. Mr. Johansson advised the Committee that HPSM also submits a number of reports to various regulatory agencies, both standardized and ad hoc reports. Annually there are 175 reports to DHCS, 22 to DMHC, 29 specific to the D-SNP which go to the State and another 36 to the Centers of for Medicare & Medicaid Services (CMS). Recently DHCS requested 212 reports above the 175 that are mandated. He noted that the Compliance Report shared in the packet will be submitted quarterly, the next will be in May.

Mr. Johansson went over the Compliance Case Discussion. There was agency action in November 2024. DMHC sent an Enforcement Action – Letter of Admonishment to HPSM for an untimely report submission. There was no financial penalty applied. The root cause was submission of a quarterly grievance report to DMHC on October 31, 2023, the report was due on October 30, 2023. This was a violation the Knox-Keene act. There was also agency action, a notice of non-compliance, from CMS. Notices from CMS come in tiers, the lowest tier is the notice of non-compliance. These generally do not require a CAP. This notice of non-compliance was issued for failing to meet annual formulary submission requirements. He explained that HPSM submits its formulary annually to CMS for review for the coming benefit year. Once you have submitted a formulary to CMS, they only allow authorized changes with each subsequent submission. During one of the update windows, an unauthorized change was made in the formulary submission to CMS for 2025. He noted that the pharmacy team was aware of this well before the notice of non-compliance was issued. The pharmacy director called as soon as he found out this happened. In this case, it was attributed to the pharmacy benefits manager (PBM), a company called S,S and C. HPSM engaged with S,S and C to address the problem, they created new oversight processes and added a new service level agreement to its PBM contract. The last case was about the Model of Care for the Care Advantage product line. In November, HPSM projected a correction to the Model of Care by March 1, 2025. However, they've since identified that they are not going to hit that target, CMS has also indicated concern with the progress to date. HPSM has committed additional resources and staffing to speed up the project and expects to be compliant by June 30th of 2025.

6.0 Meeting Dates for 2025 – The 2025 meeting dates were approved as presented.
Callagy/Santamaria MSP

7.0 Other Business – There was no other business.

8.0 Adjournment – The meeting was adjourned at 1:55 pm by Commissioner Graham.

Respectfully submitted:

M. Heryford

M. Heryford
Clerk to the Commission

MEMORANDUM

AGENDA ITEM: 4.2

DATE: March 12, 2025

DATE: March 12, 2025

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer
Amy Scribner, Chief Health Officer
Gale Carino, Director of Integrated Care
Ian Johannson, Chief Government Affairs and Compliance Officer

RE: Waive Request for Proposal process and Approve Amendment to the Agreement with Toney Healthcare Consulting

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Recommendation

Waive request for proposal process and approve amendment to the agreement with Toney Healthcare Consulting and authorize the Chief Executive Officer to execute said amendment. This amendment will extend the agreement through December 31, 2025, for a total amendment agreement amount not to exceed $660,600. This will be used to augment clinical staffing essential to perform operational and regulatory requirements for health plan operations.

Background

Toney Healthcare is an organization that specializes in clinical operations support for health plans, with expertise in Medicaid, Medicare, and Dual-Eligible Special Needs Plans (D-SNP). Toney Healthcare has expertise in recruiting and retaining a pool of clinical subject matter experts with California licensure and is able to readily deploy staff to health plans to fill staffing or expertise gaps both short and/or long-term. This allows health plans to be nimble in scaling up to meet needs, often in conjunction with recruitment efforts concurrently happening at the plan level.

HPSM first contracted with Toney Health Care in 2024 to support Physician Review Services. To meet the need for additional clinical staff, support to meet regulatory requirements for CareAdvantage D-SNP, HPSM proposes to expand the scope of the agreement with Toney Health Care to include California licensed nurses to the staffing scope of work through December 31, 2025, while HPSM concurrently recruits for open permanent positions. Deploying additional staff via Toney Health Care will allow HPSM to achieve compliance with regulatory requirements quickly in the short term while a longer-term plan for adherence is in process.

Fiscal Impact

This agreement covers March 1, 2025 – December 31, 2025, to provide clinical operations support staffing and is not to exceed $660,600.

RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION

IN THE MATTER OF WAIVE REQUEST FOR PROPOSAL PROCESS AND APPROVE AMENDMENT TO THE AGREEMENT WITH TONEY HEALTHCARE CONSULTING

RESOLUTION 2025 -

RECITAL: WHEREAS,

A. The San Mateo Health Commission has entered into an agreement with Toney Healthcare for contractor services for Physician Review Services and clinical staffing support.
B. HPSM has operational support needs for its Medicare program, CareAdvantage DSNP in the areas of care management/individual care planning and interdisciplinary care team clinical facilitation.
C. An amendment to the agreement is needed to cover the additional services and costs.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The San Mateo Health Commission authorizes the Chief Executive Officer to execute an amendment to the agreement with Toney Healthcare to extend services through December 31, 2025; and
2. Increase the agreement by $660,600

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 12th day of March 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____
Bill Graham, Chair

ATTEST:

BY: _____
M. Heryford, Clerk

APPROVED AS TO FORM:

_____
Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

AGENDA ITEM: 4.3

DATE: March 12, 2025

SAN MATEO HEALTH COMMISSION
Meeting Minutes
February 12, 2025 – 12:30 a.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

Commissioners Present:	Jeanette Aviles, M.D.	Raymond Mueller
	Michael Callagy	Manuel Santamaria
	Si France, M.D.	Jackie Speier
	Bill Graham, Chair	Kenneth Tai, M.D.
Commissioners Absent:	Ligia Andrade Zuniga	
Counsel:	Kristina Paszek	
Staff Presenting:	Pat Curran, Luarnie Bermudo, Ian Johannson	

1. **Call to order/roll call**
   The meeting was called to order at 12:36 p.m. by Commissioner Graham, Chair.
   A quorum was present.

2. **Public Comment**
   There were no public comments.

3. **Approval of Agenda**
   The agenda was approved as presented. Motion: Speier (Second: Tai). **M/S/P.**

4. **Consent Agenda**
   The consent agenda was approved as presented. Motion: Tai (Second: France). Commissioner Speier abstained. **M/S/P.**

5. **Specific Discussion/Action Items:**

At this time, Commissioner Graham directed that item 5.3 - Policy Outlook for 2025 and Annual Compliance Report would be discussed first.

[Taken out of order]

5.3 Policy Outlook for 2025 and Annual Compliance Report: Ian Johansson, Chief Government Affairs and Compliance Officer provided a report on the annual compliance program. This report is given to the Commission annually, it is an obligation that the federal and state government has for healthcare programs. It enables the Commission to understand what HPSM's compliance program is, what it does, and the outcomes it produces from those efforts. It provides oversight and helps the Commission understand how HPSM performs as an organization and to have input into the activity HPSM engages in on an annual basis. In 2024 HPSM participated in three external reviews. A medical audit with the Department of

Health Care Services (DHCS), a financial and medical survey with the Department of Managed Health Care (DMHC), and a one-third financial audit with the Centers for Medicare and Medicaid Services (CMS). In 2024, HPSM also continued work on the DHCS annual and focused corrective action plan (CAP), received approval for de-delegation of the Behavioral Health Therapy (BHT) benefit, kicked off the CareAdvantage (CA) gap analysis and mock audit, and revised the inter/delegation auditing process to align with the regulatory landscape. Forecasted for 2025 is audit prep and CAP activity for both the CA and Medi-Cal lines of business (LOB) as well as completion of the tri-annual accreditation survey for NCQA. They will also take a proactive approach internally to work on enhanced auditing (internal/delegate) to ensure alignment with the regulatory landscape. Reports will be provided on a regular basis to the Commission and the Finance/Compliance Committee. The first report of 2025 will include additional metrics for compliance-related activities including HIPAA, Fraud Waste and Abuse (FWA), internal audits, delegate audits and external audits. Mr. Johansson noted that the 2024 Compliance Survey is expected to be completed at the end of Q1 2025. A presentation with the results and trends will be made to the Commission in Q2.

There were questions about preparing for these audits. Mr. Johansson said the firm Compliance Strategies assists HPSM with Medicare audits. But HPSM does the work on Medi-Cal audits without external consultation. HPSM relies on sibling health plans to give best practices if struggling with how to address a certain issue. He acknowledged that audits and policy letters are ongoing. The Compliance team are trying to get more data on the departments and areas that are impacted to better identify those that may need resource or consulting support.

Mr. Johansson also discussed the federal health policy outlook. He noted that at present Medicare funding is not a target, but they may see changes at the regulatory level. Medicaid funding, however, is a target. There are approximately $880 billion in potential cuts identified at this time by the House of Representatives. Policy proposals include reducing Medicaid funding and cutting Medicaid eligibility and benefits. Some of the implications are that changes to the status quo will shift costs of maintaining existing eligibility and benefits to California and other states. Of the $160B California spent on Medi-Cal in FY 2024-25, $98.5 billion comes from federal funding. California anticipates future state budget deficits in the amount of $47B over the next three years. Proposed Medicaid changes would not affect 2025 Medi-Cal rates or programs; the impact would be felt in future years. The 2025-26 budget is balanced according to the latest projections in January. The Governor and Legislative Analyst’s Office (LAO) have signaled caution with spending, there are no new programs or spending. Temporary eligibility flexibilities are expiring, which may result in more disenrollments from Medi-Cal statewide. They are watching out for Congressional action on Medicaid and Medicare and will keep an eye on California budget revisions in May.

Commissioner Callagy expressed his concern for those who were in the former Access and Care for Everyone (ACE) program. HPSM has up to 40,000 members in that category and up to 20,000 or more of those are in the adult category. While HPSM does not yet know the impact, Mr. Curran said he and CFO, Trent Ehrgood, can model some of the costs for the members who are in various categories to see what that may look like. They will keep the Commission advised on any information he receives on that population. There was a question about auto enrolling traditional Medicare members into Medicare Advantage plans and what the impact to that would be. Mr. Johansson spoke briefly about HPSMs new default enrollment for CareAdvantage, HPSMs Medicare Advantage program. It is kicking off this year, one of the

main benefits is it eliminates the time it takes for those already eligible for Medicare of making a choice and HPSM marketing to them to see if they are willing to change.

5.1 Approval of Dental Clinic Capacity Investment for San Mateo Medical Center (SMMC): Kristina Paszek, SMC County Attorney reminded the Commission that there are certain announcements and recusals that are recommended in light of government code 1090. Because the recipient of the funding for agenda item 5.1 is San Mateo County Medical Center (SMMC), of which Commissioner Aviles is an employee, the rules require her to recuse herself from the discussion and from voting. Commissioner Aviles must also leave the room for the discussion, which she did at this time. Ms. Paszek also noted for the record that Commissioners Callagy, Speier and Mueller are employed by the County and its Medical Center could potentially benefit from the funding. However, there was no need for the three Commissioners to excuse themselves under the law.

Pat Curran, HPSM CEO, led the discussion. He reminded the group that the Commission approved a Provider Investment Fund in 2024. They have created buckets around the areas of focus. The requests being considered here are from bucket 2 – Enhance access and experience. He spoke about a recent CBS News report about the Navigation Center in Redwood City and how the dental clinic has changed people's lives. He credited the University of the Pacific for their help with setting up the clinic. Mr. Curran noted that HPSM strives to expand their capacity for dental care, specifically primary dental services. Since the inception of the dental benefit in 2022, HPSM has funded NEMS with an oral surgeon, completed two different funding proposals for Ravenswood, one for a dental assistant program, which is workforce focused. They have also funded two operatories in the new Redwood City dental location for Ravenswood. A mobile unit from Sonrisas also received funding from the Commission, which benefits many coastal communities and there was capacity funding for the aforementioned University of the Pacific dental unit in the San Mateo County Navigation Center in Redwood City. NEMS, Sonrisas and Ravenswood also received capacity funding through the Children's Health Initiative (CHI) to build new operatory units.

This latest request of $1,600,000 adds six new dental operatories in the North County Wellness Center. It assists in recruiting and hiring costs for new dental staff and adds primary dental capacity in the North County for HPSM members. Funding levels and criteria used are consistent with past dental capacity funding approved by the Health Commission. It also adds meaningful new access, with up to 5,500 additional dental visits per year over and above existing SMMC capacity.

Commissioners Callagy, Graham and Tai thanked Mr. Curran for his commitment and leadership in this area and agreed on the importance of increasing dental capacity. The resolution was approved as presented.

Commissioner Tai motioned to approve the Dental Clinic Capacity Investment for SMMC (Second: France) **M/S/P**

5.2 Approval of Innovation Lab/Primary Care Capacity Investment for San Mateo Medical Center (SMMC): Luarnie Bermudo, Director of Provider Services, addressed the Commission to request funding for a Primary Care Capacity Investment at the Innovation Lab at SMMC. She reminded the group of HPSM's prioritization considerations when they think about Primary Care as a subset of the broader investment work. One consideration is investment impact. The criteria consider the suitability of HPSM as funder, doer, and convener as well as the appropriateness of the request of the provider. Mr. Bermudo noted that SMMC is HPSM's largest primary care provider. HPSM assigns about half or approximately 50K Medi-Cal members to SMMC. SMMC discovered that they have about 20K members who are not actively engaged in primary care at SMMC. Overall, SMMC engagement is relatively good, it is quite similar to the network PCP engagement at other HPSM primary care clinics and typically aligns with the network average of sibling health plans. However, SMMC believes there is a significant opportunity for improvement with the 20K not actively engaged. At present they know very little about this population, there is limited data. But they do have some key insights, they know that it is a predominantly Spanish-speaking population. These members live primarily in San Mateo, Redwood City and Daly City. They are low utilizers of health care services, and they are not seen in Emergency Departments (EDs) or inpatient settings. SMMC has capacity for these members operationally however, current operations are not meeting those needs. They believe that some of the barriers may be lack of transportation, lack of childcare access, insufficient after-hours, and fear of institutional settings due to documentation status. She does note that these are assumptions that warrant further investigation. HPSM is partnering with SMMC to co-develop this pilot. The goal is that by the end of the pilot, 3K unengaged individuals would be served. It is structured in 4 distinct phases. Phase one and two is focused on a human centered design approach, which will conduct ethnographic research to understand the barriers of engagement for this population. The hope is that by actively listening to their experiences and needs, they will be able to co-design a new care model tailored to meet their unique requirements. Phase three focuses on model deployment, taking insights from phase one and two to develop an innovative care team model. Phase four will concentrate on scaling and spreading the model. For the purposes of this proposal, they are just going to focus on phase one and phase two. Phase one will focus on interviews and on gaining a deeper understanding of the needs of this patient population. This should take about 3 months. Some of the expected outcomes are identifying the health needs and priorities of the unengaged population and ensuring that the patient community feels valued and heard. They also hope to motivate these members to collaborate and redesign the system. Phase two is also expected to take 3 months. It will build on the insights gained from the first phase and this will be focused on co-design. They expect to see a redesigned primary care approach tailored to addressing the needs of this population. The total request for phase one and phase two is $300K. There was a question about how they propose engaging with this unengaged population. Ms. Bermudo noted that the piece about human centered design will be very involved in outreach with members, seeking them out, even in their homes versus making members seek them out. SMMC anticipates coming back for additional funding for phase three and four but felt it prudent to see what they uncover in the first two phases before doing so. Commissioners expressed interest in the various types of outreach proposed. There was also a question about who would be doing the research on this community. Ms. Bermudo confirmed that the $300K will be focused on the ethnographic

research partner, who will do the work of interviewing members and identify what the needs are, and a clinical implementation partner will supplement the clinical aspects. Commissioner Tai noted that many people are wary and frankly fearful right now of putting their information out there and expressed concern about ensuring confidentiality.

Commissioner Callagy motioned to approve the Innovation Lab/Primary Care Capacity Investment for SMMC. (Second: Tai) **M/S/P.**

(Commissioner Aviles returned to the meeting after this item.)

6. **Report from Chief Executive Officer:** Pat Curran, HPSM CEO, noted that this meeting's policy update is intended to support the next meeting in March and April retreat. He noted that Chris Esquerra, Chief Medical Officer, and Colleen Murphey, Chief Operating Officer, have been working on preliminary discussions and framework that will start in March and lead into the April discussion which will be a retreat for the Commissioners and Leadership team. They will go over the content at the March meeting. He thanked Mr. Johansson for his presentation and noted that despite the uncertainty out there, for the past 38 years, through different political and economic climates, HPSM has been known to look forward and find ways to innovate. He stated that HPSM will continue to look for ways to do things better and continue thinking about their role in the community, in the context of the world they are living in now. This will be part of the discussion they will be framing up for March and April.

7. **Other Business:** There was no other business.

8. **Adjournment:** The meeting adjourned at 1:46 pm.

Submitted by:

M. Heryford

M. Heryford, Clerk of the Commission

Annual Compliance Report and 2025 Policy Outlook
February 12, 2025

HealthPlan OF SAN MATEO
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Annual Compliance Report

HealthPlan OF SAN MATEO
Healthy is for everyone

- Status & Activities - Background
  - 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" *for our members, providers, and community*
- Achieved through *maintaining a compliance program, that*:
  - Educates our employees
  - Identifies and resolves compliance issues and risks
  - Provides opportunities to engage our staff, *our Commission*, and stakeholders

Agenda

- 2024 - Year in review
  - Major activities & status
- 2025 – Outlook
  - Known major activities
  - Enhanced commission reporting

2024 Year in Review

- External review activity
  - Three (4) external reviews
    - Department of Health Care Services (DHCS) Medical Audit
    - Department of Managed Health Care (DMHC) Financial & Medical Surveys
    - Centers for Medicare and Medicaid Services (CMS) One-Third Financial Audit
- Other Major Activity
  - Received 2023 DHCS annual and focused audit CAP
  - Received approval de-delegation of Behavioral Health Therapy (BHT)
  - CareAdvantage gap analysis and mock audit kicked off
  - Revised internal/delegation auditing process to align with the regulatory landscape

2025 Forecasting

- CareAdvantage (Medicare)
  - CareAdvantage Mock audit work & Program Audit prep continues
  - CMS Compliance Program Effectiveness (CPE) audit (*potential*)
- Medi-Cal
  - 2024 DHCS Corrective Action execution (CAP)
  - 2025 DHCS Annual Medical Audit
  - 2024 DMHC Follow-Up Survey Corrective Action Plan execution (CAP)
- NCQA
  - Completion of tri-annual accreditation survey
- Internal Operations
  - Enhanced auditing (internal/delegate) aligned with the regulatory landscape, a proactive approach

Commission Reporting

- Reporting to the Finance/Compliance Committee and Commission
  - First report of 2025 will include additional metrics for compliance related activities including HIPAA, Fraud Waste and Abuse (FWA), internal audits, delegate audits and external audits
- Goals
  - Provide the Commission with an overview of the detailed reporting slated to be provided to the Finance/Compliance Committee
  - Provide the Commission with value-add reporting to allow the commission to engage in meaningful dialogue with HPSM as it pertains to compliance activities

MY2024 Compliance Survey

- Survey completion expected by end of Q1 2025
- Presentation to Commission in Q2 2025 of results and trends

Health Policy Outlook

HealthPlan OF SAN MATEO
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Health Policy under Trump 2.0

HealthPlan OF SAN MATEO
Healthy is for everyone

- Medicare funding is not a target
  - May see changes at the regulatory level
- Medicaid funding ***is a target***
  - $2.3 trillion in potential cuts
- Policy proposals
  - Reduce Medicaid funding
  - Cut Medicaid eligibility and benefits

Implications of funding cuts

- Changes from the status quo ***shift*** costs onto California
  - To maintain existing eligibility and benefits
- California spent $160 billion on Medi-Cal in FY 2024-25
  - $98.5 billion from federal funding
- California anticipates future state budget deficits
  - ~$47 billion over the next three years
    - FY 2026-27 through FY 2028-29

Implications of funding cuts

- Per-Capita Cap or Block Grants would limit federal Medicaid spending
  - Fixed amount of funding, which results in reduced funding as health care costs rise over time
- Reducing the matching ratio for expansion population:
  - ~$12 billion increase in State spending
- Reducing the matching ratio for traditional Medicaid:
  - ~$13 billion increase in State spending

Effects on HPSM

- Less federal funding = pressure on CA budget
- California would need to consider changes to Medi-Cal
  - Continue coverage of undocumented individuals?
  - Change/restrict Medi-Cal eligibility?
  - Change/restrict Medi-Cal benefits?
- As of January 2025, it's unclear which, if any Medicaid proposals can make it through Congress

Timing

- Proposed Medicaid changes *would not* affect 2025 Medi-Cal rates or programs
  - Any changes would take effect in future years
- Congressional action expected mid-to-late 2025

What can we do?

- Staying connected
  - Coordinating with county leaders and board of supervisors
  - Leveraging relationships with state and national associations
  - Expanding the tent – identifying impacts of change
- Messaging to Congress
  - Through associations and partners
  - Elected officials representing San Mateo County
- Monitor developments in Congress

2025-26 California Budget

- January Budget
  - Budget is balanced
    - ~$320 million surplus
  - Governor and Legislative Analyst's Office (LAO) have signaled caution with spending
    - No new programs or spending
  - Picture may change over time, with the next update in the May Revise

Policy Outlook

- Medi-Cal coverage and benefits unchanged in 2025
  - Temporary eligibility flexibilities are expiring, which may result in more disenrollments from Medi-Cal statewide
- What we're watching for:
  - Congressional action on Medicaid, Medicare
  - California budget picture in May Revise
- Next Update:
  - Summer 2025

Questions?

Dental Capacity Funding Request

Patrick Curran, Chief Executive Officer

San Mateo Health Commission

February 12, 2025

HealthPlan OF SAN MATEO
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HPSM's 2024-2028 Strategic Plan

HealthPlan OF SAN MATEO
Healthy is for everyone

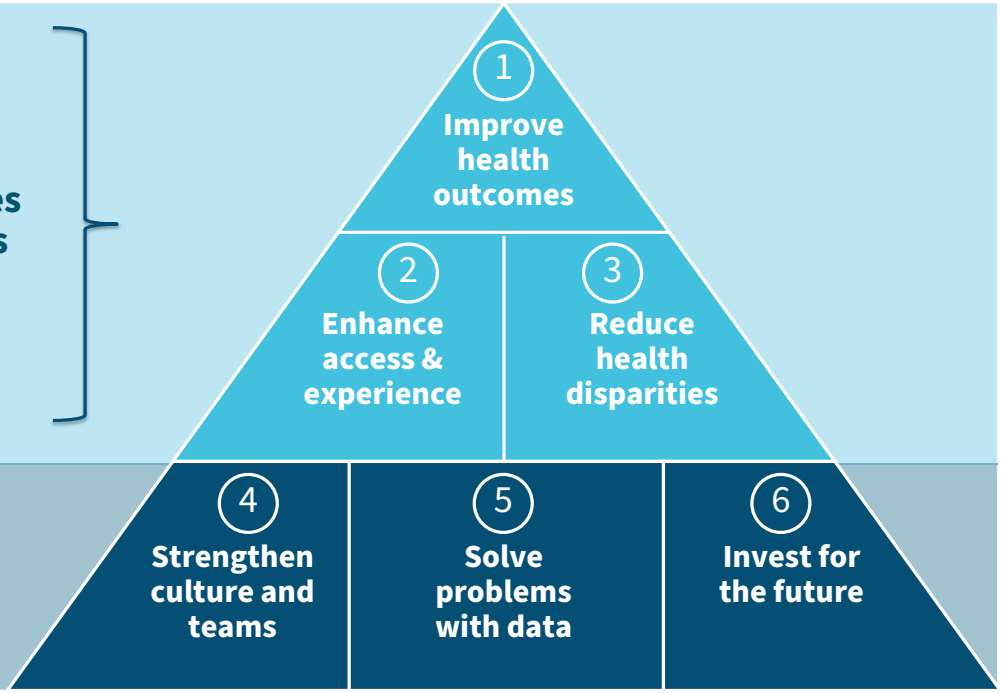
HPSM 2024-2028 Strategic Plan:

Area of Focus 1:

Better Health Care Experiences and Outcomes for all Members

Area of Focus 2:

Thriving Organizational Capacity and Resilience



Ensuring effective oversight

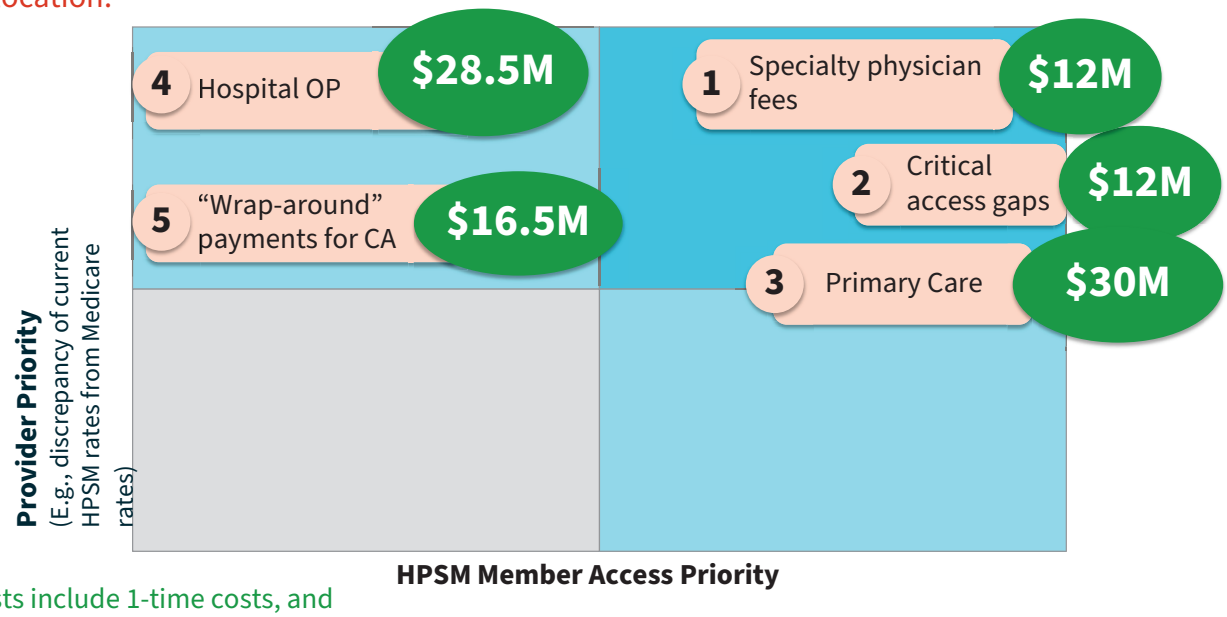
In May 2024, SMHC approved **investment criteria** for the Provider Investment Fund ($100M) and Primary Care Investments ($30M)

SMHC approved the following **oversight processes**:

1. Obtain Commission approval by vote for:
   - Vendor expenditures following our existing purchasing policies
   - Bundles of one-time provider investments
2. Report out on progress on Provider Investments and Primary Care Investments every 6-12 months, including HPSM progress on implementing network rate changes based upon approved criteria

2025-2027 Provider Investments

Cost allocation:



Total costs include 1-time costs, and the cost of network rate increases over **three years 2025-2027**

HPSM Investment Criteria

Does this investment:

- ❑ **Meaningfully impact member access** to high-quality care, services and supports in alignment with our mission.
- ❑ Support our members' journey to the **best possible health outcomes**, including equitable outcomes and a positive member experience
- ❑ **Leverage HPSM's unique strengths** including our unique capabilities, resources, relationships and role within the health care ecosystem.
- ❑ Support strong **stewardship of our financial resources**.
- ❑ Address threats and opportunities that **impact HPSM's long-term organizational health**
- ❑ Have defined metrics for **measurable progress** we can realistically make within an appropriate time frame.

Network dashboard: top priority needs

X Axis: **HPSM Member Access Priority**

Primary Care	**Primary Dental**	**Dental Specialty**
Behavioral Health	**NEMT**	**Speech/Occupational Therapy**
Gender Affirming	**CalAIM**	**OB/GYN**
Ophthalmology	**Optometry**	**Community Health Workers**
Neurology	**Doula**	**LTC/SNF**

Example network prioritization variables

X Axis: **HPSM Member Access Priority**

Type	Contract Sufficiency	Real World Availability	Pop Needs Assessment	VOC*	Key Insights
Primary Care	✓	✓	✓	✓	Evergreen, Workforce at risk
Dental	✓	✓	✓	✓	Primary, Specialty (Endo, Perio, Oral Surgery), Services for Special Needs (e.g. homebound, Dental OR/Anesthesia); coast
Behavioral Health	✓	✓	✓	✓	Psychological testing, in person services for kids, ABA Services, eating disorder specialists, Pharmacy etc.
Community Health Worker		✓	✓	✓	New Benefit, 0 contracted providers
Speech Therapy/ Occupational Therapy		✓		✓	Pediatric population, low volume but high impact

*Voices of the Community

Dental Capacity Funding So Far

- **NEMS** capacity funding to support hiring an oral surgeon for two years and prioritize HPSM referrals: **$700,000**
- **Ravenswood** capacity funding to support two new operatory units in the new Redwood City clinic location that is primarily funded by the Sequoia Healthcare District, as well as funding to support the internal Dental Assistant training program: **$431,042**
- **Sonrisas** capacity funding to support a mobile van for the south coast community, as well as a community health worker and a panoramic x-ray machine (for members with disabilities): **$400,000**
- **University of the Pacific** capacity funding to build a dental unit in the San Mateo County Navigation Center in Redwood City: **$125,000**
- **NEMS, Sonrisas** and **Ravenswood** received capacity funding through the CHI (Children's Health Initiative) to build new operatory units: **$420,000**

SMMC Dental Capacity Request

- Adds six (6) new dental operatories in the North County Wellness Center
- Assists in recruiting and hiring costs for new dental staff
- Adds primary dental capacity in North County for HPSM members
- Funding levels and criteria used are consistent with past dental capacity funding approved by the Health Commission
- Adds meaningful new access, with up to 5,500 additional dental visits per year over and above existing SMMC capacity
- Request of **$1,600,000** from Provider Investment Fund

Questions and Discussion

Primary Care Engagement and Access Pilot: San Mateo Medical Center Innovation Center

Luarnie Bermudo, Director of Provider Services

San Mateo Health Commission

February 12, 2025

HealthPlan OF SAN MATEO
Healthy is for everyone

Objectives for today

HealthPlan OF SAN MATEO
Healthy is for everyone

- **Recap of** investment criteria
- Share **Provider Investment Proposal** for the Primary Care Engagement and Access Pilot- SMMC Innovation Center
- **Request** summary

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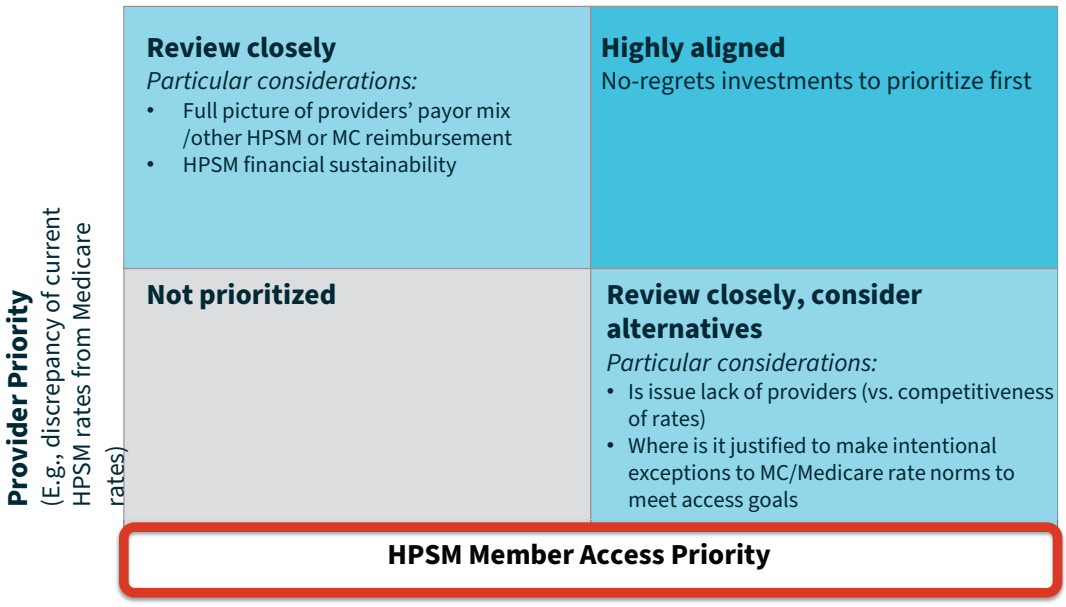
A Provider Investment Fund

Provider Investments: Prioritization Criteria



A Provider Investment Fund

Network dashboard: top priority needs

HealthPlan OF SAN MATEO
Healthy is for everyone

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D Primary Care Investments

Primary Care Investment Goals

HealthPlan OF SAN MATEO
Healthy is for everyone

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- ❑ The appropriateness of HPSM as the funder, do-er, or convener
- ❑ Appropriateness of the request by the specific provider

Either/or (not both):

- ❑ For project support: test something that is net-new; aligned with the concepts of piloting, evaluating, and sharing lessons learned
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Objectives for today

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- **Request** summary

Primary Care Engagement and Access Pilot

San Mateo Medical Center Innovation Center

San Mateo Medical Center

- **Highest volume** primary care provider, assigned almost half of HPSM's Medi-Cal members.
- **20,000** patients **not actively engaged** in primary care (Medi-Cal).
- Limited data on unengaged population.
  - Spanish is largest language preference, primarily located in San Mateo, Redwood City, Daly City, etc.
  - Lower utilizers of ED and inpatient.
  - Unmet needs: lack of engagement even when there is clinic capacity.

Pilot Scope

- **Focus** will be on **unengaged Spanish speaking patients** assigned from San Mateo and Redwood City.
- Pilot has four Phases
  - Phase 1: Ethnographic Research
  - Phase 2: Participatory design with community groups and patients
  - Phase 3: Deploy Innovative Care Team Model **(3000 patients)**
  - Phase 4: Scale and Spread

Pilot Scope

- **Focus** will be on **unengaged Spanish speaking patients** assigned to SMMC from San Mateo and Redwood City.
- Pilot has four Phases
  - **Phase 1: Ethnographic Research**
  - **Phase 2: Participatory design with community groups and patients**
  - Phase 3: Deploy Innovative Care Team Model (3000 patients)
  - Phase 4: Scale and Spread

Pilot Scope and Cost Proposal

- **Phase 1:** Ethnographic Research with patient community to understand their needs around health and access (3 months).

Expected outcomes: Understand health needs and priorities of unengaged population, patient community feels listened to, motivation to collaborate and re-design system.

- **Phase 2:** Co-design solutions with members and staff using Phase 1 results (3 months).

Expected outcomes: Primary care approach redesigned, higher engagement, and member/community trust.

Total request for Phase 1 and Phase 2 is **$300,000** covering the Ethnographic Research Partner, community participation, Clinical Implementation Partner, and data analysis.

Objectives for today

- **Recap of** investment criteria
- Share **Provider Investment Proposal** for the Primary Care Engagement and Access Pilot- SMMC Innovation Center
- **Request** summary

Request Summary

- Request approval of initial one-time capacity funds, from commission approved Provider Investment Fund, in the amount of **$300,000** funding the Primary Care Engagement and Access Pilot Phases 1 and 2, through the SMMC Innovation Center.
- With a focus on **Primary Care engagement and access**, funds will be used to:
  - Complete Ethnographic research on SMMC's unengaged population.
  - Re-Design Primary Care model with key stakeholders (members, staff, HPSM, etc.).

Questions?

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Appendix

HealthPlan OF SAN MATEO
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A plan shaped by many voices

HealthPlan OF SAN MATEO
Healthy is for everyone

February 2023 — December 2023

- Contracted Providers
- Physician Advisory Group
- Community Partners

- HPSM Member Data
- Member-Centered Advisory Taskforce
- Member Experience & Engagement Committee

A plan shaped by our external environment

HealthPlan OF SAN MATEO
Healthy is for everyone

CalAIM DHCS	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

A thread throughout our last two years

2023

Development of 5-year Strategic Plan

Investment strategy

April	May	June	July	August	September	November
Shared an update on the launch of **Primary Care** Investment discovery	Introduced **areas of investment** opportunity Updates on Regional **D-SNP, PACE**	Strategic Plan: launched prioritization and **investment criteria**, shared initial findings **Provider Workforce** discovery update	Update on Regional **DSNP**, preview of 501c3 proposal	Strategic Planning Onsite		**Approved** 5-year Strategic Plan

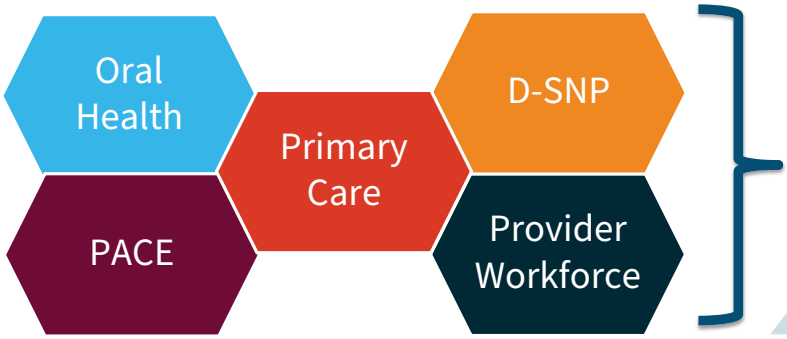
Investments committed

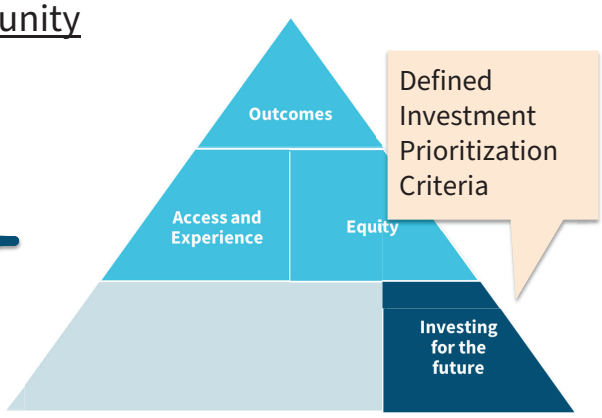
August	September	November
Approved **$**10M investment in **AHMC Seton Medical Center** Approved formation of **501c3** NTE $250,000	Committed $30M **Primary Care** Investment, including: • Approved **technology subsidies** for PCPs NTE $8M	Approved $350K investment in in-person **behavioral health** services

2023 Investment Progress in brief

Defined Potential Areas of Investment Opportunity

Investment strategy





Investments committed

Specific 2023 Investment Commitments: **$40.6M**

A thread throughout our last two years

2024

Year 1 of Strategic Plan

Investment strategy

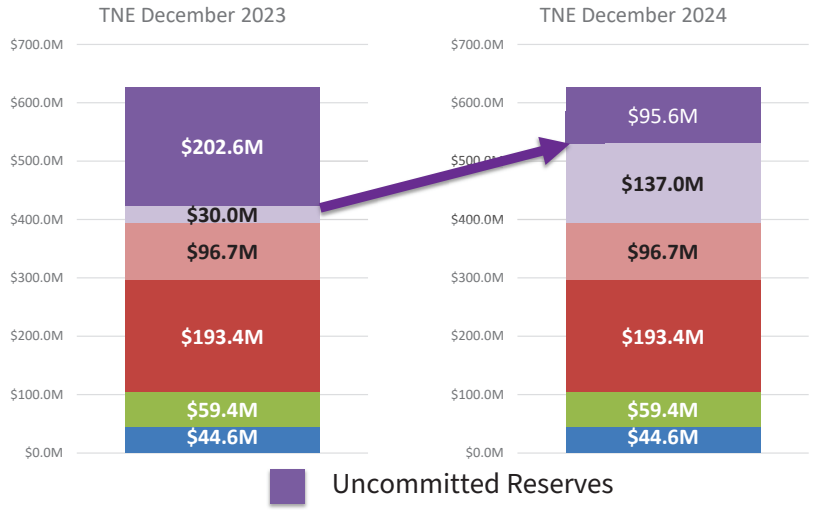
January	February	April	May	June	November
Approved revised **Reserve Policy** Directed HPSM to develop **investment strategy**	Onsite **CalAIM** Study Session	Reviewed 3 proposed **investment categories** for uncommitted reserves	**Approved** investment **criteria** and **processes** for: • **NEW Provider Investment Fund** • PCP Investment Fund	Update on **PACE RFP**	

Investments committed

Approved **Ravenswood Dental** investment	Approved **Provider Investment fund**	Approved investment in **Baby Bonus** program	Approved 3 provider investments in **critical access areas**	
$430K	$100M	$7M	$590K	

2024 Investment Progress in brief

Investment strategy



Key achievements:

1. Revised reserve policy, established categories for investing uncommitted reserves.
2. Committed > 50% of uncommitted 2023 reserves towards provider and community investments
3. Established prioritization and oversight processes

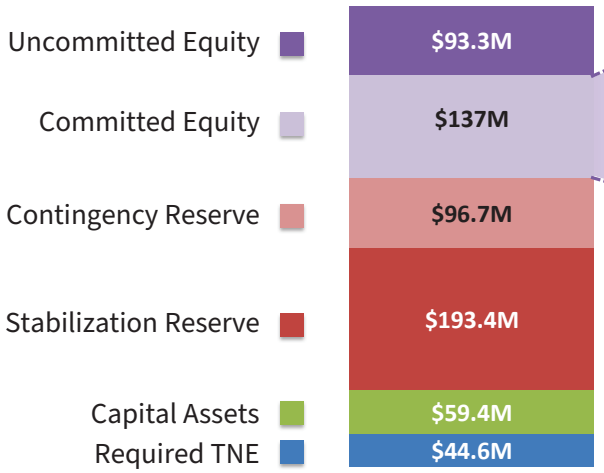
Investments committed

Specific 2024 Investment Commitments: **$107M**

TNE based upon last audited financials: December 2023

Provider Investment Fund Update

Committed TNE as of EOY 2024



Committed Equity:

A	Provider	$100M
B	Primary Care	$30M
C	Baby Bonus	$7M

Based upon last audited financials: December 2023

Provider Investment Fund Update

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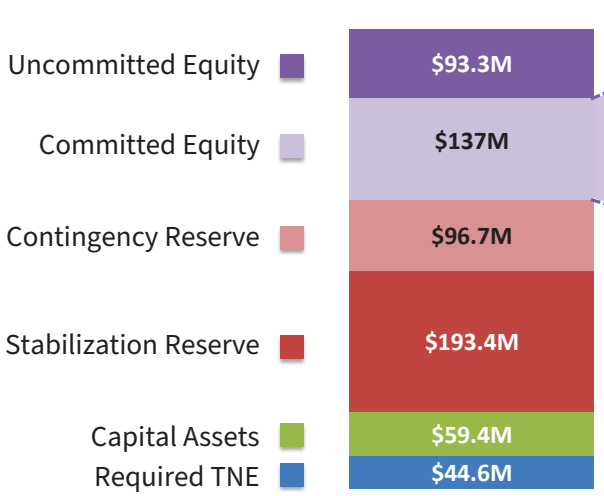

Committed Equity:

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Based upon last audited financials: December 2023

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Methodology: how we measure access

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X Axis: **HPSM Member Access Priority**

Access Category	Examples
Contract Sufficiency	• Geographic Access • Provider Ratios
Real World Availability	• Grievances • OON Utilization • Appointment Availability • Single Case Agreements
Population Needs Assessment	• HPSM Population Needs Assessment
Voices of the Community	• Qualitative Feedback from members, providers, community partners and staff.

In Brief: When determining network priorities…..

- ❑ We collect and analyze relevant access category data.
- ❑ We then use a framework to prioritize efforts that takes into consideration reach, impact, confidence, effort and voices of the community.

** Access priorities summarized in Appendix.*

A Provider Investment Fund

Example network prioritization variables

HealthPlan OF SAN MATEO
Healthy is for everyone

X Axis: **HPSM Member Access Priority**

Type	Contract Sufficiency	Real World Availability	Pop Needs Assessment	VOC*	Key Insights
Primary Care	☑	☑	☑	☑	Evergreen, Workforce at risk
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Behavioral Health	☑	☑	☑	☑	Psychological testing, in person services for kids, ABA Services, eating disorder specialists, Pharmacy etc.
Community Health Worker		☑	☑	☑	New Benefit, 0 contracted providers
Speech Therapy/ Occupational Therapy		☑		☑	Pediatric population, low volume but high impact

*Voices of the Community

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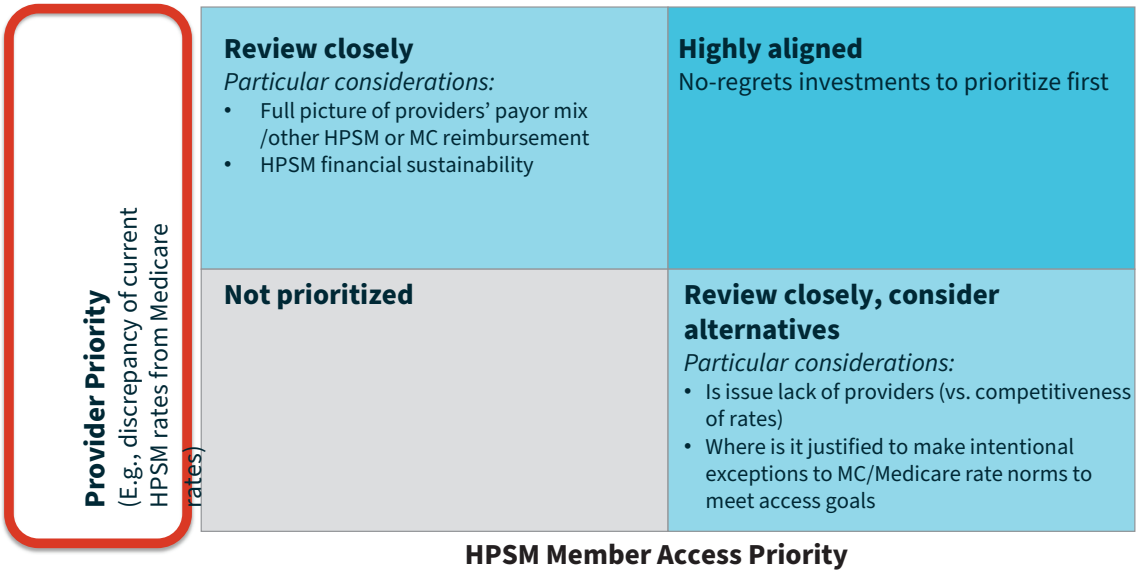
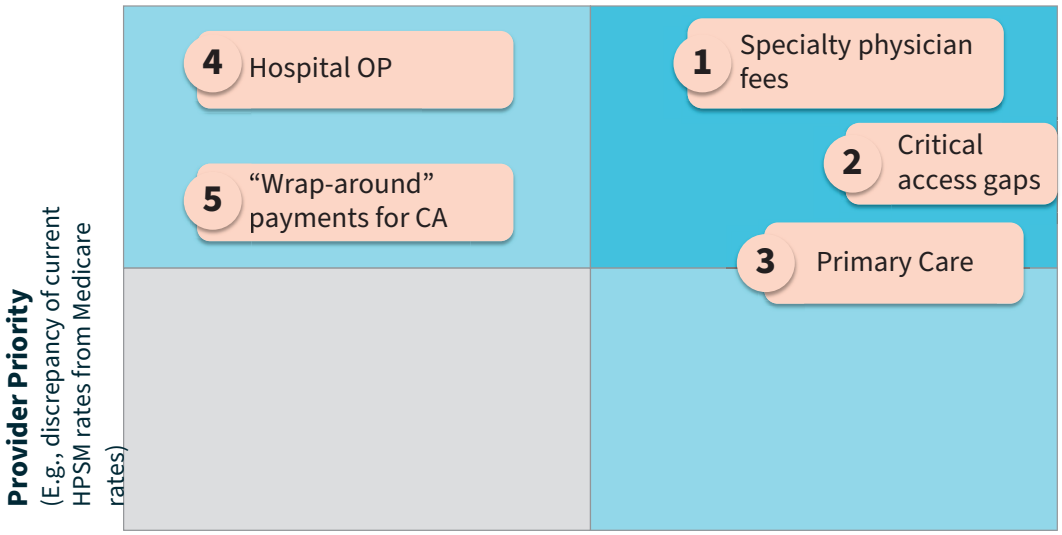
Provider Investments: Prioritization



A Provider Investment Fund

2025-2027 Provider Investments

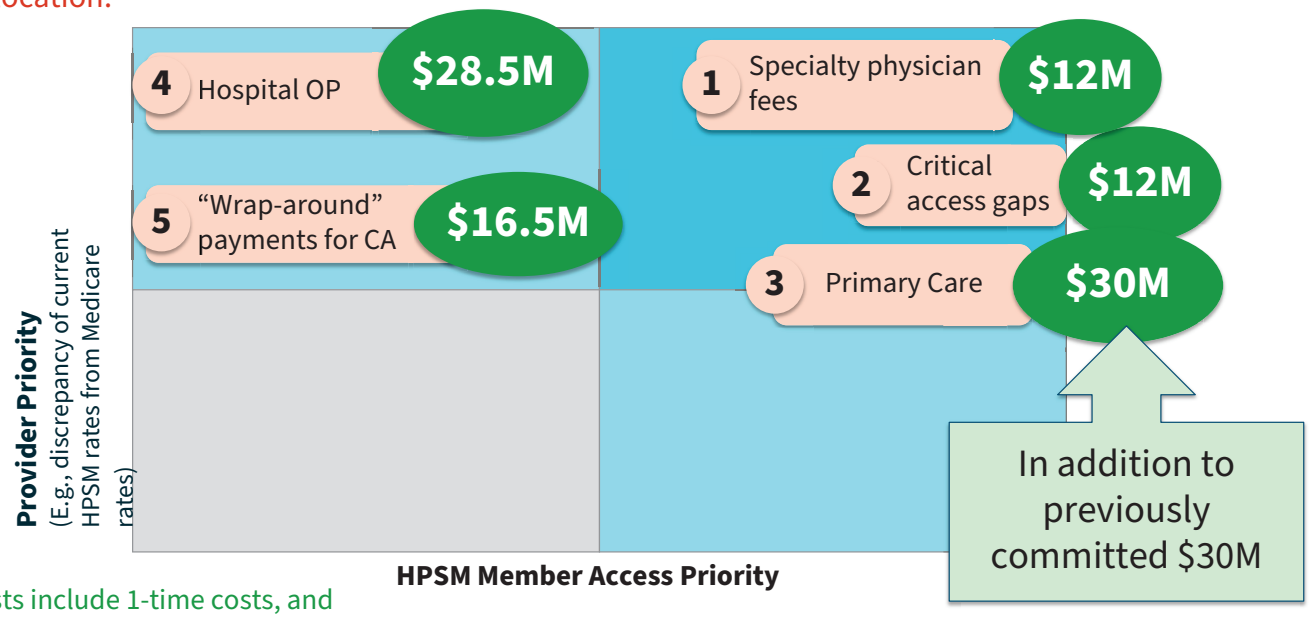
Prioritized investment areas:



A Provider Investment Fund

2025-2027 Provider Investments

Cost allocation:



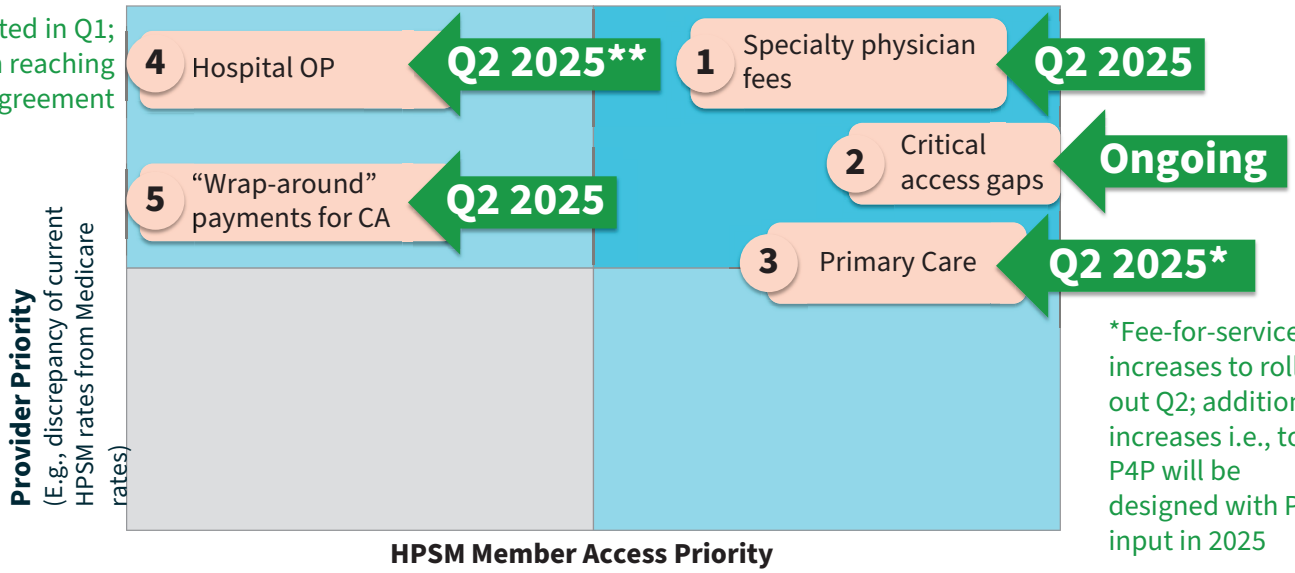
Total costs include 1-time costs, and the cost of network rate increases over **three years 2025-2027**

A Provider Investment Fund

2025-2027 Provider Investments

Implementation timing:

** Initiated in Q1; dependent on reaching agreement



*Fee-for-service increases to roll out Q2; additional increases i.e., to P4P will be designed with PCP input in 2025

Provider Investments Next Steps

- Broad **provider communication** to all providers impacted by Phase 1 rate changes
- Individual meetings with all **contracted hospitals**
- Continue to provide **updates to SMHC** on progress
- Ongoing: additional one-time capacity funding opportunities within **critical access areas** will be bundled and brought to SMHC for approval as identified

Objectives for today

- **Recap our journey** over the last two years, including the early foundation we laid for HPSM's investment strategy
- Report out on **investment progress and decisions** made to date, including:
  - An historic investment in HPSM's network providers in areas of need
  - Primary Care Investments
- Share **next steps** for advancing our investment decisions in 2025
- Discuss **questions and input**

Primary Care Investment Update

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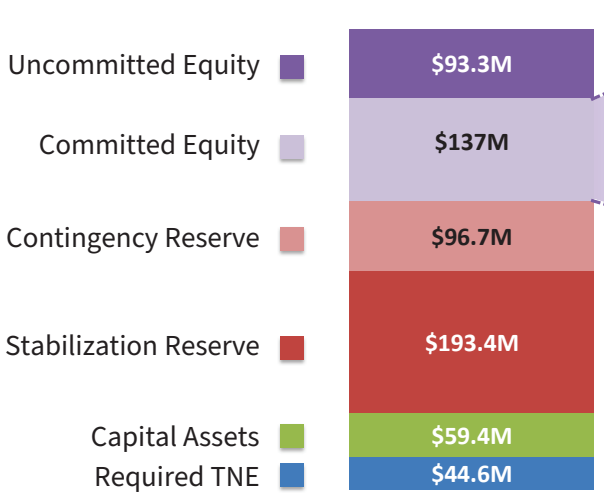

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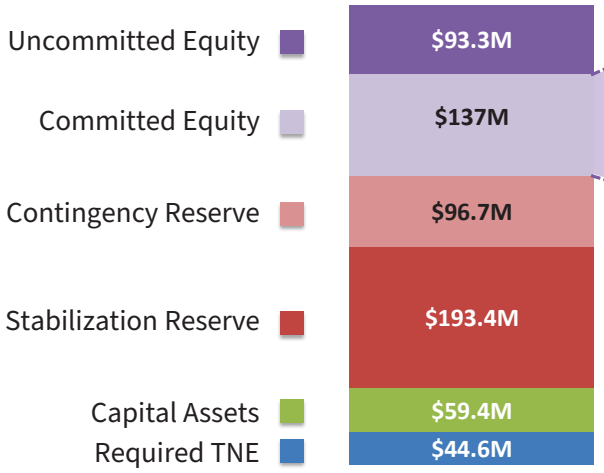

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B Primary Care Investments

Key achievements on PCP investment work

- Defined specific **metrics of success** to measure effectiveness in advancing our four primary care investment goals
- Designed a **Primary Care Grants program** launching this spring
- Launched an RFP for **Practice Transformation** services
- Developed methodology for calculating **Primary Care Spend,** with consideration for statewide focus on this metric

Key achievements on PCP investment work

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Primary Care Investment Metrics

Investment Goal:	Primary Metric:
1 **Better Use of Resources**	**Increase primary care spend** by 30% per capita
2 **Better Work**	**Right-size primary care panels** to 1200 members per primary care team.
3 **Better Population Health**	Show tiered **improvement on prioritized HEDIS metrics** **Close disparity gaps** for well-child visits and immunizations
4 **Better Care Experience**	Increase the percent of members with a **usual source of primary care**

Primary Care Provider Grants

- Grants are available to **all HPSM-contracted** primary care practices
- Grantees will be asked to describe how the funding will **improve capacity, bandwidth and joy** for primary care teams and/or **access** for HPSM members.
- Grants are based on available funding **through 2028**.
- HPSM grants are awarded to **organizations, not individuals**
- Organizations are encouraged to **apply together**

Four flexible options

Grant type:	Purpose:
Primary Care Team Expansion	Hire and integrate new interprofessional team members
Core Team Stabilization	Recruit and retain Primary Care Providers and Medical Assistants
Provider Sabbatical	Retain providers by enhancing resilience through sabbatical
Custom Pilot Program	Supports pilots and programs that improve primary care teams' capacity, bandwidth and joy

Progress on launching investments

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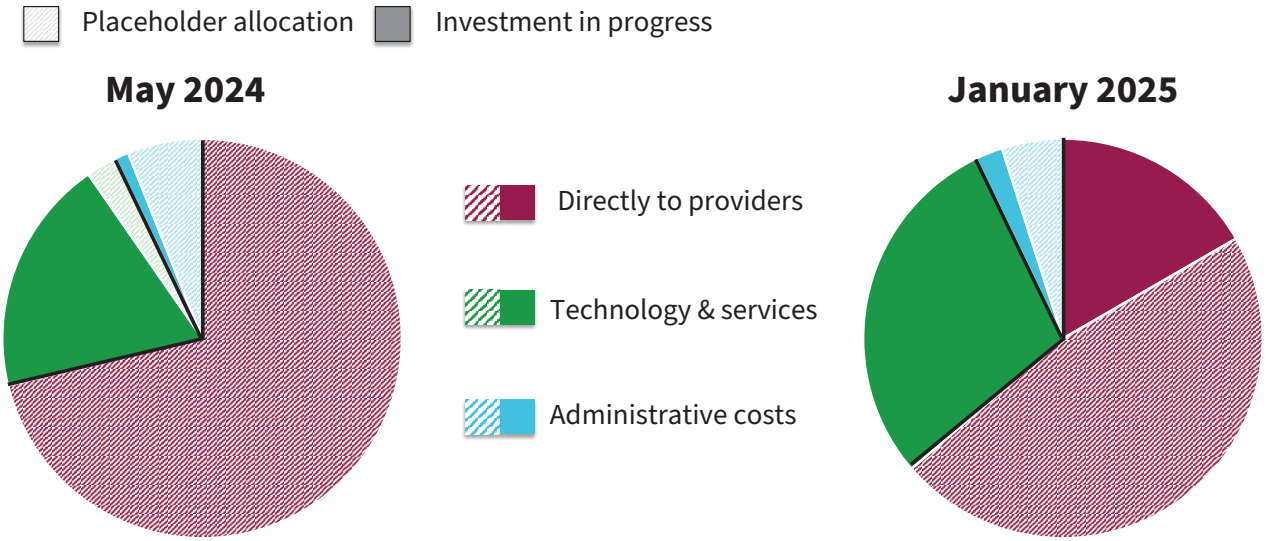
Projected expenditures by category & status, within initial $30M Primary Care Fund:

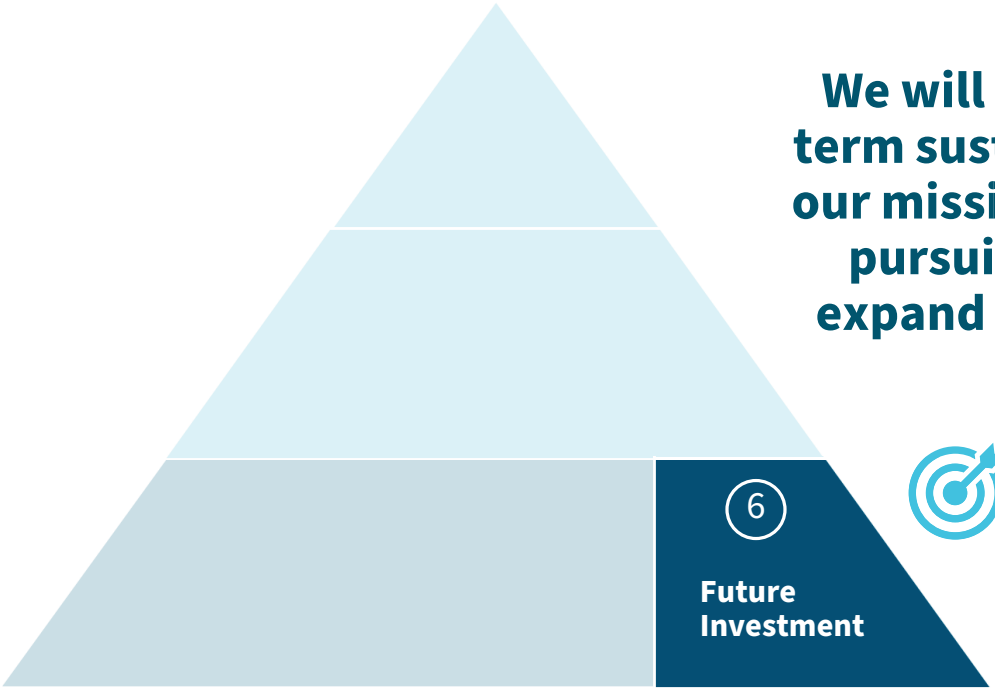


Next steps

HealthPlan OF SAN MATEO
Healthy is for everyone

- Complete **Practice Transformation RFP**, for SMHC approval this spring
- Launch primary care **communication campaign**
- Continue to bring **updates to SMHC** on progress
- Bring bundled **Primary Care Provider Grants** for SMHC approval in the coming months
- **Additional one-time capacity funding** opportunities to support primary care will be brought to SMHC for approval as identified

Goal 6: Invest for the Future



We will ensure HPSM's long-term sustainability to advance our mission, by evaluating and pursuing opportunities to expand or invest differently.

All investments of HPSM reserves were made applying our impact criteria.

Keeping our eye on our external environment

CalAIM DHCS	Statewide care transformation
	Accountability for Health Outcomes and Health Equity
	Growing competitive pressure
	Lasting impacts of the COVID-19 Public Health Emergency
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Keeping our eye on our external environment

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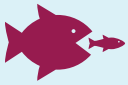
	Accountability for Health Outcomes and Health Equity
	Growing competitive pressure
	Lasting impacts of the COVID-19 Public Health Emergency
	Shifting focus on financial risk

Emerging 2025 themes:

- Potential and unknown federal policy shifts
- Ongoing roll out of D-SNPs by local plans statewide

Grounded in our HEALTHY values

- H **Health care** that puts members at the center of everything we do.
- E **Equitable** access to quality services and supports for all members.
- A **Advocacy** for members disproportionately impacted by health inequities.
- L **Local** health care based in San Mateo county provided in partnership with community resources.
- T **Transparency** and accountability achieved through local governance.
- H **Honesty** is the core of our service to members, providers, business partners and the community.
- Y **You** - because HEALTHY is for everyone!

Objectives for today

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- Share next steps for advancing our investment decisions in 2025
- Discuss questions and input

Questions and Input

- What other information would be helpful to this Commission in future investment updates?
- What other information would be helpful as we prepare for additional investment prioritization in March and April?
- Other questions or suggestions?

2025-2027 Network Rate Investments

Based upon prioritization criteria

Category	Annual Investment	Three-Year Investment (2025-27) (millions)	Implementation
Provider wrap-around Medi-Cal payments for CareAdvantage members	$5.5M	$16.5M	Q2 2025
Specialty Physician Fee Schedule Payments	$4M	$12M	Q2 2025
Hospital Outpatient Payments	$9.5M	$28.5M	Q2 2025, dependent on reaching agreement
Primary Care Payments: FFS, Capitation and Value-Based	$10M	$30M	Q2 2025 for FFS
Payments in Critical Access Areas	$4M	$12M	In progress - ongoing
Total Provider Investment	**$33M**	**$99M**	

D Primary Care Investments

Primary Care Investment Goals

Strategically invest in primary care, to:

1. Better allocate resources: to address chronic underinvestment, support the implementation of advanced primary care, and shift from a focus on *volume* to *value*.

2. Promote a robust and thriving workforce: fortify a diverse primary care workforce in San Mateo County to increase capacity, bandwidth, and joy.

3. Improve population health: support our network to be more population focused, in order to achieve better, more equitable health outcomes for our members.

4. Enhance the care experience for members and families, so that they are satisfied, engaged in their care, and healthy.

Primary Care Investment Goals

Prioritization considerations:

- ❑ The degree to which the opportunity advances our four investment goals relative to the size of the investment/grant.
- ❑ The appropriateness of HPSM as the funder, do-er, or convener
- ❑ Appropriateness of the request by the specific provider

Either/or (not both):

- ❑ For project support: test something that is net-new; aligned with the concepts of piloting, evaluating, and sharing lessons learned
- ❑ For general operational support: financial stability of the investment for HPSM and sustainability for the providers implementing new solutions

Primary Care Investment Metrics

Goal	Primary Metric(s)	Secondary Metric(s)
Better Use of Resources	Increase PC spend by 30% (proportional to number of members)	Monitor proportion of reimbursement earned through VBP. Monitor rates in comparison to Medicare.
Better Work	Right-size primary care panels to 1200 members per primary care team.	Monitor provider well-being.
Better Population Health	Each primary care organization will show tiered improvement* on the following applicable clinical (HEDIS) metrics**: Well Child Visits; Breast Cancer Screening; Depression Screening and Follow Up; HbA1C>9 Close disparity gaps for well-child visits and immunizations at a statistically significant level.	Increase data transparency, integration and interoperability.
Better Care Experience	Increase members with a usual source of primary care.	

* Tier 1: at or above 90th percentile: stay or exceed; Tier 2: between 50th and 90th percentile: greater than 25% gap closure to 90th percentile; Tier 3: below 50th% percentile: exceed 50th percentile

** minimum denominator of 30 members per component rate

MEMORANDUM

AGENDA ITEM: 5.1

DATE: March 12, 2025

DATE: March 12, 2025

TO: San Mateo Health Commission

FROM: Patrick Curran, CEO

RE: Approval of Capacity Funding Grants from Primary Care Investment Fund

---

Recommendation:

HPSM recommends that the San Mateo Health Commission approve a block allocation of $2,500,000 from the Primary Care Investment Fund to support Primary Care Grants.

Background:

During the May 2024 Commission meeting, the San Mateo Health Commission (SMHC) approved a strategy to invest in the HPSM provider network through the Provider Investment Fund. The aim of these investments is to enhance access to high-quality, member-centered care within the HPSM provider network. A total of $60 million has been allocated for investment in the primary care network, with $30 million designated for Primary Care Grants across the network.

In January 2025, HPSM provided further details on how investment dollars would be prioritized based on network needs, particularly in Primary Care. As part of the established oversight process, HPSM is required to bundle one-time provider investments for commission approval.

The Commission has previously allocated capacity funding for various projects that have bolstered our network capacity. These projects include funding for dental services, autism services for young members, Community Health Worker services, expanded access to Behavioral Health Services, and support for primary care access. Recently, the Commission approved a $300,000 capacity investment for the San Mateo Medical Center's Innovation Center, focusing on primary care engagement and access.

Discussion:

Building on the momentum to enhance primary care access, we have collaborated with our network of primary care providers and are now prepared to deploy our first round of Primary Care Grants. These grants will be available to all HPSM-contracted primary care practices. Grantees will be required to detail how the funding will improve capacity, enhance team bandwidth and satisfaction, and increase access for HPSM members. Funding availability extends through 2028, and grants will be awarded to organizations rather than individuals.

Four Flexible Primary Care Grant Options:

1. **Primary Care Team Expansion:** Hire and integrate new interprofessional team members.
2. **Core Team Stabilization:** Recruit and retain Primary Care Providers and Medical Assistants.
3. **Provider Sabbatical:** Enhance provider resilience through sabbaticals to improve retention.
4. **Custom Pilot Program:** Support pilots and programs that enhance primary care teams' capacity, bandwidth, and satisfaction.

HPSM staff will monitor progress of the Primary Care Investment Grants and provide periodic reports to the San Mateo Health Commission as part of its ongoing updates on its Primary Care Investment Program.

Fiscal Impact:
We are requesting the approval of $2,500,000 from the $30,000,000 allocated for Primary Care Investments for the initial deployment of Primary Care Grants. Grants will be deployed across four flexible primary care grant options, as described above.

DRAFT

RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION

IN THE MATTER OF APPROVAL OF
CAPACITY FUNDING GRANTS FROM
PRIMARY CARE INVESTMENT FUND

RESOLUTION 2025 -

RECITAL: WHEREAS,

A. HPSM has developed a Provider Investment Fund and Primary Care Investment Strategy to support providers through payment rate changes and one-time investments;
B. HPSM recognizes that the stability and viability of its provider network is critical to member access;
C. HPSM has criteria in place to fund primary care capacity pilots in the community to meet the needs of HPSM members.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The San Mateo Health Commission authorizes the Chief Executive Officer to approve the disbursement of $2,500,000 from the $30,000,000 Primary Care Investment Fund to Primary Care Grantees across the network, as part of the four Primary Care Grants developed by HPSM.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 12th day of March, 2025, by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____
Bill Graham, Chairperson

ATTEST:

BY: _____
M. Heryford, Clerk

APPROVED AS TO FORM:

_____
Kristina Paszek
DEPUTY COUNTY ATTORNEY

AGENDA ITEM: 5.2

DATE: March 12, 2025

Meeting materials are not included for Item 5.2 - Preliminary Retreat Discussion

MEMORANDUM

AGENDA ITEM: 6.0

DATE: March 12, 2025

DATE: March 5, 2025

TO: San Mateo Health Commission

FROM: Patrick Curran, CEO

RE: CEO Report – March 2025

NCQA Accreditation

Though we have not received official notification, the unofficial results of our National Committee for Quality Assurance (NCQA) survey indicate that HPSM will receive a full three-year accreditation. This is wonderful news and reflects a significant amount of coordinated effort by many individuals throughout the organization. This accreditation result is validation that HPSM provides access to high-quality care for our members. In fact, our reviewers noted how evident it was that HPSM staff care deeply about our members and our community.

Provider Investment

In addition to the dental capacity and innovation center funding for SMMC approved at the February meeting, the Health Commission will review a batch of additional capacity funding requests at our March meeting as part of our Primary Care Investment Strategy. HPSM staff are also working diligently to implement several provider-rate increases by April 1 as part of our broader Provider Investment Fund.

Community Investment

A requirement of our new five-year agreement with DHCS, which began in January 2024, is that health plans like HPSM make annual investments in the community if there is a positive net income for the year. DHCS recently released the final rules about this investment in an All-Plan Letter (APL). We have been working with the county and community partners on this process. Due to the lag time in determining the amount payable under this community investment category, actual payments for calendar year 2024 will take place in early 2026. Though our upcoming April retreat will not specifically focus on this program, the discussion will help guide what priorities we may have for future community investments.

Federal Policy Update

HPSM is participating in both statewide and national calls regarding the ever-changing Medicaid funding negotiations at the federal level. These negotiations take the form of potential funding cuts as part of an upcoming budget resolution. We will continue to update the Health Commission based on the best information we have on these potential funding threats.