

THE SAN MATEO HEALTH COMMISSION
Regular Meeting
January 8, 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/zfVwN6zUy8k?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 Approval of Advisory Group Membership for 2025
 - 4.2 Waive Request for Proposal Process and Approval of Amendment to Agreement with American Logistics Company.
 - 4.3 Approval of Amendment to Letter of Engagement with Milliman Consultants for Actuarial Services for 2026-2027 Medicare D-SNP Bid
 - 4.4 Approval of San Mateo Health Commission Meeting Minutes from December 11, 2024
- 5. Specific Discussion/Action Items**
 - 5.1 Election of Officers.*
 - 5.2 Adoption of Final 2025 HPSM Budget.*
 - 5.3 Provider Network and Investment Update
- 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.

MEMORANDUM

AGENDA ITEM: 4.1

DATE: January 8, 2025

DATE: December 20, 2023

TO: San Mateo Health Commission

FROM: Pat Curran, Interim Chief Executive Officer

RE: 2025 Membership - Commission Committees and Advisory Groups

The Commission approves the membership of its standing committees and advisory groups every year at this time. During the year, committee chairs fill vacancies with qualified individuals, and these appointments are confirmed annually by the Commission.

At the July 2023 Commission meeting, the Commission approved the restructuring of its standing committees to streamline committee oversight. The three remaining standing committees are:

- Finance/Compliance Committee
- Community Advisory Committee
- Quality Improvement and Health Equity Committee

Attached for the Commission's approval is a list of the Commission's current standing committees and advisory groups, including current membership and respective membership representation. Proposed changes have been indicated with strikethrough for deletions and underlining for additions.

DRAFT

**RESOLUTION OF
THE SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF
COMMITTEE AND ADVISORY GROUP MEMBERSHIP
AND MEMBERSHIP REPRESENTATION FOR 2025**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission has previously established various committees and advisory groups to carry out its business, and appointed members to these committees and groups; and
- B. Membership and representation for these committees is approved annually by the Commission.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves the attached list of committees, committee members, and their respective membership representation for its standing committees for 2025.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

**SAN MATEO HEALTH COMMISSION
COMMITTEES/ADVISORY GROUPS
Member and Committee Representation List 2025**

COMMITTEE OR GROUP

MEMBERSHIP REPRESENTATION

Finance/Compliance Committee (5) Staff: CFO/CEO

Meets as Scheduled

Si France, M.D.	-	Commissioner
George Pen	-	Commissioner
Michael Callagy	-	Commissioner
Bill Graham	-	Commissioner
Barbara Miao	-	Commissioner

Community Advisory Committee (13) Staff:

Director of Population Health

Meets Quarterly

Ligia Andrade Zuniga	-	HPSM Commissioner
Vacant	-	HPSM Member or Consumer Advocate
Vacant	-	HPSM Member or Consumer Advocate
Mary Pappas (Commission on Aging)	-	HPSM Member or Consumer Advocate
Cynthia Pascual (Member)	-	HPSM Member or Consumer Advocate
Vacant	-	HPSM Member or Consumer Advocate
Hazel Carrillo (Member)	-	HPSM Member or Consumer Advocate
Rob Fucilla	-	HPSM Member or Consumer Advocate
Ana Avendano	-	HPSM Member or Consumer Advocate
Angela Valdez	-	Human Services Agency, County of San Mateo
Amira Elbeshbeshy/ Katherine Greis , Chair	-	Legal Aid Society Representative
Ricky Kot	-	Aging & Adult Services, County of San Mateo
Marmi Bermudez	-	Health System, County of San Mateo

Quality Improvement & Health Equity Committee (QIHEC) (9)

Staff: Director of Quality Improvement

Meets Quarterly

Kenneth Tai, M.D.	-	Commissioner (Physician)
Jeanette Aviles, M.D.	-	Commissioner/Physician Member (SMMC-Internal Medicine)
Alpa Sanghavi, M.D.	-	Physician Member (SMMC Chief of Quality & Patient Experience)
Jaime Chavarria, M.D.	-	Physician Member (PCP – Family Medicine)
Maria Osmena, M.D.	-	Physician Member (PCP – Pediatrics)
Curtis Chan, M.D.	-	Physician Member (SMC Deputy Health Officer)
Nazleen Bharmal, MD	-	Physician Member (Primary Care and Population Health)
Vacant	-	Specialist
Vacant	-	Pharmacist

(Italics indicates additional information on committee member)

MEMORANDUM

AGENDA ITEM: 4.2

DATE: January 8, 2025

DATE: December 23, 2024

TO: San Mateo Health Commission

FROM: Patrick Curran, Chief Executive Officer
Amy Scribner, Chief Health Officer
Gale Carino, Director of Integrated Care
Erica Han, Program Manager, Transportation

RE: Waive RFP and Approve Amendment to Agreement with American Logistics Company

Recommendation

Approve a waiver of the Request for Proposal (RFP) process and authorize the CEO to execute a one year amendment to the agreement with HPSM's current Non-Medical Transportation (NMT) vendor, American Logistics Company (ALC). This amendment extends services for one year through December 31, 2025.

Background

NMT involves member transportation necessary to access any Medi-Cal covered service. ALC has been HPSM's NMT vendor since the firm was selected through an RFP process in 2009:

- 2009: Selected through RFP process to administer the CareAdvantage (CA) ride benefit.
- 2015: Selected through a subsequent RFP to continue offering the CA ride benefit.
- 2017: Commission approved a contract amendment to expand ALC's scope to cover all Medi-Cal members to comply with DHCS' mandated benefit expansion. An RFP was not conducted in 2017 given the two-month turn-around time DHCS provided to Plans to implement the expanded benefit. In July 2017, ALC initiated alternative transportation services through a partnership with the rideshare company Lyft, which increased the capacity of the ALC network beyond ALC-contracted drivers.
- 2018: HPSM issued an RFP for transportation management services, receiving proposals from three vendors. The RFP review committee selected ALC based on pricing, proposal content, willingness to comply with HPSM's performance standards, and experience

administering the transportation benefit for HPSM and other California Medi-Cal managed care plans.

- 2021: The current ALC agreement expires on December 31, 2024.

Discussion

Staff recommends waiving the RFP process and extending the ALC agreement for the following reasons:

1. ALC's performance has consistently met contract standards.
2. HPSM is working in collaboration with DSR to develop an NMT contract template that ensures we meet the DHCS NMT requirements according to APL 22-008; this amendment allows us the necessary time for this contract development in support of our RFP process.
3. HPSM Care Management department will be preparing for the launch of 3 new DHCS CalAIM/ECM-related program requirements by July 1, 2025 in addition to preparing for a highly anticipated CMS audit in early 2025, which will impact the ability of Care Management staff to work on an RFP or establishing processes, training staff, and implementing data exchanges with a new vendor next year.

Fiscal Impact

The proposed amendment extends the agreement with ALC through December 31, 2025. The amendment also provides improvements to the NMT process to reduce costs and improve member experience. ALC's proposed rates will increase by a standard 4% annual increase. This rate increase includes the following:

1. Additional services such as implementation of Appointment Verification Process and implementation of 48 Hour Reservation Policy and Process.
2. Additional qualified drivers to ensure timeliness of rides.

This amendment will increase the contract amount by an estimated \$200,000.

As approved by the Commission in October 2021, this agreement will continue without a contract maximum amount. NMT is a mandatory benefit for Medi-Cal and D-SNP/CareAdvantage, so HPSM is required to provide rides regardless of member demand. As such, these costs are eventually reflected in HPSM's rates from the CA Department of Health Care Services.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVING A WAIVER OF THE REQUEST
FOR PROPOSAL PROCESS AND AN AMENDMENT TO THE
AGREEMENT WITH AMERICAN LOGISTICS COMPANY**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission executed its most recent agreement with American Logistics Company for non-medical transportation services in 2018;
- B. Non-Medical Transportation is a health-care expense, and its costs are reflected in HPSM’s capitation rates received from the Department of Health Care Services; and
- C. American Logistics Company has offered a favorable proposal to continue providing Non-Medical Transportation, including assumption of additional services.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission waives the Request for Proposal (RFP) process and authorizes the Chief Executive Officer to execute an amendment to the agreement with American Logistics Company to extend Non-Medical Transportation services through December 31, 2025.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.3

DATE: January 8, 2025

DATE: December 19, 2024
TO: San Mateo Health Commission
FROM: Patrick Curran, Chief Executive Officer
Katie-Elyse Turner, Director of Financial Planning & Analysis
RE: Waive Request for Proposal and Approve Letters of Engagements with Milliman
Consultants for Actuarial Services Related to 2026 and 2027 Medicare D-SNP Bids

Recommendation:

Waive the Request for Proposals (RFP) process and authorize the Chief Executive Officer to execute the Letters of Engagement with Milliman Consultants for actuarial services related to the 2026 and 2027 Medicare Advantage (MA) and Part D (PD) bid submissions.

Background:

As HPSM is committed to supporting complex and older adults with both Medicaid and Medicare eligibility, we have operated a Medicare line of business since 2006. CareAdvantage (CA), a Medicare Advantage (MA) and Part D (PD) Special Needs Plan (SNP), operated from 2006 through 2016. CareAdvantage Cal MediConnect (CA CMC), an integrated Medicare-Medicaid Plan (MMP), operated from April 2014 through 2022. As of January 2023, CareAdvantage transitioned to a MA-PD Dual-Eligible Special Needs Plan (D-SNP) in alignment with HPSM's Medi-Cal line of business.

The Centers for Medicare and Medicaid Services (CMS) require annual submission of "bids" for all MA and PD plans. This actuarial process utilizes medical and pharmacy cost and utilization data, HPSM's plan design decisions, market intelligence, and operational goals to develop an estimated "per member per month" (PMPM) cost of offering the CareAdvantage product's benefit package. CMS then compares these data to nationwide MA and PD benchmarks and sets final plan specific PMPM rates for the benefit year, which form the basis for HPSM's Medicare revenue streams.

Milliman Consultants have provided actuarial and consulting services for the Health Plan since 2005, including annual MA-PD bid support, Medi-Cal dental benefit rate development support, and a variety of other Medicare and Medicaid actuarial and financial guidance and deliverables.

Discussion:

Milliman's work on the bid includes a suite of support services and deliverables, including:

- Preliminary projections of benefit year costs and revenue for Part C (MA) and Part D (PD),
- Advice and strategy support to develop D-SNP product and benefit package,
- CMS delivery-ready bid pricing tools (BPTs) for June submission and August resubmission, qualitative and quantitative bid substantiation, and actuarial certification, and
- Support through CMS's bid desk review process and a final management report documenting the submitted bid information and major assumptions used in development.

Staff continue to be satisfied with Milliman's deep expertise in MA-PD plan design, CMS expectations for the annual bid process, and strategic thought partnership and support in developing comprehensive MA and PD bids and related documentation. Given the complexities of the CMS MA-PD bid process and Milliman's familiarity with HPSM's Medicare program, it is in the Health Plan's best interests to maintain our actuarial relationship with Milliman and waive the request for proposal process.

Fiscal Impact:

For 2026 bid activities, Milliman estimates expenditures between \$260,000 and \$300,000 for core bid development activities, with the final fees based on actual time and expense incurred. The 2026 fee estimate *includes* a \$33,500 charge to support common MA-PD research and bid tools but *excludes* time and expense costs associated with support for 1) response to CMS desk review inquiries and August resubmission activities (after the initial bid submission in June), and 2) CMS bid audit activities, should HPSM be selected.

Staff anticipate some cost avoidance due to improved process efficiencies and internal subject matter expertise; however, all MA and PD bids undergo desk review with CMS auditors, which requires additional support from Milliman, and possible delays in information required for bid decision-making may have a marginal increase to costs. We therefore anticipate expenditures of approximately \$330,000 for 2026 bid activities and the same for 2027 bid activities, bringing the total not to exceed amount to \$660,000 for the two years.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER TO WAIVE REQUEST FOR PROPOSAL PROCESS
AND APPROVAL OF LETTERS OF ENGAGEMENT WITH
MILLIMAN CONSULTANTS FOR 2026-2027 MEDICARE BIDS**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission continues to support service delivery alignment for complex and older adults by offering the CareAdvantage line of business, a Medicare Advantage and Part D (MA-PD) Dual-Eligible Special Needs Plan (D-SNP);
- B. The Centers for Medicare and Medicaid Services (CMS) require annual submission and approval of actuarially developed and certified bids to administer MA-PD plans; and
- C. HPSM staff recommend waiving the request for proposal process and continued utilization of Milliman Consultants to provide Medicare line of business-related actuarial services.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission waives the Request for Proposals process and authorizes the engagement with Milliman Consultants for services related to the 2026 and 2027 MA-PD bid projects with a not to exceed amount of \$660,000 for the two year term; and
- 2. Authorize the Chief Executive Officer to execute said letters of engagement.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January 2025 by the following votes:

AYES:
 NOES:
 ABSTAINED:
 ABSENT:

_____, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

SAN MATEO HEALTH COMMISSION
Meeting Minutes
December 11, 2024 – 12:30 a.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

AGENDA ITEM: 4.4

DATE: January 8, 2025

Commissioners Present: Jeanette Aviles, M.D. Raymond Mueller
David J. Canepa George Pon, R. Ph., Chair
Michael Callagy Manuel Santamaria
Bill Graham, Vice-Chair Kenneth Tai, M.D.

Commissioners Absent: Si France, M.D., Ligia Andrade Zuniga.

Counsel: Kristina Paszek

Staff Presenting: Pat Curran, Trent Ehrgood.

1. Call to order/roll call

The meeting was called to order at 12:36 p.m. by Commissioner Pon, Chair. A quorum was present.

2. Public Comment

There were no public comments at this time.

3. Approval of Agenda

Commissioner Canepa moved approval of the agenda as presented (Second: Graham). **M/S/P.**

4. Consent Agenda

Consent Agenda was approved as presented. Motion: Aviles (Second: Graham) **M/S/P.**

5. Specific Discussion/Action Items:

5.1 Resolution of Appreciation for George Pon, Commissioner

Mr. Patrick Curran introduced the resolution of appreciation of George Pon, Commissioner. Mr. Curran expressed his gratitude for the many years of service that George Pon has provided in his role as Commissioner and most recently as Chair of the Commission over the past two years, as a member of the Finance Committee for a number of years, and nearly two decades serving on the Pharmacy & Therapeutics Committee.

Each one of the Commissioners acknowledged his praiseworthy contributions, leadership, humility and dedication to the organization. Commissioner Pon expressed his gratitude and shared his positive experiences with the Commission.

Commissioner Callagy motioned to approve the resolution of appreciation for Commissioner Pon. Second: Tai. **M/S/P.**

5.2 Approval of 2025 HPSM Budget

Mr. Curran introduced Mr. Trent Ehrgood, Chief Financial Officer who presented a draft preliminary budget for approval. He noted that the final rates from DHCS have not yet been received. He expects to give the Commission an update in January with some fine tuning of those items impacted by the final DHCS rates. His presentation is attached to these minutes. The following are highlights of his presentation:

- The preliminary projection for 2024 is a surplus of \$35M and may be a little bit higher. 2025 Medi-Cal base rates in the budget decreased about 4% from the previous year. The final prospective rates will come later in December.
- The projected overall surplus for 2025 is \$17 million, with a forecasted operating loss of \$21 million offset by non-operating revenue of \$38 million.
- Mr. Ehrgood explained that the 2025 Medi-Cal base rates decreased by about 4% from the previous year, a reduction of approximately \$28 million in revenue. He emphasized the need to adjust expectations based on this decrease.
- The Medicare line of business, particularly the Part D benefit, is a primary contributor to the projected operating loss. Mr. Ehrgood noted the impact of the Inflation Reduction Act (IRA) and changes in reinsurance stop-loss components, which have shifted more risk to health plans.
- Mr. Ehrgood reviewed the Proposed Budget for 2025 covering operating revenues; health care expenses; administrative expenses, MCO Tax, and Non-Operating Revenues. He explained how each category leads to the projected \$17 million surplus. Much of these assumptions depend on the final base Medi-Cal rates from DHCS.
- He noted that the dental funding is expected to increase when we receive final rates. It was expected that the plan would have to subsidize dental a little bit since we were successful in increasing access, thus increasing costs, and it would take time for the state to keep up with that cost experience. The state has responded to this gap with a commitment to increase dental rates, but this likely will not completely close the gap.
- Mr. Ehrgood explained that the MCO Tax is at zero because the state has not quantified this expenditure yet, however, it is a pass through and more or less break even. This figure will be included in the final budget but it won't change the bottom line.
- He continued to explain each line item under health care expenses, noting \$7.6 million in directed payments which only includes GEMT for ambulance, and dental directed payments that amount to \$7 million; and noted that the physician portion is missing (for Medi-Cal) for directed payments, and hospital directed payments

have not yet been built into our rates. In conclusion, once we get final rates, the bottom line will change to some degree but likely by a small amount.

- Mr. Ehrgood touched on the investments in primary care and provider rate increases approved by the commission earlier in the year which are excluded from the budget and will remain excluded. The strategic use of reserves, including the \$130 million approved for investments in primary care and provider rate increases will be allocated over several years and will impact the budget as they are implemented.
- Mr. Ehrgood outlined four areas where final rates and adjustments are expected: base rate adjustments, dental funding, MCO tax, and directed payments. He indicated that these adjustments would be incorporated into the final budget, potentially improving the bottom line and will be brought back to the Commission in January.
- Mr. Ehrgood presented data on membership trends, including the impact of redetermination, the transition of Kaiser members, and the increase in undocumented immigrants eligible for Medi-Cal. He also discussed the utilization patterns and potential reasons for low utilization among the new population.
- Lastly, he explained the increase in administrative costs and staffing for 2025, attributing it to new programs, increased reporting requirements, and the hiring of community health workers for the Baby Bonus Program. He also mentioned the impact of strategic investments in primary care and provider rate increases.

Commissioner Mueller motioned to approve the budget as presented. Second: Graham. **M/S/P.**

6. Report from Chief Executive Officer

Mr. Curran reviewed his written report recapping the organizational activities over 2024. He thanked the commission and staff for their contributions. Mr. Curran noted that in January we will have a new federal administration, and the unofficial word is that the state budget may be slightly better than anticipated.

Our discussion in January will be mostly focused on providers as mentioned by Mr. Ehrgood and an update on the investment activities, rates and what is going on with our network. Lastly, he touched on the election of a new Chair and Vice-Chair, Clerk and Assistant Clerk in January. He again thanked George Pon for his contributions over the many years serving on the commission.

7. Other Business

There was no other business discussed at this time.

8. Adjournment

The meeting adjourned at 2:00 pm.

Submitted by:

C. Burgess

C. Burgess, Clerk of the Commission

Attachment to Minutes
December 11, 2024

2025 Operating Budget

HPSM Commission
December 11, 2024



Financial Summary and Outlook for 2025



- HPSM has benefited from several years with larger than normal surpluses. 2022 and 2023 were over \$100M each, and 2024 is projected to be around \$35M.
- Draft 2025 Medi-Cal base rates decreased from 2024 by about 4%. Final prospective rates are expected to be delivered in late-December. The budget will be updated with final rates.
- HPSM is projecting an overall surplus in 2025 of \$17M. However, at an operating level, we are projecting a loss of \$20M, which is offset by non-operating revenue of \$38M, mostly earnings on cash reserves.
- The Medicare line-of-business is the primary contributor to the operating loss and the challenge is mostly with the Part-D benefit.
- The demands of Managed Care Plans continue to increase, including administration of new benefits and increased reporting to regulators.

Proposed 2025 Budget



OPERATING REVENUES:	
Capitation & Premium Revenue (net)	1,003,897,017
HEALTH CARE EXPENSE:	
Inpatient Services	195,259,257
Outpatient/Professional	361,142,650
SNF/LTC	168,779,553
Pharmacy	71,304,611
Directed Payments	7,624,785
Dental	51,735,199
ECM, CS, CBAS	18,785,025
UMQA/Transportation/Other	50,745,084
Provider Incentives	15,897,500
Total Health Care Expenses	941,273,664
ADMINISTRATIVE EXPENSES	83,122,618
MCO Tax	-
Net Loss from Operations	(20,499,265)
NON-OPERATING REVENUES:	
Interest	36,600,000
Rental Income	1,263,194
TPA Fees	255,000
Total Non-Operating Revenue	38,118,194
PROJECTED SURPLUS	\$ 17,618,928

Pending Medi-Cal Rate Adjustments (impact to bottom line):

1. Base Rates (+/-)
2. MCO Tax (zero)
3. Directed Pmts. (zero)
4. TRI (zero)

Note:

Investments in primary care and provider rate increases from strategic use of reserves are excluded from the budget forecast.

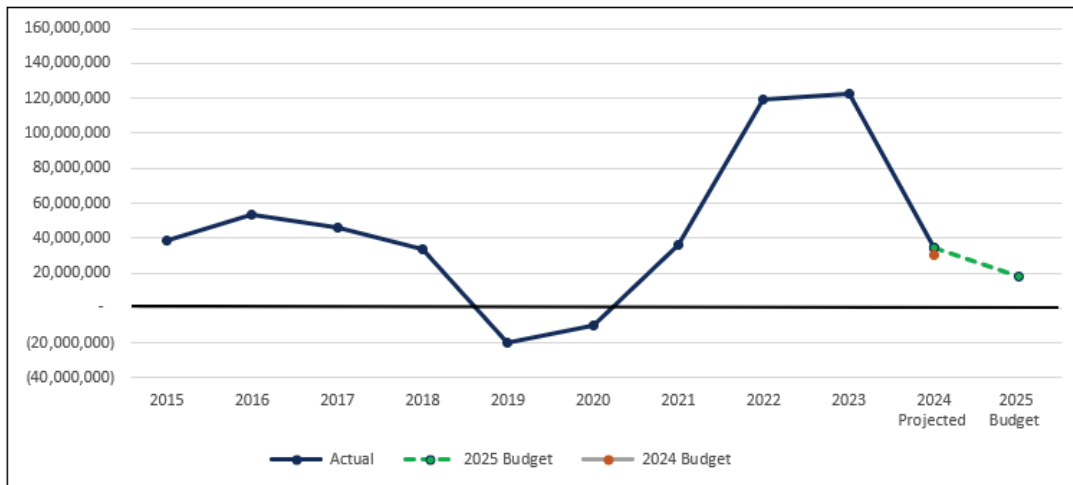
These items will be added expenses as they occur and will be separately reported.

2024 Forecast and 2025 Budget Compare



	<u>2024 Forecast</u>	<u>2025 Budget</u>	
OPERATING REVENUES:			
Revenue adjustments {	Capitation & Premium Revenue	\$1,126,383,572	\$1,009,288,962
	Medi-Cal Incentive Revenue	-	-
	Medi-Cal ECM Corridor	(7,265,261)	(5,391,946)
	Medi-Cal UIS Risk Corridor	(46,300,000)	-
	Total Revenue	1,072,818,310	1,003,897,017
HEALTH CARE EXPENSE:			
	190,939,510	195,259,257	
	355,247,644	361,142,650	
	162,151,022	168,779,553	
	67,770,903	71,304,611	
	43,068,010	7,624,785	
	40,006,092	51,735,199	
	15,609,626	18,785,025	
	44,493,328	50,745,084	
	15,172,435	15,897,500	
	934,458,570	941,273,664	
ADMINISTRATIVE EXPENSES			
	72,463,038	83,122,618	
MCO Tax	71,699,038	-	
Net Loss from Operations	(5,802,337)	(20,499,265)	
NON-OPERATING REVENUES:			
	40,062,574	36,600,000	
	1,263,105	1,263,194	
	255,000	255,000	
Total Non-Operating Revenue	41,580,679	38,118,194	
PROJECTED SURPLUS	\$ 35,778,342	\$ 17,618,928	

Historical Net Income/(Loss) Ten-year trend – **Restated** w/ 2025 budget

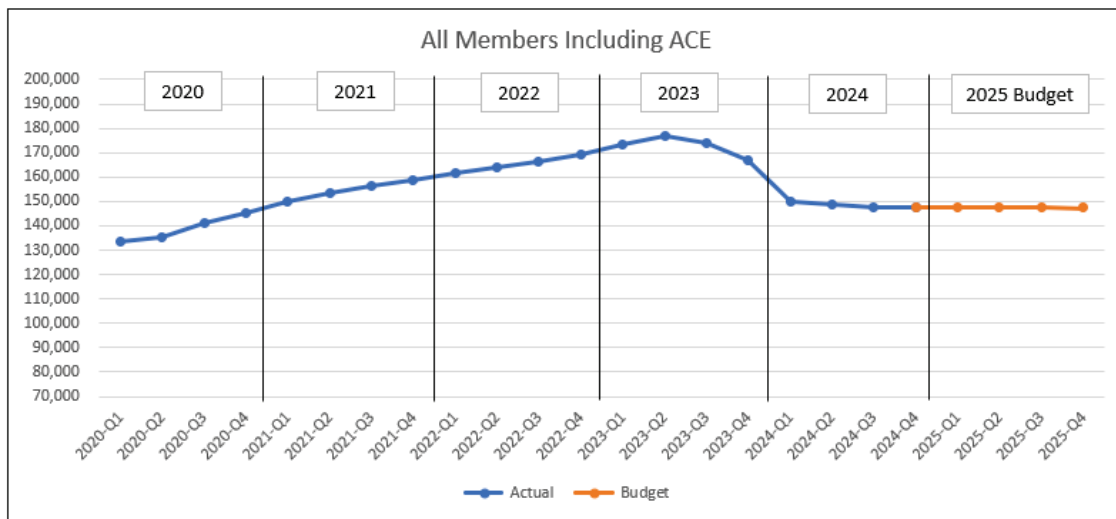


Budget Assumptions - Membership

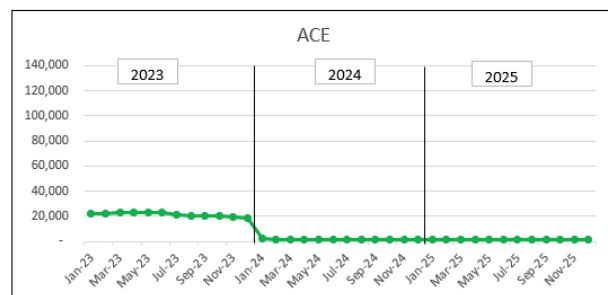
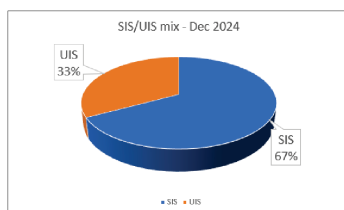
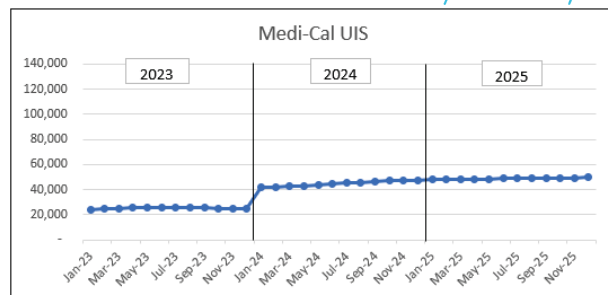
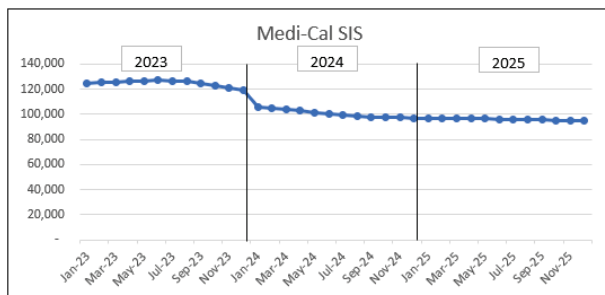


- Medi-Cal membership is projected to be relatively stable through 2025. The dust has settled after much change with transitioning populations, including a full cycle of redetermination, Kaiser’s transition to a direct contract with DHCS, and lifting immigration status for ages 26 to 49.
- CareAdvantage membership is projected to have similar trends in 2025 as prior years, which is a bump at the beginning of the year from open enrollment, and then a small decline throughout the year. However, new default enrollment, which starts in 2025, will likely reduce the small decline throughout the year.
- HealthWorx membership is expected to remain steady at approximately 1,300 members.

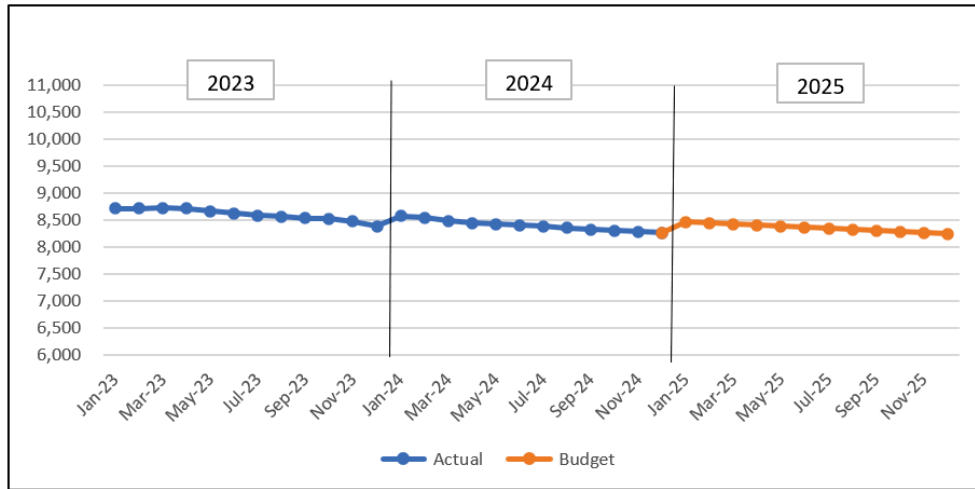
Membership Trends 2020-2025



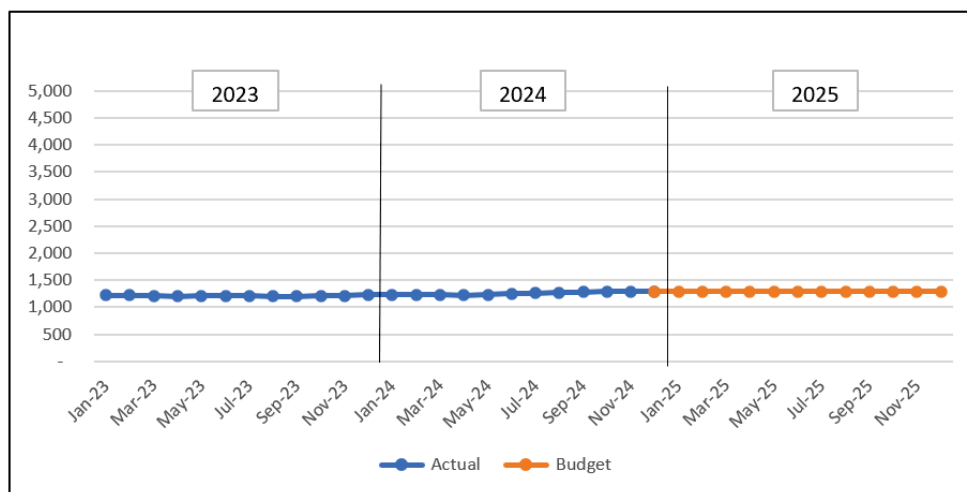
Medi-Cal Membership – SIS/UIS/ACE



CareAdvantage Membership



HealthWorx Membership



2025 Budget Summary by LOB



2025 Budget	Medi-Cal		CareAdvantage				HPSM		Total
	Medi-Cal (non-duals)	Duals (MC+DSNP)	MCE	WCM	D-SNP	HealthWorx	ACE	Non-Op *	
Operating Revenue	\$320,817 K	\$165,940 K	\$251,962 K	\$24,069 K	\$231,856 K	\$9,253 K			\$1,003,897 K
Health Care Expense	\$285,960 K	\$166,206 K	\$221,006 K	\$24,768 K	\$234,422 K	\$8,911 K			\$941,274 K
Admin	\$25,839 K	\$9,959 K	\$20,391 K	\$2,187 K	\$23,410 K	\$1,086 K	\$250 K	\$0 K	\$83,123 K
MCO Tax	\$0 K	\$0 K	\$0 K	\$0 K	\$0 K	\$0 K			\$0 K
Other Income		\$0 K					\$255 K	\$37,863 K	\$38,118 K
Net Profit/(Loss)	\$9,018 K	(\$10,224 K)	\$10,564 K	(\$2,886 K)	(\$25,977 K)	(\$745 K)	\$5 K	\$37,863 K	\$17,619 K

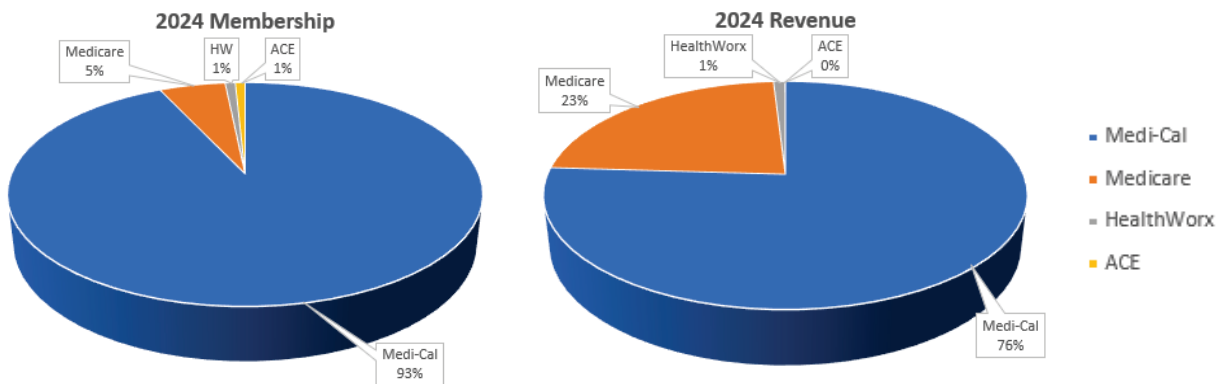
MLR	89.1%	100.2%	87.7%	102.9%	101.1%	96.3%			93.8%
Average Membership	74,686	15,804	53,219	1,057	8,359	1,286	1,237		147,476
Revenue PMPM	\$ 357.96	\$ 874.99	\$ 394.54	\$ 1,897.62	\$ 2,311.44	\$ 599.61	\$ 17.18		

* Interest Income & Rent Income

Profit Margin Summary:

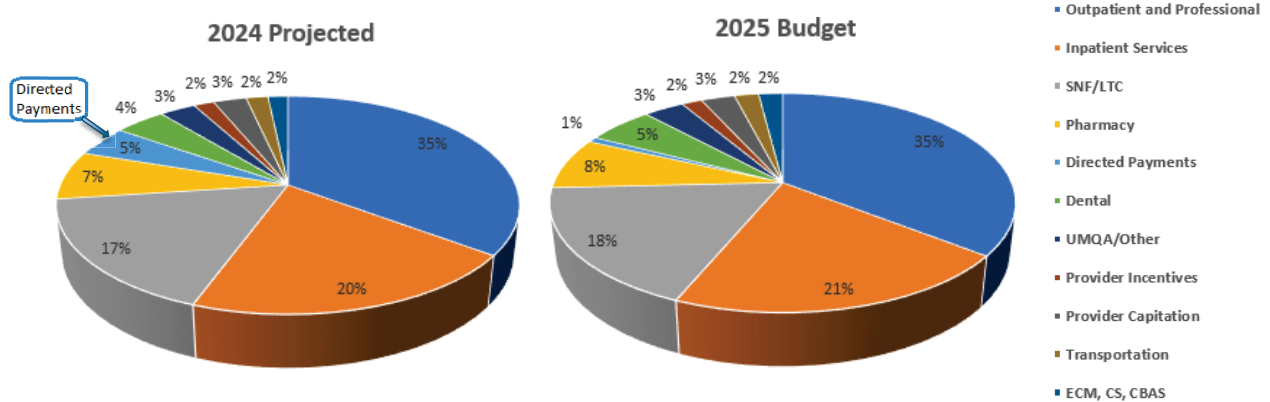
Medi-Cal	0.8%
Medicare	-11.2%
HealthWorx	-8.0%
Consolidated	1.8%

Membership and Revenue by Source



2025 Total Operating Revenue: \$1,004M

Healthcare Cost by Expense Category



2025 Total Medical Expenses: \$941M including UM/QA

ACE



- Third Party Agreement (TPA) with SM County.
- Historical membership was around 26K. In May of 2022 approximately 6K members aged 50 and over became eligible for Medi-Cal; and then in January of 2024, members aged 26 through 49 also became eligible for Medi-Cal. Current enrollment is now around 1,200.
- The TPA fee changed from \$8.50 PMPM to a flat fee of \$255K per year due to the low membership.

Administrative Budget

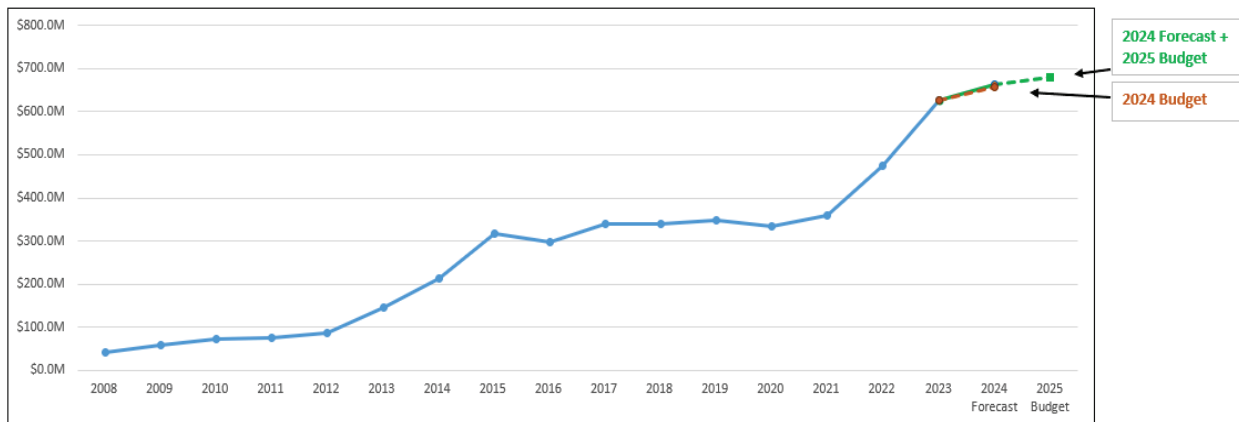
2024 to 2025 Budget Change



Expense Category	2024 Budget	2025 Budget	Change	% Chng.	2025 % of Total
Salaries, Benefits, Training, Travel	60,481,530	68,296,630	7,815,100	13%	62%
Consulting & Outside Services	19,134,100	19,362,400	228,300	1%	18%
Computer Maintenance & Support	7,020,000	7,864,900	844,900	12%	7%
Occupancy, Deprec. & Amort.	4,503,300	4,176,100	(327,200)	-7%	4%
Postage, Delivery & Printing	2,300,000	2,758,100	458,100	20%	3%
Office Expenses	2,273,670	2,595,200	321,530	14%	2%
Other Admin Expenses	3,699,925	4,414,300	714,375	19%	4%
Sub-Total	99,412,525	109,467,630	10,055,105	10%	100%
UM/QA Allocation (to HC Cost)	(22,525,076)	(26,345,012)	(3,819,936)	17%	
Total Admin Expense	76,887,449	83,122,618	6,235,169	8%	

FTE's	405	431	26	6%
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Projected Tangible Net Equity (TNE)



- This illustration is prior to any investments from strategic use of reserves.

Questions?



Voting Item:

Recommend approval of the draft 2025 budget with a projected surplus of \$17.6M, with the expectation that an updated budget will be presented for approval in January that incorporates final Medi-Cal rates.

Thank You



MEMORANDUM

AGENDA ITEM: 5.1

DATE: January 8, 2025

DATE: December 20, 2024

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer

RE: Election of Commission Officers

The Commission's bylaws call for the election of the Commission's officers for one-year terms at the first meeting of each calendar year. The offices to be filled are: Chair, Vice Chair, Clerk, and Assistant Clerk.

The Commission's custom has been that the Chair and Vice Chair serve two one-year terms. Commissioner Pon has retired from the Commission and Commissioner Graham has completed his second one-year term as Vice Chair. It has also been the Commission's custom that the outgoing Vice-Chair fill the Chair position when vacated. The recommendation is to have Commissioner Graham serve as Chair and nominations be made for Vice-Chair position.

For the Clerk and Assistant Clerk positions, I recommend that these positions be filled by Michelle Heryford as Clerk and Corinne Burgess as Assistant Clerk at this time.

DRAFT

**RESOLUTION OF
THE SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF
ELECTION OF COMMISSION OFFICERS FOR 2025**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission’s Bylaws provide for election of its officers for one (1) year terms at the Commission’s first meeting each year; and
- B. The Chair and Vice-Chair offices are to be filled by Commissioners.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission elects Commissioner _____ to serve as the Chair and Commissioner _____ to serve as the Vice-Chair for 2025.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Bill Graham, Vice-Chair

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

**RESOLUTION OF
THE SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF ELECTION OF
CLERK AND ASSISTANT CLERK
OF THE COMMISSION FOR 2025**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission’s Bylaws provide for election of its officers for one (1) year terms at the commission’s first meeting each year; and
- B. The Clerk and Assistant Clerk offices are to be filled by non-commissioners.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission elects as Michelle Heryford Clerk of the Commission and Corinne Burgess as Assistant Clerk of the Commission.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January, 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 5.2

DATE: January 8, 2025

DATE: December 31, 2024

TO: San Mateo Health Commission

FROM: Pat Curran, CEO
Trent Ehrgood, CFO

RE: HPSM Revised 2025 Budget

Proposed Updated 2025 Budget

The 2025 budget has been updated to reflect final prospective Medi-Cal rates received from DHCS, and a minor adjustment to projected Medicare revenue. Below are the major changes to the budget.

1. Medi-Cal base rates. Draft rates used in the original budget reflected a 4% decrease from 2024, but the updated rates reversed most of this decrease. The net change is now a 2.4% increase in Medi-Cal base rates compared to 2024. This change resulted in a \$46M increase from the draft budget.
2. Medi-Cal dental rates. DHCS also increased rates for the dental pilot program by another \$10M, helping close the gap to growing costs due to increased access to dental care.
3. Medi-Cal pass-through items. Revenue adjustments included funding for certain directed payments and the MCO tax totaling \$123M. Corresponding expenses were added as offsets. The net impact to the budget for pass-through items was minimal (\$1.6M).
4. Medicare revenue. Projections for Medicare revenue were refined based on the final D-SNP bid data, resulting in an increase of \$4M to Part-C revenue.

No changes were made to healthcare cost, administrative cost, or non-operating revenue. The net change to the budget from the above items is an increased projected surplus from \$17.6M to \$80.0M (increased by \$62.4M).

Below is a summary of the net changes to the budget.

	<u>Draft</u> <u>2025 Budget</u>	<u>Revised</u> <u>2025 Budget</u>	<u>Change</u>
OPERATING REVENUE	1,003,897,017	1,187,772,259	183,875,242
HEALTH CARE EXPENSE:			
Medical Expenses	762,835,275	762,835,275	0
Pharmacy Expense (net)	71,304,611	71,304,611	0
Directed Payments	7,624,785	49,018,896	41,394,111
Dental Expenses	51,735,199	51,735,199	0
Other (UMQA/Incentives)	47,773,794	47,773,794	0
Total Health Care Expenses	941,273,664	982,667,775	41,394,111
ADMINISTRATIVE EXPENSES	83,122,618	83,122,618	0
MCO Tax	-	80,032,159	80,032,159
Net Gain from Operations	(20,499,265)	41,949,706	62,448,972
NON-OPERATING REVENUES	38,118,194	38,118,194	0
PROJECTED SURPLUS	\$ 17,618,928	\$ 80,067,900	62,448,972

Area of forecasting risk

Healthcare costs are always the most challenging to forecast. The vulnerable element with healthcare cost projections in the 2025 budget is with the newly transitioned undocumented immigrants (aged 26-49), that became eligible for Medi-Cal in 2024. Utilization was low in 2024, and the 2025 budget assumes this lower utilization will mostly continue, with minimal projected increases. If this population does in fact increase utilization, which would be appropriate, then the projected surplus for the year will be lower, but still net positive.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF ADOPTION OF REVISED OPERATING BUDGET
FOR 01/01/2025 - 12/31/2025**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The updated 2025 budget is projecting a surplus of \$80M, which includes final prospective Medi-Cal rates, and updated Medicare revenue; and
- B. Management recommends approval of the revised budget, which is based on current available financial information;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves the revised operating budget for CFY 2025 as presented and attached.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of January 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

_____, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

AGENDA ITEM: 5.3

DATE: January 8, 2025

**Meeting materials are not included
for Item 5.3 – Provider Network and Investment Update**

MEMORANDUM

AGENDA ITEM: 6.0

DATE: January 8, 2025

DATE: December 31, 2024
TO: San Mateo Health Commission
FROM: Patrick Curran
RE: CEO Report – January 2025

In last month's report, I noted that HPSM was one of the few plans in the state to have no measures below the minimum performance level, receiving no monetary sanctions. Subsequently, the state Department of Health Care Services (DHCS) released the full report of health plan quality scores. The results are worth reviewing in more detail, as these important health outcomes are key indicators regarding how our work improves the lives of our members, and guide many of our activities that we have and will continue to discuss at the Health Commission. Here are some highlights from the DHCS report:

1. **Children's Health** – There are eight measures in this domain, including immunizations, screenings, and preventive health visits. HPSM was one of only four health plans to score 100% in this category, which means that all measures were above the Minimum Performance Level (MPL). This is an important category that we continue to collaborate closely with our provider community to improve, as well as introduce innovative programs, such as Baby Bonus, to find new ways to improve access for children.
2. **Reproductive Health and Cancer Prevention** – There are five measures in this domain, and HPSM was one of fourteen health plans to score 100% in this category. This area, which includes pre- and post-natal care, will also be a focus of the Baby Bonus Program. In addition, these areas are critical to health equity, as there are statewide disparities in health outcomes for various ethnic and racial groups.
3. **Chronic Disease Management** – There are three measures in this domain, and HPSM was one of twelve plans to score 100% in this category. Our work with primary care clinics, including the investments we are making, is critical to our performance in this area. The ability to address the needs of members with chronic conditions is complex and requires close collaboration with our primary care partners. HPSM has critical data that help inform clinicians how to best close care gaps.

4. **Behavioral Health** – There are two measures in this domain, both related to follow-up care after emergency room use. HPSM was one of only four health plans to score 100% in this category. This area highlights the importance of our collaboration with San Mateo County Health, specifically Behavioral Health and Recovery Services (BHRS). The only way to perform well in this category is to have open communication and data sharing to both identify members who need follow-up care and track actual utilization of services. We are fortunate to have BHRS as a partner in this work.