

April 28, 2025

CareAdvantage Network Rate Increases Effective 4/1/2025

Dear provider,

Last year, the Health Plan of San Mateo's (HPSM's) Commission approved specific investments to address critical access gaps and support our providers through provider rate increases. **Starting April 1, 2025, HPSM will be increasing its standard network rates for CareAdvantage. There will be other rate enhancements (for additional lines of business, services, and provider types) in the year to come.**

The rest of these rate increases will be phased in over the course of 2025. These rate increases will ensure compliance with the Department of Health Care Services (DHCS) payment methodology. This includes the elimination of Prop 56 payments for physician services and the adoption of site-of-service differential reimbursement.

What are the detailed changes to CareAdvantage rates? HPSM's current network rates under most CareAdvantage agreements are structured as 100% of Medicare, except for services that typically have a Medicare "share of cost" obligation. Share of cost services are paid at 90% of Medicare. In practice for our providers, this means that the total reimbursement potential for those share of cost services is 90% of Medicare for HPSM CareAdvantage members, due to the important and stringent balance billing laws on providers to not charge Medi-Cal eligible individuals (including CareAdvantage members) for any cost sharing.

Effective April 1, 2025, all services under CareAdvantage agreements will be reimbursed at 100% of Medicare, including those with a Medicare share of cost. This applies to both facility and professional providers. The additional 10% will be reimbursed on the Medi-Cal wraparound claim."

To learn more, read our provider newsletter article for a comprehensive overview of updates:

<https://www.hpsm.org/provider/resources/healthmatters-md/article/healthmattersmd/2025/04/18/rate-increases-for-hpsm-careadvantage-providers-starting-april-1-2025>

Our overview includes:

- Why is HPSM making these rate changes, and why now?
- What are the goals of these network rate increases?
- What are the detailed changes to CareAdvantage rates?
- How do these changes align with state policy and priorities?
- How is HPSM continuing to invest in efficiency and oversight of claims?

Please direct questions to HPSM Provider Services at PSInquiries@hpsm.org.

Thank you,
The Health Plan of San Mateo