

April 28, 2025

## Medi-Cal 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, as well as Medi-Cal rates for physician services within primary care and specialty care. 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 Medi-Cal rates?** HPSM's current network rates for professional services under most Medi-Cal agreements are structured as 100%-123% of Medi-Cal, with certain highly-impacted specialty types reimbursed at 175% of Medi-Cal. Moving forward, HPSM will be increasing network rates for professional services, and services provided by specialists. Additional details:

1. **Professional codes:** HPSM will be generally raising network rates for professional codes to 175% of Medi-Cal, bringing reimbursement more in line with Medicare reimbursement. Additionally, HPSM will be significantly investing in rates for office visit codes, as part of the health plan's ongoing investment in preventative care and time-intensive services.
2. **Behavioral Health not impacted:** This first phase of changes will not impact HPSM's current network rates for behavioral health providers, who are reimbursed using different methodology (Medicare methodology) today.

3. **Exclusions:** These increases exclude physician administered drugs and several other specific areas, including areas in which HPSM network rates will be maintained at current network rates. This aligns with HPSM's overall reimbursement philosophy of focusing these limited, publicly-funded resources on increases to payment for clinician time. These exclusions allow HPSM to maintain financial management of costs in less-impacted areas and costs such as supplies, including injectables.
4. **Significant investment in office visits:** Finally, for office visits, HPSM is focused heavily on supporting this crucial area of preventative care and clinicians' time. As such, HPSM is adopting new rates with a significant increase, moving to 350% of base Medi-Cal rates for the codes specified below. This is calculated as 350% of base DHCS rates prior to any supplemental funding like Proposition 56 payments and will be rolled out in tandem with the elimination of supplemental Proposition 56 payments. This change effectively creates new and consistent single network rates that roughly equal, and in many cases greatly exceed, our prior rates. This also includes these prior rates with Proposition 56 and/or Targeted Rate Increases. These codes outlined below will experience a 350% Medi-Cal markup:

CPT Code	Code Description
99201	OFFICE/OUTPATIENT VISIT NEW
99202	OFFICE O/P NEW SF 15-29 MIN
99203	OFFICE O/P NEW LOW 30-44 MIN
99204	OFFICE O/P NEW MOD 45-59 MIN
99205	OFFICE O/P NEW HI 60-74 MIN
99211	OFFICE O/P EST MINIMAL PROB
99212	OFFICE O/P EST SF 10-19 MIN
99213	OFFICE O/P EST LOW 20-29 MIN
99214	OFFICE O/P EST MOD 30-39 MIN
99215	OFFICE O/P EST HI 40-54 MIN

To learn more, read our provider newsletter blog post for a comprehensive overview of updates: <https://www.hpsm.org/provider/resources/healthmatters-md/article/healthmattersmd/2025/04/18/rate-increases-for-hpsm-medi-cal-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's Provider Services team at [PSInquiries@hpsm.org](mailto:PSInquiries@hpsm.org).

Thank you,  
The Health Plan of San Mateo