

THE SAN MATEO HEALTH COMMISSION
Regular Meeting
December 10, 2025 - 12:30 p.m. Pacific Time
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/dHgh6Edo7Y0?feature=share>. Please note that while there is 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 Amendment to Agreement with Carenet – Nurse Advice Line Service Vendor
 - 4.2 Amendment to Agreement with Wider Circle for the Connect for Life Program – 2026
 - 4.3 Approval of Agreement with Control Air Enterprises LLC
 - 4.4 San Mateo Health Commission Meeting Minutes from November 12, 2025
- 5. Specific Discussion/Action Items**
 - 5.1 Appreciation for Jeanette Aviles, M.D., Commissioner
 - 5.2 Approval of 2026 HPSM Budget*
- 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: December 10, 2025

DATE: December 3, 2025
TO: San Mateo Health Commission
FROM: Amy Scribner, Chief Health Officer
Megan Noe, Population Health Director
RE: Approve Amendment to Agreement with Carenet

Recommendation:

Authorize the Chief Executive Officer to execute an amendment to the agreement with Carenet, formerly known as Health Dialog, to increase the contract maximum by \$1,200,000 for a total contract maximum amount of \$2,600,000 for services to fulfill regulatory requirements for telephone triage services through September 30, 2026.

Background:

HPSM is required by the Department of Managed Health Care to provide or arrange for the provision of telephone triage services for its 150,000 members, 24 hours/7 days per week/365 days a year. In its three-way Cal MediConnect contract with the Centers for Medicare and Medicaid Services and the Department of Health Care Services, HPSM is also required to ensure that members have access to telephone medical advice from a licensed professional during after-hours. In September 2023, the Commission approved a three-year agreement with Health Dialog to replace AccessNurse to perform telephone triage services. Health Dialog was selected through an RFP process that included three bidding vendors. Carenet bought out Health Dialog in 2024 and HPSM transitioned from Health Dialog's platform to Carenet in June 2024. Since then, Carenet has been providing telephone triage services to HPSM members.

Discussion:

HPSM is currently contracted with Carenet for Nurse Advice line services and has seen an increase in utilization of this service resulting in increased costs.

Fiscal Impact:

HPSM is currently contracted with Carenet through September 30, 2026. The request to increase the contract maximum by \$1,200,000 brings the total two-year contract maximum to \$2,600,000.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

IN THE MATTER OF AN AMENDMENT TO AGREEMENT WITH CARENET

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. HPSM is required by the Department of Managed Health Care, the Centers for Medicare and Medicaid Services, and the Department of Health Care Services to provide or arrange for the provision of telephone triage services for its 150,000 members, 24 hours/7 days per week/365 days a year;
- B. The San Mateo Health Commission has previously approved an agreement with Carenet f/k/a Health Dialog that is set to expire September 30, 2026;
- C. A request for proposal was performed in 2023 for these services that resulted in the selection of Health Dialog; and
- D. In order to continue services, add \$1,200,000 to the contract maximum.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves the addition of \$1,200,000 to the contract maximum for a total contract maximum of \$2,600,000; and
- 2. Authorizes the Chief Executive Officer to execute said amendment.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this ____th day of _____, 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Bill Graham, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
M. Heryford , Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.2

DATE: December 10, 2025

DATE: December 03, 2025
TO: San Mateo Health Commission
FROM: Chris Esguerra MD, Chief Medical Officer
Eunice Salonga, CareAdvantage Program Manager

RE: Approve Amendment to Agreement with Wider Circle for the Connect for Life Program for 2026

Recommendation:

Approve an amendment to the existing agreement with Wider Circle to provide their “Connect For Life” Program to Health Plan of San Mateo’s (HPSM) CareAdvantage members in an amount not to exceed \$485,000 and extend the term for another year. And, to authorize the Chief Executive Officer to execute this agreement with Wider Circle.

Background:

HPSM has been working with Wider Circle since 2017 offering services to its members to decrease social isolation and loneliness among older adults through community integration. The “Connect for Life” Program was provided through small group facilitated meetings focused on healthy living, movement and socialization. Participants graduated from the six-week program and then participated in larger monthly groups to maintain their new social connections. All groups are supported by a trained Wider Circle facilitator and a network of peers known as Wider Circle Ambassadors.

This program began in 2017 with a pilot of fifty (50) HPSM members in three sites focused on building connections among Medicare eligible older adults living in the community. Based on the success of the pilot program, the Commission approved expansion of the program to 500 members in 2018. In June 2020, the Commission further approved expansion of the program to cover emergency response and screenings due to COVID. Wider Circle completed, 4,271 welfare check calls and supported 16,634 peer buddy calls. The current agreement with Wider Circle is due to expire on December 31, 2025.

Discussion:

In this continuation of our agreement, Wider Circle will provide member engagement services to assist with closing care gaps and improve the member experience. As a technology-enabled, peer-based community health organization, Wider Circle is equipped to help restore the community

support network critical for addressing social challenges in members' lives. Working with our internal team to reach members, Wider Circle will assist with closing gaps related to several State and Federal required measures (i.e., CMS Star Ratings measures) as well as helping members create social connections within their community.

Fiscal Impact:

This agreement includes a performance bonus provision for the following measures:

- Annual Wellness Visit (AWV) Performance
- Retention Performance
- Member Experience Performance

In order to begin implementation of this program, staff is requesting approval of a one-year agreement in an amount not to exceed \$485,000 for administrative costs. The agreement term for this program is January 1, 2026, through December 31, 2026.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF AMENDMENT TO AGREEMENT
WITH WIDER CIRCLE FOR CONNECT FOR LIFE PROGRAM**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission has previous entered into an agreement with Wider Circle for the “Connect for Life” program focused on decreasing social isolation;
- B. The Duals Special Needs Program began on January 1, 2023, with new requirements and measures which will affect our STAR ratings related to our rates;
- C. The current agreement with Wider Circle is due to expire on December 31, 2025; and
- D. Staff recommends entering a new agreement for the CareAdvantage population for the new D-SNP program for the “Connect for Life” Program.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves the amendment to the agreement with Wider Circle in an amount not to exceed \$485,000 and extend the term through December 31, 2026, for the “Connect for Life” Program; and
- 2. Authorizes the Chief Executive Officer to executed said agreement.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 10th day of December 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Bill Graham, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
M. Heryford, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.3

DATE: December 10, 2025

DATE: December 03, 2025

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer

RE: Approval of Agreement with Control Air Enterprises, LLC

Recommendation

Authorize the Chief Executive Officer to execute an agreement with Control Air Enterprises (CAE), LLC for the replacement of the Building Air Conditioning 1 (AC1) fan, in an amount not to exceed \$310,000.00.

Background and Discussion

HPSM's 801 Gateway Blvd. building has two AC units that support the building's cooling and circulation of conditioned air. AC1 provides cooling and conditioned airflow to the north side of the building, while AC2 provides the same cooling and airflow to the south side.

On October 10, 2025, AC1 fan broke and shattered into several pieces. Since the equipment is 25 years old, replacement parts are discontinued and no longer available and building a new fan system would be more costly at around \$400,000. As a cost-saving measure, our vendor, Control Air Enterprise, LLC, that maintains the current fan has proposed installing a fan wall instead of replacing a single fan, at a total cost of \$310,000.

A fan wall operates on multiple smaller, direct-drive fans arranged in an array to deliver the required airflow to the building. This design operates more efficiently, has the ability to ensure system redundancy which can reduce energy costs, provide consistent airflow across the entire coil due to the number of fans which improves air flow distribution. If one fan fails, the others can compensate, and the system can continue to operate with only a partial loss of airflow, unlike single-fan systems where a burnout would cause a complete shutdown.

At that time, the HPSM Facilities Department issued a Request for Quote (RFQ) for these services to multiple companies. We received proposals from (1) Control Air Enterprises, LLC, (2) Therma Company, and (3) MSR Mechanical, LLC. Control Air Enterprises, LLC proposal, was the most cost-effective among the vendors, and they were also the original installers of the AC units when the building was constructed, hence, leveraging their familiarity with the current system and layout.

Fiscal Impact

The fiscal impact of the agreement with Control Air Enterprises, LLC is for an amount not to exceed \$310,000. The work will begin at the end of January 2026.

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF AGREEMENT
WITH CONTROL AIR ENTERPRISES, LLC**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. San Mateo Health Commission previously entered into a maintenance agreement with Control Air Enterprises, LLC for the maintenance of the fans at 801 Gateway Blvd., South San Francisco
- B. HPSM will need a new AC1 fan installed.
- C. Based on the Request for Quotes received, Chief Engineer recommends selecting Control Air Enterprises, LLC to install a fan wall instead of replacing a single fan.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves agreement with Control Air Enterprises, LLC to install a fan wall instead in the amount not to exceed \$310,000
- 2. Authorizes the Chief Executive Officer to execute said agreement.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 10th day of January 2024 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Bill Graham, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____

Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

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

AGENDA ITEM: 4.4

DATE: December 10, 2025

Commissioners' Present: Jeanette Aviles, M.D. Kenneth Tai, M.D.
Raymond Mueller Manny Santamaria, Vice-Chair
Amira Elbeshbeshy Ligia Andrade Zuniga
Shabnam Gaskari Bill Graham, Chair
Jackie Speier

Commissioners' Absent: Michael Callagy
Si France, M.D.

Counsel: Kristina Paszek

Staff Presenting: Chris Esguerra, M.D., Amy Scribner, Pat Curran

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.

Commissioner Andrade Zuniga arrived at 12:40 pm.

Commissioner Speier arrived at 12:44 pm.

Commissioner Mueller arrived at 1:27 pm.

2. Public Comment

There were no public comments.

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

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

5. Specific Discussion/Action Items:

5.1 State and Federal Health Policy Update: Pat Curran, CEO, provided an update on health policy at the State and Federal levels. He reviewed provisions of HR1, the federal budget reconciliation law that includes major changes to Medicaid. He reminded the group that numbers for HR1 are calculated over 10 years. They primarily involve eligibility changes, many related to work requirements, provider and MCO taxes and other financial funding

mechanisms that states use to fund Medicaid. He reviewed the timelines and effective dates for key provisions. The Centers for Medicare and Medicaid Services (CMS) has the option to delay some of the eligibility requirements for each state. CMS also has the authority to transition any existing provider taxes up to three years or implement them now. HPSM is closely tracking both provisions to see when they might occur. It could be as early as January of 2027 or as late as January of 2029.

The State of California is projecting budget deficits over the next 2-3 years. Because Medi-Cal is funded 50/50 by the State and Federal government, any decrease by the Federal government has implications for the State. To make that up, the State would need to find or raise money or cut services or eligibility to make up the difference. Mr. Curran advised the Commission that more than 30% of HPSM members are in the Unsatisfactory Immigration Status (UIS) category. The UIS is 100% funded by State funds, which is a potential problem based on the changes that are proposed. The next State budget cycle between July 2026 and June 2027 could result in reductions to coverage and/or funding. As of January 2026, there will be a freeze on new enrollment for the UIS category for adults age 19 and over. When the State implements the asset test in January 2026, there will be individuals who will drop off because of that requirement, which will affect enrollment. Effective July 2026 to the state will eliminate the Federally Qualified Health Center (FQHC) prospective payment systems (PPS) rate for UIS adults, the elimination of adult dental for UIS adults and the elimination of supplemental dental payments. What is unknown right now is the timing of federal reductions to provider and MCO taxes, the number of UIS members who will lose coverage in 2026, and the impact on the State budget due to these and other items.

Next steps are to finalize the 2026 budget, review the State 2026-2027 budget forecast, update the Health Commission in January or February on the state budget, prepare for July 2026 benefit changes, evaluate additional provider investments and adapt to further federal executive orders. There was discussion about the UIS population being vulnerable and at risk. Mr. Curran noted the ACE program provides coverage for those who do not have insurance otherwise. He also noted policy papers that are being developed at a statewide level on potential solutions, which are referred to as additional coverage options. There was also a question about efforts from HPSM and the County to reach out to members before 2026 to ensure they are covered for the upcoming year. Mr. Curran said that because of these efforts there was an increase in UIS and overall membership in mid-2025, however now that trend is reversing, but not significantly. It was noted that there are trusted messengers in the community that have helped in this area.

5.2 HPSM Exploration to Form 501 (C)(3) Entity: Chris Esguerra, M.D., HPSM Chief Medical Officer walked the Commission through the next steps for the formation of a 501(c)(3). He reviewed the new capabilities and community impact the new entity would provide and he

addressed HPSMs limitations. Dr. Esguerra went over the legal, governance, mission, and capability considerations. He asked the Commission to authorize HPSM to explore the formation of a 501(c)(3) organization and to authorize HPSM to spend up to \$250,000 for legal, financial, and regulatory consultation related to the 501(c)(3) formation. They are not yet making decisions about: bylaws, board composition, mission/vision, or defining the activities and funding of the entity. Next steps after a vote by the Commission are for discussions on governance and board composition, and discussions on funding. He received very positive feedback from the Commissioners about this endeavor. They urged him to follow through on this with a sense of urgency, noting the need for such an entity. They also feel this is a good time to leverage monies in the community. He assured them that they should be able to come back in two to three months to address next steps. Commissioner Tai moved to authorize HPSM to get started and engage with experts to create a 501 (c)(3) entity not to exceed \$250,000. (Second: Speier) **MSP**

5.3 Request for Community Investment to Support Local Food Needs: Amy Scribner, Chief Health Officer, reviewed a request by HPSM for one-time grant funding of \$500,000 in food assistance for local food organizations. She emphasized the need for such services considering the government shut down and the withholding of SNAP benefits. There are also items in HR1 related to SNAP and CalFresh benefits. In San Mateo County nearly 35,000 people rely on SNAP and CalFresh benefits. Even with the potential opening of the federal government and restoration of SNAP/CalFresh benefits, there will be gaps due to provisions in HR1. This request will help to bridge the gap. They plan to get grants out in Q1 of 2026. The Commission was very receptive and supportive of this idea. There was discussion about not focusing on core agencies but instead targeting local food organizations that are in areas where HPSM members reside. Commissioner Andrade-Zuniga motioned to approve the one-time funding of \$500,000 for local food organizations with an emphasis on non-core agencies in order to further distribute funding within the community. (Second: Speier) **MSP**

5.4 Formation of CEO Search Committee: Members of the Commission shared their thoughts about the impending retirement of HPSM CEO Pat Curran. Commissioner Graham commended Mr. Curran on his strong leadership and focus on operations and culture. He admires his openness to sit down and talk with the community and constituents to better understand how the Plan can do even better to serve their members. He also applauded him for his phenomenal leadership team. Commissioner Andrade-Zuniga said it has been an honor to work with Mr. Curran, noting that he was a perfect fit as the CEO. She thanked him for his dedication to the community and his compassion for those that HPSM serves. She expressed her appreciation for his caring nature and his vision and for carrying out the values and mission set forth by HPSM. Commissioner Mueller noted that despite being new to the Commission, he has seen and admires how professionally HPSM is run. He appreciates the innovative approach and Mr. Curran's leadership, noting his ability and confidence in

letting his team lead. Commissioner Speier said Mr. Curran's leadership style is remarkable and empowering. She believes that many have benefitted from his openness and approach to different opportunities. She conveyed her appreciation for his support on the Baby Bonus program. Commissioner Tai acknowledged Mr. Curran's work at Care Oregon and noted how that model has been recognized nationwide. He commended him for his calm, collected manner, and noted how respected he is by his leadership team and others. Mr. Curran thanked them for all for the kind words. He also advised the Commission that he recommends the formation of a search committee. It would be an ad hoc subcommittee of the current Commission. He is recommending that 5 Commissioners sit on that committee and work in tandem with the San Mateo County human resources department. He also recommended that the committee make a decision regarding the use of an executive search firm before the end of this year. After some discussion it was decided the committee will be comprised of Chairman Bill Graham, Vice-Chair Manuel Santamaria, Commissioner Mike Callagy, Commissioner Ligia Andrade-Zuniga, and Commissioner Kenneth Tai, M.D. Commissioner Graham moved to approve the creation of the search committee and approved the members that were selected. (Second: Aviles) **MSP**

6. Report from Chief Executive Officer: There was no CEO report for November.

7. Other Business: There was no other business.

8. Adjournment: The meeting was adjourned at 1:44 pm by Commissioner Graham.

Submitted by:

M. Heryford

M. Heryford, Clerk of the Commission



Federal and State Health Policy Update

San Mateo Health Commission
Patrick Curran
November 12, 2025

Agenda



- Review Provisions of HR 1
- Review State Budget Considerations
- Highlight Main Unknowns
- Next Steps

House Resolution 1



- Signed into law on July 4, 2025
- Budget Reconciliation process
- All savings calculated over 10 years
- Major changes that affect Medi-Cal:
 - Work requirements and eligibility
 - Provider and MCO taxes
 - Prohibited entities

3

Effective Dates for Key Provisions

	2025				2026				2027				2028				2029			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Eligibility and Access									⦿ Work requirements								⦿ Copayments for expansion adults			
									⌚ Option to Delay											
									⦿ 6-month eligibility redetermination											
									⦿ Shorten Medicaid retroactive coverage											
Payment and Financing	Provider Taxes	⦿ Limits on provider taxes and rates											⦿ Ramp-down of provider tax cap							
		⌚ Potential Transition Period																		
	SDPs	⦿ Cap new State Directed Payments (SDPs) above Medicare rate											⦿ Gradual reduction of SDPs above Medicare rate							
	Other	⦿ Abortion provider restrictions															CMS authority related to waiving improper payments eliminated	⦿		
Immigrant Coverage									⦿ Change to federal funding for emergency Medi-Cal services											
									⦿ Ends federal funding for some noncitizens											

Q1: Jan–Mar Q2: Apr–Jun Q3: Jul–Sept Q4: Oct–Dec

6

State Budget Implications



- California projects budget deficits over next 2-3 years
- Federal Medicaid funding reductions directly affect state budget (50% Medicaid funding is Federal)
- More than 30% of HPSM members are in the category UIS (unsatisfactory Immigration Status)
- Next state budget cycle (July 2026 – June 2027) could result in reductions to coverage and/or funding

5

State Budget Provisions (2025-26)



- Freeze on new enrollment for UIS Adults (1/1/26)
- Reinstatement of Medi-Cal Asset Test (1/1/26)
- Elimination of FQHC PPS rate for UIS Adults (7/1/26)
- Elimination of Adult Dental for UIS Adults (7/1/26)
- Elimination of Supplemental Dental Payments (7/1/26)

6

Remaining Unknowns



- **Timing** of federal reductions to provider and MCO taxes
- **Number** of UIS members who will lose coverage in 2026
- **Impact** on State Budget of these and other items

7

Next Steps



- Finalize 2026 Budget (December)
- Review State 2026-27 Budget Forecast (January)
- Next Health Commission Update (Jan-Feb)
- Prepare for July 2026 Benefit Changes (April)
- Evaluate Additional Provider Investments (July)
- Adapt to Further Federal Executive Orders (Ongoing)

8



Q&A



Invest for the Future HPSM Strategic Goal 6 A 501(c)(3) Organization

Chris Esguerra, MD



1

Agenda



- Provide a recap of our journey and discussions for the new entity
- Action item for the Commission
- Next steps

2

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.

3

3

HPSM's Financial Status

Tangible Net Equity (TNE)

Balance at 6/30/2025 = \$713.0M
Uncommitted portion = \$159.3M

Category	Amount (\$M)
Required TNE	\$58.3M
Capital Assets	\$58.7M
Stabilization Reserve	\$204.0M
Contingency Reserve	\$102.0M
Committed Equity	\$130.7M
Uncommitted Equity	\$159.3M
Total TNE	\$713.0M

Primary Care Investments
Provider Rates
Baby Bonus

4

Grounding: approaching uncertainty with clear high-level priorities



1

- **Core operations** to uphold our mandate as a local, community-organized Medi-Cal and Duals plan

2

- **Long-standing precedents** aligned with our Mission, Vision, and local priorities

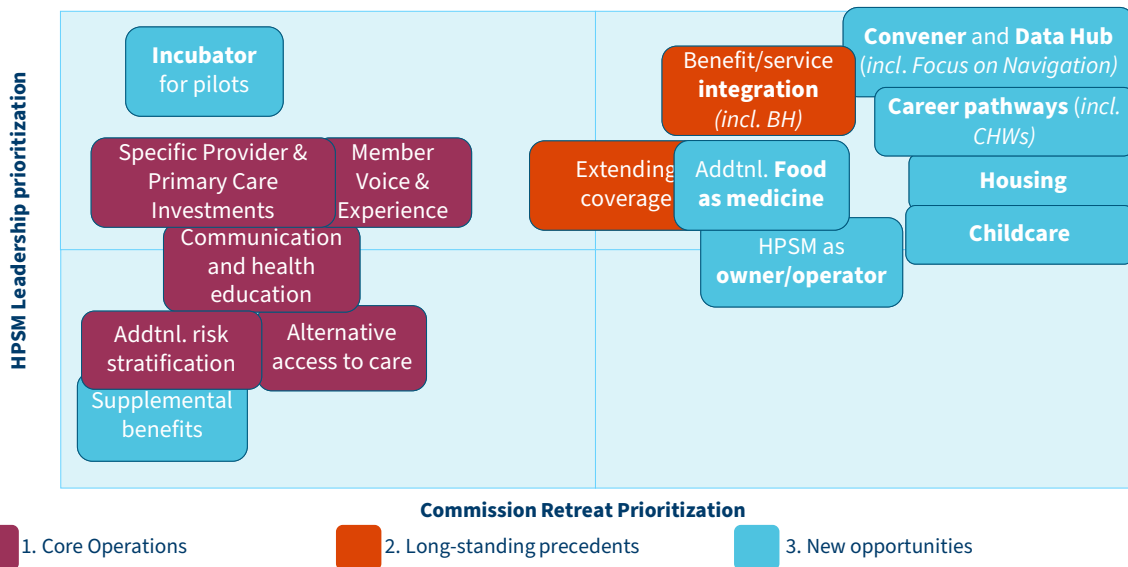
3

- **New opportunities** to consider to advance our strategic goals, including long-term sustainability

5

Retreat x HPSM Leadership Prioritization

Prioritization of themes



6

6

Top priorities in brief



What

- **Employment** (incl. CHWs)*
- Supporting **Housing** Access*
- Service & System **Navigation***
- **Childcare**
- **Behavioral Health** ecosystem*
- **Food as Health***
- Preserving **Healthcare Coverage**

* Early exploration and/or piloting underway in these areas

How

- Strong support for HPSM leveraging our strengths as a **convener** and **data hub**
- Endorsement to continue our precedent of **piloting integration efforts**

Emerging priority

7

7

Timeline



8

8

Why a New Entity?



New Capabilities, Community Impact

- Focuses on the community broadly
- Anchor funder
 - Receiving and distributing
- Organizer and convener
- Entity as operator
- Testing and learning
 - Supporting and/or deploying pilots

Address HPSM's Limitations

- Focus on core operations as defined by regulations and longstanding precedents
- Efforts limited to HPSM members

9

9

The What: New Entity Considerations



Legal	Governance	Mission	Capabilities
<ul style="list-style-type: none"> • 501(c)(3) Foundation • For later consideration: <ul style="list-style-type: none"> • 501(c)(4) Policy and Advocacy 	<ul style="list-style-type: none"> • Strong HPSM influence on the board with community voice 	<ul style="list-style-type: none"> • Align with HPSM • Serve the community, with a focus on those with higher needs? 	<ul style="list-style-type: none"> • Align private/public funding • Leverage HPSM's expertise

10

10

Action



Motion

Authorize HPSM to explore the formation of a 501(c)(3) organization

Authorize HPSM to spend up to \$250,000 for legal, financial, and regulatory consultation related to the 501(c)(3) formation

11

11

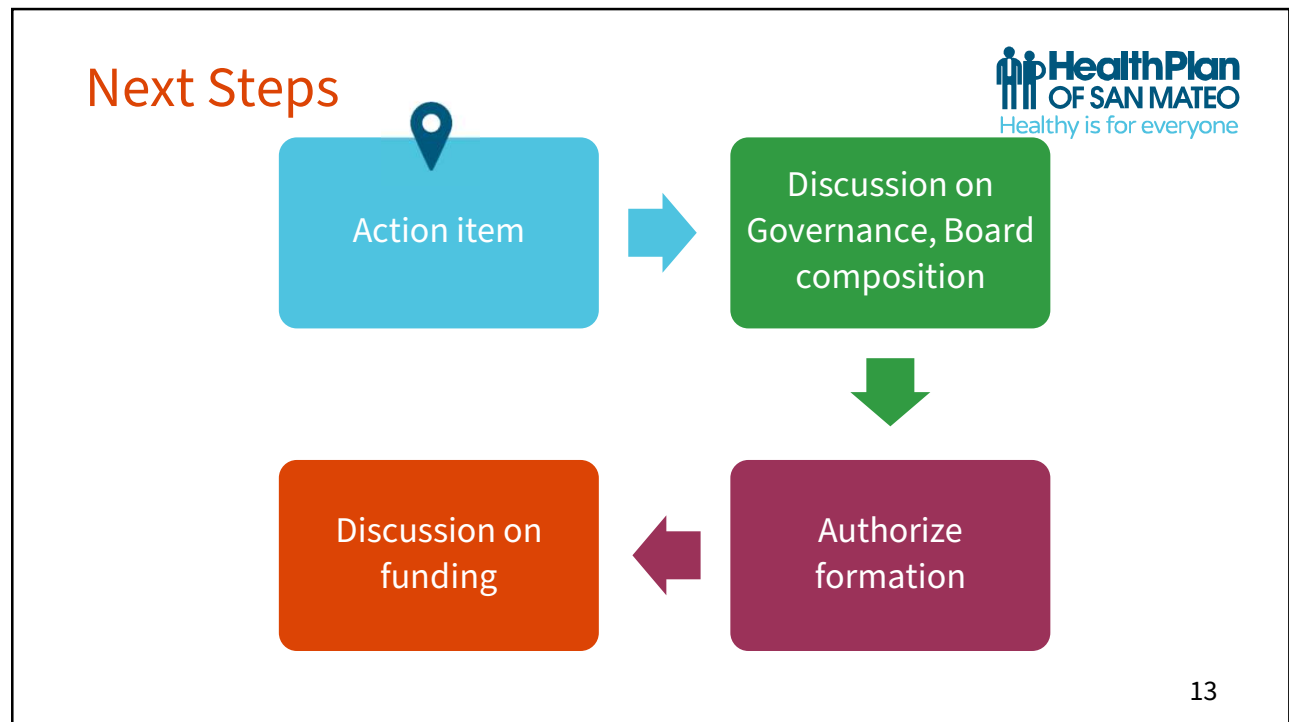
Clarity



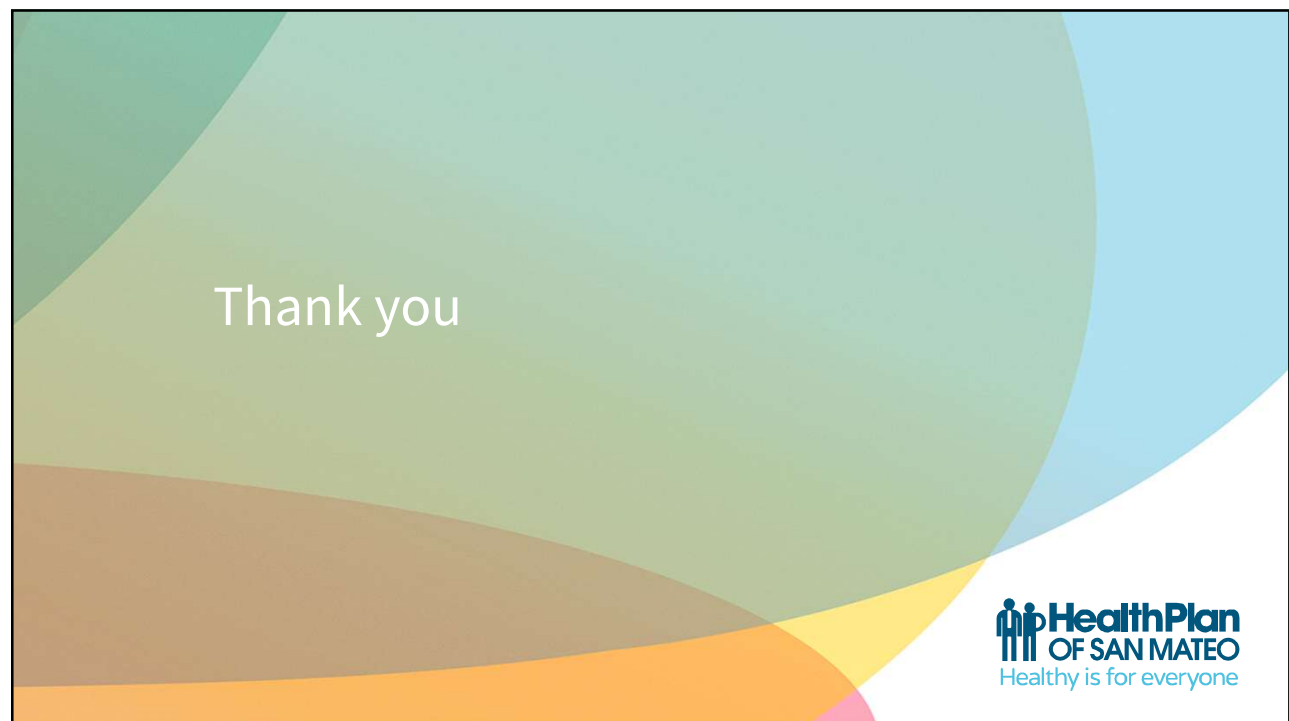
- What we have done
 - Defined the why and broadly the what 501(c)(3) focused on San Mateo County
 - Authorized HPSM to begin the process of legally establishing the 501(c)(3) organization
- What we have NOT done
 - Decide on bylaws, board composition, mission/vision
 - Defined the activities of the entity
 - Funding for the new entity

12

12



13



14

Community Investment to Support Local Food Needs

Commission Meeting

11/12/2025



1

Summary



Food Insecurity

- In San Mateo County, nearly 35,000 people rely on SNAP/CalFresh benefits

Community

- Local Health Plans in California
- San Mateo County

Benefit Impacts

- Federal Shutdown
- H.R. 1 changes

2

Request to Authorize



Community Re-investment Opportunity



\$500,000 one-time grant funding to local food organizations

3

Thank You



4

MEMORANDUM

AGENDA ITEM: 5.2

DATE: December 10, 2025

DATE: December 3, 2025

TO: San Mateo Health Commission

FROM: Pat Curran, CEO
Trent Ehrgood, CFO

RE: HPSM 2026 Budget

Proposed 2026 Budget

Attached is a slide deck with the 2026 budget overview. HPSM is forecasting a net loss of \$22M with anticipated total revenues (operating and non-operating revenue) of \$1,204M and total operating expenses of \$1,226M.

The 2025/2026 State budget made changes to the Medi-Cal program that go into effect in 2026, including reinstatement of the asset limit for Medi-Cal eligibility and an enrollment freeze on the adult UIS (unsatisfactory immigration status) population effective 1/1/26. In addition, the State eliminated the dental benefit for the adult UIS population effective 7/1/26 and eliminated the supplemental rate increase for dental (from Prop 56) effective 7/1/26. All these items are factored in the 2026 budget.

As a reminder, earlier in 2024, the Commission approved strategic use of reserves for provider rate increases and investments in primary care. Provider rate increases are being deployed over time in phases, starting in early 2025. The 2026 healthcare budget includes provider rate increases implemented so far but does not include any expenses for future phases or PCP capacity building grant expenses.

Update from the Finance/Compliance Version

This version of the budget has been updated from the version sent to the Finance/Compliance Committee on Nov 24th. Both the 2025 forecast and the 2026 budget have been updated. The 2026 budget changed from a projected loss of \$17M to a projected loss of \$22M. The \$5M difference is an increase to the D-SNP Part-D projected pharmacy cost, essentially correcting for an overstated rebate value.

The Finance/Compliance Committee could not meet to review the budget in advance of the Commission meeting but are aware of the major drivers and assumptions that contribute toward this forecast.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF ADOPTION OF OPERATING BUDGET
FOR 01/01/2026 - 12/31/2026**

RESOLUTION 2025 -

RECITAL: WHEREAS,

- A. The 2026 budget is projecting a net loss of \$22M; and
- B. Management recommends approval of the 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 operating budget for CFY 2026 as presented and attached.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 10th day of December 2025 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Bill Graham, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
M. Heryford, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

Agenda Item: 5.2
Date: December 10, 2025

2026 Operating Budget

HPSM Commission

December 10, 2025



Financial Summary and Outlook for 2026



- HPSM has benefited from several years with larger than normal surpluses. 2022 and 2023 were over \$120M each, and 2024 was \$60M. 2025 is currently projected to have a net loss of around \$7.5M. These are restated values (reclassing prior year adjustments).
- For 2026, HPSM is projecting an overall loss of \$22M. However, at an operating level, we are projecting a loss of \$57M, which is offset by non-operating revenue of \$35M, mostly earnings on cash reserves.
- Funding for the Medi-Cal line-of-business is much tighter as seen with the progressively lower financial performance, however some of this is due to HPSM's decision to self fund provider rate increases and capacity building grants over a three-year period (strategic use of reserves).

Financial Summary and Outlook for 2026

continued ...



- Reduced Federal funding to Medicaid will require States to scramble to make up the difference, which in turn will force States to consider reduced enrollment or reduced benefits to Medi-Cal.
- Funding for the Medicare line-of-business (D-SNP) is also much tighter, as CMS has pushed more risk on Medicare Advantage (MA) Plans through risk adjustment and Part-D financing. Most MA Plans are finding it increasingly difficult to produce a profit with the Medicare Advantage model.
- The demands of Managed Care Plans continue to increase, including administration of new benefits and increased reporting to regulators.

Proposed 2026 Budget



OPERATING REVENUES:	
Capitation & Premium Revenue (net)	1,169,606,990
HEALTH CARE EXPENSE:	
Inpatient Services	204,393,680
Outpatient/Professional	405,247,175
SNF/LTC	188,651,372
Pharmacy	74,995,280
Directed Payments	43,809,104
Dental	58,496,939
ECM, CS, CBAS	22,354,502
UMQA	27,037,261
Provider Incentives	16,888,000
Transportation/Other	15,809,955
Total Health Care Expenses	1,057,683,268
ADMINISTRATIVE EXPENSES	88,557,379
MCO Tax	80,497,644
Net Income/(Loss) from Operations	(57,131,301)
NON-OPERATING REVENUE:	
Interest	33,000,000
Rental Income	1,302,837
TPA Fees	453,672
Net Non-Operating Revenue	34,756,509
PROJECTED INCOME/(LOSS)	\$ (22,374,791)

2026 Budget and Prior Year Compare



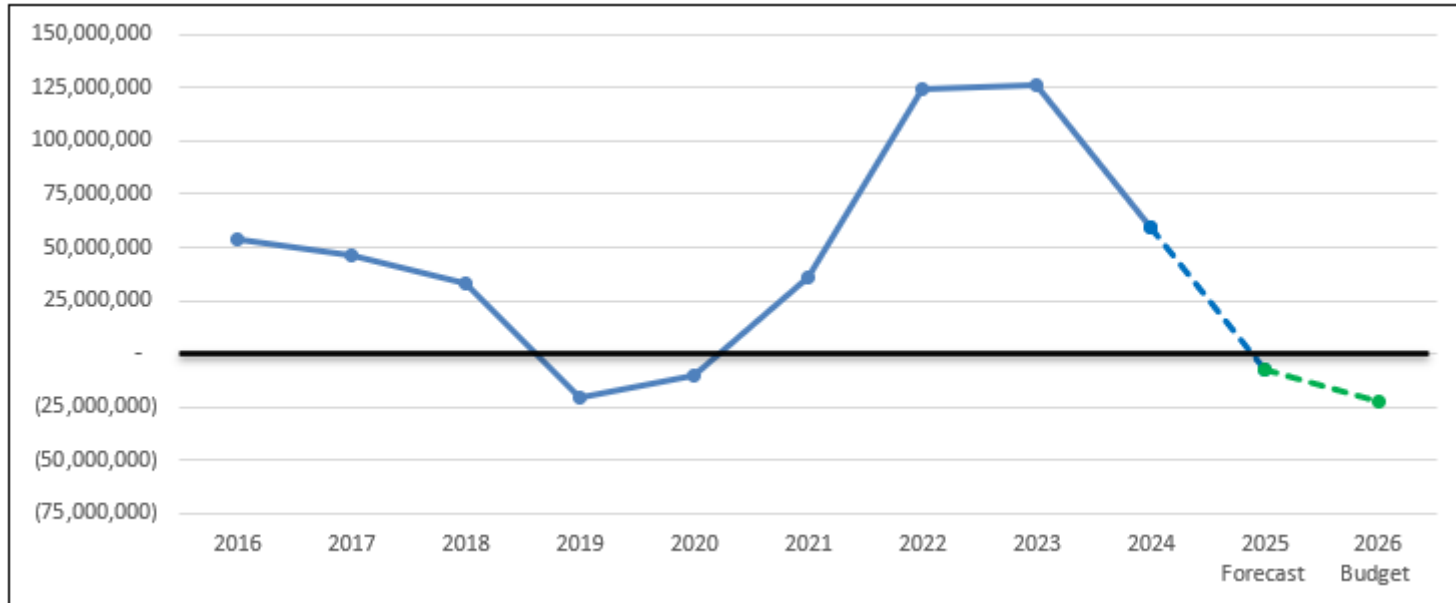
	2024 Actual	2025 Forecast	2026 Budget
OPERATING REVENUES:			
Capitation & Premium Revenue	\$ 1,183,974,643	\$1,206,779,458	\$1,170,957,528
Medi-Cal Incentive Revenue	11,432,374	-	-
Medi-Cal ECM Risk Corridor	(7,650,733)	(7,499,274)	(1,350,538)
Medi-Cal UIS Risk Corridor	(46,300,000)	(26,100,000)	-
Total Operating Revenue	1,141,456,284	1,173,180,184	1,169,606,990
HEALTH CARE EXPENSE:			
Inpatient Services	193,802,723	206,943,818	204,393,680
Outpatient/Professional	355,550,980	401,640,301	405,247,175
SNF/LTC	163,930,783	182,444,022	188,651,372
Pharmacy	65,124,458	70,613,212	74,995,280
Directed Payments	80,089,216	52,433,930	43,809,104
Dental	38,459,436	60,402,785	58,496,939
ECM, CS, CBAS	17,202,842	20,875,403	22,354,502
UMQA	22,438,418	26,307,413	27,037,261
Provider Incentives	19,561,926	15,444,000	16,888,000
Transportation/Other	13,008,486	20,892,397	15,809,955
Other Provider HC (Grants)	2,117,137	2,280,780	-
Total Health Care Expenses	971,286,403	1,060,278,061	1,057,683,268
ADMINISTRATIVE EXPENSES	69,038,858	76,458,720	88,557,379
MCO Tax	78,954,196	81,773,865	80,497,644
Net Income/(Loss) from Operations	22,176,826	(45,330,461)	(57,131,301)
NON-OPERATING REVENUE:			
Interest	39,508,470	36,276,940	33,000,000
Rental Income	1,160,105	1,263,194	1,302,837
TPA Fees	255,000	255,000	453,672
Community Reinvestment Exp	(3,350,000)	-	-
Net Non-Operating Revenue	37,573,575	37,795,134	34,756,509
PROJECTED INCOME/(LOSS)	\$ 59,750,401	\$ (7,535,327)	\$ (22,374,791)

Revenue
adjustments



Historical Net Income/(Loss)

Ten-year trend – **Restated** w/ 2026 budget



State Budget Provisions (2025-26)

[from Commission meeting Nov 12, 2025]

Items taken into consideration with the 2026 budget

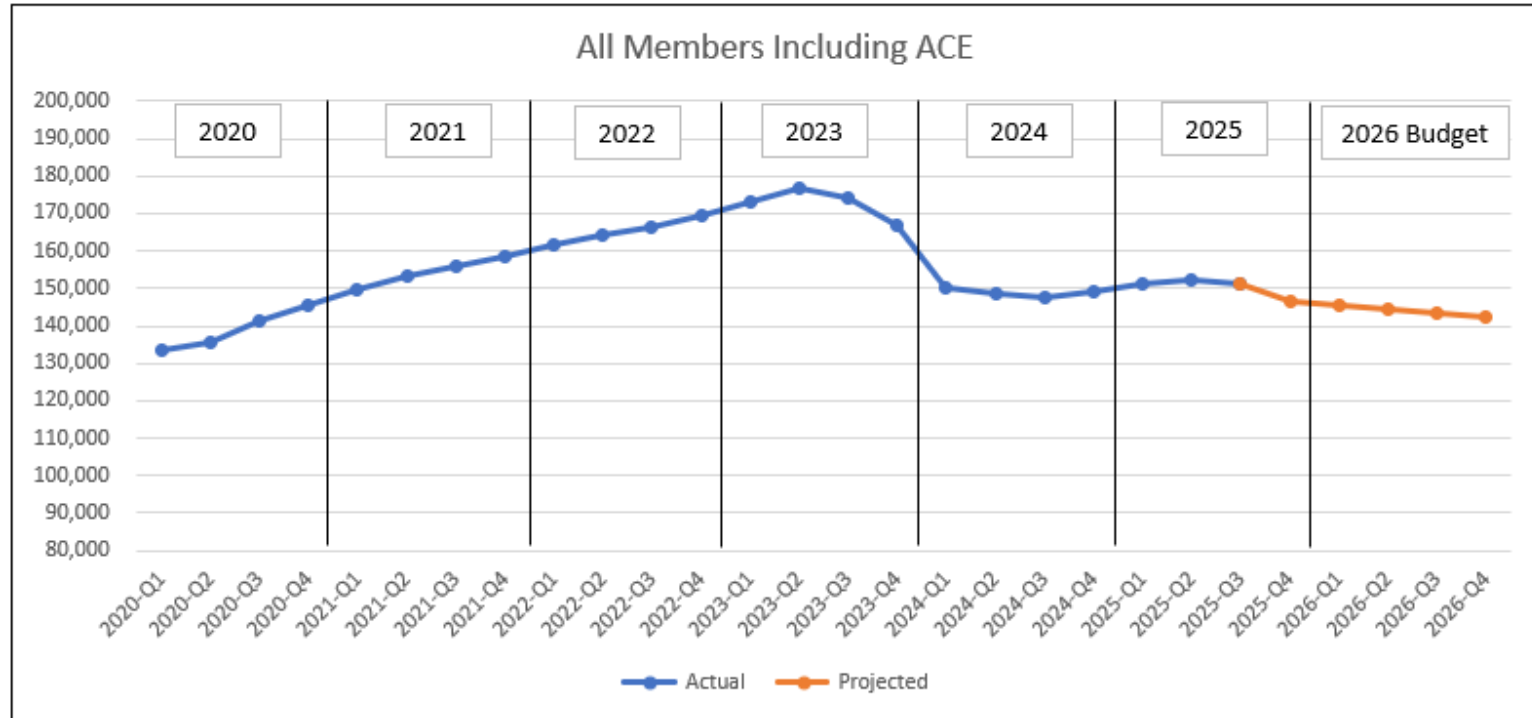
- Freeze on new enrollment for UIS Adults (1/1/26)
(assumed monthly decrease in UIS enrollment)
- Reinstatement of Medi-Cal Asset Test (1/1/26)
(assumed monthly decrease in SIS and UIS enrollment)
- Elimination of FQHC PPS rate for UIS Adults (7/1/26)
(no impact to HPSM, but impacts FQHC overall reimbursement)
- Elimination of Adult Dental for UIS Adults (7/1/26)
(ended UIS adult dental for second half of year)
- Elimination of Supplemental Dental Payments (7/1/26)
(ended Prop56 Dental for second half of year – passthrough for HPSM; impacts dental provider reimbursement)

Budget Assumptions - Membership

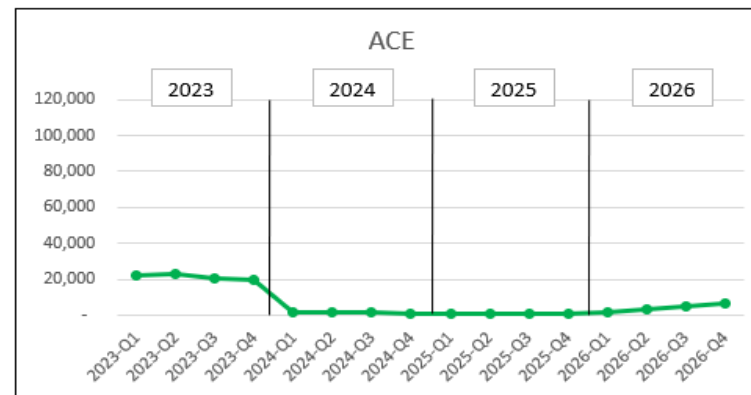
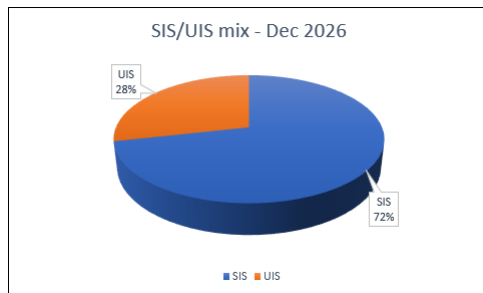
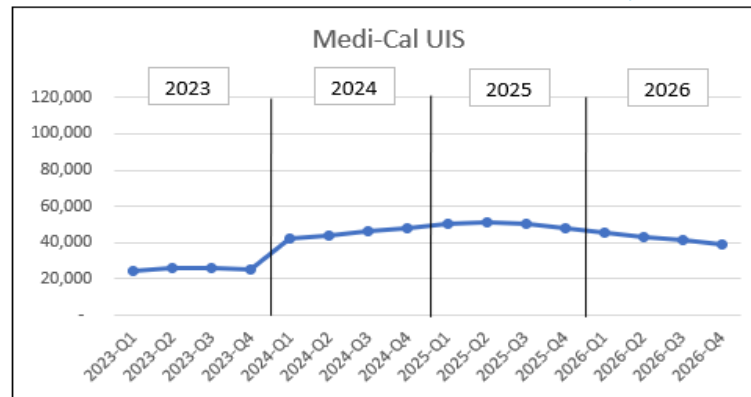
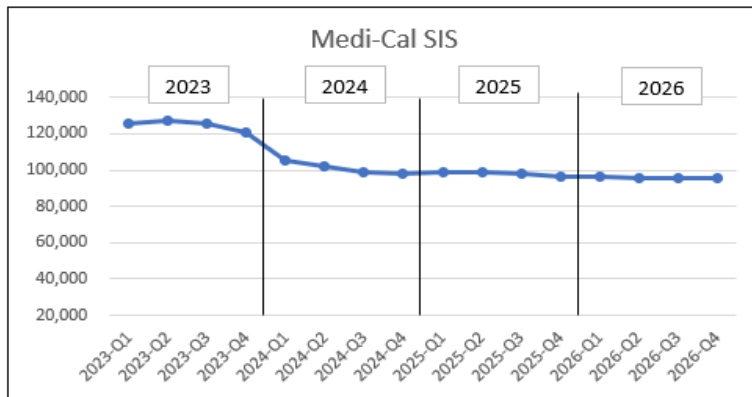


- Medi-Cal membership is projected to decline through 2026. The following assumptions were used:
 - Small decline to SIS membership due to reinstatement of asset limit. Projecting decrease of around 3% of the Adult/SPD population.
 - Larger decline to UIS membership due to adult enrollment freeze and asset limit. Projecting decrease of around 20% of the Adult UIS population. Also, assuming about 10% decrease in Child UIS enrollment.
- CareAdvantage membership is projected to have similar trends in 2026 as experienced in 2025, which includes a bump at the beginning of the year from open enrollment, with small growth throughout the year due to default enrollment and the DHCS Medicare buy-in effort.
- HealthWorx membership is expected to remain steady at approximately 1,300 members.
- ACE membership is expected to grow in 2026 due to a portion of the UIS population losing coverage under Medi-Cal and some individuals potentially re-enrolling in the ACE program.

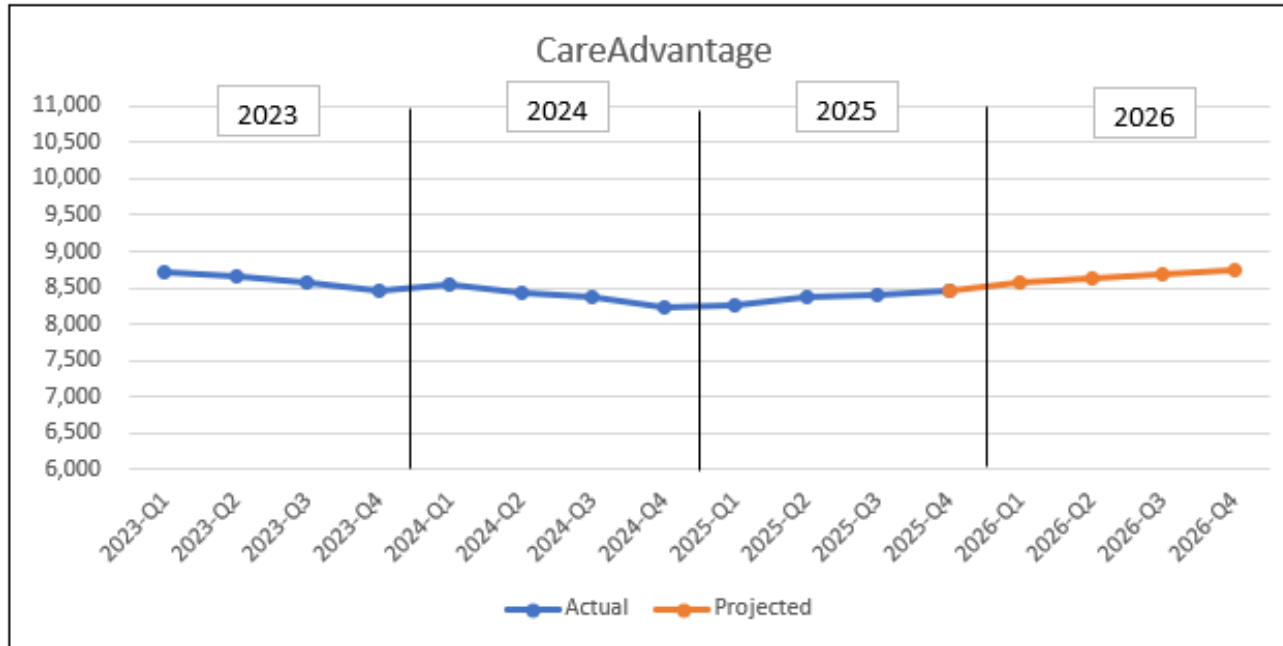
Membership Trends 2020-2026



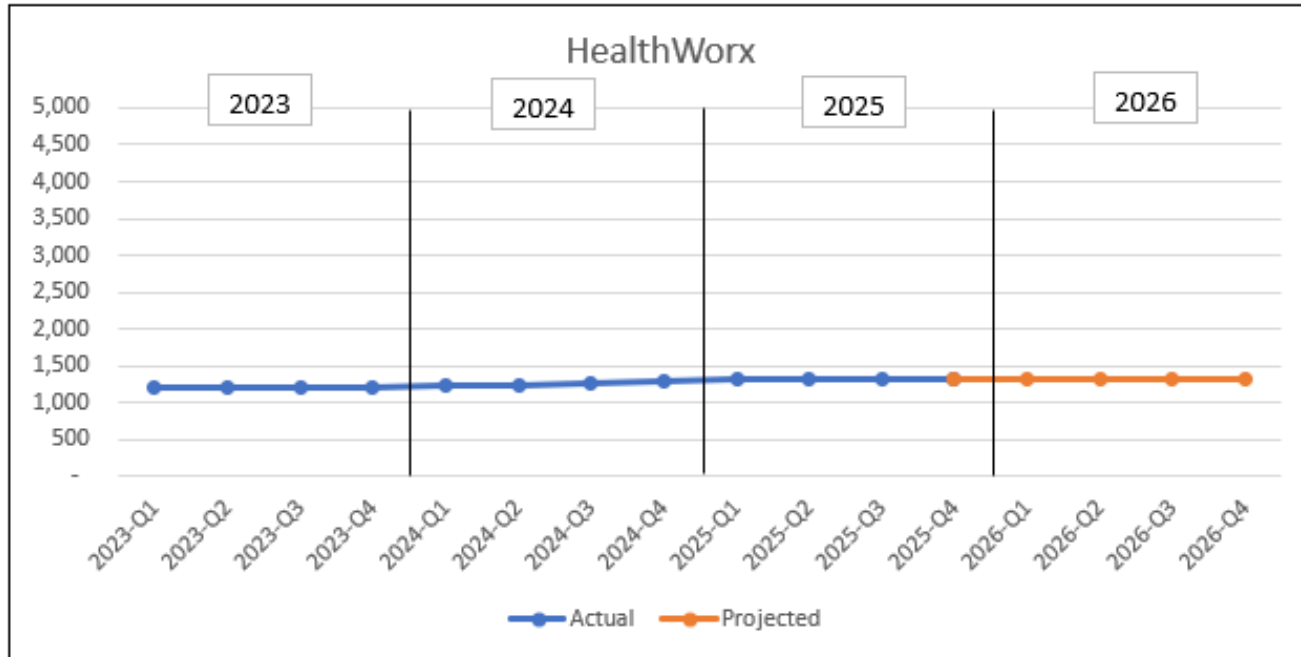
Medi-Cal Membership – SIS/UIS/ACE



CareAdvantage Membership



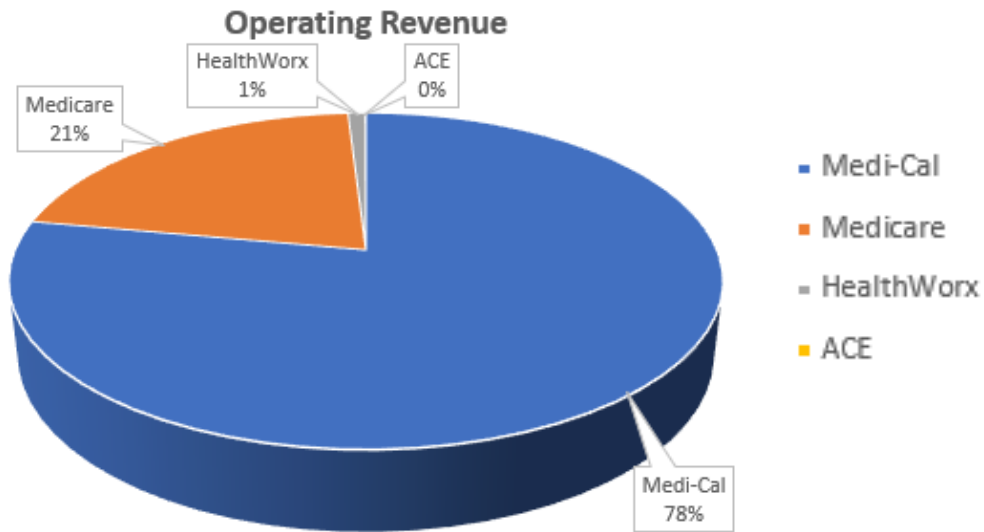
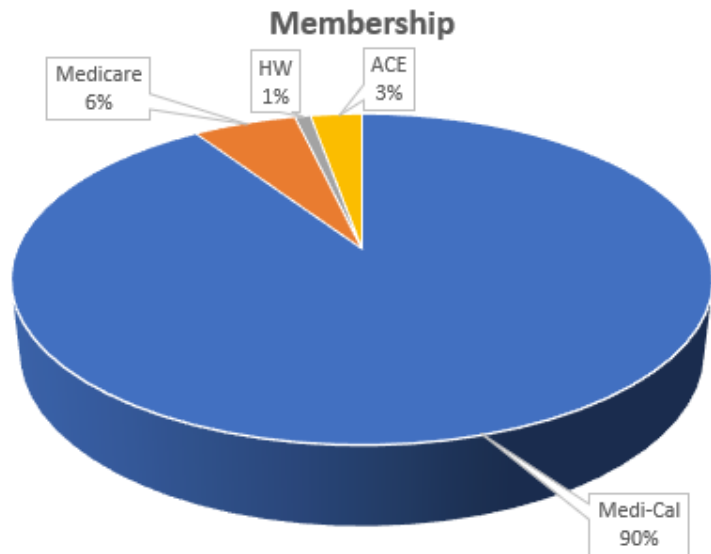
HealthWorx Membership



Budget Assumptions - Revenue

- Medi-Cal revenue is based on final prospective 2026 rates received in November. Overall, base rates increased by a small amount (only .1%) from 2025 (blended SIS and UIS). Separately, SIS rates increased by 4.3% and UIS rates decreased by 10.0%. The 2025 UIS risk corridor will result in a return of premium, so a decrease to UIS in 2026 was expected.
- CareAdvantage revenue is estimated using rates derived from the 2026 bid process and adjusted for projected risk adjustment. The D-SNP is no longer considered a new plan in 2026 and will not benefit from the 3.5% bonus given to new plans.
- HealthWorx revenue is negotiated with the County and provides coverage to IHSS workers. The premium for 2026 will increase by 15% to better align with increased healthcare cost.
- HPSM continues to benefit from higher interest rates, resulting in higher earnings on cash reserves. The budget assumes interest rates will start to decrease a little, so slightly lower interest income is projected in 2026 compared to 2025.

Budget Membership and Revenue by Source



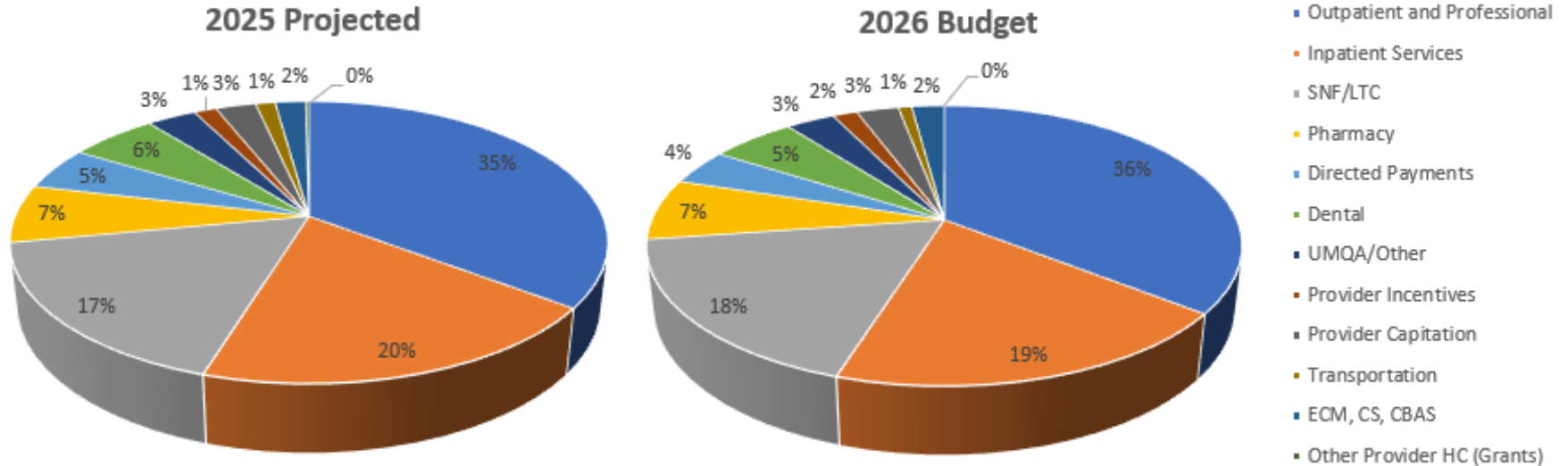
2026 Budget Operating Revenue: \$1,170M

Budget Assumptions – Health Care Cost



- Healthcare cost projections includes modest increases for trend purposes (rate/utilization), and additional increases (or decreases) in certain areas based on known contractual changes or where utilization is expected to be different.
- The provider rate increase initiative approved by the Commission is still being rolled out. The Commission approved investing \$100M of reserves over three years (\$33M per year). The 2026 healthcare cost budget includes the portions rolled out during 2025.
- The Commission also approved \$30M in capacity building grants to primary care. This is being rolled out over time as well. The 2026 budget does not include any PCP grant cost, so this will be tracked separately as it occurs, and will still flow through HPSM's financial statements.

Healthcare Cost by Expense Category



2026 Total Medical Expenses: \$1,058M including UM/QA

Budget Assumptions – Admin Cost



- Administrative cost projections are created in detail, including salary/benefit cost by position.
- Staffing levels are intentionally remaining flat with no new positions budgeted for 2026, except for two more Community Health Workers (CHWs) that are part of the Baby Bonus initiative, which has separate approved funding.
- Admin Cost is projected to be approximately 8.1% of total operating revenue, with the following variation by line-of-business: Medi-Cal 7.3%; CareAdvantage 10.0%; HealthWorx 11.7%.

Administrative Budget

2025 Budget to 2026 Budget Comparison



Expense Category	2025 Budget	2026 Budget	Change	% Chng.	2026 % of Total
Salaries, Benefits, Training, Travel	68,296,505	72,644,350	4,347,845	6.4%	63%
Consulting & Outside Services	19,312,400	20,896,400	1,584,000	8.2%	18%
Computer Maintenance & Support	7,864,900	8,520,000	655,100	8.3%	7%
Occupancy, Deprec. & Amort.	4,176,100	4,231,300	55,200	1.3%	4%
Postage, Delivery & Printing	2,758,100	2,658,500	(99,600)	-3.6%	2%
Office Expenses	2,595,200	2,405,220	(189,980)	-7.3%	2%
Other Admin Expenses	2,714,425	2,872,870	158,445	5.8%	2%
Strategic Investments	-	1,366,000	1,366,000	0.0%	1%
Sub-Total	107,717,630	115,594,640	7,877,010	7.3%	100%
UM/QA Allocation (to HC Cost)	(26,318,606)	(27,037,261)	(718,655)	2.7%	
Total Admin Expense	81,399,024	88,557,379	7,158,355	8.8%	
FTE's	431	433	2	0.5%	

2026 Budget Summary by LOB

	CareAdvantage				HPSM	
	Medi-Cal	(D-SNP)	HealthWorx	ACE	Non-Op *	Total
Operating Revenue	\$910,878 K	\$247,848 K	\$10,881 K			\$1,169,607 K
Health Care Expense	\$790,010 K	\$256,653 K	\$11,020 K			\$1,057,683 K
Admin	\$60,716 K	\$24,758 K	\$1,273 K	\$445 K	\$1,366 K	\$88,557 K
MCO Tax	\$80,498 K	\$0 K	\$0 K			\$80,498 K
Other Income				\$454 K	\$34,303 K	\$34,757 K
Net Profit/(Loss)	(\$20,345 K)	(\$33,563 K)	(\$1,412 K)	\$9 K	\$32,937 K	(\$22,375 K)

MLR	95.1%	103.6%	101.3%		97.1%
Average Membership	137,914	8,650	1,315	4,298	281,642
Revenue PMPM	\$550.39	\$2,387.74	\$689.55	\$8.80	

* Interest Income, Rent Income, and Strategic Investments

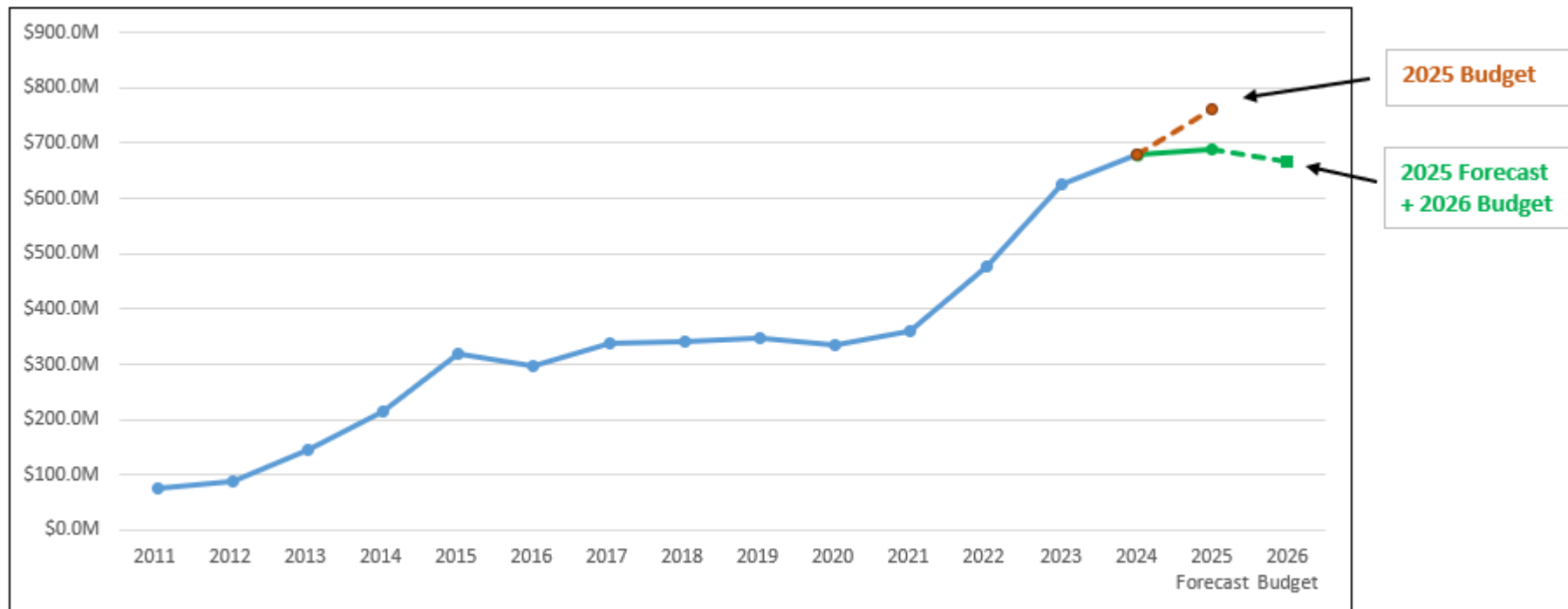
Profit Margin Summary:

Medi-Cal	-2.5%
Medicare	-13.5%
HealthWorx	-13.0%
Consolidated	-2.1%

ACE

- Third Party Agreement (TPA) with San Mateo County.
- Historical membership was around 26K, mostly undocumented immigrants. 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 around 830 but is expected to grow in 2026.
- The TPA fee is \$8.50 PMPM, with a minimum fee of \$255K per year when enrollment drop below a certain level.

Projected Tangible Net Equity (TNE)



- This illustration is prior to any investments from strategic use of reserves in 2026.

Thank You

MEMORANDUM

AGENDA ITEM: 6.0

DATE: December 10, 2025

DATE: December 3, 2025
TO: San Mateo Health Commission
FROM: Patrick Curran
RE: CEO Report – December 2025

Year in Review

The HPSM Health Commission and staff should be proud of our accomplishments this past year. In addition to the items listed below, perhaps the most notable achievement was the stabilizing role HPSM played and will continue to play in a healthcare environment that has become unpredictable, rapidly evolving, and very uncertain for some of our providers and members. The passage of HR1 will influence health care in our community for years to come. HPSM has played a vital role in the community for the past 38 years and will continue to do so in the future.

Here are a few highlights of the year, though these are by no means comprehensive:

Health Commission Members

We welcomed three new Health Commissioners in 2025: Jackie Speier, Amira Elbeshbeshy, and Shabnam Gaskari. They have each provided valuable input and expertise to help HPSM better serve our members. We also end the year by bidding farewell to Dr. Jeanette Aviles, who finishes her third full term as an HPSM Health Commissioner. Dr. Aviles has helped guide HPSM for more than 12 years, while also serving as a leader and clinician at San Mateo Medical Center. I cannot think of any individual in this community who has devoted more time and energy and expertise to ensuring that all residents of our county, especially those most in need, have access to care, especially high-quality primary care. We will miss you, Dr. Aviles!

Provider Investments

Continuing our work begun in 2024, HPSM implemented several aspects of its \$130 million investment in the provider community. We launched our primary care capacity grant program, as well as the practice coaching and assessment component. We implemented provider rate increases in April, June, and July. Finally, based on our investment criteria, we made capacity investments in primary care, dental, and behavioral health, as well as supporting an important assessment of member needs through the SMMC Innovation Center.

NCQA

In early 2025 HPSM successfully completed its full three-year NCQA accreditation. NCQA is the national standard for health care quality, and its reviewers not only approved our program, but also

commented about how clear it is that the organization is committed to its mission. On the heels of that accreditation, we also received our NCQA Health Equity Accreditation. This additional set of requirements ensures that health plans address the needs of all its members, paying particular attention to those experiencing health disparities. Finally, HPSM achieved a 4.0 Star Rating in NCQA quality scores, again confirming our commitment to high-quality care for our members.

DHCS Quality Scores

For the second year in a row, HPSM had no quality measures below the minimum performance level. We are one of only three health plans in the state to achieve this level of performance. We will continue to improve our work in this area, as it is a measurable demonstration of our commitment to the health outcomes of our members.

Baby Bonus

The Baby Bonus Program launched in early 2025 and we now have enrolled families into both the clinical research trial, led by Stanford, as well as the non-research group (births at hospitals other than Lucille Packard Children's Hospital). As part of this program, we now have a team of Community Health Workers (CHWs) who are meeting with families and helping them navigate the complex health care environment. This program is an excellent example of the work HPSM does – innovate to improve the health of our members and using what we learn to help shape health policy well beyond the borders of our county.

Strategic Retreat

We held a strategic planning retreat in April. DHCS leaders joined us in person for that session. The outcome of that retreat was the identification of priority areas of potential investment, convening, and partnership for HPSM to explore. Further exploration and community engagement resulted in HPSM staff proposing the formation of a 501c3 entity to address community needs more broadly in the future, leveraging our role as a local health plan and seeking partnership opportunities with other community organizations. We will continue to work on this as we move into 2026.

Summary

Finally, I end this year feeling very grateful for all our Health Commissioners and staff. I am humbled by the kind words from many people after I announced my retirement, which will take place next Fall. Special thanks to the members of the CEO Search Committee, who will meet in the next two weeks to discuss next steps in the process. I am confident that HPSM will thrive as we move into the future because of the commitment of this Health Commission and our more than 400 employees.