

THE SAN MATEO HEALTH COMMISSION
Regular Meeting
July 8, 2026 - 12:30 p.m. Pacific Time
Health Plan of San Mateo Boardroom 801 Gateway Blvd., South San Francisco, CA 94080
-or-
17907 Holli Blue Rd.
Champion, MI 49814

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/roYNDHjWt88?feature=share>

Please note that while there is an opportunity to provide public comment in person, there is no means of 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 Agreement with mPulse (HealthTrio, LLC) for Member and Provider Portal Services
 - 4.2 Approval of San Mateo Health Commission Meeting Minutes from June 10, 2026
- 5. Specific Discussion/Action Items**
 - 5.1 State Budget Update
 - 5.2 Scenario Planning Discussion
 - 5.3 CEO Search 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: July 8, 2026

DATE: July 1, 2026
TO: San Mateo Health Commission
FROM: Eben Yong, Chief Information Officer
Colleen Murphey, Chief Operating Officer
RE: Approval of Agreement with mPulse (HealthTrio, LLC) for Member and Provider Portal Services

Recommendation:

Waive the Request for Proposal (RFP) process and approve an agreement with mPulse (HealthTrio, LLC) for three years, spanning August 1, 2026 through July 31, 2029, for an amount not to exceed \$2,700,000 and authorize the Chief Executive Officer to execute said agreement.

Background:

HPSM initially contracted with HealthTrio, LLC in 2016 (acquired by mPulse in 2023) to implement a searchable online provider directory, an online member portal for HPSM members, an online provider portal for HPSM providers, and related software and services. The licensing agreement became active on January 1, 2017. These online solutions are critical to HPSM's compliance with state and federal requirements and have significantly improved the member and provider experience for HPSM members and network providers. They enable members and providers to search for in-network referral providers online by specialty, distance, language(s) spoken, and other factors. They enable members to perform self-service for a variety of tasks such as requesting new ID cards. They enable providers to perform tasks such as checking claim or authorization status or submitting prior authorization requests online, reducing the administrative burden for providers to work with HPSM. They enable provider attestation actions that previously required mail and FAX. They enable technical authentication services related to federal data interoperability requirements.

Fiscal Impact:

In 2023 the Commission approved a 3-year agreement with mPulse (HealthTrio, LLC) in an amount not to exceed 2,700,000; pricing is billed on a per-member per-month basis and has been consistent over the course of the contract. The proposed new agreement with mPulse (HealthTrio, LLC) is effective August 1, 2026 through July 31, 2029, for an amount not to exceed \$2,700,000.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF AGREEMENT WITH MPULSE (HEALTHTRIO, LLC) FOR MEMBER
AND PROVIDER PORTAL SERVICES**

RESOLUTION 2026 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission has utilized the services of mPulse (HealthTrio, LLC) for the Health Plan of San Mateo Provider Portal, Member Portal, Provider Directory and related software and services since 2017; and
- B. mPulse (HealthTrio, LLC) has provided high quality service and is in good standing; and
- C. mPulse (HealthTrio, LLC) has been determined to be a cost-effective solution versus alternative options, based upon their existing integration with current HPSM technology, their knowledge of HPSM's systems and data.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission waives the request for proposal process and approves a new agreement with mPulse (HealthTrio, LLC) for a three-year term from August 1, 2026 through July 31, 2029 in an amount not to exceed \$2,700,000; and
- 2. Authorizes the Chief Executive Officer to execute the agreement for implementation.

PASSED, APPROVED, AND ADOPTED by the San Mateo Health Commission this 8th day of July, 2026 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

DRAFT

SAN MATEO HEALTH COMMISSION
Meeting Minutes
June 10, 2026 – 12:30 p.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

AGENDA ITEM: 4.2

DATE: July 8, 2026

Commissioners' Present: Alpa Sanghavi, M.D. Manny Santamaria, Vice Chair
Bill Graham Shabnam Gaskari
Michael Callagy Ligia Andrade Zuniga
Kenneth Tai, M.D. Jackie Speier
Amira Elbeshbeshy

Commissioners' Absent: Noelia Corzo

Counsel: Kristina Paszek

Staff Presenting: Pat Curran, Colleen Murphey, Ian Johansson

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.

Ligia Andrade-Zuniga arrived at 1:23 pm.

2. Public Comment

There were no public comments.

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

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

5. Specific Discussion/Action Items:

5.1 Annual Compliance Report: HPSM Chief Government Affairs and Compliance Officer Ian Johansson reviewed the annual compliance report, designed to inform the Commission about the compliance program's scope, performance, and critical issues. There are new reporting structure changes. The Compliance Department now provides more detailed reports to the Finance/Compliance Committee, which has

been designated as the board-level oversight body per updated Department of Health Care Services (DHCS) contract requirements. Quarterly and annual reports are produced, with highlights and risk areas summarized.

Mr. Johansson reviewed new controls implemented to address potential fraud, waste, and abuse (FWA) for the non-medical transportation (NMT) benefit, including requiring 48-hour advance notice for rides and verifying pharmacy trips, resulting in reduced costs and more appropriate utilization. There was a question about extending the NMT contract considering the fraud issues mentioned. Mr. Johansson clarified that the potential fraud issues are not with the vendor but with certain members misusing the service. The controls he mentioned have been effective in reducing inappropriate use. There was discussion about efforts to coordinate with SamTrans to explore alternative transportation solutions, as they provide a similar service. Chief Health Officer Amy Scribner explained that her team is exploring alternative transportation options, including bus passes and Redi-Wheels, and may consider collaborating with SamTrans with their aim to reduce costs and improve service integration.

Mr. Johansson advised the group that the Compliance team collaborates closely with IT Operations Manager Glenn Smith and his team, conducting staff training on identifying AI-generated videos and deep fakes to enhance awareness of phishing and security threats. All incidents are reported to the Finance/Compliance Committee.

While discussing audit activities and outcomes, Mr. Johansson explained how internal audits by the Compliance team help prevent findings in external audits conducted by agencies such as DHCS, the Department of Managed Healthcare (DMHC), and the Centers for Medicare and Medicaid Services (CMS). DMHC imposes financial penalties for untimely grievance responses, with each violation resulting in a penalty, sometimes assessed years after the incident. Internal audits are used to prevent such occurrences. He also described the high volume of ad hoc data requests from DHCS, which often require significant staff time and are not always codified in contracts. DHCS is working with health plans to identify and reduce duplicative reporting to ease administrative burden.

Mr. Johansson discussed controls in place to ensure contracted providers meet compliance standards. Compliance, utilization management, and finance teams monitor cost and utilization data to identify outliers or suspect activity and investigate potential quality incidents. They do this by reviewing medical records to ensure services meet standards of practice. Director of Provider Services Luarnie Bermudo, described prescriptive credentialing requirements for high-risk provider types like nursing facilities, including verification processes and responding to state or CMS notifications about provider exclusions.

5.2 Health Policy Update: Mr. Johansson reminded the group that the passage of HR1 and the 2025-26 California budget introduced funding reductions, caps on payments, and new eligibility requirements. In January, there was an estimated budget deficit of \$2.9 billion and no new spending programs were proposed. The May revise shifted the state budget from a deficit to a surplus with significant program changes proposed. One of which is moving all members with unsatisfactory immigration status (UIS) from managed care to fee-for-service (FFS) Medi-Cal, eliminating access to enhanced care management, community supports, and managed care navigation. This could affect approximately 40,000 members. HPSM and partner associations are advocating to retain managed care for UIS members for primary and specialty care, with hospital, emergency and pregnancy services carved out, but negotiations with the state are ongoing and the outcome remains uncertain. The carve-out would reduce HPSM membership and revenue, increase administrative ratios, and shift members to lower-reimbursed fee-for-service care, potentially reducing access to specialists and increasing pressure on safety net providers and emergency departments. This population would not receive care coordination or have the ability to file grievances, although they would continue to have access to state fair hearing rights. The Governor's May revise also proposed reinstating the asset test. Several years ago, the asset test was eliminated. In a subsequent budget, it was decreased to \$130,000 for individuals and \$65,000 for each additional individual living in a household. The Governor also proposes to eliminate the acupuncture benefit. All these changes would go into effect on January 1st, 2027, which is also when the next slate of HR1 changes goes into effect.

5.3 Scenario Planning Update: HPSM COO, Colleen Murphey, followed up on the discussion at the May Commission meeting around scenario planning. She shared HPSM's approach as well as specific next steps for the organization and the Commission. She went over HPSM's guiding principles and how they plan to navigate changes, including the launch of the 2025 policy changes. HPSM is experiencing a steeper membership decline than projected and could lose as many as 43,000 members if the UIS carve-out proceeds. While this will lead to annual financial losses, HPSM will be able to maintain reserves above minimum contingency levels through 2028. The organization is initiating early planning for the 2027 budget, reforecasting current year impacts, and working with department leaders to identify cost management opportunities that preserve member and provider experience. Declining revenues and payer mix changes are increasing financial pressure on FQHCs and hospitals. Ms. Murphey described ongoing and planned outreach efforts to support members affected by coverage changes. A coalition including HPSM, FQHCs, Stanford, and the county's Human Services Agency (HSA) is meeting to coordinate outreach, reduce duplication, and share data and best practices for member communication regarding coverage changes and redetermination requirements. There was a request for utilization data for the populations that will be experiencing these cuts. Ms. Murphey replied that there is work underway on that right now, they will work on sharing that.

The commission discussed the importance of continuing primary care investments and grants to support access and quality, while considering a cautious approach to new commitments. The Commission will be updated on progress and approach at the September or October meeting.

5.4 CEO Search Update: Commission Chair Bill Graham updated the group on efforts by the CEO Search Committee. In May, they partnered with Morgan Consulting who is actively sourcing candidates for the CEO position. Updates will be shared with the search committee as the process advances.

6.0 Report from Chief Executive Officer: HPSM CEO, Pat Curran, provided a brief update about Healthworx. Following the Commission's approval earlier in the year to end the

HealthWorx program, official reporting and coordination with state and county partners indicate that the transition is on track, with no current issues affecting continuity of coverage for impacted individuals. A detailed update will be provided at an upcoming meeting.

7.0 Other Business: There was no other business.

8.0 Adjournment: The meeting was adjourned at 1:52 pm by Commissioner Graham.

Submitted by:

M. Heryford

M. Heryford, Clerk of the Commission

2025 Compliance Annual Report June 10, 2026



Annual Compliance Report



- Status & Activities - Background
 - Report provides a summary of HPSM’s Compliance efforts
 - Enables you to:
 - To be knowledgeable about the Compliance Program
 - To exercise reasonable oversight

Our Goal



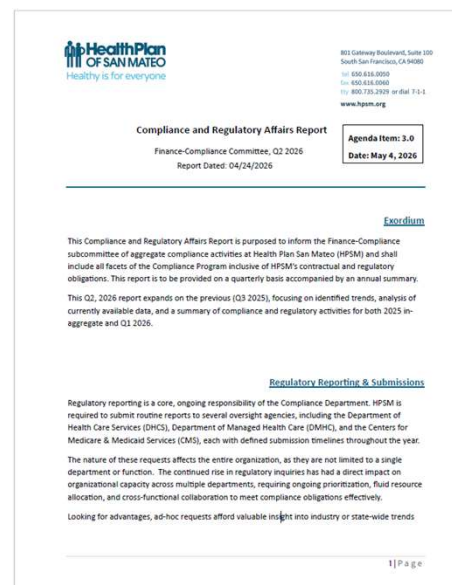
- To establish a culture of compliance at HPSM that helps the organization and its employees “do the right thing” *for our members, providers, and community*
- Achieved through *maintaining a compliance program, that:*
 - Educates our employees
 - Identifies and resolves compliance issues and risks
 - Provides opportunities to engage our staff, *our Commission*, and stakeholders

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2025 Year in Review



- Introduced new reporting format to Finance & Compliance Committee
 - Reports produced quarterly
 - Annual report summarizes all prior year activity and trends



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Report Content



- Each report covers Compliance Program activity in:
 - Regulatory Reporting & Submissions
 - Fraud, Waste, and Abuse (FWA) Program
 - HIPAA Privacy & Security Programs
 - Non-Compliance Incidents
 - Internal Audit Program and Corrective Action
 - Delegation Oversight and Corrective Action
 - External Audit Program and Corrective Action

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2025 Highlights



- Increased focus on fraud, waste, and abuse (FWA), ahead of moves by the federal government
 - New controls and investigations into FWA in our non-medical transportation benefit have been very effective
 - HPSM is participating in new workgroups with the California Association of Health Plans and the California Department of Health Care Services
 - Created a new internal workgroup to focus on trends in claims data

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2025 Highlights



- Internal collaboration with HPSM's IT Security team and IT Security Steering Committee have increased responsiveness
 - Breach incidents are responded to immediately to mitigate threats to HPSM data and systems
 - Inclusion of IT security experts have allowed for better support of affected partners
 - Improved systems and training at HPSM help ensure our workforce is able to respond to emerging threats

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2025 Highlights



- Internal and External Audits
 - Internal Audits have helped mitigate findings in external audits, and supported our partners
 - Examples being Non-Emergency Medical Transportation (NEMT) providers and NationsBenefits, a supplemental benefit vendor with CareAdvantage
 - HPSM underwent a dual Department of Health Care Services and Department of Managed Health Care audit in early 2026
 - Audit report detail expected later this year

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A thank you...



- ...to our operations teams and the Compliance Team
 - Our teams do tremendous work to serve our members, and to ensure that work meets our internal standards and those of our regulators
- ...to the Finance & Compliance Committee, and the Commission
 - Who continue to guide the focus of our Compliance Program, and the organization as a whole

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Next Report Preview



- Report out on the Annual Compliance Program Effectiveness Survey
 - For Calendar Year 2025

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2026 Health Policy Update



2026 Health Policy Agenda



- *Brief* 2025 Health Policy Recap
- 2026-27 California Budget
 - January Proposal Recap
 - May Revise
- Implications for HPSM
- Next Steps

2025 Health Policy Recap



2026
Recap

2026 January Proposal Recap



- Federal
 - HR.1 (One Big Beautiful Bill Act, OBBBA) signed into law July 4, 2025
- California
 - 2025-26 CA Budget signed into law in June 2025

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		
									🕒 <i>Option to Delay</i>											
									○ 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										
		🕒 <i>Potential Transition Period</i>																		
	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

HR.1 & 2025-26 Budget Impacts



2025	2026	2027	2028
<ul style="list-style-type: none"> Ban on payment to prohibited entities Elimination of WQIP 	<ul style="list-style-type: none"> Qualified non-citizen eligibility change MCO Tax expiration Emergency Medi-Cal match rate change UIS enrollment freeze (01/26) UIS PPS cut UIS dental cut Prop 56 dental cut 	<ul style="list-style-type: none"> 6-month redeterminations Work Requirements Retroactive coverage limitation UIS premiums 	<ul style="list-style-type: none"> \$35 copays Work Requirements (if delayed) Provider tax reduction start State directed payment reduction start

2026 January Budget Proposal Recap



January Proposal

January Budget Proposal



- Estimated \$2.9 billion deficit
- No new spending proposed
- Focus on implementing programs and funding reductions already effect
 - Up to, and from the 2025-26 California Budget agreement

Cuts in the 2025-26 Budget

- Cuts to coverage for members with Unsatisfactory Immigration Status (UIS) [mm/yy]
 - Enrollment freeze for ages 19 and up [**In Effect**]
 - Elimination of the Prospective Payment System (PPS) [“wrap payment”] for FQHCs and RHCs [**07/26**]
 - Elimination of dental care ages 19 and up [**07/26**]

Cuts in the 2025-26 Budget

- Other cuts
 - Eliminates Prop 56 payments for dental [**07/26**]

Next 4 months (through May 2026)



- Monitor for signs of budget health
 - LAO estimates, economic trends, DHCS communication
- Monitor for finalized DHCS guidance on 2025-26 & HR.1 implementation
- Continue conversation with the Commission on real-world impacts & potential decision making

2026-27 May Revise



State Budget Timeline

- Where are we in the process?



We are here

State of the budget

- **\$16.5 billion surplus**
- Since January Proposal
 - Tax revenues are up
- May Revise balances two (2) budget years
 - 2026-27
 - 2027-28

Major proposals in the May Revise

- Carve-out of members with Unsatisfactory Immigration Status (UIS) to Fee-For-Service Medi-Cal
- Reinstatement of the full asset test
 - \$2,000 per individual, \$3,000 per couple
- Elimination of acupuncture
- **All changes effective January 1, 2027**

What the UIS carve-out means

- Fee-For-Service (FFS) is a system of care without a health plan
- UIS members would need to see if their provider participates in Medi-Cal FFS
 - UIS members won't have an HPSM ID card
- UIS members won't have access to ECM or Community Supports
- UIS members won't have supports like care coordination or grievances
 - UIS members would have access to the State Fair Hearing (SFH) process

Implementation forecast

- January 1, 2027 represents a major shift in Medi-Cal
 - UIS Carve-Out to FFS
 - 6-month redeterminations (expansion population)
 - Work requirements (expansion population)

HR.1 & 2026-27 Budget Impacts

2025	2026	2027	2028
<ul style="list-style-type: none">• Ban on payment to prohibited entities• Elimination of WQIP	<ul style="list-style-type: none">• Qualified non-citizen eligibility change• MCO Tax expiration• Emergency Medi-Cal match rate change• UIS enrollment freeze (in effect)• UIS PPS cut• UIS adult dental cut• Prop 56 dental cut	<ul style="list-style-type: none">• 6-month redeterminations• Work Requirements• Retroactive coverage limitation• UIS premiums (\$50)• UIS Carve-Out to FFS	<ul style="list-style-type: none">• \$35 copays• Work Requirements (if delayed)• Provider tax reduction start• State directed payment reduction start

What's next



Big Picture

Planning for the road ahead



Big Picture

Effects on HPSM (graphic)



Big Picture

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

Big Picture

Grounded in our HEALTHY values



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

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Questions?



5.3 Scenario Planning

San Mateo Health Commission

6/10/2026



Objectives



What we hope to share:

- The scenarios we are planning within
- Our approach for addressing and managing through evolving threats
- Our next steps

Why:

Transparency,

holding ourselves accountable for **long-term planning and stability**

so we can be there for our **members**

What we know (and don't)



1. **Significant** transition of HPSM members *out of HPSM*
2. **Significant** financial pressures impacting the safety net
3. Members who are *keeping* their HPSM coverage may be those who need more healthcare

What is certain vs. unknown?

- The first two items became far more certain following the May Revise. The third is an emerging trend.
- The exact scale (**how much**) and permanency (**how lasting**) of each are still uncertain.

Three questions for us to address

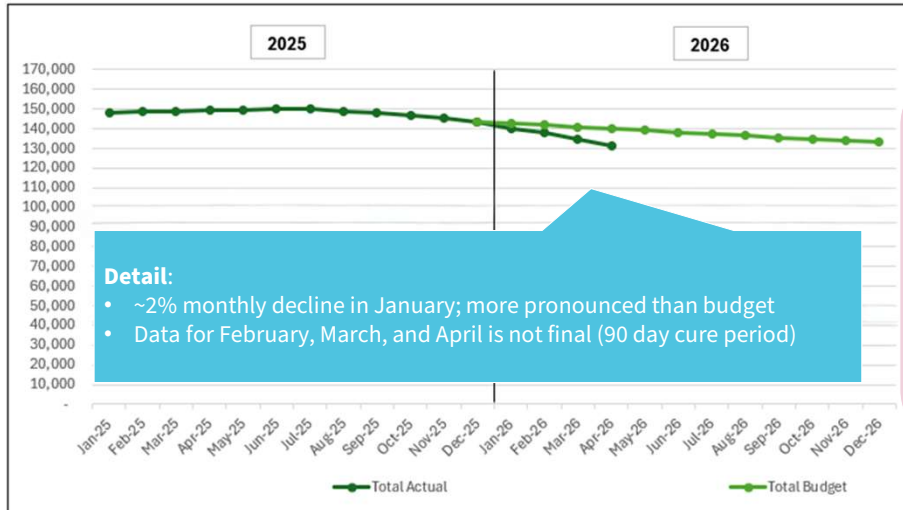


In modeling potential scenarios, we sought to answer:

1. What is the potential impact to HPSM's financial position, should we have sustained, significant financial losses?
2. Are we meeting our mandate of effective financial stewardship?
3. Are we appropriately responding to the external environment, as an interconnected member of the safety net community?

Recap: 5/13/26

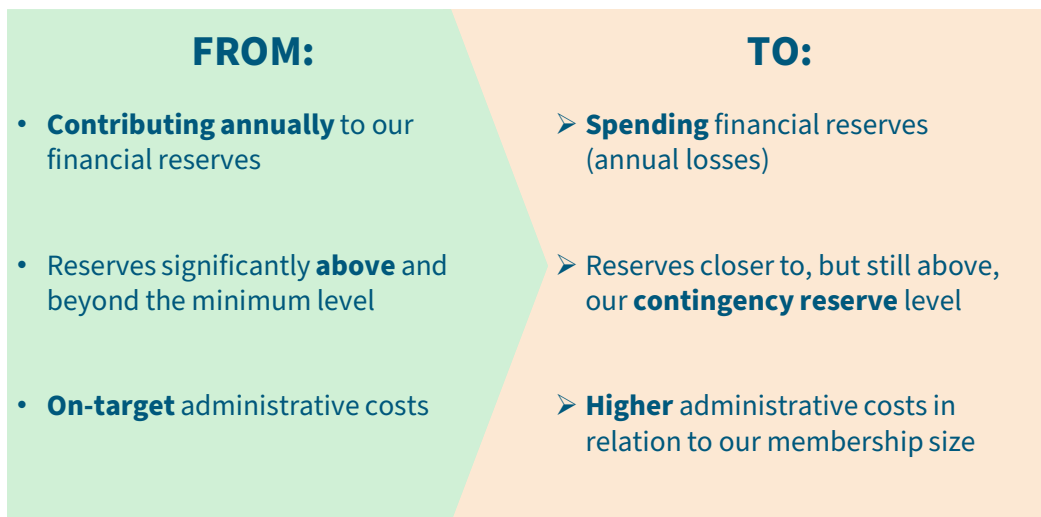
Medi-Cal Membership by Month Recent trends



- Take-aways:**
- Membership dropped somewhat faster than projected in January
 - The May Revise proposal would result in an additional, sudden drop in membership Jan. 1 2027

Recap: 5/13/26

Impact on Financial Position



Three questions for us to address



In modeling potential scenarios, we sought to answer:

1. What is the potential impact to HPSM's financial position, should we have sustained, significant financial losses?
2. Are we meeting our mandate of effective financial stewardship?
3. Are we appropriately responding to the external environment, as an interconnected member of the safety net community?

Threats facing our broader community



- Providers across our network face varying degrees of risks:
 - **Revenue declines:** state and federal regulatory and tax changes, changing payer mix tied to unemployment trends
 - **Eligibility changes** reducing healthcare coverage result in increased acuity, increased ER utilization, increased “charity care”
 - **FQHCs¹ and hospitals** face significant, nearer-term risks
- Safety-net services, CBOs facing increased demand and revenue reductions

- Structural financial gaps are not addressable by HPSM alone
- HPSM will face increasing rate pressure from our network and additional funding requests to support the safety net

¹ “Federally Qualified Health Centers.” 55-60% of HPSM members are typically assigned to an FQHC for primary care

In sum:



HPSM will continue to exist and serve our community. Our relatively resilient financial position allows us to be strategic in how we plan for potential changes to our organization's scale.

and

Our mandates of financial stewardship, and the threats facing the safety net as a whole, dictate that we do not squander the time we have to make intentional changes to cost drivers – including healthcare and administrative costs.

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Our Approach

Avoiding over- or under-reaction



- Some cost reduction occurs organically when membership decreases, but this will not be sufficient
- Given the known uncertainty:
 - We are working now to intentionally address cost management opportunities, in ways that do not shortchange our level of service to members and providers, or our Strategic Plan
 - Our next steps are designed to approach cost management opportunities in phases, as we know more

Next steps

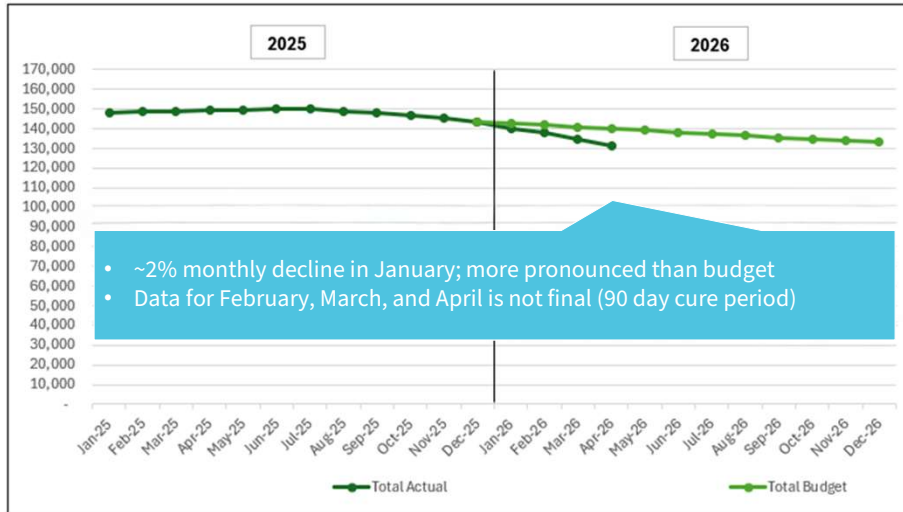


- Reforecasting 2026 budget projections based on new inputs, in collaboration with the Finance Committee
- Working with HPSM department leaders to conduct additional review and early planning for 2027 budget
- Continuing to monitor and adjust based upon:
 - External budgetary, policy, and membership changes
 - Internal progress on cost management
- We will return with an update to this Commission in September/October prior to our submission of a proposed 2027 budget

Appendix



Medi-Cal Membership by Month Recent trends



- The trend is material
- How representative these declines are is still uncertain

Defining a hypothetical “worst case scenario”

	A	B	C	D
	2026 Budget	Revised 2026	2027	2028
Medi-Cal	(20,000,000)	➔ (40,000,000)	(40,000,000)	(40,000,000)
CareAdvantage	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)
Loss on operations	(50,000,000)	(70,000,000)	(70,000,000)	(70,000,000)
Non-op revenue	30,000,000	30,000,000	➔ 20,000,000	20,000,000
Sub-total	(20,000,000)	(40,000,000)	(50,000,000)	(50,000,000)
PCP Grant and Baby Bonus spend	-	➔ (10,250,000)	(10,500,000)	(11,235,223)
Net operating loss	(20,000,000)	(50,250,000)	(60,500,000)	(61,235,223)

Note ➔ These figures are hypothetical, to illustrate a relatively conservative “worst case scenario” we used to pressure-test our financial reserves

Q1: Potential impact on net financial position



Impact on Financial Reserves of hypothetical losses

	A	B	C	D	E	F	G
	2025 Audit	2026		2027		2028	
	Balance at 12/31/25	2026 Net Loss	Balance at 12/31/26	2027 Net Loss	Balance at 12/31/27	2028 Net Loss	Balance at 12/31/28
1 Uncommitted Equity	\$121.6M	(\$9.5M)	\$112.1M	(\$16.6M)	\$95.6M	(\$31.6M)	\$64.0M
2 Committed Equity	\$114.3M	(\$40.8M)	\$73.5M	(\$43.9M)	\$29.6M	(\$29.6M)	(\$0.0M)
3 Contingency Reserve	\$105.0M		\$105.0M		\$105.0M		\$105.0M
4 Stabilization Reserve	\$210.0M		\$210.0M		\$210.0M		\$210.0M
5 Capital Assets	\$57.6M		\$57.6M		\$57.6M		\$57.6M
6 Required TNE	\$55.7M		\$55.7M		\$55.7M		\$55.7M
7 Net Equity	\$664.3M	(\$50.3M)	\$614.1M	(\$60.5M)	\$553.6M	(\$61.2M)	\$492.3M

Note

These figures are hypothetical, to illustrate a relatively conservative “worst case scenario” we used to pressure-test our financial reserves

Q2: Potential impact on operational efficiency



Admin Cost as Percent of Revenue 2026 Budget

	A	B
	CareAdvantage (2026 Budget)	Total Medi-Cal (2026 Budget)
1 Operating Revenue*	247,847,904	830,380,344
2 Admin Cost	24,758,009	60,715,729
3 Admin % of Revenue	10.0%	7.3%
4 Average Membership	8,650	137,914

* Operating revenue excludes MCO tax funding

Admin Cost as Percent of Revenue with Reduced Enrollment



	A	B	C	D
	CareAdvantage (2026 Budget)	Total Medi-Cal (2026 Budget)	→	Medi-Cal w/ Reduced Enrollment
1 Operating Revenue*	247,847,904	830,380,344	(213,819,887)	616,560,457
2 Admin Cost	24,758,009	60,715,729		60,715,729
3 Admin % of Revenue	10.0%	7.3%		9.8%
4 Average Membership	8,650	137,914	(42,239)	95,676

* Operating revenue excludes MCO tax funding

AGENDA ITEM: 5.1

DATE: July 08, 2026

Item 5.1 – State Budget Update

A presentation will be provided at the meeting.

AGENDA ITEM: 5.2

DATE: July 8, 2026

Item 5.2 – Scenario Planning

A presentation will be provided at the meeting.

AGENDA ITEM: 5.3

DATE: July 8, 2026

Item 5.3 – CEO Search Update

A presentation will be provided at the meeting.

AGENDA ITEM: 6.0

DATE: July 8, 2026

Item 6.0 – CEO Report for June

There is no report for June.