

THE SAN MATEO HEALTH COMMISSION

Regular Meeting

January 10, 2024 - 12:30 p.m.

Health Plan of San Mateo

801 Gateway Blvd., Boardroom

South San Francisco, CA 94080

AGENDA

- 1. Call to Order/Roll Call**
- 2. Public Comment/Communication**
- 3. Approval of Agenda**
- 4. Consent Agenda***
 - 4.1 Report from Finance/Compliance Committee
 - 4.2 Community Advisory Committee Minutes, October 2023
 - 4.3 Approval of Amendments to Agreements with Print Vendors: FolgerGraphics and KP, LLC
 - 4.4 Approval of Agreement with Optum
 - 4.5 Approval of Amendment to Agreement with TK Elevator Corporation
 - 4.6 Waive Request for Proposal and Approve Amendment to Agreement with Wider Circle.
 - 4.7 Waive Request for Proposal and Approve Letter of Engagement with Milliman Consultants
 - 4.8 Adopt the Finalized Strategic Plan for 2024-2028
 - 4.9 Approval of Advisory Group Membership for 2024
 - 4.10 Approval of Commission Meeting Dates for 2024
 - 4.11 Approval of San Mateo Health Commission Meeting Minutes from November 8, 2023.
- 5. Specific Discussion/Action Items**
 - 5.1 Election of Officers.*
 - 5.2 Approval of Revised HPSM Financial Reserve Policy.*
- 6. Report from Chief Executive Officer**
- 7. Other Business**
- 8. CLOSED SESSION**

*CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation (Gov't Code section 54956.9(d)(4)) (1 case)*
- 9. Report out on Closed Session**
- 10. 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.



AGENDA ITEM: 4.1

DATE: January 10, 2024

MEMORANDUM

Date: January 2, 2024
To: San Mateo Health Commission
From: Trent Ehrgood, Chief Financial Officer

Subject: **Financial report for the nine-month period ending September 30, 2023**

Preliminary 2023 Financial Results All Lines of Business

Q3 2023 preliminary financial results for all lines of business is a surplus of \$19.2M, with a YTD total surplus of \$85.9M compared to the YTD budget surplus of \$52.7M.

The \$19.2M surplus for this quarter is close to the budget for this quarter of \$14.1M, compared to prior quarters that had much larger surpluses (\$34.4M for Q1 and \$32.4M for Q2). Healthcare utilization is starting to run closer to budget for most categories of service.

Attached is presentation material presented at our committee meeting on November 6th. The detailed Statements of Revenue and Expense are provided after the presentation slides. Per our discussion at the previous committee meeting, these supplemental financial statements have been consolidated based on funding source instead of by Line-of-Business to make it easier to review.

Financial Update

Presentation to Finance/Executive Committee

November 6, 2023



2023 Budget by Quarter



	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Capitation revenue	261,147,663	262,315,895	258,630,867	262,606,215	1,044,700,640
Healthcare cost	229,730,036	231,739,217	231,991,085	230,759,457	924,219,795
Administrative expenses	14,539,248	15,119,497	15,638,239	15,936,131	61,233,114
MCO Tax	-	-	-	-	-
Income/(loss) from operations	16,878,379	15,457,182	11,001,543	15,910,627	59,247,731
Non-operating revenue	3,123,606	3,129,344	3,135,081	3,140,819	12,528,849
Net income/(loss)	20,001,985	18,586,525	14,136,624	19,051,445	71,776,580

Q3 2023 Financial Results



	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	YTD Total	YTD Budget	Budget Variance
Capitation revenue	347,808,745	267,913,752	308,146,113	923,868,610	782,094,425	141,774,185
Healthcare cost	306,446,093	230,581,070	282,077,507	819,104,670	693,460,338	(125,644,332)
Administrative expenses	13,925,006	14,024,061	16,029,675	43,978,742	45,296,983	1,318,241
MCO Tax	-	-	-	-	-	-
Income/(loss) from operations	27,437,646	23,308,621	10,038,931	60,785,198	43,337,104	17,448,094
Non-operating revenue	6,922,184	9,053,586	9,114,261	25,090,031	9,388,031	15,702,000
Net income/(loss)	34,359,830	32,362,207	19,153,192	85,875,229	52,725,135	33,150,094

YTD September 2023 – PY/CY

	YTD by PY/CY			Current Year YTD		
	Prior Year	Current Year	Total	Current Year	Budget	CY Variance
Capitation revenue	131,831,468	792,037,142	923,868,610	792,037,142	782,094,425	9,942,717
Healthcare cost	125,235,652	693,869,018	819,104,670	693,869,018	693,460,338	(408,680)
Administrative expenses	-	43,978,742	43,978,742	43,978,742	45,296,983	1,318,241
MCO Tax			-	-	-	-
Income/(loss) from operations	6,595,816	54,189,382	60,785,198	54,189,382	43,337,104	10,852,278
Non-operating revenue	(50)	25,090,081	25,090,031	25,090,081	9,388,031	15,702,050
Net income/(loss)	6,595,766	79,279,463	85,875,229	79,279,463	52,725,135	26,554,328



		YTD Jun'23	YTD Sep'23
M-Cal COA mix/directed pmt.	Rev	5,318,000	5,513,000
M-Cal supplemental rev.	Rev	947,000	1,048,000
PY IBNR adj.	HC Cost	153,000	(1,533,000)
Misc. other	HC Cost	649,000	168,000
Provider incentive adj	HC Cost	1,398,000	1,400,000
		8,465,000	6,596,000



Average Membership

Variance to Budget

LOB	Avg. Actual	Avg. Budget	Variance	% Var
Medi-Cal	78,066	76,061	2,005	2.6%
Medi-Cal Expansion	53,154	50,536	2,618	5.2%
Whole Child Model	1,377	1,412	(35)	-2.5%
Medi-Cal Full Duals	10,077	9,535	542	5.7%
Medicare D-SNP	8,561	9,004	(443)	-4.9%
HealthWorx	1,211	1,199	12	1.0%
Total at Risk	152,446	147,747	4,700	3.2%
+ ACE	22,054	23,687	(1,633)	-6.9%
Grand Total	174,500	171,434	3,067	1.8%

Budget Variance by Major Drivers

	<u>YTD Jun</u>	<u>YTD Sep</u>		<u>Revenue</u>	<u>Expense</u>
1 Prior year adjustments not in the budget	8,464,984	6,595,766			
<u>Current year variances:</u>					
2 Membership higher than budget	1,081,761	2,532,110	<<	7,285,262	(4,753,150)
3 Revenue: Yield PMPM variance to budget	5,199,464	10,705,137			
4 Revenue: Maternity supplemental payment	(6,080,162)	(7,428,150)			
5 Revenue: ECM Risk Corridor	(2,410,500)	(3,365,200)			
6 Healthcare cost PMPM variance to budget	10,445,431	7,090,139			
7 Administrative cost variance to budget	1,709,677	1,318,241			
8 Non-op revenue (CY portion) variance to budget	9,722,870	15,702,050			
Total current year	<u>19,668,541</u>	<u>26,554,327</u>			
Total consolidated budget variance	<u>28,133,526</u>	<u>33,150,094</u>			

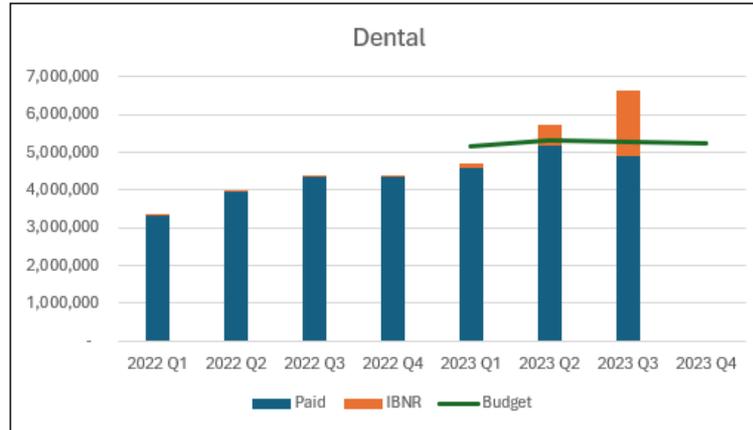
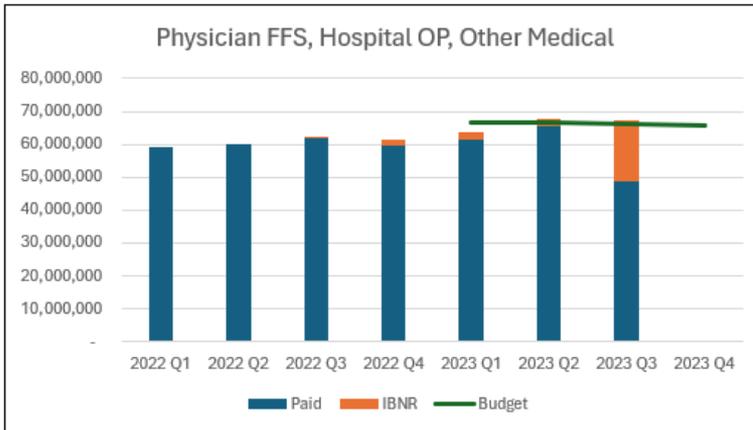
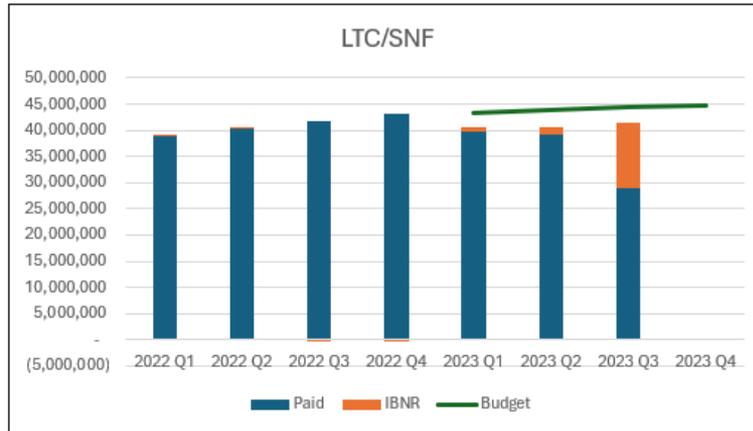
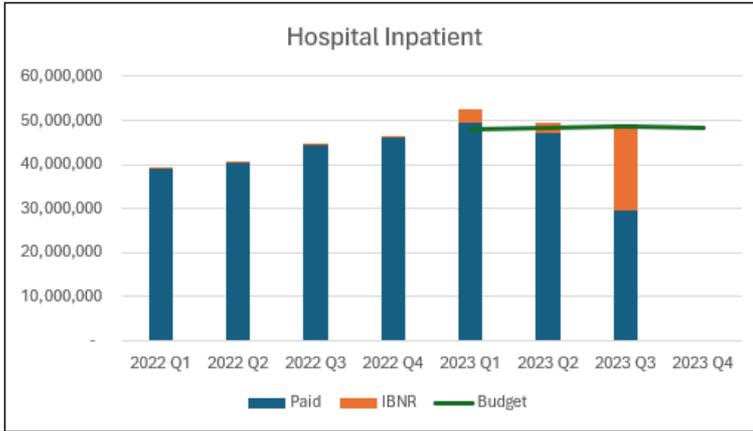
Healthcare Cost

Detail by Category of Service

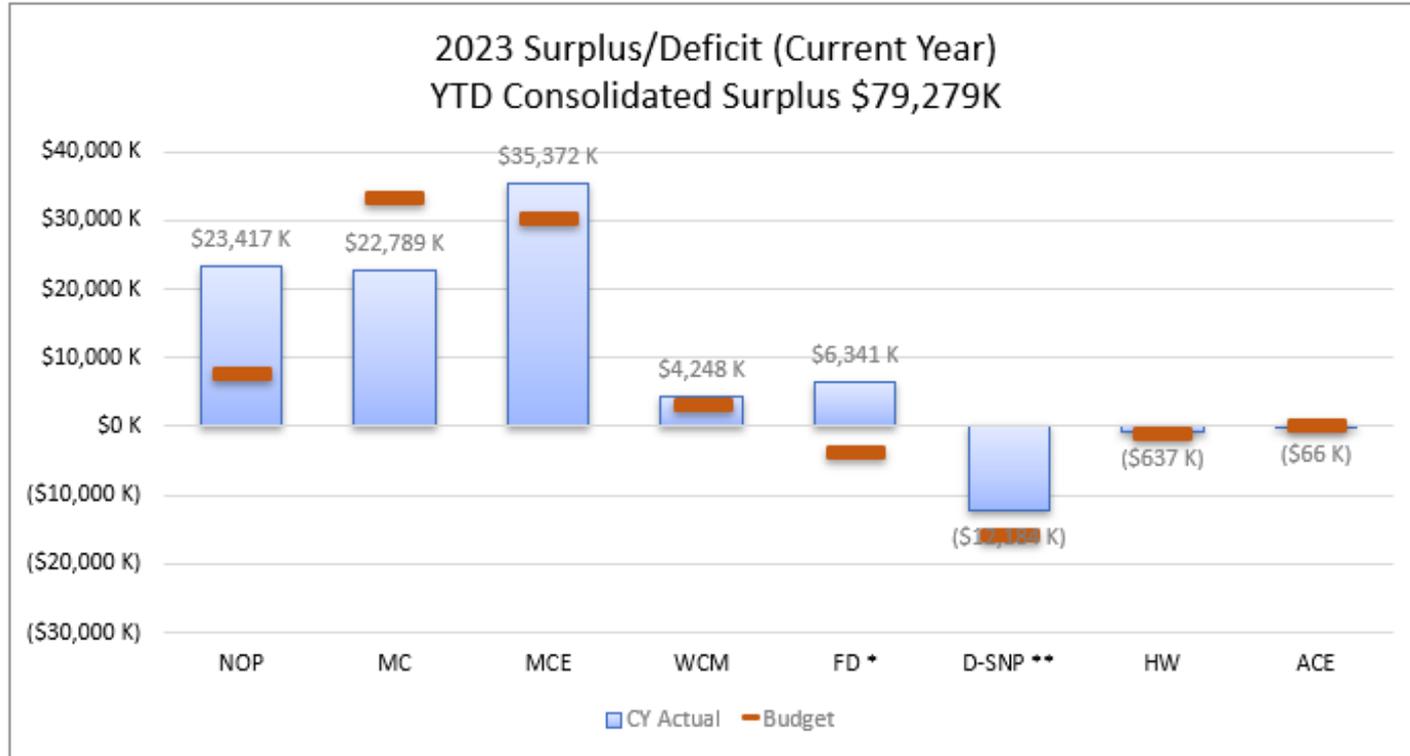
	YTD Actual		YTD Budget	Variance	% Var.	
	Total	Prior Year				Current Year
Provider Capitation	57,520,803	172,041	57,348,762	54,335,792	(3,012,970)	-5.5%
Hospital Inpatient	151,031,628	(103,546)	151,135,173	145,064,548	(6,070,625)	-4.2%
LTC/SNF	123,342,945	500,000	122,842,945	131,330,201	8,487,256	6.5%
Pharmacy	42,017,042	(518,395)	42,535,437	46,039,316	3,503,879	7.6%
Physician FFS	60,323,321	361,415	59,961,906	59,721,111	(240,795)	-0.4%
Hospital Outpatient	72,513,418	427,436	72,085,982	72,302,720	216,738	0.3%
Other Medical Claims	67,609,349	621,393	66,987,956	67,411,936	423,980	0.6%
Other HC Services	4,718,899	(255,584)	4,974,482	5,015,513	41,031	0.8%
Directed Payments	175,273,208	125,269,185	50,004,023	47,258,354	(2,745,668)	-5.8%
Long Term Support Services	1,070,807	(54,913)	1,125,720	1,770,788	645,069	36.4%
CPO/In-lieu of Services	6,155,414	320,000	5,835,414	4,964,546	(870,869)	-17.5%
Dental	17,059,735	(20,000)	17,079,735	15,761,965	(1,317,770)	-8.4%
ECM	2,211,272	108,472	2,102,800	5,965,340	3,862,540	64.7%
Provider Incentives	8,838,086	(1,398,088)	10,236,173	8,212,679	(2,023,495)	-24.6%
Supplemental Benefits (D-SNP)	1,557,812	-	1,557,812	3,157,855	1,600,043	50.7%
Transportation	9,571,227	(518)	9,571,745	7,888,323	(1,683,422)	-21.3%
Indirect Health Care Benefits	2,272,209	(194,789)	2,466,999	619,731	(1,847,268)	-298.1%
UMQA	16,017,495	1,543	16,015,952	16,639,619	623,667	3.7%
Total Healthcare Cost	819,104,670	125,235,652	693,869,017	693,460,338	(408,680)	-0.1%



Claim Cost Trend Compared to Budget



CY YTD Surplus/Deficit by LOB

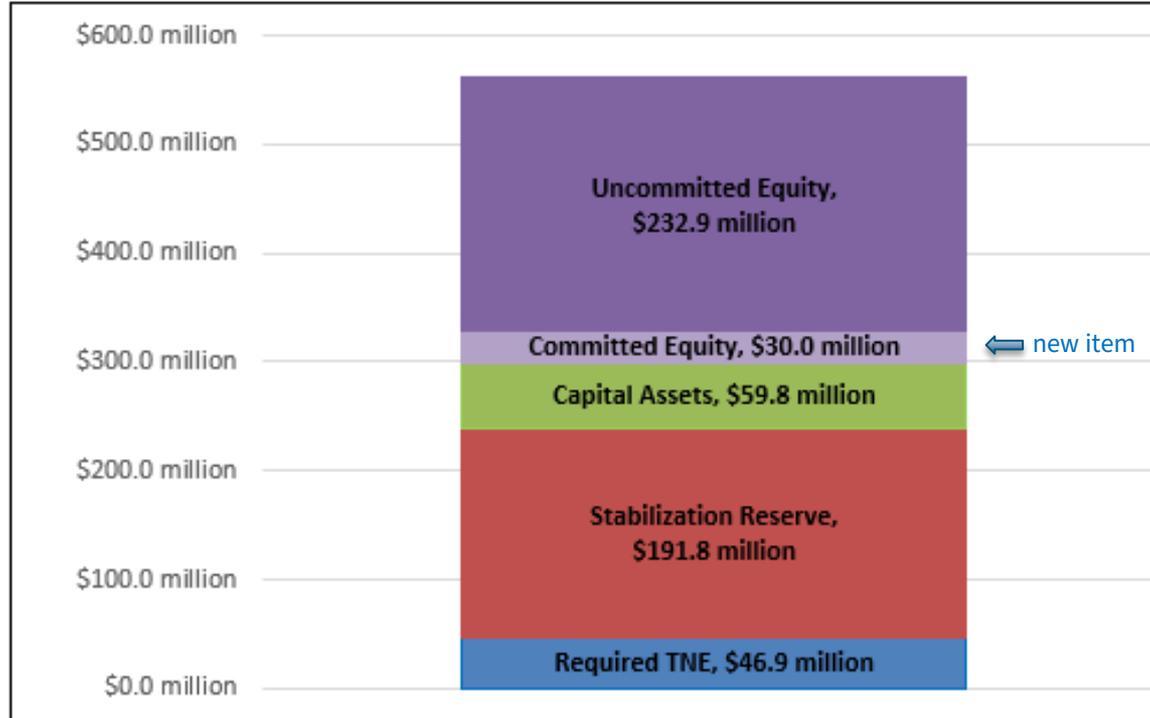


- * FD includes M-Cal portion of D-SNP
- ** D-SNP includes Medicare portion only

Tangible Net Equity (TNE)

At 9/30/23 Pre-Audit TNE = \$561.4M

Uncommitted portion = \$232.9M



Q3 2023 Summary

- Q3 surplus at \$19.2M is closer to the quarter budget of \$14.1M, compared to prior quarters that had much larger surpluses (\$34.4M Q1 and \$32.4M Q2).
- Q3 includes additional claim cost true-ups for prior months of the current year (Jan-Jun) of about \$5M, and about \$1.5M additional claim adjustments for prior year. This is contributing to the lower surplus for the quarter.
- Healthcare cost is now running closer to budget for hospital inpatient, outpatient, physician professional and other medical. LTC and SNF is still running lower than budget.
- Dental cost is the only category that is currently running higher than expected compared to the budget, but the higher cost is tied to increased access to this benefit, which is a goal of the program.

Q3 2023 Summary

continued ...



- The Medi-Cal redetermination process started to disenroll members effective in July. So far, the decrease in enrollment is lower than expected, but it is still too soon to know the real impact of redetermination at this point in time.
- Higher interest rates is also contributing to higher-than-expected earnings on cash reserves.

Appendix Financial Reports

Former Q2 2023 Packet

- 1 Balance Sheet
- 2 P&L - Consolidated
- 3 Statement of Cash Flow
- 4 P&L - Corp (non-op)
- 5 P&L - Medi-Cal
- 6 P&L - Full Duals
- 7 P&L - HealthWorx
- 8 P&L - Healthy Kids (prior year)
- 9 P&L - CA-DSNP
- 10 P&L - MC-DSNP
- 11 P&L - ACE
- 12 P&L - WCM (CCS)
- 13 P&L - MCE
- 14 P&L - CA-CMC (prior year)
- 15 P&L - MC-CMC (prior year)
- 16 P&L - ALL LOB

New Q3 2023 Packet

- 1 Balance Sheet
- 2 P&L - Consolidated
- 3 Statement of Cash Flow
- 4 P&L - ALL
- 5 P&L - Medi-Cal
- 6 P&L - CareAdvantage
- 7 P&L - HealthWorx
- 8 P&L - ACE

Questions?

Health Plan of San Mateo
 Consolidated Balance Sheet
 September 30, 2023 and August 31, 2023

	Current Month	Prior Month	PY 12/31
ASSETS			
Current Assets			
Cash and Equivalents	\$ 586,314,204	\$ 439,786,108	\$ 409,879,878
Investments	184,161,797	184,161,797	180,739,480
Capitation Receivable from the State	142,449,918	235,646,510	157,581,748
Medicare Receivable	48,537,488	48,537,488	44,229,778
Other Receivables	14,824,133	14,338,206	10,394,960
Prepays and Other Assets	10,585,204	10,463,565	9,462,156
Total Current Assets	<u>986,872,745</u>	<u>932,933,674</u>	<u>812,288,000</u>
Capital Assets, Net	59,763,800	59,895,174	60,977,606
Assets Restricted As To Use	300,000	300,000	300,000
Other Assets & Outflows	<u>10,196,136</u>	<u>10,196,136</u>	<u>10,196,136</u>
Total Assets & Deferred Outflows	<u>\$ 1,057,132,680</u>	<u>\$1,003,324,984</u>	<u>\$ 883,761,742</u>
LIABILITIES			
Current Liabilities			
Medical Claims Payable	77,741,234	72,854,052	69,446,973
Provider Incentives	9,227,001	8,330,910	12,737,495
Amounts Due to the State	179,345,452	178,982,452	174,363,272
Accounts Payable and Accrued Liabilities	<u>218,524,001</u>	<u>175,213,992</u>	<u>140,794,240</u>
Total Current Liabilities	484,837,688	435,381,406	397,341,979
Other Liabilities & Inflows	<u>10,917,265</u>	<u>10,917,265</u>	<u>10,917,265</u>
Total Liabilities & Deferred Inflows	\$ 495,754,953	\$ 446,298,671	\$ 408,259,244
NET POSITION			
Invested in Capital Assets	59,763,800	59,895,174	60,977,606
Restricted By Legislative Authority	300,000	300,000	300,000
Unrestricted			
Stabilization Reserve	191,796,300	188,325,400	154,531,300
Unrestricted Retained Earnings	<u>309,517,627</u>	<u>308,505,738</u>	<u>259,693,592</u>
Net Position	<u>561,377,727</u>	<u>557,026,312</u>	<u>475,502,498</u>
Total Liabilities & Net Position	<u>\$ 1,057,132,680</u>	<u>\$1,003,324,984</u>	<u>883,761,742</u>
Change in Net Position	\$ 85,875,229	\$ 81,523,815	0

Health Plan of San Mateo
Consolidated Statement of Revenue & Expense
for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	YTD Actual	YTD Budget	YTD Variance	% Var
OPERATING REVENUE							
Capitation and Premiums							
Medi-cal (includes Offsets)	\$ 251,253,740	\$ 201,752,286	\$ 49,501,454	\$ 759,336,657	\$ 617,319,456	\$ 142,017,201	23.0%
HealthWorx	1,726,935	1,722,047	4,888	5,210,262	5,161,837	48,425	0.9%
Medicare (includes CA-CMC)	55,165,437	55,156,533	8,904	159,321,690	159,613,132	(291,442)	-0.2%
Total Operating Revenue	<u>308,146,113</u>	<u>258,630,867</u>	<u>49,515,246</u>	<u>923,868,610</u>	<u>782,094,425</u>	<u>141,774,185</u>	<u>18.1%</u>
OPERATING EXPENSE							
Healthcare Expense							
Provider Capitation	20,582,550	17,961,406	(2,621,143)	57,520,803	54,335,792	(3,185,011)	-5.9%
Hospital Inpatient	44,941,643	48,668,890	3,727,247	151,031,628	145,064,548	(5,967,079)	-4.1%
LTC/SNF	48,181,572	44,354,637	(3,826,935)	123,342,945	131,330,201	7,987,256	6.1%
Pharmacy	13,873,409	15,968,951	2,095,541	42,017,042	46,039,316	4,022,274	8.7%
Medical	130,627,336	83,406,486	(47,220,850)	380,438,195	251,709,635	(128,728,560)	-51.1%
Long Term Support Services	226,732	592,816	366,084	1,070,807	1,770,788	699,982	39.5%
CPO/In-lieu of Services	2,555,006	1,663,186	(891,820)	6,155,414	4,964,546	(1,190,869)	-24.0%
Dental Expense	6,705,196	5,272,831	(1,432,364)	17,059,735	15,761,965	(1,297,770)	-8.2%
Enhanced Care Management	767,962	1,953,428	1,185,466	2,211,272	5,965,340	3,754,068	62.9%
Provider Incentives	3,715,091	2,690,022	(1,025,069)	8,838,086	8,212,679	(625,407)	-7.6%
Supplemental Benefits	529,083	1,074,892	1,557,812	3,157,812	3,157,855	-	-
Transportation	2,282,789	2,660,260	377,471	9,571,227	7,888,323	(1,682,904)	-21.3%
Indirect Health Care Expenses	1,350,964	202,497	(1,148,467)	2,272,209	619,731	(1,652,479)	-266.6%
UMQA, Delegated and Allocation	5,738,175	5,520,783	(217,392)	16,017,495	16,639,619	622,124	3.7%
Total Healthcare Expense	<u>282,077,507</u>	<u>231,991,085</u>	<u>(50,086,422)</u>	<u>819,104,670</u>	<u>693,460,338</u>	<u>(125,644,332)</u>	<u>-18.1%</u>
Administrative Expense							
Salaries and Benefits	13,010,769	12,581,102	(429,667)	36,829,473	36,794,727	(34,746)	-0.1%
Staff Training and Travel	38,670	102,150	63,479	120,358	341,150	220,792	64.7%
Contract Services	4,747,790	4,259,600	(488,190)	12,101,370	13,212,300	1,110,930	8.4%
Office Supplies and Equipment	1,749,451	1,634,008	(115,442)	5,339,336	4,989,975	(349,361)	-7.0%
Occupancy and Depreciation	942,762	991,670	48,908	2,640,292	2,902,503	262,211	9.0%
Postage and Printing	468,538	692,725	224,187	1,440,149	2,043,175	603,026	29.5%
Other Administrative Expense	744,816	836,187	91,372	1,321,159	1,453,612	132,453	9.1%
UM/QA Allocation	(5,673,121)	(5,459,204)	213,917	(15,813,395)	(16,440,460)	(627,065)	-3.8%
Total Admin Expense	<u>16,029,675</u>	<u>15,638,239</u>	<u>(391,436)</u>	<u>43,978,742</u>	<u>45,296,983</u>	<u>1,318,241</u>	<u>2.9%</u>
Premium Taxes	-	-	-	0	-	0	-
Total Operating Expense	<u>298,107,182</u>	<u>247,629,323</u>	<u>(50,477,858)</u>	<u>863,083,412</u>	<u>738,757,321</u>	<u>(124,326,091)</u>	<u>-16.8%</u>
Net Income/Loss from Operations	<u>10,038,931</u>	<u>11,001,543</u>	<u>962,612</u>	<u>60,785,198</u>	<u>43,337,104</u>	<u>(17,448,094)</u>	<u>140.3%</u>
Interest Income, Net	8,284,182	2,250,000	6,034,182	22,496,468	6,750,000	15,746,468	233.3%
Rental Income, Net	293,134	296,834	(3,700)	911,456	890,503	20,953	2.4%
Third Party Administrator Revenue	528,165	588,247	(60,082)	1,673,234	1,747,528	(74,294)	-4.3%
Miscellaneous Income	8,780	-	(8,780)	8,874	-	8,874	-
Net Non-operating Revenue	<u>9,114,261</u>	<u>3,135,081</u>	<u>5,979,180</u>	<u>25,090,031</u>	<u>9,388,031</u>	<u>15,702,000</u>	<u>167.3%</u>
Net Income/(Loss)	<u>\$ 19,153,192</u>	<u>14,136,624</u>	<u>5,016,568</u>	<u>\$ 85,875,229</u>	<u>\$ 52,725,134</u>	<u>\$ 33,150,095</u>	<u>-62.9%</u>
Admin exp as % of Net Rev (adj for Tax)	5.20%	6.05%		4.76%	5.79%		
Medical Loss Ratio (adj for Tax)	73.01%	83.75%		69.69%	82.62%		

Health Plan of San Mateo
ALL LOB UNITS Statement of Revenue & Expense
 for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	\$ 251,735,815	\$ 196,404,119	\$ 55,331,696	28.2%	\$ 768,525,985	\$ 600,906,131	\$ 167,619,854	27.9%
MC Supplemental Cap	4,101,431	5,348,167	(1,246,736)	-23.3%	10,033,353	16,413,325	(6,379,972)	-38.9%
HealthWorx Premium	1,726,935	1,722,047	4,888	0.3%	5,210,262	5,161,837	48,425	0.9%
CareAdvantage Premiums	55,165,437	55,156,533	8,904	0.0%	159,321,690	159,613,132	(291,442)	-0.2%
MC Cap Offset	(4,583,506)	-	(4,583,506)	-	(19,222,681)	-	(19,222,681)	-
Total Operating Revenue	<u>308,146,113</u>	<u>258,630,867</u>	<u>49,515,246</u>	<u>19.1%</u>	<u>923,868,610</u>	<u>782,094,425</u>	<u>141,774,185</u>	<u>18.1%</u>
OPERATING EXPENSE								
Provider Capitation	20,582,550	17,961,406	(2,621,143)	-14.6%	57,520,803	54,335,792	(3,185,011)	-5.9%
Hospital Inpatient	44,941,643	48,668,890	3,727,247	7.7%	151,031,628	145,064,548	(5,967,079)	-4.1%
LTC/SNF	48,181,572	44,354,637	(3,826,935)	-8.6%	123,342,945	131,330,201	7,987,256	6.1%
Pharmacy	13,873,409	15,968,951	2,095,541	13.1%	42,017,042	46,039,316	4,022,274	8.7%
Physician Fee for Service	21,158,539	19,894,977	(1,263,562)	-6.4%	60,323,321	59,721,111	(602,209)	-1.0%
Hospital Outpatient	25,966,484	24,038,366	(1,928,118)	-8.0%	72,513,418	72,302,720	(210,698)	-0.3%
Other Medical Claims	24,917,910	22,436,168	(2,481,742)	-11.1%	67,609,349	67,411,936	(197,413)	-0.3%
Other HC Services	1,498,900	1,646,679	147,779	9.0%	4,718,899	5,015,513	296,614	5.9%
Directed Payments	57,085,503	15,390,296	(41,695,207)	-270.9%	175,273,208	47,258,354	(128,014,854)	-270.9%
Long Term Support Services	226,732	592,816	366,084	61.8%	1,070,807	1,770,788	699,982	39.5%
CPO/In-lieu of Services	2,555,006	1,663,186	(891,820)	-53.6%	6,155,414	4,964,546	(1,190,869)	-24.0%
Dental Expense	6,705,196	5,272,831	(1,432,364)	-27.2%	17,059,735	15,761,965	(1,297,770)	-8.2%
Enhanced Care Management	767,962	1,953,428	1,185,466	60.7%	2,211,272	5,965,340	3,754,068	62.9%
Provider Incentives	3,715,091	2,690,022	(1,025,069)	-38.1%	8,838,086	8,212,679	(625,407)	-7.6%
Supplemental Benefits	529,083	1,074,892	545,809	50.8%	1,557,812	3,157,855	1,600,043	50.7%
Transportation	2,282,789	2,660,260	377,471	14.2%	9,571,227	7,888,323	(1,682,904)	-21.3%
Indirect Health Care Expenses	1,350,964	202,497	(1,148,467)	-567.2%	2,272,209	619,731	(1,652,479)	-266.6%
UMQA (Allocation & Delegated)	5,738,175	5,520,783	(217,392)	-3.9%	16,017,495	16,639,619	622,124	3.7%
Total Health Care Expense	<u>282,077,507</u>	<u>231,991,085</u>	<u>(50,086,422)</u>	<u>-21.6%</u>	<u>819,104,670</u>	<u>693,460,338</u>	<u>(125,644,332)</u>	<u>-18.1%</u>
G&A Allocation	16,029,675	15,638,239	(391,436)	-2.5%	43,978,742	45,296,983	1,318,241	2.9%
Premium Tax	-	-	-	-	0	-	0	-
Total Operating Expense	<u>298,107,182</u>	<u>247,629,323</u>	<u>(50,477,859)</u>	<u>-20.4%</u>	<u>863,083,411</u>	<u>738,757,321</u>	<u>(124,326,091)</u>	<u>-16.8%</u>
NON-OPERATING REVENUE								
Interest, Net	8,284,182	2,250,000	6,034,182	268.2%	22,496,468	6,750,000	15,746,468	233.3%
Rental Income, Net	293,134	296,834	(3,700)	-1.2%	911,456	890,503	20,953	2.4%
Third Party Administrator Revenue	528,165	588,247	(60,082)	-10.2%	1,673,234	1,747,528	(74,294)	-4.3%
Miscellaneous Income	8,780	-	8,780	-	8,874	-	8,874	-
Total Non-Operating	<u>9,114,261</u>	<u>3,135,081</u>	<u>5,979,180</u>	<u>190.7%</u>	<u>25,090,031</u>	<u>9,388,031</u>	<u>15,702,000</u>	<u>167.3%</u>
Net Income/(Loss)	<u>\$ 19,153,192</u>	<u>\$ 14,136,624</u>	<u>5,016,568</u>	<u>35.5%</u>	<u>\$ 85,875,229</u>	<u>\$ 52,725,135</u>	<u>\$ 33,150,095</u>	<u>62.9%</u>
Medical Loss Ratio (adj MCO)	112.35%	95.38%			109.42%	94.37%		
Member Counts	544,546	533,022	11,524	2.2%	1,647,554	1,623,938	23,616	1.5%

Health Plan of San Mateo
Medi-Cal UNITS Statement of Revenue & Expense
 for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	\$ 251,735,815	\$ 196,404,119	\$ 55,331,696	28.2%	\$ 768,525,985	\$ 600,906,131	\$ 167,619,854	27.9%
MC Supplemental Cap	4,101,431	5,348,167	(1,246,736)	-23.3%	10,033,353	16,413,325	(6,379,972)	-38.9%
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	(4,583,506)	-	(4,583,506)	-	(19,222,681)	-	(19,222,681)	-
Total Operating Revenue	251,253,740	201,752,286	49,501,454	24.5%	759,336,657	617,319,456	142,017,201	23.0%
OPERATING EXPENSE								
Provider Capitation	19,221,868	16,492,205	(2,729,663)	-16.6%	53,826,040	50,251,340	(3,574,699)	-7.1%
Hospital Inpatient	35,937,048	32,258,583	(3,678,464)	-11.4%	102,615,460	97,173,186	(5,442,274)	-5.6%
LTC/SNF	38,831,067	41,995,199	3,164,131	7.5%	113,992,440	124,399,230	10,406,789	8.4%
Pharmacy	(127)	-	127	-	(50,889)	-	50,889	-
Physician Fee for Service	15,262,634	14,389,691	(872,943)	-6.1%	44,034,756	43,939,093	(95,663)	-0.2%
Hospital Outpatient	18,032,917	17,119,843	(913,075)	-5.3%	50,568,984	52,469,000	1,900,017	3.6%
Other Medical Claims	18,820,919	16,325,274	(2,495,645)	-15.3%	50,812,442	49,920,041	(892,401)	-1.8%
Other HC Services	1,498,900	1,646,679	147,779	9.0%	4,718,899	5,015,513	296,614	5.9%
Directed Payments	57,085,503	15,390,296	(41,695,207)	-270.9%	175,273,208	47,258,354	(128,014,854)	-270.9%
Long Term Support Services	226,732	592,816	366,084	61.8%	1,070,807	1,770,788	699,982	39.5%
CPO/In-lieu of Services	2,555,006	1,663,186	(891,820)	-53.6%	6,155,414	4,964,546	(1,190,869)	-24.0%
Dental Expense	6,705,196	5,272,831	(1,432,364)	-27.2%	17,059,735	15,761,965	(1,297,770)	-8.2%
Enhanced Care Management	551,962	1,691,550	1,139,588	67.4%	1,635,272	5,195,987	3,560,715	68.5%
Provider Incentives	3,470,963	2,444,645	(1,026,318)	-42.0%	8,369,277	7,491,804	(877,474)	-11.7%
Transportation	2,282,789	2,660,260	377,471	14.2%	9,571,227	7,888,323	(1,682,904)	-21.3%
Indirect Health Care Expenses	1,175,802	147,175	(1,028,627)	-698.9%	1,974,010	453,740	(1,520,270)	-335.1%
UMQA (Allocation & Delegated)	4,301,918	3,996,607	(305,311)	-7.6%	11,813,332	12,049,496	236,165	2.0%
Total Health Care Expense	225,961,097	174,086,840	(51,874,256)	-29.8%	653,440,414	526,002,407	(127,438,007)	-24.2%
G&A Allocation	11,175,209	10,099,753	(1,075,456)	-10.6%	29,615,331	29,254,467	(360,864)	-1.2%
Premium Tax	-	-	-	-	0	-	0	-
Total Operating Expense	237,136,306	184,186,593	(52,949,712)	-28.7%	683,055,745	555,256,873	(127,798,871)	-23.0%
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	\$ 14,117,435	\$ 17,565,693	(3,448,258)	-19.6%	\$ 76,280,912	\$ 62,062,583	\$ 14,218,330	22.9%
Medical Loss Ratio (adj MCO)	116.37%	93.41%			111.88%	92.27%		
Member Counts	453,501	429,279	24,222	5.6%	1,360,468	1,318,492	41,976	3.2%

Health Plan of San Mateo
CareAdvantage Units Statement of Revenue & Expense
for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	55,165,437	55,156,533	8,904	0.0%	159,321,690	159,613,132	(291,442)	-0.2%
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	<u>55,165,437</u>	<u>55,156,533</u>	<u>8,904</u>	<u>0.0%</u>	<u>159,321,690</u>	<u>159,613,132</u>	<u>(291,442)</u>	<u>-0.2%</u>
OPERATING EXPENSE								
Provider Capitation	1,360,682	1,469,201	108,519	7.4%	3,694,746	4,084,451	389,705	9.5%
Hospital Inpatient	8,793,860	16,040,756	7,246,896	45.2%	47,834,098	46,826,418	(1,007,679)	-2.2%
LTC/SNF	9,350,505	2,359,439	(6,991,067)	-296.3%	9,350,505	6,930,971	(2,419,534)	-34.9%
Pharmacy	13,401,898	15,278,036	1,876,138	12.3%	40,469,744	44,008,620	3,538,876	8.0%
Physician Fee for Service	5,594,286	5,176,211	(418,075)	-8.1%	15,414,173	14,795,616	(618,558)	-4.2%
Hospital Outpatient	7,523,716	6,502,319	(1,021,397)	-15.7%	20,756,278	18,586,145	(2,170,132)	-11.7%
Other Medical Claims	5,990,347	5,998,402	8,055	0.1%	16,487,747	17,154,702	666,955	3.9%
Other HC Services	0	-	0	-	0	-	0	-
Enhanced Care Management	216,000	261,878	45,878	17.5%	576,000	769,353	193,353	25.1%
Provider Incentives	244,128	245,376	1,248	0.5%	468,809	720,875	252,066	35.0%
Supplemental Benefits	529,083	1,074,892	545,809	50.8%	1,557,812	3,157,855	1,600,043	50.7%
Indirect Health Care Expenses	164,473	53,878	(110,595)	-205.3%	266,036	158,285	(107,751)	-68.1%
UMQA (Allocation & Delegated)	1,381,991	1,469,692	87,701	6.0%	4,043,388	4,426,050	382,661	8.6%
Total Health Care Expense	<u>54,550,969</u>	<u>55,930,080</u>	<u>1,379,111</u>	<u>2.5%</u>	<u>160,919,335</u>	<u>161,619,341</u>	<u>700,006</u>	<u>0.4%</u>
G&A Allocation	3,946,361	4,776,267	829,906	17.4%	11,973,524	13,834,708	1,861,184	13.5%
Total Operating Expense	<u>58,497,330</u>	<u>60,706,347</u>	<u>2,209,017</u>	<u>3.6%</u>	<u>172,892,859</u>	<u>175,454,049</u>	<u>2,561,190</u>	<u>1.5%</u>
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	<u>\$ (3,331,892)</u>	<u>\$ (5,549,814)</u>	<u>2,217,921</u>	<u>-40.0%</u>	<u>\$ (13,571,169)</u>	<u>\$ (15,840,918)</u>	<u>\$ 2,269,749</u>	<u>-14.3%</u>
Medical Loss Ratio (adj MCO)	98.89%	101.40%			101.00%	101.26%		
Member Counts	25,522	27,732	(2,210)	-8.0%	77,707	81,472	(3,765)	-4.6%

Health Plan of San Mateo
HealthWorx Statement of Revenue & Expense
 for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	1,726,935	1,722,047	4,888	0.3%	5,210,262	5,161,837	48,425	0.9%
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	<u>1,726,935</u>	<u>1,722,047</u>	<u>4,888</u>	<u>0.3%</u>	<u>5,210,262</u>	<u>5,161,837</u>	<u>48,425</u>	<u>0.9%</u>
OPERATING EXPENSE								
Provider Capitation	-	-	-	-	17	-	(17)	-
Hospital Inpatient	210,735	369,550	158,815	43.0%	582,070	1,064,944	482,874	45.3%
Pharmacy	471,638	690,914	219,276	31.7%	1,598,187	2,030,696	432,509	21.3%
Physician Fee for Service	301,619	329,075	27,456	8.3%	874,391	986,402	112,011	11.4%
Hospital Outpatient	409,851	416,205	6,354	1.5%	1,188,157	1,247,574	59,417	4.8%
Other Medical Claims	106,644	112,492	5,848	5.2%	309,160	337,193	28,034	8.3%
Other HC Services	0	-	0	-	0	-	0	-
Indirect Health Care Expenses	10,689	1,445	(9,244)	-639.9%	32,164	7,707	(24,457)	-317.4%
UMQA (Allocation & Delegated)	54,266	54,484	218	0.4%	160,775	164,073	3,298	2.0%
Total Health Care Expense	<u>1,565,442</u>	<u>1,974,164</u>	<u>408,723</u>	<u>20.7%</u>	<u>4,744,921</u>	<u>5,838,590</u>	<u>1,093,669</u>	<u>18.7%</u>
G&A Allocation	288,872	176,184	(112,688)	-64.0%	650,634	510,326	(140,308)	-27.5%
Total Operating Expense	<u>1,854,314</u>	<u>2,150,348</u>	<u>296,034</u>	<u>13.8%</u>	<u>5,395,555</u>	<u>6,348,915</u>	<u>953,361</u>	<u>15.0%</u>
NON-OPERATING REVENUE								
Total Non-Operating	-	-	-	-	-	-	-	-
Net Income/(Loss)	<u>\$ (127,379)</u>	<u>\$ (428,301)</u>	<u>300,922</u>	<u>-70.3%</u>	<u>\$ (185,292)</u>	<u>\$ (1,187,078)</u>	<u>\$ 1,001,786</u>	<u>-84.4%</u>
Medical Loss Ratio (adj MCO)	90.65%	114.64%			91.07%	113.11%		
Member Counts	3,620	3,600	20	0.6%	10,895	10,791	104	1.0%

Health Plan of San Mateo
 ACE Statement of Revenue & Expense
 for the Period Ending September 30, 2023

	Current Qtr Actual	Current Qtr Budget	Current Qtr Variance	% Var	YTD Actual	YTD Budget	YTD Var Fav/(Unfav)	% Var
OPERATING REVENUE								
Medi-Cal Capitation	-	-	-	-	-	-	-	-
MC Supplemental Cap	-	-	-	-	-	-	-	-
HealthWorx Premium	-	-	-	-	-	-	-	-
CareAdvantage Premiums	-	-	-	-	-	-	-	-
MC Cap Offset	-	-	-	-	-	-	-	-
Total Operating Revenue	-	-	-	-	-	-	-	-
OPERATING EXPENSE								
Total Health Care Expense	-	-	-	-	-	-	-	-
G&A Allocation	619,233	586,036	(33,197)	-5.7%	1,739,253	1,697,483	(41,770)	-2.5%
Total Operating Expense	619,233	586,036	(33,197)	-5.7%	1,739,253	1,697,483	(41,770)	-2.5%
NON-OPERATING REVENUE								
Third Party Administrator Revenue	528,165	588,247	(60,082)	-10.2%	1,673,234	1,747,528	(74,294)	-4.3%
Total Non-Operating	528,165	588,247	(60,082)	-10.2%	1,673,234	1,747,528	(74,294)	-4.3%
Net Income/(Loss)	\$ (91,069)	\$ 2,211	(93,280)	-4218.5%	\$ (66,020)	\$ 50,045	\$ (116,064)	-231.9%
Medical Loss Ratio (adj MCO)	-	-	-	-	-	-	-	-
Member Counts	61,903	72,411	(10,508)	-14.5%	198,484	213,183	(14,699)	-6.9%

**HEALTH PLAN OF SAN MATEO
STATEMENT OF CASH FLOWS - DIRECT & INDIRECT METHOD**

FOR THE CURRENT PERIOD September 30, 2023

	CURRENT MONTH 9/30/2023	CURRENT YEAR YEAR-TO-DATE 2023
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Group/Individual Premiums/Capitation	-	-
Title XVIII - Medicare Premiums	17,455,882	159,321,690
Title XIX - Medicaid Premiums	247,873,220	844,903,076
Investment and Other Revenues	(77,803)	428,913
Medical and Hospital Expenses	(111,396,881)	(815,314,658)
Administration Expenses	(9,699,699)	(32,712,936)
NET CASH PROVIDED BY OPERATING ACTIVITIES	144,154,719	156,626,086
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
Proceeds from Restricted Cash and Other Assets	-	-
Proceeds from Investments	-	-
Proceeds for Sales of Property, Plant and Equipment	-	-
Payments for Restricted Cash and Other Assets	-	-
Payments for Investments	-	-
Payments for Property, Plant and Equipment	-	-
Interest and Other Income Received	2,373,378	19,808,240
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,373,378	19,808,240
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
Principal payments under capital lease obligations	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	146,528,097	176,434,326
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE MONTH/PRIOR YEAR	439,786,108	409,879,878
CASH AND CASH EQUIVALENTS AT THE END OF THE MONTH	586,314,204	586,314,204
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Operating Income	1,312,553	60,785,198
Depreciation and Amortization	131,374	1,213,806
Decrease (Increase) in Receivables	93,376,148	8,254,421
Decrease (Increase) in Prepaid Expenses	(121,639)	(1,123,049)
Decrease (Increase) in Net Pension/Inflows and Outflows	-	-
Decrease (Increase) in Affiliate Receivables	-	-
Increase (Decrease) in Amts due to State of CA	(363,000)	4,982,180
Increase (Decrease) in Accounts Payable	44,036,009	77,729,762
Increase (Decrease) in Medical Claims Payable	(11,784,174)	(3,458,195)
Increase (Decrease) in Incurred But Not Reported	16,671,356	11,752,456
Increase (Decrease) in Provider Risk Sharing	896,091	(3,510,494)
Increase (Decrease) in Unearned Premium	-	-
Aggregate Write-Ins for Adjustments to Net Income	-	-
TOTAL ADJUSTMENTS	142,842,166	95,840,888
NET CASH PROVIDED BY OPERATING ACTIVITIES	144,154,719	156,626,086
DETAILS OF WRITE-INS AGGREGATED FOR ADJUSTMENTS TO NET INCOME		
Unrealized (Gain)/Loss on Equity Securities	-	-
(Gain)/Loss on Sale of Assets	-	-
Prior Period Rent Expense	-	-
Realized (Gain)/Loss on Investment	-	-
TOTALS	-	-

Draft

FINANCE/COMPLIANCE COMMITTEE MEETING

Meeting Summary

December 4, 2023 – 12:30 pm

Criminal Justice Training Center, 400 County Center, Redwood City, CA 94064

-or-

Health Plan of San Mateo -Boardroom 801 Gateway Blvd, South San Francisco, CA 94080

Member's present: Mike Callagy, Bill Graham, George Pon

Members absent: Ligia Andrade-Zuniga, Si France, M.D.

Staff present: Trent Ehrgood, Pat Curran, Francine Lester, Chris Esguerra, M.D., Corinne Burgess, Michelle Heryford

- 1.0 Call to Order** – The meeting was called to order by Commissioner Graham at 12:31 pm. A quorum was met.
- 2.0 Public Comment** – There was no public comment.
- 3.0 Approval of Meeting Summary for August 7, 2023** – The meeting summary for August 7, 2023, was approved as presented. **Callagy/Pon M/S/P**
- 4.0 Preliminary Financial report for the nine-month period ending September 30, 2023** – HPSM CFO, Trent Ehrgood reviewed the financials for Q3 of 2023. HPSM has a surplus of \$19M for Q3, which is lower than the previous two quarters. This is mainly because they recorded extra healthcare cost claims expense in Q3. Approximately \$5M of that is true ups for the previous two quarters. There was also another \$1.5M in claims true ups for the prior year. Of the \$85M cumulative surplus for the year through September, approximately \$6.5M is favorable true ups to the prior year. He reminded the group that in 2022 HPSM had a significant favorable claim adjustment which came to about \$15M from prior years.

In comparison, in September of this year there was only \$1.5M, meaning claim estimates at 12/31/22 were more accurate. Membership is tracking close to anticipated in the budget.

Mr. Ehrgood reviewed the cumulative overall budget variance. In June HPSM had a \$28M favorable budget variance. It is now at \$33M, the incremental increase in Q3 is only \$5M. One of the favorable drivers is the revenue PMPM to budget. It jumped quite a bit, HPSM was ahead of budget by \$5M for six months and now it jumped another \$5M in just one quarter. This is mostly Medicare revenue for risk adjustments. Also, healthcare costs PMPM variance to budget, which is the average spend per member, has a favorable variance of \$7M, which is now lower than June. This is from recording additional claims expense for earlier months of the year in the current quarter. The non-operating revenue is noteworthy. This is the interest HPSM earns from their cash reserves. A couple of years ago HPSM was earning close to \$1M per year and now it's about \$2.5M per month. This is due to the fact that HPSM has much more cash reserves because of the surpluses and because interest rates are much higher.

Mr. Ehrgood went over healthcare cost by category of service, he noted that claims expense for this quarter was much higher than what HPSM was running on average during prior months. Hospital inpatient numbers is showing that HPSM is spending more money than they had anticipated in the budget. Part of that is because of the higher membership which means there will be higher utilization. Dental is highlighted, it is a growing negative variance because the spend is higher than what was budgeted. Some of the increase in dental cost is from pent-up demand and better access, which is a good thing. He went over some graphs that better illustrates cost trends for certain categories of service, noting that much of the extra claims expense recorded this quarter was for prior quarters and does not create a higher trend going forward.

The current year YTD surplus/deficit by line of business (LOB) shows that most LOB are tracking positive. The only LOB operating negatively is the Medicare D-SNP. HPSM did anticipate that it would operate at a loss but it's actually doing better at this point because of the extra \$5M in revenue recorded this quarter. There is a new category in the tangible net equity which is HPSM's reserves. It is for the new primary care initiative that the San Mateo Health Commission (SMHC) approved at their last meeting. \$30M was carved out for this initiative. Lastly, Mr. Ehrgood went over the proposed changes to the finance packet going forward. The packet pages will be reduced and easier to read. These changes were approved at the last meeting, the group reserves the right to go back to the original

packet if they so choose. The financial report was approved as presented. **Pon/Callagy MSP**

- 5.0 2024 Budget Update** – Mr. Ehrgood updated the Committee on the 2024 budget. Disenrollments continue due to the redetermination process. Members assigned to Kaiser will now be Kaiser Direct members. They will get their benefits and services directly from Kaiser. Premiums received for those members will be given to Kaiser. The financial impact to HPSM for the Kaiser shift will be minimal, since this was mostly a pass-through, where HPSM historically paid Kaiser 98% of what they received in premiums. There are about 14.5K Kaiser members from HPSM as of June. The third item impacting the budget is the addition of undocumented immigrants ages 26-50 who will now be eligible for Medi-Cal. Presently there are about 22,800 participants that are in the ACE program, and the estimate is that 80% of those will become Medi-Cal eligible. Mr. Ehrgood went over the Medi-Cal draft rates from the Department of Health Care Services (DHCS), final rates should come at the end of December. These rates are lower by 9.4% compared to 2023, which equates to a \$68M decrease in revenue for HPSM. Lower membership will mean another \$13M decrease on top of that. He noted that the lower revenue for members will be offset by lower healthcare costs. The preliminary forecast shows the drive towards breakeven is going to be much quicker than years past, which could result in either minor losses or a minor surplus next year. He advised the group that Medi-Cal rates have a 2% underwriting gain, which is a built-in favorable margin profit. They will continue their discussion with DHCS on draft rates, final rates will come at the end of December. They will continue modeling budget assumptions, including all healthcare costs, administrative cost projections and Medicare revenue. This committee will review the budget at their February 26, 2024, meeting and will seek approval from the full Commission when they meet on March 13, 2024. They will do this as they continue to scrutinize staffing levels and will only hire mission critical positions as needed.
- 6.0 2023 Proposed Finance/Compliance Committee Meeting Dates** – Mr. Ehrgood went over proposed meeting dates for the Committee for 2024. The proposed dates are February 26, March 25, May 6, August 5, November 4, and December 2, 2024. The meeting dates were approved as presented. **Pon/Callagy MSP**
- 7.0 HPSM Reserve Policy** – HPSM CEO, Pat Curran discussed proposed changes to HPSM's reserve policy. He briefly went over reserve amounts. As of September 30, 2023, the total is \$561.4M, of that approximately \$232.9M is uncommitted. At present, HPSM has a

Stabilization Reserve that equals two months of operating expenses. It is widely acknowledged that the tangible net equity (TNE) requirements from the Department of Managed Health Care (DMHC) are very low, equaling approximately two weeks of operating expenses. The HPSM stabilization reserve is reasonable compared to the industry and HPSM does not have a maximum reserve amount established. Current reserves are quite strong. Future state budget challenges and the planned establishment of regional rates may put significant pressure on HPSMs future revenue and net income. This shift could start as early as 2024. HPSMs proposal has two parts. The first is to update the Reserve Policy to include a reserve range, as well as a formula for adding to HSPM reserves. The second part is to establish the HPSM Provider Investment Fund and the HPSM Community Investment and Innovation Fund to strategically invest in the provider network, the community and the future through innovative programs and services to support their members.

Mr. Curran went over the details of the proposal.

- The Stabilization Reserve will continue its existing reserve policy of two months of operating expenses as the appropriate minimum reserve level. In addition, capital assets would not be calculated as part of the Stabilization Reserve, consistent with existing policy.
- For the Contingency Reserve, HPSM will establish a Contingency Reserve of one month of operating expenses over and above the Stabilization Reserve. The Contingency Reserve is intended to serve as a buffer to sustain short-term reductions in reserve levels due to future operating losses.
- Future additions to HPSMs Reserves include
 - If reserves are less than the Stabilization Reserve level, 100% of all net income will be devoted to HPSM reserves.
 - If HPSM reserves are between the Stabilization Reserve level and the Contingency Reserve level, 75% of net income will be added to the reserves and 25% will be devoted to HPSM Investment Funds.
 - If HPSM reserves are more than the Contingency Reserve amount (three months of operating expenses), 25% of annual net income will be added to HPSM reserves and 75% will be added to HPSM Investment Funds.
 - The calculation for contribution to the HPSM Investment Funds will be made annually in May (starting in 2025) based upon prior end-of-year reserve amounts and net income following the acceptance by the San Mateo Health Commission of the HPSM annual audited financial statements.

Mr. Curran also went over details of the Proposed HPSM Investment Funds.

- The Provider Investment Fund will be set up to ensure a stable and accessible Provider network which is critical to HPSMs mission and vision. HPSM will develop criteria to invest in the network through both financially sustainable provider rate increases and one-time investments that will improve access to care and health outcomes.
- The Community Investment and Innovation Fund will be a designated fund that will fund both targeted community initiatives that meet HPSM investment criteria in the 2024-28 Strategic plan, as well as develop an Innovation Center to leverage HPSMs unique role as a leader in testing new ideas that may benefit members. This fund will meet all requirements of HPSMs DHCS 2024 contract, as well as have special emphasis on housing and workforce development.

Mr. Curran reviewed a chart of the current reserve allocation and the proposed revised allocation. He would like to bring the reserve policy portion only to the full Commission in January of 2024. The Committee agreed to address this item at the January 2024 meeting of the SMHC Commission.

8.0 Other Business – There was no other business.

9.0 Adjournment – The meeting was adjourned at 1:49 pm by Commissioner Graham.

Respectfully submitted:

M. Heryford

M. Heryford

Assistant Clerk to the Commission

**HEALTH PLAN OF SAN MATEO
COMMUNITY ADVISORY COMMITTEE MEETING
Meeting Minutes
Wednesday, October 18, 2023
801 Gateway Blvd. – 1st Floor Boardroom
South San Francisco, CA 94080**

**Agenda Item: 4.2
Date: January 10, 2024**

Committee Members Present: Amira Elbeshbeshy, Ricky Kot, Angela Valdez, Hazel Carrillo, Marmi Bermudez, Robert Fucilla.

Committee Members Absent: Mary Pappas, Cynthia Pascual, Ana Avendano, Ed.D

Staff Present: Pat Curran, Megan Noe, Mackenzie Moniz, Keisha Williams, Talie Cloud, Corinne Burgess, Michelle Heryford

- 1.0 Call to Order/Introductions:** The meeting was called to order by Ms. Elbeshbeshy at 12:05 pm, a quorum was met.
- 2.0 Public Comment:** There was no public comment.
- 3.0 Approval of Meeting Minutes for August 16, 2023:** The minutes from the August 16, 2023, meeting were approved as presented. **Williams/Kot MSP**
- 4.0 HPSM Operational Reports and Updates:**
 - 4.1 CEO Update:** Chief Executive Officer, Pat Curran provided an update, he advised the group that at their last meeting, the San Mateo Health Commission (SMHC), voted to approve a sizable investment in Primary care. Ongoing primary care access is one of HPSMs biggest concerns. This will span the next 5 years. The investments will be in people, process, and technology. Mr. Curran also advised the group about some transitions that will be happening in Behavioral Health Therapy (BHT). These specific services are for children that are on the autism spectrum. HPSM had been working with Magellan to provide these services. However, over the last nine months they have noticed an increase in grievances in this area. Access issues are at the forefront, at last check there were about 80 individuals on a waiting list that had not received care. There are many reasons for this, there are extreme work force challenges in this area and an increase in individuals seeking treatment. HPSM feels the best way to proceed is to transition those services in-house from Magellan. The contract with Magellan is over in December and they are not renewing it. HPSM will be talking with Magellan soon to discuss what that transition looks like. Some of the grievances have been sent to the

California Department of Managed Health Care (DMHC), requiring HPSM to take action. There was a question about DMHC and if they are requiring HPSM to transition from Magellan. The answer is no, HPSM decided on their own to go in this direction.

Mr. Curran asked Ms. Valdez to give the group an update on the redetermination process. They received many waivers from DHCS that they are trying to apply to the renewals they are processing. Return mail is a big issue, because they are working hard to process renewals that are late, return mail takes a back seat. Ms. Bermudez noted that at present in San Mateo County, work is being done on Medi-Cal disenrollments, which is happening as the department transitions into a new system, which makes things difficult. Initially, they could not physically see the disenrollments. Reports from Member Services showed only about 300 members being disenrolled in September. They had hoped those numbers signified that the word was out and that members had been re-enrolling, however the following month the numbers ballooned to approximately 2,600 renewals. What they are doing in the Health Coverage Unit (HCU) is to assist and educate members immediately about their options. Many come in without their renewal packets. There are escalation units to help those, especially those with urgent needs and those that are still within the renewal period. They are asking members to submit through Benefits Cal for a variety of reasons. They have also created a flyer to inform members of the different ways they can renew. Members can call HSA and renew over the phone, drop into the office, or just mail in their packet. She reminded the group that clients can also simply file their taxes for an income match administrative renewal. The renewal packet is not needed with an income match. Statewide the disenrollment rate is about 25%, HPSM is below the statewide average. It was mentioned that many have used the Get CalFresh portal for their sign ups, however, Get CalFresh is sunsetting. Using Benefits Cal would require one to open an account, which was not a requirement with Get Calfresh. Member advocates noted that they would like to be able to submit online renewals on behalf of clients without asking them for their log-in information which Get CalFresh allowed. The group was reminded that the majority of ACE members, though not all, are transitioning to full Medi-Cal on 1/1/2024. About 15K+ ACE members will be receiving a transition and disenrollment notice by 11/01/2023, letting them know they will be eligible for Medi-Cal on 1/1/2024. The ACE fee waiver is fully sunsetting on 2/28/2024.

4.2 CMO Update: There was no update.

4.3 Population Needs Assessment Results: Population Health Program Specialist, Talie Cloud went over the 2022 results of the Population Needs Assessment (PNA) for the Medi-Cal line of business. The goals are to:

- Identify the health needs and disparities of HPSM’s membership.
- Assess health outcomes and resources available.
- Evaluate the health experiences of HPSM’s subpopulations.
- Implement targeted strategies for Population Health Management (PHM) program/service gaps through an Action Plan.
- Guide PHM strategy and collaboration with county of key focus areas.

She briefly went over the PHM strategy. Demographics show HPSM had 173,439 members at the end of 2022. 81% of those are enrolled in Medi-Cal. The largest populations are Hispanic/Latino, Other and Asian or Pacifica Islander (PI). This year they have some de-aggregated racial data for the Asian and PI subgroup. In this category, Filipino and Chinese are the largest groups. In terms of language, there are four threshold languages, English, Spanish, Chinese (Mandarin/Cantonese), and Tagalog. Threshold languages have certain requirements for language assistance services. 45% of members prefer a language other than English. The MC population is aging, in 2019, the largest group was the 0-21 age group at 50%, in 2022 the largest group was the 22-64 age group at 49%. Ms. Cloud noted they are also doing subpopulation analysis on the following groups: 1) Perinatal Health, 2) Child and Youth Health, 3) Adult Preventive Health, 4) Chronic Conditions, 5) Members with Limited English Proficiency (LEP), and 6) Social Determents of Health and Behavioral Health (SDOH). She spoke a little bit about SDOH. About 3% of HPSM members have one or more SDOH claims. There was a 43% increase in coding of these SDOH claims from 2021 to 2022. This high number does not mean this issue has increased, it merely reflects the number of Providers who are now coding for this, they had not done so before. The most common category is housing and economic circumstances. She went over the health disparities they assess as well. They are able to measure disparities such as age, race, disability status, sex, and language. They are not able to measure disparities around gender, sexual orientation, or education because they lack the data at this time, they are working with the County to obtain that. She provided an analysis summary of disparities identified using variables like, age, gender, race/ethnicity, spoken language and people with disabilities. These

results are what they use to inform their targeted action plans and programs. The PNA action plan includes work in perinatal health, child and youth health, adult preventive health, and chronic condition management. There was a question about how data was collected and if they would consider using geographic data. The majority of the data is claims data, they add in additional data from health risk assessments from member surveys. They can include geography and have in the past, for example looking at the North County as well as the Coastside area. The demographics come from the FAME file from DHCS. They have been working with them to get information about members, which is often broken down and more detailed.

4.4 CAC & Member Engagement Update: Program Manager, Member Experience & Engagement, Mackenzie Moniz went over some of the changes proposed for the Community Advisory Committee going forward. There are new items such as the CAC welcome page, updates to the scope and charter, a community menu of member Advisory Groups, a sample CAC calendar and an updated policy and procedure page. She went over the updated charter and scope. The main change is updated language around the purpose, goal & scope, membership, and community involvement. Another new feature is the addition of the menu of advisory groups, they are looking closely at some of the groups that are under the Office of Diversity and Equity. There are many groups there that meet monthly that mirror the concerns and issues that many HPSM members have. HPSM is also working with a Provider, the San Mateo Medical Center (SMMC) on these issues as well. If there are other groups that they are made aware of, they will be added to this list. She spoke briefly about a sample calendar. Key regulatory reporting from the CEO, CMO, Provider Services, Member Services, CareAdvantage and Grievance and Appeals are required and will remain, a summary page will be included in the reports. The calendar will also have additional topics related to health delivery system reforms, communication methods to providers, health education and outreach programs, marketing materials and campaigns, the Population Needs Assessment and Quality (Member) Surveys. Ms. Moniz also went over the updated P&P, which is designed to engage HPSM membership to join CAC. Other changes includes the incorporation of a feedback loop for information shared at the meetings and follow-up about what HPSM has done with the suggestions and ideas received. There will also be an annual CAC demographic report. It will include composition and diversity of the HPSM membership. She also proposed a yearly check-in for areas of opportunity within

the Committee and how to adjust the trajectory if needed. They will also try to address barriers and challenges in meetings. The post discovery proposal includes the following:

Members in CAC

- 1-9 HPSM members involved in CAC Committee.
- Sharing the member perspective during the meeting.
- Include family members or representatives from Health Advocacy Groups.

Community Member Groups:

- Lean into Community Groups
- Create stronger partnerships with community advisory groups
- Create a report out structure to CAC Committee Members on areas of interest that connect with content as needed.

She reviewed the workplan and timeline, outlining goals for each quarter of 2024. They will begin with an outreach campaign for new members in 2024. An email vote on the P&P and charter will be sent to the group asking committee members to approve the changes made.

4.5 Provider Services (PS): CEO, Pat Curran, provided an update on behalf of Provider Services Director, Luarnie Bermudo. There are three areas where there is a need, the first is for dental, specifically there is an emphasis on access for adults to specialty care services. The other item is speech therapy, mostly for services for children. The third is Non-Emergency Medical Transportation (NEMT). There are issues right now, specifically related to the work force. Access challenges in the future may be related to workforce issues as offices are already having challenges hiring and NEMT providers can't find drivers. There was a question about looking at mobile dental services, especially since they are able to go to senior housing facilities to help many at once. It is an area that HPSM is exploring. Mr. Curran noted that special needs access is a highlight, many HPSM members with special needs have received services from their Providers at their home, and HPSM has received many positive comments and feedback about that.

4.6 Member Services (MS) Report: Member Services Director, Kiesha Williams, went over the Member Services report. HPSM has 173,481 members across all lines of business

(LOB). The Medi-Cal renewal process continues, there is a noted 3% decrease in membership. They are continuing their “Do Not Lose your Medi-Cal” outreach efforts to help encourage members to return their packets. Robo calls were made as well, there were 3,332 members reached through this effort. In 2024, they will be working on the Medi-Cal adult expansion for ages 26-49, there will roughly 18K ACE participants transitioning to full scope Medi-Cal, those members will be auto assigned back to their county PCP under the MC LOB. They are also preparing for the Kaiser transition; they will transition approximately 14K members to Kaiser for Medi-Cal. Kaiser will manage those benefits. They are also working on a request for proposal (RFP) for a new phone system. They hope to implement a new phone system in Q2 of 2024.

4.7 CareAdvantage (CA) Enrollment and Call Center Report: There was no update.

4.8 Grievance and Appeals (G&A) Report: This was no update available.

4.9 2024 CAC Meeting Dates – The committee reviewed the proposed dates for 2024. The dates were approved as presented. **Kot/Williams MSP**

5.0 New Business: There was no new business.

6.0 Adjournment: The meeting was adjourned at 1:13 pm by Ms. Elbeshbeshy.

Respectfully submitted:

M. Heryford

M. Heryford

Assistant Clerk to the Commission

MEMORANDUM

AGENDA ITEM: 4.3

DATE: January 10, 2024

DATE: December 28, 2023

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer

RE: Approval of Amendments to Agreements with Print and Mailing Services Vendors

Recommendation

Approve a resolution authorizing the Chief Executive Officer to execute amendments to the agreements for Print and Mailing Services. These amendments increase the expenditures for services by \$1,000,000 and extends the current agreements to December 31, 2024.

Background and Discussion

HPSM performs a large volume of print and mailing services to meet State and the Centers for Medicare and Medicaid Services (CMS) requirements for printed hard copies of important informing materials to be mailed to the Plan's 160,000 members and more than 900 providers.

HPSM handles the printing, packaging and mailing of materials through a combination of internal staff resources and contracted vendors. Many years ago, HPSM invested in a small number of large, high-volume printers to handle print jobs that are more efficiently done internally, especially simple letter notices about key program changes. HPSM Administrative staff print and process these materials.

HPSM has been using multiple print and mailing vendors to provide services to give HPSM more flexibility to choose the vendor that best fits timeline and delivery requirements. In addition, this allows HPSM to obtain competitive pricing for certain jobs.

In 2020, the Commission approved \$1,737,400 for printing services provided by Folgers, KP LLC and Clarity which were identified through an RFP. In May 2022, the commission approved an increase of \$1,000,000 for a total amount not to exceed \$2,737,400 for these services through all three vendors. Clarity has since changed their pricing method shifting to a subscription model effective July 1, 2024. With this pricing model change, we are moving towards using only FolgersGraphics, and KP, LLC for these services.

Due to new programs including Cal-AIM, Dental, Pharmacy and D-SNP, the cost of contracted printing increased significantly. While departments actively worked together to anticipate these costs to HPSM, the costs were much higher than anticipated. We are asking the Commission to approve amendments to increase the current agreements by a total of \$1,000,000 total for the two vendors.

Fiscal Impact

The fiscal impact of this recommendation is an additional \$1,000,000 in 2024 for a total amount not to exceed of \$5,437,400 for the full term of the agreements from January 1, 2020 through December 31, 2024. The increase of \$1,000,000 for CY 2024 will be utilized between the two remaining vendors: FolgersGraphics, and KP, LLC for print, processing and postage services. In the next calendar year, staff will be conducting a request for proposal process for future needs.

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF AMENDMENTS TO
AGREEMENTS FOR PRINT AND MAILING VENDORS:
FOLGERGRAPHICS AND KP LLC**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. HPSM does a large volume of print and mailing production to meet requirements from the State and the Centers for Medicare and Medicaid Services (CMS) to print and mail important informing materials to members and providers; and
- B. Using multiple print and mailing vendors gives HPSM more flexibility to choose the vendor that best fits timeline and delivery requirements as well as cost considerations, and allows HPSM to obtain competitive pricing for certain print jobs; and
- C. HPSM has been using FolgerGraphics, and KP LLC, for these services since 2020.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves amendments to the agreements with KP LLC and FolgerGraphics to continue the agreements through December 31, 2024 and increase the total amount for both vendors in the an amount not to exceed \$1,000,000 for CY 2024; and
- 2. Authorizes the Chief Executive Officer to execute said amendments.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.4

DATE: January 10, 2024

DATE: January 2, 2024

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer

RE: Approval of Five Year Agreement with Optum for Claims Editing Services

Recommendation:

Authorize the Chief Executive Officer to execute a five year agreement with Optum to provide claims editing software and services in a total amount not to exceed \$3.6 million beginning March 1, 2024 through February 28, 2029.

Background:

The Centers for Medicare and Medicaid Services (CMS) estimates through the Comprehensive Error Rate Testing (CERT) program that 7.46 percent of Medicare FFS claims were paid incorrectly over fiscal year 2022 based on Medicare coverage, coding and payment rules. The high error rate speaks to the complexities of coding and billing and the importance for payers to implement and maintain systems that can monitor for accurate coding while keeping up with ever-changing policies driven by CMS and DHCS.

Over the past ten years, HPSM has utilized claims editing services offered by Cotiviti to monitor claims resulting in savings of approximately \$3.3 million annually reinforcing the need for ongoing oversight to supplement internal efforts to monitor claims for accurate coding. Earlier this year, HPSM completed a Request for Proposal (RFP) to reassess our vendor selection.

Discussion:

On July 10, 2023 HPSM issued an RFP for claims editing software. Four proposals were received and evaluated by a committee comprised of staff from Claims, Business System Integration, and IT. Proposers were evaluated on their written proposals, technical capability, ability to meet compliance requirements, approach, and cost. Three of the four vendors were selected to present their company's solution over a virtual demonstration. All three offered competitive and comparable services, but Optum ultimately stood out from the rest.

Optum has a proven track record with plans like HPSM partnering with all the other payers using the same claims platform as us, Healthsuite, and working with several other Medi-Cal and Medicare plans including a large Medi-Cal plan that offered to be a reference. The plan spoke highly of Optum emphasizing their reliability, customer support and both accuracy and breadth of available edits. Moreover, Optum has the advantage of offering a fully integrated solution making all the applicable edits available within our core claims system in real time without having to build out a custom workflow or other workarounds. The other vendors require batch reporting and processing. An integrated solution is more reliable, eliminates inefficiencies caused by batch processing and ensures HPSM staff and providers see the impact in real time. Optum's fees are comparable to the other vendors. HPSM also has firsthand experience working with Optum on other arrangements that have been very successful.

Fiscal Impact:

The total expense for the five-year agreement is not to exceed \$3.6 million, or approximately \$720K per year. Savings from claim editing software has historically averaged approximately \$3.3 million per year, so the net fiscal impact is cost savings of around \$2.58 million per year.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF A
FIVE YEAR AGREEMENT WITH OPTUM
FOR CLAIMS EDITING SERVICES**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission has an ongoing need for claims editing validation;
- B. A request for proposal was performed in 2023 resulting in the selection of Optum, CES services.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves a five-year contract agreement with Optum in an amount not to exceed \$3.6 million for a term beginning March 1, 2024 through February 28, 2029; and
- 2. Authorizes the Chief Executive Officer to sign this 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:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.5

DATE: January 10, 2024

DATE: December 28, 2023

TO: San Mateo Health Commission

FROM: Pat Curran, Chief Executive Officer

RE: Approval of Agreement with TK Elevator Corporation

Recommendation

Authorize the Chief Executive Officer to execute an agreement with TK Elevator Corporation (TKE) for the elevator modernization project in the total amount not to exceed \$500,000.

Background and Discussion

In 2015 HPSM purchased the building located at 801 Gateway Blvd. South San Francisco, which resulted in the need of an agreement for maintenance service for the elevators. TKE has been performing these maintenance services since that time.

In November 2023, TKE recommended a modernization of the elevators and provided a customized proposal in the amount of \$500,000 to modernize the mechanical and electrical components of the elevator equipment. At the time, HPSM Facilities Department issued a Request for Quote for these services from different companies. We received quotes from TKE and three other companies: Otis Elevator Company, Schindler Elevators, and Metro Elevator. TKE's quote included a more robust package with higher standards for this modernization, as well as a more cost effective price compared to the other vendors.

Fiscal Impact

The fiscal impact of the agreement with TKE is for an amount not to exceed \$500,000. The work would be performed in approximately three months in CY 2024 .

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF AGREEMENT WITH
TK ELEVATOR CORPORATION**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. San Mateo Health Commission previously entered into a maintenance agreement with TK Elevator Corporation for the maintenance of the elevators at 801 Gateway Blvd., South San Francisco
- B. The elevators need a modernization to reduce repair costs, enhance reliability, and improve safety; and
- C. Based on Request for Quotes received, staff recommends the selection of TK Elevator Corporation to perform a modernization of the elevators.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves agreement with TK Elevator Corporation for the elevator modernization project in the amount not to exceed \$500,000
- 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:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.6

DATE: January 10, 2024

DATE: December 27, 2023

TO: San Mateo Health Commission

FROM: Chris Esguerra MD, Chief Medical Officer
Jennifer Duncan, CareAdvantage Program Manager

RE: Waive Request for Proposal and Approval of Amendment to Agreement with Wider Circle for the Connect for Life Program for 2024

Recommendation:

Waive Request for Proposal and approve a one-year 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, 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 health promotion, 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.

In 2023, Wider Circle and HPSM expanded Connect for Life to the entire CareAdvantage D-SNP population and focused on increasing member engagements across the Wider Circle program and driving positive outcomes related to Annual Wellness Visit (AWV) completion within the D-SNP membership. Wider Circle focuses on bringing members out to our in-person and virtual Connect for Life events, which focus on improving member connections with their fellow HPSM members in the community as well as sharing experiences of managing their chronic conditions and everyday needs. Wider Circle and HPSM data teams collaborated in assisting Medi-Cal members who were eligible for D-SNP benefits to engage with the HPSM sales team members to learn more about the benefit and how to take the necessary steps to make the conversion.

Wider Circle will continue into 2024 paying increased attention to members' social care needs such as food, housing, utilities, and education, and work to pair members with value-added services offered by their health plan and/or via community-based partnerships. HPSM members continue to appreciate the friendship and connection found through the Wider Circle program as well as the unique and fun activities they're able to participate in, all while learning about the key components to maintaining and achieving a healthy lifestyle. The current agreement with Wider Circle is due to expire on December 31, 2023.

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:

To continue this program, staff is requesting approval to waive the request for proposal process and an amendment to the agreement to extend one-year from January 1, 2024 through December 31, 2024. The amount for this term is not to exceed \$485,000.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER TO WAIVE REQUEST FOR PROPOSAL PROCESS
AND APPROVE AN AMENDMENT TO THE AGREEMENT WITH WIDER CIRCLE
FOR THE CONNECT FOR LIFE PROGRAM**

RESOLUTION 2024 -

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, 2023;
- D. Wider Circle is uniquely equipped to provide these administrative services; and
- E. Staff recommends continuing the agreement with 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 waiving the request for proposal process;
- 2. Approves an amendment to the agreement with Wider Circle for the “Connect for Life” Program for the CareAdvantage population to extend the term one year from January 1, 2024 through December 31, 2024 in an amount not to exceed \$485,000 for this term; and
- 3. Authorizes the Chief Executive Officer to execute said amendment.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY COUNSEL

MEMORANDUM

AGENDA ITEM: 4.7

DATE: January 10, 2024

DATE: December 29, 2023

TO: San Mateo Health Commission

FROM: Katie-Elyse Turner, Director of Financial Planning & Analysis
Trent Ehrgood, Chief Financial Officer

RE: Waive Request for Proposal and Authorize Letter of Engagement with Milliman Consultants for Actuarial Services Related to CY2025 Medicare D-SNP Bid

Recommendation:

Waive the Request for Proposals (RFP) process and authorize the Chief Executive to execute the Letter of Engagement with Milliman Consultants for actuarial services related to the CY2025 Medicare Advantage (MA) and Part D (PD) bid submissions in an amount not to exceed \$325,000.

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 nation-wide 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 ongoing MA-PD bid support, 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 Medicare Advantage and Prescription Drug bids documentation. Given the complexities of the CMS MA-PD bid process and Milliman's familiarity with HPSM's Medicare programs, it is in the Health Plan's best interests to waive the request for proposal process and maintain our relationship with Milliman.

Fiscal Impact:

For 2025 bid activities, Milliman estimates expenditures between \$240,000 and \$290,000 for core bid development activities, with the final fees based on actual time and expense incurred. The 2025 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; however, all MA and PD bids undergo desk review with CMS auditors, which requires additional support from Milliman. We therefore anticipate expenditures of approximately \$325,000 for 2025 bid activities.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF AUTHORIZATION OF LETTER OF ENGAGEMENT WITH
MILLIMAN CONSULTANTS FOR 2025 MEDICARE D-SNP BIDS ACTUARIAL SERVICES**

RESOLUTION 2024 -

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 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 letter of engagement with Milliman Consultants for services related to the 2025 MA-PD bid project with a not to exceed amount of \$325,000.
- 2. Authorizes the Chief Executive Officer to execute said letter of engagement.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____

C. Burgess, Clerk

Kristina Paszek

DEPUTY COUNTY ATTORNEY

MEMORANDUM

AGENDA ITEM: 4.8

DATE: January 10, 2024

DATE: January 2, 2024

TO: San Mateo Health Commission

FROM: Patrick Curran, Chief Executive Officer
Colleen Murphey, Chief Operating Officer

RE: Adopt the Final Strategic Plan Document for 2024-2028

Recommendation:

Adopt the final Strategic Plan Document for 2024-2028.

Background:

At the November 2023 Commission meeting, HPSM's Strategic Plan for 2024-2028 was outlined for the Commission's review. This five-year strategic plan was created over the course of a ten-month process to capture input and perspectives from many stakeholders. Contributors to the development of the plan included members, providers, community partners, HPSM employees, San Mateo Health Commission Commissioners, regulatory agencies and industry experts. The main elements of the plan include six organizational goals, within two areas of focus:

Area of Focus 1: Better health experiences and outcomes for all members

- Goal 1: Improve health outcomes
- Goal 2: Enhance access & experience
- Goal 3: Reduce health disparities

Area of Focus 2: Thriving organizational capacity and resilience

- Goal 4: Strengthen culture & teams
- Goal 5: Solve problems with data
- Goal 6: Invest for the future

At the November 2023 Commission meeting these elements of the plan were discussed, in addition to a review of specific metrics for each of the six goals and example initiatives by which the goals will be achieved over the next five years. The Commission approved the Strategic Plan for 2024-2028, and directed staff to develop a final document to reflect this approved strategic plan.

The Strategic Plan document has been finalized and attached for the Commission's adoption.

Discussion:

The attached document includes all elements of the strategic plan approved by the Commission, in a final format for distribution.

Fiscal Impact:

There is no fiscal impact with the adopting of the Final Strategic Plan Document for 2024-2028.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF ADOPTING THE FINAL
STRATEGIC PLAN DOCUMENT FOR 2024 - 2028**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission approved the Strategic Plan for 2024-2028 at its November 2023 meeting, and directed staff to develop a final document to reflect this approved strategic plan; and
- B. Staff have prepared a final document including all elements of the approved Strategic Plan, formatted for public distribution; and
- C. Staff recommends adoption of this final document of the HPSM Strategic Plan for 2024-2028.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission authorizes the adoption of the final “HPSM Strategic Plan for 2024-2028” document, as attached.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

Strategic Plan

2024-2028





**HealthPlan
OF SAN MATEO**

801

HealthPlan
OF SAN MATEO
COUNTY OF SAN MATEO
HEALTH CENTER

801

- ← DROPOFF & PICKUP 
- ← RECEPTION
- ↑ VISITOR PARKING



Dear valued community,

It is my privilege to present our updated 2024-28 strategic plan, which accompanies the recognition of our 35 years of service to San Mateo County. This strategic plan was created with input from hundreds of individuals across dozens of organizations, including community partners, health care providers, advisory committee members, Commissioners, and HPSM staff who directly serve our members.

Connecting our past with our future is an important theme at HPSM. Throughout our history, we have implemented innovative programs in partnership with our community. For example, due to the collective effort to implement our Healthy Families and Healthy Kids programs more than 20 years ago, California residents of all ages now qualify for Medi-Cal — regardless of documentation status.

That spirit of innovation is part of our organizational DNA and has often led to broader policy changes. Our collaboration with San Mateo County Health to become the first integrated program for children in the California Children's Services (CCS) program has led to its adoption in other parts of the state.

The latest example of innovation was the launch of HPSM Dental, which integrates dental care into our members' overall healthcare. As the first Medi-Cal health plan in California to offer both medical and dental services to its members, we built a network of over 350 providers from the ground up. This helped significantly increase preventive service utilization for members above the age of two. In particular, *twice* as many members above the age of 20 accessed preventive services in 2022 compared to trends we observed between 2018-2020. Following in the footsteps of other successful HPSM pilot programs, we are hopeful HPSM Dental can become a blueprint for other communities.

As we continue to innovate, our focus remains on improving access to high-quality care for our members. At HPSM, we believe that healthy is for everyone, and we fight to make that possible.



Patrick Curran
HPSM Chief Executive Officer

Who we are

Health Plan of San Mateo (HPSM) is a local, non-profit Medi-Cal health plan founded in 1987. Governed by the San Mateo County Health Commission, HPSM has a mission to ensure that San Mateo County's vulnerable and underserved residents have access to high-quality care, services and supports so they can live the healthiest lives possible.

With more than 150,000 members, HPSM serves nearly all of the county's Medi-Cal eligible residents, nearly 9,000 eligible for both Medicare and Medi-Cal, as well as over 5,000 who do not qualify for other state and federal insurance programs.

HPSM also sponsors special programs that help members navigate complex social issues, such as securing home-based health care and affordable housing.

For more than 35 years, we've been driven by a vision that **healthy is for everyone** — and a commitment to making that a reality.



Our Mission

To ensure that San Mateo County's underserved residents have access to high-quality care, services and supports so they can live the healthiest lives possible.

Our Vision

We believe that **healthy is for everyone**. In order to meet the highest quality of care standards, we continually advocate for our members' health, especially those disproportionately impacted by health inequities.

Our HEALTHY Values

HPSM has been keeping San Mateo County **HEALTHY** for over 35 years.

- 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!

Our process for developing this plan

Over the course of 2023, we gathered input from over 200 individuals across dozens of organizations, including community-based groups, the Commissioners who oversee HPSM's work, HPSM providers, advisory groups, and our employees. We conducted a meta-analysis of population level data about our members' health and needs. And finally, we collectively reviewed potential organizational goals against a set of six criteria, to sharpen our focus on the priorities that are most important to advancing our mission:

Prioritization criteria

We asked, is this a goal that:

- ✓ **Meaningfully impacts member access** to high-quality care, services and supports in alignment with our mission.
- ✓ **Supports our members' journey to the best possible health outcomes**, including equitable outcomes and a positive member experience.
- ✓ **Leverages HPSM's unique strengths** including our unique capabilities, resources, relationships and role within the health care ecosystem.
- ✓ We can make **measurable progress** on within a five-year timeframe.
- ✓ Supports **strong stewardship of our financial resources**.
- ✓ Addresses threats and opportunities that impact **HPSM's long-term organizational health**.

What's in a word?

When we talk about **meaningful impact**, we mean we will consider both the scale of the impact, and the acuity of the need we are addressing.

When we talk about our **unique strengths**, we mean we will focus on those efforts that HPSM is best suited to tackle within the healthcare ecosystem we operate in.

When we discuss **measurable progress**, we mean that metrics of success will include both quantitative outcomes and qualitative experience information.

Our strategic goals

Driven by the input of our community, a dynamic new strategic plan took shape to guide HPSM's work for the next five years.

This plan has two areas of focus:

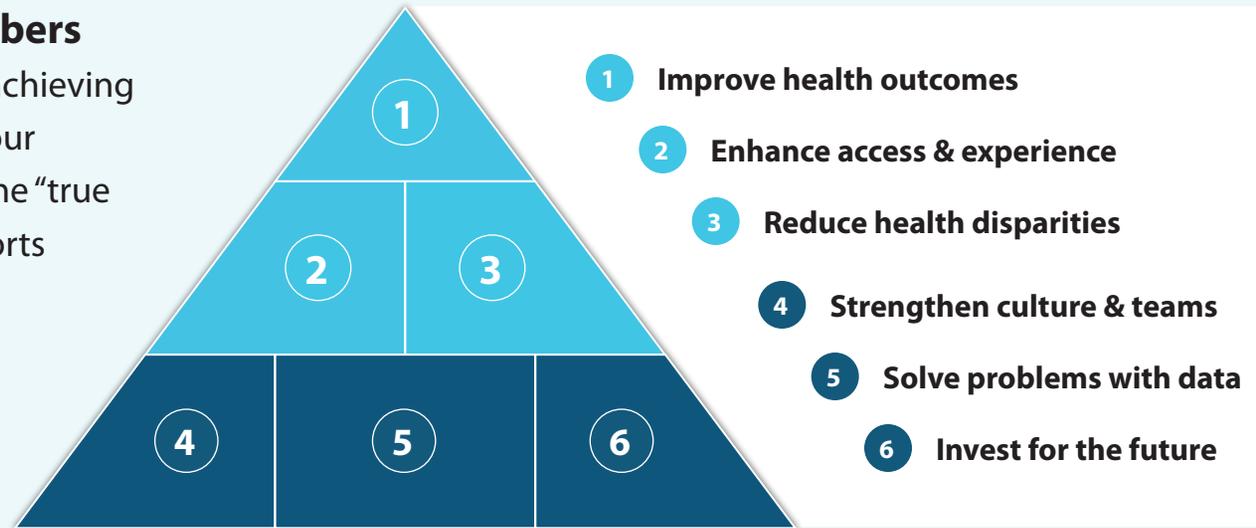
▲ Better health care experiences and outcomes for all members

Our penultimate motivation is achieving meaningful improvements for our members. This area of focus is the "true north" we will galvanize our efforts around in the years to come.

▲ Thriving organizational capacity and resilience

In order to meet the ambitious goals of our first area of focus, we know we must invest in the foundation of our organization in several specific ways.

We have defined six specific goals to advance our areas of focus:

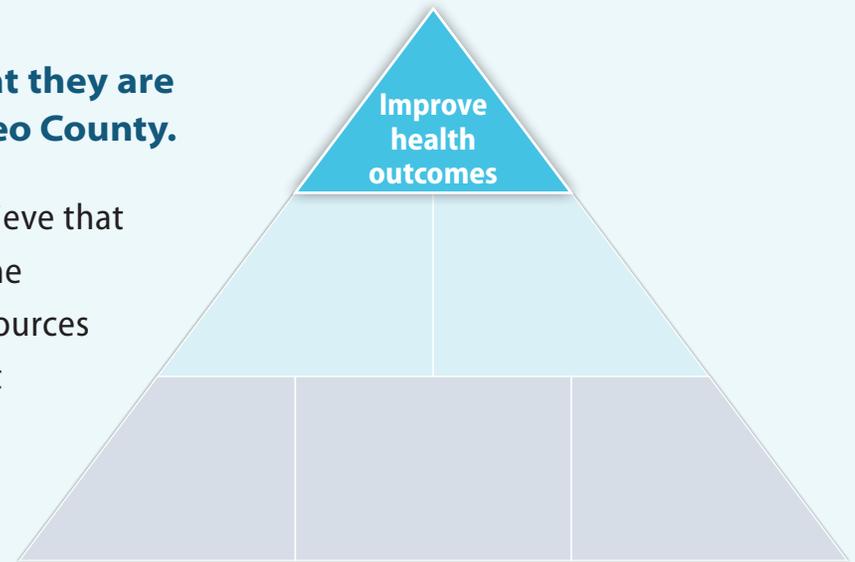


In the following pages we outline these goals in greater detail, including examples of the initiatives we are undertaking to advance each and the metrics of success we will hold ourselves accountable to.

Goal 1: Improve health outcomes

We will improve HPSM members' health outcomes, so that they are comparable with the outcomes of all residents of San Mateo County.

At HPSM our vision is that healthy is for everyone; this means we believe that your health should not be pre-determined by your income level or the identities you hold. Over the next five years, HPSM is committing resources towards raising our members' health outcomes. However, we will not exclusively measure ourselves against other Medi-Cal plans – who, like HPSM, serve primarily low-income individuals. Rather we will measure our performance using Medicare Star Ratings, a ratings system that compares HPSM to all Medicare Advantage plans. By measuring outcomes against plans who typically serve higher-income individuals, we will hold ourselves accountable toward a more equitable goal.



Example initiatives

- ✓ Track and analyze health outcomes across HPSM members.
- ✓ Implement targeted interventions to improve low quality scores.
- ✓ Use value-based payment models to support providers delivering the highest quality of care.
- ✓ Provide funding and other resources to provider care teams, to enable them to identify and address care gaps for the patients they serve.

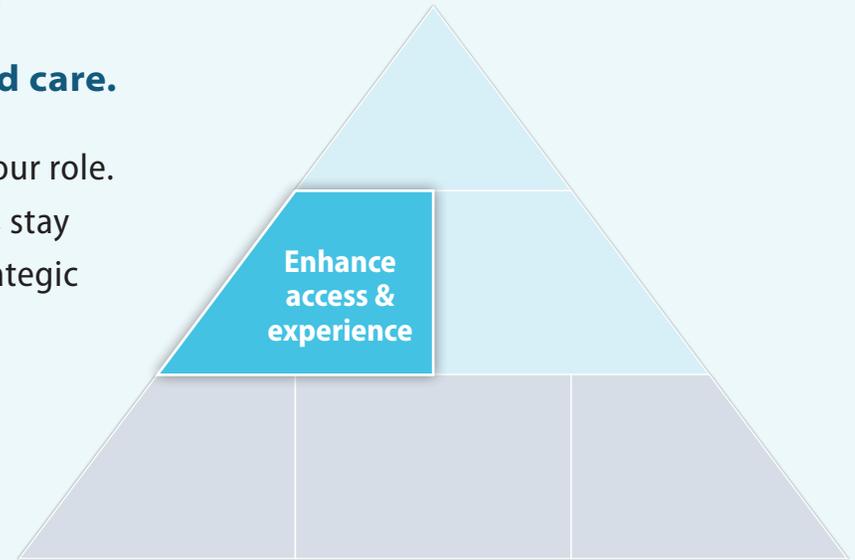
Metric

Achieve a Medicare Four-Star Rating within five years.

Goal 2: Enhance access & experience

We will increase access to high-quality member-centered care.

As a health plan, ensuring member access to care is fundamental to our role. Access to primary care is particularly important to help our members stay healthy and avoid preventable health issues. As we launched our strategic planning process in 2023 – on the tail of the COVID-19 public health emergency and record numbers of providers leaving the workforce – we heard repeatedly that HPSM needs to focus on this essential priority. Over the next five years, HPSM will be making an unprecedented investment to support primary care providers, and working to offer new preventative services to members.



Example initiatives

- ✓ Invest \$30 million in primary care to increase access and improve members' experience of their care.
- ✓ Continue our work to provide integrated care coordination across behavioral, dental, and medical care benefits, creating a more holistic view of members' health to inform care decisions.
- ✓ Launch and enhance new programs and benefits that address social determinants of health, such as assistance finding housing and medically-tailored meals.

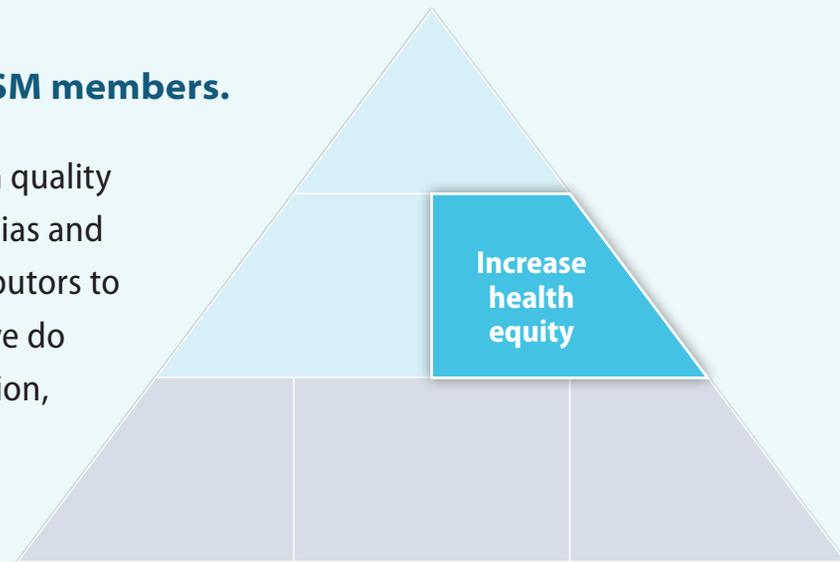
Metric

Increase the percentage of members who have a primary care visit annually, by ten percent.

Goal 3: Increase health equity

We will reduce disparities in health outcomes among HPSM members.

At HPSM, we view health equity to be intrinsic to the definition of high quality health care. We acknowledge and work to address the long legacy of bias and discrimination in healthcare, as well as the social and structural contributors to health disparities. We are continuing to build health equity into how we do our work organization-wide, through continual assessment, prioritization, and interventions to address barriers.



Example initiatives

- ✓ Use data and population health management methodologies to identify specific populations experiencing disparities
- ✓ Align with community partners and San Mateo County Health to jointly address the needs of individuals experiencing health disparities
- ✓ Continue to invest in linguistically appropriate services, including in HPSM’s interpreter and translation services.

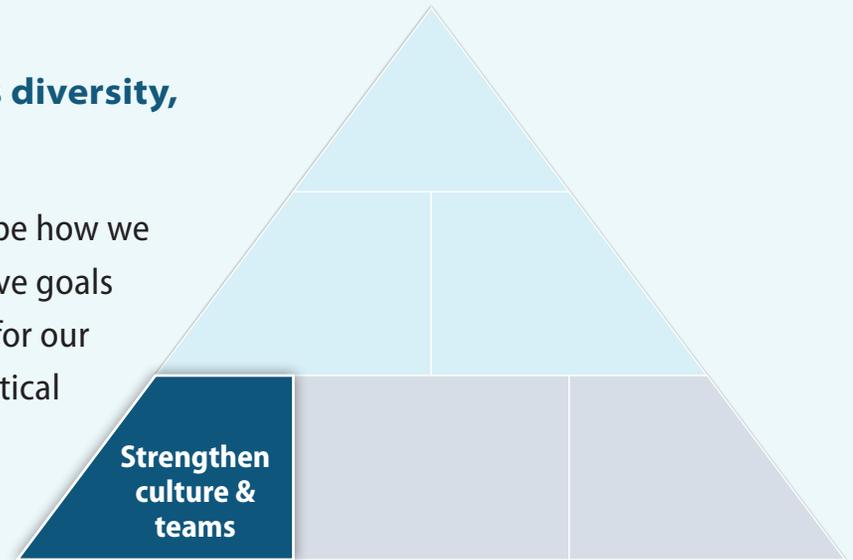
Metrics

- Achieve NCQA Health Equity Accreditation.
- Achieve each of the next five years’ annual health equity metrics. These are annually-selected health disparity reduction goals, prioritized through a comprehensive Population Needs Assessment.

Goal 4: Strengthen culture & teams

We will foster an inclusive learning culture that promotes diversity, equity, accessibility and belonging.

Goal #4 is the first of three “foundational” goals, which together describe how we will evolve as an organization over the next five years in order to achieve goals #1 - 3. We know that we cannot increase health equity and outcomes for our members without investing in our employees and culture in several critical ways. These include: strengthening our cultural humility, knowledge and skills to serve members who hold diverse identities; continuing to improve our policies and processes to ensure organizational equity and sustain a diverse workforce; and fostering a continual learning culture, in which our employees are encouraged to innovate through small tests of change that we analyze and grow from.



Example initiatives

- ✓ Regularly capture feedback and implement improvements surfaced by the employee Inclusion, Diversity, Equity and Accessibility (IDEA) Group.
- ✓ Enhance our cultural humility trainings, tools, and resources.
- ✓ Revise our new employee onboarding processes to strengthen organizational norms — including those that support learning, psychological safety and inclusion.
- ✓ Continue to update our policies and practices to support equity and diversity at all levels of the organization.

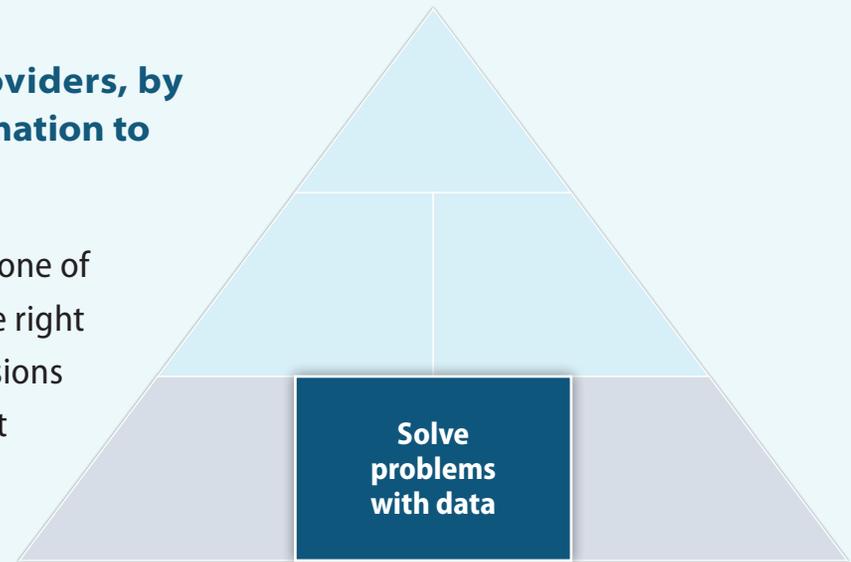
Metric

Ten percent sustained improvement on Employee Engagement measures of DEI-B and Psychological Safety (baseline year: 2023).

Goal 5: Solve problems with data

We will improve decision-making by HPSM staff and providers, by leveraging our data and technology to get the right information to the right person at the right time.

When it comes to improving healthcare outcomes, access, and equity, one of the most important prerequisites is having a workforce armed with the right information to guide their decisions. These range from individual decisions about a single member's care plan, to population-level decisions about new programs to offer. At all levels of the work we do, it is important to have accurate, actionable, and easy-to-understand data available to employees and providers.



Example initiatives

- ✓ Invest in technology, data quality improvement, and integration efforts to deliver accurate, usable data about member health to our providers and employees.
- ✓ Provide funding and technical assistance to providers to improve their capacity to collect, use, and share health data with HPSM.
- ✓ Invest in training efforts to improve HPSM employees' understanding of how to access and use data to make more informed decisions.

Metric

Ten percent sustained improvement in primary care providers' and employees' reported satisfaction with HPSM data sharing tools (baseline year: 2023).

Goal 6: Invest for the future

We will strengthen HPSM's long-term sustainability to advance our mission.

The start of 2024 finds us at a pivotal moment. The lasting effects of the COVID-19 public health emergency, changing economic conditions and competitive dynamics, and new innovations are all poised to create significant changes to the healthcare landscape in the coming years. While we cannot know the future, we are prioritizing dedicated efforts to be ready for what comes next. We will leverage the prioritization criteria outlined on page 4 of this document to consistently evaluate and plan for the best use of HPSM resources. We will launch select exploratory projects to consider new ways of working, so that HPSM may continue to advance our mission in this community for the decades to come.



Example initiatives

- ✓ Evaluate opportunities to partner with other organizations to support specific populations in new ways.
- ✓ Establish and consistently apply investment criteria to direct financial resources towards the greatest impact for the healthcare safety net.
- ✓ Implement evaluation processes to assess the results of investments.
- ✓ Devote resources to enhancing awareness of CareAdvantage by HPSM.

Metric

All investments of HPSM reserves were made applying our impact criteria.

External factors shaping our landscape

HPSM took the following trends, opportunities, and challenges into consideration when developing our 2024-2028 strategic plan.



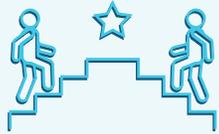
Accountability for health outcomes and health equity

There is growing national, state and local attention on the role that health plans play in achieving high quality health outcomes, and in closing — or perpetuating — health equity gaps. Quality outcomes and equity are perennial priorities for HPSM, and insufficient access to certain provider types remains a challenge in San Mateo County. However we and others in the healthcare industry have a renewed focus on our role in creating equitable systems, including how we support community based organizations. Simultaneously, there is increasing pressure for health plans to show measurable health outcomes improvements from the state, industry partners, and the public.



Statewide care transformation

The passage of CalAIM introduced flexibilities for HPSM to fund new types of coordinated, person-centered care and services. HPSM has a long history of innovating on new ways to address our members' social determinants of health and improve equity, and the current policy environment is aligned with advancing that work. California has a policy focus on expanding access to Medi-Cal that is also closely aligned with our organization's mission. At the same time, the large number of new programs and policy changes going into effect simultaneously are competing for resources and priority in the healthcare industry. And, the substantial scale of state investments mean there is a high bar for health plans to demonstrate financial and other returns.



Growing competitive pressure

Changes in state contracting, and an environment of mergers and acquisitions by for-profit health plans, have introduced new competitive pressures. Members have greater choice in what health plan they choose. For-profit healthcare organizations continue to grow in scale, giving them substantial resource advantages to invest in technology, marketing, and talent. These trends raise the bar for HPSM to differentiate ourselves. It is more important than ever that the value we bring to members, employees, and the community is real, and clear.



Shifting focus on financial risk

Several major trends in the financial environment stand to impact HPSM's work. These include a higher appetite for financial risk being born by plans and by providers, coupled with a higher scrutiny on delegated relationships to ensure that there are strong checks and balances on efforts to manage costs.



Lasting impacts of the COVID-19 Public Health Emergency

We have yet to know the full scope of impact that the COVID-19 public health emergency had on our community and the world. However several effects are already visible: the strain on social safety net programs and systems and the impact this has on members; growing burnout in the healthcare workforce, including in our provider community; the reinstatement of beneficiary redetermination and what this will mean for members' coverage; and changing workforce norms around remote work.

With gratitude

Over the course of 2023, more than 200 people provided valuable input, ideas and feedback to the development of our strategic plan — including HPSM Commissioners, employees and providers.

Many thanks to everyone for all your help!

Amira Elbeshbeshy

Dr. Anand Chabra

Andre Camaisa

Beverly Karnatz

Darin Buxbaum

Deepak Kumar

Dustin Harper

Edwin Rivera

Frank Trinh

Grace Li

Janet Chaikind

Janet Williams

Janie Jones

Dr. Kenneth Tai

Dr. Leland Luna

Lisa Mancini

Lizelle Lirio de Luna

Louise Rogers

Lucinda Dei Rossi

Dr. Maria Osmena

Mark Treat

Min Chang

Nancy Keegan

Nancy Magee

Natalie Hodgen

Natalya Alazraie

Nkia Brandt

Peter Shih

Dr. Randolph Wong

Ricky Kot

Seth Zuckerman

Simone Heron-Carmignani

Dr. Thomas Stodgel

Tyler Fong

Dr. Vincent Mason

Yogita Butani Thakur

*Member-Centered Advisory Task Force
(MCAT)*

Linnea Koopmans

Palav Babaria

...and over 150 HPSM employees!





*We have a vision that **healthy is for everyone,**
and we fight to make that possible for you.*

Founded in 1987, the Health Plan of San Mateo (HPSM) is a local non-profit health care plan that offers health coverage and a provider network to San Mateo County residents. HPSM improves the health of our members through high quality and preventive care.

www.hpsm.org

MEMORANDUM

AGENDA ITEM: 4.9

DATE: January 10, 2024

DATE: December 28, 2023

TO: San Mateo Health Commission

FROM: Pat Curran, Interim Chief Executive Officer

RE: 2024 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
- Quality Improvement and Health Equity Committee
- Community Advisory 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 2024**

RESOLUTION 2024 -

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 2024.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, 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 2024**

COMMITTEE OR GROUP

MEMBERSHIP REPRESENTATION

Finance/~~Executive~~ Compliance Committee (5)

Staff: CFO/CEO

Meets as Scheduled

Si France, M.D.	-	Commissioner
George Pon	-	Commissioner
Michael Callagy	-	Commissioner
Bill Graham	-	Commissioner
Ligia Andrade-Zuniga <u>Barbara Miao</u>	-	Commissioner

**~~Consumer~~ Community Advisory Committee (13) Staff: ~~Director of Customer Support~~
Director of Population Health**

Meets Quarterly

Vacant <u>Ligia Andrade Zuniga</u>	-	HPSM Commissioner
Judy Garcia (Member) <u>Vacant</u>	-	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
Gloria Flores-Garcia/Ortensia Lopez <u>Ana Avendano</u>	-	HPSM Member or Consumer Advocate
Angela Valdez	-	Human Services Agency, County of San Mateo
Amira Elbeshbeshy, Chair	-	Legal Aid Society Representative
Ricky Kot	-	Aging & Adult Services, County of San Mateo
Marmi Bermudez	-	Health System, County of San Mateo

~~Quality Improvement Committee~~ - Quality Improvement & Health Equity Committee (QIHEC) (8)

Staff: Director of Quality Improvement

Meets Quarterly

Kenneth Tai, M.D.	-	Commissioner (Physician)
Jeanette Aviles, M.D.	-	Physician Member (SMMC Physician-Internal Medicine)
Amelia Louise Sattler, M.D. <u>Vacant</u>	-	Physician Member (PCP – Family Medicine)
Jaime Chavarria, M.D.	-	Physician Member (PCP – Family Medicine)
Maria Osmena, M.D.	-	Physician Member (PCP – Pediatrics)
Vacant	-	Specialist (Psychiatry)
Vacant	-	Specialist
Vacant	-	Pharmacist

(Italics indicates additional information on committee member)

AGENDA ITEM: 4.10

DATE: January 10, 2024

MEMORANDUM

DATE: December 27, 2023
TO: San Mateo Health Commission
FROM: Pat Curran, Chief Executive Officer
RE: Commission Meeting Schedule for 2024

The San Mateo Health Commission meetings are held on the 2nd Wednesday of the month at 12:30 p.m. The meetings will be held at the Health Plan of San Mateo, 801 Gateway Blvd., 1st Floor Boardroom, South San Francisco. The Commission meets nine times a year. Below are the meeting dates planned for 2024, unless notified otherwise.

Please note there will be no meeting scheduled for the months of February, July, and October in 2024:

January 10, 2024

March 13, 2024

April 10, 2024

May 8, 2024

June 12, 2024

August 14, 2024

September 11, 2024

November 13, 2024

December 13, 2024

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF SAN MATEO HEALTH COMMISSION
MEETING DATES FOR 2024**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. The San Mateo Health Commission meets on the 2nd Wednesday of the month nine times a year at 12:30 p.m.; and
- B. The Commission wishes to adopt a schedule for 2024 for its scheduled meetings.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission adopts the schedule to meet on the 2nd Wednesday of each month at 12:30 pm with the exception of February, July and October 2024.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

DRAFT

SAN MATEO HEALTH COMMISSION
Meeting Minutes
November 8, 2023 – 12:30 p.m.
Health Plan of San Mateo
801 Gateway Blvd., 1st Floor Boardroom
South San Francisco, CA 94080

AGENDA ITEM: 4.11

DATE: January 10, 2023

Commissioners Present: Jeanette Aviles Raymond Mueller
Michael Callagy George Pon, R. Ph., Chair
Bill Graham, Vice-Chair Kenneth Tai, M.D.
Barbara Miao Ligia Andrade Zuniga

Commissioners Absent: David J. Canepa, Si France, M.D., Manuel Santamaria

Counsel: Kristina Paszek

Staff Presenting: Pat Curran, Colleen Murphey, Ian Johansson, Luarnie Bermudo,
Courtney Sage.

1. Call to order/roll call

The meeting was called to order at 12:33 p.m. by Commissioner Pon, Chair. A quorum was present.

2. Public Comment

No public comments were made at this time.

3. Approval of Agenda

Commissioner Callagy moved to approve the agenda as presented (Second: Aviles) **M/S/P.**

4. Approval of Consent Agenda

Commissioner Callagy moved to approve the consent agenda as presented (Second: Aviles) **M/S/P.**

5. Specific Discussion/Action Items

5.1 Approval of a Five Year Strategic Plan (2024-2028)

Pat Curran introduced Colleen Murphey, Chief Operating Officer, who reviewed a presentation outlining the HPSM five-year Strategic Plan. Mr. Curran extended thanks to the many people involved in the preparation of this strategic plan including special thanks to Wendy Todd, Consultant, and Colleen Murphey who dedicated many hours organizing and facilitating the process to develop the plan. Mr. Curran noted that our quarterly Manager's meeting was held earlier today and many were managers and supervisors were present in the boardroom for this meeting.

Ms. Murphey reviewed her presentation attached to these minutes [Strategic Plan 2024-28](#)

The main elements of the plan include six organizational goals in two areas of focus:

- Better Health Experiences and Outcomes for all members
 - ✓ Outcomes
 - ✓ Access and Experience
 - ✓ Equity
- Thriving Organization Capacity and Resilience
 - ✓ Strengthening Culture and Teams
 - ✓ Solving Problems with Data
 - ✓ Investing for the Future

After review and discussion of the goals presented, Ms. Murphey noted that initiatives and metrics will be further defined beneath each of the outlined goals as part of our annual business planning.

Commissioners expressed their appreciation for this well thought out plan for the five years and the goals outlined, noting the focus on member experience and listening to the community. Commissioner Graham moved approval of the outline of the Five Year Strategic plan for 2024-2028 as presented. (Second: Zuniga). **M/S/P**

5.2 Presentation on External Audit Results

Mr. Ian Johansson, Chief Government Affairs and Compliance Officer, reviewed his presentation outlining the results of the external audits performed. The presentation is attached:

- Two DHCS audits: standard and a special targeted audit of behavioral health and transportation. Audit reports are still pending.
- Six categories of operations that DHCS reviews;
- DHCS provided “areas of concern” at the conclusion of the audit. Report expected before the end of 2023;
- A report from the Department of Mental Healthcare from an audit conducted in 2021 was just received;
- The routine 2021 DMHC Audit reviewed 8 categories of operation with 4 cited areas;
- Overall opportunity for health plan to adapt alternative to improving audit readiness and building oversight process into regular business;
- Next Steps: Evidence to demonstrate closure of audit issues; Corrective Action Plans on uncorrected issues; evaluate to resolve systemic issues; improve monitoring systems for better performance.
- 2023 External Audits – seven years since last audit; intensive effort for staff with six-week lead time and three week audit schedule (CMS, NCQA);

- HPSM's 2022 Compliance Survey Results had an increase in participation rate.

5.3 Approval of Capacity Grant Agreement with 3Prong Health for Expansion to Access to Mental Health Services

Luarnie Bermudo, Director of Provider Services, reviewed the recommendation for the Grant Agreement with 3Prong Health to expand access to HPSM members. HPSM staff is requesting Commission approval to provide 3Prong Health with a \$350,000 capacity investment to fund the expansion of in-person mental health services at 1375 Burlingame Avenue, Burlingame, CA. This expansion will encompass an additional 3,000 square feet, that will create 8-10 net new clinical exam rooms dedicated to in-person services. The primary goal of this expansion is to meet the escalating demand for mental health services among HPSM members, particularly within the Adolescent and Child population.

Discussion on the number of additional members that would be served and over what period of what time ensued.

Commissioner Mueller moved to approve the grant in the amount not to exceed \$350,000 to fund 3-ProngHealth to increase in-person behavioral health services for 400-600 HPSM members annually at its Burlingame location for a period of the length of their 5-year lease plus the 5-year extension; and with the intention of accommodating accessibility needs of HPSM members. (Second: Zuniga) **M/S/P**

6. Report from Chief Executive Officer

Mr. Curran touched on:

- Acknowledged that HPSM received two Quality Awards at the statewide level. One was for the most improvement and the other was for overall performance
- Acknowledged the Commission for being open to forming a non-profit entity and exploring a a regional Medicare DSNP. No other local health plans are currently interested in pursuing this model, but HPSM will continue to explore ways of collaborating with other local health plans.
- The December meeting will be cancelled.

7. Other Business

No other business was discussed at this time.

8. Adjournment

The meeting was adjourned at 2:10 pm

Submitted by:

C. Burgess

C. Burgess, Clerk of the Commission

HPSM Strategic Plan: 2024 - 2028

San Mateo Health Commission

11/09/2023



Our goals for today:



- Recap our **objectives and process** for developing the 2024-2028 Strategic Plan
- Present our **proposed 2024 – 2028 Strategic Plan**
- **Discuss and vote** on approval
- Identify **next steps**

Our goals for today:



- Recap our **objectives and process** for developing the 2024-2028 Strategic Plan
- Present our **proposed 2024 – 2028 Strategic Plan**
- **Discuss and vote** on approval
- Identify **next steps**

Planning for the road ahead



Strategic Framework and Documents



Strategic Framework and Documents



Our process for gathering input



Environmental Scan



CalAIM HCS Statewide care transformation



Accountability for Health Outcomes and Health Equity



Growing competitive pressure



Lasting impacts of the COVID-19 Public Health Emergency



Shifting focus on financial risk

SWOT Snapshot



Internal Strengths

1. **Medi-Cal members' immunization rates, perinatal/postpartum care, Diabetes mgmt., dental care**
2. Care Advantage member satisfaction
3. Solid track record serving Duals
4. **Employee satisfaction + competitive in workforce**
5. Provider and partner satisfaction
6. Good fiscal management + healthy reserves
7. Staff committed to members
8. Strong external reputation

External Opportunities

1. **Provider workforce pipeline**
2. **Innovate**
3. **Invest/fund beyond benefits + expand programs**
4. **Partner with community-based organizations to address social determinants**
5. Use data to improve member health and advocate for policy change

Bold = new or different

Internal Weaknesses

1. Limited provider network is access to care barrier
2. Health disparities
3. Communication to providers
4. Communication across departments
5. Below national averages for health care quality
6. **Employee engagement disparities**

External Threats

1. Limited provider availability
2. HPSM talent recruitment and retention given competitive marketplace
3. **Competition with Kaiser for members**
4. **Constant regulatory changes strains bandwidth**
5. **Shifting community needs and community-based org. capacity**

Context for Strategic Plan Development



Guiding Principles



- 1. HPSM will focus on work that significantly advances our Mission:** ensuring that our members have access to high-quality care, services and supports.
- 2. HPSM will measure and improve our impact upon health outcomes –** with a particular focus on meeting the needs of our members experiencing health disparities.
- 3. HPSM will leverage our unique strengths,** with intentional planning about where we are best suited to play the role of convener, investor, partner, or lead implementor.
- 4. HPSM will plan for long-term sustainability,** acting with the highest standards of financial stewardship and with consideration for the broader competitive and policy landscape we operate within.

From Principles to Practical Criteria



Is this a goal that...

- Meaningfully impacts member access** to high-quality care, services and supports in alignment with our mission.
- Supports our members' journey to the best possible health outcomes,** including equitable outcomes and a positive member experience
- Leverages HPSM's unique strengths** including our unique capabilities, resources, relationships and role within the health care ecosystem.
- Is a goal that we can make **measurable progress on** within a five-year time frame.
- Supports strong **stewardship of our financial resources.**
- Addresses threats and opportunities that **impact HPSM's long-term organizational health**

Our goals for today:



- Recap our **objectives and process** for developing the 2024-2028 Strategic Plan
- Present our **proposed 2024 – 2028 Strategic Plan**
- **Discuss and vote** on approval
- Identify **next steps**

Proposed 2024-2028 Strategic Plan



Focus Areas



Over the next five years, HPSM will engage in efforts to achieve six organizational goals under two areas of focus:

Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience

15

Focus Areas



What will be **different for our members**, 5 years from now?

Better Health Care Experiences and Outcomes for all Members

How will **our organization be different in 5 years**, so that we can achieve those member outcomes?

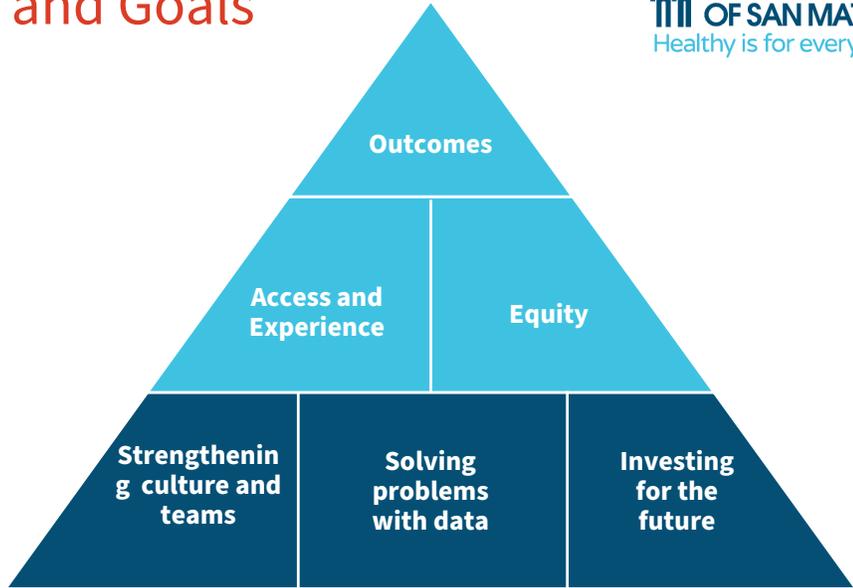
Thriving Organizational Capacity and Resilience

Focus Areas and Goals



Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience

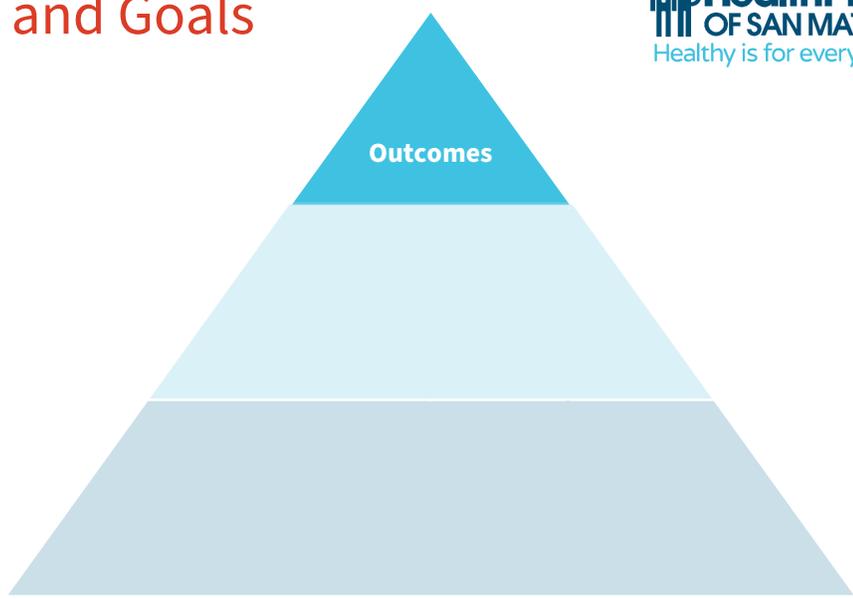


Focus Areas and Goals



Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience



Goal 1: Outcomes



Goal	Improve HPSM members' health outcomes, so that they are comparable with the outcomes of all residents of San Mateo County.
Example Initiatives	<ul style="list-style-type: none">• Implement improvements to achieve higher NCQA and Medicare Star ratings.• Use value-based payment models to incentivize and support providers delivering the highest quality of care.• Subsidize software for providers to help make it easier to conduct population health management.
Metric	Achieve a Medicare Four-Star Rating within five years.

Focus Areas and Goals



Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience



Goal 2: Access and Experience



Goal

Increase access to high-quality member-centered care.

Example Initiatives

- Invest \$30M in primary care, to increase access and improve members' experience of their care.
- Integration: continue multi-year projects to enhance care coordination and integrate behavioral, dental, and medical care benefits, creating a more streamlined member experience and more holistic care management.
- Build out new programs and benefits that invest in social determinants of health, including new programs within the statewide CalAIM transformation.

Metric

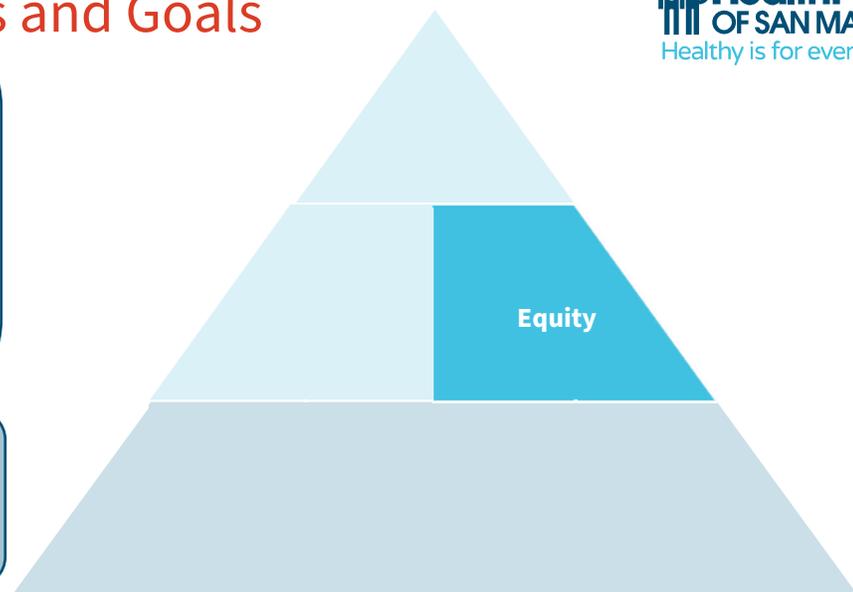
Increase the percent of members who have a primary care visit annually, by ten percent.

Focus Areas and Goals



Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience



Goal 3: Equity

Goal

Reduce disparities in health outcomes among HPSM members.

Example Initiatives

- Embed health equity into core operations organization-wide, through continual assessment, prioritization, and interventions to address barriers.
- Align with San Mateo County Health on shared populations of focus, and invest in community-led initiatives tailored to meet the needs of specific populations experiencing disparities.
- Coordinate efforts with community partners and providers, to address social determinants of health.

Metrics

1. Achieve NCQA Health Equity Accreditation 2. Achieve each of the next five years' annual health equity metrics, selected based upon the annual Population Needs Assessment.

Focus Areas and Goals

Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience



Goal 4: Strengthening Culture & Teams



Goal

Foster an inclusive learning culture that promotes diversity, equity, accessibility and belonging.

Example Initiatives

- Implement new employee onboarding processes to strengthen organizational norms - including those that support learning, psychological safety, and inclusion.
- Regularly capture feedback and implement improvements surfaced by the employee Inclusion, Diversity, Equity and Accessibility (IDEA) Group.
- Pass policies and adopt new practices that support an equitable and inclusive organizational culture.

Metrics

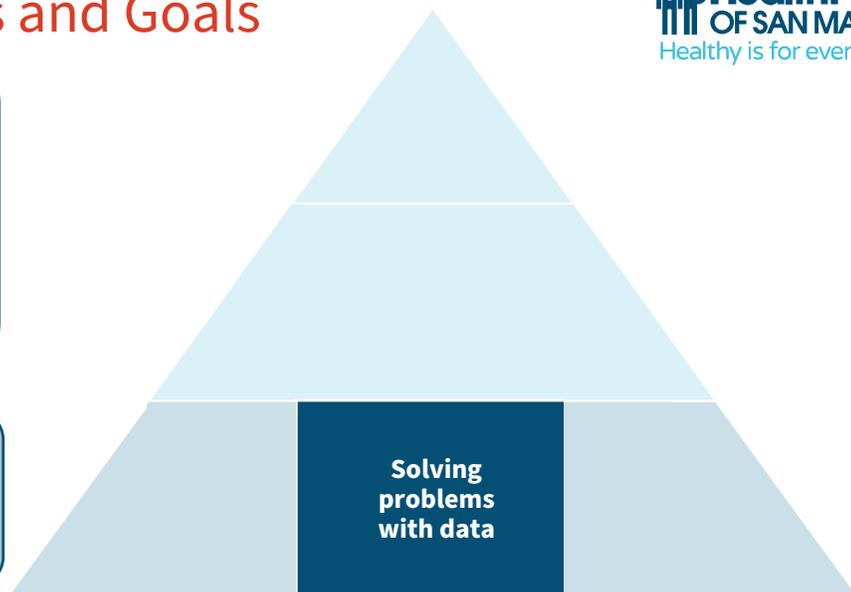
Ten percent sustained improvement on Employee Engagement measures of DEI-B and Psychological Safety (baseline year: 2023).

Focus Areas and Goals



Better Health Care Experiences and Outcomes for all Members

Thriving Organizational Capacity and Resilience

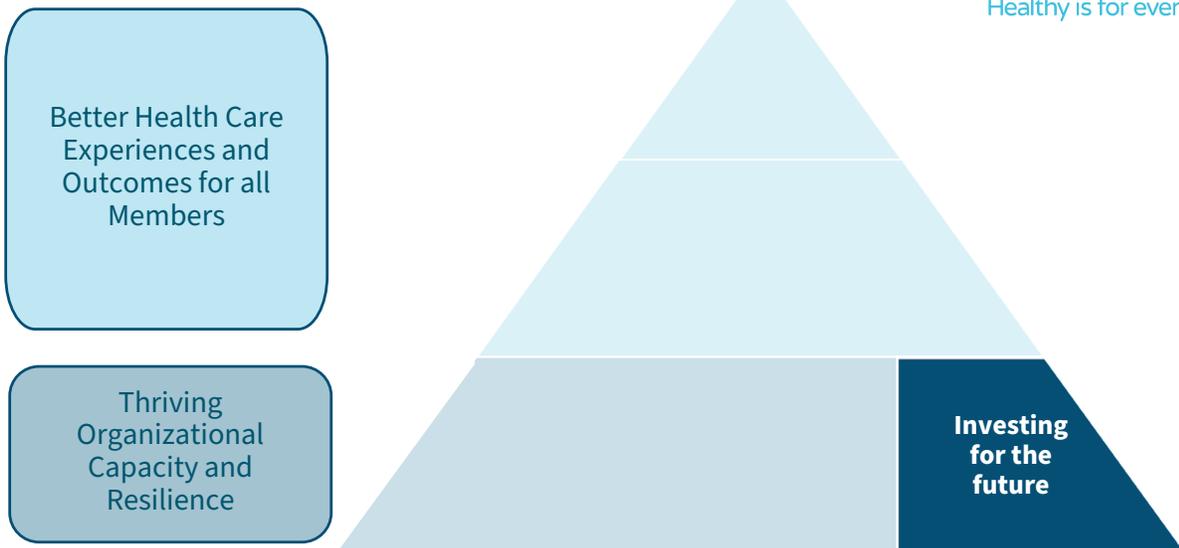


Goal 5: Solving Problems with Data



Goal	Improve decision-making by HPSM staff and providers by leveraging our data and technology to get the right information to the right person at the right time.
Example Initiatives	<ul style="list-style-type: none">Invest in technology tools and data integration efforts, to deliver meaningful data about member health to the providers and partners who need this information to make better care decisions.Provide funding and technical assistance to providers to improve their capacity to collect, use, and share health data.Invest in training, technology, integration, and data quality efforts to improve internal analytics capabilities for HPSM staff.
Metrics	Ten percent sustained improvement in primary care providers' and employees' reported satisfaction with HPSM data-sharing tools (baseline year: 2023).

Focus Areas and Goals



Goal 6: Investing for the Future



Goal Ensure HPSM's long-term sustainability to advance our mission, by evaluating and pursuing opportunities to expand or invest differently.

Example Initiatives

- Establish investment criteria and implement evaluation processes to direct financial resources towards the greatest impact for the healthcare safety net.
- Evaluate opportunities to partner with other organizations to support specific populations, such as PACE-eligible members.
- Invest in efforts to enhance HPSM's brand and awareness of CareAdvantage by HPSM.

Metrics All investments of HPSM reserves were made applying our impact criteria.

Thank You!



**Amira Elbeshbeshy
Dr. Anand Chabra
Andre Camaisa
Beverly Karnatz
Darin Buxbaum
Deepak Kumar
Dustin Harper
Edwin Rivera
Frank Trinh
Grace Li
Janet Chaikind
Janet Williams
Janie Jones
Dr. Kenneth Tai**

**Dr. Leland Luna
Lisa Mancini
Lizelle Lirio de Luna
Louise Rogers
Lucinda Dei Rossi
Maria Osmena
Mark Treat
Min Chang
Nancy Keegan
Nancy Magee
Natalie Hodgen
Natalya Alazraie
Nkia Brandt
Peter Shih**

**Dr. Randolph Wong
Ricky Kot
Seth Zuckerman
Simone Heron-Carmignani
Dr. Thomas Stodgel
Tyler Fong
Dr. Vincent Mason
Yogita Butani Thakur
Member-Centered Advisory
Task Force (MCAT)
Linnea Koopmans
Palav Babaria**

**...and over 150 HPSM
Employees!**

Our goals for today:



- Recap our **objectives and process** for developing the 2024-2028 Strategic Plan
- Present our **proposed 2024 – 2028 Strategic Plan**
- **Discuss and vote** on approval
- Identify **next steps**

Our goals for today:



- Recap our **objectives and process** for developing the 2024-2028 Strategic Plan
- Present our **proposed 2024 – 2028 Strategic Plan**
- **Discuss and vote** on approval
- Identify **next steps**

Next Steps



- Incorporate any changes or feedback from today's discussion
- If approved:
 - Direct staff to develop a final document to reflect this approved strategic plan
 - Final document will be shared with the San Mateo Health Commission, with the public via our website, and with partners and contributors who provided input on the plan
- Report back to SMHC with updates on progress as requested

External Audit Results & Trends, and 2022 Compliance Survey Results

Ian Johansson, Chief Compliance Officer

November 8, 2023



2023 External Audit Activity



- Department of Health Care Services (DHCS)
 - Routine medical compliance audit conducted July 31st to August 11th
 - Concurrent targeted audit conducted
 - Behavioral health and transportation
 - Pending receipt of audit report
- Department of Managed Health Care (DMHC)
 - Received audit report from 2021 audit

2023 External Audit Activity



- 2023 DHCS Audit
 - Routine audit reviews six (6) categories of operations
 - Utilization Management
 - Case Management and Coordination of Care
 - Access and Availability of Care
 - Members' Rights
 - Quality Management
 - Administrative and Organizational Capacity

3

2023 External Audit Activity



- 2023 DHCS Audit
 - DHCS provided “areas of concern” at audit conclusion
 - Not guaranteed to become findings
 - HPSM has an opportunity to rebut findings, once released
 - Audit report expected before end of 2023

4

2023 External Audit Activity



- 2023 DHCS Audit
 - Targeted audit of Behavioral Health and Transportation (Non-emergency medical transportation, Non-medical transportation)
 - Concerted effort based on stakeholder feedback to DHCS
 - No formal audit report to be produced
 - Expecting additional guidance and future routine audit attention in these areas

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2023 External Audit Activity



- 2021 DMHC Audit
 - Routine audit reviews eight (8) categories of operations
 - Quality Assurance
 - Grievances & Appeals
 - Access and Availability of Services
 - Utilization Management
 - Continuity of Care
 - Access to Emergency Services & Payment
 - Prescription Drug Coverage (Rx)
 - Language Assistance

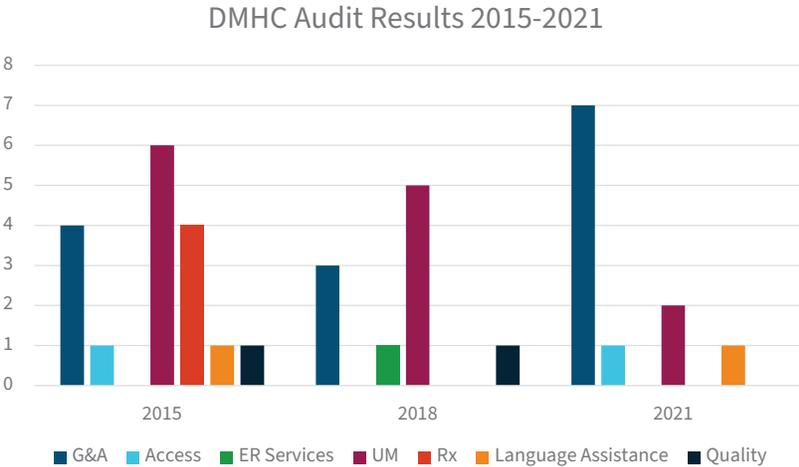
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2023 External Audit Activity



- 2021 DMHC Audit
 - Audit conducted November 15, 2021 to November 18, 2021
 - Findings cited in areas of:
 - Grievances and Appeals
 - Access and Availability of Services
 - Utilization Management
 - Language Assistance

2023 External Audit Activity



What's does this mean?



- DHCS audit intensity is increasing
- DMHC audit report release delay (approx. 1.5 yrs) complicates audit response

- Overall: Opportunity to adapt alternative approaches to 1) improving audit readiness and 2) building in oversight processes into regular business

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What's next?



- Provision of evidence to demonstrate closure of audit issues
- Issues that remain uncorrected will receive a corrective action plan (CAP)
- Evaluation of effort needed to resolve systemic issues
 - Collaboration with Leadership, business owners, and Compliance team
- Ideal state: better monitoring systems will yield better performance

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2023 External Audit Activity



- Centers for Medicare and Medicaid Services (CMS)
 - Seven (7) years since last CMS audit
 - Outlier based on several factors:
 - CMS intends to audit all plans covering all enrolled members every four (4) years
 - Recent issues disclosed to CMS heighten risk of selection
 - Audit is a highly intensive effort, with a 6-week lead time and 3-week audit schedule

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2023 External Audit Activity



- Centers for Medicare and Medicaid Services (CMS)
 - Currently undergoing gap analysis & remediation effort with a consulting firm
 - Ideal state: Adopt a standing readiness posture with testing of Medicare operations annually; ongoing consulting subject matter expertise support
 - How we support NCQA efforts, today
 - Reduce burden on Compliance and operations by embedding continuous testing and support

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2023 External Audit Activity



- National Committee on Quality Assurance (NCQA)
 - HPSM is accredited by NCQA for its Medi-Cal line of business
 - Surveys are conducted every three (3) years
 - HPSM was provisionally accredited after it's last survey in 2021/22
 - HPSM completed a resurvey in Q1 2023 in Utilization Management and Population Health Management
 - HPSM was awarded full accreditation after successful resurvey effort
 - Next survey is in 2024/25

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Take away



- HPSM has strong, capable operational leaders
- All Medi-Cal plans are under tremendous pressure with CalAIM and 2024 Contract work
 - New processes, services, and requirements
- Audit findings are an opportunity to improve
- Volume of new requirements create natural pressures to maintain performance in core services and in new services

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2022 Compliance Survey Results



	2022	2021	AVG
1 Participation Rate	83%	74%	71%
2 Familiar with Compliance Program	99%	99%	98%
3 I know where to view a copy of HPSM's Code of Conduct	99%	99%	97%
4 I know where to locate HPSM's P&Ps	97%	99%	97%
5 I am aware of the P&P that relate to my job	100%	99%	98%
6 The name of HPSM's Compliance Officer is	99%	99%	99%
7 I know how to contact the Compliance Officer	98%	100%	96%
8 I would feel comfortable reporting to the Compliance Officer	92%	98%	97%
9 Observed workplace behavior that felt violated Code of Conduct or policy, law	6%	4%	10%
10 If YES to previous, but didn't report	1.86%	0.47%	2.62%
11 Do you know about HPSM's policy on non-retaliation and non-intimidation	98%	98%	97%
12 Fear of retaliation would prevent me from reporting	21%	15%	24%
13 Confident Compliance will ensure concern is addressed timely	97%	98%	97%
14 Confident Compliance will ensure concern is addressed confidentially	98%	99%	97%

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2023-24 Schedule



- December
 - 2024 Contract
 - 2024 Outlook
- Q1 2024
 - Annual Report
 - Finance/Compliance Reporting

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Questions?

- Contact me @
 - ian.johansson@hpsm.org
- Hotline available 24/7
 - 844-965-1241



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Thank You



Non-Specialty Mental Health Update and 3 Prong Health Funding Request

Luarnie Bermudo, Director of Provider Services

Courtney Sage, Director of Behavioral Health

HPSM Commission Meeting

November 2023

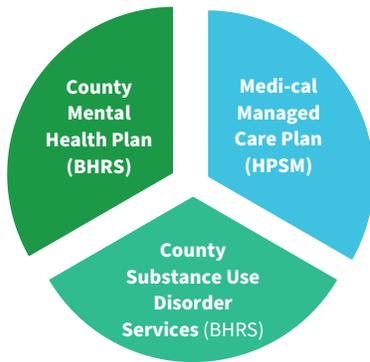


Highlights



- Behavioral Health Benefit Background
- Non-Specialty Mental Health De-Delegation Update
- 3 Prong Update
- Commission Request

Behavioral Health System



Several parties hold responsibility in the management of an HPSM member's Behavioral Health Benefit

- Managed Care Plan (**HPSM**)
 - Non-specialty (Mild to Moderate) Mental health
- Mental Health Plan (**BHRS**)
 - Specialty Mental Health
- Drug Medi-Cal Organized Delivery System (ODS)(**BHRS**)
 - Substance Use Treatment

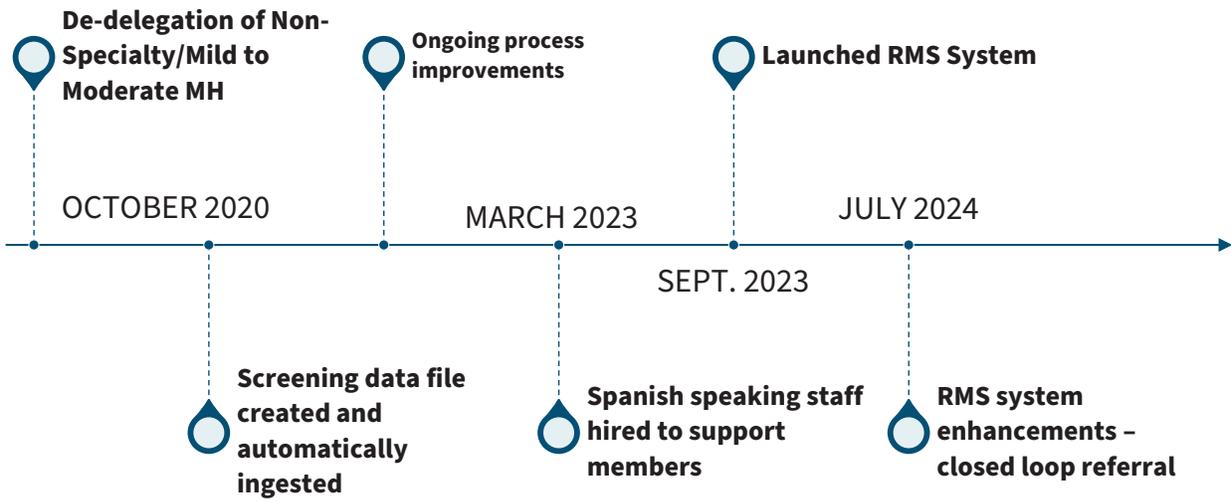
Access Call Center – 1-800-686-0101 is the primary contact for HPSM members to link to the appropriate system of care.

Highlights

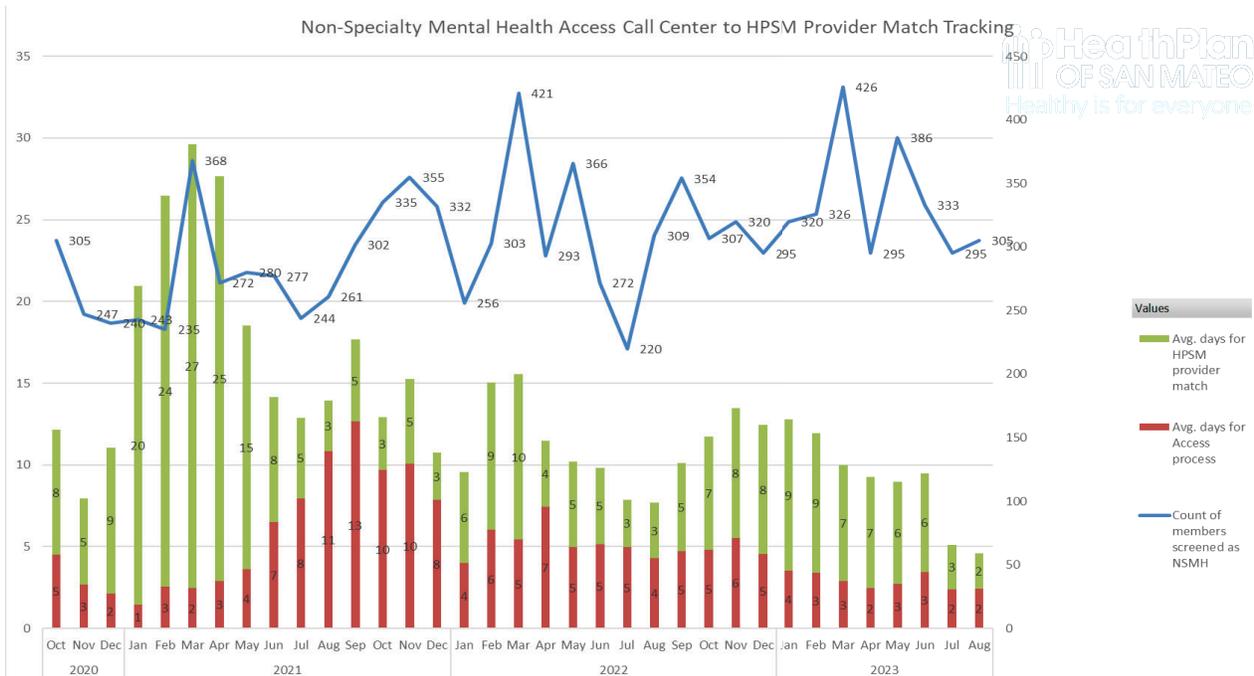


- Behavioral Health Benefit Background
- Non-Specialty Mental Health De-Delegation Update
 - Access Update
 - Network Update
- 3 Prong Update
- Commission Request

Behavioral Health Integration Timeline



Access Call Center – 1-800-686-0101 remains primary contact for Members



NSMH Network Development



Started with 116 Providers and now at over 250 therapist and medication providers

Network includes NSMH Mental health providers that are embedded at PCP clinics, solo practice, large groups, etc.



Adapted well to COVID-19 PHE with the roll out of Telehealth



Emerging needs: In-Person services

Patient Satisfaction

Anticipated increase in membership in 2024 (ACE to Medi-Cal transition)

Highlights



- Behavioral Health Benefit Background
- Non-Specialty Mental Health De-Delegation
- 3 Prong Update
- Commission Request

3 Prong Health

- NSMH Health Provider
- New Medi-Cal and HPSM provider
- High volume provider
- Strong partnership
- Work with other MCPs
- Emerging need of in-person services

Highlights

- Behavioral Health Benefit Background
- Non-Specialty Mental Health De-Delegation Update
- 3 Prong Update
- Commission Request

Investment Criteria



Is this an investment that...

- Meaningfully impacts member access** to high-quality care, services and supports in alignment with our mission.
- Supports our members' journey to the best possible health outcomes**, including equitable outcomes and a positive member experience
- Leverages HPSM's unique strengths** including our unique capabilities, resources, relationships and role within the health care ecosystem.
- Is a goal that we can make **measurable progress on** within a five-year time frame.
- Supports strong **stewardship of our financial resources**.
- Addresses threats and opportunities that **impact HPSM's long-term organizational health**

Request



One-time Capacity Grant of \$350,000 to fund 3 Prong Health



Increase **In-Person** behavioral health services for up to 400-600 HPSM members at Burlingame location

Workforce and Access: Recruitment and Retention (\$100K)

• Therapist (7) and Psychiatrist (1)

Space, accessibility and equipment (\$250K)

• Includes creation of 8-10 additional clinical exam rooms (additional 3000 square feet)

Questions?

Thank you!



MEMORANDUM

AGENDA ITEM: 5.1

DATE: January 10, 2024

DATE: January 3, 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 completed a one year term as the Chair of the Commission. Commissioner Graham completed a one year term as the Vice-Chair.

At this time both Commissioner Pon and Commissioner Graham are eligible to serve another one year term in their current positions. The recommendation is to them continue for another one year term in these positions.

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

DRAFT

**RESOLUTION OF
THE SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF
ELECTION OF COMMISSION OFFICERS FOR 20234**

RESOLUTION 2024 -

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 2024.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

_____, Chairperson

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 2024**

RESOLUTION 2024 -

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 Corinne Burgess as Clerk of the Commission and Michelle Heryford as Assistant Clerk of the Commission.

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

DATE: January 3, 2024
TO: San Mateo Health Commission
FROM: Patrick Curran, CEO
RE: Approval of Revised HPSM Financial Reserve Policy

Recommendation:

HPSM staff recommends that the San Mateo Health Commission approve adding a Contingency Reserve of one month of operating expenses in addition to the current Stabilization Reserve of two months of operating expenses and the DMHC required Tangible Net Equity (TNE).

Background:

HPSM last updated its financial reserve policy in 2016. Prior to 2016, the reserve policy was 250% of the Department of Managed Health Care (DMHC) required TNE. In 2016, the Health Commission updated the policy to include a Stabilization Reserve of two months of operating expenses over and above the required DMHC required TNE.

HPSM currently has very strong reserves, which allows us to provide financial stability and predictability to our members and providers. Due to our continued growth and program complexity, as well as the inevitable future fluctuations in revenue and net income, HPSM staff recommends adding a Contingency Reserve of one month of operating expenses, which is intended to serve as a buffer for short-term future losses without impacting member programs and provider payments.

Discussion and Fiscal Impact:

The addition of a Contingency Reserve does not impact the current level of HPSM reserves. It will reduce the level of uncommitted reserves by an amount equal to the proposed Contingency Reserve amount. HPSM staff will continue to make regular reports to the Finance/Compliance Committee and Health Commission about financial performance and review the financial reserve policy at least annually with the Finance/Compliance Committee.

DRAFT

**RESOLUTION OF THE
SAN MATEO HEALTH COMMISSION**

**IN THE MATTER OF APPROVAL OF
REVISED HPSM FINANCIAL RESERVE POLICY**

RESOLUTION 2024 -

RECITAL: WHEREAS,

- A. The Department of Managed Health Care (DMHC) establishes a minimum level of Tangible Net Equity (TNE) for financial reserves of licensed health plans in California;
- B. Most health plans develop a financial reserve policy that is above the level required by the DMHC TNE requirement;
- C. In 2016, the San Mateo Health Commission updated its policy to include a Stabilization Reserve equal to two months of operating expenses in addition to the required DMHC TNE amount;
- D. HPSM continues to expand its services to its members as well as increasing its annual revenue and overall financial risk;
- E. HPSM staff recommends adding a Contingency Reserve equal to one month of operating expenses to serve as a buffer to sustain future short-term operating losses and reductions in reserve levels without affecting HPSM providers and members.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

- 1. The San Mateo Health Commission approves adding a Contingency Reserve of one month of operating expenses in addition to the current Stabilization Reserve of two months of operating expenses and the DMHC required TNE.
- 2. The Finance/Compliance Committee of the San Mateo Health Commission will review the financial reserve policy of HPSM at least annually.

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

AYES:

NOES:

ABSTAINED:

ABSENT:

George Pon, Chairperson

ATTEST:

APPROVED AS TO FORM:

BY: _____
C. Burgess, Clerk

Kristina Paszek
DEPUTY COUNTY ATTORNEY

HPSM Reserve Policy Revision and Investment Fund Proposal

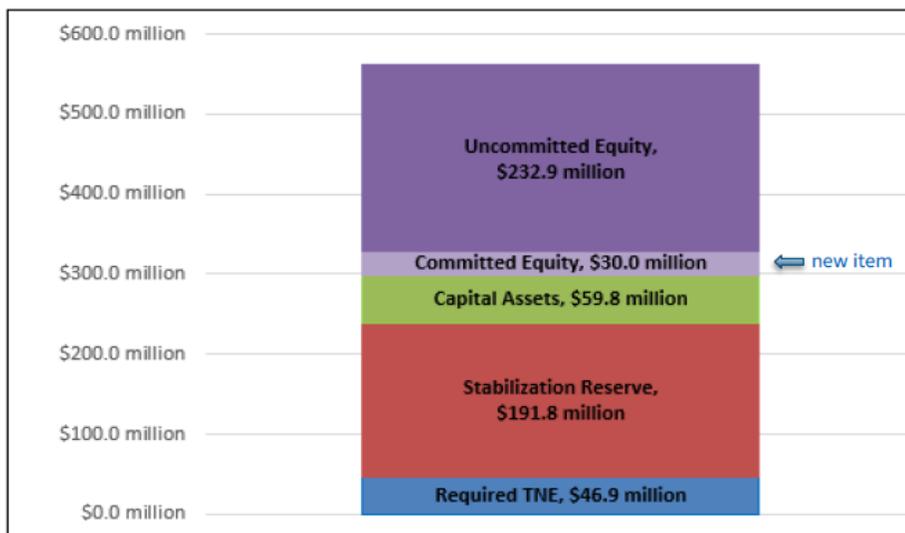
San Mateo Health Commission
January 10, 2024

Goals for Today's Discussion

- Revise the existing financial reserve policy by adding one month as a Contingency Reserve.
 - Potential Health Commission Vote
- Present a framework for investing in HPSM's future and its provider network through two proposed investment funds.
 - Discussion only, with comments/input for HPSM staff to bring back more detail on the proposed investment funds at the March meeting

Current HPSM Reserve Policy

HPSM has a current Stabilization Reserve that equals two months of operating expenses. The actual dollar amount of this Stabilization Reserve will vary based upon HPSM membership and total costs. Here are reserve amounts as of Sept. 30, 2023:



Observations about Reserves

- The Department of Managed Health Care (DMHC) Tangible Net Equity (TNE) requirement is very low
 - The DMHC TNE calculation for required reserves approximates only two weeks of operating expenses.
 - It is widely acknowledged that this DMHC TNE amount is far too low.
- The HPSM Stabilization Reserve is reasonable compared to the industry
 - Health plans use different calculations and criteria for establishing minimum reserve levels, but the HPSM Stabilization Reserve of two months of operating expenses is reasonable compared to other health plans with similar financial risk profiles.

Observations about Reserves – cont'd

- HPSM does not have a maximum reserve amount
 - Because HPSM has not had historically high reserve levels, HPSM has not established a maximum reserve amount.
- HPSM currently has strong reserves
 - HPSM has a total reserve amount of \$561.4M as of 9/30/23. Of that total, approximately \$232.9M is uncommitted.
 - HPSM will likely end the year with a higher reserve amount, posting monthly surpluses for the remainder of 2023.
- Large surpluses are unlikely to continue
 - Future state budget challenges and the planned establishment of regional rates may put significant pressure on HPSM's future revenue and net income. This shift could start as early as 2024.

5

Strategic Plan Goal 6: Investing for the Future

Goal

Ensure HPSM's long-term sustainability to advance our mission, by evaluating and pursuing opportunities to expand or invest differently.

Example Initiatives

- Establish investment criteria and implement evaluation processes to direct financial resources towards the greatest impact for the healthcare safety net.
- Evaluate opportunities to partner with other organizations to support specific populations, such as PACE-eligible members.
- Invest in efforts to enhance HPSM's brand and awareness of CareAdvantage by HPSM.

Metrics

All investments of HPSM reserves were made applying our impact criteria.

6

Part 1: Proposed Reserve Policy

Stabilization Reserve

- HPSM will continue its existing reserve policy of two months of operating expenses as the appropriate minimum reserve level. In addition, capital assets would not be calculated as part of the Stabilization Reserve, consistent with existing policy.

Contingency Reserve

- HPSM will establish a Contingency Reserve of one month of operating expenses over and above the Stabilization Reserve. This Contingency Reserve is intended to serve as a buffer to sustain short-term reductions in reserve levels due to future operating losses.

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Part 2: Proposed HPSM Investment Funds

Establish the following areas to strategically invest in our provider network, our community, and our future through innovative programs and services to support our members:

- HPSM Provider Investment Fund
- HPSM Community Investment and Innovation Fund

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Proposed HPSM Investment Funds



1. Provider Investment Fund

Ensuring a stable and accessible provider network is critical to our mission and vision. HPSM will develop criteria to invest in our network:

- Financially sustainable provider rate increases
- One-time investments
- Both will further our strategic goals to improve access to care, reduce disparities, and advance health outcomes.

2. Community Investment and Innovation Fund

HPSM can leverage our unique role in the San Mateo County health ecosystem to develop the following:

- A community investment fund
- An Innovation Center to test new programs, ideas, and services that benefit our members and our community

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Future Additions to HPSM Reserves



- If HPSM reserves are less than the Stabilization Reserve level, 100% of all net income will be devoted to HPSM reserves.*
- If HPSM reserves are between the Stabilization Reserve level and the Contingency Reserve level, 75% of net income will be added to HPSM reserves and 25% will be devoted to HPSM Investment Funds.
- If HPSM reserves are more than the Contingency Reserve amount (three months of operating expenses), 25% of annual net income will be added to HPSM reserves and 75% will be added to HPSM Investment Funds.
- The calculation for contribution to the HPSM Investment Funds will be made annually in May (starting in 2025) based upon prior end-of-year reserve amounts and net income following the acceptance by the Health Commission of the HPSM annual audited financial statements.

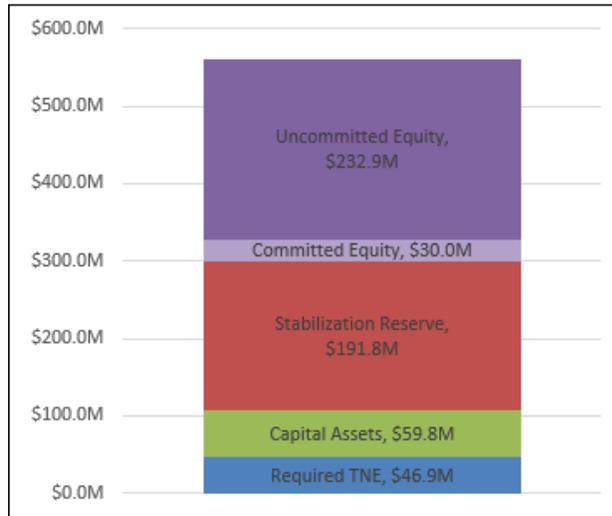
* HPSM will add to the Community Investment and Innovation Fund as required by the contract with DHCS

10

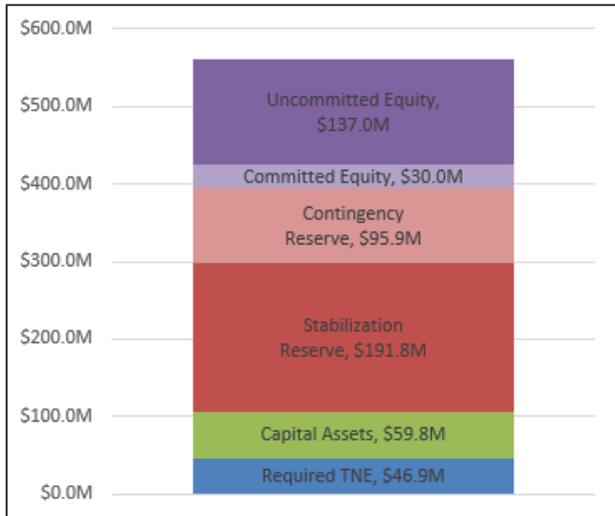
Reserve Balance at 9/30/2023

\$561.4 Million

Current Policy



Proposed Policy



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Next Steps

1. Vote on proposed Reserve Policy revision.
2. HPSM staff will develop more detail for two investment funds, including short-term priorities, and bring back to Finance/Compliance Committee in February for input and suggested changes.
3. HPSM staff will take complete proposal to March Health Commission meeting based upon Finance/Compliance Committee input for vote on investment fund scope and allocation.

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MEMORANDUM

AGENDA ITEM: 7.0

DATE: January 10, 2024

DATE: January 3, 2024
TO: San Mateo Health Commission
FROM: Patrick Curran
RE: CEO Report – January 2024

DHCS Quality Sanctions

The Department of Healthcare Services (DHCS) has instituted a system of monitoring Medi-Cal health plan quality scores and assessing financial penalties for low performance. The formula for determining low performance has evolved but is essentially triggered by health plans scoring below the 50th percentile in certain quality metrics. HPSM was assessed a \$25,000 penalty in 2022 because we had two metrics below the 50th percentile in one category. For 2023, HPSM has no financial penalty and showed improved performance. Both HPSM staff and our provider partners have worked diligently to continue to improve health outcomes for our members.

Managed Care Organization (MCO) Tax

The five-year \$19 billion managed care tax proposed by the state was approved by the Centers for Medicare and Medicaid Services (CMS) last month.

For 2024, we are now implementing specific rates for more than 700 codes related to primary care and preventive services, as well behavioral health and maternity services. Our goal is to make these changes as seamless as possible for providers. As reported previously, HPSM already pays higher than the targeted rate increase proposed by the state for many of these codes, and we will ensure that we increase the rates for all codes as needed to meet the requirement.

The next phase of provider rate increases related to the MCO Tax will occur in 2025 and include a broader set of services and providers. Due to these payment rate changes, we are using this opportunity to evaluate all our provider payment rates in an ongoing effort to improve access for our members and acknowledge the workforce challenges faced by providers.

Expanded Health Coverage

Starting January 2024, we will begin enrolling San Mateo County residents aged 26-49 who qualify for Medi-Cal but who have previously not been eligible due to documentation status. As a reminder, the state had previously covered both children and young adults up to age 26 and individuals over age 50, so this change now completes the transition. This is truly a landmark event, with California becoming the first state in the country to provide health coverage for all residents, regardless of documentation status. Many of these new members (we estimate 15-20K) will transition to Medi-Cal from the county’s existing Access to Care for Everyone (ACE) program.

Medi-Cal Redeterminations

We now have five months of HPSM member redeterminations. As a reminder, this process includes verification by the member to the local Human Services Agency (HSA) that the member continues to meet Medi-Cal eligibility criteria, and every HPSM member will need to recertify coverage. The state and county are attempting to automatically qualify as many members as possible so that coverage is not discontinued due to paperwork issues. We are tracking close to the statewide average of 20% of members being disenrolled. We continue to monitor and work closely with both HSA and the Health Coverage Unit at San Mateo County Health so that we minimize any lapses in coverage for our members.

State Budget

The Legislative Analyst Office (LAO) released its preliminary budget estimate for the upcoming fiscal year (July 2024 through June 2025). It estimates that California will face a \$68B budget deficit, mainly due to reduced tax receipts. This increased deficit projection was expected, and the LAO recommended several measures, including using budget reserves, reducing or delaying one-time spending, and raising revenue. Governor Newsom will announce his initial budget on or about January 10th, which will initiate the legislative hearing process.

CalAIM Study Session

Since we have no Health Commission meeting in February, we are planning to hold a study session for Health Commission members at the HPSM office regarding CalAIM. We will send out proposed dates, and the goal of the meeting is to take extra time to review and discuss the many aspects of this program, which is a five-year statewide effort to transform Medi-Cal.

Baby Bonus Project

The Jackie Speier Foundation has embarked on a bold initiative to end child poverty in San Mateo County. One of its first initiatives is called the Baby Bonus Project. It envisions providing basic monetary assistance to families of newborns and evaluating the impact on child development and health outcomes. Similar programs that have provided funding in communities across the country are often called Guaranteed Basic Income or Universal Basic Income.

With more than 1,100 births each year, HPSM is in a unique position to expand the programming we already do to support newborns and families. We are involved in the Steering Group, which includes First Five San Mateo County, the Jackie Speier Foundation, San Mateo County Health, and Lucille Packard Children's Hospital, to evaluate what role HPSM might play in this proposed program. We will likely receive a funding request, to which we will apply the criteria developed in our strategic plan to evaluate before bringing any proposal to the Health Commission.

AGENDA ITEM: 8.0

DATE: January 10, 2024

Meeting materials are not included

for Item 8 – CLOSED SESSION

*CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation (Gov't Code section 54956.9(d)(4)) (1 case)*