



**REGULAR MEETING OF THE GOVERNING BOARD  
OF THE  
INLAND EMPIRE HEALTH PLAN**

**December 9, 2024 - 9:00 AM**

Board Report #355

**Mission Inn Hotel and Spa  
Santa Barbara Conference Room  
3649 Mission Inn Avenue  
Riverside, CA 92501**

**PUBLIC COMMENT AT INLAND EMPIRE HEALTH PLAN GOVERNING BOARD MEETINGS:**

The meeting of the Inland Empire Health Plan Governing Board is open to the public. A member of the public may address the Board on any item on the agenda and on any matter that is within the Board's jurisdiction at the time of the meeting when the item listed on the agenda is called. Each speaker should begin by identifying themselves for the record and announce any contributions in excess of \$250.00 made by them or their organization in the past twelve (12) months to any IEHP Governing Board member as well as the name of the Governing Board member who received contribution. In order to keep track of speakers and to be able to notify the Board of any speakers on a particular agenda item, a speaker slip is requested to be completed and provided to the Board Secretary by the commencement of the public meeting and no later than the time the agenda item has been called so that you may be recognized by the Board to speak. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

All public record documents for matters on the open session of this agenda can be viewed at the meeting location listed above, IEHP main offices at 10801 6<sup>th</sup> Street, Suite 120, Rancho Cucamonga, CA 91730 and online at <http://www.iehp.org>.

**\*\*LIVE STREAMING FOR THIS MEETING WILL NOT BE AVAILABLE\*\***

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**AGENDA**

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- I. Call to Order
- II. Pledge of Allegiance
- III. Roll Call
- IV. Changes to the Agenda
- V. Public Comments on Matters on the Agenda

AGENDA

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- VI. Conflict of Interest Disclosure:  
*Please note that Board members who also serve as a member of a legislative body of another public entity, such as San Bernardino County or the County of Riverside, does not by itself constitute a disqualifying conflict of interest that would prevent such members from participating on matters appearing on the agenda for the Inland Empire Health Plan or IEHP Health Access despite their affiliation with both public entities.*
- VII. Adopt and Approve of the Meeting Minutes from the November 4, 2024 Regular Meeting of the Governing Board of the Inland Empire Health Plan
- VIII. CONSENT AGENDA

**ADMINISTRATION (Jarrod McNaughton)**

1. Approve Amendment 03 to the Local Initiative Primary Contract (#23-30225) with the California Department of Health Care Services
2. Approve the Calendar Year 2025 Spending Authority with Gibson Dunn & Crutcher, Kennaday Leavitt PC, Musick Peeler & Garrett LLP, Best Best & Krieger LLP and Arent Fox Schiff LLP, and 2024 additional Spending Authority Increase with Stream Kim Hicks Wrage Alfaro, PC
3. Monthly Membership Report

**FINANCE DEPARTMENT (Keenan Freeman)**

4. Delegation of Authority to Approve the Second Amendment to the Lease Agreement with MLGS-CA LLC
5. Delegation of Authority to Approve the Reinsurance Renewal for Covered California Line of Business

**HEALTH SERVICES DEPARTMENT (Takashi Wada, M.D.)**

6. Approve the Award of Request For Proposal #24-06004 to and Delegation of Authority to Approve Contractual Documents with West Monroe Holdings, LLC

**QUALITY DEPARTMENT (Edward Juhn, M.D.)**

7. Approve the 2025 Medi-Cal Program Fees for the Integrated Healthcare Association Align. Measure. Perform. Program

**PROVIDER NETWORK DEPARTMENT (Susie White)**

8. Ratify and Approve the Twelfth Amendment to the Hospital Per Diem Agreement with San Bernardino County on Behalf of Arrowhead Regional Medical Center - Colton

9. Ratify and Approve the Letter of Agreement with Carlos A Smith Professional Corporation - Torrence
10. Ratify and Approve the Twenty-Second Amendment to the Hospital Per Diem Agreement with Community Hospital of San Bernardino – San Bernardino
11. Ratify and Approve the Twenty-Sixth Amendment to the Hospital Per Diem Agreement with Dignity Health, A California Non-Profit Benefit Corporation DBA St. Bernardine Medical Center – San Bernardino
12. Ratify and Approval of the Standard Template
  - 1) Intermediate Care Facility Agreement (Excluding Medicare)
13. Approval of the Evergreen Contracts
  - 1) Cajon Medical Group PC. Capitated Primary Care Provider Agreement. San Additional five (5) year term:
  - 2) Valentine U Otuechere MD dba Valentine Medical Clinic Open Access Agreement (Excluding Medicare) Riverside
  - 3) Call the Car Transportation Agreement – Pasadena
  - 4) Dignity Health Medical Foundation dba Dignity Health Medical Group Inland Empire A Service of Dignity Health Medical Foundation– Enhancement Care Management Provider Agreement-Fontana
  - 5) Palliative Partners Inc Enhancement Care Management Provider Agreement Riverside
  - 6) Heritage Health Care Inc dba Heritage Gardens Health Care Center – Loma Linda
  - 7) Community Healthcare Partner Inc dba Colorado River Medical Center – Provider Agreement – Specialist – Needles
  - 8) Fariborz Lalezarzadeh DO Inc Provider Agreement – Specialist – San Bernardino
  - 9) Seven Star Hospital Associates Inc- Participating Provider Agreement – Specialist- Hemet
  - 10) Allstar Health Providers Inc- Ancillary Agreement – Murrieta
  - 11) Health Diagnostics of California A Professional Corporation dba Simon Med Health Diagnostics– Ancillary Agreement– Riverside
  - 12) Theodora Okafor dba Chino Medical Pharmacy– Ancillary Agreement– Chino
  - 13) Dennis Mullenix II LMFT- Provider Agreement - Behavioral Health Riverside
  - 14) Karla Torres -Participating Provider Agreement - Behavioral Health – Sun City
  - 15) Michele Scyoc - Participating Provider Agreement - Behavioral Health –Loma Linca
  - 16) Sean Colin Cuypers Participating Provider Agreement - Behavioral Health – Riverside
  - 17) Qazi Medical Group Inc. Capitated Primary Care Provider Agreement. Moreno Valley
  - 18) Glenn P Matney MD - Capitated Primary Care Provider Agreement (Excluding Medicare)– Victorville
  - 19) Dharmavijaypal R Narayan dba D Reddy Medical Group Fee-For-Service Primary Care Provider Agreement– Palm Springs
  - 20) Telehealth Services USA dba Hazel Health Services– Fee-For-Service Primary Care Provider Agreement (No Medicare) Rancho Mirage
  - 21) Azar Foot & Ankle Specialist Inc- Participating Provider Agreement – Specialist - Montclair

- 22) Bagherpour Inc– Participating Provider Agreement - Specialist Rancho Mirage
- 23) Bryce Jolley DPM Inc– Provider Agreement - Specialist – Palm Springs
- 24) Lechner Chiropractic Inc dba Anthony C Lechner DC- Participating Provider Agreement – Specialist - Corona
- 25) Lubna Akbany – Participating Provider Agreement - Specialist - Upland
- 26) Mariam Amiri DPM dba Loma Linda Foot and Ankle Center Participating Provider Agreement - Specialist – Loma Linda -
- 27) Stephanie N Taylor Participating Provider Agreement - Specialist – Riverside
- 28) Chaparral Physical Therapy Inc- Participating Provider Agreement – Specialist (MCR only) Hesperia
- 29) JP Anesthesiology Inc dba Advanced Pain Management Center - Participating Provider Agreement – Specialist – (MCR only) -Victorville
- 30) Tracy L Malan RPT APC dba Chaparral Physical Therapy - Participating Provider Agreement – Specialist – (MCR only)- Barstow
- 31) Providence Medical Foundation - Urgent Care Provider Agreement – Victorville
- 32) Southern California Emergency Medicine dba Southern California Occupational Health Services Urgent Care Provider Agreement – Colton
- 33) Mylinh T Duncan dba Mylinh Tran Duncan OD - Participating Provider Agreement – Vision – Riverside
- 34) Thao Thanh Pham OD Inc dba Apple of My Eye Optometry - Participating Provider Agreement – Vision – Riverside

IX. POLICY AGENDA AND STATUS REPORT ON AGENCY OPERATIONS

**FINANCE DEPARTMENT (Keenan Freeman)**

14. Review of Monthly Financials
15. Adopt and Approve the Interim IEHP Calendar Year 2025 Operations Budget

X. Comments from the Public on Matters not on the Agenda

XI. Board Member Comments

XII. Closed Session

1. With respect to every item of business to be discussed in closed session pursuant to California Government Code Section 54956.9:
  - a. Conference with Legal Counsel-Anticipated Litigation: Initiation of litigation pursuant to subdivision (d)(4) of Government Code Section 54956.9:
    - i. Two cases
2. Conference with Legal Counsel-Existing Litigation pursuant to subdivision (d)(1) of Government Code Section 54956.9:
  - a. Notice of Dispute filed with DHCS on 10/24/2024

3. With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54956.87 subdivision (b):
  - a. HEALTH PLAN TRADE SECRETS: Meeting held for the purpose of discussion or taking action on health plan trade secrets, including initiating a new service, program, marketing strategy, business plan, or technology, or to add a benefit or product where the premature disclosure of the trade secret would create a substantial probability of depriving the health plan of a substantial economic benefit or opportunity.

XIII. Adjournment

The next meeting of the IEHP Governing Board will be held on January 13, 2025, at the Dr. Bradley P. Gilbert Center for Learning and Innovation in Rancho Cucamonga.

## ADMINISTRATION

### 1. APPROVE AMENDMENT 03 TO THE LOCAL INITIATIVE PRIMARY CONTRACT (#23-30225) WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

#### **Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) approve Amendment 03 to the Local Initiative Primary Contract (#23-30225) with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal Health Plan Services effective January 1, 2025.

#### **Contact:**

Jarrod McNaughton, Chief Executive Officer

#### **Background:**

In March 1993, DHCS issued a State Strategic Plan for Medi-Cal Managed Care (Strategic Plan). The Strategic Plan was designed to transfer the delivery of care for the majority of the Medi-Cal population from a predominantly fee-for-service payment system to a capitated managed care system. Riverside and San Bernardino counties were designated as two (2) of the 12 counties in the State to initiate the Medi-Cal Managed Care Program.

Riverside and San Bernardino counties are organized as a Two-Plan Model Managed Care Program. In Two-Plan Model counties, there is a Local Initiative (county organized) and a Commercial Plan in which DHCS contracts with both health plans. IEHP is the Local Initiative Medi-Cal Managed Care Health Plan and Molina Healthcare is the Commercial Plan in Riverside and San Bernardino counties. As of January 1, 2024, Kaiser Permanente is also present in the counties as an Alternative Health Care Service Plan. These health plans provide the Medi-Cal population freedom of choice in selecting medical services. They also allow for competition between the two (2) systems in terms of services and cost.

Each Plan in the Two-Plan Model Managed Care Program entered into a contract with DHCS in order to receive funds from the State to provide health care services to the Medi-Cal population.

In December 2023, IEHP received the new Primary Contract with DHCS for Medi-Cal Health Plan Services. DHCS issued a new Primary Contract to reflect a more rigorous contract that holds health plans to new standards of care and greater accountability in order to ensure Medi-Cal Members have the care and support they need. The parties agree to comply with the terms and conditions to provide health care services to eligible Medi-Cal recipients within the scope of Medi-Cal benefits as defined in the contents of the Primary Contract. The term of the Primary Contract is from January 1, 2024, through December 31, 2024.

#### **Discussion:**

This Amendment extends the contract term to December 31, 2025. All other items and conditions of the Agreement remain in full force and effect.

The Amendment's effective date is January 1, 2025, or until approved by Department of General Services (DGS), if DGS approval is required.

The term of this Agreement in its entirety is January 1, 2024, through December 31, 2025. All other items and conditions of the Agreement remain in full force and effect.

<b>Fiscal Impact</b>	<b>Financial Review</b>	<b>Procurement Review</b>	<b>Reviewed by Counsel</b>	<b>Director Approval</b>	<b>Chief Approval</b>
None	Karla Robbins N/A	Cliff Goss N/A	Make Selection [enter date]	Lourdes Nery 10/29/2024	S. White 11/05/2024

## ADMINISTRATION

### 2. APPROVE THE CALENDAR YEAR 2025 SPENDING AUTHORITY WITH GIBSON DUNN & CRUTCHER, KENNADAY LEAVITT PC, MUSICK PEELER & GARRETT LLP, BEST BEST & KRIEGER LLP AND ARENT FOX SCHIFF LLP

#### **Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) approve the Calendar Year 2025 (CY2025) spending authority with Gibson Dunn & Crutcher (GD), Kennaday Leavitt PC (KL), Musick Peeler & Garrett LLP (MPG), Best Best & Krieger LLP (BBK) and Arent Fox Schiff LLP (AF) for the provision of specialized legal services, for a total amount not to exceed \$6,350,000, through December 31, 2025.

#### **Contact:**

Jarrold McNaughton, Chief Executive Officer

#### **Background:**

From time to time, the IEHP Legal Department requires the use of outside legal services to act as the attorneys for and represent the interests of IEHP with respect to legal matters as they arise and as deemed necessary by qualified agents of IEHP. GD has a dedicated health care industry legal practice, which specializes in Federal and State regulatory and compliance issues and all ensuring litigation. GD also employs health care litigation partners and regulatory specialists with experience in handling governmental investigations on behalf of public health plans. MPG's services are necessary to assist IEHP with its labor and employment law matters. BBK provides IEHP support for internal employee issues, including Human Resources and Employee Benefit matters, as well as providing periodic litigation support. KL specializes in litigation related to provider disputes, including disputes related to payment of claims, and regulatory and compliance issues as it relates to IEHP's Knox-Keene Act license and Federal and State healthcare regulations. KL employs health care litigation partners and regulatory specialists with experience at the DMHC and with local health plans. AF specializes in providing IEHP advice on provider-related issues.

Procurement of IEHP's outside counsel firms fall under a sole source exemption, per IEHP's Purchasing Manual Policy.

#### **Discussion:**

GD began providing legal services to IEHP's Legal Department in April 2021. GD's services are necessary to assist in navigating uniquely complex matters which require specialized knowledge and experience. IEHP saw an unexpected increase in such matters and relied on GD's expertise and advisement to assist in these matters and IEHP anticipates a continued increase in legal activity for CY2025. As such, the Legal Department is requesting a total not to exceed amount of \$4,000,000 toward legal services with GD, through December 31, 2025.

KL has provided legal services for the IEHP Legal Department since February 2018 and has provided invaluable legal assistance on various advisory and litigation matters. Most recently, KL has been providing regulatory compliance guidance and handling high-profile enforcement and

litigation matters. As such, the Legal Department is requesting a total not to exceed amount of \$900,000 toward legal services with KL, through December 31, 2025.

MPG has provided legal services to IEHP for over 10 years including providing legal advisement for labor and employment law matters which are necessary to assist IEHP with its labor and employment law matters. The Legal Department is requesting a total not to exceed amount of \$650,000 toward legal services with MPG, through December 31, 2025.

BBK has provided services for the IEHP Legal Department since December 2017. BBK provides advisory support on issues related to public entity law, Human Resources, Employee Benefits, and member-related litigation. The Legal Department is requesting a total not to exceed amount of \$300,000 toward legal services with BBK, through December 31, 2025.

AF has provided services for the IEHP Legal Department since June 2023. AF provides general legal advice on provider-related issues, including provider contracts, physician engagement, peer review, and credentialing. The Legal Department is requesting a total not to exceed amount of \$500,000 toward legal services with AF, through December 31, 2025.

As IEHP navigates CY2025, approval of this spending authority will avoid any disruption to legal services. The total amount requested for these outside legal services shall not exceed \$6,350,000 through December 31, 2025.

<b>Fiscal Impact</b>	<b>Financial Review</b>	<b>Procurement Review</b>	<b>Reviewed by Counsel</b>	<b>Director Approval</b>	<b>Chief Approval</b>
Included in CY2025 Budget	D. Ferguson	NA	M. Popka 11/8/24	L. Vanga 11/26/2024	A. Wang 11/26/2024

## **ADMINISTRATION**

### **3. MONTHLY MEMBERSHIP REPORT**

**Recommended Action:**

Review and File

**Contact:**

Jarrod McNaughton, Chief Executive Officer

**Discussion:**

Review of the monthly IEHP Membership report

# IEHP MONTHLY MEMBERSHIP REPORT

MONTH	FORECAST MEMBERSHIP	ACTUAL MEMBERSHIP	+ OR – FORECAST	+ OR – LAST MONTH
October 2024	1,510,664	1,512,177	1,513	1,311
November 2024	1,512,404	1,518,905	6,501	6,728
December 2024	1,514,085	1,522,942	8,857	4,037



**FINANCE DEPARTMENT**

**4. DELEGATION OF AUTHORITY TO APPROVE THE SECOND AMENDMENT TO THE LEASE AGREEMENT, AND DELEGATION OF AUTHORITY TO APPROVE SUBSEQUENT AMENDMENTS, WITH MLGS-CA LLC.**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) authorize the Chief Executive Officer (CEO) or his designee to, after legal review and approval, sign the Second Amendment to the Lease Agreement with MLGS-CA LLC (MLGS) for IEHP’s Riverside Community Wellness Center (CWC) located at 3590 Tyler Street Riverside, California and extend the term for three (3) years for an amount not to exceed \$632,715.96, and Delegation of Authority to sign subsequent amendments to the Lease Agreement with MLGS, to extend the term an additional two (2), one (1) year terms for an additional amount not to exceed \$454,922.64. The total amount payable under this Lease Agreement shall not exceed \$3,183,085.60 through December 31, 2029.

**Contact:**

Keenan Freeman, Chief Financial Officer

**Background:**

IEHP continues to lease property in Riverside to operate its CWC, as a long-term investment in the community to provide local resources for health, wellness education, and health care enrollment efforts in the Riverside area. IEHP has leased the property, located at 3590 Tyler Street Suite 101, Riverside, CA 92503 since 2016.

The Governing Board had previously approved the Lease Agreement as follows:

<b>Date Approved</b>	<b>MO#</b>	<b>Purpose</b>	<b>Term Expiration</b>	<b>Cost</b>
05/09/16	16-69	Lease Agreement – 60 Months	12/31/21	\$1,509,318.00
09/13/21	21-277	1 <sup>st</sup> Amendment – 36 Month Lease Extension	12/31/24	\$586,129.00
Total Cost to date:				\$2,095,447.00
New Cost				\$1,087,638.60
Total Cost				\$3,183,085.60

**Discussion:**

On October 7, 2024, under MO 24-201, the Governing Board approved the purchase of real property located at 10769 Hole Avenue, Riverside, CA 92505, to upgrade the existing 7,559 square foot Riverside CWC under leasehold obligation in a retail center with a larger 37,601 square foot IEHP-owned facility to allow for better flexibility and presence in serving the needs of our members in the community.

CONSENT AGENDA

IEHP is seeking approval of the Second Amendment for an additional three-year term through December 31, 2027, for an additional amount not to exceed \$632,715.96. The lease costs for the additional three years are within the average fair market value for existing CWC Riverside location; the cost breakdown for this three-year term extension is as follows:

<b>Second Amendment Lease Cost</b>			
<b>Period</b>	<b>Base Rent (Annual)</b>	<b>Common Area Maintenance (CAM)</b>	<b>Total Annual Cost</b>
Year 1: January 1, 2025, to December 31, 2025	\$ 166,902.72	\$ 37,426.08	\$ 204,328.80
Year 2: January 1, 2026, to December 31, 2026	\$ 172,345.20	\$ 38,548.92	\$ 210,894.12
Year 3: January 1, 2027, to December 31, 2027	\$ 177,787.68	\$ 39,705.36	\$ 217,493.04
<b>Total Cost Not to Exceed:</b>			<b>\$ 632,715.96</b>

In the event construction and move in is not completed at the new location at 10769 Hole Avenue, Riverside, CA 92505, by December 31, 2027, IEHP is seeking delegation of authority to enter into subsequent amendments for two additional one-year term extensions of the Lease Agreement, through December 31, 2029. IEHP negotiated a 3% annual rental increase for any extended lease term, and the cost breakdown for the option term extensions is as follows:

<b>Delegation of Authority for Optional Lease Cost</b>			
<b>Period</b>	<b>Base Rent (Annual)</b>	<b>Common Area Maintenance (CAM)</b>	<b>Total Annual Cost</b>
Optional 1 Year Term: January 1, 2028, to December 31, 2028	\$ 183,230.16	\$ 40,896.48	\$ 224,126.64
Optional 1 Year Term: January 1, 2029, to December 31, 2029	\$ 188,672.64	\$ 42,123.36	\$ 230,796.00
<b>Total Cost Not to Exceed:</b>			<b>\$ 454,922.64</b>

The additional cost of this Second Amendment shall not exceed \$632,715.96 through December 31, 2027. The additional cost of any subsequent amendments to extend the term through December 31, 2029, shall not exceed \$454,922.64. The total aggregate amount payable under this Lease Agreement shall not exceed \$3,183,085.60 through December 31, 2029.

<b>Fiscal Impact</b>	<b>Financial Review</b>	<b>Procurement Review</b>	<b>Reviewed by Counsel</b>	<b>Director Approval</b>	<b>Chief Approval</b>
Included in CY2025 Budget	S. McCalley 10/15/24	C. Goss 10/11/24	M. Popka 10/22/24	Richard Fleig 10/10/24	K. Freeman 11/08/24

**FINANCE DEPARTMENT**

**5. DELEGATION OF AUTHORITY TO APPROVE THE REINSURANCE RENEWAL FOR COVERED CALIFORNIA LINE OF BUSINESS**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) authorize the Chief Executive Officer (CEO) or his designee to, after legal review and approval, sign policy documents pertaining to the Covered California (CCA) line of business reinsurance renewal for policy period January 1, 2025 through December 31, 2025, for a total cost not to exceed \$680,000.

**Contact:**

Keenan Freeman, Chief Financial Officer

**Background:**

Since its entrance into the CCA market in January 2024, IEHP is exposed to the commercial health insurance risk that could potentially be significant and catastrophic. As part of the Affordable Care Act (ACA) Risk Adjustment Program, the High-Cost Risk Pool (HCRP) reimburses ACA issuers for enrollees with high claims costs above a certain threshold. For 2025, the threshold is \$1 million and 60% coinsurance rate. IEHP would like to procure reinsurance policy coverage for the uninsured portion from the HCRP due to the potential exposure to catastrophic claims with commercial line of business. Risk Strategies was contracted by IEHP to procure such insurance because of its extensive experience in this space. The procurement process involved Risk Strategies identifying appropriate insurance carriers who can provide the adequate insurance coverage at a reasonable cost.

**Discussion:**

IEHP is diligently working with Risk Strategies to explore different options to minimize premium increase while ensuring adequate coverage. Based on information Risk Strategies has received thus far, IEHP anticipates the cost for the reinsurance policy shall not exceed \$680,000 for policy period January 1, 2025, through December 31, 2025. This cost includes an estimate for applicable taxes and fees, and margin for higher-than-expected CCA enrollment.

Deductible Level	Expiring Premium (Per-Member-Per-Month)	Est. Renewing Premium (Per-Member-Per-Month)	Est. Renewal % (Per-Member-Per-Month)	Est. Renewal \$ (Based on 2025 Membership)
\$ 1 Million (Unchanged from 2024 Coverage)	\$1.04	\$1.31	26.0%	\$642,948

Notes:

- For \$1 million deductible, the coverage is 30% of excess of \$1 million.

Fiscal Impact	Financial Review	Procurement Review	Reviewed by Counsel	Director Approval	Chief Approval
New Expenditure	V. Johnson 11/18/24	NA	M. Popka 11/18/24	C. Chio 11/18/24	K. Freeman 11/18/24

## ADMINISTRATION

### 6. APPROVE THE AWARD OF REQUEST FOR PROPOSAL #24-06004 TO AND DELEGATION OF AUTHORITY TO APPROVE CONTRACTUAL DOCUMENTS WITH WEST MONROE HOLDINGS, LLC

#### **Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) approve the award of Request for Proposal #24-06004 (RFP #24-06004) to, and authorize the Chief Executive Officer (CEO) or his designee to negotiate and, after legal review and approval, sign contractual documents with, West Monroe Holdings, LLC (West Monroe) for Health Services Assessment & Execution Support Services for an amount not to exceed \$535,000 for a term of 12 weeks.

#### **Contact:**

Takashi Wada, M.D., Chief Medical Officer

#### **Background:**

IEHP has embarked on a Health Services Modernization Initiative to address evolving operational needs and prepare for future healthcare demands. The objective of this initiative is to improve efficiency and scalability through data by optimizing resources and improve healthcare outcomes to reduce costs by streamlining processes, automation of workflows, and upskilling of team members. This initiative includes four major projects aligned with IEHP's strategic objectives:

1. Comprehensive Operational Assessment: Identify opportunities for improvement across people, processes, and technologies which will allow for the appropriate prioritization of high-value opportunities for efficiency gains.
2. Multi-Year Roadmap & Implementation Plan: Assessment to clearly identify prioritized initiatives, targeted milestones, and value estimates.
3. Project Management Framework: Established to ensure the driving of initiatives through best practices. Through this standardized framework the aim is to establish an enhanced transparency on project status, improve accountability and create executive level outcomes reporting.
4. Comprehensive Change Management Strategy: Materials, training, and support for IEHP team members.

These projects collectively support IEHP's strategic goals to enhance the operational efficiency and service delivery at IEHP. Specifically, Enterprise Strategic Goal #2 (OC2) Integrated and Equitable Care, which focuses on implementing an integrated and equitable system that will improve outcomes and reduce disparities. To accomplish this, on October 14, 2024, IEHP released RFP #24-06004 on Bonfire, a public third-party bidding platform. The objective of this RFP was to identify a vendor to provide Health Services Assessment & Execution Support Services. The goal is to conduct a comprehensive end-to-end assessment aimed at enhancing operational efficiency, improving service delivery, and reducing costs through process improvements, automation, and team upskilling.

IEHP received four (4) proposals to evaluate. Evaluation and scoring of the technical proposals are reflect in the following two tables: Below is a summary of key outcomes of the RFP process.

<b>WRITTEN TECHNICAL PROPOSAL SCORES WITHOUT COST (OUT OF 70)</b>	
Deloitte Consulting LLP.	66.25
West Monroe Holdings, LLC.	60.22
Gartner Inc.	50.05
Freed & Associates	45.07

<b>WRITTEN TECHNICAL PROPOSAL SCORES INCLUDING COST (OUT OF 100)</b>	
Deloitte Consulting LLP.	89.58
West Monroe Holdings, LLC.	75.97
Gartner Inc.	71.03
Freed & Associates	60.28

In IEHP’s pursuit of a comprehensive project evaluation, the review of the written proposals and pricing drove additional inquiries surrounding IEHP’s needs and the bidders’ work plan and methodology to deliver successful outcomes. Accordingly, a down selection process took place in which two (2) bidders entered the interview phase with the Evaluation Committee, which also included a demonstration of bidders’ capabilities and business case studies. The Evaluation Committee’s demonstration scores are as follows:

<b>DEMONSTRATIONS SCORES (OUT OF 10)</b>	
Deloitte Consulting LLP.	6.67
West Monroe Holdings, LLC.	8

West Monroe's demonstration presentation was highly rated, particularly for its clear communication, technical expertise, and ability to offer actionable solutions. The evaluation team discussed the rationale of the scoring outcome and highlighted West Monroe’s ability to showcase specific and practical methodologies that aligned more to IEHP's long-term success.

The results of the demonstration led to a consensus that West Monroe provided the best overall value for IEHP.

<b>FINAL TOTAL SCORES (OUT OF 110)</b>	
Deloitte Consulting LLP.	96.25
West Monroe Holdings, LLC.	88.65

Final scores are reflective of written proposal reviews and live demonstrations. However, West Monroe’s demonstration yielded valuable insights into their ability to swiftly engage in the assessment process and take an active role in implementation. Additionally, West Monroe reaffirmed their ability to provide clinical best practices and effective change management strategies to ensure long term IEHP success. Based on these factors, the evaluating key-

stakeholders held the live demonstrations as a critical deciding factor to recommend the best-value award to West Monroe.

In addition, IEHP has contracted with West Monroe in the past for similar strategic work. IEHP will yield a great benefit in keeping continuity of working with West Monroe due to their familiarity with IEHP strategic goals.

**Discussion:**

West Monroe will provide IEHP with services based on milestone achievements over a twelve-week period, with each milestone tied to a specific deliverable that aligns with IEHP's business objectives.

The delivery timeline starts in December 2024 and runs through February 2025. To mobilize and deliver final recommendations focused on quick wins, long-term benefits, and return on investment period (ROI). The recommendations have been broken out into three (3) initiatives which can be run and executed in parallel that will achieve the success of projects highlighted. West Monroe will perform an end-to-end assessment of identified focus areas to identify improvement opportunities across people, process, and technology to create efficiencies and inform Health Services' multi-year roadmap. As the end-to-end assessment is underway, West Monroe will also provide Health Services Program Remediation & Delivery Support, where West Monroe will augment leads and Special Programs Managers (SPMs) with SPM Peers to develop project workplans, support the execution of identified projects, and communicate executive-level status of program delivery to empower leaders to make informed strategic decisions.

A total of three (3) milestone invoices will be generated at pre-defined dates along deliverables resulting from the services provided across each initiative.

Milestone Deliverables:

<b>Milestone #</b>	<b>Cost</b>	<b>Timeframe</b>	<b>Deliverables</b>
<b>Milestone 1</b>	\$179,000.00	Week 4	Health Services Program Remediation Confirmed Initiatives List, Milestone-Based Workplan(s), and Delivery Schedule & Tracker
<b>Milestone 2</b>	\$178,000.00	Week 9	E2E Assessment Findings & Opportunity Inventory, Opportunity Prioritization Framework; Health Services Program Remediation Refined Status Reports

Milestone #	Cost	Timeframe	Deliverables
<b>Milestone 3</b>	\$178,000.00	Week 13	E2E Assessment Engagement Summary & Recommendations Report; Health Services Program Remediation Refined Status Reports and Transition Materials & Delivery Playbook
<b>Not Exceed Total</b>	<b>\$535,000.00</b>		

As such, IEHP seeks approval to award of RFP #24-06004 to, and authorize the Chief Executive Officer (CEO) or his designee to negotiate and, after legal review and approval, sign contract documents with, West Monroe for a total amount not to exceed \$535,000.00 for an initial term of 12 weeks.

Fiscal Impact	Financial Review	Procurement Review	Reviewed by Counsel	Director Approval	Chief Approval
New Expenditure	J. Haines 10/19/2024	C. Hendricks 11/20/2024	<a href="#">M. Popka</a> 11/xx/2024	N/A	T. Wada 11/20/2024

## QUALITY DEPARTMENT

### 7. APPROVE THE 2025 MEDI-CAL PROGRAM FEES FOR THE INTEGRATED HEALTHCARE ASSOCIATION ALIGN. MEASURE. PERFORM. PROGRAM

#### **Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) Approve the program fees for IEHP's participation in the Integrated Healthcare Association (IHA) Align. Measure. Perform. (AMP) 2025 Medi-Cal program for an amount not to exceed \$695,972.13.

#### **Contact:**

Edward Juhn, M.D., Chief Quality Officer

#### **Background:**

The AMP program uses a standardized measure set, established with the input of participating California provider organizations and health plans, to assess healthcare and health system performance. The AMP program delivers reliable performance results to its participants which will provide IEHP with a complete picture of healthcare quality, cost, and resource use, to confidently track progress toward strategic value-based care goals among medical groups. The AMP program has received national recognition for driving meaningful changes that result in reduced costs and improved healthcare quality. IEHP has been participating in the AMP Medi-Cal program since 2022.

#### **Discussion:**

IEHP has determined that AMP participation for the Medi-Cal line of business strategically aligns with its efforts to improve quality performance, enhance transparency and provide objective benchmarking among medical groups in California for key quality measures.

The benefits to IEHP for participating in the AMP for Medi-Cal include:

- IEHP is one of only three Medi-Cal managed care organizations in California who are leading the way in quality measure performance transparency across its network.
- The AMP program will provide aggregated performance data and industry benchmarks that will give IEHP insight to Independent Physician Association (IPA)/medical group performance comparisons within the market and among peers. This positions IEHP to better understand the commercial landscape, as it continues to expand its book of business into the commercial space.
- IEHP will have a better opportunity to align its internal value-based payment models with the AMP program to participate and help shape the AMP program design for Medi-Cal.
- For Health Plan Ratings, IEHP will be able to compare itself against benchmarked performance against other physician organizations allowing for more targeted best quality practices, adjust IEHP focused I quality improvement programs to account for regional variation, and learn from physician organization industry leaders in CA to better participate in AMP program meetings and forums.

CONSENT AGENDA

- IEHP will learn from CA industry leaders on ways to standardize and optimize utilization and cost metrics, in alignment with future HCAI goals, including methods to improve on key metrics in these areas.

The Annual Fee charged to IEHP is comprised of a fixed participation fee and a variable amount determined on a per member per year (PMPY) basis. The PMPY amount is set by multiplying the PMPY Rate for the year, by the number of IEHP Medi-Cal Members as of March 31 of the measurement year, as reported on the Department of Managed Health Care (DMHC) website for the designated enrollment categories.

The Fixed Fee and PMPY Rates and enrollment categories will be approved annually by the IHA Program Governance Committee at its third quarter meeting, based on the projected AMP program budget.

The Annual Fee covers the period January 1, 2025, through December 31, 2025 for MY2024. The Annual Fee is billed in November and funds are due to IHA by December 31, 2024.

Description	Amount
<b>2025 IHA AMP Program Fee</b>	<b>\$695,972.13</b>
1,502,593 M-CAL members*	
<b>TOTAL</b>	<b>\$695,972.13</b>

\*Q1 2024 enrollment from Q1 2024 DMHC Report

2025 Program Fees*		
Tier	HMO PMPY	M-CAL PMPY
Tier 1 - members 750,000 and over	\$0.750	\$0.375
Tier 2 - members 500,000 to 749,999	\$0.950	\$0.475
Tier 3 - members 250,000 to 499,999	\$1.000	\$0.500
Tier 4 - members 100,000 to 249,999	\$1.100	\$0.550
Tier 5 - first 99,999 members	\$1.250	\$0.625
Flat Fee	\$25,000	

Fiscal Impact	Financial Review	Procurement Review	Reviewed by Counsel	Director Approval	Chief Approval
Included in CY2025 Budget	K. Moussa 11/8/2024	N/A	M. Popka 11/14/24	J. Diekmann 11/8/2024	E. Juhn 11/8/2024

**PROVIDER CONTRACTING DEPARTMENT**

**8. RATIFY AND APPROVE THE TWELFTH AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH SAN BERNARDINO COUNTY ON BEHALF OF ARROWHEAD REGIONAL MEDICAL CENTER - COLTON**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Twelfth Amendment to the Hospital Per Diem Agreement with San Bernardino County on Behalf of Arrowhead Regional Medical Center, effective January 1, 2023.

**Contact:**

Susie White, Chief Operating Officer

**Background:**

San Bernardino County on Behalf of Arrowhead Regional Medical Center is currently a contracted Hospital in the IEHP Network.

**Discussion:**

The Amendment is to amend IGT Medi-Cal Managed Care Capitation Rate Range Increase.

**Fiscal Impact:**

Included in CY2024 Budget

**Financial Review:**

NA

**Reviewed by Counsel:**

Yes

**PROVIDER CONTRACTING DEPARTMENT**

**9. RATIFY AND APPROVE A LETTER OF AGREEMENT WITH CARLOS A. SMITH, M.D., PROFESSIONAL CORPORATION - TORRENCE**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Letter of Agreement with Carlos A. Smith, M.D., Professional Corporation, effective September 1, 2024

**Contact:**

Susie White, Chief Operating Officer

**Background:**

Carlos A. Smith, M.D., Professional Corporation would like to participate as a Primary Care Mobile & In-Home Services.

**Discussion:**

The new Letter of Agreement was tailored to reflect the Primary Care Mobile & In-Home services offered by Carlos A. Smith, M.D., Professional Corporation.

**Fiscal Impact:**

Included in CY2024 Budget

**Financial Review:**

N/A

**Reviewed by Counsel:**

Yes

**PROVIDER CONTRACTING DEPARTMENT**

**10. RATIFY AND APPROVE THE TWENTY-SECOND AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH COMMUNITY HOSPITAL OF SAN BERNARDINO – SAN BERNARDINO**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Twenty-Second Amendment to the Hospital Per Diem Agreement with Community Hospital of San Bernardino, effective March 1, 2024.

**Contact:**

Susie White, Chief Operating Officer

**Background:**

Community Hospital of San Bernardino is currently a contracted Hospital in the IEHP Network.

**Discussion:**

The Amendment is to amend Attachments C-Compensation Rates, C3-Behavioral Health Compensation Rates, G-Managed Care Medi-Cal Noncapitated or Carve Out Drugs, H-ICD-10 Bariatric Surgery Codes, Covered California Compensation Rates.

**Fiscal Impact:**

Included in CY2024 Budget

**Financial Review:**

N/A

**Reviewed by Counsel:**

Yes

**PROVIDER CONTRACTING DEPARTMENT**

**11. RATIFY AND APPROVE THE TWENTY-SIXTH AMENDMENT TO THE HOSPITAL PER DIEM AGREEMENT WITH DIGNITY HEALTH, A CALIFORNIA NON-PROFIT BENEFIT CORPORATION DBA ST. BERNARDINE MEDICAL CENTER – SAN BERNARDINO**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the Twenty-Sixth Amendment to the Hospital Per Diem with Dignity Health, a California Non-Profit Benefit Corporation dba St. Bernardine Medical Center, effective March 1, 2024.

**Contact:**

Susie White, Chief Operating Officer

**Background:**

Dignity Health, a California Non-Profit Benefit Corporation dba St. Bernardine Medical Center is currently a contracted Hospital in the IEHP Network.

**Discussion:**

The Amendment is to amend Attachments C-Compensation Rates, C1 - Compensation Rates Medicare Advantage Program, J – Managed Care Medi-Cal Noncapitated or Carve Out to Drugs, K – ICD-10 Bariatric Surgery Codes, and CCA – Exhibit II Compensation Rates.

**Fiscal Impact:**

Included in CY2024 Budget

**Financial Review:**

N/A

**Reviewed by Counsel:**

Yes

## **PROVIDER CONTRACTING DEPARTMENT**

### **12. RATIFY AND APPROVAL OF THE STANDARD TEMPLATE**

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) ratify and approve the IEHP Standard Template Agreement, referenced below in section (d), and authorizes the Chief Executive Officer or his designee to execute the template, wherein the body of the document remains unchanged except for the identifying information of the individual provider and non-material changes per individual provider requirements.

**Contact:**

Susie White, Chief Operating Officer

**Background:**

IEHP contracts with physicians and other providers using Governing Board approved Standard Template Agreements. Periodically IEHP reviews the IEHP Direct Standard Templates and updates are made to the templates, as necessary. The Governing Board has authorized the Chief Executive Officer to sign the Agreement in lieu of having the Chair of the Governing Board execute the documents.

**Discussion:**

The following standard template is being presented to the Governing Board for ratified approval, effective December 1, 2024:

- 1) Intermediate Care Facility Agreement (Excluding Medicare)

**Fiscal Impact:**

N/A

**Financial Review:**

N/A

**Reviewed by Counsel:**

Yes

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## PROVIDER CONTRACTING DEPARTMENT

### 13. APPROVAL OF THE EVERGREEN CONTRACTS

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) approve the listed Evergreen Contracts for an additional one (1) year to five (5) year term.

**Contact:**

Susie White, Chief Operating Officer

**Background:**

An Evergreen Contract is a contract that automatically renews on the same terms and subject to the same conditions as the original agreement, unless sooner terminated in accordance with the terms and conditions.

**Discussion:**

Ratify and approve the Renewal under the Evergreen Clause of the following Agreement effective November 1, 2024:

Additional five (5) year term:

- 1) Cajon Medical Group PC. Capitated Primary Care Provider Agreement. San Bernardino

Ratify and approve the Renewal under the Evergreen Clause of the following Agreement effective December 1, 2024:

Additional five (5) year term:

- 2) Valentine U Otuechere MD dba Valentine Medical Clinic Open Access Agreement (Excluding Medicare) Riverside

Renewal under the Evergreen Clause of the following Agreements effective, January 1, 2025:

Additional one (1) year term:

- 3) Call the Car Transportation Agreement – Pasadena
- 4) Dignity Health Medical Foundation dba Dignity Health Medical Group Inland Empire A Service of Dignity Health Medical Foundation– Enhancement Care Management Provider Agreement-Fontana
- 5) Palliative Partners Inc Enhancement Care Management Provider Agreement Riverside
- 6) Heritage Health Care Inc dba Heritage Gardens Health Care Center – Loma Linda
- 7) Community Healthcare Partner Inc dba Colorado River Medical Center – Provider Agreement – Specialist – Needles
- 8) Fariborz Lalezarzadeh DO Inc Provider Agreement – Specialist – San Bernardino
- 9) Seven Star Hospital Associates Inc- Participating Provider Agreement – Specialist-Hemet

Additional five (5) years term:

- 10) Allstar Health Providers Inc- Ancillary Agreement – Murrieta

- 11) Health Diagnostics of California A Professional Corporation dba Simon Med Health Diagnostics– Ancillary Agreement– Riverside
- 12) Theodora Okafor dba Chino Medical Pharmacy– Ancillary Agreement– Chino
- 13) Dennis Mullenix II LMFT- Provider Agreement - Behavioral Health Riverside
- 14) Karla Torres -Participating Provider Agreement - Behavioral Health – Sun City
- 15) Michele Scyoc - Participating Provider Agreement - Behavioral Health –Loma Linca
- 16) Sean Colin Cuypers Participating Provider Agreement - Behavioral Health – Riverside
- 17) Qazi Medical Group Inc. Capitated Primary Care Provider Agreement. Moreno Valley
- 18) Glenn P Matney MD - Capitated Primary Care Provider Agreement (Excluding Medicare)– Victorville
- 19) Dharmavijaypal R Narayan dba D Reddy Medical Group Fee-For-Service Primary Care Provider Agreement– Palm Springs
- 20) Telehealth Services USA dba Hazel Health Services– Fee-For-Service Primary Care Provider Agreement (No Medicare) Rancho Mirage
- 21) Azar Foot & Ankle Specialist Inc- Participating Provider Agreement – Specialist - Montclair
- 22) Bagherpour Inc– Participating Provider Agreement - Specialist Rancho Mirage
- 23) Bryce Jolley DPM Inc– Provider Agreement - Specialist – Palm Springs
- 24) Lechner Chiropractic Inc dba Anthony C Lechner DC- Participating Provider Agreement – Specialist - Corona
- 25) Lubna Akbany – Participating Provider Agreement - Specialist - Upland
- 26) Mariam Amiri DPM dba Loma Linda Foot and Ankle Center Participating Provider Agreement - Specialist – Loma Linda -
- 27) Stephanie N Taylor Participating Provider Agreement - Specialist – Riverside
- 28) Chaparral Physical Therapy Inc- Participating Provider Agreement – Specialist (MCR only) Hesperia
- 29) JP Anesthesiology Inc dba Advanced Pain Management Center - Participating Provider Agreement – Specialist –(MCR only) -Victorville
- 30) Tracy L Malan RPT APC dba Chaparral Physical Therapy - Participating Provider Agreement – Specialist –(MCR only)- Barstow
- 31) Providence Medical Foundation - Urgent Care Provider Agreement – Victorville
- 32) Southern California Emergency Medicine dba Southern California Occupational Health Services Urgent Care Provider Agreement – Colton
- 33) Mylinh T Duncan dba Mylinh Tran Duncan OD - Participating Provider Agreement – Vision – Riverside
- 34) Thao Thanh Pham OD Inc dba Apple of My Eye Optometry - Participating Provider Agreement – Vision – Riverside

**Fiscal Impact:**

Included in CY2024 Budget

**Financial Review:**

N/A

**Reviewed by Counsel:**

N/A

## **FINANCE DEPARTMENT**

### **14. REVIEW OF THE MONTHLY FINANCIALS**

**Recommended Action:**

Review and File

**Contact:**

Keenan Freeman, Chief Financial Officer

**Discussion:**

Monthly Financials for Period Ending October 31, 2024.

# FINANCE DIVISION

October 2024

MONTHLY  
FINANCIALS

Presented  
December 9, 2024



# October 2024 Actual vs Budget: Consolidated

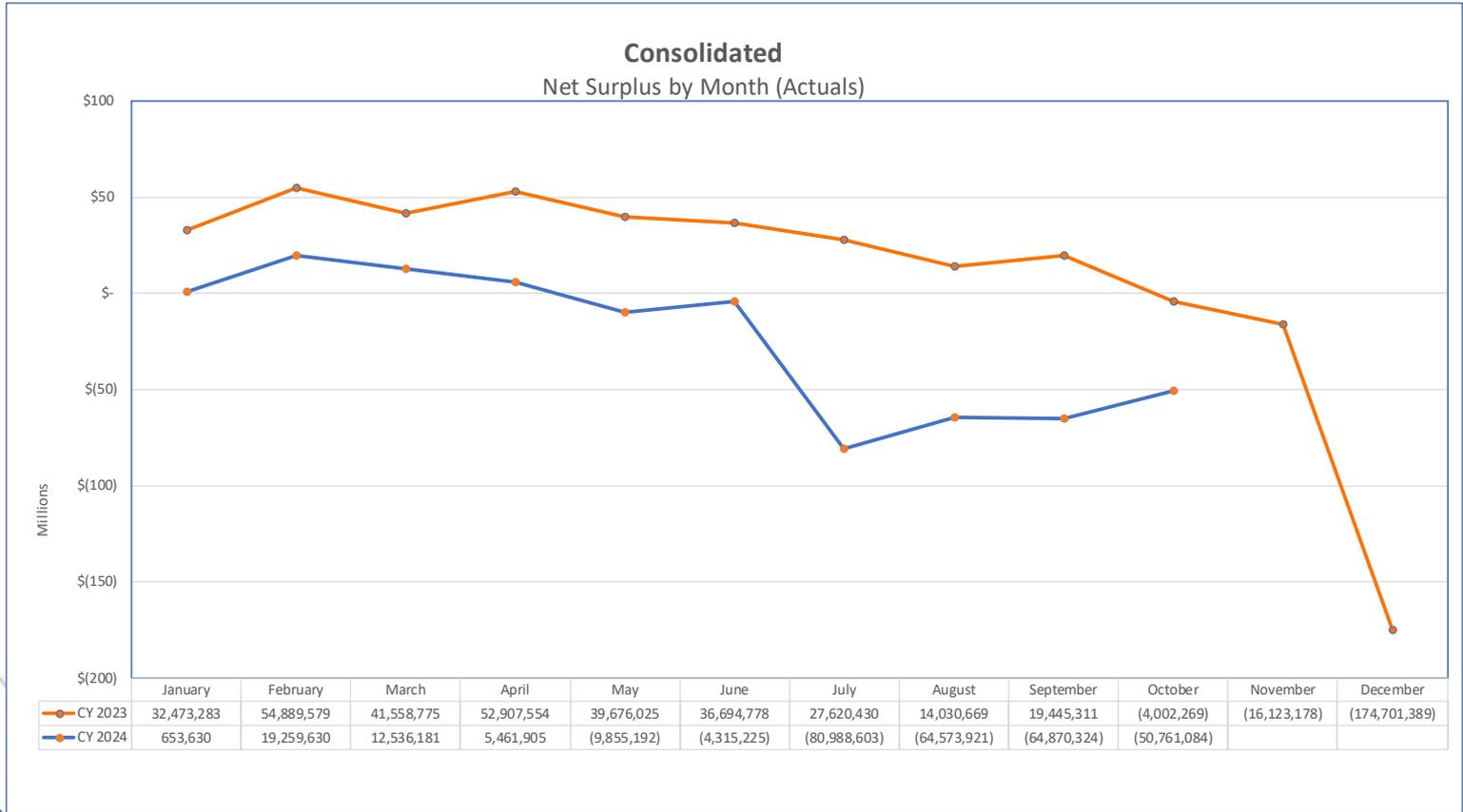
	October Month-to-Date			October Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Total Revenue</b>	\$ 604,394,324	\$ 577,801,563	\$ 26,592,761	\$ 6,005,781,272	\$ 5,901,737,896	\$ 104,043,376
<b>Total Medical Costs</b>	\$ 618,929,826	\$ 555,190,600	\$ (63,739,226)	\$ 5,919,332,177	\$ 5,526,206,461	\$ (393,125,716)
<b>Total Operating Expenses</b>	\$ 44,263,794	\$ 42,053,013	\$ (2,210,781)	\$ 414,203,660	\$ 406,722,446	\$ (7,481,214)
<b>Total Non Operating Income (Expense)</b>	\$ 8,923,733	\$ 9,742,410	\$ (818,677)	\$ 100,118,177	\$ 80,502,874	\$ 19,615,303
<b>Non-Medical Expenses</b>	\$ 885,521	\$ 1,076,666	\$ 191,145	\$ 9,816,617	\$ 21,849,205	\$ 12,032,588
<b>Net Surplus (Deficit)</b>	\$ (50,761,084)	\$ (10,776,306)	\$ (39,984,778)	\$ (237,453,005)	\$ 27,462,658	\$ (264,915,663)
<b>Medical Cost Ratio**</b>	102.4%	96.1%	6.3%	98.6%	93.6%	4.9%
<b>Administrative Cost Ratio**</b>	7.3%	7.3%	0.0%	6.9%	6.9%	0.0%

## Highlights for the Month:

- The favorable revenue variance compared to budget is primarily due to higher-than-expected LTC Full Duals, SPD, Child, and CCA Silver member months and favorable maternity revenue.
- The unfavorable medical costs variance compared to budget is primarily due to higher-than-expected utilization in FFS claims, unfavorable Medi-Cal prior paid claims restatements, unfavorable YTD children and youth behavioral health initiative expense reserve, community support and pharmacy expenses partially offset by favorable IPA provider network bonus reserve reversal and D-SNP CY23 capitation quality withhold adjustments.
- The unfavorable operating expense variance compared to budget is primarily due to bonus accrual and unbudgeted Covered California participation fees.



# Net Surplus Year-Over-Year - Consolidated



# Actual vs Budget: Medi-Cal

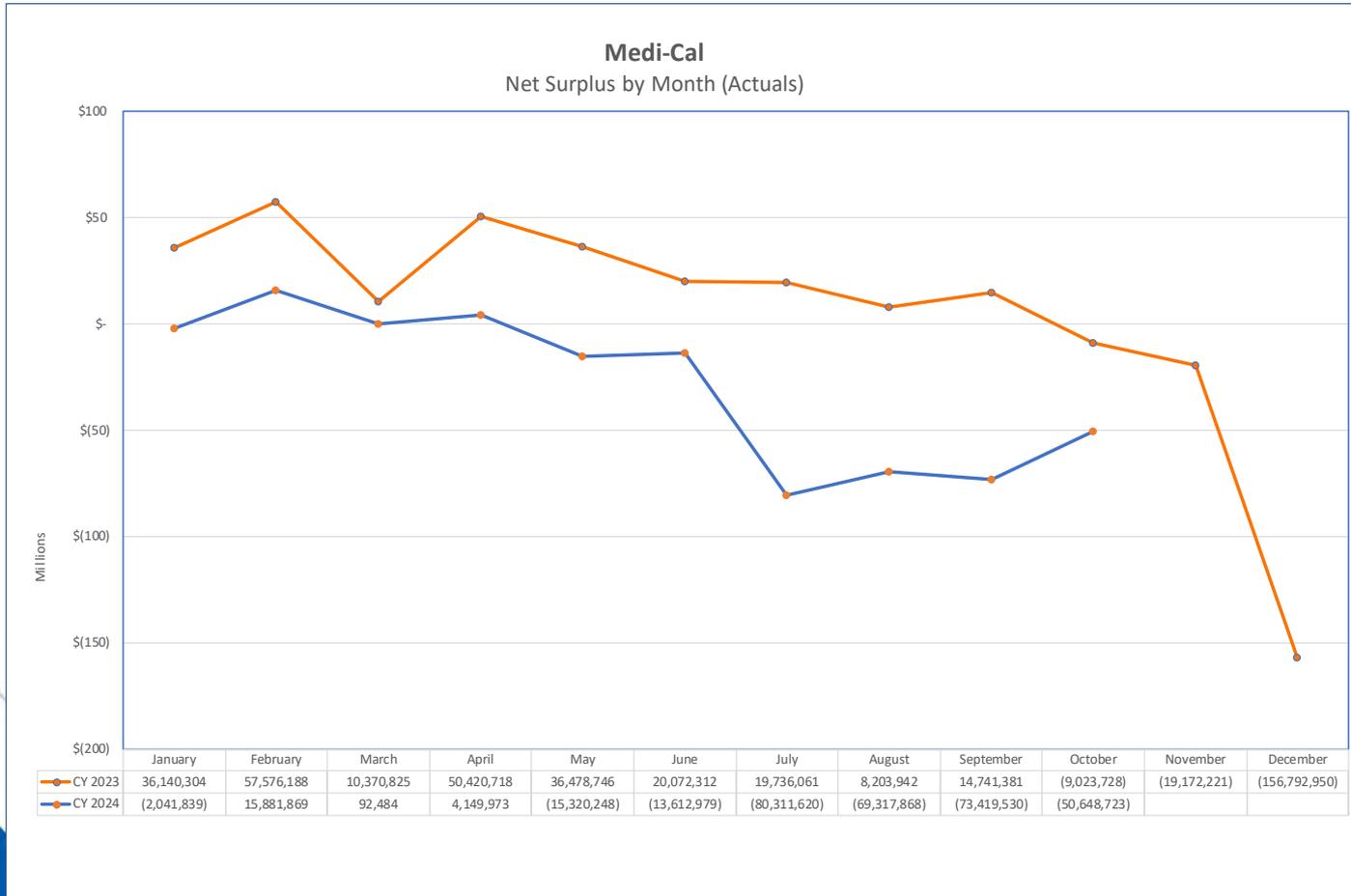
	October Month-to-Date			October Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Total Revenue</b>	\$ 527,614,003	\$ 507,030,661	\$ 20,583,342	\$ 5,258,926,473	\$ 5,206,291,478	\$ 52,634,995
<b>Total Medical Costs</b>	\$ 545,090,063	\$ 484,318,149	\$ (60,771,914)	\$ 5,235,686,076	\$ 4,853,684,539	\$ (382,001,537)
<b>Total Operating Expenses</b>	\$ 36,085,654	\$ 34,542,616	\$ (1,543,038)	\$ 335,863,717	\$ 334,424,977	\$ (1,438,740)
<b>Total Non Operating Income (Expense)</b>	\$ 2,912,992	\$ 2,912,732	\$ 260	\$ 28,074,840	\$ 29,127,316	\$ (1,052,476)
<b>Net Surplus (Deficit)</b>	\$ (50,648,723)	\$ (8,917,373)	\$ (41,731,350)	\$ (284,548,481)	\$ 47,309,278	\$ (331,857,759)
<b>Medical Cost Ratio**</b>	103.3%	95.5%	7.8%	99.6%	93.2%	6.3%
<b>Administrative Cost Ratio**</b>	6.8%	6.8%	0.0%	6.4%	6.4%	(0.0%)

## Highlights for the Month:

- The favorable revenue variance compared to budget is primarily due to higher-than-expected LTC Full Duals, SPD, and Child member months and favorable maternity revenue.
- The unfavorable medical costs variance compared to budget is primarily due to higher-than-expected utilization in FFS claims, unfavorable Medi-Cal prior paid claims restatements, unfavorable YTD children and youth behavioral health initiative expense reserve and community support expense partially offset by favorable IPA provider network bonus reserve reversal.
- The unfavorable operating expense variance compared to budget is primarily due to bonus accrual.



# Net Surplus Year-Over-Year: Medi-Cal



# Actual vs Budget: D-SNP

	October Month-to-Date			October Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Total Revenue</b>	\$ 66,717,341	\$ 64,682,556	\$ 2,034,785	\$ 665,451,250	\$ 648,774,321	\$ 16,676,929
<b>Total Medical Costs</b>	\$ 62,194,382	\$ 63,631,715	\$ 1,437,333	\$ 608,635,447	\$ 612,993,397	\$ 4,357,950
<b>Total Operating Expenses</b>	\$ 5,106,561	\$ 5,094,751	\$ (11,810)	\$ 46,543,769	\$ 48,530,637	\$ 1,986,868
<b>Total Non Operating Income (Expense)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus (Deficit)</b>	\$ (583,602)	\$ (4,043,909)	\$ 3,460,307	\$ 10,272,034	\$ (12,749,714)	\$ 23,021,748
<b>Medical Cost Ratio**</b>	93.2%	98.4%	(5.2%)	91.5%	94.5%	(3.0%)
<b>Administrative Cost Ratio**</b>	7.7%	7.9%	(0.2%)	7.0%	7.5%	(0.5%)

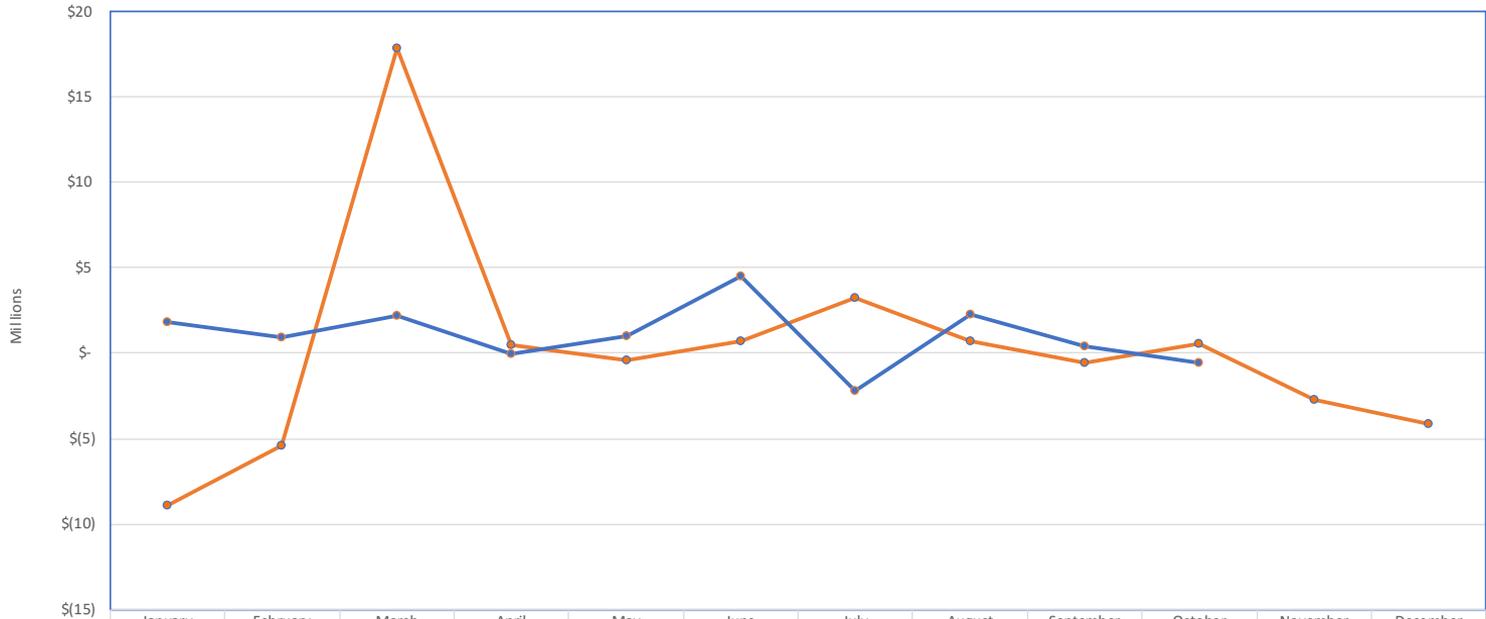
## Highlights for the Month:

- The favorable revenue variance compared to budget is primarily due to favorable Part A/B risk adjustment.
- The favorable medical costs variance compared to budget is primarily due to favorable D-SNP CY23 capitation quality withhold adjustment partially offset by higher-than-expected FFS claims payments for prior months and unfavorable pharmacy expense.



# Net Surplus Year-Over-Year: D-SNP

**D-SNP**  
Net Surplus by Month (Actuals)



	January	February	March	April	May	June	July	August	September	October	November	December
CY 2023	(8,881,960)	(5,388,168)	17,867,378	488,498	(441,947)	693,335	3,241,351	713,335	(570,906)	529,087	(2,759,595)	(4,117,476)
CY 2024	1,836,537	918,566	2,213,578	(68,856)	1,016,000	4,478,794	(2,225,266)	2,306,337	379,948	(583,602)		



# Actual vs Budget: IEHP Covered (CCA)

	October Month-to-Date			October Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Total Revenue</b>	\$ 10,068,809	\$ 6,088,346	\$ 3,980,463	\$ 74,979,085	\$ 46,672,098	\$ 28,306,987
<b>Total Medical Costs</b>	\$ 11,780,209	\$ 7,240,736	\$ (4,539,473)	\$ 73,623,425	\$ 59,528,525	\$ (14,094,900)
<b>Total Operating Expenses</b>	\$ 3,071,579	\$ 2,193,424	\$ (878,155)	\$ 31,796,174	\$ 22,211,276	\$ (9,584,898)
<b>Total Non Operating Income (Expense)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Surplus (Deficit)</b>	\$ (4,782,979)	\$ (3,345,814)	\$ (1,437,165)	\$ (30,440,514)	\$ (35,067,703)	\$ 4,627,189
<b>Medical Cost Ratio**</b>	117.0%	118.9%	(1.9%)	98.2%	127.5%	(29.4%)
<b>Administrative Cost Ratio**</b>	30.5%	36.0%	(5.5%)	42.4%	47.6%	(5.2%)

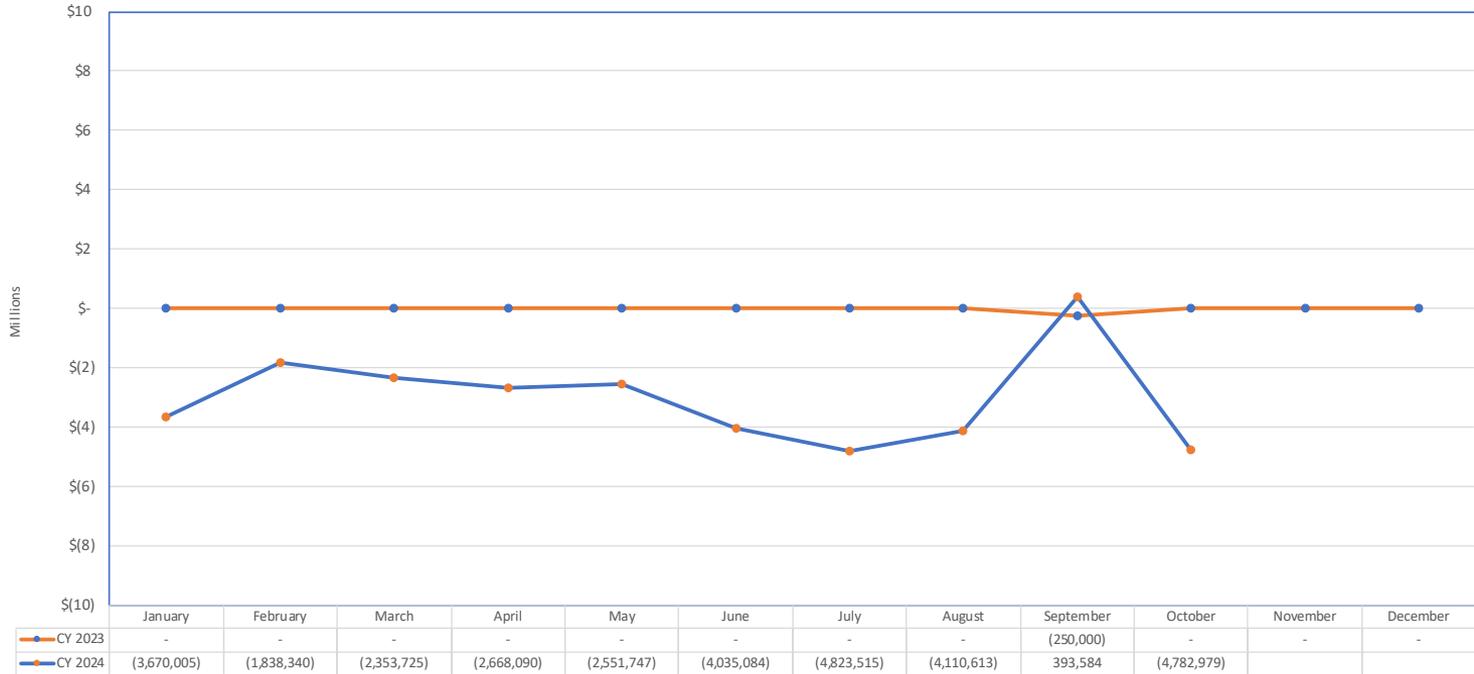
## Highlights for the Month:

- The favorable revenue variance compared to budget is primarily due to higher-than-expected CCA Silver member months.
- The unfavorable medical cost variance compared to budget is based on an estimated medical cost calculated by target medical loss ratio due to lack of credible experience data. Such estimates will be updated as soon as we have more credible claims experience. In addition, there was an unfavorable pharmacy expense.
- The unfavorable operating expense variance compared to budget is primarily due to unbudgeted participation fees, commission costs, and bonus accrual.



# Net Surplus Year-Over-Year: IEHP Covered (CCA)

IEHP Covered (CCA)  
Net Surplus by Month (Actuals)



# Balance Sheet: Current Month vs Prior Month

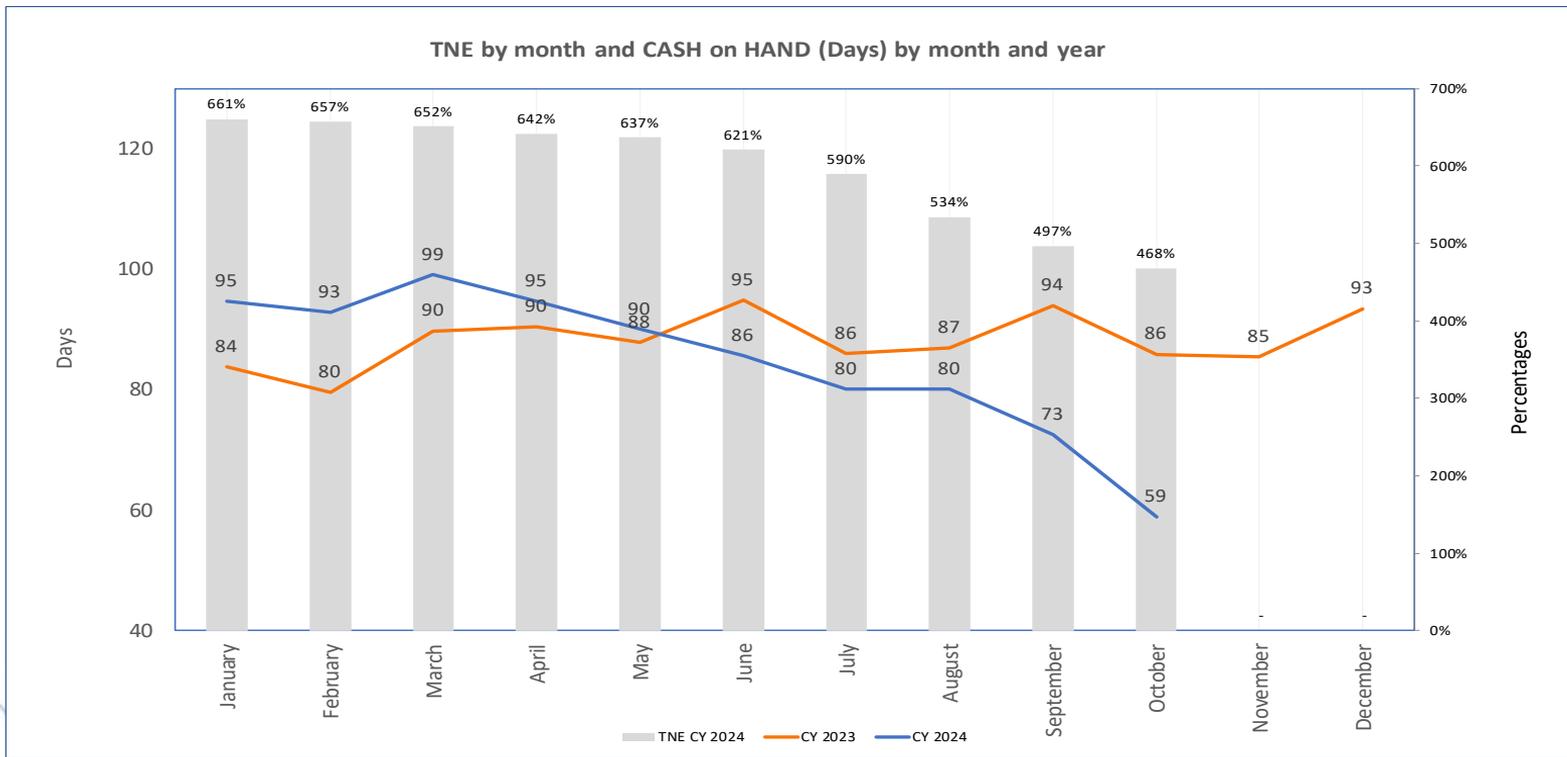
	Oct-24	Sep-24	Variance
<b><u>Assets and Deferred Outflows</u></b>			
Current Assets	\$ 2,351,702,279	\$ 2,875,391,383	\$ (523,689,103)
Long Term Receivables	\$ 6,776	\$ 10,133	\$ (3,358)
Capital Assets	\$ 277,137,436	\$ 280,788,852	\$ (3,651,416)
Deferred Outflows of Resources	\$ 131,764,833	\$ 131,764,833	\$ -
Net Other Assets	\$ -	\$ -	\$ -
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,760,611,324</b>	<b>\$ 3,287,955,200</b>	<b>\$ (527,343,877)</b>
<b><u>Liabilities, Deferred Inflows, and Net Position</u></b>			
Current Liabilities	\$ 1,490,130,834	\$ 1,965,698,044	\$ (475,567,210)
Long-Term Liabilities	\$ 73,132,246	\$ 74,144,907	\$ (1,012,660)
Deferred Inflows	\$ 383,934	\$ 386,856	\$ (2,922)
Net Position	\$ 1,196,964,310	\$ 1,247,725,394	\$ (50,761,084)
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 2,760,611,324</b>	<b>\$ 3,287,955,200</b>	<b>\$ (527,343,877)</b>

## Highlights for the Month:

- Decrease in Current Assets and Current Liabilities is primarily due to decrease in Cash for \$255.2M PHDP and \$70.1M EPP pass-thru, and \$125.5M MCO tax payments and increased medical cost payments partially offset by reclass of \$27.7M UIS overpayment from receivable to liability and \$63.6M MCO tax expense accrual.



# TNE and Cash On Hand



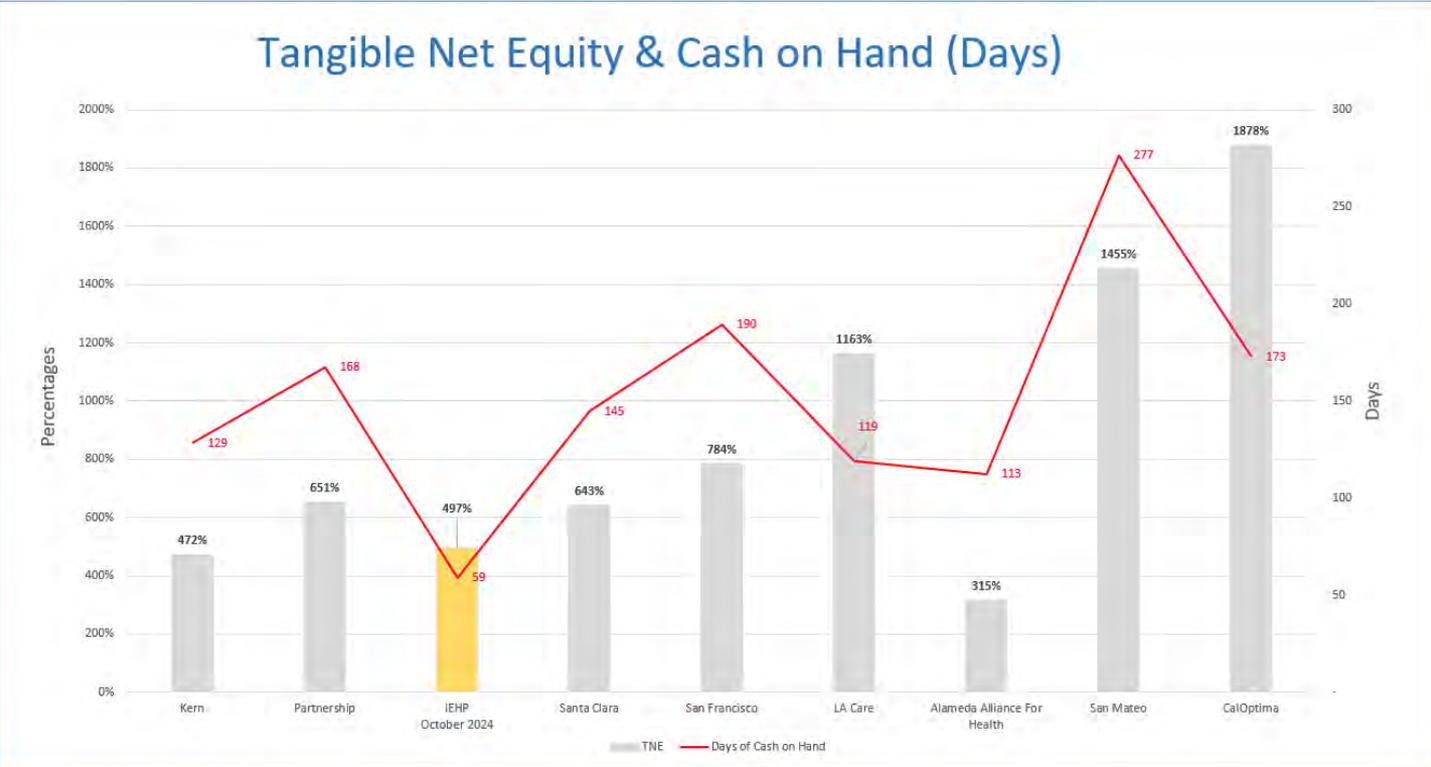
**Highlights for the Month:**

- Decrease in days Cash On Hand is primarily due to decrease in cash, increase in our medical costs, provider incentive payments and one additional payroll processed in October.

Note: Days Cash on Hand calculation excludes pass-thru receipts and payments effective January 2023 and MCO tax effective January 2024.



# IEHP vs Other Local Health Plans

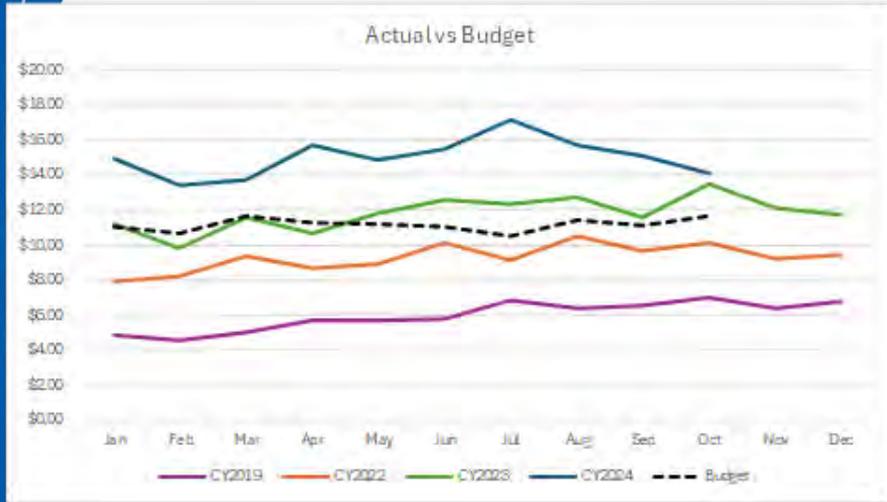


**Note 1:** As of September 2024 Quarterly DMHC filing, unless noted otherwise.

**Note 2:** IEHP's October 2024 Cash-on-Hand calculation excludes pass-through monies, whereas the calculation for other health plans do not exclude these monies.



# Behavioral Health Therapy – Autism

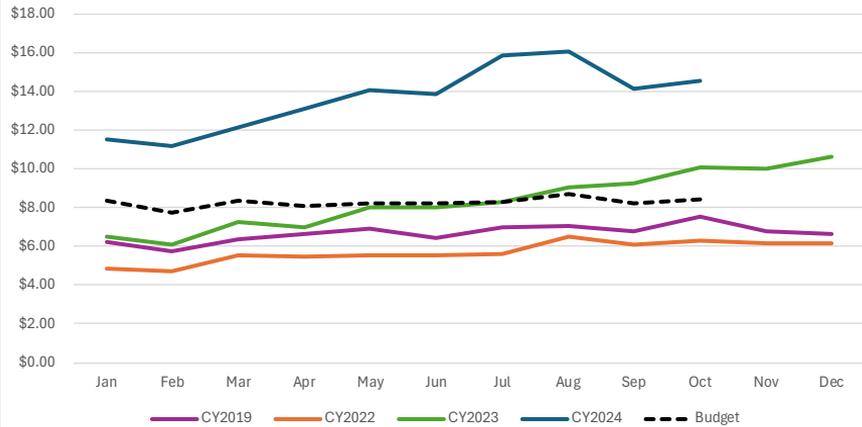


Service Month	Incurred PPM				Trends		Variance to
	CY2022	CY2023	CY2024	Budget	CY2023	CY2024	Budget
Jan	\$7.92	\$11.17	\$14.96	\$11.08	41.1%	33.9%	35.0%
Feb	\$8.17	\$9.83	\$13.39	\$10.64	20.3%	36.2%	25.9%
Mar	\$9.40	\$11.55	\$13.70	\$11.63	22.9%	18.7%	17.8%
Apr	\$8.68	\$10.63	\$15.72	\$11.28	22.4%	47.9%	39.3%
May	\$8.89	\$11.78	\$14.86	\$11.20	32.4%	26.2%	32.7%
Jun	\$10.15	\$12.56	\$15.48	\$11.05	23.8%	23.2%	40.1%
Jul	\$9.11	\$12.36	\$17.15	\$10.47	35.7%	38.7%	63.9%
Aug	\$10.52	\$12.68	\$15.72	\$11.38	20.6%	24.0%	38.1%
Sep	\$9.68	\$11.58	\$15.12	\$11.11	19.6%	30.6%	36.2%
Oct	\$10.11	\$13.48	\$14.07	\$11.65	33.3%	4.4%	20.8%
Nov	\$9.22	\$12.14			31.6%		
Dec	\$9.41	\$11.74			24.8%		



# Transportation

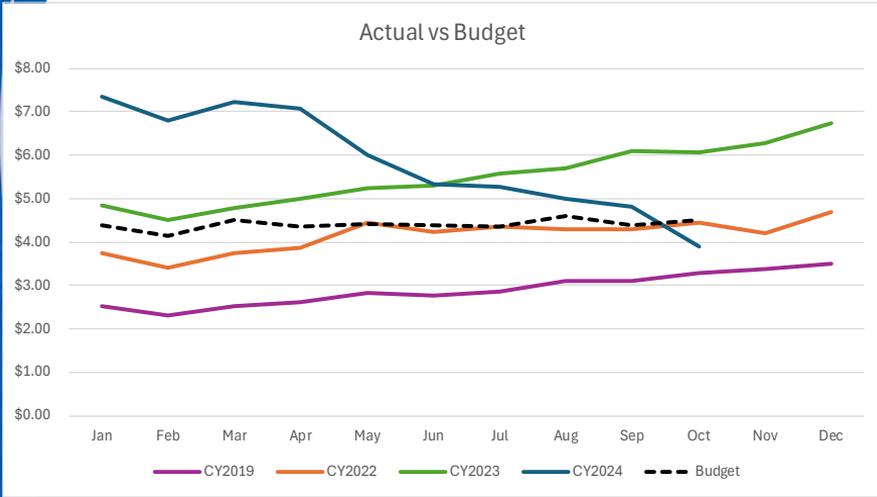
Actual vs Budget



Service Month	Incurred PMPM				Trends		Variance to
	CY2022	CY2023	CY2024	Budget	CY2023	CY2024	Budget
Jan	\$4.86	\$6.47	\$11.54	\$8.37	33.3%	78.2%	37.8%
Feb	\$4.73	\$6.09	\$11.16	\$7.76	28.7%	83.4%	43.9%
Mar	\$5.51	\$7.23	\$12.12	\$8.39	31.3%	67.6%	44.5%
Apr	\$5.46	\$6.99	\$13.09	\$8.11	28.2%	87.1%	61.4%
May	\$5.54	\$8.02	\$14.04	\$8.23	44.8%	75.0%	70.7%
Jun	\$5.55	\$8.02	\$13.86	\$8.19	44.4%	72.8%	69.2%
Jul	\$5.61	\$8.28	\$15.86	\$8.26	47.6%	91.6%	92.1%
Aug	\$6.47	\$9.04	\$16.09	\$8.69	39.8%	77.9%	85.2%
Sep	\$6.09	\$9.23	\$14.15	\$8.21	51.4%	53.4%	72.5%
Oct	\$6.31	\$10.04	\$14.52	\$8.42	59.1%	44.6%	72.5%
Nov	\$6.16	\$10.01			62.4%		
Dec	\$6.12	\$10.61			73.3%		



# Home Health



Service Month	Incurred PMPM				Trends		Variance to
	CY2022	CY2023	CY2024	Budget	CY2023	CY2024	Budget
Jan	\$3.74	\$4.84	\$7.35	\$4.39	29.3%	51.8%	67.3%
Feb	\$3.41	\$4.50	\$6.80	\$4.15	31.8%	51.0%	63.9%
Mar	\$3.75	\$4.80	\$7.24	\$4.51	28.0%	50.9%	60.6%
Apr	\$3.87	\$4.99	\$7.07	\$4.35	29.1%	41.6%	62.3%
May	\$4.44	\$5.23	\$6.02	\$4.40	17.9%	15.0%	36.7%
Jun	\$4.25	\$5.31	\$5.34	\$4.37	25.1%	0.4%	22.1%
Jul	\$4.36	\$5.59	\$5.28	\$4.36	28.3%	-5.5%	21.0%
Aug	\$4.28	\$5.69	\$4.99	\$4.61	32.8%	-12.3%	8.2%
Sep	\$4.28	\$6.10	\$4.82	\$4.37	42.4%	-20.9%	10.3%
Oct	\$4.45	\$6.07	\$3.90	\$4.49	36.3%	-35.7%	-13.2%
Nov	\$4.21	\$6.29			49.3%		
Dec	\$4.68	\$6.72			43.8%		



# Acronyms & Definitions

CCA – Covered California

CEPPT – California Employers' Pension Prefunding Trust

CY– Calendar Year

DHCS – Department of Health Care Services

D-SNP – Dual Eligible Special Needs Plan (Medicare and Medi-Cal)

EPP – Enhanced Payment Program

FFS – Fee for Service

G&A – General & Administrative

HQAF – Hospital Quality Assurance Fee

IGT – Intergovernmental Transfers

IPA – Independent Physician Association

LTC – Long Term Care

MCO – Managed Care Organization

MLR – Medical Loss Ratio

MOT – Major Organ Transplant

P4P – Pay for Performance

PHDP – Private Hospital Directed Payment

QIP – Quality Incentive Pool

SBHIP – Student Behavioral Health Incentive Program

SPD – Seniors and Persons with Disabilities

UIS – Unsatisfactory Immigration Status

YTD – Year-to-date



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## FINANCE DEPARTMENT

### 15. ADOPT AND APPROVE THE INTERIM IEHP CALENDAR YEAR 2025 OPERATIONS BUDGET

**Recommended Action:**

That the Governing Board of the Inland Empire Health Plan (IEHP) adopt and approve the IEHP Interim Calendar Year 2025 (CY 2025) Operations Budget as presented.

**Contact:**

Keenan Freeman, Chief Financial Officer

**Background:**

IEHP prepares and presents its annual budget to the Governing Board for approval for the upcoming calendar year. IEHP's budget is on a calendar year basis, January 1 through December 31. This budget consists of an Interim Operating Budget for the upcoming two (2) month period (January – February). The Operating Budget is presented on a Consolidated Basis, as well as individually for the specific product lines.

The Operating Budget consists of the following major categories:

1. Enrollment
2. Operating Revenues (Premiums)
3. Medical Expenses
4. General & Administrative Expenses
5. Net Surplus/(Deficit)

Operating Revenues are projected based on forecasted enrollment and Per-Member-Per-Month (PMPM) premiums. Medical Expenditures are based on forecasted enrollment and projected utilization, cost trends, and any known changes in provider contracting rates. General and Administrative Expenditures are forecasted based on actual costs together with any known cost increases or decreases in this category.

**Discussion:**

The budget process starts with forecasting enrollment for the upcoming calendar year. Enrollment drives two (2) major components of the budget; revenues and medical expenses as these are forecasted on a PMPM basis. Current enrollment and growth trends during the calendar year are reviewed and factored-in to forecast enrollment. Consideration is given to the overall market. Projections are done for Medical, and General and Administrative (G&A) expenses. A Net Surplus or Deficit is calculated by offsetting all expenses against revenues.

The details of the Interim CY 2025 Operating Budget are based on current information. IEHP will present a revised full budget for the entire CY 2025 with updated information from DHCS regarding the finalization of outstanding CY 2025 rates and program guidance at a later date. This will be discussed further in the attached presentation.

POLICY AGENDA

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<b>Fiscal Impact</b>	<b>Financial Review</b>	<b>Procurement Review</b>	<b>Reviewed by Counsel</b>	<b>Director Approval</b>	<b>Chief Approval</b>
CY2025 Budget	V. Johnson 11/18/24	NA	NA	V. Johnson 12/02/24	K. Freeman 12/02/24



# IEHP Interim Operating Budget December 9, 2024



# CY 2025 Income Statement Jan-Feb 2025

	Consolidated <sup>1</sup>	Medi-Cal	Medicare (DSNP)	Covered California	Non Allocated
<b>Enrollment</b>	3,040,799	2,906,274	68,647	65,878	-
<b>Revenue</b>	\$ 1,296,216,289	\$ 1,107,870,287	\$ 155,945,006	\$ 32,400,996	
<b>Medical Expenses</b>	\$ 1,236,124,526	\$ 1,064,084,889	\$ 143,680,885	\$ 28,347,548	\$ 11,203
<b>Administrative Expenses</b>	\$ 86,932,404	\$ 66,783,692	\$ 10,936,966	\$ 9,002,853	\$ 208,893
<b>Non-Operating Income</b>	\$ 21,047,154	\$ 5,782,501	\$ -	\$ -	\$ 15,264,653
<b>Non-Medi-Cal/Medicare Expenses</b>	\$ 859,231	\$ -	\$ -	\$ -	\$ 859,231
<b>Net Surplus (Deficit)</b>	\$ (6,652,719)	\$ (17,215,793)	\$ 1,327,154	\$ (4,949,405)	\$ 14,185,325

1 - Consolidated figures include non allocated expenses, such as Interest and Rental Income



# Budget Assumptions for CY2025

- IEHP total membership is projected to have a small growth of 1.4%, with Medi-Cal membership staying flat, DSNP and Covered CA lines of business increased by 6.6% and 62.2%, respectively.
- Revenue based on 2025 draft rates for the Medi-Cal population with an increase of 5.9% net of quality withhold.
- Medical cost trends continue to increase by 10.2% overall.
- Operating costs trend at 7% (\$34.8M) increase.
  - \$14.1M Salaries and Benefits
  - \$7.1M Depreciation & Amortization
  - \$12.8M Outside & Professional Services



# Outstanding Budget Items

- Membership adjustments – 125-150K in Redeterminations in Jan.
- Revised Medical Costs with Updated Trends
- Revised Depreciation and Amortization
- CY2025 Adjusted Rates due from DHCS the week of December 15<sup>th</sup>
- Possibility of a CY2025 MLR Risk Corridor



**THE GOVERNING BOARD  
OF THE  
INLAND EMPIRE HEALTH PLAN**

Inland Empire Health Plan  
Dr. Bradley P Gilbert Center for  
Learning and Innovation – Board Room  
9500 Cleveland Avenue  
Rancho Cucamonga, CA 91730

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***DRAFT - MINUTES OF THE NOVEMBER 4, 2024 REGULAR MEETING***

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**Governing Board Members Present:**

Supervisor Curt Hagman  
Supervisor Yxstian Gutierrez  
Supervisor Dawn Rowe  
Supervisor Karen Spiegel

Dr. Dan Anderson  
Drew Williams  
Eileen Zorn

**Governing Board Members Absent:** None  
**Governing Board Member Vacancy:** None

**Inland Empire Health Plan Employees and Legal Counsel Present:**

Jarrold McNaughton, Chief Executive Officer  
Vinil Devabhaktuni, Chief Digital and  
Information Officer  
Keenan Freeman, Chief Financial Officer  
Edward Juhn, Chief Quality Officer  
Michelle Rai, Chief Communications &  
Marketing Officer  
Supriya Sood, Chief People Officer  
Takashi Wada, Interim Chief Medical Officer  
Susie White, Chief Operations Officer

Anna Wang, Esq., Vice President, General Counsel  
Raymond Mistica, Esq. Deputy County Counsel  
Victoria Ostermann, Director of Government  
Affairs  
Annette Taylor, Secretary to the Governing Board  
Stefanie Stubblefield, Board Specialist

**IEHP Staff Absent:** None

**Guests:** None

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- I. Call to Order:  
Chair Hagman called the November 4, 2024 regular meeting of the Inland Empire Health Plan Governing Board to order at 9:03 a.m.
  - II. Pledge of Allegiance:
  - III. Roll Call: Supervisor Spiegel arrived at 9:06 a.m.
  - IV. Agenda Changes: None
  - V. Public Comment: None
  - VI. Conflict of Interest Disclosure: None

*\*Chair Hagman combined the vote of the Meeting Minutes from October 7, 2024 and Consent Agenda (Items 1 –39).*

- VII. Adopt and Approve the Meeting Minutes from October 7, 2024 Meeting of the Governing Board of the Inland Empire Health Plan.

***Action: On motion of Member Gutierrez and seconded by Member Williams, the Meeting Minutes from the October 7, 2024 Regular Meetings of the Governing Board of the Inland Empire Health Plan were approved as presented. (Gutierrez/Williams; Spiegel not present)***

**Consent Agenda:**

***Action: On motion of Member Gutierrez and seconded by Member Williams, Items 1 - 39 on the IEHP Consent Agenda were approved as presented. (Gutierrez/Williams; Spiegel not present)***

*\*Supervisor Spiegel arrived at 9:06 a.m. Upon her arrival, Chair Hagman asked if she approved the October 7, 2024 Meeting Minutes and Consent Items 1 – 38 on the Consent agenda to which she responded her approval of both.*

**Policy Agenda and Status Report on Agency Operations (Board Report #354)**

**ADMINISTRATION:**

Jarrod McNaughton, Chief Executive Officer, presented the following Administrative section of the Status Report

**Item 40: Chief Executive Officer Update**

*Mr. McNaughton presented the CEO Update for November 2024.*

*\*Members Hagman, Gutierrez, Zorn, and Spiegel commented.*

***All Status Report items for the Administration Department were reviewed and accepted by the Governing Board***

**FINANCE DEPARTMENT (Keenan Freeman):**

Keenan Freeman, Chief Financial Officer, presented the following Finance Department section of the Status Report:

**Item 41: Review of the Monthly Financials:**

*Mr. Freeman presented the financials for PE093024. New slide was distributed to Board, discussed and attached to these meeting minutes.*

*\*Members Hagman, Gutierrez, Zorn, Spiegel, and Anderson commented on presentation*

***All Status Report items for the Finance Department were reviewed and accepted by the Governing Board***

- VIII. **Comments from the Public on Matters Not on The Agenda:** IEHP Member, Michael Katz, spoke on transportation issues.

- IX. **Board Comments:**

*\*Chair Hagman announced with no reportable action expected from the Closed Session matters the November 4, 2024 Governing Board meeting will be adjourned. The Clerk read the following Matter into the meeting record:*

XII. Closed Session

1. Conference with Legal Counsel – Existing Litigation: (Subdivision (d)(1) of Government Code Section 54956.9)

a. Inland Empire Health Plan v. Fanous (San Bernardino County Superior Court Case No. CIVDS1939428).

X. Adjournment

*Chair Hagman adjourned the November 4, 2024, IEHP Governing Board meeting at 10:24 a.m.*

The Approved Governing Board Minutes for November 4, 2024 will have a copy of the IEHP Board Report #354 attached

These Meeting Minutes were duly adopted and approved on December 9, 2024.

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Annette Taylor  
Secretary to the IEHP Governing Board