



**REGULAR MEETING OF THE FINANCE COMMITTEE
OF THE
INLAND EMPIRE HEALTH PLAN**

July 29, 2025 - 2:00 PM

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

If disability-related accommodations are needed to participate in this meeting, please contact BoardServices@IEHP.org during regular business hours of IEHP (M - F 8:00 a.m. – 5:00 p.m.)

PUBLIC COMMENT AT THE FINANCE COMMITTEE MEETINGS:

The meeting of the Inland Empire Health Finance Committee is open to the public. A member of the public may address the Committee on any item on the agenda and on any matter that is within the Committee's jurisdiction at the time of the meeting when the item listed on the agenda is called. In order to keep track of speakers and to be able to notify the Committee of any speakers on a particular agenda item, a speaker slip is requested to be completed and provided to the Committee 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 Committee to speak. The Committee may limit the public input on any item, based on the number of people requesting to speak and the business of the Committee.

All public record documents for matters on the open session of this agenda can be viewed at the meeting location listed above or by contacting the Secretary to the Governing Board by phone at (909) 736-6891 or by email at BoardServices@iehp.org.

AGENDA

- I. Call to Order
- II. Pledge of Allegiance
- III. Roll Call
- IV. Changes to the Agenda
- V. Public Comments on Matters on the Agenda
- VI. Adopt and Approve of the Meeting Minutes from the April 13, 2025, Regular Meeting of the IEHP Finance Committee

AGENDA

VII. POLICY DISCUSSION ITEMS

CHIEF FINANCIAL OFFICER’S REPORT (Keenan Freeman)

1. Review of the June 2025 Monthly Financial Report
2. Review of the Inland Empire Health Plan Calendar Year 2025 Operational and Capital Budget

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

IX. Committee Member Comments

X. Closed Session – No Business

XI. Adjournment

The next meeting of the IEHP Finance Committee will be held on October 14, 2025 at the Dr. Bradley P. Gilbert Center for Learning and Innovation in Rancho Cucamonga.

1. Title: Review of the June 2025 Monthly Financial Report**Presenter:** Keenan Freeman, Chief Financial Officer**Summary:**

Discussion of the Monthly Financials for period ending June 30, 2025.

Recommendation:

That the IEHP Finance Committee receive and file this information as presented.

Chair Yxstian Gutierrez	Vice Chair Curt Hagman	Member Eileen Zorn
<input checked="" type="checkbox"/> Review <input type="checkbox"/> Recommend item be forwarded to Governing Board for (review/approval) <input type="checkbox"/> N/A	<input checked="" type="checkbox"/> Review <input type="checkbox"/> Recommend item be forwarded to Governing Board for: (review/approval) <input type="checkbox"/> N/A	<input checked="" type="checkbox"/> Review <input type="checkbox"/> Recommend item be forwarded to Governing Board for: (review/approval) <input type="checkbox"/> N/A

FINANCE DIVISION

June 2025

MONTHLY FINANCIALS

Presented
August 11, 2025



June 2025 Actual: Consolidated

	June Month-to-Date	June Year-to-Date
	Actual	Actual
Total Revenue	\$ 707,639,463	\$ 4,249,098,274
Total Medical Costs	\$ 660,675,079	\$ 4,050,448,551
Total Operating Expenses	\$ 35,362,483	\$ 245,586,666
Total Non Operating Income (Expense)	\$ 9,453,303	\$ 58,865,459
Non-Medical Expenses	\$ 66,465	\$ (968,455)
Net Surplus (Deficit)**	\$ 20,988,739	\$ 12,896,970
Medical Cost Ratio**	93.4%	95.3%
Administrative Cost Ratio**	5.0%	5.8%

Highlights for the Month:

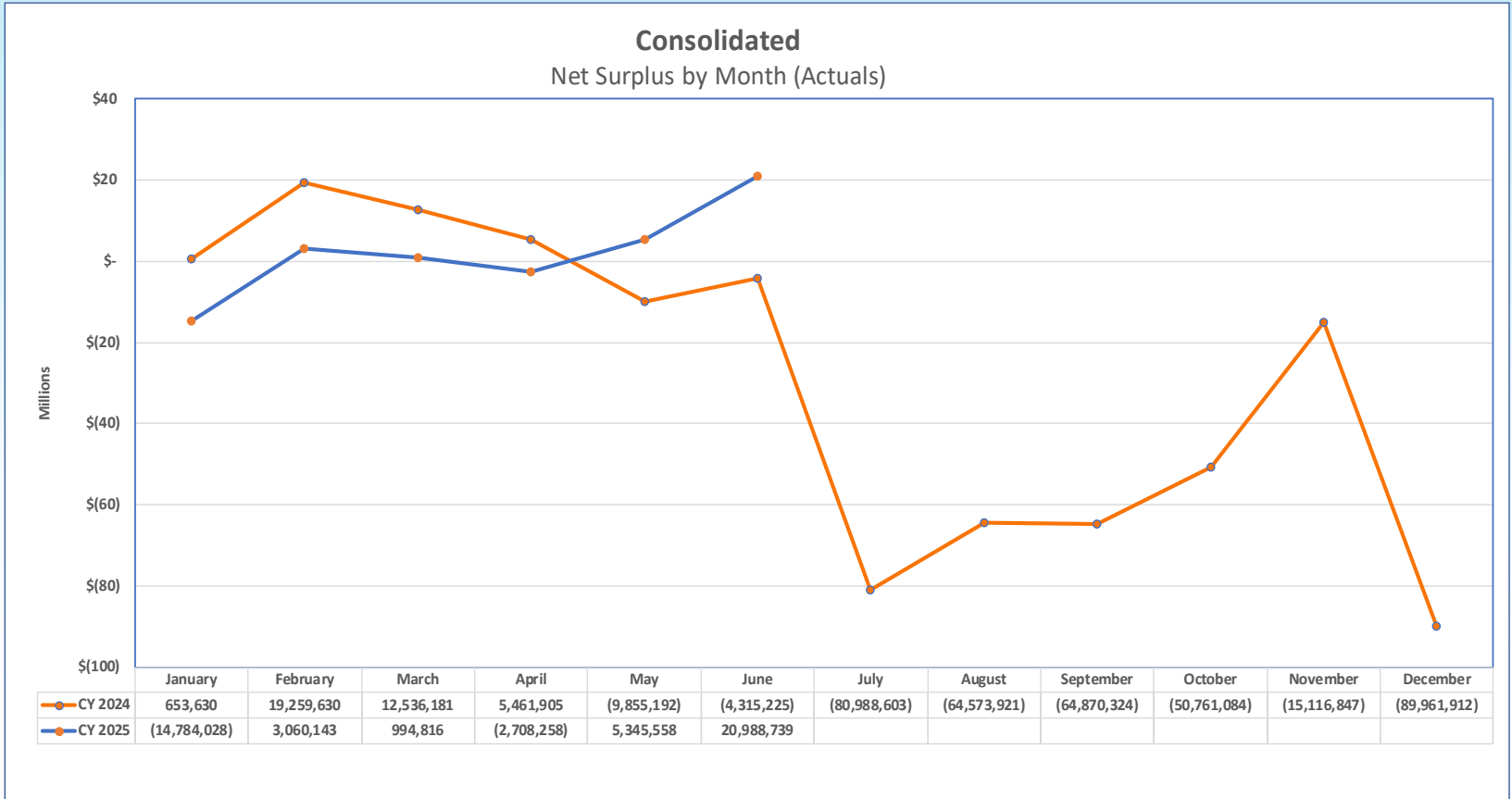
- Favorable CY2024 Medi-Cal Quality Withhold premium earn-back adjustment from 75% to 100%.
- Favorable CY2024 Quality Bonus reserve adjustment.

*There is Other Income/Expenses that are not attributed to a specific line of business, but included on a consolidated basis (i.e.: Interest Income, Investment Income (Expense), Leased Asset Revenue, Non-Medical Expenses, etc.)

**Differences are due to rounding



Net Surplus Year-Over-Year - Consolidated



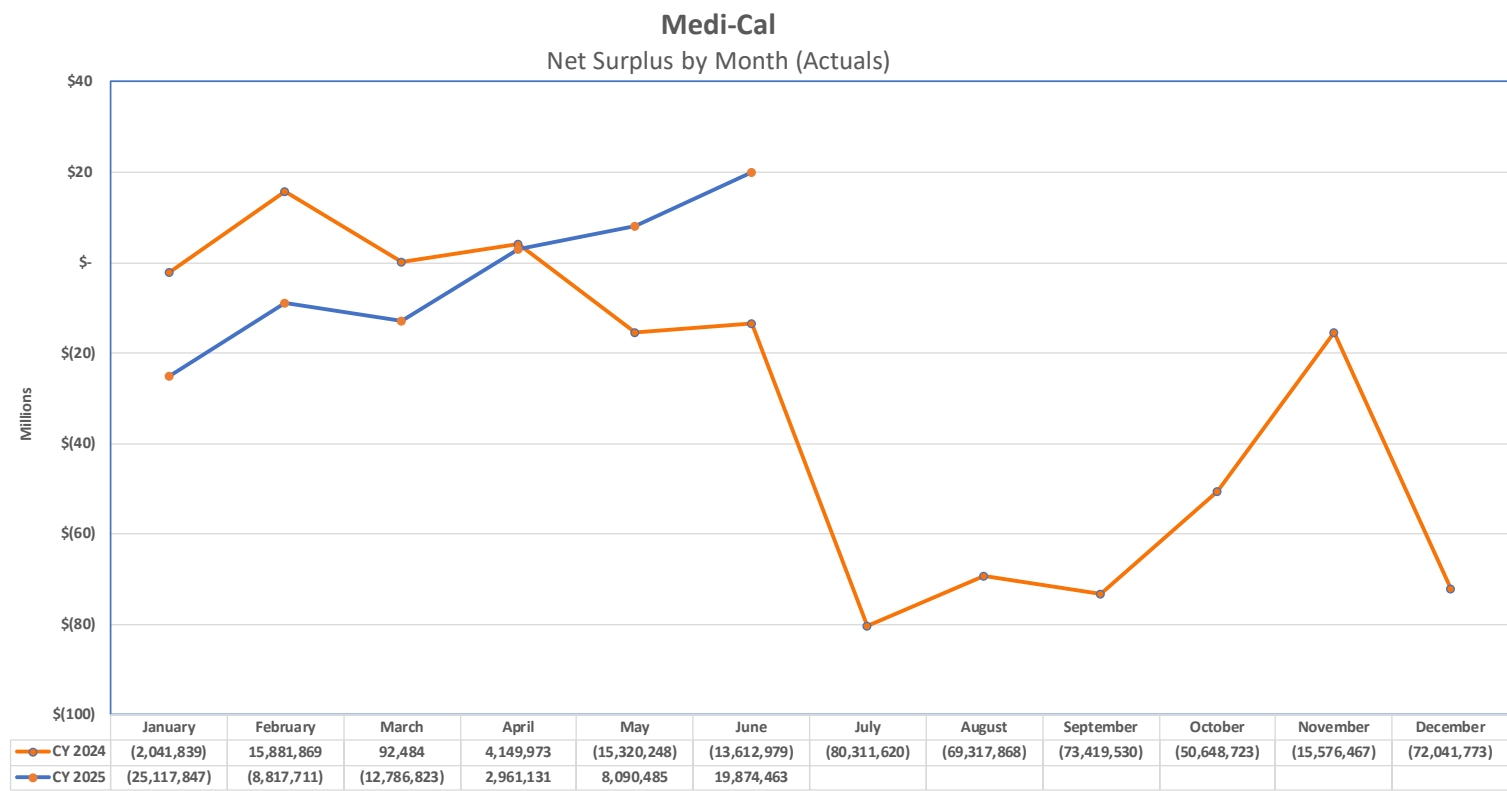
June 2025 Actual: Medi-Cal

	June Month-to-Date	June Year-to-Date
	Actual	Actual
Total Revenue	\$ 601,887,968	\$ 3,652,378,766
Total Medical Costs	\$ 560,432,382	\$ 3,495,462,466
Total Operating Expenses	\$ 25,047,019	\$ 194,234,548
Total Non Operating Income (Expense)	\$ 3,465,896	\$ 21,521,946
Net Surplus (Deficit)**	\$ 19,874,463	\$ (15,796,302)
Medical Cost Ratio**	93.1%	95.7%
Administrative Cost Ratio**	4.2%	5.3%

Highlights for the Month:

- Favorable CY2024 Medi-Cal Quality Withhold premium earn-back adjustment from 75% to 100%.
- Favorable CY2024 Quality Bonus reserve adjustment.

Net Surplus Year-Over-Year: Medi-Cal



June 2025 Actual: D-SNP

	June Month-to-Date	June Year-to-Date
	Actual	Actual
Total Revenue	\$ 84,343,784	\$ 492,174,402
Total Medical Costs	\$ 77,924,791	\$ 441,292,783
Total Operating Expenses	\$ 5,724,358	\$ 27,038,134
Total Non Operating Income (Expense)	\$ -	\$ -
Net Surplus (Deficit)**	\$ 694,636	\$ 23,843,486
Medical Cost Ratio**	92.4%	89.7%
Administrative Cost Ratio**	6.8%	5.5%

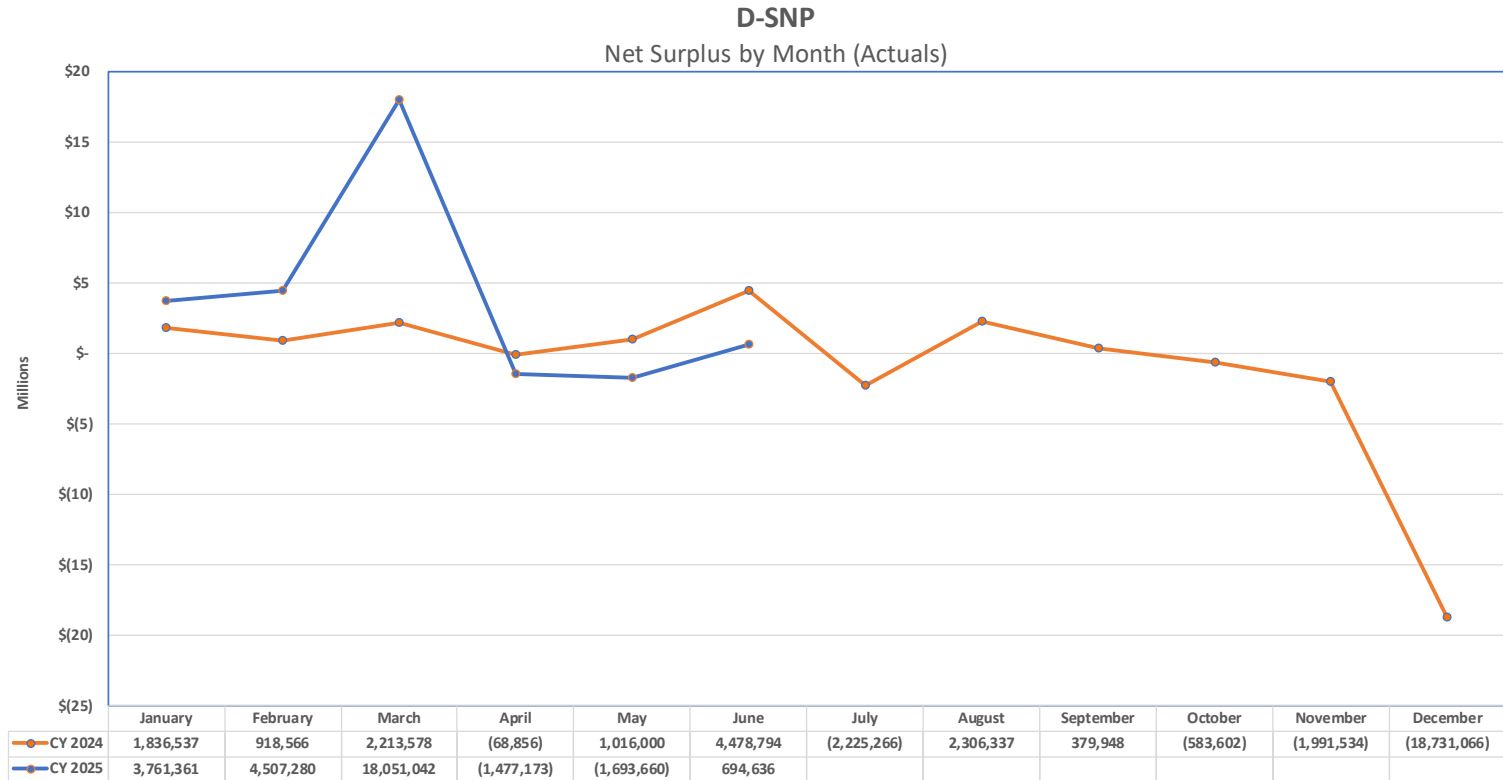
Highlights for the Month:

- Increase in pharmacy expense partially offset by decrease in FFS claims and capitation expenses.

**Differences are due to rounding



Net Surplus Year-Over-Year: D-SNP



June 2025 Actual: IEHP Covered (CCA)

	June Month-to-Date	June Year-to-Date
	Actual	Actual
Total Revenue	\$ 21,409,002	\$ 104,551,556
Total Medical Costs	\$ 22,333,672	\$ 113,544,230
Total Operating Expenses	\$ 4,695,006	\$ 24,314,360
Total Non Operating Income (Expense)	\$ -	\$ -
Net Surplus (Deficit)**	\$ (5,619,676)	\$ (33,307,033)
Medical Cost Ratio**	104.3%	108.6%
Administrative Cost Ratio**	21.9%	23.3%

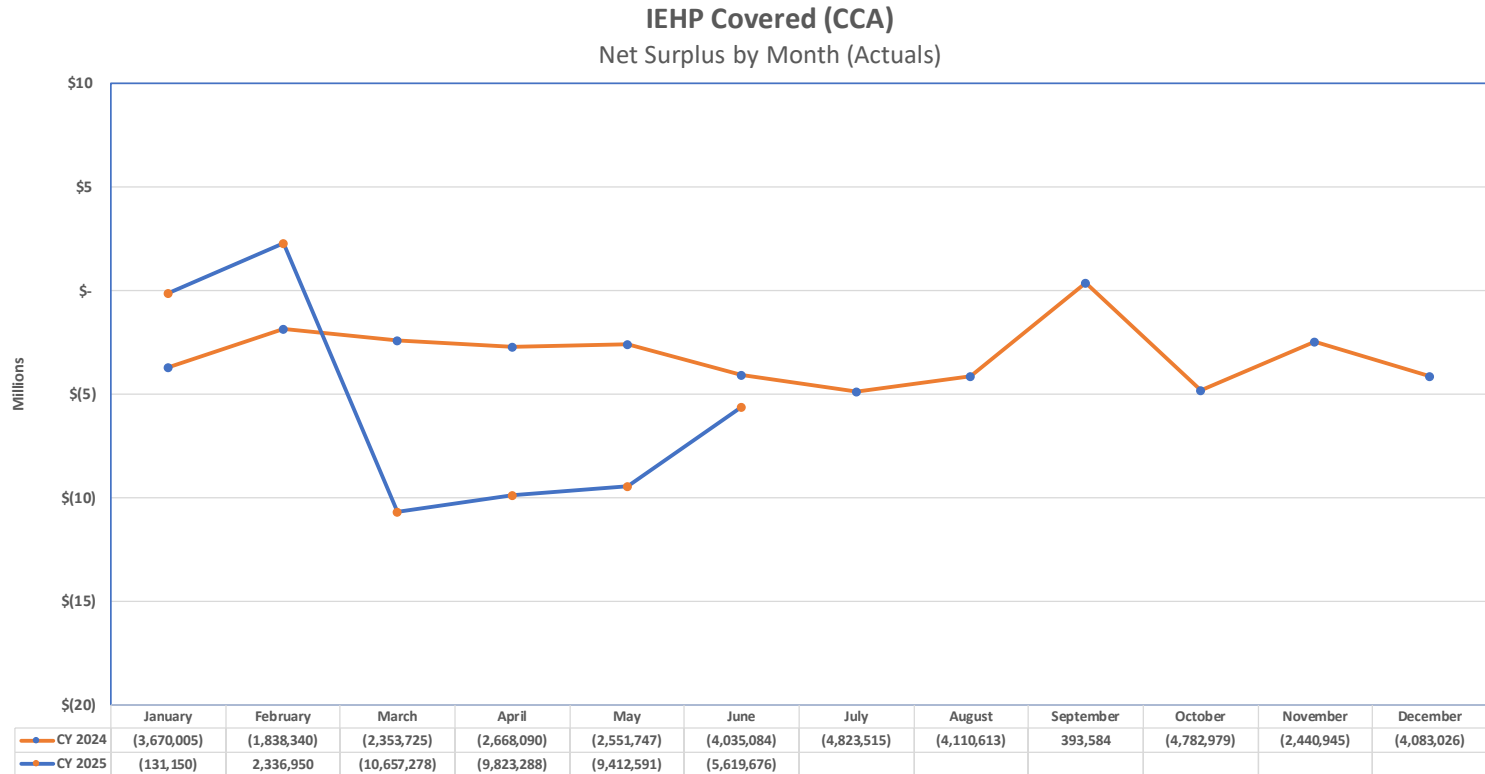
Highlights for the month:

- Favorable CY2024 CCA risk adjustment transfer adjustment.

**Differences are due to rounding



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



Balance Sheet: Current Month vs Prior Month

	Jun-25	May-25	Variance
<u>Assets and Deferred Outflows</u>			
Current Assets	\$ 2,258,953,576	\$ 2,340,439,415	\$ (81,485,839)
Long Term Receivables	\$ -	\$ -	\$ -
Other Non Current Assets	\$ 67,473,517	\$ 65,786,062	\$ 1,687,455
Capital Assets	\$ 301,626,799	\$ 298,908,124	\$ 2,718,676
Deferred Outflows of Resources	\$ 83,775,770	\$ 83,775,770	\$ -
Net Other Assets	\$ -	\$ -	\$ -
Total Assets and Deferred Outflows**	\$ 2,711,829,663	\$ 2,788,909,372	\$ (77,079,709)
<u>Liabilities, Deferred Inflows, and Net Position</u>			
Current Liabilities	\$ 1,574,996,520	\$ 1,675,036,413	\$ (100,039,893)
Long-Term Liabilities	\$ 31,723,900	\$ 29,733,061	\$ 1,990,839
Deferred Inflows	\$ 326,721	\$ 346,116	\$ (19,394)
Net Position	\$ 1,104,782,521	\$ 1,083,793,782	\$ 20,988,739
Total Liabilities, Deferred Inflows, and Net Position**	\$ 2,711,829,663	\$ 2,788,909,372	\$ (77,079,709)

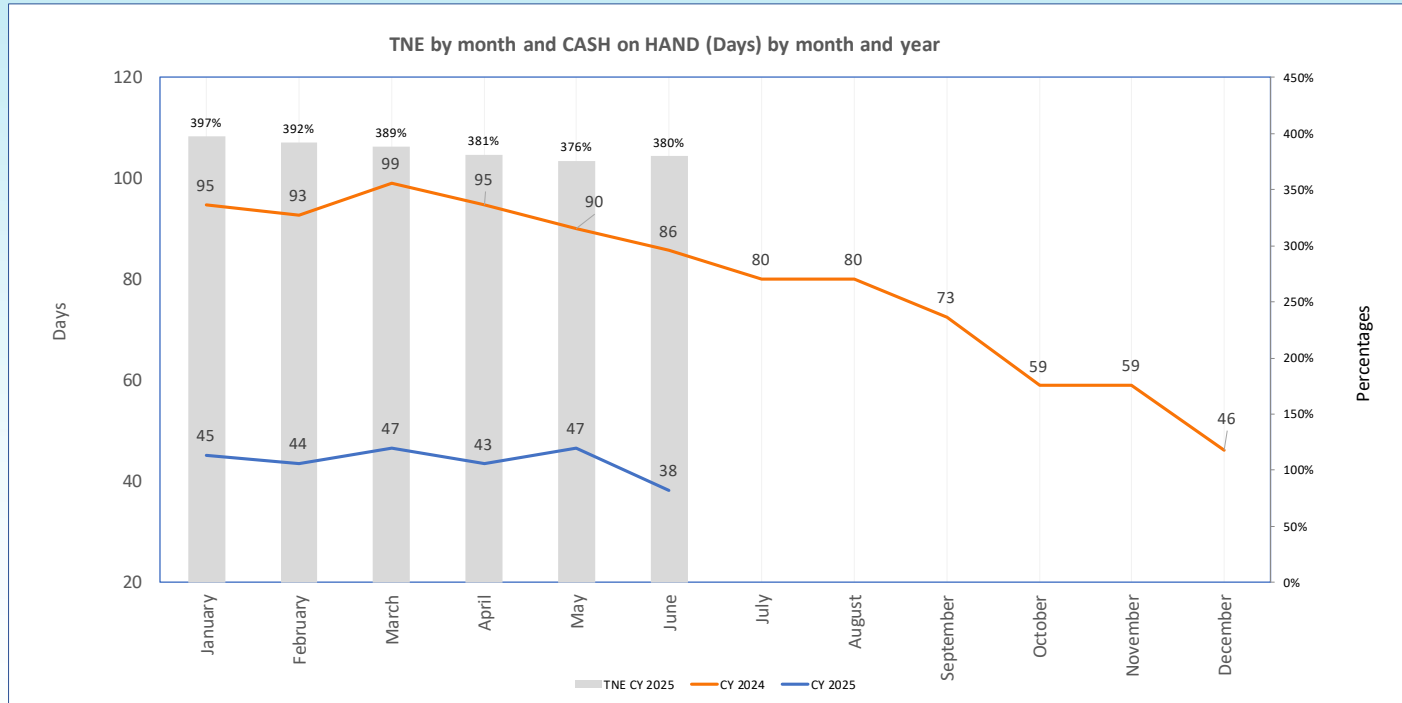
Highlights for the Month:

- Decrease in Current Assets is primarily due to decrease in cash due to \$108M Prop 56 MEP reconciliation payments to DHCS and \$38.8M for other transactions partially offset by \$65.3M MCO tax revenue accrual.
- Decrease in Current Liabilities is primarily due to \$108M Prop 56 MEP reconciliation payments to DHCS and \$87.7M unearned revenue for D-SNP June payment received in May partially offset by \$65.5M MCO tax expense accrual and \$26.4M TRI expense accrual net of payment.

**Differences are due to rounding



TNE and Cash On Hand



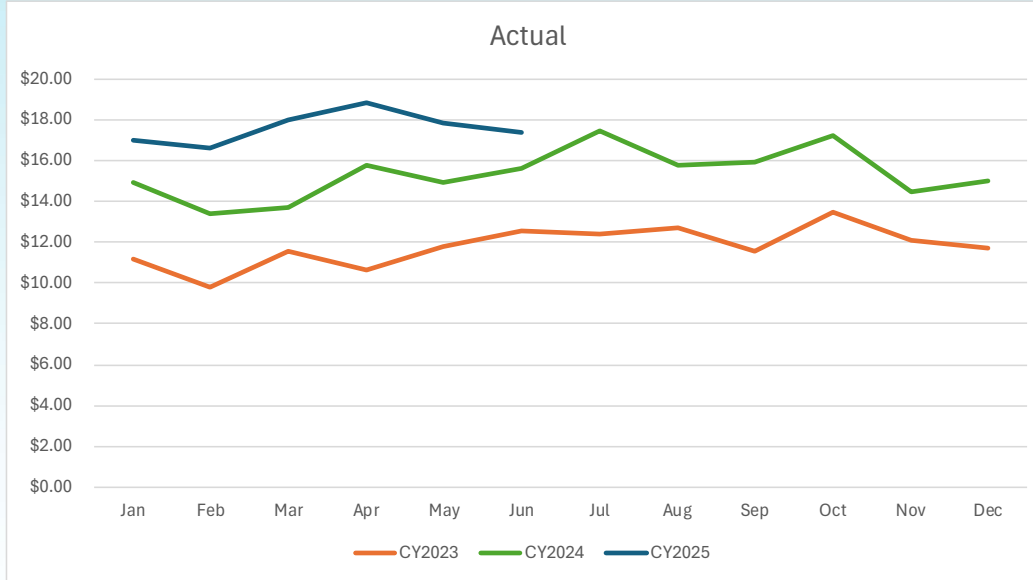
Highlights for the Month:

- Decrease in days cash on hand is primarily due to \$108M Prop 56 MEP reconciliation payments for CY2022 and CY2023 and \$42.8M State Only UIS Capitation Abatement payments to DHCS.

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



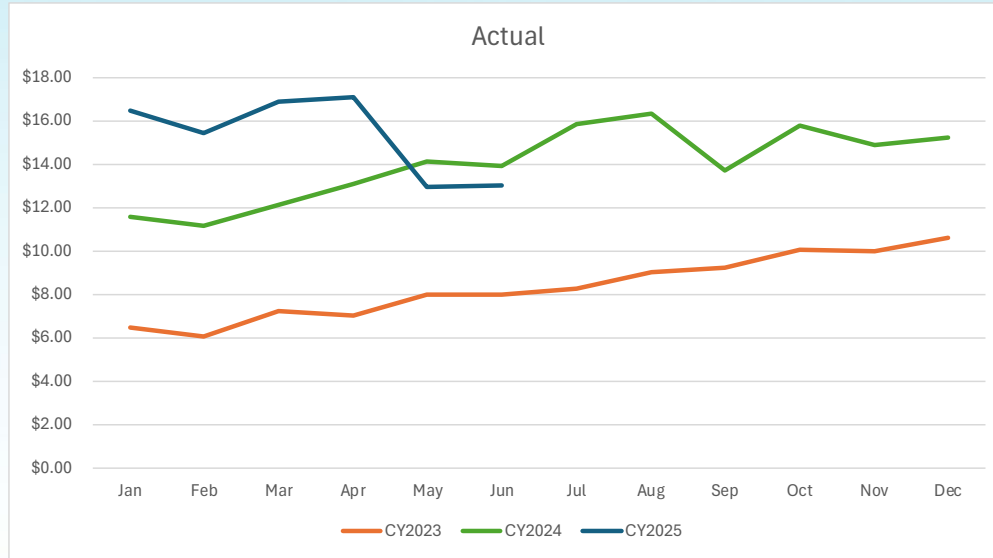
Behavioral Health Therapy – Autism



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$11.17	\$14.94	\$16.96	33.8%	13.5%
Feb	\$9.83	\$13.39	\$16.61	36.2%	24.1%
Mar	\$11.55	\$13.70	\$18.00	18.6%	31.4%
Apr	\$10.62	\$15.73	\$18.82	48.1%	19.6%
May	\$11.77	\$14.94	\$17.86	26.9%	19.6%
Jun	\$12.56	\$15.64	\$17.40	24.5%	11.3%
Jul	\$12.36	\$17.48		41.4%	
Aug	\$12.68	\$15.75		24.2%	
Sep	\$11.57	\$15.93		37.6%	
Oct	\$13.47	\$17.23		27.9%	
Nov	\$12.13	\$14.47		19.3%	
Dec	\$11.73	\$15.02		28.0%	



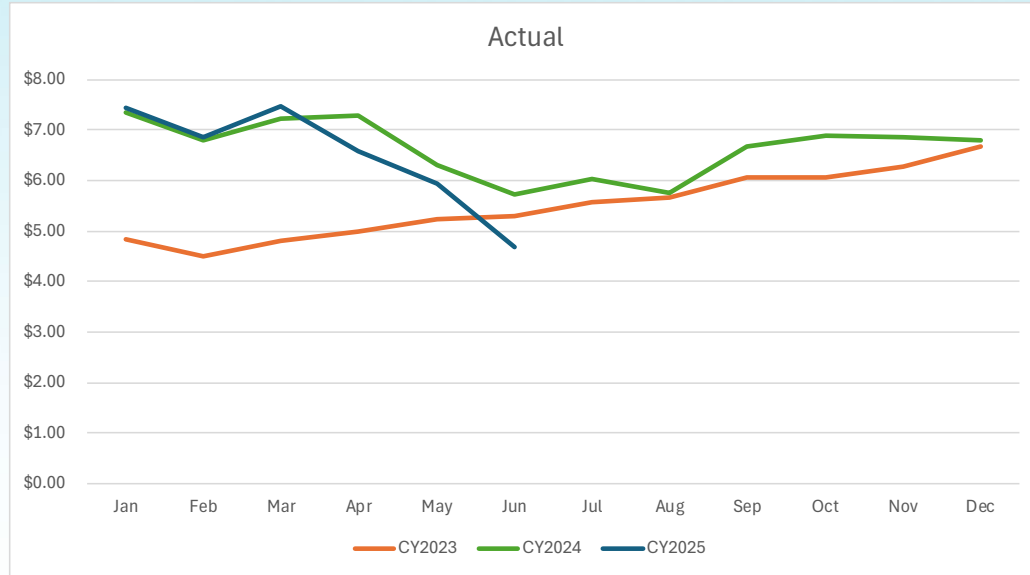
Transportation



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$6.48	\$11.56	\$16.46	78.4%	42.5%
Feb	\$6.09	\$11.18	\$15.46	83.7%	38.3%
Mar	\$7.23	\$12.13	\$16.90	67.8%	39.3%
Apr	\$6.99	\$13.10	\$17.06	87.3%	30.3%
May	\$8.02	\$14.14	\$12.94	76.4%	-8.5%
Jun	\$8.01	\$13.91	\$13.00	73.6%	-6.6%
Jul	\$8.26	\$15.87		92.1%	
Aug	\$9.04	\$16.32		80.5%	
Sep	\$9.24	\$13.68		48.0%	
Oct	\$10.05	\$15.76		56.8%	
Nov	\$10.01	\$14.89		48.7%	
Dec	\$10.61	\$15.20		43.2%	



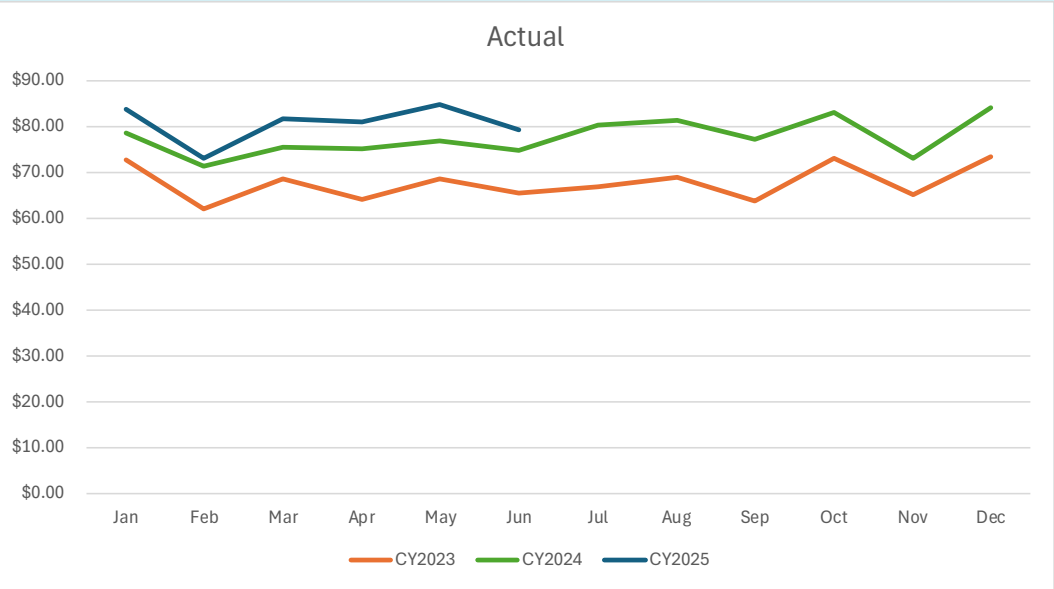
Home Health



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$4.84	\$7.36	\$7.45	52.1%	1.2%
Feb	\$4.50	\$6.79	\$6.87	50.8%	1.2%
Mar	\$4.80	\$7.22	\$7.48	50.6%	3.5%
Apr	\$4.99	\$7.28	\$6.57	45.9%	-9.7%
May	\$5.23	\$6.31	\$5.95	20.7%	-5.7%
Jun	\$5.31	\$5.74	\$4.68	8.0%	-18.4%
Jul	\$5.58	\$6.03		8.1%	
Aug	\$5.67	\$5.76		1.6%	
Sep	\$6.08	\$6.66		9.6%	
Oct	\$6.05	\$6.87		13.6%	
Nov	\$6.26	\$6.85		9.4%	
Dec	\$6.69	\$6.79		1.5%	



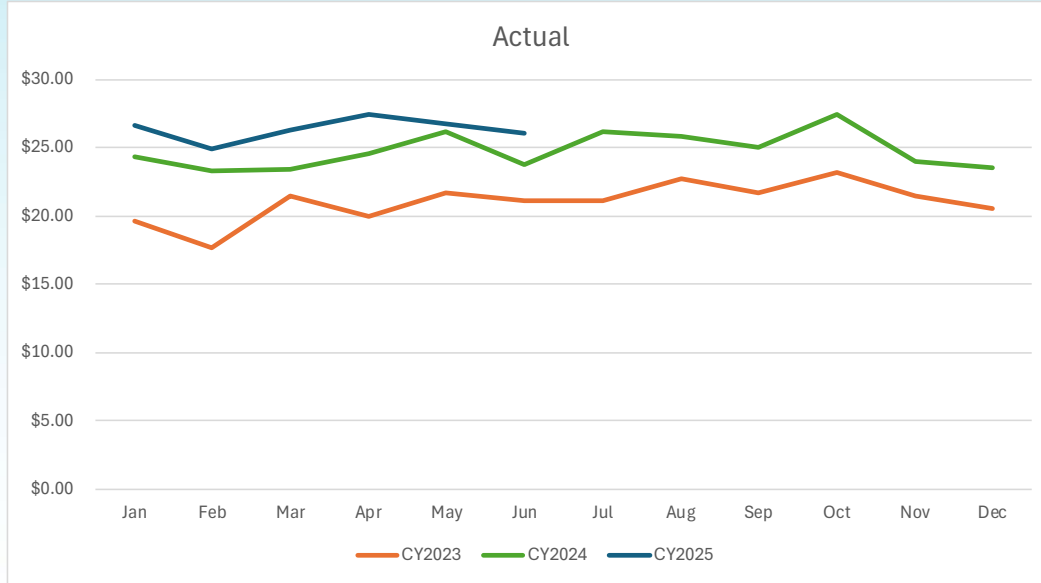
Inpatient



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$72.81	\$78.38	\$83.68	7.7%	6.8%
Feb	\$61.91	\$71.15	\$72.99	14.9%	2.6%
Mar	\$68.40	\$75.27	\$81.70	10.0%	8.5%
Apr	\$64.14	\$75.25	\$80.99	17.3%	7.6%
May	\$68.62	\$76.70	\$84.82	11.8%	10.6%
Jun	\$65.37	\$74.71	\$79.20	14.3%	6.0%
Jul	\$66.84	\$80.21		20.0%	
Aug	\$68.79	\$81.16		18.0%	
Sep	\$63.57	\$77.28		21.6%	
Oct	\$73.06	\$83.12		13.8%	
Nov	\$65.19	\$73.11		12.2%	
Dec	\$73.35	\$84.14		14.7%	



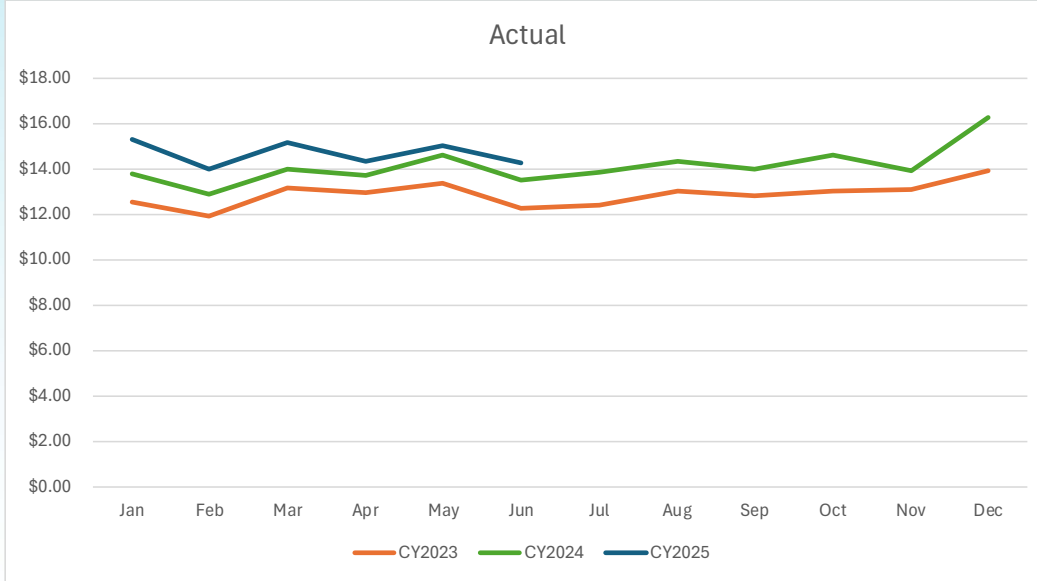
Outpatient



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$19.64	\$24.29	\$26.65	23.6%	9.7%
Feb	\$17.72	\$23.32	\$24.94	31.6%	6.9%
Mar	\$21.50	\$23.42	\$26.30	8.9%	12.3%
Apr	\$20.01	\$24.61	\$27.40	23.0%	11.4%
May	\$21.75	\$26.22	\$26.74	20.6%	2.0%
Jun	\$21.14	\$23.80	\$26.02	12.6%	9.3%
Jul	\$21.18	\$26.21		23.8%	
Aug	\$22.76	\$25.82		13.4%	
Sep	\$21.64	\$25.02		15.6%	
Oct	\$23.15	\$27.48		18.7%	
Nov	\$21.47	\$24.05		12.0%	
Dec	\$20.55	\$23.56		14.6%	



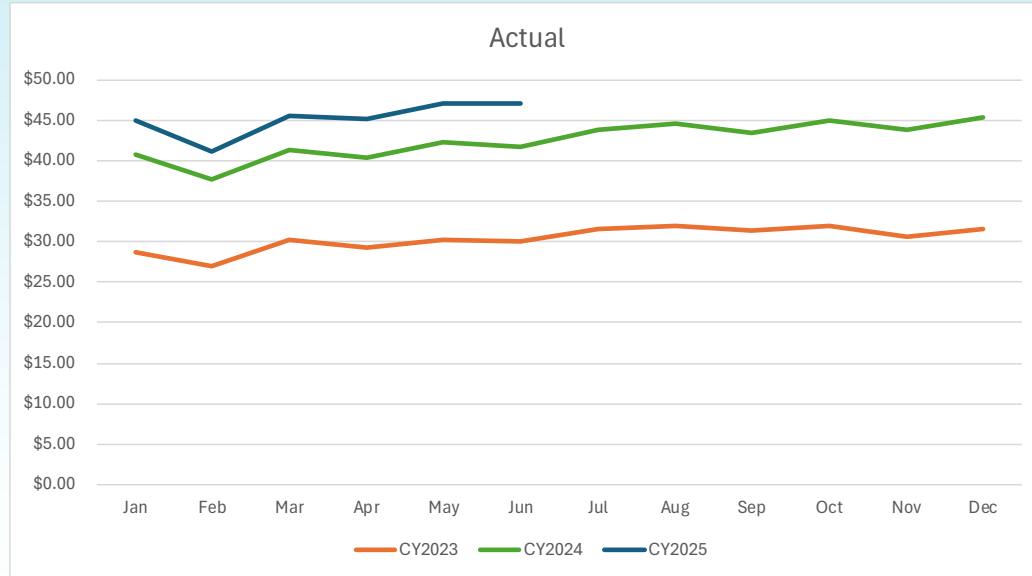
Emergency Room



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$12.53	\$13.79	\$15.29	10.0%	10.9%
Feb	\$11.95	\$12.89	\$13.98	7.9%	8.4%
Mar	\$13.18	\$13.96	\$15.12	5.9%	8.3%
Apr	\$12.93	\$13.74	\$14.34	6.3%	4.4%
May	\$13.39	\$14.62	\$15.03	9.2%	2.8%
Jun	\$12.28	\$13.50	\$14.24	9.9%	5.5%
Jul	\$12.42	\$13.83		11.3%	
Aug	\$13.05	\$14.33		9.8%	
Sep	\$12.84	\$13.96		8.7%	
Oct	\$13.05	\$14.58		11.7%	
Nov	\$13.09	\$13.90		6.1%	
Dec	\$13.90	\$16.27		17.0%	



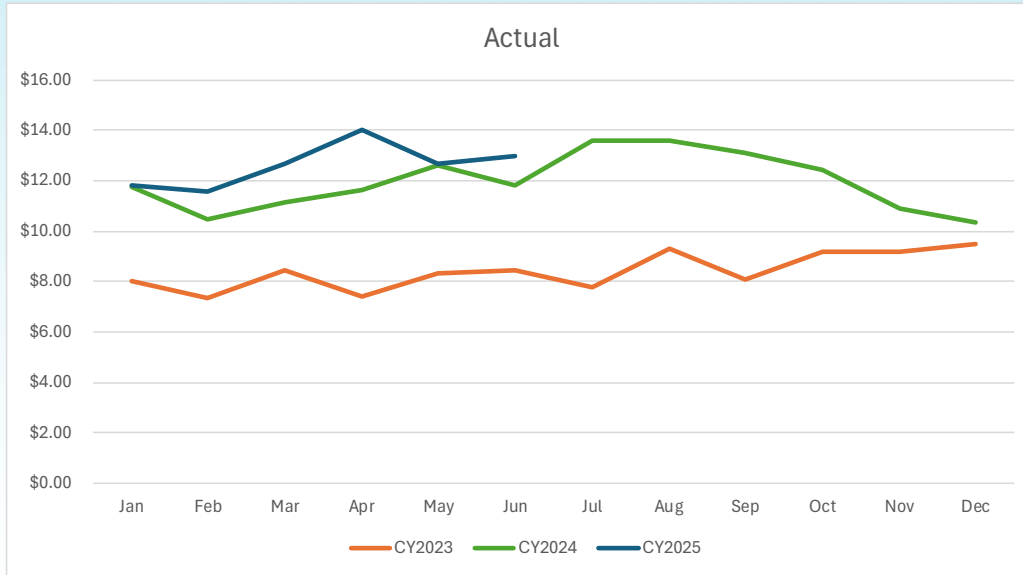
Long Term Care



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$28.62	\$40.78	\$45.01	42.5%	10.4%
Feb	\$27.00	\$37.68	\$41.16	39.5%	9.3%
Mar	\$30.28	\$41.32	\$45.56	36.5%	10.3%
Apr	\$29.34	\$40.34	\$45.16	37.5%	12.0%
May	\$30.32	\$42.33	\$47.14	39.6%	11.4%
Jun	\$30.02	\$41.77	\$47.10	39.1%	12.8%
Jul	\$31.50	\$43.91		39.4%	
Aug	\$31.90	\$44.63		39.9%	
Sep	\$31.37	\$43.43		38.4%	
Oct	\$31.99	\$44.92		40.4%	
Nov	\$30.53	\$43.83		43.6%	
Dec	\$31.59	\$45.39		43.7%	



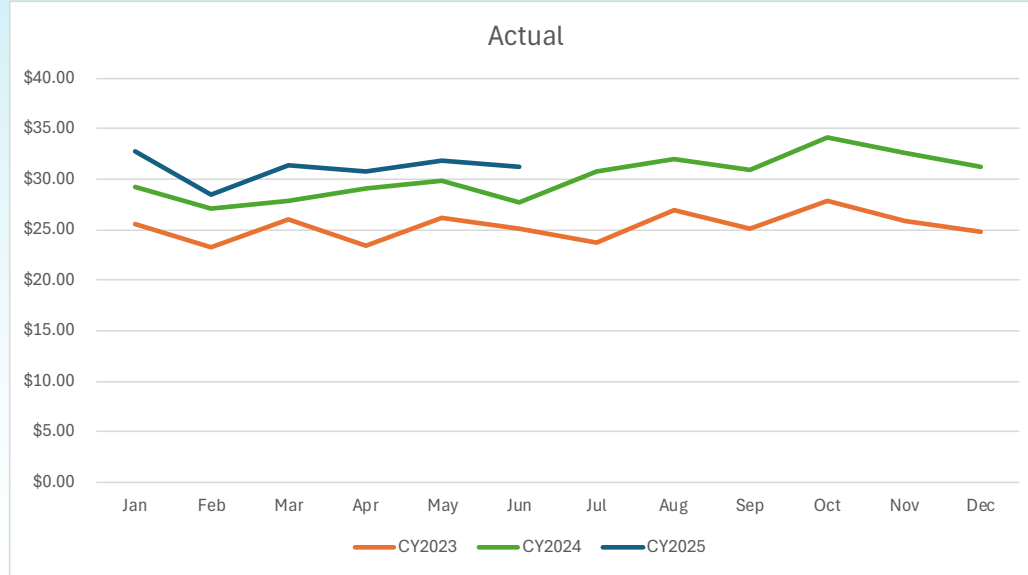
Other Professional



Service Month	Incurred PPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$8.03	\$11.73	\$11.83	46.0%	0.9%
Feb	\$7.37	\$10.50	\$11.60	42.4%	10.5%
Mar	\$8.43	\$11.12	\$12.68	31.9%	14.1%
Apr	\$7.42	\$11.63	\$14.03	56.7%	20.6%
May	\$8.34	\$12.62	\$12.70	51.4%	0.7%
Jun	\$8.46	\$11.84	\$12.97	40.0%	9.5%
Jul	\$7.78	\$13.61		74.9%	
Aug	\$9.30	\$13.59		46.1%	
Sep	\$8.07	\$13.11		62.4%	
Oct	\$9.17	\$12.41		35.3%	
Nov	\$9.21	\$10.90		18.4%	
Dec	\$9.50	\$10.33		8.8%	



Physician Specialty



Service Month	Incurred PMPM			Trends	
	CY2023	CY2024	CY2025	CY2024	CY2025
Jan	\$25.58	\$29.30	\$32.74	14.5%	11.7%
Feb	\$23.23	\$27.11	\$28.47	16.7%	5.0%
Mar	\$26.09	\$27.91	\$31.36	7.0%	12.4%
Apr	\$23.41	\$29.12	\$30.80	24.4%	5.8%
May	\$26.18	\$29.89	\$31.78	14.2%	6.3%
Jun	\$25.03	\$27.75	\$31.18	10.9%	12.4%
Jul	\$23.76	\$30.71		29.3%	
Aug	\$27.01	\$32.07		18.7%	
Sep	\$25.08	\$30.95		23.4%	
Oct	\$27.79	\$34.21		23.1%	
Nov	\$25.83	\$32.54		26.0%	
Dec	\$24.73	\$31.24		26.3%	



Acronyms & Definitions

CCA – Covered California

CMS – Centers for Medicare & Medicaid Services

CY– Calendar Year

DHCS – Department of Health Care Services

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

ECM – Enhanced Care Management

EPP – Enhanced Payment Program

FFS – Fee for Service

G&A – General & Administrative

HQAF - Hospital Quality Assurance Fee

IBNP – Incurred But Not Paid

IGT – Intergovernmental Transfers

IT – Information Technology

LTC – Long Term Care

MCO – Managed Care Organization

MCE – Medicaid Coverage Expansion

MEP – Medical Expenditure Percentages

MOT – Major Organ Transplant

PHDP – Private Hospital Directed Payment

QIP – Quality Incentive Pool

SIS – Satisfactory Immigration Status

UIS – Unsatisfactory Immigration Status

SNF – Skilled Nursing Facility

TNE – Tangible Net Equity

TRI – Targeted Rate Increases



2. Title: Review of Inland Empire Health Plan Calendar Year 2025 Operational and Capital Budget

Presenter: Keenan Freeman, Chief Financial Officer

Summary:

Discussion of IEHP CY2025 Operational and Capital Budget approved at the July 7, 2025, IEHP Governing Board meeting.

Recommendation:

That the IEHP Finance Committee receive and file this information as presented.



IEHP Operating & Capital Budget July 29, 2025



CY 2025 Income Statement

	Consolidated ¹	Medi-Cal	Medicare (DSNP)	Covered California	Non Allocated
Enrollment	18,339,725	17,307,117	449,736	582,872	-
Revenue²	\$ 8,482,345,949	\$ 7,231,245,025	\$ 990,587,818	\$ 260,518,266	\$ (5,159)
Medical Expenses²	\$ 7,965,212,675	\$ 6,806,825,200	\$ 912,698,921	\$ 245,546,318	\$ 142,236
Administrative Expenses	\$ 541,191,184	\$ 417,146,334	\$ 70,090,645	\$ 53,954,224	\$ (19)
Non-Operating Income	\$ 55,918,834	\$ -	\$ -	\$ -	\$ 55,918,834
Non-Medi-Cal/Medicare Expenses³	\$ 2,231,760	\$ -	\$ -		\$ 2,231,760
Net Surplus (Deficit)	\$ 29,629,164	\$ 7,273,491	\$ 7,798,252	\$ (38,982,276)	\$ 53,539,698

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

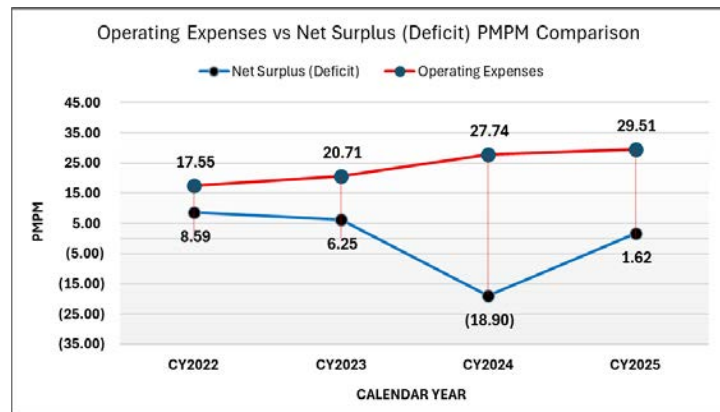
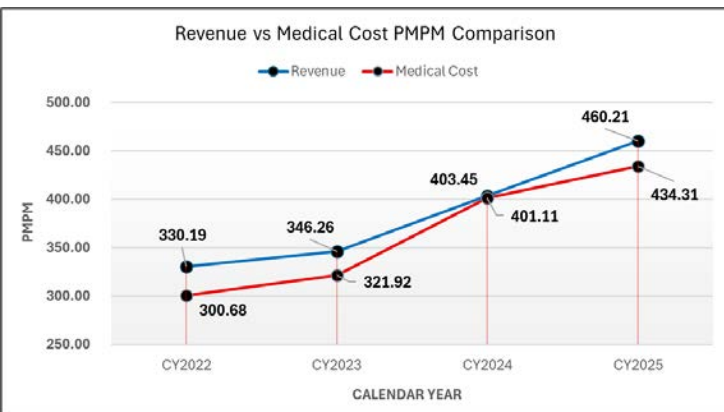
2 - Includes retro CMC activity

3 - Non Medi-Cal/Medicare Expenses includes the net of Interest Income and HSF



PMPM YOY Comparison

High Level PMPM	CY2022 - Actuals	CY2023 - Actuals	CY2024 - Actuals	CY2025 - Budget
Member Months	18,636,184	19,910,327	18,121,639	18,339,725
Revenue	\$ 330.19	\$ 346.26	\$ 403.45	\$ 460.21
Medical Cost	\$ 300.68	\$ 321.92	\$ 401.11	\$ 434.31
Operating Expenses	\$ 17.55	\$ 20.71	\$ 27.74	\$ 29.51
Net Surplus (Deficit)	\$ 8.59	\$ 6.25	\$ (18.90)	\$ 1.62
Net Surplus (Deficit)	\$ 160,170,244	\$ 124,469,570	\$ (342,531,763)	\$ 29,629,164
Administrative Cost Ratio (ACR)	5.3%	6.0%	6.9%	6.4%



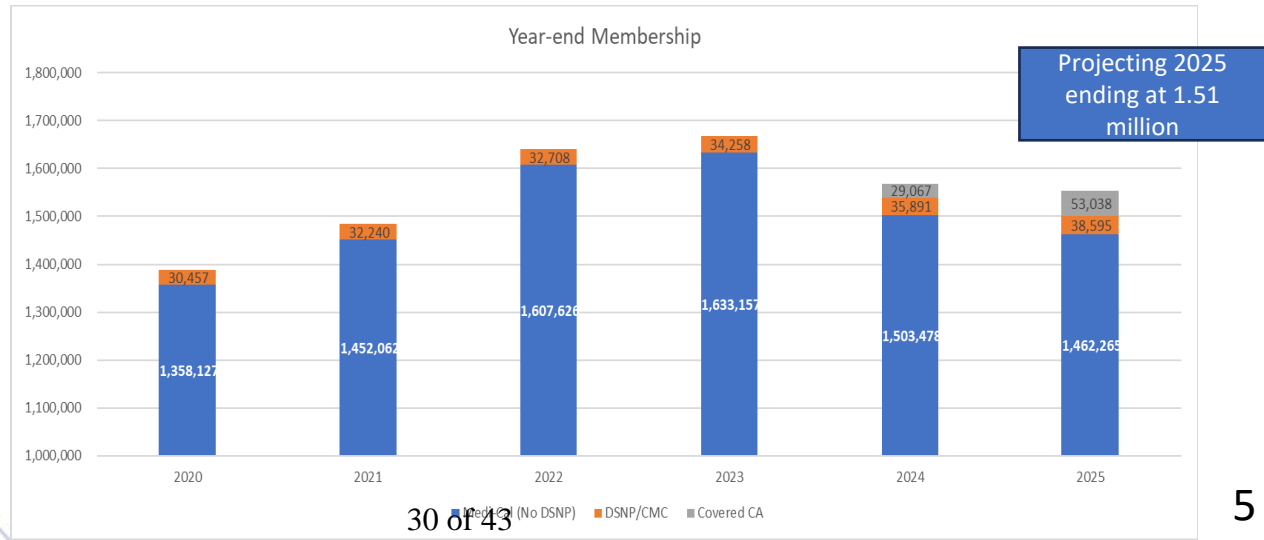
Budget Commentary

- IEHP anticipates CY2025 to end with a Net Surplus of \$29.6 million. This is attributed to the following factors:
 - Large rate increase for CY2025
 - Medical cost avoidance strategies
 - Fraud, Waste, and Abuse (FWA) reviews
 - Community Supports reviews
 - Transportation Initiatives
 - Administrative cost avoidance strategies
 - Limiting the number of new hires
 - Retraining and reallocating existing staff to cover critical roles
 - Reducing full-time equivalents through natural attrition
 - Renegotiating vendor contracts to optimize expenditures



Membership Projection

- Medi-Cal:
 - Projected at <-2.7%> net loss from December 2024 to December 2025.
 - This assumption is based on the end of discretionary pandemic unwinding flexibilities.
- DSNP:
 - Slight increase in enrollment due to Part-A buy-in in 2025 from 2024.
- Covered California:
 - Large increase (monthly avg. about 1,200 members) due to SB260 (Medi-Cal Transitioner).



Main Drivers of Medi-Cal Experience

- With actual experience through May 2025, Medi-Cal is projected to end at a net surplus of \$7.3 million for CY2025, compared to a net loss of <\$372.1> million for CY2024.
- Medi-Cal revenue is based on DHCS 2025 final rates released in December 2024.
 - It does not incorporate July 2025 or December 2025 positive rate adjustments.
 - The CY2025 Medi-Cal rate reflects a 10.5% increase from CY2024, netting quality withhold.
 - The quality withhold increases from 0.5% in CY2024 to 1.0% in CY2025.
- Medi-Cal medical cost expense for CY2025 is projected at a trend rate of 1.0% from CY2024, embedded with \$180 million in cost savings due to ongoing FWA detection work and various medical economic projects in the following areas:
 - Transportation
 - Laboratory and Radiology
 - Mental Health and BHT services
 - Hospice
 - Community Support Services



Main Drivers of D-SNP (Medicare) Experience

- With actual experience through May 2025, D-SNP (Medicare) is projected to end at a net surplus of \$7.8 million for CY2025, compared to a net loss of <\$10.5> million for CY2024.
- D-SNP revenue rate and medical expense trend rate are aligned with assumptions in PY2025 D-SNP CMS Bid submission for the remainder of the projection period.
 - The CY2025 projected Part C+D revenue reflects a 6.9% increase from CY2024.
 - For CY2025, IEHP D-SNP is still considered as new plan and received a new plan quality bonus of 3.5% and rebate percentage of 65% to fund supplemental benefits. This is the last bid year for IEHP to receive this bonus.
 - Supplemental benefits offered in PY2025:
 - \$350 allowances for eyewear.
 - \$40 per quarter allowance for Over-The-Counter (OTC) card.
 - \$65 per month for utility allowance for chronically ill members with high risk of hospitalization and requires intensive care coordination.
 - Healthy meals (2 meals a day) up to a year for high-risk members with diabetes and cardiovascular diseases residing in areas with high deprivation.
 - The aggregate annualized medical costs PMPM trend was projected at 3.5% from 2023 to 2025.



Main Drivers of Covered California Experience

- With actual experience through May 2025, Covered California is projected to end at a net loss of <\$39.0> million for CY2025, compared to a net loss of <\$37.0> million for CY2024.
- Covered California premium rate and medical expense trend rate are aligned with assumptions in PY2025 Qualified Health Plan (QHP) Rate filing for the remainder of the projection period.
 - IEHP continued to target for the lowest cost silver plan position in CY2025 (2nd year in California market exchange) to allow auto enrollment for Medi-Cal transitions pursuant to SB260.
 - PY2025 overall rate increase is 2.2% from average 2024 premium.
 - PY2025 rates were set based on manual rates (i.e., Milliman benchmark data adjusted for IEHP region and CCA standard benefit design), reflecting an annual trend rate of 6.2% from 2024 to 2025.
 - Risk adjustment transfer payment amount were based on market assumptions.
 - Rates were filed with CCA/DMHC in April and finalized in July so not enough actual and credible 2024 experience to validate pricing assumption.



Two types of General & Administrative (G&A) costs

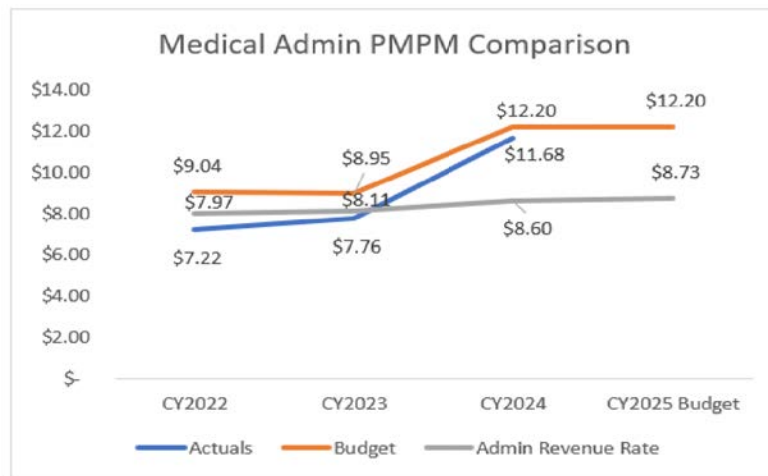
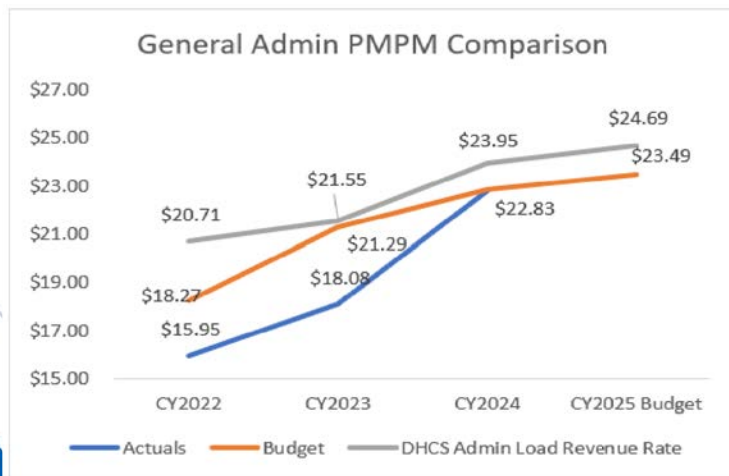
- Medical G&A costs
 - These are departments that DHCS defines as departments that have direct medical impact, such as UM/QA/CC type departments.
 - These are reported on the Rate Development Template (RDT) to be considered as medical costs.
- Non-medical G&A costs (Operational costs)
 - These are departments that support the operation of our organization. These include Human Resources, Finance, Facilities, IT, etc.
 - These are reported on the Rate Development Template (RDT) as Administrative costs.



DHCS Admin Load Compared to IEHP Admin Costs

General Admin Medi-Cal Only	Actuals	Budget	DHCS Admin Load Revenue Rate
CY2022	\$ 15.95	\$ 18.27	\$ 20.71
CY2023	\$ 18.08	\$ 21.29	\$ 21.55
CY2024	\$ 22.79	\$ 22.83	\$ 23.95
CY2025 Budget		\$ 23.49	\$ 24.69

Medical Admin Medi-Cal Only	Actuals	Budget	Admin Revenue Rate
CY2022	\$ 7.22	\$ 9.04	\$ 7.97
CY2023	\$ 7.76	\$ 8.95	\$ 8.11
CY2024	\$ 11.68	\$ 12.20	\$ 8.60
CY2025 Budget		\$ 12.20	\$ 8.73



Health Plan Comparison

IEHP compares our non-Medical General & Administrative (G&A) expense to revenue percentage to other Health Plans each year. For the comparison, we referenced the quarterly Financial reports submitted by all health plans to DMHC. This comparison period is April 2024 to March 2025 (12 months). Based on actual data, IEHP is at 6.2% compared to other health plans. IEHP's CY2025 budget has increased to 6.4% (see below in red for the CY2025 Budget). IEHP anticipates the G&A percentage to continuously decrease due to the current initiatives.

CY 2025 YTD Net Income (lowest to highest)				
HMO	Managed Care Model	Revenue (Annualized)	G & A* (Annualized)	G & A as a % of Revenue
Santa Clara Family Health Plan	Local Initiative	\$ 2,258,151,451	\$ 66,434,680	2.9%
Contra Costa Health Plan	Single-Plan	\$ 2,099,721,592	\$ 68,192,940	3.2%
Kern Family Health Care	Local Initiative	\$ 2,873,304,087	\$ 91,853,000	3.2%
Community Health Group/CHG Foundation	Geographic Managed Care	\$ 2,447,756,387	\$ 88,191,239	3.6%
Partnership HealthPlan of California	COHS	\$ 6,530,965,422	\$ 246,608,769	3.8%
Alameda Alliance for Health	Single-Plan	\$ 3,014,006,064	\$ 115,684,242	3.8%
CenCal Health	COHS	\$ 1,879,804,972	\$ 80,728,906	4.3%
CalOptima	COHS	\$ 5,602,638,528	\$ 257,064,272	4.6%
Health Plan of San Mateo	COHS	\$ 1,332,939,308	\$ 67,803,420	5.1%
Health Plan of San Joaquin	Local Initiative	\$ 1,586,483,101	\$ 84,539,235	5.3%
L.A. Care Health Plan	Local Initiative	\$ 11,748,572,098	\$ 693,062,771	5.9%
IEHP	Local Initiative	\$8,499,055,238	\$525,834,824	6.2%
Central California Alliance for Health	COHS	\$ 2,059,989,185	\$ 139,186,946	6.8%
San Francisco Health Plan	Local Initiative	\$ 1,128,356,107	\$ 88,204,556	7.8%
Molina	Local Initiative	\$ 5,145,318,270	\$ 444,870,327	8.6%

IEHP - CY2025 Budget

Local Initiative

\$8,440,063,912

\$541,191,184

6.4%



CY2025 General & Administrative Expense Categories

	Actuals CY 2024	Budget CY 2025	Budget to Actual Variance		Drivers
General & Administrative Expense					
Salaries & Benefits	\$ 543,588,407	\$ 576,276,528	\$ 32,688,120	6.0%	The original budget was 4,400 FTE and revised to 4,200 FTE, assuming an increase of 200 and a merit increase of 3%. Currently well below FTE at 3,900.
Capital Amortization & Office Resources	\$ 96,367,793	\$ 103,857,239	\$ 7,489,446	7.8%	Driven by an increase in software user licenses, new FWA and cyber security software, end-user and server hardware, and increased maintenance fees.
Facility Expenses & Telecom Services	\$ 17,465,124	\$ 13,045,559	\$ (4,419,565)	(25.3%)	Reduction driven by bringing cleaning services in-house as well as expected utilities savings from solar panels.
Fees	\$ 16,507,900	\$ 15,402,571	\$ (1,105,329)	(6.7%)	CY 2024 included one-time funding request.
Insurance	\$ 5,673,528	\$ 7,363,787	\$ 1,690,259	29.8%	
Management Fee	\$ 3,898,890	\$ 5,818,236	\$ 1,919,346	49.2%	CCA membership increases driving higher PBM fees
Marketing & Outreach	\$ 30,833,973	\$ 27,749,568	\$ (3,084,405)	(10.0%)	
Outside & Professional Services	\$ 63,424,872	\$ 77,752,143	\$ 14,327,271	22.6%	Driven by quality validation services, expanding our eligibility-related services partnership with the counties, and operational innovation improvements.
Training, Recruitment, & Travel	\$ 3,392,188	\$ 3,559,391	\$ 167,203	4.9%	Increase face to face with members
Grand Total	\$ 781,152,675	\$ 830,825,021	\$ 49,672,345	6.4%	

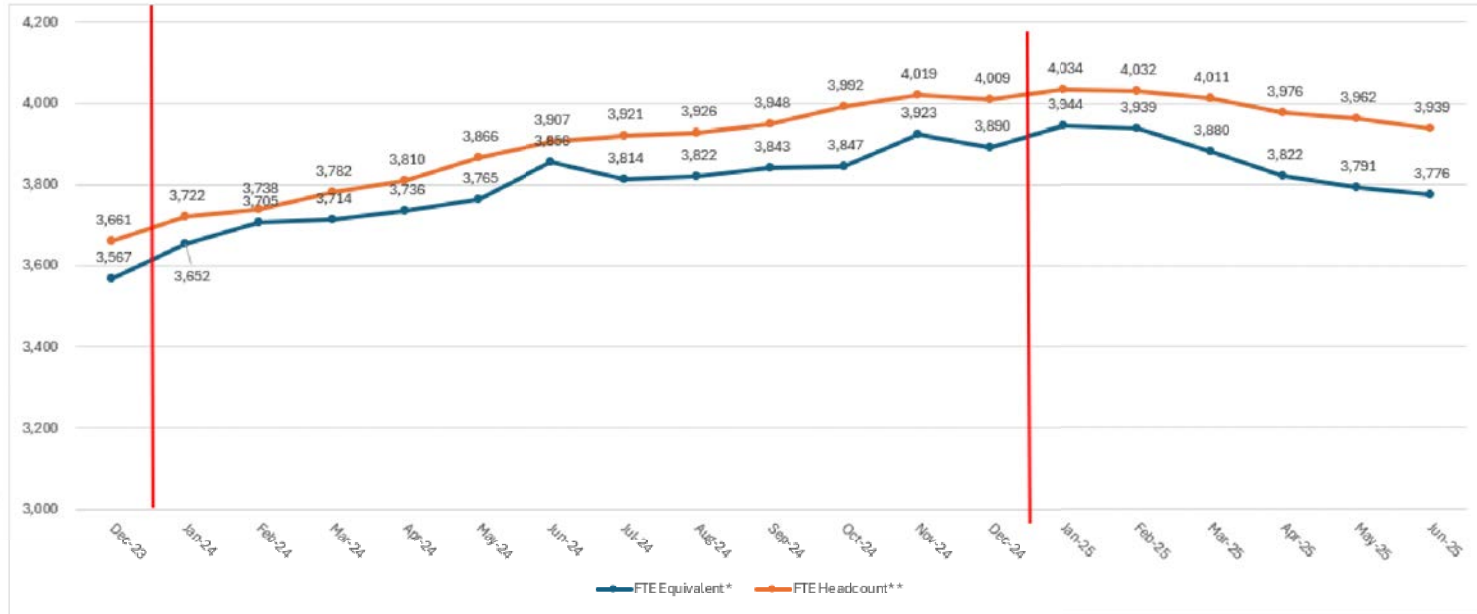


CY2025 Reimbursable Costs

	Actuals CY 2023	Actuals CY 2024	Budget CY 2025	Budget to Actual	Variance	Drivers
IEHP Foundation						
				\$ Change	% Change	
MSA Service Revenue	\$ -	\$ -	\$ 958,283	\$ 958,283	0.0%	Effective April 2025
IEHP Incurred Expenses	\$ (807,650)	\$ (1,452,485)	\$ (1,176,983)	\$ 275,503	-19%	
Net Expense to IEHP	\$ (807,650)	\$ (1,452,485)	\$ (218,700)	\$ 1,233,786	(84.9%)	
Health Access - ECM Care Teams						
MSA Service Revenue	\$ -	\$ 4,500,000	\$ 9,000,000	\$ 4,500,000	100.0%	MSA Service fee currently at fixed \$750K per month since July 2024
IEHP Incurred Expenses	\$ -	\$ (4,895,530)	\$ (11,232,452)	\$ (6,336,922)	129%	
Net Expense to IEHP	\$ -	\$ (4,895,530)	\$ (11,232,452)	\$ 630,650	(12.9%)	
Total Expense to IEHP	\$ (807,650)	\$ (6,348,015)	\$ (11,451,152)	\$ (5,103,137)	80.4%	



FTE Equivalent vs FTE Headcount 2 Year Trend

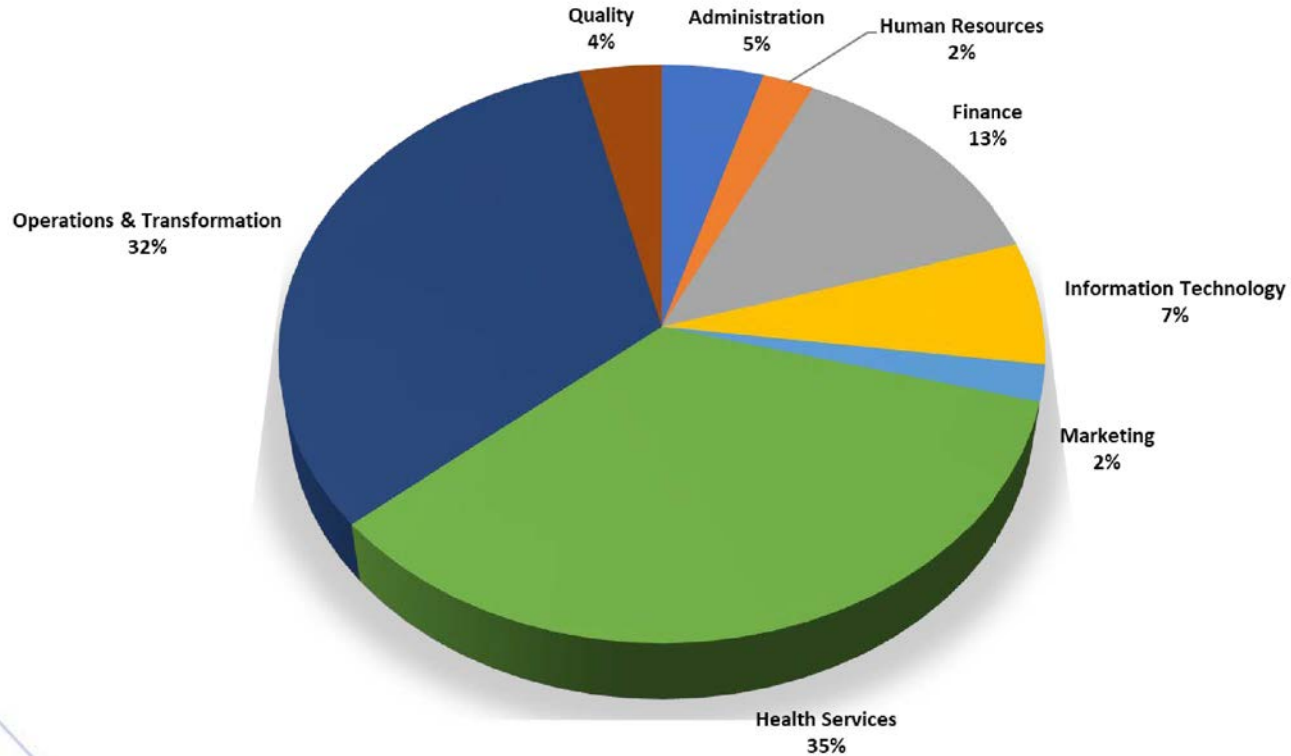


* Full-Time Equivalent (FTE) Equivalent is calculated based on the actual hours of service performed by employees, where hours spent on a leave of absence (LOA) do not count towards the total.

**2025 Headcount is based on actual employees from January to June.



IEHP Budgeted Headcount by Division



Budget Impacts for 2025 – P4P Incentive Programs

Historically, IEHP has offered our providers Quality Pay for Performance (P4P) Incentive programs.

IEHP continues our programs to focus on our Strategic goals, support Optimal Care, and increase regulatory performance requirements.

Program Name	2023 Budget	2024 Budget	2025 Budget
Global Quality P4P - PCPs	\$148 million	\$146.3 million	\$149.7 million
Global Quality P4P - IPAs	\$46.3 million	\$27.1 million	\$25.4 million
Hospital P4P	\$79 million	\$84 million	\$66.4 million
OB P4P	\$6.5 million	\$6.5 million	\$4.9 million
Urgent Care & Wellness	\$3.5 million	\$1.2 million	\$1.9 million
Total P4P Programs	\$283.6 million	\$265.1 million	\$248.3 million



Revised Projected 3 Year Capital Budget and Other Developments

3 Year Proposed Capital Budget for 2025, 2026, and 2027						
No	Capital Budget Project	Estimated Start Date	2025 Budget	2026 Budget	2027 Budget	Total Costs for 3 Years
Facilities						
1	Atrium Projects	2025 Q1	\$ 3,545,469	\$ 3,900,000	\$ 470,000	\$ 7,915,469
2	CWC Projects - Current Buildings	2025 Q4	\$ 6,805,330	\$ 13,600,000	\$ 12,000,000	\$ 32,405,330
3	9500 Building	2025 Q1	\$ 13,540,986	\$ 11,150,000	\$ -	\$ 24,690,986
4	Parking Lot and Landscape Projects	2025 Q3	\$ 3,000,000	\$ 3,300,000	\$ 300,000	\$ 6,600,000
5	Other Projects	2025 Q2	\$ 350,000	\$ 200,000	\$ -	\$ 550,000
6	General Equipment & Furniture	Continuous	\$ 280,000	\$ 810,000	\$ 530,000	\$ 1,620,000
Total			\$27,521,785	\$32,960,000	\$13,300,000	\$73,781,785
Information Technology						
1	Digital Transformation	Continuous	\$ 7,050,000	\$ 8,800,000	\$ 4,100,000	\$ 19,950,000
2	Framework Architecture	2026 Q1	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
4	Technology Transformation	Continuous	\$ 13,009,561	\$ 10,108,793	\$ 7,768,793	\$ 30,887,147
5	Quality Assurance to Quality Engineering	Continuous	\$ -	\$ 400,000	\$ -	\$ 400,000
6	Data Center & Hardware Refresh	Continuous	\$ 3,186,846	\$ 2,027,600	\$ 2,081,480	\$ 7,295,926
7	Information Security Modernization	Continuous	\$ 2,901,255	\$ 1,974,000	\$ 1,025,000	\$ 5,900,255
8	Infrastructure Modernization	Continuous	\$ 2,650,108	\$ 700,000	\$ 100,000	\$ 3,450,108
9	Identity Access Management	2025 Q1	\$ 1,260,000	\$ 540,000	\$ 250,000	\$ 2,050,000
10	Business/Admin Support Solutions	Continuous	\$ 7,920,000	\$ 7,500,000	\$ 1,500,000	\$ 16,920,000
11	Other Project & General Equipment	Continuous	\$ 7,865,968	\$ 5,932,125	\$ 5,707,125	\$ 19,505,218
12	Core System	2024 Q3	\$ 1,500,000	\$ 9,900,000	\$ 29,130,000	\$ 40,530,000
Total			\$47,343,738	\$50,382,518	\$51,662,398	\$149,388,654
Overall Total			\$74,865,523	\$83,342,518	\$64,962,398	\$223,170,439



Questions?



**THE FINANCE COMMITTEE
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

MINUTES OF THE APRIL 14, 2025, REGULAR MEETING

Finance Committee Members Present:

Supervisor Curt Hagman
Supervisor Yxstian Gutierrez
Eileen Zorn

Governing Board Members Absent: None

Inland Empire Health Plan Employees and Legal Counsel Present:

Jarrold McNaughton, Chief Executive Officer	Carol Chio, Vice President, Actuarial Services
Vinil Devabhaktuni, Chief Digital and Information Officer	Leona Liu, Vice President, Finance
Keenan Freeman, Chief Financial Officer	Anna Wang, Esq., Vice President, General Counsel
Edward Juhn, Chief Quality Officer	Raymond Mistica, Esq. Deputy County Counsel
Michelle Rai, Chief Communications & Marketing Officer	Cita Hendricks, Director, Procurement, Supply Chain
Supriya Sood, Chief People Officer	Vickie Johnson, Director, Finance Planning & Analysis
Takashi Wada, Interim Chief Medical Officer	Hong Lien, Director, Finance Reporting & Analysis
Susie White, Chief Operations Officer	Victoria Ostermann, Director, Government Affairs
	Jana Russell, Legal Program Manager
	Annette Taylor, Secretary to the Governing Board
	Tina Kambarian, Program Administrator, Operational Finance

IEHP Staff Absent: None

Guests: Jill Vega, Managing Director, Senior Account Executive, Aon (onsite)
Rick Fox, Senior Vice President, Management Liability Team, Aon (remote)
Grant Dethlefsen, Vice President, Team Leader Cyber, Aon (remote)
LaShonda Griffin, Senior Property & Casualty Broker, Aon (remote)

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- I. Call to Order:
Chair Gutierrez called the April 14, 2025, regular meeting of the Inland Empire Health Plan Finance Committee to order at 10:23 a.m.
- II. Roll Call: *Chair Gutierrez requested Annette Taylor conduct Roll Call.*
- III. Agenda Changes: None
- IV. Public Comment: None

V. POLICY DISCUSSION ITEMS:

1. Corporate Insurance Policy Overview

Representatives from AON presented the Corporate Insurance Policy Overview to the Finance Committee. Member Hagman requested charts and graphs be used for next year's presentation showing history, including costs and related claims.

2. Monthly Financial Overview

Keenan Freeman presented the Financial Overview to the Finance Committee

The committee broke for lunch during the Financial overview and resolved to address Agenda Items 3 and 4 and then return to complete the Monthly Financial Overview.

Member Hagman departed the meeting once the Financial Overview was complete (12:26 PM).

3. Inland Empire Health Plan Investment Policy

Chair Gutierrez expressed that he would have appreciated the opportunity to address some of the difficulties the Plan has had with the County of Riverside fund.

Action: On motion of Member Hagman seconded by Member Zorn, the Investment Policy is recommended to the Governing Board of IEHP to approve and adopt IEHP's investment policy and implement the diversification of IEHP's investments as presented.

4. Finance Committee Bylaws Review

Chair Gutierrez suggested the committee include a Vice Chair in the Finance Committee.

Member Hangman suggested the Governing Board appoint the Finance Committee members rather than requiring the Governing Board Chair and Vice Chair be appointed to the Finance Committee.

Action: On motion of Member Hagman and seconded by Chair Gutierrez the IEHP Finance Committee Bylaws are approved with the change referenced above.

5. Covered California Risk Adjustment Overview

Carol Chio presented the Covered California Risk Adjustment Overview to the Finance Committee

VI. Comments from the Public on Matters Not on The Agenda: None

VII. Board Comments: None

VIII. Closed Session: No Business

IX. Board Comments: None

X. Adjournment

Chair Gutierrez adjourned the April 14, 2025, IEHP Finance Committee meeting at 1:59 p.m.