# COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

# SUMMARY REPORT

**Agenda Date:** 8/25/2026

**To:** County of Sonoma Board of Supervisors
**Department or Agency Name(s):** Department of Health Services
**Staff Name and Phone Number:** Nolan Sullivan, 707-565-4774; Maryann Le, 707-565-7096
**Vote Requirement:** 4/5th
**Supervisorial District(s):** Countywide

**Title:**
Delegated Authority for Intergovernmental Transfer Agreements

**Recommended Action:**

A) Authorize the Director of Health Services, or designee, to execute an Intergovernmental Transfer Agreement with the California Department of Health Care Services related to the Medi-Cal Managed Care Capitation Rate Increase program with a term of January 1, 2025 through June 30, 2028, which will enable the Department to pull down Federal Financial Participation funding to reimburse it for the costs of serving the Medi-Cal population in the County.

B) Authorize the Director of Health Services, or designee, to execute modifications to the agreement in order to address changes in service needs, payment or reimbursement methodologies, subject to available funding as well as review and approval by County Counsel.

C) Authorize the Director of Health Services, or designee, to transfer approximately $3,451,426 in Intergovernmental Transfer funds to the California Department of Health Care Services for the service period of January 1, 2025 through December 31, 2025, to facilitate the County's receipt of approximately $2,881,309 in net federal revenue through agreements with Partnership Health Plan of California, Kaiser Foundation Health Plan, Inc. and State of California - Health and Human Services Agency & Department of Health Care Services.

(4/5$^{th}$ Vote Required)

**Executive Summary:**
This request for Board approval to participate in the Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer represents the fourteenth year that funding will be available through the Medi-Cal Managed Care Intergovernmental Transfer to secure additional federal revenue to deliver expanded services to the Managed Medi-Cal population.

Since fiscal year 2011-2012, the County has participated in the Medi-Cal Managed Care Rate Range Intergovernmental Transfer program, which has provided almost $70 million in funding to support a core set of programs consistent with the Department of Health Services' annual goals.

The Medi-Cal Managed Care Capitation Rate Increase program utilizes local funds to cover the non-federal share of increased capitation payments to Partnership HealthPlan of California and Kaiser Foundation Health Plan. Inc. by the State, which are in turn forwarded to the Department of Health Services. The enhanced

payment is based on the amount of otherwise uncompensated services provided by the Department of Health Services during the fiscal year prior to the payment year.

**Discussion:**
Intergovernmental Transfer is a process where Sonoma County, as a tax authority participating in the Medi-Cal Managed Care program, enters into an agreement with the California Department of Health Care Services (DHCS) and the Medi-Cal Managed Care plans to increase the drawdown of Federal revenues by enhancing the local or state contribution for Medicaid funded care. A flowchart providing an overview of the Intergovernmental Transfer process is included as Attachment 3. Beginning in 2020, Intergovernmental Transfer payments are on a calendar year basis.

**Intergovernmental Transfer Revenue and Expenditures - under the Medi-Cal Managed Care Rate Increase Program**

The Department of Health Services (hereinafter, "DHS" or "the Department") will make an initial Intergovernmental Transfer (IGT) payment related to Medi-Cal services costs to DHCS of $3,451,426, as part of the process of claiming reimbursement for services provided to Sonoma residents. The agreement will cover services provided to residents in calendar year 2025. DHCS will draw down federal match and, after retention of an administrative fee, transfer funds to Partnership HealthPlan of California and Kaiser Foundation Health Plan, Inc. as enhanced capitation payments for services provided in the calculation period of January 1, 2025 through December 31, 2025. Partnership HealthPlan of California, Kaiser Foundation Health Plan, Inc., and the Department of Health Care Services will then transfer funds to DHS totaling approximately $6,332,736.

Because $3.4 million of the $6.3 coming back from DHCS originated from Sonoma County, the Department projects it will receive approximately $2.9 million in net federal revenue during the fall of 2026 from the current year contract.

Since fiscal year 2011-2012 the County has participated in the Medi-Cal Managed Care Rate Range IGT program, which has provided approximately $68.3 million in funding. Since its inception, IGT revenues for Medi-Cal services have funded a core set of programs consistent with the Department's annual goals and Partnership HealthPlan of California's stated funding priorities. In 2025, Kaiser Foundation Health Plan established a similar IGT reimbursement process using the Partnership HealthPlan of California model.

Programs that benefit from participation in these programs run the gamut of services provided to community residents including clinic integration services, oral health and care coordination, access to care, and disease prevention services.

Attachment 2 provides an overview of IGT Revenue and Expenditure amounts with annual rollover amounts since the program began. It also provides the breakdown of the expenditures by fiscal year since the inception of the program in fiscal year 2011-2012.

The Department is also requesting the Board delegate authority to the Director of DHS, or designee, to execute any modifications to the agreement in order to address changes in service needs, payment or reimbursement methodologies, subject to available funding as well as review and approval by County Counsel.

**Strategic Plan:**
This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Healthy and Safe Communities
**Goal:** Goal 1: Expand integrated system of care to address gaps in services to the County's most vulnerable.
**Objective:** Objective 3: Create a "no wrong door" approach where clients who need services across multiple departments and programs are able to access the array of services needed regardless of where they enter the system.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**
No

**Prior Board Actions:**
On July 22, 2025, the Board authorized the Director of Health Services to execute an Intergovernmental Transfer Agreement with the California Department of Health Care Services with a term of January 1, 2024, through June 30, 2027.

**FISCAL SUMMARY**

| **Expenditures** | **FY26-27 Adopted** | **FY27-28 Projected** | **FY28-29 Projected** |
|---|---|---|---|
| Budgeted Expenses | $3,451,426 | | |
| Additional Appropriation Requested | | | |
| **Total Expenditures** | **$3,451,426** | | |
| **Funding Sources** | | | |
| General Fund/WA GF | | | |
| State/Federal | | | |
| Fees/Other | | | |
| Use of Fund Balance | $3,451,426 | | |
| General Fund Contingencies | | | |
| **Total Sources** | **$3,451,426** | | |

**Narrative Explanation of Fiscal Impacts:**
Appropriated expenditures of $3,451,426 in IGT Funds are authorized in the Fiscal Year 2026-2027 adopted budget. There is no net impact to the IGT special revenue fund balance, as the initial outlay will be reimbursed to Sonoma County by Partnership, Kaiser Foundation and the Department of Health Care Services, restoring the fund balance drawdown. DHS expects to yield $6,332,736 in payments, resulting in a net revenue of $2,881,310.

**Narrative Explanation of Staffing Impacts (If Required):**
None

**Attachments:**

Attachment 1 - Agreement with the California Department of Health Care Services
Attachment 2 - Intergovernmental Transfer Revenue and Expenditure Summary
Attachment 3 - Intergovernmental Transfer Flowchart

**Related Items "On File" with the Clerk of the Board:**
None