



SUMMARY REPORT

Agenda Date: 7/22/2025

To: County of Sonoma Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Nolan Sullivan, 707-565-4474
Vote Requirement: 4/5th
Supervisory District(s): Countywide

Title:

Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer

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 with a term of January 1, 2024, through June 30, 2027.
- B) Authorize the Director of Health Services, or designee, to execute a Twelfth Amendment to the Partnership HealthPlan of California Health Plan Provider Agreement to provide Intergovernmental Transfer payments of approximately \$3.8 million to the Sonoma County Department of Health Services to provide health services with a term of May 1, 2010, through December 31, 2029.
- C) Authorize the Director of Health Services, or designee, to execute an Intergovernmental Transfer Agreement with Kaiser Foundation Health Plan, Inc. to provide Intergovernmental Transfer payments of approximately \$313,000 to the Sonoma County Department of Health Services to provide health services with an evergreen term starting July 1, 2025, until terminated by either party.
- D) Authorize the Director of Health Services, or designee, to execute modifications to the agreements 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.
- E) Authorize the Director of Health Services, or designee, to transfer approximately \$2,443,182 in 1991 Realignment funds to the California Department of Health Care Services for the service period of January 1, 2024, through December 31, 2024, to facilitate the County's receipt of approximately \$1,482,277 in net federal revenue through an agreement with Partnership HealthPlan of California.

Executive Summary:

This request for Board approval to participate in the Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer represents the fifteenth 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 Medical Managed Care Rate Range Intergovernmental Transfer program, which has provided approximately \$65.5 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.

Net revenue for each year of participation in the Intergovernmental Transfer process is provided in Attachment 4.

Discussion:

Intergovernmental Transfer is a process where Sonoma County, as a tax authority participating in Medi-Cal Managed Care, enters into an agreement with the California Department of Health Care Services (DHCS) and the Medi-Cal Managed Care plan to increase federal revenue. A flowchart providing an overview of the Intergovernmental Transfer process is included as Attachment 5. Beginning in 2020, Intergovernmental Transfer payments are on a calendar year basis.

Intergovernmental Transfer Revenue and Expenditures:

The Department of Health Services (hereinafter, “DHS” or “the Department”) will make an initial Intergovernmental Transfer (IGT) payment to DHCS of \$2,443,182, estimated to occur during 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 payment for services provided in the calculation period of January 1, 2024 through December 31, 2024. Partnership HealthPlan of California and Kaiser Foundation Health Plan, Inc. will then transfer funds to DHS totaling approximately \$4,118,906.

The Department has received a total of \$65.5 million in net Intergovernmental Transfer revenue and earned \$1.8 million approximately in interest on the fund since program inception in 2011 through fiscal year 2024-2025. The Department projects it will receive approximately \$1.9 million in the fall of 2025 from the current year contract for a total of \$67.4 million through fiscal year 2025-2026.

Since its inception in fiscal year 2011-2012, Intergovernmental Transfer revenues have funded a core set of programs consistent with the Department’s annual goals and Partnership HealthPlan of California’s stated funding priorities. This is Kaiser Foundation Health Plan’s first request to establish a similar Intergovernmental Transfer reimbursement process using the Partnership HealthPlan of California model.

Intergovernmental Transfer funded services include perinatal behavioral health services, Mobile Support Team, Crisis Assessment Prevention Education Program, clinic integration services, oral health and care coordination, access to care, and disease prevention services, the Accessing Coordinated Care and Empowering Self Sufficiency (ACCESS) Sonoma data hub project, the design, construction, and project management of the Psychiatric Health Facility, Behavioral Health core programs requiring one-time bridge funding, the Homeless Encampment Access and Resource Team (HEART), and a Health Insurance Portability and Accountability Act (HIPAA) privacy and security risk consultant agreement.

Since the implementation of the Intergovernmental Transfer program in fiscal year 2011-2012 through fiscal year 2024-2025, the Department has funded \$58.9 million in expenditures from the resulting revenue. For fiscal year 2025-2026, it has \$8.6 million in authorized expenditure appropriations from Intergovernmental Transfer revenue rollover. As of June 30, 2025, the Department forecasts a total rollover of \$8.4 million in

Intergovernmental Transfer revenues.

Attachment 4 provides annual Intergovernmental Transfer revenue and expenditure amounts with annual rollover amount 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.

Agreements:

The Department is asking your Board to authorize the Director of DHS, or their designee, to execute agreements related to Intergovernmental Transfer payments and reimbursements. There are three agreements in this consent item. One is between the County and the DHCS, the second is with Partnership Health Plan of California, and the third is with Kaiser Foundation Health Plan, Inc. Each item will require the transfer of County funds to the corresponding partners. The funds paid to DHCS will be relayed to the National Medicaid program and used to draw down Federal matching revenues to cover the federal share of the Medi-Cal program.

- Agreement with DHCS: The term of the agreement between DHCS and Sonoma County is January 1, 2024 through June 30, 2027. The request for approval for the Intergovernmental Transfer amount of approximately \$2.4 million is for the service period of January 1, 2024 through December 31, 2024 with an anticipated transfer date in calendar year 2025. The Department will come back to your Board to seek approval for the fiscal year 2025-2026 Intergovernmental Transfer amounts.
 - The recommended Intergovernmental Transfer payment from the County to DHCS of approximately \$2.4 million will leverage approximately \$1.4 million in net revenue after assessment fees to Sonoma County.
- Agreement with Partnership HealthPlan of California: The term of the amended agreement exhibit between Partnership HealthPlan of California and Sonoma County is between May 1, 2010 through December 31, 2029. DHS has requested Partnership accept County indemnification language, but at the time of this item, it is still under their legal review. DHS will work with County Counsel on finalization of acceptable indemnification language.
 - The estimated amount to be transferred from Partnership HealthPlan of California to DHS is approximately \$3.8 million
- Agreement with Kaiser Foundation Health Plan, Inc.: The term of the agreement between Kaiser Foundation Health Plan is an evergreen term starting July 1, 2025, until terminated by either party.
 - The estimated amount to be transferred from Kaiser Foundation Health Plan to DHS is approximately \$313,000.

Each agreement is subject to modification from each entity. The Department is also asking to execute modifications to these agreements 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:

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FISCAL SUMMARY

Expenditures	FY 25-26 Adopted	FY26-27 Projected	FY 27-28 Projected
Budgeted Expenses	\$2,443,182		
Additional Appropriation Requested			
Total Expenditures	\$2,443,182		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$2,443,182		
General Fund Contingencies			
Total Sources	\$2,443,182		

Narrative Explanation of Fiscal Impacts:

Appropriated expenditures of \$2,443,182 in 1991 Health Realignment are authorized for Fiscal Year 2025-2026. There is no net impact to the 1991 Health Realignment special revenue fund balance, as the initial outlay will be reimbursed to Sonoma County by Partnership and Kaiser Foundation, restoring the fund balance drawdown.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Agenda Date: 7/22/2025

Attachments:

Attachment 1 - Agreements with the California Department of Health Care Services

Attachment 2 - Agreement with Partnership HealthPlan of California Health Plan

Attachment 3 - Agreement with Kaiser Foundation Health Plan, Inc.

Attachment 4 - Intergovernmental Transfer Revenue and Expenditure Summary

Attachment 5 - Intergovernmental Transfer Flowchart

Related Items “On File” with the Clerk of the Board:

None