



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 11/16/2021

To: Board of Supervisors of Sonoma County

Department or Agency Name(s): Department of Health Services

Staff Name and Phone Number: Tina Rivera, 565-4774

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer

Recommended Action:

- A) Authorize 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, 2021 through June 30, 2024.
- B) Authorize the Director of Health Services to transfer approximately \$3,868,961 in 1991 Realignment fund to the California Department of Health Care Services for the service period of January 1, 2021 through December 31, 2021, to facilitate the County's receipt of approximately \$2,385,859 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 eleventh 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 \$49.3 million in funding to support a core set of programs consistent with the Department's annual goals.

The Medi-Cal Managed Care Rate Range Intergovernmental Transfer program ended in fiscal year 2016-2017 and was replaced in fiscal year 2017-2018 with the Medi-Cal Managed Care Capitation Rate Increase program. Similar to the prior program, 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 by the state, which are in turn forwarded to the Department of Health Services.

Under the prior program, the amount of the enhanced payment by the state was based on the Rate Year, two years prior to the year in which the payment was made. Under the new program, the enhanced payment is based on 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 2.

The term of the agreement between the California Department of Health Care Services and Sonoma County is

January 1, 2021 through June 30, 2024. The request for approval for the Intergovernmental Transfer amount of approximately \$3.8 million is for the service period of January 1, 2021 through December 31, 2021 with an anticipated transfer date in calendar year 2022. The Department will come back to your Board to seek approval for the fiscal year 2022-2023 Intergovernmental Transfer amounts.

The recommended Intergovernmental Transfer payment from the County to the state of approximately \$3.8 million will leverage approximately \$2.4 million in net revenue after assessment fees to Sonoma County.

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 and the Medi-Cal Managed Care plan to increase federal revenue. The agreement with the state is included as Attachment 4. A flowchart providing an overview of the Intergovernmental Transfer process is included as Attachment 1.

Beginning in 2020, Intergovernmental Transfer payments are on a calendar year basis.

Intergovernmental Transfer Revenue and Expenditures:

The Department will make an initial Intergovernmental Transfer payment of approximately \$3.8 million to the state, estimated to occur during calendar year 2022. The state will draw down federal match and, after retention of an administrative fee, transfer funds to Partnership as enhanced capitation payment for services provided in the calculation period of January 1, 2021 through December 31, 2021. Partnership will then transfer funds to Health Services totaling approximately \$6,254,820 million. The current agreement with Partnership has a term through June 30, 2024.

The Department has received a total of \$49.3 million in net Intergovernmental Transfer revenue and earned \$833,696 in interest on the fund since program inception in 2011 through fiscal year 2020-2021. The Department projects it will receive approximately \$1.4 million in the fall of 2021 from the previous year contract, and \$2.4 million of net Intergovernmental Transfer revenue for the current calculation period in fiscal year 2021-2022, for a total of \$52.5 million through fiscal year 2021-2022.

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's stated funding priorities. Intergovernmental Transfer funded services included 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. Most recently, Intergovernmental Transfer funded 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.

The Department funded \$36.3 million in expenditures since its inception through fiscal year 2020-2021 and has \$539K in authorized expenditure appropriations for fiscal year 2021-2022. The Department is forecasting a total rollover of \$16.6 million in Intergovernmental Transfer revenues as of June 30, 2022.

Attachment 2 provides annual Intergovernmental Transfer revenue and expenditure amounts with annual rollover amount since the program began. Attachment 3 provides the breakdown of the expenditures by fiscal year since the inception of the program in fiscal year 2011-2012.

Prior Board Actions:

The Board has approved Intergovernmental Transfers with the California Department of Health Care Services since 2011, most recently on November 10, 2020, when the Board approved an Intergovernmental Transfer Agreement with the California Department of Health Care Services with a term of July 1, 2019 through June 30, 2023.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY 22-23 Projected	FY 23-24 Projected
Budgeted Expenses	3,868,961	4,500,000	4,500,000
Additional Appropriation Requested			
Total Expenditures	3,868,961	4,500,000	4,500,000
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	3,868,961	4,500,000	4,500,000
Contingencies			
Total Sources	3,868,961	4,500,000	4,500,000

Narrative Explanation of Fiscal Impacts:

Appropriated expenditures of \$3,868,961 in 1991 Health Realignment are currently authorized in fiscal year 2021-2022. There is no net impact on the 1991 Health realignment special revenue fund balance as the initial 1991 Realignment outlay of \$3,868,961 will be returned to Sonoma County by Partnership and the fund balance draw down will be restored. The net IGT revenue after the Department of Health Care Services transaction fee (\$644,827) and Partnership Health Plan transaction fee (\$193,448) is \$2,385,859.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- Attachment 1 - Intergovernmental Transfer Flowchart
- Attachment 2 - Intergovernmental Transfer Revenue and Expenditure Summary
- Attachment 3 - Summary of Intergovernmental Transfer Funded Services and Programs
- Attachment 4 - California Department of Health Care Services Intergovernmental Agreement Regarding Transfer of Public Funds

Related Items "On File" with the Clerk of the Board:

Agenda Date: 11/16/2021

None