



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/23/2019

To: Board of Supervisors of Sonoma County
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Barbie Robinson, 565-7876
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer

Recommended Action:

Authorize the Director of Health Services to execute an Intergovernmental Transfer Agreement with the California Department of Health Care Services to transfer \$4,011,852 (\$3,343,210 fiscal year 2018-2019 transfer amount and \$668,642 assessment fee) from the Sonoma County Department of Health Services to the California Department of Health Care Services to facilitate the County's receipt of approximately \$2,005,926 in net revenue through an agreement with Partnership HealthPlan of California with a term of July 1, 2018 through December 31, 2021.

Authorize the Director of Health Services to execute the tenth amendment to the Partnership HealthPlan of California Health Plan Provider Agreement to provide an Intergovernmental Transfer payment of approximately \$6,017,778 for fiscal year 2018-2019 to the Sonoma County Department of Health Services, resulting in the receipt of approximately \$2,005,926 in net revenue with a term of July 1, 2019 through June 30, 2020.

Executive Summary:

This request for Board approval to participate in the Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer represents the ninth 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 \$33.4 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. 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 during the fiscal year prior to the payment year. This year's Intergovernmental Transfer process will result in net revenue to the Department of approximately \$2,005,926. Net revenue for each year of participation in the Intergovernmental Transfer process is provided in Attachment 2.

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. A flowchart providing an overview of the Intergovernmental Transfer process is included as Attachment 1.

On May 23, 2017 the Department reported to the Board that pursuant to changes included in the federal Medicaid Managed Care regulations released on April 25, 2016, effective fiscal year 2017-2018 the Medi-Cal Managed Care Rate Range Intergovernmental Transfer program will end. As a result of the changes to the Medicaid Managed Care regulations, the state decided to address the final two Intergovernmental Transfer rate years in fiscal year 2017-2018, as reflected in Attachment 2. As such, on May 23, 2017 the Board approved the Department's participation in the Rate Year 2015-2016 and Rate Year 2016-2017 Intergovernmental Transfers.

Beginning in fiscal year 2017-2018 the California Department of Health Care Services implemented 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. 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 during the fiscal year prior to the payment year.

This item requests authorization to execute contracts with the California Department of Health Care Services and Partnership HealthPlan of California required to participate in the fiscal year 2018-2019 Intergovernmental Transfer process.

Fiscal Year 2018-2019 Intergovernmental Transfer Revenue:

The Department will make an initial Intergovernmental Transfer payment of approximately \$4,011,852 to the state during the first quarter of fiscal year 2019-2020. 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 fiscal year 2018-2019. Partnership will then transfer funds totaling approximately \$6,017,778 to the Department, resulting in net revenue of approximately \$2,005,926. The state estimates the fiscal year 2018-2019 Intergovernmental Transfer payment will be received by the Department in September 2019.

The Department has received a total of \$33.4 million in net Intergovernmental Transfer revenue through fiscal year 2018-2019. For fiscal year 2018-2019, the Department projects it will receive approximately \$2.0 million of net Intergovernmental Transfer revenue in fiscal year 2019-2020, for a total of \$35.4 million through fiscal year 2019-2020. Attachment 2 provides annual Intergovernmental Transfer revenue and expenditure amounts since the program began.

Fiscal Year 2019-2020 Proposed Intergovernmental Transfer Expenditures

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. Attachment 3 provides a summary of funded

services and programs.

Under the prior Medi-Cal Managed Care Rate Range program, Partnership distributed a memorandum of understanding to Intergovernmental Transfer participating entities that set forth how the proposed Intergovernmental Transfer funds would be used and was approved by the Board with the state Intergovernmental Transfer contracts. The practice of distributing a memorandum of understanding has been discontinued under the new program.

Prior Board Actions:

The Board approved Intergovernmental Transfers with the California Department of Health Care Services on July 24, 2018, May 23, 2017, June 21, 2016, June 9, 2015, June 24, 2014, March 19, 2013, March 26, 2012, and May 24, 2011.

FISCAL SUMMARY

| Expenditures | FY 19-20 Adopted | FY 20-21 Projected | FY 21-22 Projected |
|------------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Budgeted Expenses | 2,005,926 | | |
| Additional Appropriation Requested | | | |
| Total Expenditures | 2,005,926 | 0 | 0 |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | 2,005,926 | | |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | 2,005,926 | 0 | 0 |

Narrative Explanation of Fiscal Impacts:

Revenue from the Partnership provider amendment of approximately \$6,017,778 will result in net revenue of \$2,005,926 after the return to the County of the \$4,011,852 match. The Department has appropriated 1991 Health Realignment funding for the local match and fee.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1) Intergovernmental Transfer Flowchart, 2) Intergovernmental Transfer Revenue and Expenditure Summary, 3) Nine-Year Summary of Intergovernmental Transfer Funded Services and Programs, 4) California Department of Health Care Services Intergovernmental Agreement Regarding Transfer of Public Funds, and 5) Tenth Amendment to the Health Plan Provider Agreement with Partnership HealthPlan of California

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

None