



SUMMARY REPORT

Agenda Date: 11/10/2020

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: 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 to execute an Intergovernmental Transfer Agreement with the California Department of Health Care Services with a term of July 1, 2019 through June 30, 2023.
- B) Authorize the Director of Health Services to execute an amendment to the Partnership HealthPlan of California Health Plan Provider Agreement to provide Intergovernmental Transfer payments to the Sonoma County Department of Health Services with a term through June 30, 2024.
- C) Authorize the Director of Health Services to transfer \$6,519,515 in 1991 Realignment fund to the California Department of Health Care Services for the period of July 1, 2019 through December 31, 2020, to facilitate the County's receipt of approximately \$4,020,367 in net federal revenue through an agreement with Partnership HealthPlan of California.
- D) Adopt a budget resolution authorizing budgetary adjustments to the fiscal year 2020-2021 adopted budget to reflect additional revenues and expenditures related to the fiscal year 2020-2021 Intergovernmental Transfer in the amount of \$2,436,340 within the Department of Health Services to draw down 1991 Realignment fund balance for the required local match. (4/5th vote required)

Executive Summary:

This request for Board approval to participate in the Medi-Cal Managed Care Capitation Rate Increase Intergovernmental Transfer represents the tenth 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 \$43.1 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. Beginning this fiscal year 2020-2021, Intergovernmental Transfer payments will be based on the 2020 calendar year.

With the transition from fiscal to calendar year, this year's enhanced payment will be based on uncompensated services provided during the period July 1, 2019 through December 31, 2020. This year's Intergovernmental Transfer process will result in net revenue to the Department of approximately \$4,020,367. 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 between July 1, 2019 and June 30, 2023. The request for approval for the Intergovernmental Transfer amount of approximately \$6,519,515 is for fiscal year 2020-2021. The Department will come back to your Board to seek approval for the fiscal year 2021-2022 and fiscal year 2022-2023 Intergovernmental Transfer amounts.

The recommended Intergovernmental Transfer payment from the county to the state of about \$6.5 million will return to Sonoma County \$10.9 million in revenue from the Partnership provider amendment, resulting in net revenue of \$4,020,367 after assessment fees.

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.

Beginning this year, Intergovernmental Transfer payments will be based on the prior calendar year. With the transition from fiscal to calendar year, this year's enhanced payment will be based on uncompensated services provided during the 18-month period of July 1, 2019 through December 31, 2020.

This item requests authorization to execute contracts with the California Department of Health Care Services and Partnership HealthPlan of California required to participate in this year's Intergovernmental Transfer

process.

Intergovernmental Transfer Revenue and Expenditures:

The Department will make an initial Intergovernmental Transfer payment of approximately \$6,519,515 to the state during the third quarter of fiscal year 2020-2021. 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 July 1, 2019 through December 31, 2020. Partnership will then transfer funds totaling approximately \$10,539,882 to the Department, resulting in net revenue of approximately \$4,020,367. The state estimates that this year's Intergovernmental Transfer payment will be received by the Department in June 2021.

The Department has received a total of \$43.1 million in net Intergovernmental Transfer revenue and earned \$711,027 in interest on the fund since its inception, 2011, through fiscal year 2019-2020. The Department projects it will receive approximately \$4.0 million of net Intergovernmental Transfer revenue the current calculation period, for a total of \$47.1 million through fiscal year 2020-2021.

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 and Construction, and Project Management of the Psychiatrist Health Facility, Behavioral Health Core Programs requiring one-time bridge funding, and a Health Insurance Portability and Accountability Act (HIPAA), Privacy and Security Risk consultant agreement.

The Department funded \$28.2 million in expenditures since its inception through fiscal 2019-2020 and has \$5.2 million in authorized expenditures appropriations for fiscal year 2020-2021. The Department is forecasting a total rollover of \$14.7 million in Intergovernmental Transfer revenues as of June 30, 2021.

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 inception 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 July 23, 2019.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	4,083,175		
Additional Appropriation Requested	2,436,340		
Total Expenditures	6,519,515	0	0
Funding Sources			
General Fund/WA GF			

State/Federal	6,519,515		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	6,519,515	0	0

Narrative Explanation of Fiscal Impacts:

Intergovernmental Transfer payment of approximately \$6,519,515 to the state will return to Sonoma County \$10,865,858 in revenue from the Partnership provider amendment, resulting in net revenue of \$4,020,367 after assessment fees paid pursuant to the agreement with California Department of Health Care Services and to the agreement with the Partnership Health Plan.

Appropriated expenditures and revenue of \$4,083,175 in 1991 Health Realignment are currently authorized in fiscal year 2020-2021. Additional use of \$2,436,340 from 1991 Health Realignment fund balance is necessary for the local match and State fee to meet the Intergovernmental Transfer payment of approximately \$6,519,515. There is no net impact on the 1991 Health realignment special revenue fund balance as the initial 1991 Realignment outlay of \$6,519,515 will be returned to Sonoma County by the Partnership Health Plan and thus restore the fund balance draw down.

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:

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

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

None