



# Monterey County

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## Board Report

Legistar File Number: A 17-165

May 23, 2017

Introduced: 5/9/2017

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

- a. Ratify execution by the Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of a Letter of Interest, dated April 14, 2017 to the California Department of Health Care Services ("State DHCS"), confirming the interest of the County of Monterey on behalf of NMC ("County") in working with State DHCS and the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health ("CCAH"), to provide a Medi-Cal managed care rate range Intergovernmental Transfer of Public Funds ("IGT") to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH for the periods of July 1, 2015 to June 30, 2016, and July 1, 2016 to June 30, 2017; and
- b. Authorize the CEO of NMC to execute the IGT Agreement between the County and the State DHCS, the source of which shall be funds from NMC and not the County's General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH, and associated IGT fee assessment for a total amount not to exceed \$5,600,000 for healthcare services rendered in Fiscal Year 2015-16, and a total not to exceed \$6,000,000 for healthcare services rendered in Fiscal Year 2016-17 and transfer to occur in Fiscal Year 2017-18 or Fiscal Year 2018-19; and
- c. Authorize the Deputy Purchasing Agent for NMC or his designee to execute the following agreements associated with the execution of the supplemental Medi-Cal managed care capitation rate payment for services rendered in Fiscal Year 2015-16 and Fiscal Year 2016-17:
  1. Intergovernmental Transfer Assessment Fee Agreement between County and State DHCS; and
  2. Twenty Fourth Amendment to Health Plan - Provider Agreement; Primary Hospital and Outpatient Laboratory Services Agreement between County and the CCAH.

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Ratify execution by the Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of a Letter of Interest, dated April 14, 2017 to the California Department of Health Care Services ("State DHCS"), confirming the interest of the County of Monterey on behalf of NMC ("County") in working with State DHCS and the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health ("CCAH"), to provide a Medi-Cal managed care rate range Intergovernmental Transfer of Public Funds ("IGT") to be used as the nonfederal

- share of supplemental Medi-Cal managed care capitation rate payments to the CCAH for the periods of July 1, 2015 to June 30, 2016 and July 1, 2016 to June 30, 2017; and
- b. Authorize the CEO of NMC to execute the IGT Agreement between the County and the State DHCS, the source of which shall be funds from NMC and not the County's General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH, and associated IGT fee assessment for a total amount not to exceed \$5,600,000 for healthcare services rendered in Fiscal Year 2015-16 and a total not to exceed \$6,500,000 for healthcare services rendered in Fiscal Year 2016-17 and transfer to occur in Fiscal Year 2017-18 or Fiscal Year 2018-19; and
  - c. Authorize the Deputy Purchasing Agent for NMC or his designee to execute the following agreements associated with the execution of the supplemental Medi-Cal managed care capitation rate payment for services rendered in Fiscal Year 2015-16 and Fiscal Year 2016-17
    1. Intergovernmental Transfer Assessment Fee Agreement between County and State DHCS; and
    2. Twenty-Fourth Amendment to Health Plan - Provider Agreement; Primary Hospital and Outpatient Laboratory Services Agreement between County and the CCAH.

#### **SUMMARY/DISCUSSION:**

DHCS administers the Medi-Cal program, under which health care services are provided to qualified low-income persons. Inpatient and outpatient hospital services are a covered benefit under the Medi-Cal program, subject to utilization controls. Existing law provides for Medi-Cal payments to hospitals.

CCAH, or the Plan, is a County Organized Health System, formed pursuant to Welfare and Institutions Code section 14087.54 and Monterey County Code section 2.45.010. CCAH is authorized by the State of California and Monterey County as the Medi-Cal managed care plan for Monterey County.

CCAH entered into a contract with the State DHCS to arrange and pay for the provision of covered health care items and services to Medi-Cal eligible beneficiaries residing in Monterey, Santa Cruz, and Merced Counties. CCAH has an existing agreement with NMC to provide clinical and other medical care services covered by Medi-Cal to enrollees of the Plan for hospital and emergency room care.

An IGT is an elective transfer of eligible local dollars to the State DHCS in support of the Medi-Cal program, which is authorized in accordance with Section 14164 and other provisions of the Welfare and Institutions Code. If the State accepts the transfer, the State shall obtain Federal Financial Participation ("FFP") to the full extent permitted by federal law. In the past, NMC has provided IGTs to DHCS on the condition that the funds are used in support of the Medi-Cal managed care program, through increased payments to NMC made by the local County Organized Health System, which, in Monterey County, is the CCAH/the Plan. The opportunity to participate in an IGT allows for the use of local dollars for increased payments to public providers such as NMC to preserve and strengthen the availability and quality of services

provided by such providers.

In order to participate in the voluntary IGT program relating to the Medi-Cal managed care capitation rate ranges for the 2015-16 and 2016-17 rate year, State DHCS requested that public hospitals in California submit signed copies of the three agreements (Health Plan - Provider Agreement, IGT Transfer Assessment Fee, and IGT Agreement). The actual date of signed agreements due to State DHCS is June 2, 2017. The agreements with the State would permit the County to participate in this voluntary IGT program within the short time period often required by the State.

There is a 20% assessment fee from the State to the County in doing this transaction and is applied to the gross estimated IGT.

The Board could choose not to participate, in which case NMC and the County would be precluded from participating in the IGT program for Fiscal Year 2015-16 and Fiscal Year 2016-17 services.

**OTHER AGENCY INVOLVMENT:**

County Counsel has reviewed and approved the IGT Agreements as to legal form and risk provisions. The Auditor-Controller has reviewed and approved these Agreements as to fiscal provisions. The IGT Agreements have been reviewed and approved by the NMC Finance Committee and by NMC's Board of Trustees on May 5, 2017.

**FINANCING:**

The expected IGT transfer will be financed by NMC. There is no impact to the General Fund.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

☐ Economic Development

☐ Administration

☒ Health and Human Services - This agreement will allow NMC the ability to leverage local dollars to increase the amount of payments made available to the hospital and to continue the care of the medical beneficiaries in the County of Monterey.

☐ Infrastructure

☐ Public Safety

Prepared by: Daniel Leon, Chief Financial Officer 783-2561

Approved by: Gary R. Gray, DO Chief Executive Officer, 783-2504

Attachments:

Letter of Interest to DCHS

2015-16 and 2016-17 20 Percent IGT Assessment Agreement

2015-16 and 2016-17 Rate Range Intergovernmental Agreement template

24th Amendment to Health Plan Provider Agreement

Attachments on file with the Clerk of the Board