



# Monterey County

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## Board Report

Legistar File Number: A 18-051

March 20, 2018

Introduced: 2/21/2018

Version: 1

Current Status: Consent Agenda

Matter Type: BoS Agreement

a. Ratify execution by the Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of a Letter of Interest, dated February 16, 2018 to the California Department of Health Care Services ("State DHCS"), confirming the interest of the County of Monterey d/b/a 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 CCAH for the period of January 1, 2017 to June 30, 2017; and

b. Ratify execution by the Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of 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 14199.2 and 14301.5 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to CCAH, for a total amount not to exceed \$600,000 for healthcare services rendered in the period of January 1, 2017 to June 30, 2017 and transfer to occur in Fiscal Year 2017-18 or FY 2018-19.

### **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 February 16, 2018 to the California Department of Health Care Services ("State DHCS"), confirming the interest of the County of Monterey d/b/a 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 CCAH for the period of January 1, 2017 to June 30, 2017; and

b. Ratify execution by the Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of 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 14199.2 and 14301.5 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to CCAH, for a total amount not to exceed \$600,000 for healthcare services rendered in the period of January 1, 2017 to June 30, 2017 and transfer to occur in Fiscal Year 2017-18 or FY 2018-19.

**SUMMARY/DISCUSSION:**

Assembly Bill 85 (Chapter 24, Statutes of 2013) provided for voluntary Intergovernmental Transfers (IGT) to support payments to Medi-Cal managed care plans under Welfare and Institutions (W&I) Code, sections 14199.2 and 14301.5. These programs allow for IGTs to provide a portion of the non-federal share of the risk based payments to managed care health plans as described in W&I Code, section 14199.2(e)(1) and 14301.5(b)(4).

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 period of January 1, 2017 to June 30, 2017, State DHCS requested that public hospitals in California submit signed copies of the IGT agreement and the 28th Amendment to the Health Plan-Provider Agreement with Central California Alliance for Health by March 06, 2018. The State DHCS provided the IGT Agreement document to NMC in early February and internal approvals on this document were prioritized. NMC had the IGT Agreement ready to present on the March 6, 2018 Board of Supervisors meeting to ask for authority to execute the agreement, however, the meeting on March 6 was cancelled. Because of the State’s March 6 deadline, and with consensus from County Counsel’s office and the County Administrative office that signing and submitting to the State by March 6 would be in the County’s best interest, NMC’s CEO executed this Agreement and successfully submitted it to the State on time on March 6, 2018. Therefore, at this time NMC is requesting that the Board of Supervisors ratify execution of the IGT Agreement.

The 28th amendment to the Health Plan-Provider Agreement provides a mechanism for additional Medi-Cal payments to be passed on to the County to help assure the availability of Medi-Cal health care services to Medi-Cal beneficiaries. The Board has previously authorized amendments to the Health Plan-Provider Agreement pursuant to Board Order A-13832.

The IGT Agreement will permit the County to participate in this voluntary IGT program within the short time period often required by the State.

**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 Agreement and the 28th Amendment to the Health Plan-Provider Agreement This item was not able to be reviewed by the NMC Finance Committee because its February 22, 2018 meeting was cancelled and therefore, it was not reviewed by the NMC Board of Trustees either. NMC will be reporting on this item to the NMC Finance Committee on March 22, 2018 and to the NMC Board of Trustees on April 6, 2018.

**FINANCING:**

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

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

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. The funds are used in support of the Medi-Cal managed care program through increased payments to NMC.

- ☐ Economic Development
- ☐ Administration
- ☒ Health and Human Services
- ☐ 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

January 1 to June 30, 2017 Range Intergovernmental Agreement Regarding Transfer of Funds with DHCS

28th Amendment to Health Plan Provider Agreement

Board Order (A-13832) for Approval to execute agreements/amendments with Healthcare Payers

Attachments on file with the Clerk of the Board