



Board Report

File #: A 14-165, Version: 1

- a. Approve the Intergovernmental Transfer of Public Funds (“IGT”) between the County of Monterey (“County”) and the California Department of Health Care Services (“State DHCS”), the source of which shall be funds from Natividad Medical Center (“NMC”) and not the County’s General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, from NMC to State DHCS to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health, and associated IGT fee assessment for a total amount not to exceed \$3,128,041 for healthcare services rendered in Fiscal Year 2012-2013 and transfer to occur in Fiscal Year 2013-2014 or 2014-2015; and
- b. Authorize Chief Executive Officer (“CEO”) of NMC to execute the following agreements, in substantially the same form as that which has been presented to the Board, without material change to the amounts at issue, committing for a total amount not to exceed \$3,128,041 for healthcare services rendered in Fiscal Year 2012-2013 and for the transfer to occur in Fiscal Year 2013-2014 or 2014-2015:
- i. Intergovernmental Agreement Regarding Transfer of Public Funds, between County and State DHCS; and
 - ii. Intergovernmental Transfer Assessment Fee Agreement, between County and State DHCS; and
 - iii. Seventeenth Amendment to Health Plan - Provider Agreement, Primary Hospital and Outpatient Laboratory Services Agreement, between County and the Santa Cruz-Monterey-Merced Managed Medical Care Commission, a public entity organized under the laws of California, doing business as the Central California Alliance for Health (CCAH).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the Intergovernmental Transfer of Public Funds (“IGT”) between the County of Monterey (“County”) and the California Department of Health Care Services (“State DHCS”), the source of which shall be funds from Natividad Medical Center (“NMC”) and not the County’s General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, from NMC to State DHCS to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health, and associated IGT fee assessment for a total amount not to exceed \$3,128,041 for healthcare services rendered in Fiscal Year 2012-2013 and transfer to occur in Fiscal Year 2013-2014 or 2014-2015; and
- b. Authorize Chief Executive Officer (“CEO”) of NMC to execute the following agreements, in substantially the same form as that which has been presented to the Board, without material change to the amounts at issue, committing for a total amount not to exceed \$3,128,041 for healthcare services rendered in Fiscal Year 2012-2013 and for the transfer to occur in Fiscal Year 2013-2014 or 2014-2015:
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Medical Care Commission, a public entity organized under the laws of California, doing business as the Central California Alliance for Health (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 2012-13 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 State is requesting for these agreements to be submitted by June 20th and no later than July 3rd, 2014.

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 FY2012-2013 services.

OTHER AGENCY INVOLVEMENT:

The County Counsel has reviewed and approved these Agreements as to legal form and risk provisions. The Auditor-Controller has reviewed and approved these Agreements as to fiscal provisions. These Agreements also have been reviewed and approved by the Natividad Medical Center Finance Committee on February 27, 2014 and by its Board of Trustees on February 14, 2014.

FINANCING:

The expected IGT transfer will be financed by NMC. This action will not require additional General Fund Subsidy.

Prepared by: Daniel Leon, Chief Financial Officer, (831) 783-2561

Approved by: Harry Weis, Chief Executive Officer, (831) 783-2563

Attachments:

1. Intergovernmental Agreement Regarding Transfer of Public Funds, between County and State DHCS
2. Intergovernmental Transfer Assessment Fee Agreement, between County and State DHCS
3. Seventeenth Amendment to Health Plan - Provider Agreement, Primary Hospital and Outpatient Laboratory Services Agreement, between County and the Santa Cruz-Monterey-Merced Managed Medical Care Commission, a public entity organized under the laws of California, doing business as the Central California Alliance for Health (CCAH)

Attachments on file with the Clerk of the Boards Office