



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 13-1071, Version: 1

Approve the tentative election of the methodology by which the County of Monterey will receive healthcare realignment funds under AB 85.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve the tentative election of the methodology by which the County of Monterey will receive realignment funds under AB 85.

SUMMARY/DISCUSSION:

Assembly Bill 85 as modified by Senate Bill 98 (AB 85) reduces California counties' health realignment funds by an average of 60% beginning in January 1, 2014 in consideration of the Medi-Cal expansion for Medically Indigent Adults. In the aggregate, counties will redirect a pro rata portion of their realignment funds up to \$300 million. Counties have been given a choice between two options to determine the pro rata portion of realignment funds and must notify the State of a tentative selection as to which option they have chosen no later than November 1, 2013.

The AB 85 options for Monterey County are: 1) accept a reduction of 60% of its realignment funds, or 2) utilizing a formula, as yet undesignated by the State, to show that a lesser reduction would be appropriate. The second option is based on the historical costs of providing uninsured programs. Natividad Medical Center is currently providing historical data to the State and ultimately, when annual documentation is required as specified in the bill, the County Administrative Officer and the Office of the Auditor Controller will certify those responses from the County.

By tentatively choosing the second option, Monterey County is seeking the optimum choice with regard to the reduction of realignment dollars. See the attached analysis indicating the likely ramifications of each option. A final determination, making a definitive choice between a percentage (Option 1) or formula (Option 2) methodology must be adopted via Board resolution by January 22, 2014. In the meantime, the State is solidifying its formulas and acceptance of historical data and will be issuing final documentation regarding the official election for California Counties to comply with AB 85.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office, the Health Department, and Natividad Medical Center have worked cooperatively on the tentative election of the second option as the optimum choice under which realignment revenues will be reduced under AB 85. The Budget Committee heard this item on October 10, 2013 and supports this tentative election.

FINANCING:

While this tentative election is an interim step in determining the reduction of Realignment dollars to Monterey County, there is no immediate fiscal impact. However, as indicated on the attached, the potential loss of realignment funding may range from \$8M under Option 1, to \$2.8M under Option 2. Recall that these are preliminary and estimated numbers and the final fiscal impact of AB 85 will be determined upon the State's issuance of the formula for Option 2.

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Attachments: Summary for Formula CAPH