



Board Report

File #: A 18-222, Version: 1

- a. Ratify execution by the Chief Executive Officer (“CEO”) of Natividad Medical Center (“NMC”) of a Letter of Interest, dated December 19, 2017 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 fund the nonfederal share of the Medi-Cal managed care actuarially sound capitation rate payments to CCAH for the period of July 1, 2017 to June 30, 2018; 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 14301.4(b) (4) of the Welfare & Institutions Code, to fund the nonfederal share of the Medi-Cal managed care actuarially sound capitation rate payments to CCAH, for a total amount not to exceed \$7,500,000 for healthcare services rendered in the period of July 1, 2017 to June 30, 2018 and a 20% assessment fee applicable to non-exempt funds. The transfer is to occur in Fiscal Year 2018-19 or FY19-20.

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 December 19, 2017 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 fund the nonfederal share of the Medi-Cal managed care actuarially sound capitation rate payments to CCAH for the period of July 1, 2017 to June 30, 2018; 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 14301.4(b) (4) of the Welfare & Institutions Code, to fund the nonfederal share of the Medi-Cal managed care actuarially sound capitation rate payments to CCAH, for a total amount not to exceed \$7,500,000 for healthcare services rendered in the period of July 1, 2017 to June 30, 2018 and a 20% assessment fee applicable to non-exempt funds. The transfer is to occur in Fiscal Year 2018-19 or FY19-20.

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 14301.4 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.

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 will perform periodic reconciliations using actual enrollment figures. The reconciliation can result in increased or decreased payments to NMC. The enrollment figures will be considered final two years after June 30, 2018.

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 July 1, 2017 to June 30, 2018, State DHCS has requested a single contract including the 20% assessment fee applicable to the old eligible member pool. The Amendment to the Health Plan-Provider Agreement with Central California Alliance is no longer required by State DHCS.

The IGT Agreement estimated due date is July 31, 2018 and it will permit the County to participate in this voluntary IGT program

The Board could choose not to participate, in which case NMC and the County would be precluded from participating in the IGT program for the period of January 1, 2017 to June 30, 2018.

OTHER AGENCY INVOLVMENT:

County Counsel has reviewed and approved the IGT Agreement as to legal form and risk provisions. The Auditor-Controller has reviewed and approved the Agreement as to fiscal provisions. The IGT Agreement has been reviewed and approved by the NMC Finance Committee on May 24, 2018 and by NMC’s Board of Trustees on June 1, 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 to obtain the federal matching in payments designed for public providers such as NMC and preserve and strengthen the safety net services in

Monterey County.

☐ 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

DHCS IGT Agreement (July 1, 2018 to June 30, 2018 Range)