



## Board Report

---

**File #: A 19-071, Version: 1**

---

a. Authorize the Deputy Purchasing Agent of Natividad Medical Center to enter into revised Intergovernmental Transfer of Public Funds and Intergovernmental Transfer Assessment Fee agreements (collectively the “IGT Implementation Agreements”) applicable to Fiscal Year 2016-17 between the County and the State DHCS, which extend the agreements’ expiration date from June 30, 2019, to December 31, 2020.

b. Authorize the Deputy Purchasing Agent of Natividad Medical Center to enter into subsequent revised IGT Implementation Agreements applicable to FY 2016-17, to increase the maximum amount of fund transfers by up to a total aggregate increased amount of \$1,200,000, should such increases be determined necessary upon completion of State DHCS’ financial reconciliation under the applicable agreements.

It is recommended that the Board of Supervisors:

a. Authorize the Deputy Purchasing Agent of Natividad Medical Center to execute one or more revised agreements applicable to Fiscal Year 2016-17 with the California Department of Health Care Services (State DHCS), which enable the provision of public funds for use as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the Central California Alliance for Health (CCAH), (1) extending the term of the 2015-16 – 2016-17 Intergovernmental Agreement Regarding Transfer of Public Funds (Rate Range), State DHCS No. 16-93676, by eighteen months to facilitate completion of necessary financial reconciliations by State DHCS; and (2) increasing the maximum limit on total fund transfers for Fiscal Year 2016-17 by an amount up to \$900,000, to the extent such increase is determined necessary upon completion of State DHCS’ financial reconciliation under the agreement;

b. Authorize the Deputy Purchasing Agent of Natividad Medical Center to execute one or more revised agreements with California Department of Health Care Services (State DHCS), which implements the assessment fee associated with the 2015-16 – 2016-17 Intergovernmental Agreement Regarding Transfer of Public Funds (Rate Range) pursuant to Welfare and Institutions Code section 14301.4, (1) extending the term of the 2015-16 – 2016-17 Intergovernmental Transfer Assessment Fee Agreement, State DHCS No. 16-93707, by eighteen months to facilitate completion of necessary financial reconciliations by State DHCS; and (2) enabling an increase to fund transfers for the assessment fee for Fiscal Year 2016-17 by an amount up to \$180,000, to the extent such increase is determined necessary upon completion of State DHCS’ financial reconciliation under the agreement; and

c. Authorize the Deputy Purchasing Agent of Natividad Medical Center to execute one or more revised agreement(s) applicable to Fiscal Year 2016-17 with California Department of Health Care Services (State DHCS), (1) extending the term of the January 1, 2017 through June 30, 2017 Intergovernmental Agreement Regarding Transfer of Public Funds(Rate Range AB85), State DHCS No. 16-93925, by eighteen months to facilitate completion of necessary financial reconciliations by State DHCS; and (2) increasing the maximum limit on total fund transfers for Fiscal Year 2016-17 by an amount up to \$120,000, to the extent such increase is determined necessary upon completion of State DHCS’ financial reconciliation under the agreement.

### **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 Natividad 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. The local fund transfers are effectuated pursuant to an IGT agreement for each type of payment and an IGT fee assessment agreement that are entered into between the State DHCS and the participating public provider/entity. In the past, Natividad has provided IGTs to DHCS in support of the Medi-Cal managed care program, which resulted in increased Medi-Cal payments to the local County Organized Health System, which, in Monterey County, is the CCAH. The opportunity to participate in providing such voluntary IGTs allows for the use of local dollars to make increased payments from plans available to public providers such as NMC to preserve and strengthen the availability and quality of services provided by such providers.

Natividad participated in the voluntary IGT program relating to the Medi-Cal managed care capitation rate range for the 2016-17 rate year and has received approximately \$10,757,900 of supplemental payments. The IGT Implementation Agreements were previously executed by the County and State DHCS with a termination date of June 30, 2019.

State DHCS has requested that the participating public entities in the voluntary IGT program for Fiscal Year 2016-17 extend the expiration date of the IGT Implementation Agreements from June 30, 2019, to December 31, 2020, to enable it sufficient time to complete necessary financial reconciliations of payments to the plans and supporting IGTs. In order to effectuate these amendments prior to their current expiration date, State DHCS has indicated it must receive signed copies of the three applicable agreements (AB85 IGT Agreement, IGT Transfer Assessment Fee, and Rate Range IGT Agreement) by April 30, 2019. No other change is being requested by State DHCS at this time, however, should State DHCS determine upon completion of the reconciliations that additional IGTs are needed from Natividad, the applicable agreements subsequently may need to be amended to increase Natividad’s maximum IGT commitment amounts. The source of the transferred funds will continue to be Natividad, and not the County’s General Fund.

#### **OTHER AGENCY INVOLVMENT:**

County Counsel has reviewed and approved the revised IGT Implementation Agreements as to legal form provisions. The Auditor-Controller has reviewed and approved these revised IGT Implementation Agreements as to fiscal provisions. The revised IGT Implementation Agreements attached to this board report have been reviewed and approved by the Natividad Finance Committee on March 28, 2019 and by its Board of Trustees on April 5, 2019.

#### **FINANCING:**

The expected IGT transfer will be financed by NMC's operating revenue.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

This agreement provides the nonfederal share and assessment fee previously calculated and pending of final reconciliation to State /DHCS. The nonfederal share and assessment fee are necessary to obtain the federal matching dollars to improve and continue the financing of Medi-Cal care services in Monterey County. The participation of Natividad in the Rate Range program secures federal dollars that otherwise would be offered to other providers in the community in the event of Natividad opting out of the program year.

- ☐ 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:

2015-16 – 2016-17 Intergovernmental Transfer Assessment Fee Agreement (#16-93707 A1)

2015-16 – 2016-17 Intergovernmental Agreement Regarding Transfer of Public Funds (Rate Range) (#16-93676 A1)

2015-16 -- 2016-17 Intergovernmental Agreement Regarding Transfer of Public Funds (Rate Range AB85) (#16-93925 A1)