



Board Report

File #: A 20-408, **Version:** 1

- a. Ratify execution by the Chief Executive Officer for the Natividad Medical Center (“NMC”) of a Letter of Interest, dated February 19, 2020, 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 to participate in the Voluntary Rate Range Program for the period of July 1, 2019, to December 31, 2020, including providing a Medi-Cal managed care rate range Intergovernmental Transfer of Public Funds (“IGT”) to fund the nonfederal share of Medi-Cal managed care actuarially sound capitation rate payments;
- b. Authorize the Deputy Purchasing Agent of NMC to execute the implementing IGT Agreement between the County and the State DHCS to fund the nonfederal share of Medi-Cal managed care actuarially sound capitation rate payments for healthcare services rendered in the period of July 1, 2019, to December 31, 2020, pursuant to Sections 14164 and 14301.4(b)(4) of the Welfare & Institutions Code, in substantially the same form as that which has been presented to the Board without significant change to its content, for a total amount not to exceed \$13,200,000, plus a 20 % assessment fee applicable to non-exempt funds; and
- c. Authorize the Deputy Purchasing Agent of NMC to execute amendments to the Health Plan-Provider Agreement with the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health (“CCAH”) to provide for Medi-Cal managed care rate payment increases to NMC for healthcare services rendered in the period of July 1, 2019 to December 31, 2020, at no less than 76.12% of the available rate increases specific to Medi-Cal Plan enrollees in Monterey County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Ratify execution by the Chief Executive Officer for the Natividad Medical Center (“NMC”) of a Letter of Interest, dated February 19, 2020, 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 to participate in the Voluntary Rate Range Program for the period of July 1, 2019, to December 31, 2020, including providing 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;
- b. Authorize the Deputy Purchasing Agent of NMC to execute the implementing IGT Agreement between the County and the State DHCS to fund the nonfederal share of the Medi-Cal managed care actuarially sound capitation rate payments for healthcare services rendered in the period of July 1, 2019, to December 31, 2020, pursuant to Sections 14164 and 14301.4(b)(4) of the Welfare & Institutions Code, in substantially the same form as that which has been presented to the Board without significant change to its content, for a total amount not to exceed \$13,200,000 plus a 20 % assessment fee applicable to non-exempt funds; and
- c. Authorize the Deputy Purchasing Agent of NMC to execute the execute amendments to the Health Plan-Provider Agreement with the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health (“CCAH”) to provide for Medi-Cal managed care rate payment increases to NMC for healthcare services rendered in the period of July 1, 2019, to December 31, 2020, at no less than 76.12% of the available rate increases specific to Medi-Cal Plan enrollees in Monterey County.

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.

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 that are typically program specific. 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 voluntarily provided IGTs to DHCS in support of the Medi-Cal managed care program as authorized pursuant to Section 14301.4 of the Welfare and Institutions Code. The local fund transfers are effectuated pursuant to an IGT agreement (and an IGT fee assessment agreement if applicable) between the State DHCS and the participating public provider/entity. 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. In Monterey County, the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health (“CCAH”) is the local County Organized Health System, which has an existing agreement with NMC to provide clinical and other medical care services covered by Medi-Cal to enrollees of the Plan. NMC participated in the voluntary Rate Range IGT program for the 2018-19 rate year and has received approximately 80.07% of the available rate increases from CCAH.

In order to participate in the voluntary Rate Range IGT program relating to the Medi-Cal managed care capitation rates for the period of July 1, 2019, to December 31, 2020, State DHCS has requested the execution of an IGT Agreement for the amount of IGTs based on relevant enrollment figures and per member per month (PMPM) amounts, and includes a 20% assessment fee applicable to non-exempt funds as determined by State DHCS. DHCS will perform periodic reconciliations using actual enrollment figures and PMPM amounts, including actual member months per rate category. The reconciliations can result in increased or decreased IGT amounts from NMC, and, correspondingly, the available amounts of rate range payments will vary. The enrollment figures and PMPM amounts will be considered final two years after June 30, 2020, with respect to payments for the period July 1, 2019, through June 30, 2020, and two years after December 31, 2020, with respect to payments for the period July 1, 2020, through December 31, 2020. The IGT Agreement estimated due date is October 16, 2020. The transfers are expected to occur in calendar year 2021.

Additionally, amendments to the current Health Plan-Provider Agreement between NMC and CCAH will be necessary to provide for the negotiated payment increases for services rendered during the period of July 1, 2019, to June 30, 2020, and July 1, 2020, to December 31, 2020, at no less than 76.12% of the available rate increases specific to Medi-Cal Plan enrollees in Monterey County. As described above, the total amount that is actually available will vary.

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 July 1, 2019, to December 31, 2020.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the IGT Agreement as to legal form. The Auditor-Controller has reviewed and approved the Agreement as to fiscal provisions. The IGT Agreement and the Health Plan-Provider Agreement Amendment has been reviewed and approved by the NMC Finance Committee and the Board of Trustees on October 9, 2020.

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.

Mark a check to the related Board of Supervisors Strategic Initiatives

- ☐ 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 DHCS

2019-20 IGT Agreement # 19-96441

Health Plan-Provider Agreement Amendment Thirty-Four