



# County of Monterey

**Item No.25**

## Board Report

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

**Legistar File Number: A 23-547**

**November 28, 2023**

**Introduced:** 11/16/2023

**Current Status:** Natividad Medical Center -  
Consent

**Version:** 1

**Matter Type:** BoS Agreement

- a. Ratify execution by the Chief Executive Officer (“CEO”) for Natividad Medical Center (“Natividad”) or his designee of two Letters of Interest, both dated August 22, 2023, 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 January 1, 2022, to December 31, 2022, 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 CEO for Natividad or his designee 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 January 1, 2022, to December 31, 2022, plus a 20% assessment fee applicable to non-exempt funds, pursuant to Sections 14164 and 14301.4 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;

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Ratify execution by the Chief Executive Officer (“CEO”) for Natividad Medical Center (“Natividad”) or his designee of two Letters of Interest, both dated August 22, 2023, 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 January 1, 2022, to December 31, 2022, 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 CEO for Natividad or his designee 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 January 1, 2022, to December 31, 2022, plus a 20% assessment fee applicable to non-exempt funds, pursuant to Sections 14164 and 14301.4 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;

### **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 also provides services to Medi-Cal managed care enrollees of the Fresno-Kings-Madera Regional Health Authority d/b/a CalViva Health (“CalViva”). NMC last participated in the voluntary Rate Range IGT program for the 2020-2021 rate period.

In order to participate in the voluntary Rate Range IGT program relating to the Medi-Cal managed care capitation rates for the period of January 1, 2022, to December 31, 2022, State DHCS has requested the execution of an IGT Agreement for the amount of IGTs based on relevant enrollment figures and includes a 20% assessment fee applicable to non-exempt funds as determined by State DHCS. Additionally, the voluntary Rate Range IGT program will extend to apply to managed care capitation rates with respect to certain Medi-Cal enrollees with unsatisfactory immigration status (“UIS”). While the State is providing full scope coverage under Medi-Cal managed care for these UIS enrollees, the available FFP is lower relative to other enrollees due to their “limited scope” coverage status under federal law. Rather than determine and pay only the federally matchable portion of the UIS rate range amounts, DHCS opted to compute and pay full rate range amounts. As only a portion of the UIS rate range payment is eligible for FFP, much of the remaining payment will consist of unmatched IGT amounts. The 20% assessment fee will be fully applied to the associated IGTs as well.

DHCS will perform periodic reconciliations using actual enrollment figures, 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 will be considered final two years after December 31, 2022. The IGT Agreement estimated due date is November 24, 2023. The transfers are expected to occur in the first and second quarters of calendar year 2024.

Additionally, amendments to the current Health Plan-Provider Agreement between NMC and CCAH, as well as execution of a Health Plan-Provider Agreement between NMC and CalViva, will be

necessary to provide for the negotiated payment increases for services rendered during the period of January 1, 2022, to December 31, 2022. The health plans are expected to present these amendments to NMC for review in the near future, after which NMC will seek Board approval to execute.

The Board could opt 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, 2022, to December 31, 2022.

**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 Amendment and Agreement will be submitted for review and approval to the NMC Finance Committee and the Board of Trustees on January 12, 2024.

**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: Charles R. Harris, MD, Chief Executive Officer, 783-2504

Attachments:

- CalViva- Letter of Interest Natividad CY22 Voluntary Rate Range
- CCAH- Letter of Interest Natividad CY22 Voluntary Rate Range
- CY 2022 IGT Agreement Monterey dba Natividad Medical Center

*Charles R. Harris*  
\_\_\_\_\_  
Charles R. Harris, M.D., Chief Executive Officer

*11/21/23*  
\_\_\_\_\_  
Date