Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

BOARD OF SUPERVISORS AGENDA LETTER

Department Name:
County Health Department
Department Number:
041
Agenda Date:
August 18, 2026
Placement:
Administrative Agenda

Estimated Time:
<Insert Time>
Continued Item:
No
If Yes, date from:
<Insert Date>
Vote Required:
Majority

TO: Board of Supervisors

FROM: Department Director: Mouhanad Hammami, County Health

CONTACT: Gustavo A. Mejia, Chief Financial Officer

SUBJECT: Voluntary Rate Range Program/Intergovernmental Transfer 2025 Agreement with the State Department of Health Care Services

---

Concurrences:

County Counsel Concurrence:
As to form: Yes

Auditor-Controller Concurrence:
As to form: Yes

Other Concurrence: Risk Management
As to form: Yes

Recommended Actions:

That the Board of Supervisors:

a) Approve, ratify, and authorize the Chair to execute the Intergovernmental Transfer Agreement (Contract # IGT-25-0042) regarding transfer of public funds with the California Department of Health Care Services in the amount of approximately $714,912 from the

County Health Department to the Department of Health Care Services with a term of January 1, 2025, through June 30, 2028 (Attachment A);

b) Approve, ratify, and authorize the County Health Department Director to execute the Intergovernmental Transfer Agreement with the Santa Barbara Medi-Cal Managed Care Plan for participation in an Intergovernmental Transfer to obtain federal financial participation leveraged on local dollars used for care provided to CenCal Health eligible patients with a term of January 1, 2025, through December 31, 2025 (Attachment B); and

c) Determine that the recommended actions do not constitute a “Project” within the meaning of the California Environmental Quality Act (CEQA) and are exempt pursuant to Section 15378(b)(4) of the CEQA Guidelines, since the recommended actions are the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The County Health Department (CHD) requests the Board approve, ratify, and authorize the Chair to sign Agreements with California Department of Health Care Services (DHCS) and CenCal Health (CenCal). The Agreements will allow the County to participate in an Intergovernmental Transfer (IGT) to receive reimbursement for uncompensated health care services provided to Medi-Cal patients during Calendar Year 2025. The total estimated revenue resulting from the IGT is $859,906.

Discussion:

CHD has been invited by the County’s Medi-Cal Managed Care Plan, CenCal, to participate in an IGT to obtain Federal reimbursement for uncompensated care provided to their patients for calendar year 2025, a projected 12-month period. The estimated increase in net revenue for the County, after fees and revenue sharing, is an estimated $859,906 which must be used to support County Health services.

Background:

Since 2006, DHCS has offered public health care providers the opportunity to participate in the Voluntary Rate Range Program (Welfare and Institutions Code §§ 14301.4, 14164). The program provides an opportunity for local governmental entities that provide Medi-Cal covered services to secure federal funding to help cover their costs of serving Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans.

By participating in the Voluntary Rate Range Program, county health departments and district hospitals, referred to as “governmental entities” by DHCS, can secure federal funds to operate safety net services. As a result, California is able to increase Medi-Cal managed care payments to public providers of Medi-Cal health care services that help sustain the public safety net system, a key component of the Medi-Cal provider network. Currently, at least 104 governmental entities across the state participate in the Voluntary Rate Range Program.

Under the program, governmental entities may elect to transfer funds through IGTs to the state. These funds are used as a match for federal funds (which have been enhanced due to the Affordable Care Act and the Federal CARES Act), which are eventually returned to the governmental entity through their respective Medi-Cal managed care plan(s). Ultimately, each participating government entity receives back the funding it provided, plus most of the federal match in return. The funds are used for additional reimbursement for the health care services rendered to Plan enrollees.

The IGTs are implemented via two contracts: 1) the "DHCS Intergovernmental Agreement" between the state and the local governmental entity transferring funds, and 2) the "Plan Provider Agreement" between the Medi-Cal managed care plan (CenCal) and the governmental entity that will receive the funds (the County). Language in the DHCS Intergovernmental Agreement was negotiated between Centers for Medicare and Medicaid Services (CMS) and the State. For the current Voluntary Rate Range Program IGT cycle, CenCal has agreed to participate in the program in collaboration with CHD. Once the State payment is received, CenCal will assess a 5% administrative fee on the federal match dollars before making the transfer to the County.

Information on the 2025 IGT

The current IGT cycle is a 12-month period from January 2025 through December 2025.

DHCS anticipates that governmental entities will transfer funds for the 2025 IGT period in the first quarter of calendar year 2026 and that DHCS will in turn distribute payments to the Medi-Cal managed care plans in the first quarter of calendar year 2027. Per the terms of the Plan Provider Agreement between CenCal and CHD, CenCal will distribute payment to CHD within 30 days of receiving funds from DHCS.

The final 2025 DHCS Intergovernmental Agreement distributed by the state includes estimated IGT contribution amounts for the IGT period that is based on DHCS actuarial member month (the number of individuals participating in Medi-Cal each month). Estimated member months and contribution amount estimates may be adjusted by DHCS when it comes closer to the time for Santa Barbara County to transfer the funds based on actual member months through December 2025. Based on historic patterns, CHD does not anticipate the total transfer amount to change significantly from the current estimate. Per the DHCS Intergovernmental Agreement, DHCS will conduct a reconciliation based on updated enrollment figures on an ongoing basis up to two years after December 31, 2025.

Performance Measure:

There are no performance measures for the Intergovernmental Agreement Regarding Transfer of Public Funds between DHCS and the County of Santa Barbara.

Fiscal and Facilities Impacts:

No budget revision request to amend the current year Adjusted Budget is necessary. The 2025 IGT was included in the CHD's Fiscal Year 2026-27 Adopted Budget.

Fiscal Analysis:

Funding Source	FY 2026-2027	Total
Federal	$1,717,801	$1,717,801
Total	**$1,717,801**	**$1,717,801**

As discussed above, the Voluntary Rate Range Program includes a 12-month period from January 2025 through December 2025. The total IGT will be funded through a transfer of local funds to DHCS. The transfer of IGT dollars is anticipated for the fourth quarter of Calendar Year 2026 and will consist of an estimated $857,896. This total consists of estimated transfers of $714,913 from discretionary local dollars from the General Fund and $142,983 to support the 20% fee from the CHD Special Revenue fund. DHCS anticipates that it will return the County's IGT dollars and federal match dollars to CenCal in an estimated total amount of $1,808,212. After assessing a 5% fee estimated at $90,411, CenCal will return $1,717,801 to CHD and of that amount, the County's transfer of $714,913 will be returned to the County general fund resulting in estimated net new revenues to CHD of $859,906. These funds have been budgeted in Fiscal Year 2026-27 and will be used to supplement and enhance CHD clinic operations and other core public health programs.

Special Instructions:

Please email the executed Agreement and a certified Minute Order to CHD Group Contracts Unit phdcu@sbcphd.org.

Attachments:

Attachment A – Intergovernmental Agreement Regarding Transfer of Public Funds between DHCS and the County of Santa Barbara, Agreement # IGT-25-0042 (Signature Required)

Attachment B – Health Plan - Provider Agreement between CenCal Health and the County of Santa Barbara through its Public Health Department for the 2025 Voluntary Rate Range Program

Contact Information:

Gustavo A. Mejia
Chief Financial Officer
gmejia@sbcphd.org