



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Public Health
Department No.: 041
For Agenda Of: November 16, 2021
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Van Do-Reynoso, MPH, PhD, Director
Director(s) Public Health Department
Contact Info: Suzanne Jacobson, Deputy Director
SUBJECT: Voluntary Rate Range Program/Intergovernmental Transfer with the State
Department of Health Care Services

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve, ratify, and authorize the Chair to execute the Intergovernmental Transfer Agreement (Contract #21-10203) regarding transfer of Public Funds with the California Department of Health Care Services for the transfer of approximately \$883,816 from Public Health to the Department of Health Care Services with a term of January 1, 2021 through June 30, 2024 (Attachment A); and
- b) Approve, ratify, and authorize the Public 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, 2021 through December 31, 2024 (Attachment B); and
- c) Determine that these activities are exempt from California Environmental Quality Act (CEQA) review as they are not a project under CEQA Guideline Section 15378(b)(4), since this is a government fiscal activity that does not involve commitment to any specific project that may result in a potentially significant impact on the environment.

Summary Text:

The Public Health Department (PHD) requests approval to participate in an Intergovernmental Transfer (IGT) to receive reimbursement for uncompensated health care provided to Medi-Cal patients and approval of Agreements with California Department of Health Care Services (DHCS) and CenCal Health (CenCal) for such participation.

Background:

PHD 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 2021, a projected 12-month period. PHD has identified an estimated \$736,513, in uncompensated Public Health clinical and nursing services for CenCal Health patients that are eligible for an IGT and will be subject to a 20% administrative fee by DHCS to participate. The estimated new net revenue increase to the County, after fees and revenue sharing, is an estimated \$1,282,655 which must be used to support Public Health services.

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 (MCPs).

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 and the governmental entity that will receive the funds. Language in the DHCS Intergovernmental Agreement was negotiated between CMS and the State. For the current Voluntary Rate Range Program IGT cycle, CenCal has agreed to participate in the program in collaboration with the PHD. CenCal will assess a 5% administrative fee on the federal match dollars.

Information on the 2021 IGT

The current IGT cycle is a 12-month period from January 2021 through December 2021.

DHCS anticipates that governmental entities will transfer funds for the 2021 IGT period in the third or fourth quarter of calendar year 2022 and that DHCS will in turn distribute payments to the Medi-Cal managed care plans in May 2021. Per the terms of the Plan Provider Agreement between CenCal and PHD, CenCal will distribute payment to PHD within 30 days after receiving funds from DHCS.

The final 2021 DHCS Intergovernmental Agreement distributed by the state includes estimated IGT contribution amounts for the IGT period that is based on DHCS actuarial member month estimates as of June 2021. *Estimated member months and contribution amount estimates are 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 2021 (although it is not anticipated to change very much). Per the DHCS Intergovernmental Agreement, DHCS will a conduct reconciliation based on updated enrollment figures on an ongoing basis up to two years after December 31, 2021.

Based on the estimated IGT contribution amounts for the 2021 IGT period that DHCS has provided, the following estimated the following anticipated IGT contributions and fees paid to DHCS, and fees paid to and payments from CenCal and net new revenue as a result of these payments:

Santa Barbara County DPH: Estimated* IGT Payments with Cencal for 2021 IGT		
Created by HMA: 9/21/21		2021 CenCal IGT
3	Est 2021 Health Care Costs for Plan members	\$2,566,434
4	Est 2021 Revenues from Plan to Provider	\$185,015
5	Est 2021 Provider Unreimbursed Costs line 3 minus line 4	\$2,381,419
6	Est 2021 DHCS Contribution Amounts per the CY 2021 Intergovernmental Agreement	\$736,513
7	Est 2021 DHCS 20% Admin Fee (20% of line 6)	\$147,303
8	Est 2021 IGT Amount to be Transferred to DHCS by Provider line 6 plus line 7	\$883,816
9	Est 2021 Amount DHCS Transfers to CenCal	\$2,280,496
10	Est 5% Admin Fee Retained by CenCal	\$114,025
11	Est 2021 Plan Payment to Provider line 9 minus 10	\$2,166,471
12	Est 2021 Net New Funds in Plan Payments line 11 minus line 8	\$1,282,655

Lastly, the timeline for the wiring and for the receipt of the funds to DHCS, to CenCal, and to the County is summarized below:

Completed draft documents (notifications & signature line) submitted by funding entity to DHCS	9/17/2021 - Complete
Agreements sent back to funding entity for signatures	10/15/2021 - Complete
Signed Agreements due to DHCS from funding entity	12/24/2021 – In progress
Initial Wiring of Incoming Funds	3 rd /4 th quarter of calendar year 2022

Performance Measure:

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

Contract Renewals and Performance Outcomes:

Not applicable.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

As discussed and illustrated above, the Voluntary Rate Range Program is a 12-month program for the period of January 2021 through December 2021, and the total IGT will be funded through the use of a transfer of local funds to DHCS. The transfer of IGT dollars is anticipated for the 3rd or 4th quarter of Calendar Year 2022 and will consist of an estimated \$883,816, made up of an estimated transfer of \$736,513 from discretionary local dollars from the general fund and an estimated transfer of \$147,303 for the 20% fee from the PHD 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 \$2,280,496. After assessing a 5% fee estimated at \$144,025, CenCal will return \$2,166,471 to PHD and of that amount, the County's transfer of \$1,635,011 will be returned to the County general fund resulting in estimated net new revenues to PHD of \$1,282,655. These funds will be designated in Fiscal Year 2022-23 and will be used to supplement and enhance PHD Community Health communicable disease response and other core public health programs.

Because the State does not anticipate that the IGT transfer will be made during Fiscal Year 2021-22. No budget revision request to amend the current year adopted budget is necessary. The necessary transactions for the 2021 IGT will be built into PHD's Recommended Fiscal Year 2022-23 budget submission.

Key Contract Risks:

In the event that State Director of Health Services determines IGTs made under the Voluntary Rate Range Program do not comply with the federal Medicaid requirements, then the State retains the discretion to return the IGTs or not accept the IGTs. (Welf. & Inst. Code §§ 14259, 14301.4.)

Staffing Impacts:

Legal Positions:

N/A

FTEs:

N/A

Special Instructions:

Please sign seven (7) original IGT Agreement signature pages 6-7 and retain (7) original IGT Agreement signature pages 6-7 and one (1) certified Minute Order for pick up by the department. One (1) original fully executed Agreement will be returned to the Clerk of the Board upon execution by DHCS. Please email Kelly.Lazarus@sbcpd.org when available for pickup.

Attachments:

- A. Intergovernmental Agreement Regarding Transfer of Public Funds between the California Department of Health Care Services and the County of Santa Barbara, Agreement number 21-10203
- B. Health Plan - Provider Agreement between Santa Barbara San Luis Obispo Regional Health Authority, dba CenCal Health, and The County of Santa Barbara through its Public Health Department for the 2021 Voluntary Rate Range Program.

Authored by:

Suzanne Jacobson, Deputy Director