



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:** August 27, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Mouhanad Hammami, Director  
Director(s) Public Health Department  
Contact Info: Gustavo A. Mejia, Chief Financial Officer  
**SUBJECT:** Voluntary Rate Range Program/Intergovernmental Transfer with the State  
Department of Health Care Services

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**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 #IGT-23-0033) regarding transfer of Public Funds with the California Department of Health Care Services for the transfer of approximately \$705,560 from Public Health to the Department of Health Care Services with a term of January 1, 2023 through June 30, 2026 (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, 2023 through December 31, 2026 (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 2023, a projected 12-month period. PHD has identified an estimated \$705,560, 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 \$1,013,730 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 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 the PHD. CenCal will assess a 5% administrative fee on the federal match dollars.

**Information on the 2023 IGT**

The current IGT cycle is a 12-month period from January 2023 through December 2023.

DHCS anticipates that governmental entities will transfer funds for the 2023 IGT period in the fourth quarter of calendar year 2024 and that DHCS will in turn distribute payments to the Medi-Cal managed care plans in the fourth quarter of calendar year 2024. 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 2023 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 2023 (although it is not anticipated to change very much).* 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, 2023.

**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:**

N/A

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

As discussed above, the Voluntary Rate Range Program is a 12-month program for the period of January 2023 through December 2023, 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 fourth quarter of Calendar Year 2024 and will consist of an estimated \$846,672, made up of an estimated transfer of \$705,560 from discretionary local dollars from the general fund and an estimated transfer of \$141,112 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 \$1,958,318. After assessing a 5% fee estimated at \$97,916, CenCal will return \$1,860,402 to PHD and of that amount, the County’s transfer of \$705,560 will be returned to the County general fund resulting in estimated net new revenues to PHD of \$1,013,730. These funds have been budgeted in Fiscal Year 2024-25 and will be used to supplement and enhance PHD Clinic Operations and other core public health programs.

No budget revision request to amend the current year Adjusted Budget is necessary. The 2023 IGT was included in the PHD’s Fiscal Year 2024-25 Adopted Budget.

**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 four (4) original IGT Agreement signature pages 7 and retain (4) original IGT Agreement signature pages 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 PHD Group Contracts Unit [phdcu@sbcpd.org](mailto:phdcu@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 IGT-23-0033.
- 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 2023 Voluntary Rate Range Program.

**Authored by:**

Gustavo A. Mejia, Deputy Director and CFO