



AGENDA ITEM NO.
C-12

COUNTY OF HUMBOLDT

For the meeting of: June 19, 2018

Date: May 30, 2018

To: Board of Supervisors

From: Connie Beck, Director, Department of Health and Human Services

*for
e.B. 5/30/18*

Subject: Approval of Intergovernmental Transfer between Humboldt County Department of Health and Human Services and California Department of Health Care Services.

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the attached Intergovernmental Transfer agreement between the Humboldt County Department of Health and Human Services and the California Department of Health Care Services; and
2. Authorize the Director of the Department of Health and Human Services to sign and execute the attached Intergovernmental Transfer agreement; and
3. Authorize the Department of Health and Human Services to transfer \$1,976,535 (including a 20% California Department of Health Care Services administrative fee) to the California Department of Health Care Services; and
4. Authorize the Director of the Department of Health and Human Services to execute future amendments and/or documents related to the attached Intergovernmental Transfer agreement after review and approval by County Counsel and Risk Management.

SOURCE OF FUNDING:

Federal and State Medi-Cal dollars; County Health Realignment

DISCUSSION:

As part of the 2012/13 state budget, the State of California authorized expansion of Medi-Cal managed care into counties that had previously provided Medi-Cal benefits on a fee-for-service basis only. On May 14,

Prepared by Nancy Starck, Legislative and Policy Manager 441-5411

CAO Approval *E. B. 5/30/18*

REVIEW:	Auditor <u>County Counsel</u> <i>JN</i>	Personnel	Risk Manager	Other
---------	---	-----------	--------------	-------

TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor *Wilson* Seconded by Supervisor *Bass*

Ayes *Bass, Fennell, Sundberg, Bohn, Wilson*

Nays

Abstain

Absent

PREVIOUS ACTION/REFERRAL:

Board Order No. C-8

Meeting of: 5/14/18

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 6/19/18

By: *[Signature]*
Kathy Hayes, Clerk of the Board

2013, the Board of Supervisors adopted Ordinance 2501 authorizing the County of Humboldt to join the Partnership HealthPlan of California (PHC), a regional County Organized Health System model of Medi-Cal managed care. PHC began administering Medi-Cal managed care in Humboldt County on September 1, 2013.

Welfare and Institutions Code, sections 14164 and 14301.4 provides for a voluntary Intergovernmental Transfer (IGT) program. California counties participating in Medi-Cal managed care, including Humboldt as a member of PHC, qualify for additional federal Medicaid funds for health services if they enter into IGT agreements with the California Department of Health Care Services (DHCS).

The Humboldt County Department of Health and Human Services is eligible to participate in an IGT that draws down additional federal funds for Medi-Cal services in the county. The State and DHHS have existing contracts with PHC for Fiscal Year 2017/18 which makes DHHS eligible for IGT funds for Fiscal Year 2017/18. DHHS has participated in the IGT program for each of the previous four fiscal years.

Overview of the IGT Process

1. DHHS will transfer up to approximately \$1,976,535 in local funds to DHCS. This includes \$1,647,112 in county IGT funds and a \$329,422 state DHCS administrative fee. The source of the funding for this transfer will be 1991 and 2011 realignment funds. The projected date for this transfer is on or about November 9, 2018.

2. Upon receipt of the transferred funds, the State will increase PHC rate payments for FY 17/18. The new payments will be made up of local transferred funds & new federal funds. After the 20% State administrative fee in the amount of \$329,422 is deducted, PHC will receive the dollars.

3. PHC will distribute the funds (approximately \$3,294,224) to DHHS, as their contracted medical provider. The process will result in approximately \$1,647,112 in net new funds to provide additional health services to Medi-Cal patients.

Next steps/timeline

- County will execute final agreements with the DHCS by July 31, 2018
- State will receive federal approval by October 29, 2018
- County will wire funds to the State by November 9, 2018
- PHC will receive capitation payments by March, 2019
- PHC will pay providers by April, 2019

FINANCIAL IMPACT:

There is no impact to the County General Fund associated with the recommendation before your board. The source of funding for this transfer will be 1991 and 2011 realignment funds held in Trust Fund 3443 and 3742 respectively. There are sufficient funds to accommodate the transfer required by the contract in order to draw down additional dollars. The projected date of the IGT transfer is on or about November 9, 2018. Upon receipt of payment from Partnership HealthPlan, \$1,647,112 will be deposited into Social Services Operating fund 1160, budget unit 511, and revenue line 585810 which was included in the proposed county budget for fiscal year 2018-19. The balance of the revenue will be deposited back into Trust Fund 3443 - 1991 realignment and/or 3742 - 2011 realignment.

This action supports the board's strategic framework by protecting vulnerable populations and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

Partnership HealthPlan of California
California Department of Health Care Services
Federal Centers for Medicare and Medicaid Services

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The board could choose not to approve the attached Intergovernmental Transfer agreement; however, staff does not recommend this alternative. Without the Intergovernmental Transfer agreement, the Department of Health and Human Services would be unable to receive additional federal funds for health programs and services associated with the Medi-Cal managed care health plan.

ATTACHMENTS:

Intergovernmental Agreement Regarding Transfer of Public Funds

**INTERGOVERNMENTAL AGREEMENT REGARDING
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES (GOVERNMENTAL FUNDING ENTITY) with respect to the matters set forth below.

The parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The GOVERNMENTAL FUNDING ENTITY agrees to make a transfer of funds to DHCS pursuant to sections 14164 and 14301.4 of the Welfare and Institutions Code. The amount transferred shall be based on the sum of the following rate category per member per month (PMPM) contribution increments multiplied by member months:

Funding Entity:	Humboldt County Department of Health and Human		
Health Plan:	Partnership		
Rating Region:	Regional		
	Contribution PMPM	Estimated Member Months	Estimated Contribution (Non-Federal Share)
Child - non MCHIP	\$ 0.33	588,059	\$ 194,059
Child - MCHIP	\$ 0.08	174,625	\$ 13,970
Adult - non MCHIP	\$ 1.19	336,319	\$ 400,219
Adult - MCHIP	\$ 0.29	4,442	\$ 1,288
SPD	\$ 3.40	193,301	\$ 657,223
SPD Full Dual	\$ 0.49	265,991	\$ 130,335
BCCTP	\$ 5.24	1,222	\$ 6,403
LTC	\$ 17.34	266	\$ 4,604
LTC Full Duals	\$ 12.32	11,599	\$ 142,900
Optional Expansion 7/2017 - 12/2017	\$ 0.13	331,134	\$ 43,047
Optional Expansion 1/2018 - 6/2018	\$ 0.16	331,647	\$ 53,064
Estimated Total		2,238,602	1,647,112

The GOVERNMENTAL FUNDING ENTITY agrees to initially transfer amounts that are calculated using the Estimated Member Months in the chart above, which will be reconciled to actual enrollment for the service period of July 1, 2017 through June 30, 2018 in accordance with Sub-Section 1.3 of this Agreement. The funds transferred shall be used as described in Sub-Section 2.2 of this Agreement. The funds shall be transferred in accordance with the terms and conditions, including schedule and amount, established by DHCS.

1.2 The GOVERNMENTAL FUNDING ENTITY shall certify that the funds transferred qualify for Federal Financial Participation pursuant to 42 C.F.R. part 433, subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, Federal money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

1.3 DHCS shall reconcile the "Estimated Member Months," in Sub-Section 1.1 of this Agreement, to actual enrollment in HEALTH PLAN(S) for the service period of July 1, 2017 through June 30, 2018 using actual enrollment figures taken from DHCS records. Enrollment reconciliation will occur on an ongoing basis as updated enrollment figures become available. Actual enrollment figures will be considered final two years after June 30, 2018. If this reconciliation results in an increase to the total amount necessary to fund the nonfederal share of the payments described in Sub-Section 2.2, the GOVERNMENTAL FUNDING ENTITY agrees to transfer any additional funds necessary to cover the difference. If this reconciliation results in a decrease to the total amount necessary to fund the nonfederal share of the payments described in Sub-Section 2.2, DHCS agrees to return the unexpended funds to the

GOVERNMENTAL FUNDING ENTITY. If DHCS and the GOVERNMENTAL FUNDING ENTITY mutually agree, amounts due to or owed by the GOVERNMENTAL FUNDING ENTITY may be offset against future transfers.

2. Acceptance and Use of Transferred Funds

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to this Agreement as IGTs, to use for the purpose set forth in Sub-Section 2.2.

2.2 The funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to Section 1 of this Agreement shall be used to fund the non-federal share of Medi-Cal Managed Care actuarially sound capitation rates described in section 14301.4(b)(4) of the Welfare and Institutions Code as reflected in the contribution PMPM and rate categories reflected in the chart set forth in Sub-Section 1.1. The funds transferred shall be paid, together with the related Federal Financial Participation, by DHCS to HEALTH PLAN(S) as part of HEALTH PLAN(S)' capitation rates for the service period of July 1, 2017 through June 30, 2018, in accordance with section 14301.4 of the Welfare and Institutions Code.

2.3 DHCS shall seek Federal Financial Participation for the capitation rates specified in Sub-Section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge that DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services.

2.5 DHCS shall not direct HEALTH PLAN(S)' expenditure of the payments received pursuant to Sub-Section 2.2.

3. Assessment Fee

3.1 DHCS shall exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20 percent fee related to the amounts transferred pursuant to Section 1 of this Agreement, except as provided in Sub-Section 3.2. GOVERNMENTAL FUNDING ENTITY agrees to pay the full amount of that assessment in addition to the funds transferred pursuant to Section 1 of this Agreement.

3.2 The 20-percent assessment fee shall not be applied to any portion of funds transferred pursuant to Section 1 that are exempt in accordance with sections 14301.4(d) or 14301.5(b)(4) of the Welfare and Institutions Code. DHCS shall have sole discretion to determine the amount of the funds transferred pursuant to Section 1 that will not be subject to a 20 percent fee. DHCS has determined that \$0.00 of the transfer amounts, will not be assessed a 20 percent fee, subject to Sub-Section 3.3.

3.3 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to DHCS separately from, and simultaneous to, the transfer amounts made under Section 1 of this Agreement. If, at the time of the reconciliation performed pursuant to Sub-Section 1.3 of this Agreement, there is a change in the amount transferred that is subject to the 20-percent assessment in accordance with Sub-Section 3.1, then a proportional adjustment to the assessment fee will be made.

4. Amendments

4.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

4.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in Section 2 of this Agreement.

5. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States First Class, Certified or Registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the GOVERNMENTAL FUNDING ENTITY:

Connie Beck, Director
County of Humboldt
Department of Health and Human Services
507 F Street
Eureka, CA 95501
cbeck@co.humboldt.ca.us

With copies to:

Nancy Starck, Legislative Manager
County of Humboldt
Department of Health and Human Services
507 F Street
Eureka, CA 95501
nstarck@co.humboldt.ca.us

and

Carolyn Stewart
Senior Director of Financial Analysis
Partnership HealthPlan of California
4665 Business Center Drive
Fairfield, CA 94534
cstewart@partnership.org

To DHCS:

Sandra Dixon
California Department of Health Care Services
Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814
Sandra.Dixon@dhcs.ca.gov

6. Other Provisions

6.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal payments described in Sub-Section 2.2 of this Agreement that are funded by the GOVERNMENTAL FUNDING ENTITY, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the GOVERNMENTAL FUNDING ENTITY and DHCS relating to the subject matter of this Agreement. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-Cal program. This Agreement shall not modify the terms of any other agreement, existing or entered into in the future, between the parties.

6.2 The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

6.3 Sections 2 and 3 of this Agreement shall survive the expiration or termination of this Agreement.

6.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals. Accordingly, there shall be no third party beneficiary of this Agreement.

6.5 Time is of the essence in this Agreement.

6.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

7. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under Federal and State law and regulations.

8. Approval. This Agreement is of no force and effect until signed by the parties.

9. Term. This Agreement shall be effective as of July 1, 2017 and shall expire as of December 31, 2020 unless terminated earlier by mutual agreement of the parties.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES

By: _____ Date: _____

Connie Beck, Director, Humboldt County Department of Health and Human Services

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____ Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division