

# City of Sacramento

## Legislation Text

---

**File #:** 2019-01100, **Version:** 1

---

**Title:**

**Agreements: Participation in the Rate Range Intergovernmental Transfer (IGT) Program with the California Department of Health Care Services (DHCS) and Medi-Cal Managed Care Plan Providers (MMCPP) [Two-Thirds Vote Required]**

File ID: 2019-01100

**Location:** Citywide

**Recommendation:**

Pass a Motion: 1) by two-thirds vote waiving Sacramento City Code Section 4.04.020.C and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that all labor agreements and all agreements greater than \$1 million be made available to the public at least 10 days prior to council action; 2) authorizing the City Manager, or the City Manager's designee, to execute: a) the Intergovernmental Transfer Agreement Regarding Transfer of Public Funds and Assessment Fee with the California State Department of Health Care Services (DHCS); and b) the Health Plan-Provider Agreement(s) with participating Medi-Cal Managed Care Plan Providers; 3) authorizing transfer of funds up to \$3.3 million from the Fire Department's operating budget to DHCS and accept a reimbursement for Medi-Cal services of approximately \$8.1 million, of which \$3.3 million will reimburse the Fire Department's operating budget; and 4) authorizing designation of the additional federal reimbursement of \$4.8 million to offset costs of providing Emergency Medical Services (EMS).

**Contact:** Iysha Jenkins, Senior Accountant Auditor, (916) 808-8569, Fire Department

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-IGT Agreement Regarding Transfer of Public Funds and Assessment Fee with DHCS
- 3-Health Plan Provider Agreement with Anthem Blue Cross
- 4-Health Plan Provider Agreement with Health Net
- 5-Health Plan Provider Agreement with Kaiser
- 6-Health Plan Provider Agreement with Molina

## Description/Analysis

**Issue Detail:** The Rate Range Intergovernmental Transfer (IGT) program provides an opportunity to receive federal matching funds to support health services for Medi-Cal Managed Care beneficiaries served by the Fire Department. The Fire Department does not receive full reimbursement for the provision of medical services to Medi-Cal Managed Care patients. Currently, the Fire Department receives approximately 25% in reimbursement of our Medi-Cal Managed Care costs from payments received from Medi-Cal Managed Care Plan Provider(s) (MMCPP).

The IGT requires the transfer of eligible local dollars from the City to the California Department of Health Care Services (DHCS). DHCS in turn uses the funds to receive additional Federal funding from the Centers for Medicare and Medicaid Services (CMS). Since the funds must be used to support the Medi-Cal Managed Care program, DHCS transfers both the original contribution from the City and matched funds to the MMCPP who in turn makes those funds available to the City. The State and Federal governments will review and provide approval of the documents the City submits to participate in the IGT program prior to any funds being sent to DHCS.

The amount the City initially transfers, will be calculated using the Estimated Member Months (refer to Exhibit 1 of the IGT Agreement Regarding Transfer of Public Funds and Assessment Fee with DHCS), which will be reconciled to actual enrollment for the service period of July 1, 2018 through June 30, 2019. Enrollment reconciliation will occur on an ongoing basis as updated figures are made available. If, after the enrollment reconciliation, there is an increase to the amount needed to fund the nonfederal share, the City will be required to transfer additional funds to cover the difference. If, after the enrollment reconciliation, there is a decrease to the amount needed to fund the nonfederal share, the City can choose to receive the unexpended funds from DHCS. If mutually agreed upon by DHCS and the City, amounts due to or owed by City may be offset against future transfers. Actual enrollment figures will be considered final two years after June 30, 2019.

The City of Sacramento provides ambulance transports and meets the following IGT participation criteria:

1. Provides law enforcement services.
2. Has eminent domain authority.
3. Has taxing authority.

As such, the City of Sacramento is eligible to participate in an IGT program to request funds to recover unreimbursed Medi-Cal costs.

**Policy Considerations:** Participation in this program is consistent with Council's adopted Budget Guideline to pursue new and enhance existing revenue sources as well as

Council's adopted Advanced Life Support (ALS) Revenue Recovery policy. In addition, pursuant to City Code Section 3.56.090, contracts of \$100,000 or more are to be approved by the City Council.

The Sacramento City Code section 4.04.020.C and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior to council action. Staff is recommending that City Council waive this mandate due to date required for documents to be returned to DHCS.

**Economic Impacts:** None.

**Environmental Considerations:** This report concerns administrative activities that do not constitute a "project" as defined by Section 15378 of the California Environmental Quality Act (CEQA) Guidelines and is otherwise exempt pursuant to Section 15061(b) (3).

**Sustainability:** Not Applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** The following agreements and amendment must be in place for the City to participate in the IGT program:

- a. **The Intergovernmental Transfer Agreement:** This contract specifies the amount to be transferred by the City to DHCS. It requires DHCS to use the transferred funds to increase capitation payments to a specified healthcare plan and to secure federal match funds, or if that is not possible, to return the transferred funds. The parties to this contract are the City and DHCS.

In prior years, local providers signed two separate agreements with DHCS for each Plan (the Intergovernmental Agreement and the Fee Assessment Agreement). For fiscal year (FY) 2018/19, DHCS has created a consolidated agreement, covering all Plans and incorporating the Fee Assessment and the Transfer of Public Funds into a single document. This portion of the agreement commits the City to pay DHCS 20% of the amount transferred as an administrative fee. This fee is refundable if the IGT does not go forward.

- b. **The Health Plan-Provider Agreement:** This agreement is an amendment between the MMCPP and the City. This contract amendment commits the MMCPP to pay the City a specified amount of the IGT funded capitation rate increases it receives from DHCS within 30 days of receipt for those funds from the State. The MMCPP will deduct an administrative fee of 2% from the amount that will be remitted to the City. The amendment specifies how the City will treat these funds from an accounting standpoint. The MMCPPs participating in the

program are Anthem Blue Cross, Health Net, Kaiser, and Molina Healthcare.

**Financial Considerations:** Upon approval of these agreements, the City will apply and request an amount to be reimbursed through the IGT program. This amount will help the City recover additional reimbursement of our previously unreimbursed Medi-Cal costs incurred in period of July 1, 2018 through June 30, 2019 consistent with the ALS Revenue Recovery policy. To receive the reimbursement from MMCPPs, the City will be required to transfer up to \$3.3 million to DHCS to cover the City's non-federal share of the managed care costs. This amount includes the 20% fee assessed by the State to cover their costs to administer the IGT program.

The City will recover our Non-Federal share amount from the reimbursement received through the IGT program. This amount is net of the 2% administrative fee assessed by the MMCPP.

The funding for the City's contribution will come from the Fire Department's EMS operating budget. The payment received from the MMCPP will reimburse EMS for the contribution. The additional reimbursement will be used to offset the costs of providing EMS, consistent with the ALS Revenue Recovery policy.

**Local Business Enterprise (LBE):** Not Applicable