



**MEMORANDUM
HEALTH AND HUMAN SERVICES
ADMINISTRATION
County of Placer**

TO: Honorable Board of Supervisors **DATE:** November 16, 2021
FROM: Robert Oldham, Director of Health and Human Services
BY: Nancy Baggett, Staff Services Manager
SUBJECT: Agreements for the Intergovernmental Transfer of Public Funds

ACTION REQUESTED

1. Approve an amendment to the agreement with Anthem Blue Cross for coordination of Medi-Cal benefits to eligible persons to add capitation rate range increases, for the period of January 1, 2021 to December 31, 2024, and authorize the Director of Health and Human Services to sign the amendment with Risk Management and County Counsel concurrence.
2. Approve an amendment to the agreement with the California Health and Wellness Plan (CHWP) for coordination of Medi-Cal benefits to eligible persons to add capitation rate range increases, for the period of January 1, 2021 to December 31, 2024, and authorize the Director of Health and Human Services to sign the amendment with Risk Management and County Counsel concurrence.
3. Approve an agreement with California Department of Health Care Services (DHCS) for Intergovernmental Transfer of Public Funds with Anthem Blue Cross and California Health and Wellness Plan (CHWP), for the period of January 1, 2021 through June 30, 2024, and authorize the Director of Health and Human Services to sign the agreement and amendments consistent with the subject matter and scope of work with Risk Management and County Counsel concurrence.

BACKGROUND

In June 2013, the Governor's budget authorized the expansion of Medi-Cal Managed Care into 28 rural counties, including Placer County, that were previously Fee-For-Service Medi-Cal. Placer County is one of 18 counties where two managed care plans, California Health and Wellness Plan (CHWP) and Anthem Blue Cross (Anthem) established a provider network for Medi-Cal enrollees. These Medi-Cal Managed Care plans are contracted with the State of California to establish a provider network. Managed Care is designed to organize systems of care that emphasize primary and preventive care as well as to coordinate the delivery of health care. There is a focus on coordinated care and an emphasis on prevention and wellness.

The Intergovernmental Transfer (IGT) process is a funding strategy under Section 1903(w)(a) of the Social Security Act whereby states and/or local governments can utilize state or local funds to increase federal matching dollars for Medicaid programs. California currently receives a match for services provided through Medi-Cal, the California Medicaid program. Currently, the State claims federal funds for managed care plan capitation rate payments in the Medi-Cal

system at a level that is less than the maximum allowable federal funding level. The difference between the maximum allowable federal funding level and the actual amount drawn down by the State is referred to as “headroom.” This “headroom” of unused federal reimbursement is available to be drawn down through an IGT by counties and other public entities covered by a Medi-Cal managed care plan.

For many years, California Counties covered by Medi-Cal managed care plans have had the opportunity to secure federal matching funds for their local health expenditures on behalf of the Medi-Cal population. The mechanism for securing these funds involved an IGT, whereby the County transfers required matching funds to DHCS, who then uses the matching funds to draw down additional federal funding from the Center for Medicare and Medicaid Services (CMS). Once DHCS receives the federal funds, they then transfer the federal and matching funds to the Medi-Cal Managed Care health plan for that county. The Medi-Cal Managed Care health plan then makes payments to its IGT contracted Medi-Cal providers which results in the County getting back all transferred matching and federal funds, less a 20 percent DHCS administration fee and a two percent managed care plans administrative fees. The additional Medicaid funds must be used for the provision of health services to county residents and cannot be transferred into the County’s General Fund.

Historically, the IGT process to calculate the estimated member months utilized a fiscal year cycle. The previous IGT process the County participated in was for the 18-month IGT cycle for the period of January 1, 2019 through December 31, 2020. Starting with this current IGT cycle for the period of January 1, 2021 through December 31, 2021, DHCS has converted to a 12-month calendar year cycle.

FISCAL IMPACT

There is no County General Fund impact as a result of this action. The County will use sales tax and vehicle license fee realignment funds to transfer to DHCS an estimated \$1,665,078 as matching funds to fulfill the non-federal funds matching requirement, plus an estimated \$333,016 as the 20 percent DHCS Administrative Fee, for a total estimated transfer amount of \$1,998,094. The County’s transfer of funds to DHCS will result in DHCS payments to Anthem and CHW of approximately \$5,883,384, of which the Plans will retain 2.5 and 2 percent of the payments in administrative fees, or approximately \$133,735. The County will then receive an estimated total payment of \$5,749,649 back from Anthem and CHW, resulting in a net revenue increase of approximately \$3,751,556 for 2021.

ATTACHMENTS

None

These amendments and agreement are on file with the Clerk of the Board for review.