



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: May 23, 2017

TO: Honorable Board of Supervisors

FROM: Michael Heggarty, Director of Health and Human Services Agency

SUBJECT: Resolution approving Amendment Number Two to the Memorandum of Understanding (MOU) between the California Health and Wellness Plan “PLAN” and the County of Nevada for coordination of services, as part of Nevada County’s participation in a Rate Range Intergovernmental Transfer (“IGT”): a revenue agreement whereby Nevada County retroactively receives federal financial participation Medi-Cal funds to cover unreimbursed costs for previously provided, mandated services.

RECOMMENDATION: Approve the attached Resolution.

FUNDING: The Health and Human Services Agency will receive Medi-Cal revenue as a result of a transfer of 1991 State Realignment funds to the Department of Health Care Services. A budget amendment is forthcoming when the revenue details are finalized. No County General funds are required.

BACKGROUND: In January 2016, Michael Heggarty, the Director of Health and Human Services, presented an overview of the Rate Range Intergovernmental transfer to the Board of Supervisors, whereby the Board authorized the first step in the IGT process. Many California counties that are covered by Medi-Cal managed care plans have participated in IGTs to secure federal matching funds to cover unreimbursed costs for services provided to Medi-Cal recipients. The process is as follows: the local government entity transfers funds to the Department of Health Care Services (“DHCS”); DHCS uses the funds to draw down unused federal matching funds to pay the County’s managed care plan partner. The managed care plan then pays the County the proceeds that the initial IGT fund transfer made possible. Because the transfer is matched with federal funds, the participating government provider receives the amount of the transfer plus new funds, less administrative fees from the managed care plan. There is also an administrative fee charged by DHCS.

DHCS will use the approved transfer amount of \$311,343 to increase the rate for services paid to Nevada County's managed care plan, California Health and Wellness. Nevada County will also transfer \$62,269 to DHCS to cover the required administrative fee. As a result of the attached amendment to the MOU with Nevada County, California Health and Wellness pays the revenue it receives for participating in the IGT, estimated \$622,686, to the County less a 2% administrative fee. This payment represents an increased rate paid retroactively for services that Nevada County provided to California Health and Wellness plan members in the previous fiscal year. The total estimated payment received by the County from California Health and Wellness is \$610,232.

This MOU details the obligation by California Health and Wellness to pay funds received through the Rate Range IGT to Nevada County, less a 2% administrative fee.

Through the IGT the County will be able to secure additional funds to cover costs that were previously subsidized by local government resources. Funds recovered through the IGT mechanism are discretionary as long as they are spent on health-related services.

It is recommended that the Board approve the Amendment Number Two to the MOU with the California Health and Wellness Plan which is required for Nevada County to participate in the IGT for FY 2016-17.

Item Initiated and Approved by: Michael Heggarty, Director of Health and Human Services Agency