



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: January 26, 2016

TO: Honorable Board of Supervisors

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

SUBJECT: Resolution authorizing the Director of Health and Human Services Agency to submit a Letter of Interest to the Department of Health Care Services to initiate participation in a Rate Range Intergovernmental Transfer to secure additional funds for unreimbursed costs for Medi-Cal delivered services for FY 2014-2015.

RECOMMENDATION: Approve the attached Resolution.

FUNDING: There are no fiscal impacts as a result of this action. No County General funds are required.

BACKGROUND:

Medi-Cal, a Medicaid program, is a joint federal and state program that is authorized under title XIX of the Social Security Act to provide free or low-cost health coverage for children and adults with limited income and resources. Historically, Medi-Cal is a fee-for-service (FFS) health delivery system. However in 2013, Medi-Cal Managed Care was expanded into 28 rural counties, including Nevada County, where FFS Medi-Cal was previously administered. Managed Care is a network provider system of health care in which the cost of treatment is monitored by a managing insurance company that emphasizes primary and preventive care and the coordination of the delivery of health services. Blue Cross of California Partnership Plan, Inc. (Anthem) and California Health and Wellness Plan (CHWP) are the two managed care plans that establish the provider network for Nevada County Medi-Cal enrollees, along with 17 other counties.

Since 2006, the California Department of Health Care Services (DHCS) has offered local governments that provide health care, the opportunity to secure additional Medi-Cal revenues by participating in a voluntary Intergovernmental Transfer (IGT) Program with their local Medi-Cal managed care plans. Specifically, the IGT Program is a funding strategy that is outlined in the Social Security Act § 1903 and California Welfare and Institutions Code § 14164 and §14301.4,

whereby state and/or local governments may utilize state or local funds to increase federal matching dollars for Medicaid Programs. Presently, California receives a 50 percent match of federal funds for services provided through Medi-Cal from the Center for Medicare and Medicaid Services (CMS). However, the state currently claims federal funds for use in the Medi-Cal system at a level that is less than the maximum allowable federal funding level. This difference of range rate is referred to as the “headroom.” The “headroom” of unused federal reimbursement is available to be drawn down through an IGT by counties covered by Medi-Cal managed care plans.

Many California Counties that are covered by Medi-Cal managed care plans have participated in Rate Range IGTs to secure federal matching funds to cover unreimbursed costs for services provided to Medi-Cal recipients, whereby the local government entity transfers funds to DHCS, who then uses the funds to draw down unused matching federal funding to pay the Medi-Cal managed care plans the additional retroactive “headroom” for services provided the previous fiscal year. The Medi-Cal managed care plans then pays the county the IGT-funded proceeds that the initial IGT fund transfer made possible. Because the local transfer is matched with federal funds, the participating government provider receives the amount of the transfer plus new funds minus administrative fees from DHCS and the Medi-Cal managed care plans of 20 percent and 2 percent, respectively. Moreover, any additional increase in Managed Care Organization (MCO) tax is also subtracted by the Medi-Cal managed care plans.

Participating in a Rate Range IGT is initiated through the submission of a Letter of Interest to DHCS when the state notifies the Medi-Cal managed care plans that the IGT process has begun. Once the County’s participation is approved by DHCS and the Medi-Cal managed care plans, the IGT is implemented through three types of contracts: 1) IGT Transfer Agreement; 2) IGT Assessment Fee Agreement, and 3) Amendments to the County’s pre-existing Agreements with the Medi-Cal managed care plans. These documents spell out the obligations of each entity in regard to the transfer of local government funds, the use of the funds by DHCS, the payment of funds to the provider, and the treatment of the payments by the provider. Before any funds are transferred, all contracts are signed by the participants. Each IGT, including the contributing governmental entity and the level the rates are increased, is approved in advance by the Center for Medicare and Medicaid Services (CMS).

Anthem and CHWP began providing managed health care services to Medi-Cal recipients in Nevada County in late 2013. As such, Nevada County is eligible to seek participation in the upcoming IGT for FY 2014-2015. Using the IGT mechanism, the County will be able to secure additional funds as a lump sum Medi-Cal payment to cover costs that were previously subsidized by local government resources. Any recovered funds secured through the IGT mechanism must be expended on health care services.

It is recommended that the Board approve the attached resolution to enable Nevada County to participate in the upcoming IGT for FY 2014-2015 to secure additional funds for unreimbursed costs from services that the County provided to Medi-Cal beneficiaries that qualify as Medi-Cal managed care plan service responsibilities. The Health and Human Services Agency will return to the Board of Supervisors to implement Nevada County’s participation in a Rate Range Intergovernmental Transfer upon State approval, through the execution of Agreements with the

Department of Health Care Services and Agreement Amendments with Blue Cross of California Partnership Plan, Inc. (Anthem) and California Health and Wellness Plan (CHWP).

Item Initiated by: Jeffrey Thorsby, Agency Analyst

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