



Agenda Item

City Council

Item #: 3.2.

10/22/2024

File #: 24-0592

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Sean deMetropolis, Fire Chief

1. SUBJECT

Increase a one-time Intergovernmental Transfer for Fiscal Year 2024-2025 with the California Department of Health Care Services and CalOptima.

2. SUMMARY

A request for City Council approval to increase the total amount of one-time Intergovernmental Transfer for the twelve-month period ending December 31, 2023, to access additional Federal Medicaid dollars to support unreimbursed care.

3. RECOMMENDED ACTION

Authorize an increase in the advancement of \$42,674 from the General Fund (100) to the California Department of Health Care Services.

4. FISCAL IMPACT

The General Fund (100) will advance the Department of Health Care Services \$42,674 to combine with the previously approved \$694,640; however, the City will receive a total return of \$1,316,872, which includes the initial advance and the City's \$579,558 share of unreimbursed Medicaid funds from the Intergovernmental Transfer revenue. The expense for this advancement will be funded through General Fund (100):

100.11025 Miscellaneous Receivables

5. STRATEGIC PLAN GOALS

Goal 1: Provide for a Safe Community

b: Provide and maintain infrastructure necessary to ensure the safety of the public.

Goal 2: Be a Fiscally Healthy Community

a: Expend fiscal resources responsibly.

6. DISCUSSION AND BACKGROUND

An Intergovernmental Transfer (IGT) allows California's Medi-Cal managed care plans to partner with local units of government to access additional federal Medicaid dollars to support unreimbursed care and provide health care services. Since the City provides ambulance transport services and has unreimbursed Medicaid expenses, it became eligible to participate in the IGT program in Fiscal Year 2014-2015 (FY15). Currently, the University of California, Irvine (UCI), the City of Newport Beach,

and the City of Orange are participants. In Fiscal Year 2023-2024 (FY24), the net revenue received from the program was \$500,326.

Provisions of the IGT require the City to transfer an amount representing 50% of unreimbursed CalOptima patient charges (the IGT amount) to the California State Department of Health Services (DHCS). The City also remits an administrative fee equal to 20% of the IGT amount. DHCS uses the original IGT amount to access the Federal government's highest allowable Medi-Cal reimbursement rate, enabling them to draw down additional Federal funds on behalf of the City. Upon reimbursement from the Federal government, Cal Optima reimburses the City the original IGT amount, the 20% administration fee, and 50% of the additional reimbursement revenue (the maximum allowed recovery amount under the program). The amount received is based on the rate range and the number of CalOptima providers.

An amount of \$694,460 was approved by the City Council at their regular meeting on September 10, 2024, for unreimbursed expenses in calendar year 2023. This figure was based on estimates provided by DHCS in the agreement between the City and DHCS executed in September 2024, but were subject to change. On October 1, DHCS submitted a payment request for \$737,314, which is an increase of \$42,675 from the original amount of \$694,640 estimated

The breakdown for the additional \$42,674 requested is as follows:

| | | |
|--|---------------|--------|
| CY 2023 IGT Contribution CY 2022 | \$ | |
| IGT underpayment | 830 \$ | 41,898 |
| FY 18-19 credit | \$ | |
| | (54) | |
| <hr/> | | |
| Additional funds needed to transfer | \$ | |
| to DHCS for CY23 IGT Program | 42,674 | |
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After payment is received DHCS will send the additional revenue to CalOptima for disbursement. CalOptima will distribute an estimated amount of \$1,316,872 back to the City within the 30 days specified in the Provider Agreement, of which \$579,558 is the estimated net revenue to the City.

While funding is not guaranteed, successful participation in previous program years has generated supplementary revenue for the City and staff recommends the City pursue this additional reimbursement.

7. ATTACHMENTS

- Attachment 1 Intergovernmental Agreement
- Attachment 2 DHCS Payment Request
- Attachment 3 IGT-23-0012 - City of Orange Invoice
- Attachment 4 IGT-22-0011 - City of Orange Invoice