



Agenda Item

City Council

Item #: 3.9.

11/14/2023

File #: 23-0759

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Sean deMetropolis, Fire Chief

1. SUBJECT

Agreements with the California Department of Health Care Services and CalOptima for a one-time Intergovernmental Transfer.

2. SUMMARY

A request for City Council approval to participate in a one-time Intergovernmental Transfer for the twelve-month period ending December 31, 2022, to access additional Federal Medicaid dollars to support unreimbursed care.

3. RECOMMENDED ACTION

1. Approve agreements with the California Department of Health Care Services and CalOptima in the amount of \$659,183, representing \$549,319 in unreimbursed Medicare revenue plus a \$109,863 administration fee, for a one-time Intergovernmental Transfer, and authorize the Mayor and City Clerk to execute on behalf of the City.
2. Authorize the transfer of \$ 659,183 of reimbursable funds to the California Department of Health Care Services.

4. FISCAL IMPACT

Reimbursable funds of \$659,183 will be advanced to obtain previously unreimbursed Medicaid revenue of approximately \$549,319. Funds are available in the General Fund (100).

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 and use them 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. The following is a breakdown of the net revenue received to date:

<u>Fiscal Year</u>	<u>Net Revenue Received</u>
2017	\$ 140,398
2018	\$ 333,657
2019	\$ 472,145
2020	\$ 478,483
2021	\$ 501,481
2022	\$ 244,011
2023	\$828,965

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.

While ultimate funding is not guaranteed, DHCS again reached out to the City to participate in the program for Calendar Year (CY) 22. The details of the City's participation are as follows:

IGT Contribution from City	\$	549,319
20% Admin Fee	\$	109,864
Total IGT Transfer to DHCS for CY22	\$	
Program		659,183
Estimated unreimbursed IGT Revenue available	\$	1,098,638
Where of,		
50% Additional Revenue goes to City, and	\$	549,319
50% Remaining Revenue goes to CalOptima	\$	549,319
Estimated amount City will receive (Original contribution plus 50% unreimbursed IGT Revenue available.)	\$	1,208,502
Estimated Net Revenue	\$	439,455

On October 16, 2023, the City submitted a non-binding letter to DHCS confirming our interest in participating in the program. If the City intends to move forward, two agreements need to be

executed:

- 1) Intergovernmental Agreement regarding transfer of public funds between the City and DHCS; and
- 2) Health Plan-Provider Agreement between the City and CalOptima.

Approximate Timeframe for IGT participation:

October 2023: CalOptima advised DHCS the City will be participating in the IGT program at a funding level of \$549,319.

November 2023: Agreements will be signed and submitted to DHCS for their review and approval.

January 2024: City will receive an invoice from DHCS for \$549,319 representing estimated unreimbursed Medicaid expenses for the twelve months ending December 31, 2022 with a payment deadline of February 16, 2024.

After payment is received DHCS will send the additional revenue to CalOptima for disbursement. CalOptima will distribute an estimated amount of \$1,208,502 back to the City within the 30 days specified in the Provider Agreement, of which \$439,455 is the estimated net revenue to the City.

Specifics of this IGT participation require additional monies received to be used for transport services. Allowable expenditures include salaries for transport personnel, related materials and supplies, and capital expenses. While there are no specific guidelines or obligations, the additional revenue received should be used within a year after receipt. There are no guarantees that future monies for reimbursement will be available; as such, this revenue should be viewed as one-time funding only. Although funding is not guaranteed, successful participation in each of the program years did net the City supplementary revenue, and staff recommends the City seek this additional reimbursement.

7. ATTACHMENTS

- Intergovernmental Agreement regarding transfer of public funds between the City of Orange and DHCS
- Provider Agreement between the City of Orange and CalOptima