City of Orange

Legislation Details (With Text)

File #:	21-0620 **Version:** 2		
Type:	Consent - Agreements	**Status:**	Passed
File created:	10/27/2021	**In control:**	City Council
On agenda:	11/9/2021	**Final action:**	11/9/2021
Title:	Participation in a one-time Intergovernmental Transfer with the California Department of Health Care Services and Cal Optima.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Staff Report, 2. Intergovernmental Agreement regarding transfer of public funds between the City of Orange and DHCS, 3. Provider Agreement between the City of Orange and CalOptima		

Date	Ver.	Action By	Action	Result
11/9/2021	2	City Council	Approved	Pass

TO: **Honorable Mayor and Members of the City Council**

THRU: **Thomas R. Hatch, Interim City Manager**

FROM: **Sean deMetropolis, Fire Chief**

1. SUBJECT

Participation in a one-time Intergovernmental Transfer with the California Department of Health Care Services and Cal Optima.

2. SUMMARY

A request for City Council approval to participate in a one-time Intergovernmental Transfer for the twelve month period ending December 31, 2021 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 Cal Optima in the amount of $487,146, representing $405,955 in unreimbursed Medicare revenue plus an $81,191 assessment 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 $ 487,146 of reimbursable funds to the California Department of Health Care Services.

4. FISCAL IMPACT

Reimbursable funds of $487,146 will be advanced to obtain previously unreimbursed Medicaid revenue of approximately $812,000. Funds are available in the General Fund (100).

powered by Legistar™

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. In Fiscal Years 19 and 20, the City received net additional revenue of $472,145 and $478,483 respectively.

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 assessment 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% assessment 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) 21. The details of the City's participation are as follows:

IGT Transfer to DHCS-CY 21	$	487,955
IGT Amount		405,955
20% Admin Fee		81,191
Total IGT to DHCS	$	487,955
Estimated IGT Revenue	$	811,910
50% Additional Revenue to City	**$**	**405,955**
Total Received back from DHCS	$	893,101

On November 23, 2020, 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 (2) 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:

In November 2020, CalOptima advised DHCS the City will be participating in the IGT program at a funding level of $442,065.

In December 2021, all agreements will be signed and submitted to DHCS for their review and approval.

In the fourth quarter of calendar year 2022 (CY22), the City will wire DHCS $487,955 representing estimated unreimbursed Medicaid expenses for the twelve months ending December 31, 2021.

In the late second quarter of CY22, DHCS will send the additional revenue to CalOptima for disbursement. CalOptima will distribute an estimated amount of $893,101 back to the City within the 30 days specified in the Provider Agreement, of which $405,955 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 FY15 through CY 20 programs 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

powered by Legistar™