



# City of Rialto

## Legislation Text

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**File #:** 18-509, **Version:** 1

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For City Council Meeting [June 12, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: Sean Grayson, Fire Chief

Request City Council to Approve the Intergovernmental Agreement Regarding Transfer of Public Funds between the City and the California Department of Healthcare Services for the service period of July 1, 2017 through June 30, 2018.

### **BACKGROUND:**

The City's costs associated with delivering Emergency Medical Services (EMS) and ambulance transport are offset through fees charged to the users of these services. Due to restrictions on certain publicly provided insurance plans, the City cannot collect the total amount billed for these services from individual policyholders in these plans. However, the City has an opportunity to recover some of these unreimbursed costs from the State by entering a Rate Range Intergovernmental Transfer (IGT) program with the California Department of Healthcare Services (DHCS).

The City has current agreements with two state-designated Medi-Cal Managed Care insurance carriers in San Bernardino County as participants in the IGT program. These include Inland Empire Health Plan (IEHP) and Molina Healthcare of California (MHCC). These agreements memorialize a relationship that currently exists between the parties, which is the City's provision of services to the carrier's beneficiaries, and the carrier's obligation to pay the City for the services up to the allowable rate. The agreements do not include any additional services or additional exchange of funds.

In addition to the provider agreements, the City has entered into an agreement with the DHCS to participate in the IGT program with the contracted providers. In order to participate in the IGT program a new agreement with DHCS is required for each defined service period. The proposed agreement is for the service period of July 1, 2017 through June 30, 2018. Funding may be allocated at a future date at which time the City may elect to participate in the IGT program for the service period

### **ANALYSIS/DISCUSSION:**

The City of Rialto provides pre-hospital healthcare services to its residents and visitors through the Fire Department's EMS and ambulance transport system. The City charges a fee for these services that does not exceed the cost of providing them. These fees are billed to the individual or their insurance carrier if they are enrolled with one.

Approximately 40% of the patients who receive medical care from the Fire Department are insured

through the State's Medi-Cal health insurance system. A growing number of these Medi-Cal beneficiaries have been placed in managed care programs that are approved by the DHCS. DHCS has approved two Medi-Cal managed care insurance carriers in San Bernardino County: Inland Empire Health Plan (IEHP), and Molina Healthcare of California (MHCC).

Each Medi-Cal managed care insurance carrier is obligated to pay the City for medical care and transportation rendered to their plan beneficiaries up to the maximum amount set by the Federal Government. Currently, the Federal rules set rate limits for these services at less than 10% of our established fee for service. These rules also preclude the City from seeking collection of the unfunded remainder of the fees for service. However, if a governmental agency that provides healthcare services to a State approved insurance carrier's member enters into an agreement with the approved insurance carrier, that agency is eligible for certain reimbursements. These reimbursements are facilitated through Intergovernmental Transfer (IGT) agreements between the government agency and DHCS. These agreements are common and have been in place for other government healthcare providers for over ten years. However, they have not included pre-hospital care providers until 2015.

The City has participated in the IGT program for three previous fiscal years. Including funds anticipated to be received in the final quarter of this fiscal year, the City will have received \$401,895 in unrestricted general fund revenue and \$2,533,239 in revenue restricted for EMS use for the benefit of Medi-Cal managed care participants. In order for the City to qualify for ongoing participation in the IGT program, it must maintain current or amended contracts with each DHCS approved health insurance carrier (IEHP and MHCC) and with the DHCS.

A new agreement between the City and DHCS is due for regular adoption based on a defined service period. The agreement will be for the service period of July 1, 2017 through June 30, 2018. Acceptance of the agreement will allow the City to continue to participate in the IGT for fiscal year for the service period, if funds are available, for MHCC participants.

**ENVIRONMENTAL IMPACT:**

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA). A "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. By definition, a Project does not include: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment according to Section 15378 (b)(4) of CEQA.

**GENERAL PLAN CONSISTENCY:**

Our City government will lead by example, and will operate in an open, transparent and responsive manner that meets the needs of the citizens and is a good place to do business. This action is also consistent with the following policy:

Policy 5-3:1 Provide for fire personnel, equipment, and fire stations to have adequate and appropriate resources to meet the needs and serve all areas of rialto.

**LEGAL REVIEW:**

The City Attorney has reviewed and approved this staff report

**FINANCIAL IMPACT:**

Operating Budget Impact

The execution of the agreement with DHCS does not represent any financial impact at the point of execution. If funding becomes available for the service period a new transaction request will be brought for consideration of the Mayor and Council with potential general fund and restricted EMS revenues.

Capital Improvement Budget Impact

No immediate impact to current capital improvement budget

**RECOMMENDATION:**

Staff recommends that the City Council Approve the Intergovernmental Agreement Regarding Transfer of Public Funds between the City and the California Department of Healthcare Services for the service period of July 1, 2017 through June 30, 2018.