



City of Rialto

Legislation Details (With Text)

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Title: Request City Council to Approve and Authorize the Transfer of Public Funds for Participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program authorizing the City Manager or His Designee to Execute Program Documents (ACTION)

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Attachments: 1. DHCS - Rialto Contract 18-95610, 2. California DHCS letter 2018-19 IGT RIALTO

Date	Ver.	Action By	Action	Result
2/25/2020	1	City Council		

For City Council Meeting [February 25, 2020]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Manager

FROM: Sean Grayson, Fire Chief

Request City Council to Approve and Authorize the Transfer of Public Funds for Participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program authorizing the City Manager or His Designee to Execute Program Documents
(ACTION)

BACKGROUND

The Medi-Cal Rate Range Intergovernmental Transfer (IGT) program provides an opportunity to receive additional State and Federal funds to support the provision of Emergency Medical Services (EMS) and medical transportation for Medi-Cal Managed Care (MMC) beneficiaries served through the City's EMS program. Currently, the City receives reimbursement of approximately 14% of the amount billed for providing care to MMC beneficiaries. This reimbursement is paid through the two State recognized MMC Plan Providers (MMCPP) for San Bernardino County: Inland Empire Health Plan (IEHP), and Molina Healthcare of California (Molina).

By participating in the IGT process, the City will be eligible to receive additional MMC funding to supplement the unreimbursed portion of the amount billed (86%). The program will also provide additional funds to support future services to MMC beneficiaries. The current IGT program agreement period covers FY2018-19. Due to the time necessary for the State to negotiate with plan providers regarding IGT's and increases in payments, the State submits IGT agreements in arrears.

Participation in this program started in 2015, is voluntary, and will require the City Manager or his designee to amend and re-authorize the original agreements annually.

ANALYSIS/DISCUSSION

DHCS administers the State's Medi-Cal program, under which health care services are provided to qualified low-income persons. Existing law provides for Medi-Cal payments to providers of medical services such as the City of Rialto. However, Medi-Cal only pays a fixed amount per billable patient that covers approximately 14% of the amount billed. In FY2018-19 the City billed the MMCPP a total of \$1,927,988 that was not reimbursed. The City may now recover some of these funds by participating in the State's Medi-Cal IGT program.

An IGT is an elective transfer of eligible local dollars to the State DHCS in support of the Medi-Cal program in accordance with Section 14164 of the Welfare and Institutions Code. DHCS uses these funds to draw down additional matching amounts of Federal funds from the Centers for Medicare and Medicaid Services (CMS), which is the primary funding source for federally subsidized medical programs nationwide. Once CMS approves the funding amount, it will transfer the matching amount to DHCS. DHCS in turn transfers an amount equal to the original contribution from the City and the full matching amount to the MMCPP. The MMCPP then transfers these funds to the City.

The State Welfare and Institutions code also requires that the funding entity of an IGT (City) pay an administrative fee to the State equal to 20% (\$385,598) of the amount transferred to DHCS. If, after the City transfers funds to DHCS, the State is not able to use the funds to draw down additional funds from CMS for any reason, the entire amount will be returned to the City. In this instance there will be no administrative fee, and no matching amount. Therefore, there is no risk of the City transferring these funds and losing any portion of it. Additionally, Molina Healthcare will also charge an administrative fee of 2% (\$3,416) of the IGT amount attributed to providing care to their beneficiaries, which is allowable through the IGT process. IEHP does not charge any administrative fees. See Table 1 for a summary of financial distribution of funds for this IGT application period.

Table 1: Summary of Financial Distribution of MMCPP and IGT monies for FY2018-19

Eligibility	Molina	IEHP	Total
Difference Between Billed and Collected (Unreimbursed amount eligible to submit for participation in ITG Program)	\$170,804	\$1,757,184	\$1,927,988
Funding Transfers from City			
Amount transferred from City to DHCS for participation in IGT program.	\$170,804	\$1,757,184	\$1,927,988
Expenditures			
20% Admin Fee required to DCHS	\$34,161	\$351,437	\$385,598
2% Admin Fee required to Molina	\$3,416	\$0	\$3,416
Revenues			
Total Amount Received by City from MMCPs	\$341,609	\$3,514,367	\$3,855,976

Net to City After Admin Fees	\$304,032	\$3,162,930	\$3,466,962
Amount returned to City for uncompensated cost of providing care to MMCP beneficiaries	\$208,381	\$2,143,764	\$2,352,145
Net General Fund Revenue	\$37,577	\$386,580	\$424,157
Remaining reserved to support EMS services for MMCP beneficiaries.	\$95,651	\$1,019,166	\$1,114,817

The payment for the uncompensated costs of care provided to MMCP members includes both the temporary transfer of funds and general fund revenue. After the \$1,927,988 of temporary transfer of funds is returned to their funds of origin, \$424,157 is general fund revenue in excess of the cost of participation in the IGT program. The remaining funds, anticipated to be \$1,114,817, are required to be reinvested into the EMS program to maintain or enhance the services provided to Medi-Cal beneficiaries. These funds cannot be used for non-health care related purposes or to supplant the General Fund. Staff plans to use these funds for expenses related to the delivery of EMS to Medi-Cal beneficiaries.

The IGT program and associated reimbursements are based on annual available Federal funding, and fund availability and program requirements may change annually. As such, these funds are

considered one-time in nature. At such time as it is determined that these funds are available for appropriation, staff recommends that these funds be used to facilitate one-time capital purchases to expand the City's ability to deliver emergency medical services.

The City will need amendments every year to re-authorize the original agreements with IEHP and Molina to participate in the IGT program, as well as to be eligible for receipt of resulting supplemental payments. To participate in the program, the State requires that 1) an intergovernmental agreement regarding the transfer of public funds is in place with the City for each HMO providing contracted managed care services, and 2) the agreements between the City and each MMCP identify the conditions of participation in the IGT program. These individual agreements define the conditions for the transfer and receipt of funds through the State's IGT program. This action authorizes the City Manager or his designee to execute and or reauthorize any agreements required for continued participation in the IGT program.

ENVIRONMENTAL IMPACT

The proposed action does not meet the definition of a project as defined by Section 15378 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, and excludes the following:

1. Continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, or general policy and procedure making.
2. Organizational or administrative activities of governments that will not result in direct or direct physical changes in the environment.

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:

- 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 supports this staff report

FINANCIAL IMPACT

Operating Budget Impact

There is no impact on the operating budget however there is a temporary use of funds to accomplish the required transaction of 60 to 90 days. The City will be required to transfer up to \$1,927,988 from the general fund to DHCS. These funds cannot be derived from ineligible sources such as recycled Medi-Cal payments. \$1,500,000 will be sourced from General Fund Account No. 010-500-5175-2011 and \$427,988 will be from a temporary transaction from the general fund reserve. Upon receipt of disbursements the same amounts will be returned to their fund of origin.

Once the source funds are returned the remaining funds will be distributed per the agreements. \$424,157 will be deposited into the Fire Department Ambulance Billing Revenue Account General

Fund Account No. 010-400-5175-7539 as reimbursement for uncompensated costs associated with providing medical services to Medi-Cal beneficiaries. The remaining \$1,114,817, and any additional funds, will be deposited into the GEMT Fund Account No. 209-400-5175-7539 and restricted for use in providing medical services through the fire department.

Capital Improvement Budget Impact

No immediate impact to current capital improvement budget.

Licensing

This action does not require a business license.

RECOMMENDATION

Staff recommends that the City Council Approve and authorize the transfer of public funds for participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program authorizing the City Manager or his designee to execute program documents.